



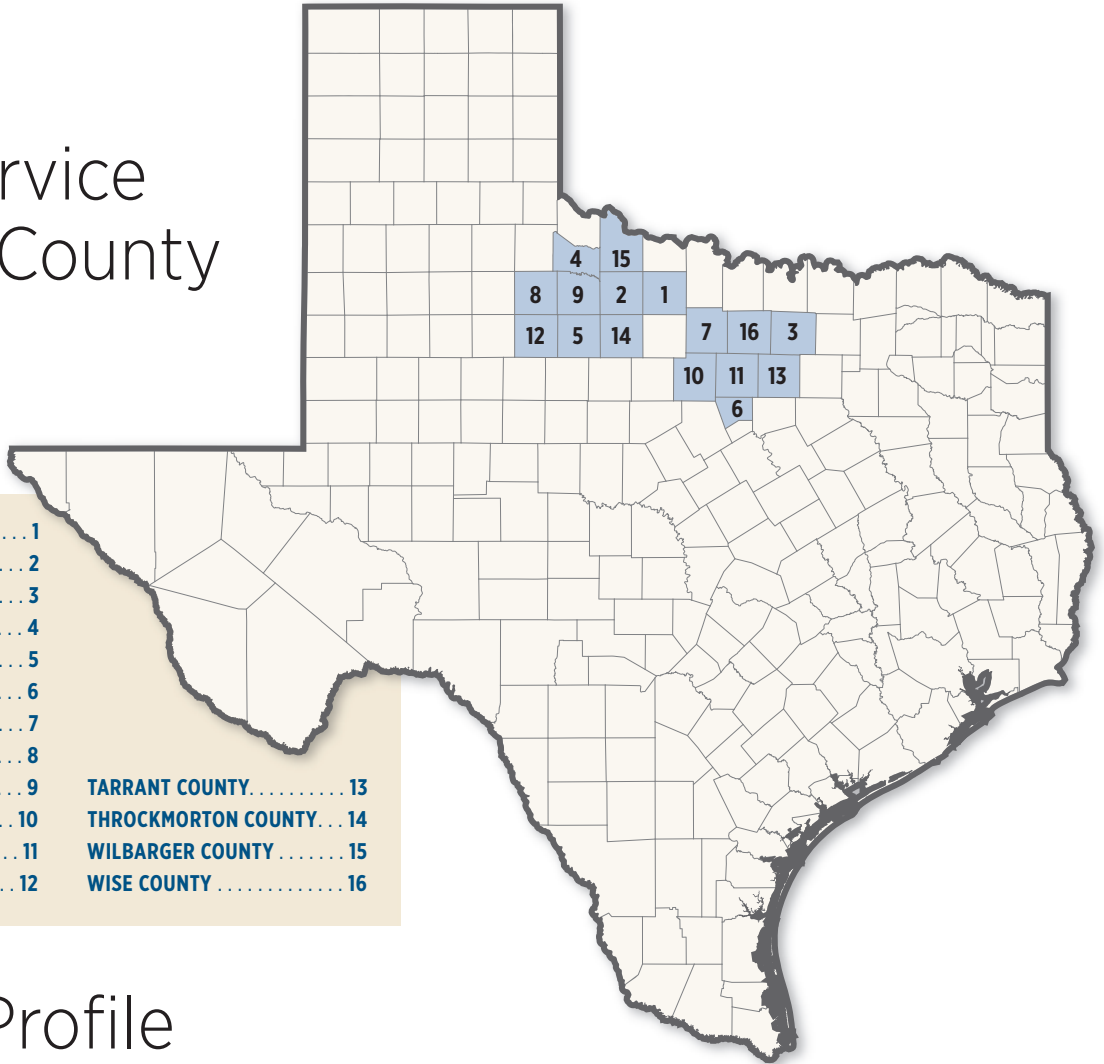
TRI-COUNTY ELECTRIC COOPERATIVE  
ANNUAL REPORT



**78 Years of Service | 1939–2017**

*“A Commitment to Service and Savings”*

# TCEC Service Area by County



ARCHER COUNTY.....	1
BAYLOR COUNTY.....	2
DENTON COUNTY.....	3
FOARD COUNTY.....	4
HASKELL COUNTY.....	5
HOOD COUNTY.....	6
JACK COUNTY.....	7
KING COUNTY.....	8
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TARRANT COUNTY.....	13
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## System Profile

