

TRI-COUNTY ELECTRIC COOPERATIVE
ANNUAL REPORT

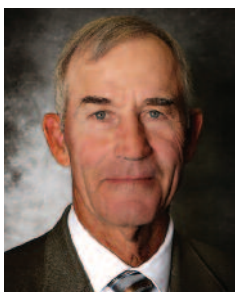


79 Years of Service | 1939–2018

BOARD OF DIRECTORS



JORDEN WOOD
District 3, President



JERRY WALDEN
District 4, Vice President



TODD SMITH
District 1, Secretary-
Treasurer



STEVE HARRIS
District 5



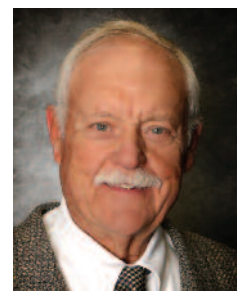
JOHN KILLOUGH
District 6



JARRETT ARMSTRONG
District 8

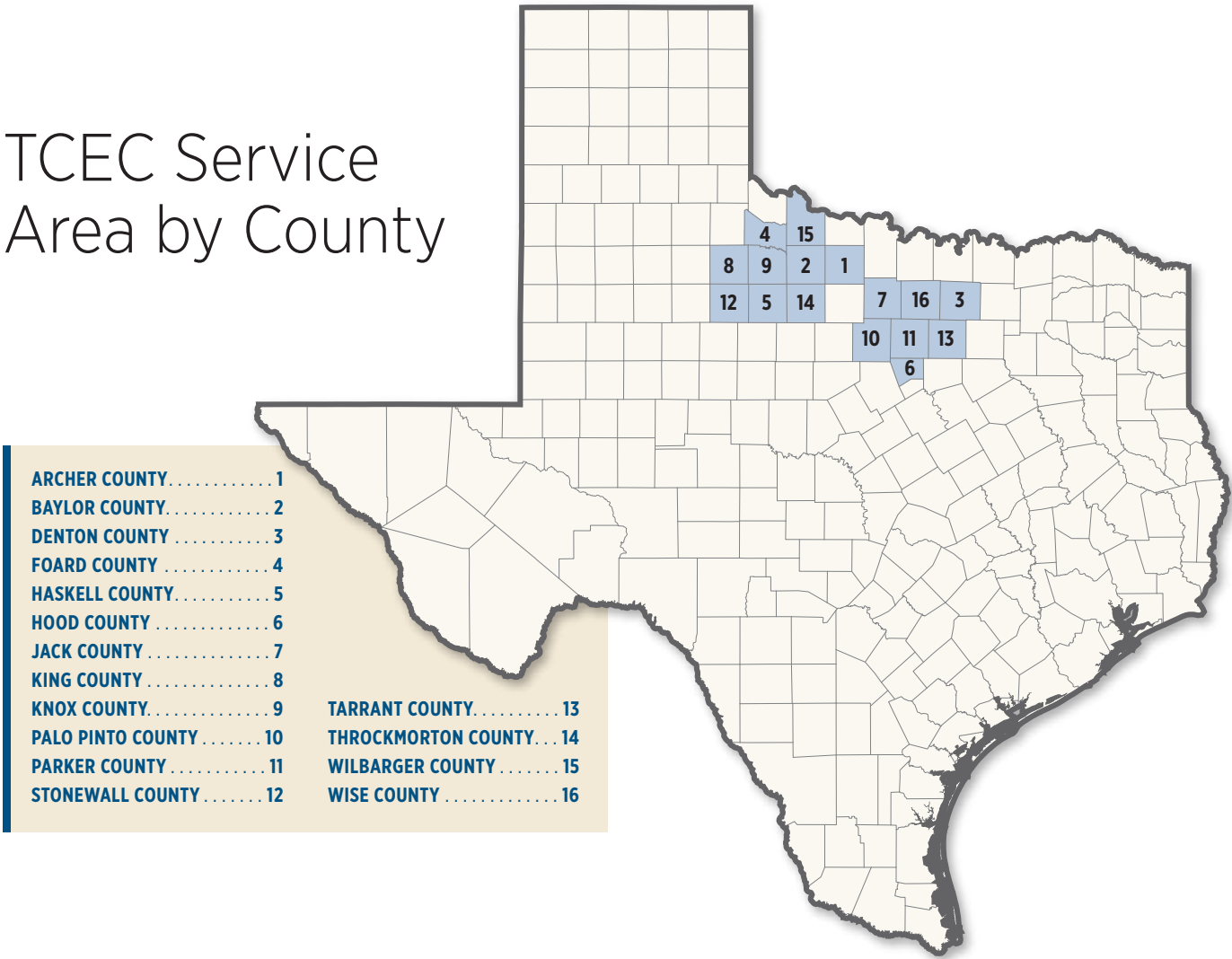


MAX WADDELL
District 9



LARRY MILLER
District 10

TCEC Service Area by County



SYSTEM PROFILE

For the period ending March 31, 2018

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, Brock, Brock West, Colleyville, Dennis, Fort Worth, Granbury, Grapevine, Haltom City, Haslet, Hudson Oaks, Keller, Lipan, Megargel, Newark, North Richland Hills, Pelican Bay, Reno, Roanoke, Sanctuary, Seymour, Southlake, Springtown, Stockton Bend, Trophy Club, Watauga, Weatherford, Westlake and Willow Park

DISTRIBUTION SYSTEM STATISTICS

- Miles of Line Energized: 8,628
- Total Active Meters in Place: 109,101
- Distribution Voltage: 7.2 KV, 14.4 KV
- Number of Substations: 38 plus 8 metering points
- System Peak: 741.9 MW in January 2018
- Service Voltage: Alternating current; 60 hertz; single-phase, 120/240 and 240/480, and three-phase, 120/240, 120/208, 277/480, 480 and 2400/4160 volts as available at the point of delivery
- System Average Retail Cost per kWh: \$0.08134 per kWh (Total revenue/kWh sales 12 months ending March 31, 2018)
- Electric Power Supplied By: Brazos Electric Power Cooperative

CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

MARCH 31, 2018

INCOME

Electric Energy Revenue	\$237,963,617	91.4%
Telecommunications Revenue	11,766,456	4.5%
Interest Income	1,830,981	0.7%
Nonoperating Income and Capital Credits	<u>8,801,080</u>	<u>3.4%</u>
TOTAL INCOME	\$260,362,134	100%

EXPENSES

Electric Power Cost	171,464,102	73.7%
Electric Operating Expense	27,839,569	12.0%
