

Finding a Better Middle Ground



MESSAGE FROM
CHIEF EXECUTIVE OFFICER ROBERT A. LOTH III

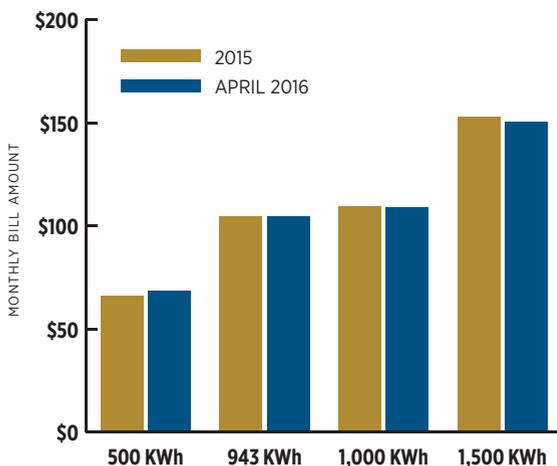
YOU'LL PROBABLY NOTICE when you open up this month's bill from Central Texas Electric Cooperative that things are a little different.

In the first half of 2015, the board of directors approved a change in our rate structure designed to help balance out what members pay per month.

It's simple, really. Some of our members (about 30 percent) use less than 250 kilowatt-hours per month of electricity for much of the calendar year. They own or rent deer cabins and vacation homes and, although they might not be there every day, they rightly expect that the lights will turn on when they flip the switch.

But members who use an average amount of electricity have been helping subsidize basic service costs for those low-use members, and this change helps us find a better middle ground.

GENERAL SERVICE RATE COMPARISON



It's a rate adjustment, not a rate increase. In fact, approximately 40 percent of members will see a decrease in their monthly bill as a result of this change. It's really just moving the way we collect money from members—away from a kWh basis and toward a cost-of-service basis.

What's Changing

Two line items on your residential bill will be changing, beginning with bills dated after April 1.

CTEC bills members a monthly fee called a distribution access charge, regardless of whether they use 3,000 kWh of electricity or none at all. We're raising this customer service charge from \$22.50 to \$27.50. The actual cost to the co-op per meter is closer to \$40, so we're just trying to get nearer the right number to avoid some members subsidizing others.

At the same time that this customer service fee is going up, your distribution energy charge is actually going down.

Members currently pay 2.5 cents per kWh as a distribution energy charge. Starting April 1, that rate will decrease to 2.32 cents per kWh.

The co-op runs on the \$27.50 (distribution access charge), and then we get 2.32 cents per kWh (distribution energy charge), and that's funneled into the co-op bucket from which we derive our revenues.

In a perfect world, the distribution energy charge per kWh should be minimal if we're truly passing along the power cost, which we are.

The bottom line: The bill of anyone who's in a standard household using at least 1,000 kWh will go down because of this change.

Why We're Doing This

There's a cost for CTEC to build a service line to every home, and that cost is roughly the same for every member, whether they use 200 or 2,000 kWh. To have electric service that comes on for every meter at the flip of a switch, the cost is approximately \$40–42 per member per month.

If we subtract the \$27.50 that all members pay each month, regardless of how much electricity they use, that's between \$14 and \$17 that we have to get back in kWh sales.

So members should have to use 690 kWh each month for every member to pay exactly their fair share. But that's not always possible to do, especially when 30 percent of our members use very little electricity for part of the year. Those meters have been and will continue to be subsidized.

The big reason for us to make this move now is to reduce the subsidy and find some middle ground. That's the main reason the board took a look at this, and I will tell you it's likely that any future increases will come in a similar form. That distribution access fee will be what gets raised.

We're simply trying to adjust the system so that one member is not subsidizing another.



Riley Kothmann, left, president of the CTEC board of directors, and Curtis Schulze, right, member of the Operation Round Up board, presented the Aguero family with a \$2,000 grant.

CTEC Operation Round-Up Awards Grant

RECENTLY, THE OPERATION ROUND-UP Board of Directors at Central Texas Electric Cooperative approved another grant to help a family in need within the co-op’s service territory.

The board approved a grant application submitted by Robert Aguero Jr. and his family in Mason. Their family home was severely damaged in a fire, and their insurance was not in effect at the time.

“Neighbors helping neighbors” is a practice that’s been around the Hill Country area for many years, and it’s what CTEC members who voluntarily participate in Operation Round-Up have done in this case.

