

Co-op Members Are Co-op Owners



MESSAGE FROM ASSISTANT GENERAL MANAGER PAULA FARQUHAR

AS HOMEOWNERS, VEHICLE OWNERS, LAND OWNERS AND MORE, ALL of you understand the concept of equity. It is the monetary value of property or an interest in property in excess of claims or liens against it. It can also be defined as the ownership right in property. As members of HILCO Electric Cooperative, each of you has an ownership right in the assets of the cooperative. This ownership right is realized and quantified through the annual allocation of patronage capital to all members.

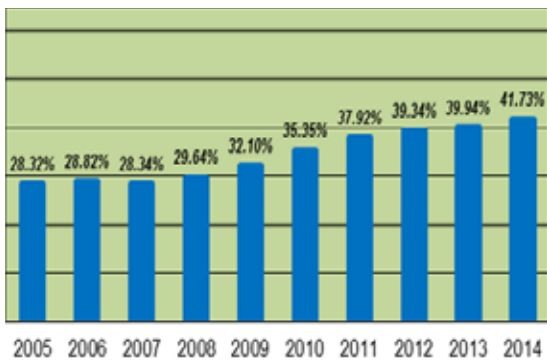
There are many assets that must be purchased and constructed to provide electric service. They include buildings, equipment, vehicles and most important, the distribution lines. Due to the significant costs involved, the cooperative finances a portion of these purchases. Basically, HILCO uses available funds provided by the members to make these purchases and then borrows the rest. The portion of the assets that are paid for by you, the members, is the portion that is your equity.

An important measurement of members' equity in the co-op is the equity-to-asset ratio. This ratio determines the percentage of the co-op's assets that are free from claims or liens. The higher the percentage, the greater the value of the members' free and clear ownership of the co-op's assets. The lower the percentage, the greater amount of debt attached to those assets. The board of directors and

employees have worked diligently over the past several years to increase the level of equity in the members' assets by making sure there are adequate funds provided from electric sales, by controlling operating expenses, and by limiting the amount of borrowing. The chart at left illustrates the success of these measures:

As you can see, from 2005 to 2014, the members' free and clear ownership in

Members' Equity as a Percent of Co-op Assets



the co-op increased from 28.32 percent of total assets to 41.73 percent of total assets. Your ownership interest has grown by more than 47 percent during that time.

This is great news! You are owners of assets in excess of \$148 million, with an equity stake of almost 42 percent. The continuing financial health of your co-op is essential to maintaining reliable and affordable electric service. The HILCO Electric Cooperative Board of Directors and employees appreciate your support and will continue to work in the coming years to increase your ownership interest.



BOARD OF DIRECTORS

- George Thiess, President, *District 6*
- Joseph (Joe) Tedesco, Vice President, *District 4*
- Janet (Jan) Smith, Secretary-Treasurer, *District 7*
- Leroy Huff, *District 1*
- Margaret Hill, *District 2*
- Bill Allen, *District 5*
- Ron Roberts, *District 3*

Operating in Dallas, Ellis, Hill, Johnson and McLennan counties

GENERAL MANAGER AND CEO

Debra A. Cole

COOPERATIVE OFFICES

Itasca Headquarters

115 E. Main St. • P.O. Box 127
Itasca, Texas 76055
(254) 687-2331
1-800-338-6425

Midlothian

300A Silken Crossing
Midlothian, Texas 76065
(972) 723-2900

Whitney

4581 FM 933
Whitney, Texas 76692
(254) 694-5237
1-888-850-6551



CONTACT US

For information during office hours and outages after hours:

CALL US

(254) 687-2331 local or
1-800-338-6425 toll-free

EMAIL

hilco@hilco.coop

FIND US ON THE WEB

hilco.coop



Representing HILCO, from left: Michael Grisham, Clayton Thompson, Chris Brown, Lance Henkleman, Brandon Hightower, Kane Montgomery

Team HILCO Ready to Compete

Six HILCO linemen will set out to compete and showcase their skills at the annual Texas Lineman’s Rodeo at Nolte Island Park in Seguin. The event will take place July 18, beginning with the flag-raising ceremony and continuing throughout the day. Good luck, guys!

