

BARTLETT ELECTRIC COOPERATIVE

**81st
ANNUAL
MEMBERSHIP
MEETING**

A YEAR OF ACCOMPLISHMENTS

June 27, 2017

**2016 Annual Report
to Members of
Bartlett Electric Cooperative**

PROGRAM

FOR THE 81st ANNUAL MEMBERSHIP MEETING
JUNE 27, 2017
Bartlett School Cafeteria
Bartlett, Texas

Registration of Members

5:00 - 6:30 P.M.

Call to Order

6:30 P.M.

Bryan Lightfoot, General Manager/CEO

Invocation

Robbie Sorrell

Pledge

Robbie Sorrell

Welcome

Bryan Lightfoot, General Manager/CEO

Business Session

Philip Segrest, Cooperative Attorney

Manager's Report

Bryan Lightfoot, General Manager/CEO

Youth Tour Participant

Scholarship Presentation

Cooperative Service Awards

Message from the Manager

Prize Drawings for Members

Shelton Gilmore

ADJOURN

Message from the Board President & General Manager/CEO

For over 81 years, as the first REA project in Texas and the first in the nation to be energized under an REA loan, Bartlett Electric Cooperative has played an important role in providing low cost and reliable power to Members. BEC's Mission Statement: "Provide our Members with safe and dependable electric service at reasonable rates, with a commitment to Member service" reflects a commitment to Member-Owners.

2016 was a year of many successes and changes including:

- Reorganized Operations to include assigning a crew specifically dedicated to serving one of the three newly-created BEC territories (East, Central, and West). This dedication allows crews to become more familiar not only with the territory but also the needs of the Membership
- Reorganized Administration to allow more specialization in the areas of Human Resources, Finance, Member Services, and Information Technology

Some resulting benefits of this specialization is included in the points below:

- Completed switch out of old and obsolete metering system to new system using in-house resources. This metering system is not only more accurate, but also provides Member savings by reducing/eliminating needed trips for readings, disconnects, and reconnects
- Purchased a new digger truck so all three operations crews will each have a digger and lift truck. This will eliminate the need to schedule and trade off vehicles between the three territories and provides faster response times
- General Retirement of \$900,000 in patronage capital, placed on December bills to help reduce costs, increase Member convenience, and provide Member financial flexibility during an important time of the year
- Transferred retired capital credits to deposits on accounts chronically late in an effort to mitigate potential bad debt
- Hired a new collection agency to aggressively pursue delinquent balances
- Implemented more secure payment methods (phone payment/online payments, etc.) so as to help keep personal information secure
- Started a presence on social media to include outage information, cooperative news, Membership information, and Member feedback
- Added a weather station at the headquarters location for Member information about local weather happenings. This ties into Weather Underground
- Rolled net metering bill credits to future months with any excess paid out at year end
- Began offering language assistance to current and prospective Members in coordination with federal requirements

- Refinanced almost \$6 million in debt to take advantage of lower rates for estimate Member savings of over \$1 million
- Consolidated wireless communications plan for a savings of over \$10,000
- Implemented paperless service order system for improved Member-related communications and efficiencies between Operations and Member Services. This system, among other things, allows operations to assign tasks to field personnel based on their proximity to the Members location for faster service
- Started annual Membership survey to provide better Member feedback and input
- Brought in positive pay to further secure Member assets and combat fraudulent attempts
- Started employee technical training to avoid ever present outside phishing attacks and other subversive electronic hacking schemes aimed at Member assets and services
- Worked closely with Members looking to add renewables to the system and discuss options

In 2017 and beyond:

- Enhanced net metering information on the bill as well as SmartHub
- Pursuing a “community solar” option for Members
- Researching Prepaid Electric options for Members
- Implementing capital credit strategies for inactive accounts to help reduce costs
- Upgrading call system to both help identify Members who have outage related calls as well as give Members courtesy calls directly related to cooperative business
- Assignment of collection costs to those who generated them

We want to thank the employees of Bartlett Electric Cooperative, who make these accomplishments possible; and the Members for their trust and support in making Bartlett Electric Cooperative your Member-Owned Cooperative.

