

Cooperative History, Cooperative Future

Looking back provides the path forward



MESSAGE FROM CEO AND GENERAL MANAGER RICK HAILE

ONE OF MY FAVORITE SAYINGS ALWAYS HAS BEEN, “THOSE WHO do not remember the past are condemned to repeat it.” Yet sometimes, remembering our history with the goal of repeating it—and improving on it—can be a good thing.

For example, we never forget the struggles thousands of rural families endured before their homes were electrified, and the way electric cooperatives formed to bring

light to that darkness. As a result, employees at more than 900 co-ops across the United States dedicate themselves daily to making life better for member-owners.

As the nation’s 30,000 cooperatives celebrate National Co-op Month this October, I think it is a perfect time to take a look back—and a look forward.

Heart of Texas Electric Cooperative was founded when neighbors worked together to bring electricity to our rural community. Big, investor-owned power com-

panies thought they couldn’t generate enough profit, so they bypassed rural areas and only electrified the cities.

Back then, there were frequent meetings among neighbors to discuss the formation of this cooperative. Once established, the co-op’s annual meetings became “must-attend” events every year.

Fast-forward to today—and tomorrow: Your electric co-op currently serves 15,000 members, gives scholarships to local students and supports numerous community service organizations in the area. We also regularly return capital credits to our members.

We started out providing electricity, but our impact—with your support and input—has grown. Over the years, we’ve listened to you and your fellow co-op member-owners, and we know that we must keep pace as technology and consumer needs evolve. While times and technology will continue to change, our commitment to you will not. We understand that the spirit that helped create this co-op must be nurtured continually.

You can be confident that your co-op will keep exploring new ways to help our members and our community. We welcome your input as we plan for the future.



Stop the Vampires!

THE LITTLE VAMPIRES WHO RING YOUR doorbell on Halloween night aren’t the only fiends you should be afraid of. Electricity vampires are all over your house, all year long.

Electrical vampires are appliances and electronics that continue to draw electricity even when they are turned off.

According to the U.S. Department of Energy, vampires account for up to 5 percent of the energy use in your house.

Here is a list of the most likely vampires in your house:

- ▶ Computers, modems, routers, printers and other related equipment
- ▶ Your flat-screen TV. The larger it is, the more energy it uses—on and off.
- ▶ Home theater equipment, including surround-sound devices
- ▶ Your cable or satellite TV box
- ▶ Anything with a digital time display, like your microwave oven or DVD player

An electrical device is a vampire if it has a continuous display, like your digital clock; charges batteries, like your mobile phone charger; or has a remote control, like your TV.

The best way to stop these vampires is to unplug them when you’re not using them. A power strip lets you flip one switch to stop a group of vampire electronics from using electricity.

Online Bill Pay: Frequently Asked Questions

HEART OF TEXAS ELECTRIC COOPERATIVE OFFERS AN ONLINE BILL-PAY SERVICE TO ITS members that allows them the convenience of paying their monthly utility bill using the internet. After signing up, members can obtain a 13-month billing detail, billing history and graph. They will be able to calculate their bills or request service orders for general maintenance, such as tree trimming or security light repairs.

How do I sign up for online bill pay?

You can access the Heart of Texas Electric Cooperative website by visiting hotec.coop. Register for online bill pay by clicking the Pay Online tab at the top right. You will provide your Social Security number, phone number and HOTECCOOP account number. If these do not match the information we have on file, you will need to contact the office by phone or in person.

Why do I need a challenge phrase?

The challenge phrase is an important security tool during the login process for your account. If you forget your password, you will be presented with your challenge question and asked to enter the answer. The question should pertain to a personal fact that few people know, such as your maiden name, favorite sports team or pet's name.

Will I receive a printed bill?

Members may sign up to receive an e-bill only, instead of a printed statement. You will receive an email notification when your bill is ready to be viewed, and an email confirmation each time a payment is posted to your account.

What if I forget my username or password?

You may retrieve your password or username by clicking on the Forgot Your Username or Password? link at the bottom of the sign-in page. You will be asked your account number and username or email address, depending on the information you are requesting. You also will be asked your challenge question. The information you request will be sent to the email address you used during the sign-up process.

What if I am not receiving my new bills or payment confirmations?

If you are not receiving new bill notices or payment confirmations, you might have an invalid email address listed on your profile. You can verify or make changes to your email address and profile by going to Edit My Profile.

