

# The Benefits of Co-op Member Engagement



## MESSAGE FROM CHIEF EXECUTIVE OFFICER ROBERT A. LOTH III

**MOST CONSUMERS WOULD NOT EQUATE** active involvement in their electric company with helping their community. But Central Texas Electric Cooperative is not an ordinary utility.

We're a co-op, and our business model is meant to serve the members and the community—not to make a hefty profit for investors five states away. Our customers are more than consumers; they are members of the co-op. Therein lies the difference.

Our core purpose and mission is to provide safe, reliable and affordable power to our members. As a cooperative, we are motivated by service to the community rather than profits.

We depend on the guidance and perspective of our members and board to help set priorities for the co-op and guide governance decisions. Our board of directors is

composed of members who live and work in our service area because they are in a position to know where community investments are needed most.

Your electric co-op is controlled by members who actively participate in setting policies and making decisions. This is why we value your participation in our annual meeting and at other co-op events.

Central Texas EC has numerous ongoing programs that benefit the community. Every summer, for example, we participate in the Government-in-Action Youth Tour, which sends local high school students to



As an electric cooperative, we serve the members and the community. Make your voice heard at our annual meeting.

the nation's capital to meet with lawmakers, enabling youths to learn firsthand how our democracy works. We are proud of our Operation Round-Up program, which issues grants to organizations and individuals in need. In addition, we maintain a scholarship program and support local community service initiatives.

We recognize the vital role that our cooperative plays in energizing our local economy. But to continue to innovate and effectively serve the community, we rely on you, our members, to provide guidance. We cannot operate effectively and help our community thrive without you, and we value your perspective. Please let your voice be heard.



**Instead of cooking indoors, use the grill this summer and keep cooling costs down.**

## Keep-Cool Strategies for Summer

**SAVING MONEY ON** air-conditioning bills is more likely to happen if you have a plan.

Plan a strategy for keeping your home cool this summer without breaking the bank. **Here are five tips:**

1. Get a qualified service technician to give the once-over to your central air-conditioning system and any window units you might have. A well-tuned air conditioner will operate in the most energy-efficient way.
2. Set your thermostat to 78 degrees while you're home, and higher before you leave the house. If you have a programmable thermostat, it can set itself.
3. Turn ceiling fans on when you enter a room and off when you leave. A ceiling fan moves the air around so anyone in the room feels cooler. There's no benefit to running a fan when nobody is around.
4. Close your drapes or blinds to block the heat when it's sunny outside but leave them open on cloudy days to get some natural daylight into your rooms.
5. Avoid cooking inside on hot summer days. Instead, grill outdoors, serve cold dishes, order takeout or heat up food in the microwave.

# SAVE THE DATE!

CENTRAL TEXAS ELECTRIC COOPERATIVE

# ANNUAL MEETING

**Tuesday, August 15**  
**Fredericksburg High School**



**THIS YEAR'S ANNUAL MEETING** of co-op members will be held Tuesday, August 15, at the Fredericksburg High School auditorium. Mark your calendar and don't miss it!

The meeting begins at 7 p.m. and includes the election of three co-op members to the board of directors. Come early and visit with co-op neighbors, and relax and see a video update on your co-op's business. Listen to management reports on the current happenings at your co-op.

As always, the meeting will conclude with a drawing for attendance prizes. Official registration and proxy information will be included in the August issue of *Texas Co-op Power*. Plan today to attend your annual membership meeting!