Take Charge of Your Account!

- No late fee
- No deposit
- Payment flexibility
- Monitor usage daily

New and current members who agree and remain on the Prepaid Metering Plan for a fixed term will receive a one-time credit on their account:

**\$50 credit for 12-month fixed term or
\$100 credit for 24-month fixed term**

Credit will reflect on the account 30 days from the start of prepaid billing.

Members must maintain service for all owned accounts uninterrupted by disconnection for nonpayment for a period of no less than 60 days before the desired start date of the fixed-term agreement to qualify for the account credits under this program.



Independence Day Celebrations

July 3

Midlothian

Independence Day Fireworks Display. Starts at sundown. Midlothian ISD Multi-Purpose Stadium parking lot.

July 4

Desoto

Old-Fashioned Fourth Firework Celebration, Meadowcreek Park. Festivities start at 6 p.m. The fireworks show is at 9 p.m.

Whitney

Bosque Resort. Fireworks begin at sundown.

Whitebluff Resort. Fireworks begin at sundown.

Waco

Fourth on the Brazos Celebration. Fireworks begin at 10 p.m. Parking is available throughout downtown.

HILCO EC will be closed Friday, July 3, in observance of Independence Day.

BILLING SCHEDULE

Payments are due by close of business at 5 p.m. on the due date.

CYCLE 1

Billing Date July 7
Due Date July 23

CYCLE 2

Billing Date July 14
Due Date July 30

CYCLE 3

Billing Date July 21
Due Date August 6

CYCLE 13

Billing Date July 22
Due Date August 6

CYCLE 4

Billing Date July 28
Due Date August 13

HILCO EC Awards \$15,000 in Scholarships

HILCO ELECTRIC COOPERATIVE IS PROUD to award scholarships to 22 area graduates who will begin college this fall. These recipients were chosen from more than 45 applicants within our five-county service area. The contestants were asked to write an essay on “The Importance of Good Leadership,” and winners were chosen by a panel of judges after a blind judging procedure.

For more than 75 years, HILCO Electric has taken an active role in the communities we serve. In particular, we proudly support the academic endeavors of our local youths. **HILCO is able to offer scholarships by the use of unclaimed money from the state, designated to be used for a scholarship program.**

We thank all of the high school seniors who participated in our 2015 Scholarship for Excellence Contest and wish you the best of luck in your future endeavors.

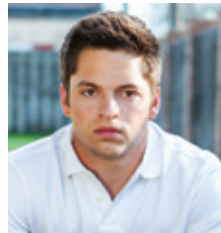
Recipients receiving scholarships but not pictured are:
Mayte Arredondo, Whitney HS
Nathan Chupik, West HS
Leia Sefcik, West HS



