



2015
ANNUAL
REPORT

《THE VICTORY ELECTRIC COOPERATIVE ASSN., INC.》

WHO WE ARE

SCHEDULE OF EVENTS

5 p.m.	Registration begins**
5:30 p.m.	Dinner served: steak, baked potato, green beans, dinner roll and cobbler
6:30 p.m.	Business meeting <ul style="list-style-type: none">• Results of trustee elections• Brief cooperative reports• Adjournment of the meeting

***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 per residential member.*

Photo on page 3, courtesy of Sandi Ellis, Ingalls, Kansas.

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 12, 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 300 miles of transmission

and distribution line.

Today, Victory Electric is headquartered in Dodge City in Ford County. We have 69 employees and provide service to 19,632 meters with 2,802 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

“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.”

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 of the newest 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 on Tuesday, April 12, 2016, at the Western State Bank Expo Center (located at 11333 U.S. Highway 283 in Dodge City).



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 ▶

While electricity in the cities and urban areas became available to citizens as early as the 1870s, the same wasn't true for the rural and farming communities. The likelihood of high development costs, low-profit margins, and the small returns on expensive infrastructure did not appeal to investor-owned utilities. It was only through local, member-owned electric cooperatives that rural America was electrified. Through Roosevelt's New Deal Act in 1935, and the cooperative spirit of small, local communities, electric cooperatives were formed to serve the rural citizens.

External Rate Pressures

The cooperative spirit of our ancestors is still very

much alive today at Victory Electric. We are still owned by the members we serve, guided by a member-elected board of trustees, and have a common goal of providing safe, reliable electric service to Victory Electric members at the lowest possible price.

Unfortunately, keeping electricity costs affordable for our members doesn't come easily to Victory Electric and other cooperatives across the state and nation. The electric utility industry faces new challenges every day with increasing regulations and other external pressures that cannot be controlled.

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 current environmental challenges include proposed regulations by the Environmental Protection Agency (EPA), which has set forth strict standards for greenhouse gas emissions under the Clean Air Act. The U.S. Fish and Wildlife Service's listing of the Lesser Prairie Chicken as a threatened species is another regulatory hurdle that could affect our members rates.

We know we 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.

Increasing Internal Efficiencies

In addition to lobbying for fair electric rates, Victory Electric's board of trustees and employees have focused on streamlining financials and internal processes by tightening the budget, reducing inefficiencies throughout the business, and taking advantage of different technologies to increase productivity.

In 2015, our accounting department worked with the board of trustees to develop and implement a successful plan to refinance \$13.4 million of debt. This refinance will save Victory Electric and our members \$4.2 million in future interest.

Victory Electric also recently completed a multi-year, multi-million dollar Automated Metering Infrastructure (AMI) project, which encompassed the installation of all new digital meters system-wide. These new digital meters have the capability of reporting use data via radio frequency, eliminating the need for Victory Electric to visit each meter each month.

The AMI system benefits both the cooperative and our members. It has saved us millions of dollars while giving our members the power to take control of their energy use by using the data to save energy and money.

Quality Service for Our Members

Streamlining and increasing efficiencies doesn't mean a reduced quality of service for our members. Quality service starts with the very infrastructure that carries electricity to the homes, farms and businesses that are vital to

the success of our communities. Victory Electric is committed to upgrading infrastructure to maintain the safety and reliability of the system. In fact, our current comprehensive construction work plan calls for more than \$37 million in infrastructure upgrades in the next four years.

Community Minded

Victory Electric is proud to support the communities we serve. Not only do we support organizations such as the Chamber of Commerce, economic development organizations, 4-H clubs, and more, but we also host events such as the Victory Electric Community Health Fair, Pumpkin Painting and Carving Festival, and the Christmas Parade of Lights and Chili Contest.

Victory Electric is proud to promote education and civic leadership among youth. In late 2015, Victory Electric developed the Lightner Community Spirit Scholarship program, which will award ten

students \$1,000 each to further their education.

Each year, Victory Electric also sends two students to Washington, D.C., and two students to the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado. These programs develop leadership potential in the next generation and educate students about the role of electric cooperatives in the national economy.