By having their monthly electric bills “rounded up” to the next whole dollar each month, nearly 1,400 enrolled co-op members have been able to make a difference in the lives of several families.

CTEC members who haven’t signed up for Operation Round-Up yet can do so simply by picking up the phone and calling the nearest CTEC office to enroll one or all of their accounts. The average contribution comes to 50 cents per month, or just \$6 for an entire year.

One-time monetary contributions to Operation Round-Up are also accepted. Just call any of the member service representatives at a nearby CTEC office and tell them your preference. All donations are tax-deductible.

CTEC serves more than 36,000 meters. For less than the cost of a soda pop per month, co-op members can have their accounts “rounded up,” too. It’s an easy, inexpensive way to become part of a great community program through your co-op membership.



Central Texas Electric Cooperative

Fredericksburg (headquarters)

386 Friendship Lane
Fredericksburg, TX 78624

Llano

1410 E. State Hwy. 29, Llano

Kingsland

Nob Hill Subdivision
706 Cottonwood St., Kingsland

Mason

983 N. U.S. Hwy. 87, Mason

Office Hours

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

Website

ctec.coop

CHIEF EXECUTIVE OFFICER

Robert A. Loth III

BOARD OF DIRECTORS

Riley Kothmann, President, *Mason County*
James Low, Vice President, *San Saba County*
Jack Asbill, Secretary, *Mason County*
Allen Goodwin, Treasurer, *Kendall County*
Doylene Bode, *Gillespie County*
Rex Brand, *Kerr County*
Tommy Duncan, *Llano County*
Stanley Keese, *Llano 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

Voting at District Meetings

CENTRAL TEXAS ELECTRIC COOPERATIVE'S district meetings are scheduled to take place in each of the co-op's six districts this June. Elections will be held in Ingram, Mason, Fredericksburg and Llano as part of the process for selecting nominees for directors from those districts.

Voting Is "In Person" Only

Voting for nominees at district meetings is slightly different from the election process that is followed when directors are elected at the co-op's annual member meeting. Under the co-op's bylaws, voting by proxy is not allowed at district meetings.

"This rule was implemented about 20 years ago with the input of a member advisory committee," CTEC CEO Bob Loth said, "because our members and our directors wanted to make sure that the voice of members attending district meetings was given appropriate weight and to ensure the 'local' nature of the selection of nominees."

Because of the prohibition on proxy voting, a person holding power of attorney for a member cannot use that instrument to vote at a district meeting.

Joint Memberships

CTEC bylaws provide that a husband and wife may establish a joint membership, and when they do so, either the husband or

wife may vote for the membership. This includes the right to vote at district meetings.

However, it is important to note that not all memberships established for married couples are set up as joint memberships. The option belongs to the person or persons filling out the application for service with the co-op. In addition to its effect on voting, joint membership creates specific legal rights with regard to the membership account. Members can determine whether they hold a joint membership by calling their local co-op office.

If a membership is not a joint membership, the spouse of a member will be allowed to vote for the membership (with approved identification) unless the owner of a single membership has indicated in writing that such a privilege is not to be allowed.

Converting a Membership to a Joint Membership

A membership can be converted to a joint membership by written request of the member and execution of a membership agreement by the member and his or her spouse. These converted memberships must be approved by the co-op's board of directors.

In accordance with the bylaws, for a joint membership to be voted as such at a district meeting, the converted membership must be approved on or before the first Thursday in May preceding the district meeting. To meet this deadline for 2016 district meetings, requests to convert memberships to joint memberships must be submitted so they are received in the co-op headquarters office no later than 5 p.m., Tuesday, May 3.

Firms, Associations and Corporations

Authorized representatives of businesses, community clubs, churches, trusts and similar organizations that hold co-op memberships are permitted to vote at district meetings.

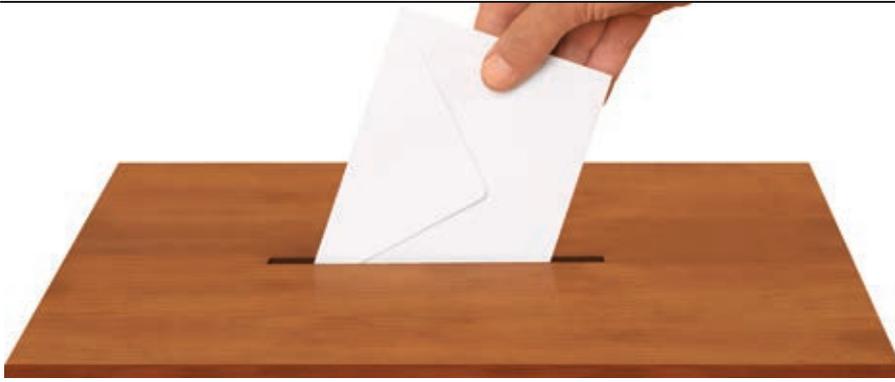
Call Now To Clarify Your Voting Status

Questions about the status of a membership account as a joint or individual account can be directed to the CTEC Member Services Department at 1-800-900-2832. In Fredericksburg, the local number is (830) 997-2126.

