

Patronage Dividends: A Capital Idea



MESSAGE FROM GENERAL MANAGER AND CEO DEBRA COLE

IN SOME WAYS, HILCO ELECTRIC COOPERATIVE operates just like any other business: We sell a product (electricity), offer customer service (such as power restoration after a storm) and hope to take in more money than we spend (for stability and growth). In other ways, your co-op is very different from most businesses.

If you're like many people—especially if you're a relatively new electric co-op member—you probably haven't given much thought to the inner workings of your co-op. You may think, "The co-op? That's where we get our power," and that's it. Taken literally, that's true. However, I'd like to suggest a more appropriate way to characterize our relationship: Your co-op gets its power from you.

When you buy your electricity from an electric cooperative, you're much more than just a customer: You're a member and part owner. You help elect your friends and neighbors to your co-op's board of directors, and you can pick up the phone at any time to offer input on your co-op's management and direction.

You might assume that your position is similar to that of a stockholder in a public company, but that's not exactly true. Instead, you're a different type of "investor."

People who buy stock in investor-owned utilities expect to make a profit in the form of dividends paid to them regularly. For customers of investor-owned utilities, it just means another bill to pay—helping to fund the dividends paid to stockholders.

On the other hand, rural electric cooperatives have no stockholders to pay, so there's no one demanding higher rates and higher profits. Your electric co-op operates as a nonprofit business, which means that any funds remaining after expenses—called "margins"—are reinvested in the co-op to improve service to your community, or they are returned directly to you.

That doesn't mean your rates are artificially high. Just the opposite is true: If your co-op couldn't derive its operating capital from members' payments, it would have to borrow the money from a bank or other source, which could cause your rates to increase. Member-furnished funds, called "patronage capital," are used for a period of time for projects such as system improvements and new construction. As new funds continue to come in during subsequent years to replace the old ones, the original funds are paid back to members in the form of "patronage dividends" or "capital credits."

These capital credits payments you get back from your co-op are called "returns" or "retirements." They won't make you rich; most people get just a few dollars, depending on how much electricity they bought from the co-op during the time covered by the retirement.

Retiring capital credits is a unique business practice that allows cooperatives to give back what they're finished using. That process is just one part of the co-op difference.



BOARD OF DIRECTORS

Joseph (Joe) Tedesco, President, *District 4*
 Bill Allen, Vice President, *District 5*
 Janet (Jan) Smith, Secretary-Treasurer,
District 7
 Leroy Huff, *District 1*
 Margaret Hill, *District 2*
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Operating in Dallas, Ellis, Hill, Johnson
 and McLennan counties

GENERAL MANAGER AND CEO

Debra A. Cole

COOPERATIVE OFFICES

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 (254) 829-1448

Midlothian

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

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 and outages after hours:

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FIND US ON THE WEB

hilco.coop

HILCO Conducting Survey

HILCO Electric Cooperative will be conducting a residential consumer survey in April. The purpose of this survey is to collect the information that we need to plan for the needs of our members in future years.

A sample of customers will be randomly selected for the survey and will receive the questionnaire in the mail. This survey will be an opportunity for you to provide input to HILCO Electric Cooperative. Your participation in the survey is important to us, so we ask that you please participate if you receive a questionnaire.

We have partnered with NRECA Market Research Services to conduct this survey. By working with them, this guarantees the confidentiality of your individual responses.



HILCO Electric Scholarship for Excellence
Application Deadline April 17, 2017

Do you aspire to go to college or vocational school?

Win a \$50 Bill Credit!

As you're reading 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 April—you have won a \$50 credit on your HILCO electric bill!

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



April Bulletin

April 1

Waxahachie

Warrior Run and Flapjack Breakfast.
8 a.m.–noon. wpacademy.org

April 8–May 29

Scarborough Renaissance Festival

April 21–23

Grandview

Antique Alley Texas



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HAPPY EASTER

APRIL 16

HILCO EC's office will be closed April 16 in observance of Good Friday.