Thank you to all who have been a part of our journey the past 71 years. We are honored to have served you and look forward to a successful future in southwest Kansas.

“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 2015, will be held at the Western State Bank Expo Center, Dodge City, Kansas, on Tuesday, April 12, 2016, at 6:30 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 5, 7, 9 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 5: | Gary Gillespie, PO Box 63, Copeland, KS 67837 |
| District 7: | Jim Ochs, 17609 SW H Rd., Jetmore, KS 67854
Brad Ochs, 14302 SW I Rd., Jetmore, KS 67854 |
| District 9: | Richard Lightner, 5175 E Plymell Rd., Garden City, KS 67846 |
| District 10: | Patrick Morse, 2003 Circle Lake Drive, Dodge City, KS 67801 |

Members serving on the nominating committee include David Bryant, Calvin Koehn, Ronald Cohoon, Brit Hayes, Larry Bilberry, Clinton Carlson and Janet Brack.



Pat Morse, secretary-treasurer

Dated this 23rd day of February 2016
The Victory Electric Cooperative Assn., Inc.

TAKE CONTROL OF YOUR ENERGY CONSUMPTION WITH MYMETER



Victory Electric is excited to announce a new tool designed to help our members learn more about your personal energy use, which will aide in energy conservation and savings on your electric bill. MyMeter is a web-based energy tracking service that provides daily energy use information and tools for greater control over your electric 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.

Victory Electric members can register for MyMeter online by visiting victoryelectric.net and selecting the MyMeter icon on the homepage. Members also need to have their account number handy for the initial registration.

"We now have a metering infrastructure in place to provide our members a granular view of their energy consumption," explained Heith Konecny, supervisor of metering technology at Victory Electric. "Every month, you see how your energy use affects your bill. MyMeter gives our members the ability to see your data daily, which will allow you to better understand your electric use. This will allow you to make changes around the home, track the impact of the

change, and make comparisons to past electricity use in your home."

How it Works

The possibilities with MyMeter are vast and all started with Victory Electric's installation of all new digital meters and the completion of our Automated Metering Infrastructure (AMI) system in 2014. AMI ended the need for monthly in-person meter readings. Readings are now conducted via radio frequency. Some meters read data every 15 minutes, offering a detailed glimpse of power use.

"MyMeter is one of the most important aspects of our new AMI system," Konecny said. "We now have the data to begin educating our members on their consumption patterns. That is the first step toward conserving energy."

Konecny explains how MyMeter can help you manage your energy use, even when you are not home. For example, you can set up your preferred notification method, email or text. Then set up a high or low use threshold to alert you when a predetermined kWh value for a day, week or month is reached.

The MyMeter portal is very simple to use and contains three main parts: charts, data and property.

1. Charts – MyMeter charts allow you to visualize your energy use. Three different chart types are available, but regardless of the chart, you can instantly zoom to specific preset time periods. You can turn on



temperature to see how weather impacts your energy use. Comparisons, such as a comparable properties, show on another line.

- 2. Data** – Provides a tabular data display with a color-coded heat map of energy use patterns. There is a drop down to toggle between summary data (e.g., daily, monthly). This data can be easily exported to a file and is useful for a detailed look at your energy use.
- 3. Property** – Allows you to review and enter information about your home or business and provide information that makes comparisons to similar properties. You give your property a name, select the type of structure, and provide other pertinent information about the home or business. This detailed information helps you get accurate comparisons of energy use to similar structures. The more detail you provide, the more accurate the comparisons will be.

These three areas of MyMeter will allow you to delve deeper into your energy use patterns to make decisions about your energy consumption.

- 1. Energy Markers** – MyMeter allows you to note events that can impact energy consumption. We call them Energy Markers, and they can be added and be visible on both the Charts and Data pages. Simply select what event type you are adding (e.g., vacation, energy upgrade, etc.), pick a date and add a description. This helps you to see how life events, changes in routine, or new appliances can create patterns in electric use. Using the pattern information can help you identify specific times to make behavioral changes that reduce your energy use. Energy markers can also help identify needed appliance replacements or renovations.
- 2. Notifications and Communications Options** – This option alerts you when your energy use should be a concern. You can choose how you want to be contacted and what information is sent, including emails or text notifications when use exceeds custom limits set by you.