For the period ending March 31, 2017

**Counties Served:** Archer, Baylor, Denton, Foard, Haskell, Hood, Jack, King, Knox, Palo Pinto, Parker, Stonewall, Tarrant, Throckmorton, Wilbarger and Wise

**Cities Served:** The service area of Tri-County Electric Cooperative includes all or portions of the following incorporated municipalities: Aledo, Annetta, Annetta North, Annetta South, Azle, Colleyville, Fort Worth, Granbury, Grapevine, Haltom City, Haslet, Hudson Oaks, Keller, Lipan, Megargel, Newark, Pelican Bay, Reno, Roanoke, Sanctuary, Seymour, Southlake, Springtown, Stockton Bend, Trophy Club, Watauga, Weatherford, Westlake, Willow Park

**System Average Retail Cost per kWh:** Total revenue per kWh sold, 12 months ending March 31, 2017: \$0.07986 per kWh

### DISTRIBUTION SYSTEM STATISTICS

**Miles of Line Energized:** 8,571

**Total Active Meters in Place:** 105,976

**Distribution Voltage:** 7.2 KV, 14.4 KV

**Number of Substations:** 38 plus 8 metering points

**System Peak:** 680.6 MW in August 2016

**Service Voltage:** Alternating current (AC); 60 hertz; single-phase 120/240 and 240/480, three-phase, 120/240, 120/208, 277/480, 480 and 2400/4160 volts as available at the point of delivery

**Electric Power Supplied By:** Brazos Electric Power Cooperative,

#### NORTHEAST DISTRICT OFFICE

4900 Keller Hicks Road  
Fort Worth 76244  
(817) 431-1541

#### B-K DISTRICT OFFICE

419 N. Main St., Drawer 672  
Seymour 76380  
(940) 888-3441

#### CENTRAL HEADQUARTERS OFFICE

600 NW Parkway  
Azle 76020  
(817) 444-3201, 1-800-367-8232

#### SOUTHWEST DISTRICT OFFICE

1623 Weatherford Highway  
Granbury 76048  
(817) 279-7010

# A Message From Your General Manager



**DARRYL SCHRIVER**  
EXECUTIVE VICE PRESIDENT  
AND GENERAL MANAGER

**WE ARE BLESSED TO HAVE HAD ANOTHER** successful year for Tri-County Electric

Cooperative—your cooperative. We appreciate your trust in us to provide the best value in service to you. Our focus is to do what is best for our members and their cooperative.

This is my first year at Tri-County Electric Cooperative as the executive vice president and general manager, but it is not my first time to manage an electric co-op. I came back to Texas to manage Tri-County EC after serving as CEO at United Power Cooperative in Brighton, Colorado.

Yes, the Texas weather is hot, but this is home for me and my family. I grew up in Goldthwaite and graduated college in Stephenville. Jennifer, my wife of 23 years and best friend, and I have two wonderful young men, Jacob and Jackson. This year they will be a junior and a sophomore in high school. As typical parents, we are very proud of our boys. We are proud to be in Texas and proud to be a part of this cooperative.

Your cooperative has a fine group of dedicated and loyal employees who are focused on serving our members and keeping the lights on for them. They deserve a lot of praise for their work every day at our cooperative. Our employees are the most important asset of your cooperative. I appreciate the confidence and trust that the board has placed in me to manage your cooperative.

**Reliability:** Although we think about electricity most when the bill arrives in the mail, TCEC members are fortunate to have few moments of power outage. The means for measuring outages is the System Average Interruption Duration Index. We talk about this a lot during our district meetings every year. For the year ending December 31, 2016, our SAIDI was 40 minutes per year. This number compares very favorably with our peers in the electric industry and places us at the top of the list in terms of reliability.

**Strong Growth:** Due to our unique service territory, we have experienced some great growth. Residential customers continue to make up over 63 percent of our rate base as we strive beyond our 100,000 active meter mark.