What are the benefits of online bill pay?

In addition to having the convenience of paying your bill on YOUR time and at YOUR convenience, the benefits are numerous. This service allows you to view and maintain your account outside of regular business hours. You can estimate what your upcoming bill will be, enabling you to better budget your finances. Bill notifications allow you to see your new bills before they appear in your mailbox.

This service is free and secure. You can pay your bill online with a personal or business check or use your Visa, MasterCard, American Express or Discover card. Payments are posted immediately to your account.

Sign up today and take advantage of this incredibly convenient payment option. If this option is not for you, automatic bank and credit card drafts are available as well. If you have any questions or concerns regarding any of the payment options, please contact your local HOTECCOOP office at 1-800-840-2957.



Heart of Texas Electric Cooperative

Operating in Bell, Bosque, Coryell, Falls,
Hamilton, McLennan and Milam counties

CEO AND GENERAL MANAGER

Rick Haile

DIRECTORS

Garland Cook, District 1
DeWayne Draeger, District 6
Kermit Dreyer, District 7
Paul Edge, District 2
Dan Foster, District 9
Kenneth Hollas, District 3
Bobby Nawara, District 4
Allen Shows, District 5
Larry Stock, District 8



Contact Us

McGREGOR OFFICE

(254) 840-2871 local
1-800-840-2957 toll-free

1111 S. Johnson Drive • P.O. Box 357
McGregor, TX 76657

OFFICE HOURS

Monday-Friday, 8 a.m.-5 p.m.
Drive-thru 7:30 a.m.-5:30 p.m.

ROSEBUD OFFICE

(254) 231-0444 local
1-800-840-2957 toll-free

159 Loop 265 • P.O. Box 598
Rosebud, TX 76570

OFFICE HOURS

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

CREDIT/DEBIT CARD PAYMENTS

Online at hotec.coop
By phone at 1-855-399-2688

FIND US ON THE WEB

hotec.coop



HEART OF TEXAS ELECTRIC COOPERATIVE ANNUAL MEETING

TUESDAY, OCTOBER 17, 2017 • 7:30 P.M.

Frank W. Mayborn Civic & Convention Center • 3303 N. Third St., Temple

TENTATIVE AGENDA

- Call to order
- Invocation and Pledge of Allegiance
- Introduction of directors and guests
- Approval of minutes
- Drawing for grand prizes
- Drawing for attendance prizes
- Director election voting
- President's report
- Employee service awards
- Manager's report
- Youth Tour participant Emily Jander
- Guest speaker: State Sen. Dawn Buckingham
- Drawing for youth prizes
- Drawing for attendance prizes
- Announcement of grand prizewinners
- Questions
- Adjourn

HEART OF TEXAS ELECTRIC COOPERATIVE invites all its members to attend the 2017 Annual Membership Meeting on Tuesday, October 17, at the Frank W. Mayborn Civic and Convention Center in Temple. Registration begins at 6 p.m., and refreshments will be available. Informational booths will be set up, and member services representatives will be on hand to greet visitors.

BUSINESS MEETING

The business meeting begins at 7:30 p.m. Members will hear information on the operations of the co-op, highlights of the accomplishments made throughout the year, and a discussion on the growth of the co-op. They will hear from General Manager/CEO Rick Haile and Board President Garland Cook.

The guest speaker will be state Sen. Dawn Buckingham. Members will have an opportunity to hear from her on current legislative issues. She represents District 24, which includes Bell, Coryell, Hamilton and Lampasas counties.

We hope you take this opportunity to meet your HOTECH family and celebrate another successful year.

ELECTION NOTICE

The following districts are up for election, and the individuals named have been nominated for election to their respective districts. Voting will take place during the annual meeting.

DISTRICT 4	DISTRICT 5	DISTRICT 8
Bobby Nawara	Allen Shows	Larry Stock

ATTENDANCE PRIZES AND CHILDREN'S AREA

Get ready to win one of \$2,500 worth of prizes, including two \$500 bill credits. Grand prizewinners will be announced at the conclusion of the business meeting. There also will be a children's area, where kids can visit with our linemen and have their picture taken on a utility pole or a lift bucket. In addition, their names can be entered into a drawing for a Kindle Fire.

RIDE WITH US ON A SHUTTLE BUS

HOTECH is providing shuttle buses to and from the annual meeting at no cost to members. Buses depart from the Rosebud and McGregor offices at 6 p.m. Seating is limited, so please call the HOTECH offices to make your reservations early for a seat on the bus.