- 3. Energy Challenge** – If you need motivation to stay involved in monitoring and conserving energy, personalized “Energy Challenges” might be the right path for you. MyMeter allows you to set energy saving goals and track your progress toward that goal. The challenges can compare your habits and consumption with the consumption of your neighbors and peers. You are able to monitor progress of your goal, make adjustments as needed, and see the results of your commitment and action.

MyMeter is full of energy efficiency bells and whistles. Armed with knowledge, you can take your household energy efficiency into your own hands and reduce your electric bill.

Talking it out

The introduction of MyMeter doesn’t mean we aren’t still here to help you. In fact, MyMeter enables our customer service representatives (CSR’s) to log into an account at the same time a member calls.

“MyMeter allows CSR’s to see the same information the member is referencing,” Konecny said. “The representative can utilize the charts to identify an abnormal pattern in energy consumption and talk through an event to identify a possible cause. Dialogue is a critical part of our relationship with members.”

Any call can turn into a learning experience for both Victory Electric and a member. Members may not know that their bills are driven up by simple events such as an extended stay of family members or a space heater that aides in warming a cold room.

“We receive a high bill complaint from a member and notice that there was a certain week that the energy use pattern changed,” Konecny said. “With a few questions, the member may remember the kids were home for spring break, or maybe there was a water leak, and they had to run fans to dry out carpets. There are so many uses for this information and we can really drill down and help members save money on their electric bill.”

CREATING YOUR MYMETER ACCOUNT IS EASY!

Create an account:

1. With a copy of your electric bill available, go to victoryelectric.net and click on the link to MyMeter
2. In the upper right corner, click on “Create an Account”
3. Enter your account number, name, email address and choose a password
4. Click on “Create Account,” and you’re ready to go

** MyMeter data is dependent on accurate daily automatic meter readings and will not alert you if your power goes off.*

Once logged in members can:

- » View daily and monthly energy use in an easy to read graphical format
- » Compare energy use fluctuations to changes in temperature
- » Compare monthly use to other homes served by Victory Electric
- » Have the ability to set “markers” to note energy efficiency upgrades. For example, when buying a new, energy efficient appliance, simply mark the date, and MyMeter will track how much energy you are saving
- » Take an “energy challenge” and set an energy savings goal. The challenge lasts six months and tracks your progress
- » Members with multiple Victory Electric accounts may combine them all under a single MyMeter account

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 cooperative activities.

The website, victoryelectric.net, is more dynamic than ever now that 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, energy efficiency tips, youth programs, Co-op Connections Card information and more.

MyMeter and SmartHub

Two of the most helpful links on our website are links to MyMeter and SmartHub.

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.

Online members can also find our online bill pay system, SmartHub.

Through SmartHub, members can access account information, view bills, make payments, set-up recurring payments, and report outages. SmartHub is available in both a mobile app and a web version.

Facebook

Our website homepage shows Victory Electric's Facebook posts.

It provides a direct link to the page facebook.com/Victory Electric.

Facebook users can "like" Victory Electric and elect to receive status updates on their news feeds.

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 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.

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.

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



VICTORY ELECTRIC: YOUR COMMUNITY PARTNER

Serving the community for 71 years, Victory Electric has developed deep roots in southwest Kansas. It is important not only to provide electricity, but also to better the quality of life for our members; therefore, we are committed to cooperative principle Number Seven, "Concern for Community."

Victory Electric strongly supports economic development efforts to improve the communities we serve. In an effort to support these economic development opportunities, we are involved in Dodge City/Ford County Economic Development, Dodge City Area Chamber of Commerce, Dodge City Main Street and many other important organizations.

We often support those entities in projects aimed at increasing opportunities in our area. For example, we provide services to prospective industry and commercial businesses interested in relocating to our area. We do this knowing new jobs and an expanded tax base will not only help our communities prosper, but they will also attract new talent and keep the talent we already have here at home.

Service to the Community

Victory Electric's concern for community reaches far beyond economic development. Victory Electric is very active in organizing

and sponsoring various events in the community, educating today's youth, and supporting local organizations.