Telecommunications Operating Expense	6,447,463	2.8%
Electric System Depreciation	13,990,418	6.0%
Telecommunications System Depreciation	3,596,265	1.5%
Interest Expense	7,154,727	3.1%
Taxes and Other	<u>2,197,586</u>	<u>0.9%</u>
TOTAL EXPENSES	\$232,690,130	100%
NET MARGINS	\$ 27,672,004	10.6%

CONDENSED BALANCE SHEET

MARCH 31

2018

2017

ASSETS

Cash	\$ 4,564,463	\$ 229,162
Temporary Investments	48,363,857	47,651,705
Accounts Receivable	11,004,006	7,230,293
Equity in Associated Organizations	136,764,136	132,057,341
Materials and Supplies	4,607,094	4,235,165
Utility and Nonutility Plant, Net of Depreciation	351,823,648	344,459,193
Accrued Revenues	16,680,000	13,380,000
Other Assets	<u>7,832,258</u>	<u>10,011,591</u>
TOTAL ASSETS	\$581,639,462	\$559,254,450

LIABILITIES

Long-Term Debt	\$129,150,028	\$134,016,205
Accounts Payable and Other Current Liabilities	21,875,480	20,603,278
Accrued Power Cost, Advanced Payments	16,111,285	16,446,349
Accumulated Provisions	23,705,000	23,602,241
Consumer Deposits	5,575,774	5,907,202
Accrued Taxes, Interest and Other	<u>7,811,663</u>	<u>8,368,774</u>
TOTAL LIABILITIES	\$204,229,230	\$208,944,049

EQUITIES

Membership Fees	\$ 2,096,014	\$ 2,033,160
Patronage Capital	<u>375,314,218</u>	<u>348,277,241</u>
TOTAL EQUITIES	\$377,410,232	\$350,310,401
TOTAL LIABILITIES AND EQUITIES	\$581,639,462	\$559,254,450

OPERATING HIGHLIGHTS

MARCH 31, 2018

Total Revenue.....	\$260,362,134
Total Expense.....	\$232,690,130
Plant Additions.....	\$ 21,773,423
Utility Plant—Gross.....	\$573,096,820
Total Active Meters.....	109,101
Plant Investment Per Member-Consumer.....	\$5,253
Peak Demand (Kilowatts).....	741,864
Electric Energy Sales (Kilowatt-Hours).....	2,827,737,538
Residential Average Annual Usage (KWh).....	18,839
Commercial/Industrial Average Annual Usage (KWh).....	74,635
System Average Retail Cost Per KWh.....	8.1¢
Net Margins.....	\$27,672,004
Total Miles of Line.....	8,628