## Regular Board Meeting Recap

*Central Texas Electric Cooperative, May 9*

**Meeting called to order by Board President James Low and prayer offered.**

- Discussed:** Operations Report for April 2017
  - Approved:** Resolution authorizing extension of Right-of-Way Labor and Equipment contract
  - Approved:** Minutes of the Regular Board Meeting held April 18
  - Approved:** April 1-May 8 Membership List and Conversions
  - Approved:** Safety Report for three months ended March 31
  - Reviewed:** Financial and Statistical Reports for three months ended March 31
  - Approved:** Resolution authorizing execution of Unclaimed Property Deposit Request to transfer funds to the Scholarship Fund
  - Discussed:** Building projects financial recap
  - Reviewed:** Board Policy No. 6.0: Delegations of Authority from the Board to the CEO
  - Reviewed:** Board Policy No. 8.0: Policy Providing for Board Member Compensation and Expense Reimbursement
  - Discussed:** June 13 board meeting time change due to district meetings
  - Approved:** Resolution authorizing renewal of insurance coverages
  - Discussed:** District Meeting update
  - Discussed:** Mason property update
- Meeting adjourned.**

## Central Texas Electric Cooperative

### Fredericksburg (headquarters)

386 Friendship Lane  
Fredericksburg, TX 78624

### Llano

1410 E. St. Hwy. 29, Llano

### Kingsland

Nob Hill Subdivision  
706 Cottonwood St., Kingsland

### Mason

1881 E. State Highway 29, Mason

### Office Hours

8 a.m.-5 p.m., Monday-Friday

### Website

ctec.coop

### CHIEF EXECUTIVE OFFICER

Robert A. Loth III

### BOARD OF DIRECTORS

James Low, President, *San Saba County*  
Jack Asbill, Vice President, *Mason County*  
Doyle Bode, Secretary, *Gillespie County*  
Stanley Keese, Treasurer, *Llano County*  
Rex Brand, *Kerr County*  
Tommy Duncan, *Llano County*  
Allen Goodwin, *Kendall County*  
Mark Hahn, *Mason County*  
Tim Lehmborg, *Gillespie County*  
Charles E. Pearson, *Gillespie County*  
W.C. "Dub" Stewart, *Llano County*

## Emergency Contact

To report electric service interruptions, please call the Central Texas Electric Cooperative office in your area at the numbers listed below:

### FREDERICKSBURG AREA

**(830) 997-2126**

**1-800-900-CTEC (2832)**

including Gillespie, Kendall, Kerr, Blanco, Real and Kimble counties

### LLANO AND SAN SABA AREAS

**(325) 247-4191**

### THE LAKES AREA

**(325) 388-4542**

8 a.m. to 5 p.m.

**(325) 247-4191**

after business hours

### MASON AREA

**(325) 347-6314**

including McCulloch, Menard and Kimble counties



# Capital Credits Make Co-op Distinctive

*2016 patronage capital allocation on June bill—more than \$5.2 million allocated to CTEC members*

**CO-OPS ARE DIFFERENT FROM MOST BUSINESSES.** What makes them different is the way the members participate in the business, and one of the most notable forms of this participation comes about in the way members contribute to the economic success of the business. Members of the cooperative do this every time they pay a bill for electric service. With every bill that is paid, co-op members help provide the funding to build and maintain the electric distribution system that delivers electricity to them.

Because Central Texas Electric Cooperative is a nonprofit organization, bill payments that are not used to pay for wholesale power and other operating expenses are invested in the distribution system. The revenues over and above the cost of doing business are considered “margins.” These margins are an interest-free loan of operating capital by the membership to the co-op. This capital allows CTEC to finance operations and construction, with the intent that such capital will be repaid to members in later years.

## Margins for Members

Each member’s share of capital is referred to as “patronage capital” or “capital credits.” Capital credits reflect each member’s portion of the margins earned by the co-op.

CTEC allocates margins to all members each year that a positive margin is earned. This means that an entry is made on the permanent financial records of the co-op reflecting each member’s equity or ownership in the cooperative.

CTEC allocated 2016 margins totalling \$5,272,652.10. Eventually, the capital credits that have been allocated will be returned to the members in the form of credits on their electric bills or capital credits checks. Because the margins earned by the co-op are relatively small, it takes up to 30 years before all the capital credits allocated in a given year are returned or retired.

CTEC’s bylaws establish a process for returning capital credits that emphasizes payout of the oldest unretired capital credits. The process also returns a larger share of capital to members who have paid larger bills and contributed more capital over the years. Last year, more than \$1.3 million in capital credits were returned to CTEC members.