Safety is the number one priority here at Victory Electric. Because of the dangerous nature of electricity, educating our members about the hazards associated with electricity and power lines is paramount. One way we do this is through safety presentations for local schools and organizations. We use a live demo trailer to show the public, both children and adults, what can happen if they touch an electric line.

In addition, Victory Electric is involved in creating family-friendly events the whole community can enjoy. One of our largest events is the Victory Electric Community Health Fair. In the past eight years, the event has helped thousands of people in our community receive health services they might not have otherwise had access to or been able to afford.

Another event Victory Electric sponsors is the Pumpkin Painting and Carving Festival. Held at our headquarters every October, more than 800 kids get a free pumpkin to paint or carve and have a safe place to play games and enjoy Halloween.

To get citizens in the holiday spirit, Victory Electric and other local businesses host a Christmas Parade of Lights and Chili Cook-off between Thanksgiving and Christmas. The chili



contest is free and open for anyone to enter. It is also free for the public to come sample the chili entries. The lighted parade directly follows the chili contest.

These activities are only a small sampling of community events and organizations we help sponsor. Others include Dodge City Days, 4-H clubs, Ladies Community Outreach Easter Egg Hunt, Rotary Club children's dictionary project, Big Brothers-Big Sisters, little league sports teams and more.

Supporting Our Youth

A large part of our commitment to community focuses on youth programs. We believe it is important to educate our next generation, whether it be taking part in an electrical safety presentation or attending a career fair.

The most visible youth program Victory Electric sponsors is our Electric Cooperative Youth Tour program. Every year, Victory Electric sponsors two all-expense paid trips to Washington, D.C., and two all-expense paid trips to Cooperative Youth Leadership Camp in Steamboat Springs, Colorado. Both trips

are one week long. The program is open to any high school junior in our service territory.

Introducing the Lightner Community Spirit Scholarship Program

Last fall, Victory Electric was proud to announce a new scholarship program for high school seniors and current college students. Each spring, Victory Electric will award ten \$1,000 scholarships. The Lightner Community Spirit Scholarship is designed to recognize students who have demonstrated academic success and have shown a commitment to their community.

To be eligible for the scholarship, applicants must be an active member of Victory Electric in good standing with the cooperative, or a dependent of a member. Applicants must be a high school senior entering an accredited college or university or a college student. Applications are on our website and are typically due in the spring.

CoBank Sharing Success Grant

Another unique program Victory Electric participates

in is the CoBank Sharing Success Grant Program. The annual Sharing Success grant opportunity, capped at \$10,000, is made possible by Victory Electric's governing board of trustees, in partnership with CoBank—a national nonprofit cooperative bank owned by the rural American cooperatives it services, including Victory Electric.

The grant program is designed to celebrate the vital role cooperatives play in communities across the country. Applicants must be federally recognized as 501(c)(3) nonprofit organizations.

2015 was the fourth year Victory Electric awarded "Sharing Success" grants to local non-profits. Most recently, Manna House in Dodge City received a \$10,000 grant for a short-term shelter and food pantry. In the past, the Bucklin Library received a \$10,000 grant in 2012 to help fund the construction of a new library building. In 2013, the Mission of Mercy dental clinic in Dodge City was awarded \$10,000, and Montezuma's Stauth Museum received \$10,000 in 2014 to help fund a "Suits in Space" exhibit from the Smithsonian Museum.

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 five, seven, nine 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 date prior to the meeting.

Only mailed ballots will be counted in the election. No voting will be held electronically or at the annual meeting.



District 5



Gary Gillespie
Copeland – Incumbent

I am thankful for the opportunity to serve the members of Victory Electric as a trustee. I would appreciate your consideration and your vote as I run for another term.

To be a more educated and productive member of the board of trustees, I have attended multiple trainings and earned the Credentialed Cooperative Director certificate.

I am committed to the Victory Electric mission to provide safe, reliable electricity at an affordable rate. During my tenure as a trustee, we have worked diligently as a board to keep costs down while also making many improvements to the system.

If re-elected I will continue as an advocate for you, the member-owners of Victory Electric.

District 7



Jim Ochs
Jetmore – Incumbent

It has been an honor to serve as your district seven voice for Victory Electric. Since being elected three years ago, I have earned my credentials by completing classes that have taught me the roles and responsibilities of a trustee.