**Stable Rates:** We continue to hold our costs down to give our members the best product at the lowest price. Most of the money you pay monthly goes to cover our cost of power. In fact, approximately 77 percent of our costs are related to the cost of power. As we make investments to our system like a new metering system, stronger maintenance and enhanced after-hours operations, we eventually will have to look at our rates. Right now, we are doing well to allow our growth to absorb our investments.

**Capital Credits:** The value of being a cooperative member is the ownership and return of capital credits. Every year, any excess revenue collected above what it costs to run the cooperative is allocated to you in the form of capital credits. Annually, the board of directors reviews the financial health of the cooperative and determines whether to retire capital credits on a first-in, first-out basis. In 2016, the board voted to retire \$5.3 million in capital credits allocated to members in 1999.

**Communications:** The way we communicate with our members will change for the better. This year at our annual meeting, we will be rolling out our version of *Texas Co-op Power* magazine; it will be one of our newly added communications tools for our members. We have negotiated a very low price to deliver this magazine to our members every month. This communication tool will have many stories of interest from across our great state and will afford Tri-County EC the opportunity to keep you informed from a monthly perspective. Soon there will be a digital version, too.

Along with the magazine, we will update our website to offer more information for our members, as well as continuing to distribute our newsletter to you, our members. Down the road, we will offer our smart device app, a better outage management system that will integrate with that app and even stronger communications to our members.

**Technology:** Tri-County EC will step up our technology platform to better serve members. In late 2018, we will convert to a new software platform that will allow us to move our internal processes closer toward a paperless environment. We are committed to those cost savings and efficiencies so that we may better serve our members.

Advanced metering also will come to TCEC in the future. Our employee task force will undertake a due diligence process in 2018 to select a new metering system. This endeavor will be reported to each of you in our newsletter and new magazine editions, which will come monthly to your home.

**Safety:** We've had another banner year of safety at TCEC. We are proud of our linemen working safely every day. We train for safety, we work for safety, and we celebrate many milestones each year with our safety record and quality workforce. Not enough cannot be said about our workforce efforts toward safety.

There are many exciting things going on at Tri-County Electric Cooperative! As your executive vice president and general manager, I am excited to work for you alongside our great employees, and to see what this cooperative will become. I am very appreciative to the board for this opportunity and will work to the best of my ability to lead this cooperative into the next era.

On behalf of the board of directors and our employees at Tri-County Electric Cooperative, I want to thank each of our members for entrusting us to provide their service. Your cooperative will continue to grow, maintain our financial strength and deliver the best possible value to you.

# TCEC Board of Directors



**JORDEN WOOD**  
Director District 3  
President



**MAX WADDELL**  
Director District 9  
Vice President



**TODD SMITH**  
Director District 1  
Secretary-Treasurer



**JERRY WALDEN**  
Director District 4



**STEVE HARRIS**  
Director District 5



**JOHN KILLOUGH**  
Director District 6



**JARRETT ARMSTRONG**  
Director District 8



**LARRY MILLER**  
Director District 10

## Tri-County Electric Cooperative

600 N.W. Parkway, Azle 76020

### BOARD OF DIRECTORS

Jorden Wood, President  
Max Waddell, Vice President  
Todd Smith, Secretary-Treasurer  
Jarrett Armstrong  
Steve V. Harris  
John Killough  
Larry Miller  
Jerry A. Walden

### GENERAL MANAGER

Darryl Schriver



## Contact Us

### CALL US

**(817) 444-3201**

### FIND US ON THE WEB

**tcectexas.com**

### COOPERATIVE OFFICES

#### Central Headquarters

600 N.W. Parkway, Azle, TX 76020  
(817) 444-3201

#### Southwest District Office

1623 Weatherford Hwy., Granbury 76048  
(817) 279-7010

#### Northeast District Office

4900 Keller Hicks Road, Fort Worth 76244  
(817) 431-1541

#### B-K District Office

419 N. Main, Seymour 76380  
(940) 888-3441

### IT PAYS TO STAY INFORMED!

Find your account number in pages 18-25 of *Texas Co-op Power*, and you will receive a \$20 credit on your TCEC electric bill. Simply contact one of the offices listed above and make them aware of your discovery!