FINANCIAL STATEMENTS

June 30, 2017 and 2016

CONDENSED BALANCE SHEET

	2017	2016
ASSETS		
Electric plant (net)	\$62,509,658	\$58,904,547
Other assets and investments	21,225,436	19,773,240
Current assets	5,399,584	6,216,006
Deferred charges	1,249,002	1,356,292
TOTAL ASSETS	\$90,383,680	\$86,250,085
LIABILITIES AND EQUITIES		
Equities and margins	\$62,528,219	\$58,288,456
Long-term debt	17,514,507	19,138,577
Accumulated postretirement benefit obligation	1,039,386	984,574
Current and accrued liabilities	8,482,337	5,990,608
Deferred credits	819,231	1,847,870
TOTAL LIABILITIES AND EQUITIES	\$90,383,680	\$86,250,085

CONDENSED STATEMENT OF REVENUE AND PATRONAGE CAPITAL

	2017	2016
OPERATING REVENUES	\$36,345,774	\$34,547,156
OPERATING EXPENSES		
Cost of power	24,404,100	22,679,829
Distribution expense	3,094,485	2,762,865
Depreciation and amortization	2,789,043	2,619,458
Consumer sales, administration and general expense	2,522,230	2,438,759
TOTAL OPERATING EXPENSE	32,809,858	30,500,911
OPERATING MARGINS BEFORE FIXED CHARGES	3,535,916	4,046,245
FIXED CHARGES—INTEREST ON LONG-TERM DEBT	1,600,854	1,641,600
NET OPERATING MARGINS	1,935,062	2,404,645
NONUTILITY MARGINS		
Interest income	1,175,871	992,776
Other nonutility income	132,407	104,184
Equity earnings in subsidiaries	12,848	(84,599)
TOTAL NONOPERATING INCOME	1,321,126	1,012,361
CAPITAL CREDITS	1,615,076	954,819
NET MARGINS FOR THE PERIOD	4,871,264	4,371,825
PATRONAGE CAPITAL BEGINNING OF YEAR	56,661,180	52,923,101
NET CHANGE IN PATRONAGE	(664,288)	(633,746)
PATRONAGE CAPITAL END OF YEAR	\$60,868,156	\$56,661,180

Our Legacy of Member Service: 1937 Through Today

1935 By executive order, President Franklin D. Roosevelt created the Rural Electrification Administration. Congress approved the funding. And the monumental task of building electric lines and substations to serve our rural members began.

1936 On October 1, Frank J. Zabcik and S.L. Farrow of Belfalls called the first meeting of Belfalls Light and Power Company. J.E. Dice of Belton, A.A. Winkleman of Burlington and Roy B. Shearline of Little River were also among the first directors.

1937 On November 2, L.L. Phillips, Tull Johnson, F.C. Quebe, Frank Connally and Fred Wiese met at McGregor City Hall to form McLennan County Electric Cooperative. Phillips was elected chairman; Connally, secretary-treasurer; and Wiese, vice president.



On November 30, MCEC agreed on a \$100,000 REA loan at 2.88 percent interest to build approximately 110 miles of power line with substations. The construction bid was awarded to Ashe Electric Company of Fort Worth.

December 7 was the date of the first meeting of Belfalls Electric Cooperative in Rosebud. To satisfy the Texas Electric Cooperative Enabling Act, the new name was adopted, and the new cooperative acquired all the assets of Belfalls Light & Power. The first directors included Zabcik, Winkelman, A.F. Geitsman, J.P. Geiser and Will Vogelsang. The co-op initiated its first REA loan for \$452,000 at 3 percent interest to be paid back in 20 years.

In December, Belfalls EC energized its first electric lines, approximately 235 miles of line serving more than 1,200 rural homes, with plans to construct an additional 120 miles in the Highbank, Buckholts and Rogers areas.

1938 On January 27, MCEC hired George Leatherwood of Itasca to serve as project superintendent and Raymond Perdue as part-time office superintendent. MCEC set service rates at \$2.25 for 25 kilowatt-hours.

On February 12, MCEC hired Raymond Hampel as project superintendent for \$80 a month with a car allowance of 5 cents a mile, not to exceed \$35 a month.

1939 On July 3, Belfalls EC hired A.R. Tucker as manager for a salary of \$150 a month. The co-op paid to send Minnie Butler to bookkeeping school in Dallas.



