

MCLENNAN COUNTY ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

P.O. Box 357 • McGregor, TX 76657 • www.mclennanelectric.com • (254) 840-2871

MEETING

McLennan County Electric Cooperative cordially extends an invitation to our members to attend the annual membership meeting scheduled for Tuesday, October 19. The meeting begins at 7:30 p.m. in the McGregor High School auditorium on Bluebonnet Parkway. The agenda includes the introduction of your co-op's board of directors, a report by CEO/Manager Rick Haile, a vote on board candidates, and a presentation by Lea Walter, this year's Youth Tour participant.

**Our Speaker for the Evening: Mike Williams
President/CEO, Texas Electric Cooperatives**



Williams currently serves as president and chief executive officer of Texas Electric Cooperatives, Inc. TEC represents electric cooperatives before the Texas Legislature, U.S. Congress and various regulatory agencies. TEC offers utility equipment repair, remanufacture support, laboratory services, hazardous waste disposal from its Georgetown facility, and new utility equipment sales from several locations in Texas. TEC operates a utility pole production facility in Jasper, which produces over 145,000 poles annually. The pole facility is the only cooperatively-owned facility of its type in the nation. TEC publishes *Texas Co-op Power* magazine, which has a monthly circulation of approximately one million. TEC also provides environmental consulting services to its members and operates a full-service advertising agency for the benefit of its members.

Williams was previously the executive director of the Texas Public Power Association and the Association of Wholesale Customers for nine years, where he primarily represented city-owned electric utilities, river authorities and joint-action agencies. Williams spent six years as an expert witness on financial and ratemaking matters for the Public Utility Commission of Texas and held a variety of positions, including director of the Utility Evaluation Division. Williams was also a power consultant for Reliant Energy in Houston and performed strategic planning and management audits for Austin Energy. Williams was a member of the 1988 Texas House Select Committee on a Statewide Energy Plan. He also served as a director of the Electric Reliability Council of Texas and served four years as a member of the Austin Electric Utility Commission. He is a graduate of the University of Texas at Austin.

Williams is an experienced speaker bringing insightful information about the electric utility industry. Be sure to come to the annual meeting on Tuesday, October 19. Bring your registration card from this magazine to sign up for prizes.

ANNUAL

McLennan County Electric Cooperative, Inc.

STATEMENT OF REVENUE AND PATRONAGE CAPITAL

Years Ended June 30, 2004 and 2003

	2004	2003
Operating revenues	\$21,283,847	\$18,372,081
Operating expenses:		
Cost of power	15,611,207	13,625,955
Distribution—operations	670,057	687,505
Distribution—maintenance	872,022	764,465
Customer accounts	410,655	458,594
Administrative and general manager/CEO	776,806	777,654
Depreciation	1,099,901	1,031,287
Other	8,675	27,335
	<u>\$19,449,323</u>	<u>\$17,372,795</u>
Operating margins before fixed charges	1,834,524	999,286
Fixed charges:		
Interest on long-term debt	729,526	629,400
Operating margins after fixed charges	1,104,998	369,886
Capital credits—associated organizations	453,672	367,850
Operating margins	1,558,670	737,736
Nonoperating margins:		
Interest and other income	43,167	28,142
Equity in net loss of subsidiary	17,674	(20,401)
	<u>60,841</u>	<u>7,741</u>
Net margins	1,619,511	745,477
Patronage capital—beginning of year	14,479,452	13,860,279
Retirement of capital credits	(127,099)	(126,304)
Patronage capital—end of year	<u>\$15,971,864</u>	<u>\$14,479,452</u>

General Financial Information

A complete set of financial statements, including statements of cash flow and notes to the financial statements and the independent auditor's report thereon, are available at our main office. A member may also request a copy of the auditor's report at any time.

MEMBER SPOTLIGHT



Ethan Lane Anderson, 1, sits in Grandma Terri's stew pot as she prepares the vegetables. The photo was submitted by great-grandparents Eddie and Ritzy Anderson of China Spring. He is the son of Cheney and Debbie Anderson of Round Rock, and the grandson of Jon and Terri Ker of Valley Mills.

MCLENNAN COUNTY ELECTRIC COOPERATIVE

BALANCE SHEET

	June 30	
	<u>2004</u>	<u>2003</u>
ASSETS		
Electric plant:		
In service	\$34,527,806	\$32,805,465
Construction work in progress	<u>408,057</u>	<u>438,223</u>
	34,935,863	33,243,688
Less accumulated depreciation	<u>8,167,266</u>	<u>7,600,432</u>
	<u>26,768,597</u>	<u>25,643,256</u>
Investments	<u>4,074,126</u>	<u>3,601,172</u>
Current assets:		
Cash and cash equivalents	3,929,825	920,298
Accounts receivable—less provision for doubtful accounts (\$61,491 in 2004 and \$53,296 in 2003)	1,219,713	1,038,392
Materials and supplies	175,589	164,108
Prepayments and other	<u>93,654</u>	<u>113,465</u>
	<u>5,418,781</u>	<u>2,236,263</u>
Deferred charges	<u>2,432,331</u>	<u>35,410</u>
 TOTAL ASSETS	 <u>\$38,693,835</u>	 <u>\$31,516,101</u>



For 64 years, our business ethics and goals have stayed the same. Some things are better the old-fashioned way.

Wood Field, McGregor, Texas
MCEC 1963 Annual Meeting

MCLENNAN COUNTY ELECTRIC COOPERATIVE INC.

Your Home Team Advantage

Your Touchstone Energy® Cooperative 

CE SHEET

	June 30	
	<u>2004</u>	<u>2003</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 198,210	\$ 200,185
Patronage capital	15,971,864	14,479,452
Other equities	<u>393,638</u>	<u>288,246</u>
	<u>\$16,563,712</u>	<u>\$14,967,883</u>
Long-term debt, less current maturities:		
RUS mortgage notes	7,107,436	7,340,873
CFC mortgage notes	3,113,147	3,229,591
FFB mortgage notes	<u>8,727,120</u>	<u>3,563,620</u>
	<u>18,947,703</u>	<u>14,134,084</u>
Current liabilities:		
Current maturities of long-term debt	645,073	413,000
Accounts payable—purchased power	1,523,288	1,238,421
Accounts payable—other	96,318	71,898
Consumer deposits	310,835	292,425
Accrued liabilities	<u>241,228</u>	<u>266,275</u>
	<u>2,816,742</u>	<u>2,282,019</u>
Deferred credits	<u>365,678</u>	<u>132,115</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$38,693,835</u>	<u>\$31,516,101</u>

COMMUNITY SPOTLIGHT: CEGO

Cego is located on Farm Road 1950, seven miles southwest of Chilton in western Falls County. When it was founded in the early 1880s by a group of German-American farmers, the community

was known as Pleasant Valley. A few years later, when residents applied to the postal department for a star route, the name of the town had to be changed because a Pleasant Valley, Texas, already existed. The

name Cego was chosen in honor of a cotton picker who had worked on several of the local farms. The Cego post office was granted in 1895; it was discontinued 10 years later, and mail for the community was then sent to Eddy. The Pleasant Valley School began serving the district in 1885 and continued to operate under

that name until after 1900. In 1904 it had two teachers and 149 students. The population of Cego proper was 35 in 1910. Two churches, a school and several businesses marked the community on county highway maps in 1948, and the number of residents was estimated at 200. The school at Cego was consolidated with the Chilton Independent School District in 1949. Although the population of Cego was listed as 98 in the 1970s and 1980s, local residents maintained that the actual number was closer to 50.

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Cego Baptist Church and Annex.