Eugene Urbanovsky
Board President



Bryan Lightfoot
General Manager/CEO



BUSINESS SESSION

The 81st Annual Meeting of the members of the Bartlett Electric Cooperative, Inc. will be called to order at 6:30 P.M. the 27th day of June, 2017 in Bartlett, Texas.

The outline of the business session is as follows:

1. Reports from officers, directors, and committees.
2. Election of three (3) directors of the Cooperative.
3. All other business which may come before the meeting of any adjournment of adjournments thereof.

In connection with the election of three (3) directors scheduled for this meetings, the following members have been nominated for directors of their respective locations by the Committee of Nominations appointed by the Board of Directors of the Cooperative, pursuant to the Bylaws:

District 2	Mike Adamson	Killeen
District 4	Eugene Urbanovsky	Milano
District 6	Dr. Jamiesue Ferguson	Bartlett

Additional nominations for directors from these respective areas may not be made at the meeting from the floor or vote for written candidates.

SECRETARY-TREASURER'S REPORT

OPERATING STATISTICS

2016

2015

REVENUE

Sales of Electric Energy	\$19,082,652	\$20,982,182
Other Operating Income	\$220,585	\$248,488
TOTAL REVENUE	\$19,303,237	\$21,230,670

EXPENSES

Power Purchased	\$11,033,667	\$12,755,496
Line Operations and Maintenance	\$2,281,823	\$2,265,684
Consumer Accounting	\$484,311	\$479,448
Consumer Service & Information	\$17,178	\$8,169
Sales Expense	\$26,944	\$28,524
Administrative & General Expense	\$1,829,177	\$1,612,179
Depreciation	\$1,601,544	\$1,510,152
Taxes	\$0	\$61,776
Interest	\$1,771,752	\$1,775,999
Misc General Expense	\$25,559	\$40,189
TOTAL EXPENSES	\$19,071,955	\$20,537,616
Operating Margins	\$231,282	\$693,054
Non Operating Margins	(\$723,590)	\$493,338
CFC, TEC Capital Credits	\$816,626	\$581,390

TOTAL MARGINS FOR THE YEAR

\$324,318

\$1,767,782

BALANCE SHEET AS OF DECEMBER 31, 2016 AND 2015

ASSETS (WE OWN)

Net Utility Plant	\$48,528,586	\$47,528,126
Investments & Patronage	\$10,351,382	\$9,646,001
Cash	\$152,798	\$92,114
Accounts Receivable	\$1,023,359	\$1,441,144
Materials & Supplies	\$13,763	\$17,967
Other Current & Accrued Assets	\$289,935	\$655,312
Deferred Charges	\$1,723,386	\$1,715,895
TOTAL ASSETS	\$62,083,209	\$61,096,559

EQUITIES AND LIABILITIES (WE OWN & OWE)

Memberships	\$210,231	\$205,649
Equities & Margins	\$24,341,122	\$24,656,637
Long Term Debt	\$33,544,673	\$31,198,393
Accounts Payable	\$1,291,936	\$1,119,200
Consumer Deposits	\$427,978	\$422,025
Current Maturities Long Term Debt	\$1,606,515	\$1,337,000
Notes Payable - Short Term Loan		\$1,275,000
Other Current & Accrued Liabilities	\$543,757	\$778,252
Deferred Credits	\$116,997	\$104,403
TOTAL EQUITIES AND LIABILITIES	\$62,083,209	\$61,096,559