1940 McLennan County EC, along with 10 other Central Texas cooperatives, banded together to form their own power supplier. **On November 29**, the first organizational meeting for the first generation and transmission electric cooperative in Texas, Brazos Electric Power Cooperative, was held. McLennan County EC, and later Belfalls EC, joined Brazos Electric to provide low-cost, reliable power to their members.

1945 In November, Belfalls EC announced plans to construct a new office building at a cost of \$30,000 in Rosebud. The price of the five lots was \$3,400.

1946 In May, Belfalls EC Manager A.L. Freeman received notice from REA that \$145,000 had been allotted to build 140 miles of new lines to serve 402 additional families with electric service in Falls, Milam and Bell counties. At the time, Belfalls was serving 1,668 members.

On July 17, Belfalls EC held its fourth annual membership meeting, the first one held since July 1943 due to World War II. It broke all attendance records of Texas electric cooperative meetings, according to the co-op's attorney, Carlton J. Smith, with conservative estimates at the time placing the attendance at 3,600 people.

In September, deeds were signed for four lots on Main Street at the former location of the Clark Hotel, and the adjoining lot where Dr. O'Neal's office was located.



1957 On January 3, MCEC borrowed an additional amount—not exceeding \$442,000—to construct and operate additional electric transmission, distribution and service lines, together with all necessary appurtenances, in rural areas in the counties of Bell, Bosque, Coryell, Falls, Hamilton and McLennan.

On August 1, McLennan and Belfalls electric co-ops, along with Limestone Electric Co-op, agreed to advertise on Johnny Watkins' *Ten Acres* television program on KWTX-TV.

1960 On October 6, safety rules were adopted for employees working on or near energized electric lines and equipment.

1963 On February 3, the MCEC board voted to invest \$10,000 in bonds to be issued by Texas Electric Cooperatives to partially finance the relocation and construction of a pole-treating plant to be operated for the members of TEC.



1975 On June 18, the Moffat substation was energized.

On November 3, the board approved a \$135 monthly assessment fee by TEC to assist in paying expenses incurred for work in connection with the new Public Utility Commission.

1977 On May 9, the co-op extended its contract with Brazos EPC to June 30, 2020.

1979 On January 8, MCEC approved a payment of \$18,792.62 to Draper Construction Company for an addition to the co-op's office building.



1989 On March 21, MCEC purchased a 4,500-square-foot warehouse building adjoining co-op property.

2004 MCEC moved into the present facilities in McGregor.

2006 Directors of both cooperatives agree to work toward the unification of Belfalls EC and McLennan County EC. They laid the groundwork for the joining of the two co-ops, and members voted in favor of consolidation.

2007 On July 1, Belfalls Electric Cooperative and McLennan County Electric Cooperative officially united under the new name: Heart of Texas Electric Cooperative.

2009 In February, the Cotton Belt substation was completed and scheduled to be energized.

2013 June 17 was the first day of HOTEK operation at the new facility in Rosebud.

2017 Today, Heart of Texas EC serves more than 15,000 members, with more than 21,000 meters and more than 3,700 miles of line. The service territory spans Bell, Bosque, Coryell, Falls, Hamilton, McLennan and Milam counties.



Know Your Energy Efficiency Terms

YOU'RE LOOKING TO BUY A NEW APPLIANCE—WATER HEATER, FURNACE, WASHER or dryer. You see all the labels and ratings that rank the appliance's efficiency, but what do they mean?

Efficiency ratings are intended to help you decide which energy-efficient products are best for your home. Your electric cooperative has some guidance on interpreting energy efficiency ratings and terms.

Energy Star: Launched in 1992 by the U.S. Environmental Protection Agency, the Energy Star program is a voluntary labeling system designed to help consumers

identify energy-efficient products. Energy Star rates electrical appliances in more than 70 categories.

Products that earn the Energy Star rating are proven to operate using less energy.

Over the past 20 years, Energy Star-rated products have helped consumers save \$362 billion on energy bills and reduce greenhouse gas emissions by more than 2.4 billion metric tons.

EnergyGuide: Federal regulations require heating and cooling equipment to bear an EnergyGuide label that provides an estimate of how much energy the equipment uses. The label also compares the unit's energy use to that



of similar products, and gives an estimate of how much it will cost to operate the equipment in a year.

