

The Unique Power of American Independence



MESSAGE FROM CHIEF EXECUTIVE OFFICER ROBERT A. LOTH III

THE FOURTH OF JULY IS A FESTIVE DAY on which we celebrate our nation's independence with family and friends. Typically, it is not a day of quiet reflection; we spend a lot of energy having fun, and if we give any thought to our forbearers and their determined efforts to bring about our nation's independence, it's fleeting.

An Independent Spirit Is a Part of Our DNA

However, it is worth reflecting that this uniquely American spirit of independence remains part of our collective DNA. More than 200 years after the United States was formed and the Declaration of Independence was crafted, this sense of independence has served us well.



By working together, Americans can increase energy efficiency and reduce energy consumption to become less reliant on imported energy.

For example, more than 70 years ago, an independent streak inspired groups of farmers and ranchers across America's countryside to band together and improve their quality of life. Aside from President Franklin Roosevelt's promise of federal aid in the form of low-interest loans and engineering expertise, rural Americans had little help getting electricity to their homes. So they did it themselves by pulling together and working cooperatively.

For the past 40-plus years, nearly every president since Richard Nixon has talked about the goal of U.S. energy independence—reducing our reliance on imported energy.

Today, we still have a way to go, but we are closer to that goal than ever before. We are exporting more gas and importing less foreign fuel than at any other time in recent memory.

American ingenuity in the form of new technology and innovation is opening up more options and spurring greater efficiency across all forms of energy.

The Road to Energy Independence

The best news is this: Consumers have an important role to play on the road to energy independence. They don't have to wait for Democrats and Republicans to agree, or environmentalists and fossil fuel advocates to reach consensus. Consumers can help by taking action in simple, practical ways—insulating and caulking around windows, doors and electrical outlets; washing clothes in cold water instead of hot; replacing air filters; installing programmable thermostats; and using more energy-efficient appliances and home heating and cooling systems. Efficiency efforts cut costs for individual households, but the collective benefit to our country is even greater.

If we all work together to achieve increased energy efficiency and reduce our overall energy consumption, we can make even more progress on our road toward energy independence. At Central Texas Electric Cooperative, we want to be a resource for you in this effort.

Co-ops Provide Renewable Energy Resources

Electric co-ops across the country have been actively engaged in promoting renewable energy resources such as wind, solar, hydropower and biomass. Today, nearly 95 percent of the nation's 900-plus electric co-ops provide electricity produced by renewable sources, all playing a key role in powering rural America while fostering our nation's energy independence.

Recent advances in technology are transforming how we make and move electricity. Over time, these changes will greatly improve not only the efficiency but also the reliability of electric power.

So this Independence Day, as you gaze up at the fireworks lighting up the night sky, reflect on the enduring spirit of independence that is integral to our American character, and remember the ways you can contribute to our nation's energy independence.



SAVE THE DATE!

2015 ANNUAL MEMBERSHIP MEETING

**Tuesday, August 18
Fredericksburg High School**

THIS YEAR'S ANNUAL MEETING of co-op members will be held Tuesday, August 18, at the Fredericksburg High School Auditorium.

Mark your calendar! Don't miss it. The meeting begins at 7 p.m. and will include the election of four 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. Listen to management report 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!



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*
Gerald Kaspar, *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

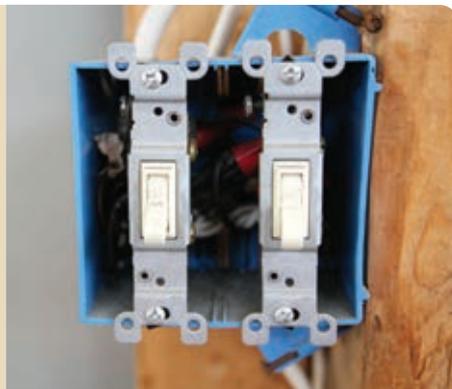
MASON AREA

(325) 347-6314

including McCulloch, Menard and Kimble counties

Power Tip

Is your home 40 years old or older? Your wiring may not be up to modern requirements. Consider having a qualified, licensed electrical inspector, an electrician or an electrical contractor perform an inspection of your home.



Central Texas EC will be closed Friday, July 3, in observance of **INDEPENDENCE DAY**

"America was built on courage, on imagination and an unbeatable determination to do the job at hand."
—Harry S. Truman



Capital Credits Make Co-ops Distinctive

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 Central Texas Electric Cooperative. CTEC allocated 2014 margins in the amount of \$4,334,855.05.

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. Under the current equity management plan adopted by the co-op, approximately 1.7 percent of the outstanding patronage capital balance is retired each year.

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 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.



How Do Transformers Work?

IF YOU WERE ASKED TO describe Central Texas Electric Cooperative's system, you might say, "Poles, wires and those round gray things or green box things." Round gray things? Green box things? Those are often the descriptions given for transformers, the pieces of equipment crucial in converting electricity to a voltage that is safe for use in homes and businesses.

Electric System 101

Electricity loses voltage as it is transmitted because of the resistance in wires and other components. As a result, higher voltages are used to offset these "line losses," as we call them. It all starts at the power plant. There, generators produce electricity at high voltages and use transformers to step up this voltage. Because the power plants are far away, these high voltages are necessary to survive the trip over the system to where the electricity is needed.