BARTLETT ELECTRIC COOPERATIVE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins		
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities	\$324,318	\$1,767,782
Depreciation	\$1,735,147	\$1,686,308
Loss on Retirement of Meters	\$1,265,557	
Capital Credits	(\$816,626)	(\$581,390)
Deferred Charges	\$479,757	\$673,790
Deferred Credits	\$12,594	(\$242,016)
Accounts Receivable	\$417,785	\$323,650
Power Cost Adjustment	\$32	(\$167,627)
Inventories and Other Current Assets	(\$117,667)	(\$445,168)
Payables and Accrued Expenses	(\$55,837)	\$9,164
Net Cash Provided by Operating Activities	\$3,245,060	\$3,024,493
 CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Utility Plant	(\$3,753,056)	(\$2,666,351)
Plant Removal Costs Over Salvage and Other Credits	(\$248,108)	(\$230,410)
Other Property and Investments	\$111,245	\$104,824
Net Cash Used in Investing Activities	(\$3,889,919)	(\$2,791,937)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from FFB	\$4,450,000	\$2,572,000
Advances from CFC - Refinancing	\$5,724,040	
Payments on LTD to RUS - Scheduled	(\$85,446)	(\$169,915)
Payments on LTD to RUS - Advance Payments Net	(\$451,532)	(\$2,611,284)
Payments on LTD to RUS - Refinancing	(\$5,724,040)	
Payments on LTD to FFB	(\$818,992)	(\$654,932)
Payments on LTD to CFC	(\$478,236)	(\$386,036)
Line of Credit - Net	(\$1,275,000)	\$1,275,000
Retirement of Patronage Capital	(\$684,680)	(\$300,000)
Other Equities - Net	\$44,847	\$29,927
Memberships - Net	\$4,582	\$6,199
Net Cash Provided by Financing Activities	\$705,543	(\$239,041)
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$60,684	(\$6,485)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	\$92,114	\$98,599
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$152,798	\$92,114
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest on Long Term Debt	\$1,756,631	\$1,780,751
Income Taxes	\$0	\$0

EMPLOYEE SERVICE AWARDS

The following employees have reached a milestone in their service to the cooperative and are to be commended:

