

TCEC 2018 Annual Report

MESSAGE TO MEMBERS FROM ZAC PERKINS, CEO

As a member of TCEC, you take part in this cooperative in several important ways. One is our district meetings, which occur this month and another is our annual meeting, which we're looking forward to our 74th next month. Another way you participate is through the third cooperative principle of Members' Economic Participation and that's one of the reasons we share this report with you each year.

Financial report

On the reverse side of this page, you will find our 2018 financial report. As you can see, TCEC is financially stable. It is our goal and our focus to continue this trend.

As we've talked about the last two years, the 2017 storms devastated the cooperative. We do not currently foresee a rate increase in 2020. That's awesome because the repairs needed following the 2017 storms are costly, even with some assistance from the Federal Emergency Management Agency.

More than three years of rebuilding our system remain. We will continue to work diligently to contain costs so our rates are affordable for the membership.

Proposed Changes to the Bylaws

The TCEC Board of Trustees is proposing two bylaw changes to the membership. Members will vote on these changes at the annual meeting in September.

The changes are summarized at right. We feel they simplify, and make more transparent, the process by which elections are held at district meetings. To do this, the changes eliminate the need for a credentials committee and instead an independent third party will be responsible for counting and validating the votes.

The second change to the voting districts section ensures members have equal representation from their area based on population for the district of each trustee.

Annual Meeting

Please join us at the Member Appreciation Meal and Annual Meeting on Thursday, September 19, at 5:30 p.m. at the Texas County Activity Center, 5th & Sunset Streets, in Guymon. Your invitation will arrive in the mail soon.

If you have questions concerning the cooperative, I hope you will reach out to me or any other employee on our team. We're here to help you. After all, this is your cooperative. ■

PROPOSED CHANGES TO COOPERATIVE'S BYLAWS

Below are those portions of the Bylaws the board is proposing changes to at this year's annual meeting. If you have questions, please contact us at 580.652.2418 or info@tcec.coop. Thank you.

Section 3.05 Voting

~~(C) — The Board of Trustees shall, at least ten (10) days before any meeting of the members, appoint a credentials and election committee consisting of an uneven number of members, not less than three (3) nor more than fifteen (15), who are not Trustees, and who are not close relatives or members of the same household of existing Trustees, or known candidates for Trustees to be elected at such meeting. In appointing a committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the Committee to pass upon all questions that may arise with respect to the registration of members, to count all ballots cast in any ballot vote taken, and to rule upon the effect of any ballots irregularly marked. The Committee's decisions on all such matters shall be final.~~

(C) The Board of Trustees shall, at least ten (10) days before any meeting at which the members will be voting, appoint a disinterested third-party accounting firm to act as an election committee for the purpose of tabulating election results. No member of the firm selected shall be: 1) an individual who is or has served on the Board of Trustees; or 2) a close relative or member of the same household as an existing Trustee or known candidate for Trustee to be elected at such meeting. It shall be the responsibility of the firm selected to count all ballots cast in any ballot vote taken and to rule upon the effect of any ballots irregularly marked. The decision of the appointed firm shall be final.

(D) Legal counsel shall be present at any meeting of the members at which a vote is to be taken. It shall be the responsibility of legal counsel to pass upon all questions that may arise with respect to the registration of members. The decision of legal counsel shall be final.

Section 4.02 Voting Districts

~~(B) — Not less than sixty (60) days before any meeting of the members at which trustees are to be elected, the Board of Trustees shall review the composition of the districts. If it is determined that inequalities in representation exist, the Board of Trustees shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.~~

(B) Not less than sixty (60) days before any meeting of the members at which trustees are to be elected, the Board of Trustees shall review the composition of the districts. If it is determined there exists a variance of ten percent (10%) or more between the district with the most members and the district with the least number of members, the Board of Trustees shall reconstitute the districts so that no district represents ten percent (10%) or more members than any other district.