Transmission lines connect to substations filled with transformers and control gear. This is where the transformers step down the voltage to safer, more manageable levels. Depending upon the distance to the farthest member and the amount of load served, distribution voltages can range from 7,200 to 24,900 volts. After a couple more step-downs, the electricity arrives at your home at 240 volts.

Turning Highs Into Lows

Regardless of the shape and size of the transformer, they all work in the same manner. Transformers have two sides, a high-voltage side and a low-voltage side. In normal operation, electricity flows into the transformer on the high-voltage side, where it goes into a coil of wire that is usually wound around

an iron core. As the electricity flows through this coil, it creates a magnetic field that "induces" a voltage in another coil.

Here is where the magic (aka physics) of transformation takes place: Each coil has a different number of turns. The greater the number of turns, the higher the voltage. The coil on the high side will have more turns than the one on the low side. As the charge travels from the high side to the low, the voltage induced on the low side is less. It leaves the transformer at a level suitable for distribution to homes and businesses.

Transformers at Home

Transformers can be found everywhere in our daily lives, even if they're not so obvious as those on the co-op's system. The best example is a cellphone charger. These small cousins of utility transformers basically perform the same function. Charging your cellphone with 120 volts would fry it instantly, so the charger converts the voltage to a more tolerable 5 volts or so. Take a moment to look around your home and see just how many of these miniature transformers you have. You might be surprised!

It also is important to note that transformers work in both directions. Electricity flowing in on the low side can be stepped up to the voltage of the high side. This is why electric co-ops educate members on proper connection of home generators. A generator feeding 220 volts into a residential transformer will produce whatever high voltage the transformer is rated for, creating a potentially deadly risk for our line crews and your neighbors. So please, connect your generators according to the manufacturer's recommendations. Or give us a call for advice. It's always best to be safe.

Pole Parole

Attaching objects to poles puts lives on the line—and it's a crime

WHAT DO YARD SALE SIGNS, basketball hoops, deer stands, satellite dishes and bird-houses have in common? They're often found illegally attached to utility poles. But this isn't only a crime of inconvenience. Safety issues caused by unapproved pole attachments place the lives of Central Texas Electric Cooperative lineworkers and the public in peril.

Many people may wonder, "What's the big deal?" To them, it may seem like a simple matter of convenience to use a utility pole as a bulletin board or support

structure. But to co-op line personnel, an obstruction on a pole is, indeed, a big deal.

Your co-op's line crews climb utility poles at all hours of the day and night, in the worst of conditions. Anything attached to utility poles can create serious hazards for them while they're on the job. Sharp objects like nails, tacks, staples or barbed wire can puncture rubber gloves and other safety equipment, stripping away critical protection from high-voltage electricity. Even a small nail partially driven into an electrical pole can leave a lineman vulnerable to electrocution.

Lineworkers regularly see poles used as community bulletin boards, satellite mounts and even support legs for deer stands, lights and carports. Not only do these attachments put line crews at risk, but also anyone illegally placing these items on poles comes dangerously close to energized power lines with thousands of volts of energy



Signs and objects illegally attached to utility poles can be a safety hazard for line crews that climb these poles.

pulsing overhead. It's always wise to keep yourself and any structure at least 10 feet away from utility poles.

Unauthorized pole attachments also violate the National Electric Safety Code. With this danger in mind, many states make it a crime to attach any unapproved item to a utility pole.

Please help us keep our linemen—and our community—safe. Remove any unauthorized items attached to utility poles. Fixtures not belonging to the cooperative or another utility will be removed by Central Texas EC line personnel; the co-op is not responsible for any losses if an item is damaged or destroyed during removal.



If you're expecting a meter reader or technician, keep your dog contained.

Keep Co-op Workers Safe

HERE'S SOMETHING YOU MIGHT never have thought of before: In surveys asking about the country's worst jobs, "meter reader" ranks in the top 10 year after year.

For an electric cooperative employee, entering a member's property for any reason can be an uncomfortable prospect—especially if the landowner is surprised by their presence.

So whether your electric cooperative sends someone to read your meter, repair a line or help you with an electricity-related problem outside the house, you can help out the visiting employee in return by removing obstacles that could prevent him or her from doing the job.

Here are some tips:

- ▶ Find out approximately when the co-op's meter reader or technician will arrive at your house. That way, you'll be expecting someone.
- ▶ Keep your dog contained when an electric cooperative tech is scheduled to visit your home.
- ▶ Make sure paths are clear to and from the electrical fixtures on your property.
- ▶ Clear trees, shrubs, plants and debris from around your meter and your outdoor air-conditioning unit. Your home's electrical equipment should be easy to reach and clearly visible so a reader or repair tech won't have to search for it.

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WE ALL HAVE A JOB TO DO. When it comes to using energy wisely, no job is too small. But some are pretty high up. Yet when every co-op member works together, it's a job that comes with countless benefits. Learn more about the power of your co-op membership at TogetherWeSave.com.



Central Texas Electric Co-op

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