BILLING SCHEDULE

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

CYCLE 1

Billing Date April 4
Due Date April 20

CYCLE 2

Billing Date April 11
Due Date April 27

CYCLE 3

Billing Date April 18
Due Date May 4

CYCLE 13

Billing Date April 19
Due Date May 4

CYCLE 4

Billing Date April 25
Due Date May 11

A MESSAGE FROM THE HILCO BOARD OF DIRECTORS

2016 proved to be another good year for HILCO Electric Cooperative. As your board of directors, we are pleased to report some of the recent accomplishments of our dedicated employees under the direction of the board and General Manager/CEO Debra Cole. As always, our objective is to provide the most reliable electric service at the lowest possible cost for our members.

CAPITAL CREDITS

In 2016, we distributed more than \$1.2 million to members who had service with HILCO Electric, by way of check or applied bill credit. This was our 15th year to retire patronage capital to our members since 2001.

We are pleased to report that HILCO has retired all patronage capital allocated through 1984; 100 percent of the year 2000; and a percentage of the years between 2001 and 2015.

MEMBER BENEFITS AND SERVICES

Cooperatives stand firmly by the Seven Cooperative Principles, and educating our youth is one of those. In 2016, HILCO EC sent two lucky students on a trip of a lifetime to Washington,



D.C., for the Government-in-Action Youth Tour. The students met with congressional representatives and got a firsthand look at our government.

Our Co-op Connections card, especially the prescription drugs feature, has been one of the most accepted and appreciated programs at HILCO. Since the program's inception in 2007, HILCO members have saved more than \$1 million on prescription drugs. HILCO ranks third in the nation in Co-op Connection card savings! If you have not already started using yours, we encourage you to start today and get in on the savings.

With the co-op's use of escheated funds, 20 high school seniors were awarded scholarships totaling \$15,000 to attend

the colleges or universities of their choice.

HILCO's website, hilco.coop, offers several features that our members may find helpful. There you can find payment options, payment locations, member account information, home energy audit information and much more.

BILLING AND PREPAID OPTIONS

Innovation is an expectation shared by cooperatives and members, and in the world of ever-changing technology, we strive to stay on the cusp of technological advancements while keeping service affordable.

We offer our members meaningful services such as real-time energy data and billing alerts. These innovations are possible because of our purpose and knowledge, and the sophisticated technology integrated into our systems called Automated Metering Infrastructure, or AMI. This technology measures energy use and transmits information almost in real time. HILCO initiated AMI in 2000 and recently added 15-minute read intervals. 68758106

Education is a cooperative principle, and HILCO is committed to providing members with the knowledge to make informed decisions about their energy habits.

Examples of other programs provided by HEC and rooted in technology are SmartHub and our "pay-as-you-go" option. SmartHub gives members the option to pay online, over the phone or by using the SmartHub app on a mobile device and monitor daily usage—all free of charge. We also offer online banking and automatic draft enrollment for bank or credit card payments.

The pay-as-you-go option of prepaid metering allows members to pay up front for electricity with smaller, more frequent transactions rather than waiting for a monthly bill.

HILCO Electric Cooperative Board of Directors



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DIRECTOR

With no deposit required, this program is similar to a prepaid cellphone. This concept puts members in control of their budgets and energy consumption. If you are interested, talk to one of our member services representatives to see if this plan is right for you.

As a member-owned, nonprofit utility, we will continue to innovate and connect with members.

COMMITMENT TO THE COMMUNITY

Community involvement is important to HILCO Electric Cooperative; in fact, it is one of the Seven Cooperative Principles that shape the way co-ops do business.

HILCO has a long history of community involvement and support of charitable and community organizations, from children's programs and shelters for battered women to food banks and local fire stations.

Since the inception of Operation Round Up in 2001, HILCO members have contributed more than \$740,000 to the program. Thank you, members!

Operation Round Up is an example of people coming together and pooling their resources to accomplish a greater good. Each month, participating members' residential electric bills are rounded up to the next dollar. Those pennies, nickels and dimes help make a difference in our community. Online enrollment is available for members who want to sign up for this voluntary residential program.