Please consider me again as a candidate for this position. My various jobs as a self-employed farmer and rancher have helped me to successfully discuss and resolve issues that affect our electric cooperative. As board members, we stay abreast of the latest changes to technologies that generate electricity.

We board members work to make our electricity as safe and affordable as possible. If re-elected, I promise to make decisions that not only serve us well now, but also into the future. It has been a privilege to serve you.

District 7



Brad Ochs
Jetmore

Most of you already know me, I am Brad Ochs.

As a life-long resident of Hodgeman County, I believe this community and way of life has great value.

It has given so much to me personally and to my farming and ranching operation. I would embrace the opportunity to give something back through service in this organization. That is why I am running for the Victory Electric board of trustees for district seven.

As a farmer/rancher and a rural resident, I understand the importance of rural electrification. I am very interested in serving cooperative members, other businesses, neighbors and friends, by looking for opportunities to improve the cost, safety and reliability of our electricity.

It would be a privilege to serve our rural communities and keep serving them strong. I would very much appreciate your vote in April.

District 9



Richard Lightner
Garden City – Incumbent

Thank you for the trust you have placed in me as a trustee on the Victory Electric board for district nine. Your support is appreciated as I seek another term.

I am a farmer south of Garden City, and, as a trustee, would work to bring our cooperative forward to meet future challenges.

Our business is greatly influenced by external pressures, one being the Lesser Prairie Chicken (LPC). The strict regulations associated with the LPC affect work hours and budget.

The different power sources are challenging in their own ways, such as increased regulations on coal emissions; the effect of wind power on current generation facilities; and the future of solar and other emerging technologies.

Again, thanks for your past and present support. I would appreciate your vote.

District 10



Pat Morse
Dodge City – Incumbent

As I run for another term on the Victory Electric Board of Trustees, I want to thank the residents of Dodge City, the Victory Electric staff, and the rest of the board for their support the past nine years.

I currently serve as secretary/treasurer of the Victory Electric board and am Victory Electric's board representative to our statewide association, Kansas Electric Cooperatives, Inc. As Senior Vice President of a national telecom company, FairPoint Communications, my 35 years of experience in operations and state and federal regulatory/legislative affairs allows me to work with the board and staff on ways to continue operating Victory Electric in a safe, reliable and cost-effective manner, keeping electric rates reasonable.

I would again appreciate your vote for the position of district ten trustee.

FINANCIAL REPORT

Balance Sheet

ASSETS

Total Cost of Plant	\$148,234,592
Less Accum. Depreciation	<u>\$47,810,262</u>
Total Net Value of Plant	\$100,424,330
Cash	\$863,755
Investments	\$31,007,898
Receivables	\$5,743,960
Materials and Supplies	\$2,023,009
Prepayments	\$94,924
Other Current & Accrued Assets	\$30,785
Deferred Debits	<u>\$5,541,879</u>

TOTAL ASSETS **\$145,730,540**

LIABILITIES

Long-Term Debt	\$105,845,293
Deposits	\$882,611
Notes & Accounts Payable	\$4,103,132
Current Liabilities	\$2,037,455
Deferred Credits	\$141,881
Equities & Margins	<u>\$32,720,168</u>

TOTAL LIABILITIES **\$145,730,540**

Income Statement

Income	
Electric Revenue	\$67,663,851
Expenses	
Cost of Power	\$48,318,296
Operating & Maintenance Expenses	\$8,157,684
Depreciation	\$4,207,000
Taxes	\$2,707,452
Interest	<u>\$3,896,761</u>
Total Expenses	\$67,287,193
Operating Margins	\$376,658
Non-Operating Margins	\$1,317,300
TOTAL MARGINS FOR 2015	\$1,693,958

***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.

REVENUES



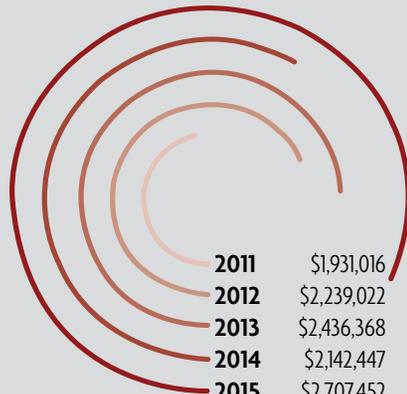
Other	\$868,869
Small Commercial	\$2,701,247
Irrigation	\$3,998,985
Residential	\$16,931,861
Large Commercial	\$21,250,150
Industrial	\$21,912,749
Total	\$67,663,851