***Congratulations,
Class of 2015!***



Brook Browder
West HS



Dylan Adams
West HS



Hayden Tobola
West HS



Holly Soukup
West HS



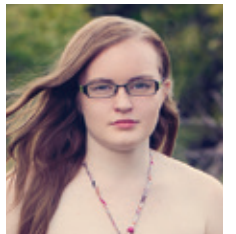
Kaydee Jean
Blum HS



Kristian Fater
West HS



Madeline Little
Abbott HS



Megan Terrell
Itasca HS



Kirk Silas
Whitney HS



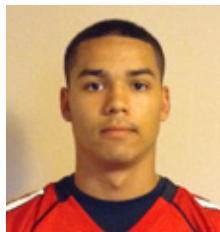
Najee Mustafaa
Midlothian HS



Blake Divin
Hillsboro HS



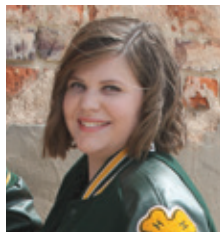
Aimee Grantham
Whitney HS



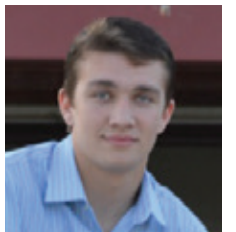
Nicholas Gonzales
Maypearl HS



Joseph W. Nors
Hillsboro HS



Braelyn Davis
Blum HS



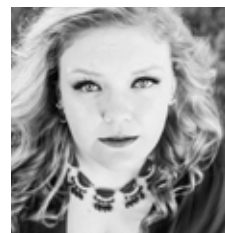
Max Tacker
West HS



Jessicah Layfield
Red Oak HS



Shyan Schult
Reicher Catholic HS



Morgan Sullins
Abbott HS



HILCO Keeps Lights On and Rates Affordable During Growth

Below are some key financial data covering the past five years that we want to share with you, the member-owners of HILCO Electric Cooperative.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
What do we cost?					
Average cost per kWh (Residential)	\$0.1133	\$0.1082	\$0.099	\$0.1045	\$0.1140
Are we growing?					
Number of meters	23,137	23,312	23,703	24,249	24,868
Growth in kWh sales*					
(Residential)	10.09%	2.37%	-7.0%	4.15%	6.67%
Miles of line	2,866	2,873	2,878	2,889	2,907
What are we worth?					
Total value of plant at year end	\$116,892,159	\$120,788,352	\$125,538,338	\$130,678,880	\$135,135,820
How much do we owe?					
Long-term debt at year end	\$73,214,898	\$70,736,923	\$72,495,654	\$72,044,148	\$73,574,605
Annual short-term interest expense	\$173,747	\$12,835	\$39,604	\$28,921	\$54,869
Is HILCO retiring capital credits?					
Capital credits retired and paid to members	\$386,081	\$818,679	\$847,991	\$1,087,855	\$1,122,109
Number of HILCO employees at year end	78	77	77	79	77

* Several factors contribute to growth or reduction in kWh sales, such as extreme weather conditions and members' participation in energy-conservation programs such as Beat the Peak.

Although there have been challenges over the past five years, the cost of power has remained stable while assets and growth are going up. That's great news for the member-owners of HILCO.

HILCO Directors George Thiess, Joe Tedesco, Jan Smith, Ron Roberts, Leroy Huff, Margaret Hill and Bill Allen commend the staff and employees for a job well done.

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 HILCO 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

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

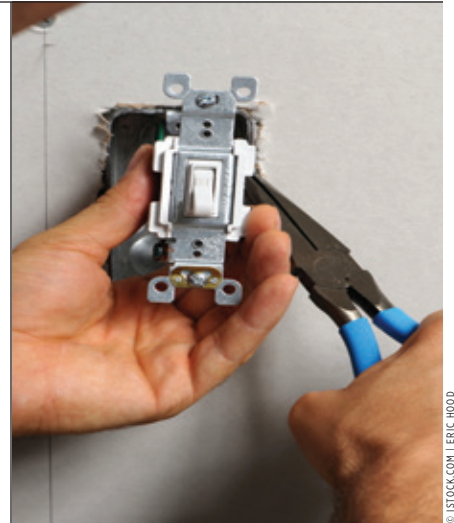
Unauthorized pole attachments also violate the National Electric Safety Code. With this danger in mind, many states make it a crime to attach any unapproved item to a utility pole.

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 HILCO EC line personnel; the co-op is not responsible for any losses if an item is damaged or destroyed during removal.

BUTLER RURAL EC



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



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Have switches inspected by a professional as soon as you notice a problem.

Switch to Safety

WITH THE FLIP OF A SWITCH, we can light our world. But it's important to remember the powerful electric force that the switch controls and make sure it is operating safely.