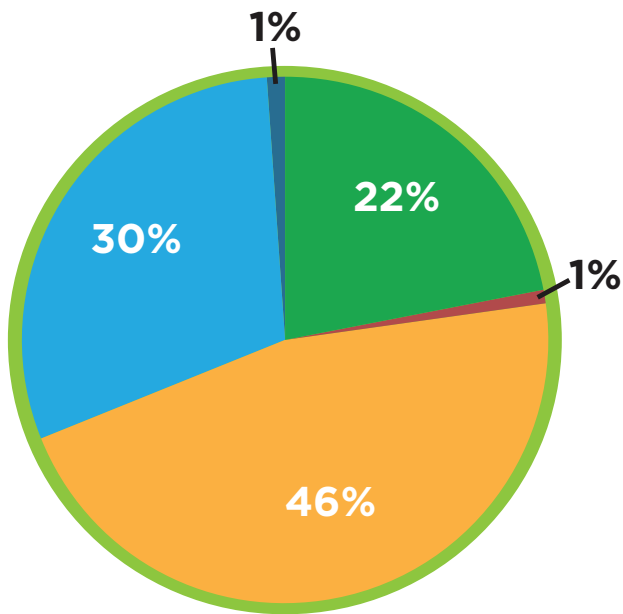
CONSOLIDATED BALANCE SHEET

	2018	2017
Net Utility Plant	232,276,071	249,138,066
Other Property and Investments	41,194,792	37,933,817
Current Assets	27,201,092	15,177,720
Deferred Debits	13,170,497	15,071,607
Total Assets and Other Debits	313,842,452	317,321,210
Total Margin and Equities	82,412,461	72,057,608
Long-Term Debt	183,839,344	191,508,969
Current and Accrued Liabilities	42,687,945	46,669,110
Deferred Credits	4,902,702	7,085,523
Total Equities and Liabilities	313,842,452	317,321,210

CONSOLIDATED OPERATING STATEMENT

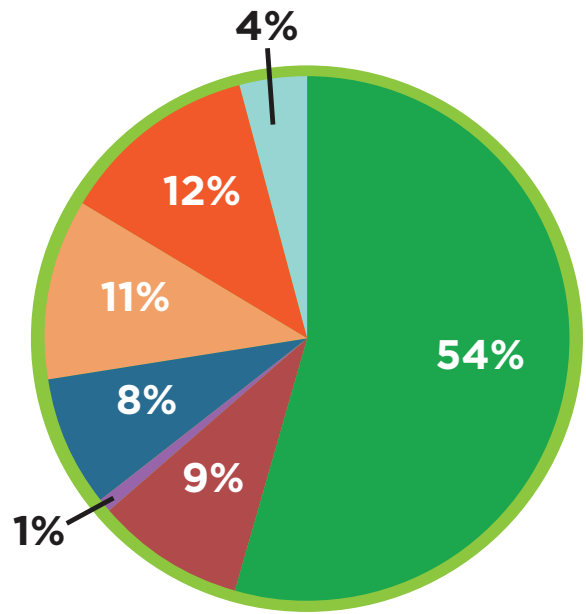
	2018	2017
Operating Revenue	90,313,066	89,986,658
Total Operating Revenues	90,313,066	89,986,658
Cost of Purchased Power	48,897,273	50,277,421
Distribution Operation & Maintenance	8,245,240	7,686,171
Consumer Accounts Expense	908,611	2,551,284
Administrative and General Expense	6,843,613	7,539,786
Depreciation Expense	10,223,295	9,381,373
Taxes and Other Expense	193,833	280,367
Interest	11,255,756	11,219,108
Total Operating Expense	86,567,621	88,935,509
Patronage Capital and Operating Margins	3,745,445	1,051,149
Non Operating Margins	2,761,750	458,517
Other Capital Credits & Patronage Dividends	4,953,662	2,156,211
Net Margins	11,460,857	3,665,877

WHERE MONEY COMES FROM



Commercial/Industrial Small	46%
Commercial/Industrial Large	30%
Residential Sales	22%
Irrigation Sales	1%
Public Street & Highway Lighting	1%

WHERE MONEY GOES



Cost of Purchased Power	54%
Distribution Operation & Maintenance Expense	9%
Consumer Accounts and Member Service Expense	1%
Administrative & General Expense	8%
Depreciation Expense	11%
Interest Expense	12%
Margin	4%