In an effort to conserve our environment, HILCO hosted two electronics recycling events in 2016. The co-op collected more than 71,000 pounds of old TVs and other "junk" electronics at no direct cost to our members. We appreciate your participation in helping keep our environment safe and clean.



HILCO board member and employees at Road2Recovery



2016 Kettle Drive

THE YEAR AHEAD

2016 was a great year for HILCO Electric Cooperative. Our members' average cost per kilowatt-hour was \$0.098, compared with \$0.10 in 2015. The number of meters on our system grew from 25,611 to a year-end total of 26,288. HILCO continues to grow and serve our members with reliable service and the lowest possible rates.

HILCO subsidiaries are growing and supporting our members with auxiliary services they've requested, providing propane and water for reasonable rates and with consumer-friendly service.

For 2017, we have reinstated our rebate program, including HVAC tuneups, underpinning and more. We also will continue to offer free home energy audits. Educational material for our Beat-the-Peak program (reducing power usage during the hours of 4–8 p.m., June–September) also will be provided. Lower total power demand during this period helps set a lower base cost for the following year.

HILCO Electric is member-owned, so your input is important. We encourage you to let your voice be heard by attending our upcoming annual meeting in September so we can better serve you, our members.

As your board of directors, we promise dedication in looking out for the best interests of HILCO members, continuing our education and research on providing the lowest possible energy charge, and always looking for ways to improve your electric service.

We expect nothing but the best for 2017 and look forward to serving you, the HILCO members.

Sincerely,

HILCO EC Board of Directors

FAQ for High-Wire Heroes

Questions for—and answers from—your co-op’s linemen

HAVE YOU EVER SEEN A CREW of HILCO Electric Cooperative’s linemen working high on a pole or in a bucket truck and wished you could ask them questions about their work? Not many people hold this complicated and dangerous job, so not many know the ins and outs of it. We are proud of our lineworkers and want our members to understand exactly why. To help explain, here are a few questions that are frequently asked of linemen:

Q: It looks like a tough and scary job. What is the hardest part of being a line-worker?

A: There are lots of challenging aspects to working on electric lines, and every lineman is sure to have a different answer. Some say it was difficult initially to acquire the vast amount of knowledge it took to complete the training. Others acknowledge that it’s hard to leave their homes and families to work outside in rough weather—especially if the call comes on a weekend or holiday, as often seems to happen. The sometimes grueling hours and strenuous conditions are another difficulty of the job, as is the pressure of working around high-voltage lines.

Q: How do line personnel work on energized lines and avoid being injured?

A: Lineworkers receive years of extensive training before they can work on live lines. They are highly qualified to perform intricate tasks under high pressure—often at heights of 40 feet or more—that are typically required for line work. They also receive regular training throughout their careers to keep them mindful of safety requirements and apprised of updates in equipment and procedures.

Linemen also use personal protective equipment that shields them from the high voltage of electric lines. This includes insulated rubber gloves, sleeves and boots, as well as specially designed tools and insulated vehicles. Each piece of equipment is inspected regularly to ensure that it’s intact and able to protect the lineworker from harm.

Q: Aren’t power lines along the road insulated?

A: Many people think that overhead power lines along roadways have insulation material around them like the electric cords they see on appliances in their homes. Not exactly. Some



Linemen brave heights and tough weather conditions to keep the power flowing in your area.

low-voltage power lines are insulated; however, high-voltage distribution and transmission lines are not insulated. That’s part of the reason they are suspended so high in the air—and it’s the reason broken lines are so dangerous when they’re down on the ground. All power lines can be deadly and should be treated with caution.

Q: Why do linemen choose such a hazardous line of work?

A: Lineworkers understand that their career choice might seem strange to other people, especially when they’re outside working on lines in freezing conditions or driving rain. The reasons vary from one lineman to the next, but many say they enjoy the mastery of a complicated skill and the satisfaction of being challenged daily by work that is never repetitive. Some appreciate being part of a hardworking brotherhood. Others love the excitement and fulfillment of being called on to come through in an emergency. Nearly all linemen agree that the best aspect of their work is the opportunity to help their neighbors when things look darkest.