Don't ignore these warning signs:

- ▶ The wall plate is hot to the touch.
- ▶ There is discoloration on or around the switch plate.
- ▶ Lights dim and/or flicker without apparent cause or when other appliances turn off or on.
- ▶ You hear crackling, popping or buzzing from a switch or outlet.
- ▶ Breakers trip or fuses blow when the switch is turned on.
- ▶ You detect an odor when a switch is used.
- ▶ The switch leans to one side or feels loose when operating.
- ▶ You experience a shock when operating the switch.
- ▶ The home is more than 40 years old and has aluminum wiring, but has not recently undergone a safety inspection by an electrician.

If any of these are happening in your home, have the electrical system inspected by a professional as soon as possible.

Whitney Welcomes Ride 2 Recovery

RIDE 2 RECOVERY made a stop at Whitney High School on April 23, where more than 200 injured veterans and active-duty military cyclists received a warm welcome from local students and volunteers from the area. This year marks the second year that HILCO Electric has had the privilege to partner with the USO and United Health Care to help prepare and serve lunches to cyclists.

Ride 2 Recovery is a groundbreaking veterans' program that began in 2008 with a mission to save lives by restoring hope and purpose and providing a way of life with vets helping vets. These men and women come from various branches of the U.S. military and have different disabilities, but they all share the same drive and determination to successfully complete the mission.

Since the inception of the program, more than 2,500 bikes have been given to participants, 217 custom-adapted bikes have been built by R2R and more than 10,000 riders have participated. R2R hosts five challenges within the U.S. and one challenge in Germany.

The Ride 2 Recovery Texas Challenge is a weeklong ride that began April 18 in Houston and ended April 25 in Fort Worth. If you would like to learn more about Ride 2 Recovery, visit ride2recovery.com.



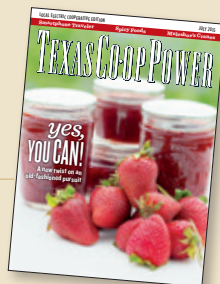
Ride 2 Recovery cyclists head toward a break at Whitney High School.



Director Ron Roberts, Pam Lewis, Karla Clay, Brandi Shore, Jason Marbut and Shane Rogers from HILCO EC

Win a \$50 Bill Credit!

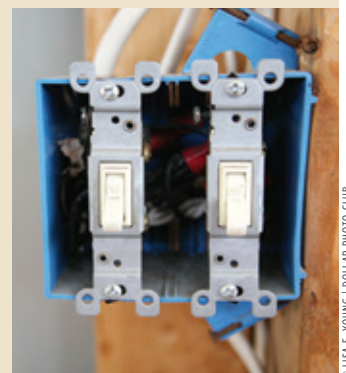
As you read your Texas Co-op Power, look for the “hidden” account number in the local HILCO pages in the center of the magazine. If it's YOUR electric account number, call us before the end of July—you have won a \$50 credit on your HILCO electric bill! 10117501



(254) 687-2331 or 1-800-338-6425

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.



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MESSAGE FROM THE HILCO ELECTRIC COOPERATIVE BOARD OF DIRECTORS

Why You Should Attend Your Co-op Annual Meeting

Your annual meeting will take place Thursday, September 17, at the Waxahachie Civic Center

BEFORE YOU KNOW IT, IT WILL BE ANNUAL MEETING TIME. On behalf of HILCO Electric Cooperative, we'd like to personally invite you to join us Thursday, September 17, at the Waxahachie Civic Center. We look forward to gathering with you, the members of our community, to catch up, hear what you have to say and enjoy some good food, prizes and fellowship.

This event is not only a chance to visit with members of our co-op community, but it's also a great opportunity to learn about programs offered by HILCO EC and get to know your co-op staff. Our annual meeting makes it possible for us to gather feedback from you by providing a forum where you can let us know how we can better serve you and your family.

This is an occasion to discuss and learn more about the issues affecting our local communities. It's also an opportunity for you to exercise one of the greatest rights of being a member of an electric co-op: voting for the upcoming year's board of directors.

Your cooperative is not owned by faraway investors, and it is not run by a board of directors appointed by investors. We are run by a democratically elected board of directors—a board given the privilege to serve because of your vote.