## Return Process

The capital credits retirement process involves several steps. First, the CTEC Board of Directors determines the amount of

capital to be retired each year. The board will retire capital credits only when doing so will not impair the financial condition of the co-op.

After the retirement amount has been determined, one half of the authorized retirement amount is applied against the oldest unretired capital credits on the co-op’s books. The remaining half of the retirement amount is then determined on a pro rata basis, based upon each member’s percentage share of the total outstanding capital credits balances of all members.

In other words, if a member owns 1 percent of the unretired capital credits on the books of the co-op, he would receive 1 percent of the capital credits retired in this fashion. After the dollar amount of each member’s refund is determined, it is applied to reduce his oldest unretired capital credits on record.

Members with active accounts can keep track of capital credits by simply reviewing their June electric bills. The amount of capital credits allocated to each account is listed on the bill each year, following the allocation by the board of directors. When capital credits are retired, active members each receive a bill credit in the amount of the retirement amount, which is reflected on their billing statements.

Patrons who no longer have active accounts receive allocation notices and retirement checks by mail. Unfortunately, many former members miss out on these communications because they have not provided the co-op with a current address. Every year, thousands of dollars in capital credit retirements are unclaimed. Eventually, these unclaimed funds are transferred to the State of Texas. The forfeiture of these accounts could be avoided simply by keeping the co-op informed of address changes.

## Keep Current

Capital credits also require attention when a member or patron passes away. The representative of the deceased person should provide the co-op with a death certificate and letters testamentary or other evidence of the representative’s authority to handle the deceased person’s affairs. Questions about handling these accounts can be directed to CTEC’s Capital Credits Department in the Fredericksburg office.

A utility like Central Texas EC requires serious investment to sustain its operations, especially when the system is growing the way it is. Members’ capital is one of the ingredients that helps ensure that our corner of the Hill Country will continue to enjoy affordable, reliable electric energy.

# Why Is My Electric Bill So High?

**IF YOUR ELECTRIC BILL SEEMS HIGHER** than it used to be, it's time to investigate.

**1. Check your history.** First, verify that the bill truly is higher. Call your electric cooperative to ask for a review of your bills over the past year. You might be surprised to see how much your usage fluctuates depending on the season.

**2. Check the weather.** Fluctuations in outdoor temperatures can lead your family to crank up the air conditioning on especially hot days. Most people with air conditioning use more electricity during the hottest summer months than at any other time of the year.

**3. Check what's plugged in.** If you thought your bill would be lower during a month when your family was on vacation, you might be surprised to realize that your appliances still use substantial electricity when the house is empty. Your refrigerator, landscape irrigator and well pump, for instance, keep running while you're gone unless you have unplugged them. In fact, any appliance plugged into the wall uses electricity, whether or not anybody is home to use them.



Compare your energy bill this summer to what you paid this time last year.

**4. Check your equipment.** As appliances such as refrigerators and water heaters age, they become less efficient. If your air-conditioning and heating system or another large appliance is more than 15 years old, consider replacing it with a more energy-efficient model.

**5. Check your lifestyle.** If your college-age child is home for the summer, your electric bill will be a bit higher than it was while he or she was away. If your grandkids are enjoying their vacation at your house, your bill could go up. If you've had houseguests, you've used more electricity. If you've added a major appliance, such as a pool with a pump, a hot tub or even an oversized TV, that has affected your electric bill, too.

**6. Don't rely on your neighbors.** No two families use electricity the same way, so if you believe your bill is too high because your neighbor's is lower, you're not making an even comparison. The better comparison is between your use of electricity now compared with the same time last year.

If you still think your bill is higher than it should be, contact your electric cooperative for help figuring it out.



## Happy Anniversary, CTEC!

Central Texas Electric Cooperative turns 70 in July.

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## Happy Independence Day

Central Texas EC will be closed Tuesday, July 4.