Every member of the cooperative benefits from the courage and dedication of our lineworkers. Please help us honor these “high-wire heroes” April 10 as we celebrate National Lineman Appreciation Day.

Local Students Win Trip to Washington, DC



Youth Tour winners Jace Kolar and Kennedy Moore are headed to Washington, D.C., in June.

IN JUNE, JACE KOLAR FROM ABBOTT HIGH SCHOOL AND KENNEDY MOORE from Grandview High School will be in Washington, D.C., expanding their horizons by exploring the monuments on the National Mall, shaking hands with elected officials and dancing on a boat on the Potomac River.

Kolar and Moore won HILCO Electric Cooperative’s essay contest, and the prize is a place on the 2017 Government-in-Action Youth Tour, an all-expenses-paid trip to the nation’s capital June 7–16, with more than 140 fellow Texas students and 1,700 young adults from around the country.

Youth Tour has been a Texas tradition since 1965, when co-ops—inspired by then-Sen. Lyndon B. Johnson, who encouraged youths to go to Washington to “see what the flag stands for and represents”—began sponsoring teens on this trip. Educating and mentoring young people fits in with co-ops’ missions to support the communities they serve, and since the program’s inception, nearly 4,000 Texans have gone on what many call the trip of a lifetime.

This year, Jace and Kennedy will begin their adventure in Austin, where winners from across the state are greeted by Texas Electric Cooperatives, the association that organizes the state’s participation in Youth Tour. From there, the planned agenda includes a tour of the State Capitol and Bob Bullock Texas State History Museum before boarding a flight to Washington.

In D.C., the itinerary is jam-packed with sightseeing and meaningful events, including witnessing a wreath-laying ceremony at the Tomb of the Unknown Soldier and attending appointments with elected officials. Highlights also include visiting national monuments and historic sites, touring Smithsonian Institution museums, seeing a show at the Kennedy Center and rallying with fellow students from around the U.S. for a day of inspirational leadership speakers.

After their week in Washington, Kolar and Moore will bring home memories that will last a lifetime.

For more information about Youth Tour, visit texasyouthtour.com, find the Texas Youth Tour Alumni page on Facebook or contact HILCO EC at 1-800-338-6425.

RECIPE OF THE MONTH



CATHLEEN ABERS-KIMBALL | ISTOCK.COM

Turnip Greens Casserole

- 1 pound turnip greens
- 10 turnips
- 3 tablespoons butter, divided use
- 4 teaspoons salt, plus more to taste, divided use
- 2 teaspoons pepper, plus more to taste, divided use

1. Preheat oven to 400 degrees. Wash greens and turnips thoroughly. Chop greens, then place in a large pot. Add water just to cover.
2. Peel turnips and chop into large chunks. Place in a different pot and add water just to cover. Add 2 teaspoons salt and 1 teaspoon pepper to each pot. Bring both pots to rapid boil, then lower to simmer until tender, about 20 minutes.
3. Strain greens, press out excess water, then place in bottom of small casserole dish. Taste and adjust seasonings as needed. Drain turnips well, then mash with 2 tablespoons butter. Taste and adjust seasonings as needed.
4. Spread mashed turnips over greens and dot with remaining tablespoon butter. Place in oven and bake uncovered until lightly browned, 20–30 minutes. Serve hot.

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Find this and more delicious recipes online at **TEXASCOOPPOWER.COM**

April Showers Bring More Than May Flowers

SPRING IS THE FAVORITE SEASON of many Texans—but when April showers turn into storms, they can be accompanied by dangerous conditions. Lightning kills an average of 93 Americans and injures 300 more every year, and flash floods result in 140 fatalities, according to the National Weather Service.

Thunderstorms are most likely to happen in the spring and summer months during afternoon and evening hours—but they can occur year-round and at all hours. Flash flood waves move at incredible speeds and can tear out trees and destroy buildings; walls of water can reach 20 feet or much more. Flash flooding deaths often occur at night and when victims are caught in cars.