As noted above, a member does have the right to convert an individual membership to a joint membership by completing a new membership application, but because the application must be approved, strict deadlines must be observed. In other circumstances, it may be appropriate to set up a membership as a business or trust account, enabling an authorized representative of the business or trust to cast the member's vote. Questions about these arrangements can also be answered by calling the telephone numbers shown above.

District Meeting Voting Summary

- ▶ Members must be present to vote at the meeting. Proxy votes are not allowed.
- ▶ At all member meetings, the spouse of a member will be allowed to vote, whether single or joint, unless the owner of a single membership has indicated in writing that such voting privilege is not to be allowed.
- ▶ Under the bylaws, requests to convert single memberships to joint memberships must be approved by the board of directors at their meeting on the second Tuesday in May. To meet this deadline for the 2016 district meetings, these requests must be submitted to CTEC headquarters no later than 5 p.m., Tuesday, May 3.
- ▶ Call CTEC if you have any questions about voting.



2016 District Meetings Slated

AT THE JANUARY 19 BOARD OF DIRECTORS MEETING, members of the Central Texas Electric Cooperative board approved the schedule for this year's district membership meetings. The meetings will be held as follows:

June 6, Monday

District 6 (San Saba County area)
Cherokee High School cafeteria

June 7, Tuesday

District 3 (Mason/McCulloch/Menard/Northern Kimble counties area)
Mason Junior High cafetorium
Director Nominee Election – Incumbent Jack Asbill

June 9, Thursday

District 2 (Kerr/Real/Southern Kimble counties area)
Ingram Elementary School cafetorium
Director Nominee Election – Incumbent Rex Brand

June 13, Monday

District 4 (Llano County area)
Llano High School auditorium
Director Nominee Election – Incumbent Stanley Keese

June 14, Tuesday

District 1 (Kendall County area)
Comfort High School auditorium

June 16, Thursday

District 5 (Gillespie/Blanco counties area)
Fredericksburg High School auditorium
Director Nominee Election – Incumbent Tim Lehmborg

Meetings will be held in each district, but only Districts 2, 3, 4 and 5 will elect candidates for the board of directors. Districts 1 and 6 will still meet to exchange information between co-op management and members.

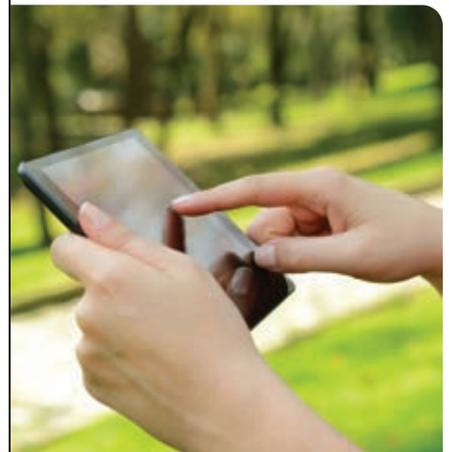
Official meeting announcements will be included in the May issue of *Texas Co-op Power*. The names of all candidates whose applications were approved by the credentials and election committee in March will be listed on the district meeting notice mailed to all cooperative members.

The issue will also contain each member's official registration information. Watch for it, and save it to bring with you to your June district meeting.