Your directors are members of the local community. We are concerned with the issues you face every day because we face them, too.

A democratic and open election is one of the many elements that distinguishes our electric cooperative from other utilities. Having a voice in who makes the major decisions that directly affect your life and your family is a right we all share as Americans. We all vote for our state and federal congressional representatives, but not every American has the right to vote for those who represent community interests within their electric utility. You have that right, so why not exercise it?

Rest assured, no matter what happens, we remain dedicated to providing you with safe, reliable and affordable electric service—but we also encourage you to take part in helping us improve how we deliver that service. So make it a point to join us Thursday, September 17, at our annual meeting. It will be worth your while!



SAVE THE DATE!

**HILCO EC
ANNUAL
MEETING**

Thursday, September 17

COOPERATIVE PRINCIPLES

**COOPERATIVES—
Owned by Our Members,
Committed to Our Communities**

Democratic Member Control Co-ops are democratically controlled, with each member having one vote. As a result, control remains in the hands of all member-owners. Directors are elected from the membership.

Members' Economic Participation Cooperatives provide services "at cost" and remain not-for-profit regardless of the value of benefits delivered. Any money left over after all expenses are paid—margins—belongs to the members. Each member's share in the margins is determined by the amount of his or her use of the co-op's services.

HILCO Electric Cooperative Board of Directors



George Thiess
President

Joe Tedesco
Vice President

Jan Smith
Secretary-Treasurer

Ron Roberts
Director

Bill Allen
Director

Margaret Hill
Director

Leroy Huff
Director

FACES OF HILCO

Meet the People Who Work for You



Jill Huggins has assisted the general manager/CEO for more than 10 years. As executive assistant, Jill also assists HILCO's board of directors and administrative team. Jill stays organized to fulfill the multiple projects she is involved with. Operation Round Up is one of her favorites. Jill says that she is blessed to be part of the program's efforts and that the contributions made by HILCO's members are making sizable impacts in our communities.

In Jill's spare time, she and her husband, Frank, are busy with their two sons and love spending time on their family farm in Bryan/College Station.

Scott Derting has been serving HILCO and its members for nearly 13 years in the Engineering Department. As a staking technician, Scott is responsible for maintaining the co-op's electric line maps and diagrams. Diligence and dedication is the key to sustaining the accuracy of HILCO's mapping system, and Scott excels in both.

When away from the co-op, Scott enjoys spending time with his wife, Jama, and their two children. Together, they enjoy fishing and gathering with friends. Scott also enjoys coaching soccer.



Jason Patton takes safety and training to heart as HILCO's safety and loss coordinator. Jason served as a lineman for more than 9 years and several years ago was asked to bring his expertise to the co-op's Safety Department. Here, he assists in development and maintenance of the employee safety training program, as well as the cooperative and subsidiary company policies regarding safety matters and OSHA standards and requirements. Jason takes pride in and is committed to the safety of HILCO and the members.

In his spare time, Jason enjoys working on old tractors, hunting and spending time with his wife, Debbie, and their two children.

Marcus Salazar has been dedicated to maintaining the co-op's technology-related equipment for more than 10 years. As HILCO's IT technician, Marcus is responsible for wiring the co-op's offices, providing tech support and all other tech-related tasks. Marcus' meticulous work ethic and sharp skills help ensure that HILCO's systems are running properly and smoothly at all times.

Marcus loves attending sporting events with his wife, Jeanna, and their son, Anthony, and spending time with family and friends.



Dana Edwards has been loyal to HILCO and its members for more than 11 years. Originally hired as a member services representative, Dana provided exceptional service to the members of HILCO. In December 2013, she transitioned into the position of marketing and member services clerk. Here, Dana assists in writing, editing and researching material for Texas Co-op Power. Dana's commitment and loyalty to the co-op are second to none. Dana says she enjoys working with her fellow employees and interacting with the members at community functions.

In her free time, Dana enjoys reading, camping and traveling with friends and family, and spending time with her husband, Shane, and their children and grandchildren.