## CONSOLIDATED BALANCE SHEET

	<b>March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash .....	\$ 229,162	\$ 3,375,693
Temporary Investments .....	47,651,705	51,863,375
Accounts Receivable.....	7,230,293	5,366,944
Equity in Associated Organizations.....	132,057,341	122,600,206
Materials and Supplies .....	4,235,165	3,491,564
Utility and Nonutility Plant, Net of Depreciation.....	344,459,193	337,645,704
Accrued Revenues.....	13,380,000	13,000,000
Other Assets .....	<u>10,011,591</u>	<u>10,717,277</u>
<b>TOTAL ASSETS</b> .....	\$559,254,450	\$548,060,763
<b>LIABILITIES</b>		
Long-Term Debt .....	\$134,016,205	\$144,682,793
Accounts Payable and Other Current Liabilities .....	20,603,278	19,705,495
Accrued Power Cost, Advanced Payments .....	16,446,349	23,383,761
Accumulated Provisions .....	23,602,241	16,160,900
Consumer Deposits.....	5,907,202	6,796,764
Accrued Taxes, Interest and Other.....	<u>8,368,774</u>	<u>4,884,906</u>
<b>TOTAL LIABILITIES</b> .....	\$208,944,049	\$215,614,619
<b>EQUITIES</b>		
Membership Fees.....	\$ 2,033,160	\$1,974,904
Patronage Capital.....	<u>348,277,241</u>	<u>330,471,240</u>
<b>TOTAL EQUITIES</b> .....	\$350,310,401	\$332,446,144
<b>TOTAL LIABILITIES AND EQUITIES</b> .....	\$559,254,450	\$548,060,763

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE**

12 Months Ended March 31, 2017

<b>INCOME</b>		
Electric Energy Revenue .....	\$219,059,690	90.1%
Telecommunications Revenue .....	12,027,270	5.0%
Interest Income .....	1,805,913	0.7%
Nonoperating Income and Capital Credits .....	<u>10,105,366</u>	<u>4.2%</u>
<b>TOTAL INCOME</b> .....	\$242,998,239	100.0%
<b>EXPENSE</b>		
Electric Power Cost .....	\$157,344,136	64.8%
Electric Operating Expense .....	27,759,051	11.4%
Telecommunications Operating Expense .....	7,448,806	3.1%
Electric System Depreciation .....	13,457,726	5.5%
Telecommunications System Depreciation .....	3,699,315	1.5%
Interest Expense .....	7,174,515	3.0%
Taxes and Other .....	<u>(43,677)</u>	<u>0.0%</u>
<b>TOTAL EXPENSE</b> .....	\$216,839,873	89.2%
<b>NET MARGINS</b> .....	\$ 26,158,366	10.7%

**OPERATING HIGHLIGHTS**

	<b>March 31</b>	
	<b>2017</b>	<b>2016</b>
Total Revenue .....	\$242,998,239	\$241,341,290
Total Expense .....	216,839,873	221,828,671
Plant Additions .....	21,558,338	17,434,919
Utility Plant—Gross .....	551,323,397	529,735,059
Total Active Meters .....	105,976	102,928
Plant Investment Per Consumer .....	\$5,202	\$5,147
Peak Demand (Kilowatts) .....	680,633	669,821
Electric Energy Sales (Kilowatt-Hours) .....	2,693,107,826	2,647,246,890
Residential Average Annual Usage (KWh) .....	18,261	18,357
Commercial/Industrial Average Annual Usage (KWh) .....	75,873	78,752
Average Cost to Customer (Per KWh) .....	\$0.08134	\$0.08359
Net Margins .....	\$26,158,366	\$19,512,619



# Who You Gonna Call? Scam Busters!

**SCAMS PREYING ON ELECTRIC COOPERATIVE MEMBERS APPEAR** to be on the rise again. In several states, electric co-ops and other utilities are joining together to warn the public about phone calls, emails and visits from scammers.

## Mechanics of a Scam

Here's how a typical scam works: Someone impersonating an employee from an electric cooperative's billing/collections



**Co-op employees won't show up at your home asking for payment or trying to sell you something.**

department contacts a co-op member and claims the co-op has not received payment for the member's bill. The caller threatens to shut off the customer's electricity if payment is not received immediately. The member panics and figures out a quick way to pay, whether through a prepaid card, a money transfer, or giving the caller their bank account or debit/credit card information.