HAPPY
EARTH DAY!
APRIL 22

KEFSTOCK | ISTOCK.COM



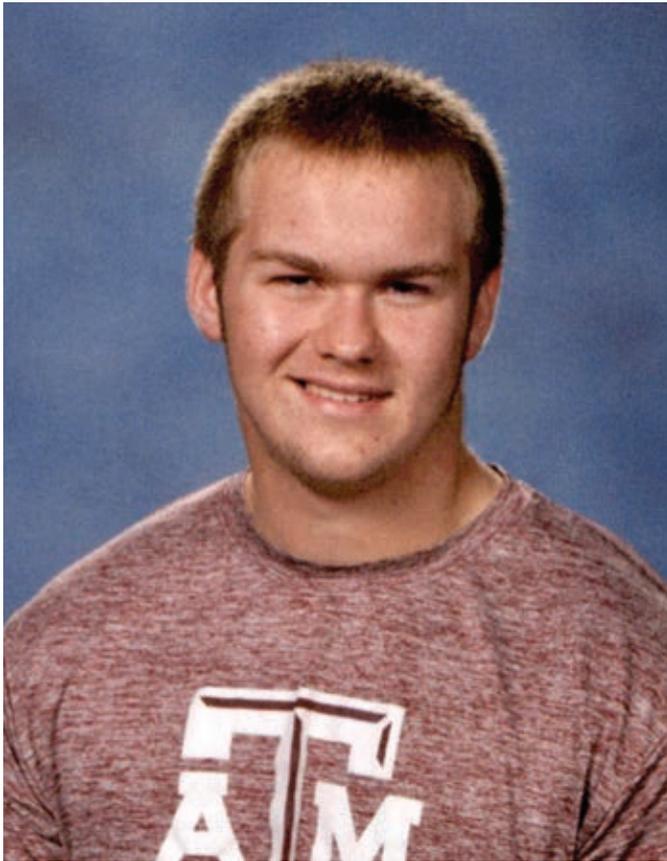
HOCUS-FOCUS | ISTOCK.COM

Power Tip

Close apps on your phone or tablet when they aren't in use. It will save battery life, which means you'll charge less frequently, saving electricity.

MAKIDA | ISTOCK.COM

CTEC To Send Cameron Hall to Washington, DC



Editor's note: This essay earned Cameron Hall, a student at Llano High School, a trip to Washington, D.C., in Central Texas Electric Cooperative's Government-in-Action Youth Tour Contest. His essay is the first in a series of winning compositions that will be printed in *Texas Co-op Power*. The views expressed in this essay are not necessarily those of CTEC.

The essay was required to answer the question: "How would you advise CTEC to communicate to members like you to be more involved in their cooperative and learn more about their cooperative?"

CTEC MEMBER COMMUNICATION

ACCORDING TO THE CENTRAL TEXAS ELECTRIC COOPERATIVE (CTEC) website, their mission is to provide the member-owners reliable, high quality utility service at a reasonable cost. In order to maintain knowledge and receive input, it is necessary that CTEC maintain contact with its members. They achieve

this by using their website, holding monthly meetings and providing information in the *Texas Co-op Power* monthly magazine. They also give back to the community by offering scholarships and trips to Washington, D.C. I think a great approach to involve students and entice them to become active participants in the Co-op is to offer a "take a student to work day."

This activity would allow for all of the students interested in employment by CTEC or the electric/engineering field to gain firsthand experience with the inner workings of an electric cooperative. To educate these interested students, the "take a student to work day" would involve a one on one, or small group, shadowing experience with a professional lineman. The lineman, a worker who builds and maintains electrical power systems, could guide the students through daily labors and teach them some of the techniques and skills that are used every day. This activity could be scheduled as an educational excursion in which all necessary safety precautions could be taken to ensure a safe, secure, and knowledgeable experience.

I spoke with Mr. Matt Ward, a communications specialist at CTEC in Fredericksburg, and learned that the idea for shadowing a lineman could be extremely beneficial, not only furthering the education of the students, but also helping them to learn about and become more involved in their cooperative. He explained that this activity could help explain to students information such as how electricity is generated and sent to the customers. Mr. Ward's feedback and input helped to shape this idea, and his knowledge and understanding was invaluable.

Since I plan on majoring in engineering at Texas A&M University, this type of experience would be priceless to me. I believe a "learning" day at CTEC would be a wonderful boost to my educational repertoire and would help me to understand engineering classes in the future. I am very active in my school, church and Boy Scouts where I am a leader in each endeavor. I presently participate in National Honor Society, varsity football, varsity track, band and student council. I am also a leader in the Journey youth group at my church. I just recently finished my Eagle Scout Project, and I am close to achieving the lifelong goal of being awarded the Eagle Scout rank. My family lives on a meager salary, and this trip would be a once-in-a-lifetime experience entailing my first plane ride, my only chance to see the nation's capital, and an opportunity to learn and make new friends. It is my fervent wish to become a participant in the 52nd annual Government-in-Action Youth Tour, and represent my school, community and CTEC.



WE'RE HERE FOR YOU.
24/7, 365 days a year.

National Lineman Appreciation Day
April 11, 2016
Let's honor the heroes that keep the lights on.