EXPENSES



Taxes	\$2,707,452
Interest	\$3,896,761
Depreciation	\$4,207,000
Operating & Maintenance	\$8,157,684
Cost of Power	\$48,318,296
Total	\$67,287,193

PROPERTY TAXES



2011	\$1,931,016
2012	\$2,239,022
2013	\$2,436,368
2014	\$2,142,447
2015	\$2,707,452



2015 ANNUAL MEETING MINUTES

The 70th annual meeting of members of The Victory Electric Cooperative Assn., Inc., was held on Tuesday, April 14, 2015, at the Western State Bank Expo in Dodge City, beginning at 7 p.m. The meeting followed a BBQ dinner served to 419 members and guests, for a total of 628 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 70th Annual 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: 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 the previous year's meeting, and a motion was made and seconded to approve the minutes as mailed. The motion carried. Wehkamp asked for a motion to waive the reading of the official notice and affidavit of mailing. A motion was made and 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 2014 youth tour winners: Camryn Williamson and Andrea Sanchez both of Dodge City; MacKenzy Meis, Cimarron; Madison Salmans, Hodgeman County; Ashlee Bohannan, Ingalls; and Carolina Ramirez, Dodge City. Williamson and Meis gave presentations on the Washington, D.C., trip. Bohannan spoke of the Steamboat Springs leadership camp.

Imgarten introduced the 2015 winners. Jalen Gifford and Zalma Molina, both of Dodge City, won the Washington, D.C., trip. Winning the Steamboat Springs trip were Jo'Beth Ochs, Hodgeman County, and Aundria Ogles, Cimarron.

Wehkamp introduced Lisa Mazza, chairman of the nominating committee. Wehkamp then asked for

a motion to waive the reading of both the report and the minutes of the nominating committee. A motion was made, seconded and carried.

Wehkamp gave the president's report. He spoke of increased operational efficiencies and the new structure at Victory Electric under the leadership of the new CEO.

Laws gave the CEO's report. He touched on the accomplishments and challenges in 2014. These included the effect of the Lesser Prairie Chicken on electric rates and the process of refinancing \$15 million of long-term debt, which is projected to save the cooperative approximately \$4.2 million.

Dave Snapp gave the results of the trustee election. Winners were as follows: District 1, Daryl Tieben; District 3, Ken Schulte; District 8, Cedric Drewes; and District 10, Terri Larson.

Wehkamp asked for old business. There being none, he asked for 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 70th Annual Meeting at 7:58 p.m.