Koby Adcock - 10 Years of Service

Jarret Arnold - 10 Years of Service

Glenda Hill - 10 Years of Service

Sylvia Tschoerner - 20 Years of Service

—○—
2017

YOUTH TOUR PARTICIPANTS

Anya Mariante

Holland High School

&

Jarrett Pistole

Holland High School

2017 Lawrence Karl

Scholarship Recipients

Rebecca Gonzales

Salado High School

Olivia Sula

Salado High School

Samantha Pantaléon

Rockdale High School

Amber Schlessiger

Salado High School

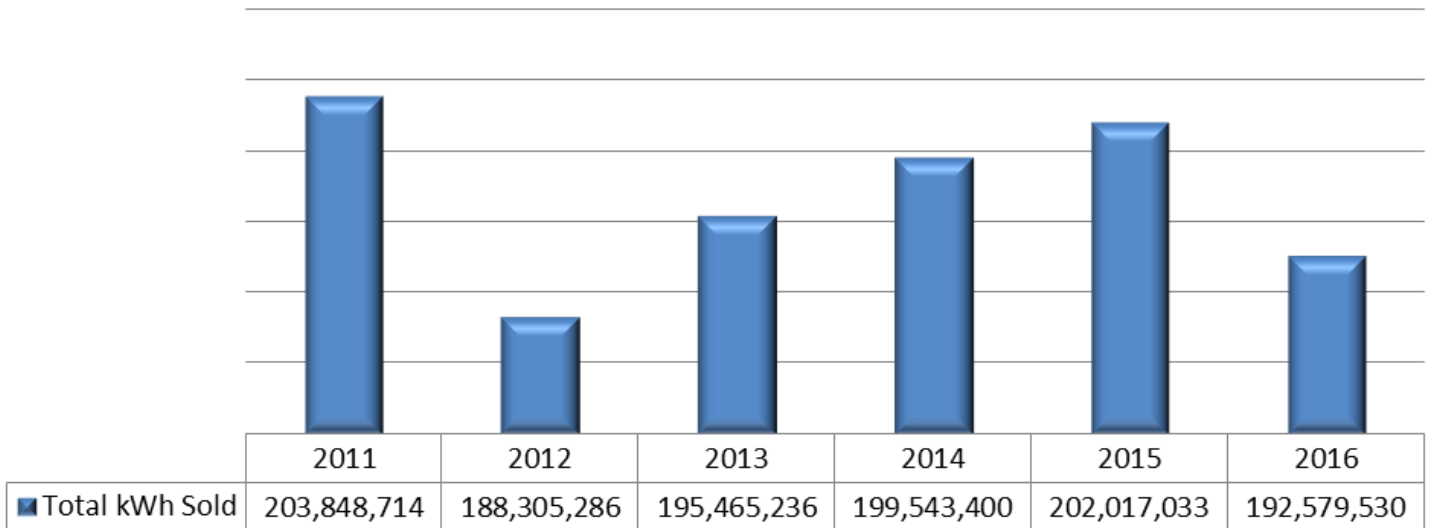
Annie Hasselbach

Rockdale High School

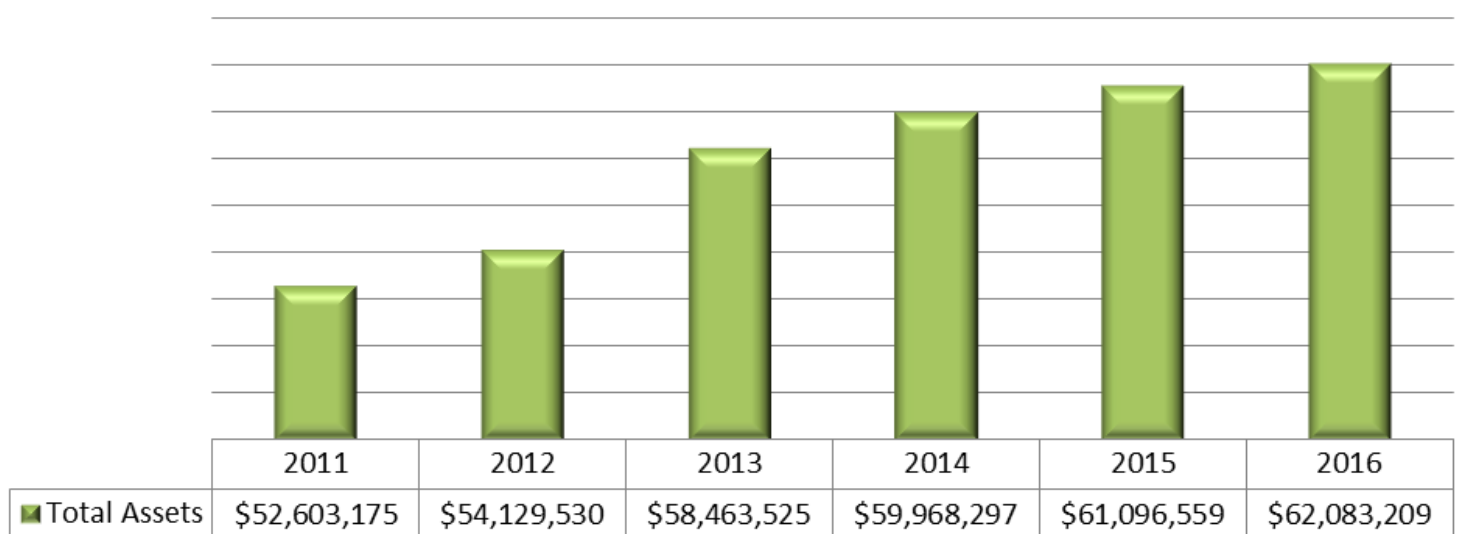
Congratulations!