Below are some safety tips to follow—regardless of the type of weather emergency—during this beautiful but sometimes stormy time of year.

Power Outage Tips

Before you call your co-op to report an outage, make sure you haven't blown a fuse or tripped a breaker. Look outside to see if your neighbors' lights are off.

When you call, tell your co-op if you heard any unusual sounds or can see any downed wires in the neighborhood.

Keep emergency numbers handy. Add your electric co-op's number to the list. Keep a copy of the list in every vehicle, too.

Always consider downed power lines to be deadly. Don't go near them and don't let anyone else near them. Report the situation to your electric co-op immediately.

Keep plenty of flashlights in your house, preferably one on each floor. Make sure the batteries are fresh and easy to access. Keep a light in each vehicle, too.

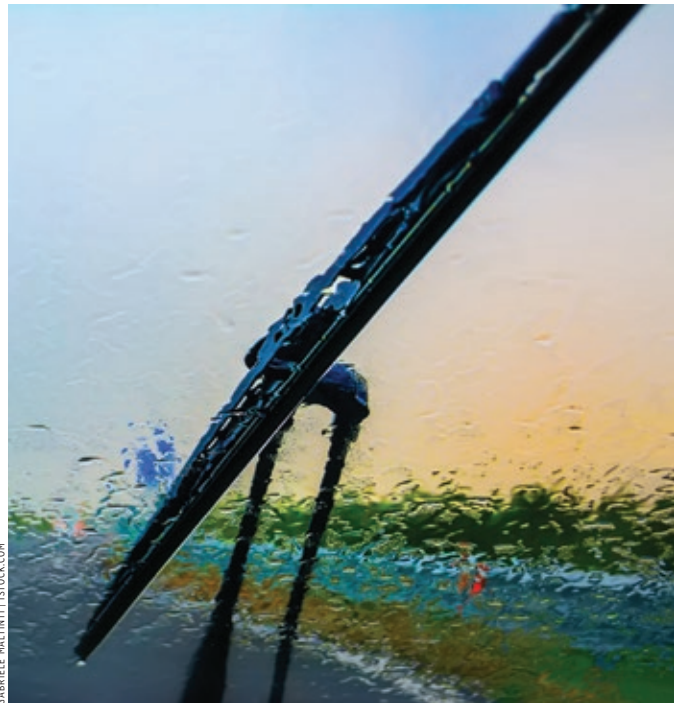
Have a battery-powered radio in your home, and keep fresh batteries at the ready.

Have one or more power banks charged and accessible so that you can keep a cellphone charged during an outage. A working cellphone can keep you connected and informed when everything else goes dark.

Monitor updates about widespread power outages via radio broadcasts, or text or social media updates on your cellphone.

Keep the refrigerator door closed, and open it only when absolutely necessary. Food will keep for several hours in a closed, unpowered refrigerator and up to two days in the freezer if the door stays shut.

If you use a generator during a power outage, remember that improper hook-up can create serious problems in safety and service. The proper transfer switch is extremely important. Please contact your electric co-op well before an emergency for information on installing and using standby generators.



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With the spring comes dangerous weather conditions. Use caution on the road when encountering lightning or flash floods.

Lightning Safety Tips

If you are caught outside, do not stand under tall objects. Go to a low place, such as a ravine or ditch. If you are in a group in the open, stay several yards apart from each other.

Avoid water and metal, including tractors and other metal equipment or vehicles.

If you are caught on a level field far from shelter and feel your hair stand on end, lightning may be about to strike you. Drop to your knees and bend forward, putting your hands on your knees. Do not lie flat on the ground.

Flooding Safety Tips

If time permits after a flood warning is issued, take essential items to safe ground. Move to high ground immediately, before the escape route is cut off.

Do not drive through flooded areas. A car can easily be carried away by just 2 feet of water, and nearly half of all flood fatalities occur in vehicles. If your vehicle stalls in a flooded area, abandon it and seek higher ground.

If your home is flooded, keep the power turned off until the water has been removed and the electrical system inspected.