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*

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*

Communications & Marketing Department

Jerri Imgarten – *Manager of Marketing and Communications*

Micaela Morales – *Member Relations Coordinator*

Kennedy St. George – *Communications Specialist*

Engineering Department

Greg Underwood – *Manager of Engineering*

Cory Ackerman – *Construction Coordinator*

Armando Ceja – *Journeyman Tree Trimmer*

Jerry Dick – *Substation Technician*

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*

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*

Richard Torres – *Substation Technician*

IT Department

Denzil McGill – *Manager of Information Technology*

Brad Ackerman – *Supervisor of Information Technology*

Operations Department

Tom Lowery – *Manager of Operations*

Ryan Miller – *Supervisor of Operations*

Ross Ackerman – *2nd Class Lineman*

Joel Daniels – *Crew Chief*

Pat Deaver – *Crew Chief*

Jeremy Elling – *2nd Class Lineman*

Tanner Gemaehlich – *2nd Class Lineman*

Mikey Goddard – *Crew Chief*

Kade Henry – *2nd Class Lineman*

Marlon Hernandez – *4th 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*

Vidal Moreno Jr. – *3rd Class Lineman*

Kyndell Penick – *2nd Class Lineman*

Nick Rennaker – *Journeyman Lineman*

Shea Ricke – *Journeyman Lineman*

Jason Rohr – *Crew Chief*

Jesus Ruiz – *Journeyman Lineman*

Paul Schmidt – *Crew Chief*

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*

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*



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
19 yrs. of service



John Leis
Vice President
11 yrs. of service



Pat Morse
Secretary/Treasurer
9 yrs. of service



Richard Lightner
Trustee
34 yrs. of service



Jim Imel
Trustee
29 yrs. of service



Ken Schulte
Trustee
9 yrs. of service



Cedric Drewes
Trustee
7 yrs. of service



Daryl Tieben
Trustee
7 yrs. of service



Randy Quint
Trustee
5 yrs. of service



Gary Gillespie
Trustee
4 yrs. of service



Terri Larson
Trustee
4 yrs. of service



Jim Ochs
Trustee
3 yrs. of service

PRESIDENT'S REPORT

The unique quality of the cooperative business model is that Victory Electric is a not-for-profit entity and owned by the members we serve. If you purchase electricity from Victory Electric, you have the distinct identity of being a member who has a voting membership and a voice in decisions made for the electric cooperative.

You have a Voice

Your voice is spoken through us, the members of the board of trustees. Each trustee is elected to a three-year term by the members in our respective districts.

We represent you and it is our responsibility to make decisions that are in the best interest of the members. That means we want to hear from you! If you, or another member, have concerns, questions or an issue to bring before the board, it is our duty to be available and approachable to help you.

Trustees are members, too

Your trustees are members just like you and are entrusted with making financial decisions for the cooperative, including rate changes and adjustments. When rates change, our electric bills are affected just like yours. We receive training to better make decisions that balance both the best interests of the membership and Victory Electric.

Today's electric utility

environment imposes new demands on electric cooperatives' trustees, particularly increased knowledge of changes in the electric utility business, new governance skills and a working knowledge of the cooperative principles. Trustees sharpen their bodies of knowledge for the benefit of their electric cooperative members in areas such as trustee duties and liabilities, understanding the electric business, board roles and relationships, strategic planning, and financial decision making.

As a not-for-profit cooperative, Victory Electric has the unique identity of being service-driven, not profit-driven. As a board, we want all Victory Electric members to receive the quality service they deserve. 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.

We will all be in attendance at the 71st Annual Meeting on April 12 and encourage you to reach out to any of the trustees if you have any questions or concerns.

Kenny Wehkamp



VICTORY ELECTRIC INTRODUCES “VITTLES FOR VETS” FOOD DRIVE TO HELP FORT DODGE AND LOCAL VETERANS

In June 2015, Victory Electric joined forces with the local Dodge City VFW and Fort Dodge Soldiers Home to host a “Vittles for Vets” food drive in an effort to help local veterans.

Vittles for Vets is a food and supply drive aimed at stocking the shelves of the food pantry in Nimitz Hall at Fort Dodge with much needed non-perishable items. The food pantry opened in May 2015 and keeps groceries on hand for the residents in the cottages at the fort.

“Our veterans have given so much of themselves for our country; it was our time to give back,” said Shane Laws, CEO of Victory Electric. “We were so grateful our members really embraced the program and donated more than 1,750 items during the 2015 food drive.”

To encourage donations, Victory Electric

teamed up with our members and the community. For every three items donors brought to Victory Electric’s office, their names were entered to win a \$100 electric bill credit. Three drawings were held

dozen items to get the pantry up and running,” said Jerri Imgarten, Victory Electric manager of marketing and communications and coordinator for the “Vittles for Vets” program. “The employees at Victory Electric felt passionate about helping the veterans, so our goals were much, much higher. We collected more than 1,750 items, far surpassing the expectations of the veterans. Goal accomplished!”

If you are interested in donating, Fort Dodge continues to collect items. Suggested food items include pudding, Jell-O and fruit cups, dry cereal, instant oatmeal, cream style canned corn and canned soup. Other needed items include dish soap, liquid body wash, three-blade disposable razors, non-alcoholic mouth wash, diabetic socks and other clothing necessities.

Victory Electric will be hosting another Vittles for Vets food drive in the summer of 2016.



in July, October and December with two separate \$100 bill credits drawn each time.