HOW YOUR COOPERATIVE HAS PERFORMED

Total kWh Sold

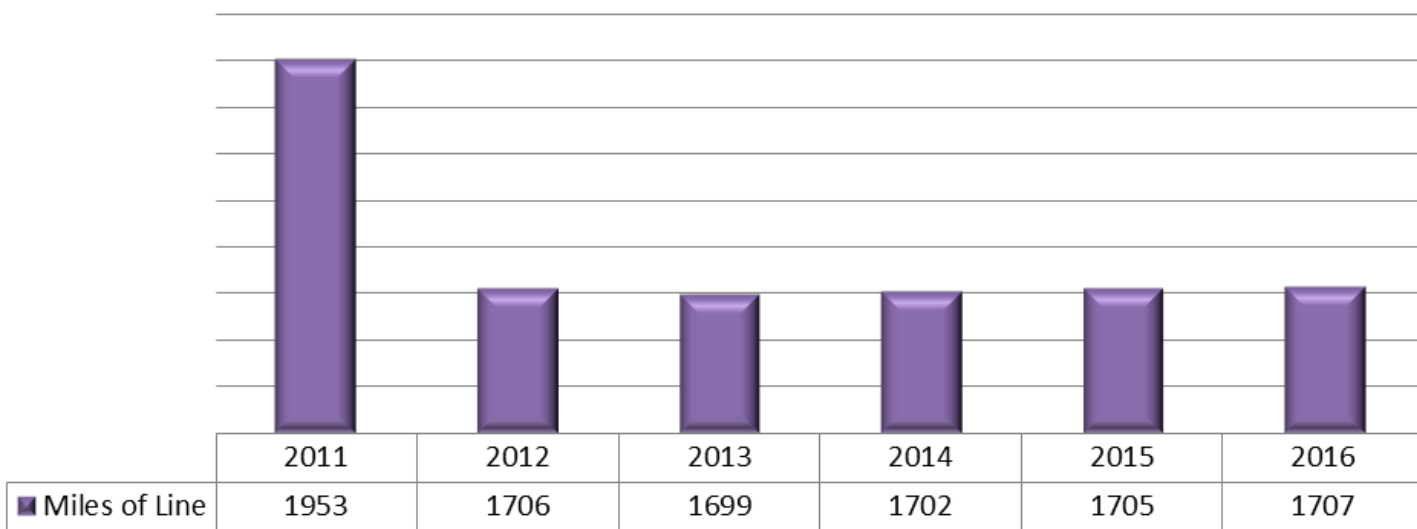


Total Assets



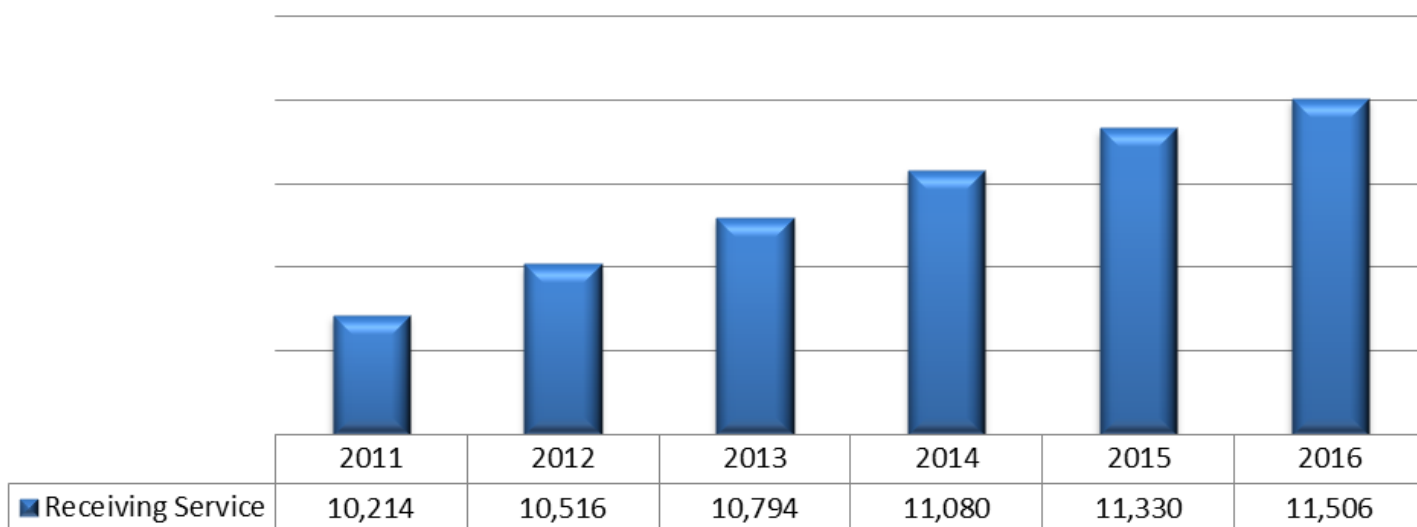