In addition to energy-efficiency labeling, it's important to know some measurement terms. Generally, for these terms, a higher number equates to better efficiency.

SEER: SEER stands for Seasonal Energy-Efficiency Ratio. The ratio measures the amount of heating or cooling provided by an air conditioner or heat pump in comparison to the amount of energy the system uses—measured in watts per hour—over a hypothetical season.

SEER can give you an idea of how energy efficient a unit will be under average conditions. However, a number of factors, such as how you use and maintain a unit, can influence energy efficiency, so it's important to realize a unit might perform differently in your home.

HSPF: Heating Seasonal Performance Factor is meant to help you understand a heat pump's energy efficiency over a season. It's typically referenced alongside SEER to give a better picture of a system's probable energy efficiency. The HSPF formula uses British thermal units, a measurement of heat, to estimate the useful heat output divided by the total electricity in watts per hour that the heat pump uses during a heating season.



NOVEMBER 4

Rosebud's 100-Plus Garage Sales

THE COMMUNITY OF ROSEBUD WILL host its 32nd annual 100-Plus Garage Sales event Saturday, November 4. Hosted by the Rosebud Chamber of Commerce and Agriculture, "the largest garage sale in Central Texas" will be held from sunup to sundown.

Garage sales will be set up all over town, with a large vendor area located in the downtown area.

Many types of goods will be on display, from baked goods, jellies, and arts and crafts to household goods and more.

Vendor registration is held at Rosebud's Artisan Alley at 421 W. Main St. For more info, call the Rosebud Chamber of Commerce at (254) 583-7979.

A pie and a cookbook cover. The pie is a lattice-top pie with fruit filling. The cookbook cover is titled 'THE BEST OF TYPICALLY TEXAS COOKBOOK'.

Give friends and family the Best of Texas.

The Best of Typically Texas Cookbook features more than 700 best-loved recipes (with more than 300 desserts) from two of our most popular cookbooks.

Now available at Heart of Texas EC. Come by and purchase your copy today!

Are You Cybersecure?

October is National Cybersecurity Awareness Month

GIANT CORPORATIONS SUCH AS SONY, TARGET, HOME DEPOT AND YAHOO, AND EVEN the U.S. Office of Personnel Management, all have been attacked by cybercriminals. Let's face it: In today's world, the cybersecurity threats facing our nation can seem overwhelming, even downright scary.

Cybersecurity—specifically the protection and security of consumer-members' assets, and the nation's complex network of power plants, transmission lines and distribution facilities—is a top priority for electric cooperatives and the electric power industry.

This October, Heart of Texas Electric Cooperative is participating in National Cybersecurity Awareness Month. Since its inception under leadership from the U.S. Department of Homeland Security and the National Cyber Security Alliance, NCSAM has grown exponentially, reaching consumers, businesses, educational institutions and young people across the nation.



By raising awareness and understanding of basic cybersecurity practices, we all can work together to combat cyberthreats. Fortunately, you can play a role in ensuring the security of your personal and professional data.

Use the tips below to safeguard your computer:

- ▶ To reduce the risk of infection from malware, keep all software up to date on internet-connected devices including computers, tablets and smartphones.
- ▶ Create long passwords that only you will remember, and change them every six months. A password typically contains more than eight letters, numbers and special characters, such as @, \$, * and &. The more critical the information you are trying to protect, the stronger your password should be.
- ▶ Avoid the use of thumb drives and other portable memory devices unless you know all devices involved are secure.
- ▶ Don't click on links or attached files in emails when you're not certain who the sender is.

We hope you will join us in raising cybersecurity awareness. Use and follow #CyberAware on social media to show and share your support. To learn more about National Cybersecurity Awareness Month, visit staysafeonline.org.

RECIPE OF THE MONTH



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Grandma's Gingerbread

- ½ cup sugar
- 2 tablespoons shortening
- 1 egg
- ½ teaspoon ginger
- 2 teaspoons cinnamon
- ½ cup molasses
- 1 heaping cup flour
- 1 teaspoon baking soda
- ¾ cup boiling water
- Pinch salt

1. Preheat oven to 350 degrees.
2. Mix all ingredients together. Pour batter into in 8-by-8-inch or 9-by-9-inch pan.
3. Bake about 20 minutes. Insert toothpick in center to check for doneness.
4. Cool and cut into 12 slices. Serve with whipped cream, if desired.

Find this and more delicious recipes online at
TEXASCOOPPOWER.COM