“Initially, the VFW was hoping to get a couple

2015 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 2015 winners will attend the annual meeting to share their experiences with you. The program is now in its 52nd year, and we look forward to introducing you to the 2016 winners at the annual meeting.

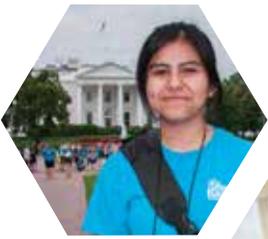
During the Electric Cooperative Youth Tour, students join 1,600 youth representing cooperatives from across the nation in Washington, D.C. Students visit monuments and other attractions and visit Capitol Hill to learn more

about how our government works. Winning the trip were Jalen Gifford and Zalma Molina, both of Dodge City (pictured in large photo to the left).

At Cooperative Youth Leadership Camp in Steamboat Springs, Colorado, 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 Jo'Beth Ochs, Hodgeman County, and Aundria Ogles, Cimarron (pictured in the large photo at the bottom).

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

“Four winners, two for each trip, are selected each fall by Victory Electric from local high school applicants.”

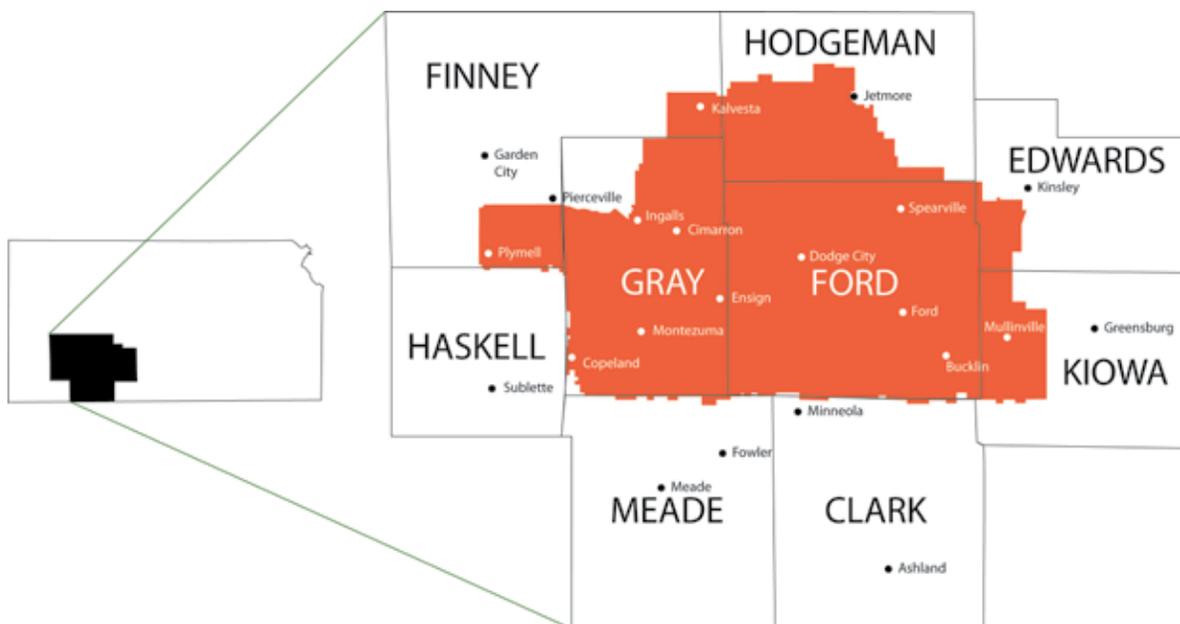


2015 FAST FACTS

Total cost of plant	\$148,234,592
Total operating revenue in 2015	\$67,663,851
kWh sold in 2015	686,240,008
System kW demand	154,388
Miles of line	2,801.59
Number of meters	19,632
Number of full-time employees	71

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.



BRING THIS REGISTRATION CARD TO THE ANNUAL MEETING

- Victory Electric's annual meeting is on April 12, 2016, 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. Registration starts at 5 p.m.
- The meal is at 5:30 p.m.
- The business meeting starts at 6:30 p.m.

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.

We look forward to seeing you there!



A Touchstone Energy[®] Cooperative 

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