HOW YOUR COOPERATIVE HAS PERFORMED

Miles of Line



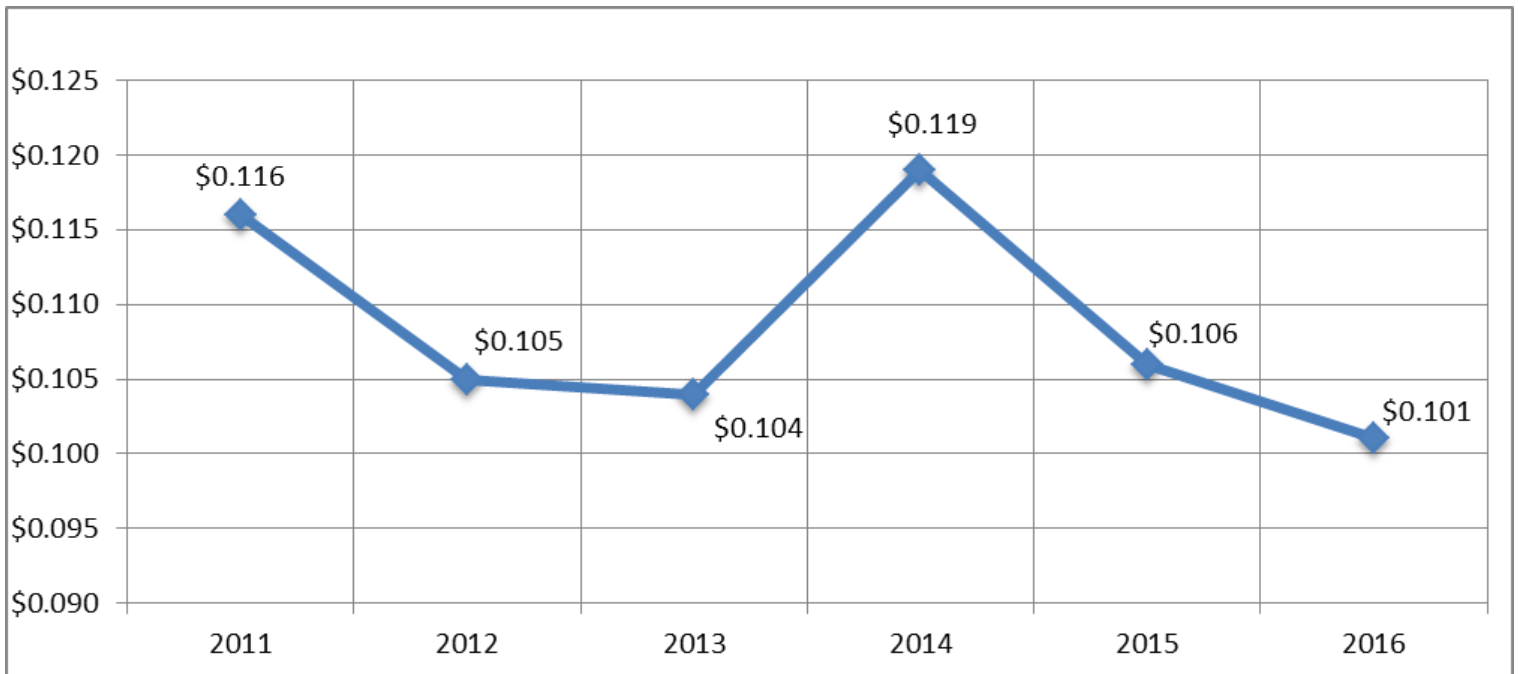
* Precipitous drop in miles of line from 2011 reflects system cleanup and true-up *