Any members who fall for such a scam—which can happen to anyone—are still responsible for their electric bills, in addition to having lost the amount they “paid” (and possibly much more, if they provided banking numbers or other personal information that thieves could reuse).

## A Flair for Fraud

Scammers are becoming craftier and more tech-savvy by making it appear that they're calling from local area codes or

telephone exchanges. Some members have reported that their co-op's name appeared on the caller ID, prompting them to take the call and believe the caller's identity claim. It's even been reported that some scammers have offered rebates for good payment history!

Co-ops around the country are seeing other types of fraud, too. In South Carolina, several co-op members reported a man wearing a co-op badge, claiming to be a solar provider working in partnership with the cooperative. The man, who drives a white, unmarked van, solicits members for appointments to discuss solar installations. This is how he gains entry to members' homes.

The co-op warned its members via social media that it has no such partnerships with any solar providers, nor would its employees ask to enter a member's home.

## Where To Turn for Help

Public awareness and protection initiatives started by electric cooperatives and other utilities—such as the national coalition Utilities United Against Scams and Vermont's new Scam Busters campaign—are using social media, local news and bill inserts to educate and protect members and customers by ensuring that they know what to do when thieves come knocking or calling.

During such a call, if any co-op members are unsure about who is on the other end of

the phone, they should neither make a payment nor give out any personal information. Instead, they should hang up on the caller then call their electric cooperative and the police.

**To avoid falling for scams, the Texas Attorney General's office advises member-customers to remember three tips:**

- ▶ If someone calls claiming to represent your local electric cooperative and demands immediate payment or personal information, hang up the phone and call the member service number listed on your electric bill.
- ▶ Do not give in to high-pressure calls seeking personal information. Never provide Social Security numbers, credit card numbers or bank account information to anyone who requests it during an unsolicited phone call or in-home visit.
- ▶ Never allow anyone into your home to check electrical wiring, natural gas pipes or appliances unless you've scheduled an appointment or reported a utility problem. Anytime co-op employees arrive at your residence, request that they produce proper identification before transacting any business.



## Linemen Pack Knowledge Under Their Hard Hats

**EVERYONE KNOWS LINEMEN BUILD AND REPAIR ELECTRIC LINES, AND OFTEN THEY** perform their craft under the worst circumstances: blistering heat, bone-aching cold, blinding rain or scathing wind. When we seek shelter, they leave theirs to go to work.

Much like the Boy Scouts, linemen always must be prepared. Their tools, trucks and other equipment are regularly inspected and tested to be ready for use at any moment. They also prepare for the worst: a lineman becoming unresponsive while working atop a pole or in a bucket. Whether an accidental injury or sudden, incapacitating illness occurs, linemen don't have time on their side. They just have to get their partner to the ground and get help as soon as possible.

Every year, every Tri-County Electric Cooperative lineman must satisfactorily perform a hurt-man rescue, as mandated by the Occupational Safety and Health Administration. This operation takes place atop a 40-foot-tall utility pole. For safety reasons, the lines are not "live" with electricity during the exercise, but the test is administered as if every other aspect is real. Linemen are judged not only on the time it takes to perform a rescue but also on the safe and efficient methods with which the task is accomplished.

Waiting for the lineman, a 185-pound mannequin hangs beside a pole's crossarm. The climber reaches the "body" and moves quickly, lowering the limp form to the ground carefully but with haste. "Time!" comes the call from the ground below. Then a nearby bucket truck lifts the mannequin to the top of the utility pole again, reattaching it so another would-be rescuer can race to the top.

The required completion time for hurt-man rescue is four minutes or less. Four minutes is the rule of thumb because after that time, a person can suffer permanent brain damage without oxygen to the brain. When a co-worker's life is on the line, linemen know every second counts.

"Our line crews are among the best-trained, most dedicated and hardest-working folks you will ever meet," says Darryl Schriver, Tri-County Electric Cooperative executive vice president and general manager. "Training such as this is critical to get them back home to their families."

## 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.