Average Number of Customers Receiving Service



HOW YOUR COOPERATIVE HAS GROWN

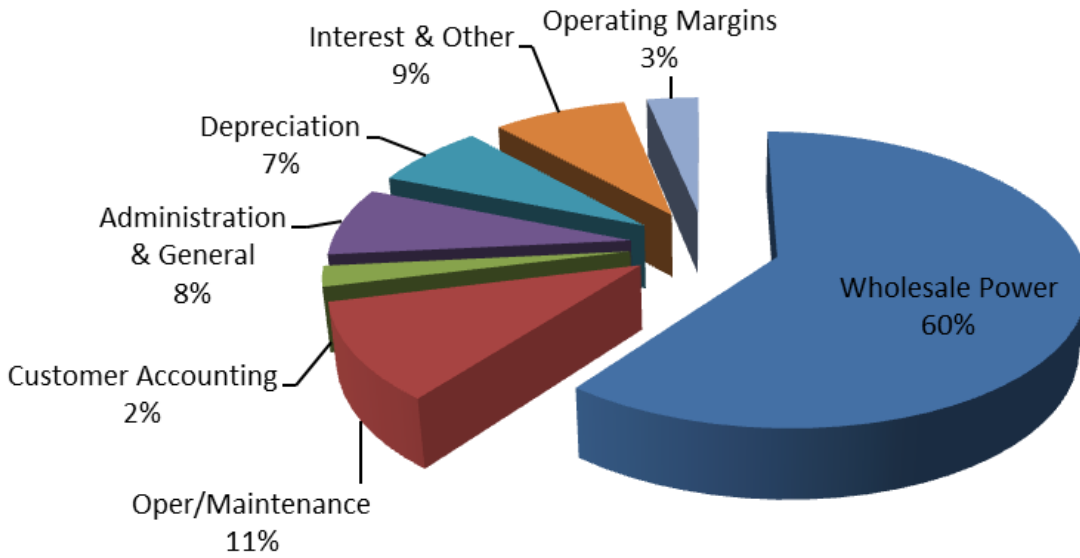
AVERAGE ANNUAL RESIDENTIAL RATE FOR FIRST 1,000 kWh



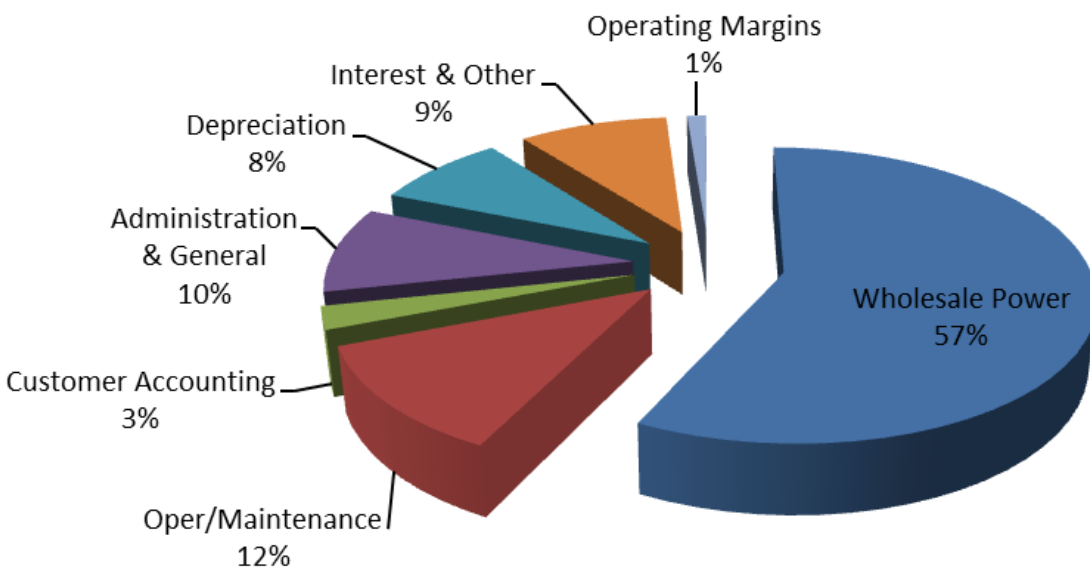
2014 increase is reflective of higher power costs experienced that year

WHERE YOUR DOLLAR WENT

2015



2016




Thank You!

Bartlett Electric Cooperative, Inc. would like to take this opportunity to thank all businesses that donated door prizes for our 2016 Annual Meeting. We appreciate the relationships we have with these vendors and thank them for their support of our Annual Meeting.



Texas Electric Cooperatives

A Touchstone Energy® Cooperative 

**HAVLAK
INSPECTION**
UTILITY POLE INSPECTOR



& others