INDEPENDENT AUDITOR'S REPORT

June 14, 2018

Board of Directors

Tri-County Electric Cooperative Inc. and Subsidiaries
Azle, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tri-County Electric Cooperative Inc. and Subsidiaries, which comprise the consolidated balance sheets as of March 31, 2018 and 2017, and the related consolidated statements of income and patronage capital, comprehensive income, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated

financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion: In our opinion, the consolidated financial statements referred to above present fairly in all material respects the financial position of Tri-County Electric Cooperative Inc. and Subsidiaries as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Briscoe, Burke & Grigsby LLP

CERTIFIED PUBLIC ACCOUNTANTS

Members of the American Institute of Certified Public Accountants
4120 E. 51st St., Suite 100, Tulsa, Oklahoma 74135-3633
(918) 749-8337

The Road to Advanced Metering

BY ANNIE MCGINNIS, COMMUNICATIONS SPECIALIST



MOVING TOWARD AN ADVANCED METERING INFRASTRUCTURE, or AMI, is a major move for a utility, and here at Tri-County Electric Cooperative we do not take it lightly. Last October, General Manager Darryl Schriver formed a committee of employees to study the decision to replace our current automated meter reading system, which will approach the end of its life in 2021.

The Process

The 33-person committee was divided into 11 subcommittees to consider and identify how the project provides benefits to all areas of our co-op. The subcommittees, such as member services, information technology, billing and system operations, investigated the needs of the various departments and cooperative and presented their findings to the committee.

Including a large group of employees from numerous departments and evaluating all aspects of co-op operations brought value to the decision. David Moore, Tri-County EC's system engineer, said committee members had different perspectives and insights on what our co-op departments needed from an AMI system. 800737899

"Everybody had their own interests, but they were also trying to learn each of the strengths and weaknesses of the advanced technologies the vendors had," Moore said. "By having this big cross-section, I think we get a better understanding of what we need and a better understanding of what is available."

After determining the needs of the co-op, the committee heard presentations from six AMI vendors. The group considered products and services from all vendors before narrowing down the selection pool. Three vendors then became two, and the committee put them head to head to determine

the best fit for Tri-County EC's needs.

The Decision

Over the nine-month process, committee members saw how each department would benefit from implementing an AMI system, which equipped them to make an educated decision with the best interests of our co-op in mind. 6516800001

Moore said the co-op chose ITRON's Silver Spring Network because it was the best communications network currently offered. The mesh communication architecture is flexible, scalable and secure, which enhances our ability to meet data, outage and security needs. Moore said the security has been integrated into every layer of the network.

Nichole Eshbaugh, chief technology officer, made her decision based on the advanced technology available. ITRON's Silver Spring Network has the ability to widen and narrow the bandwidth when responding to the cooperative, she said. Additionally, the network with the Gen5 meters can transmit data almost four to six times faster than meters of any other vendor.

"Overall, the ITRON Silver Spring Network solution not only offered the best solution for today, but had the best scalability for our future," she said. "This overwhelmingly offers the efficiency for our cooperative employees and workflows, but more importantly, this will significantly improve our service to our member-consumers." 800635172

ITRON's Silver Spring Network was selected by the committee because it is the best choice for Tri-County EC and our member-consumers. Please come by the AMI booth at the annual meeting October 2 to learn more about your co-op, our AMI system and how it affects you, the member-consumer.



1. Meter technicians determine the needs of the department.
2. Lisa Parsons, Brian Fitzgerald, Wesley Scheets and Rhonda Holmes consider the pros and cons of each vendor.
3. Nichole Eshbaugh, chief technology officer
4. David Moore, system engineer, and Nichole Eshbaugh



Tri-County Electric Cooperative

600 NW Parkway, Azle 76020

BOARD OF DIRECTORS

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

GENERAL MANAGER

Darryl Schriver

Contact Us

CALL US

(817) 444-3201

FIND US ON THE WEB

tcectexas.com

EMAIL US

pr@tcectexas.com

COOPERATIVE OFFICES

Central Headquarters

600 NW Parkway, Azle, TX 76020
(817) 444-3201

Southwest District Office

1623 Weatherford Highway, 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!

 Find us on
Facebook

facebook.com/TCECTexas

Technology for Our Members

Tri-County EC Annual Meeting of the Members
Tuesday, October 2 | 7 p.m.

Church of God Campgrounds
146 Center Point Road, Weatherford

5 p.m. Registration, dinner, booths and demos

7 p.m. Business meeting

In celebration of our membership, we will have entertainment, dinner, booths, demos, door prizes, bill credits and more!

We hope to see you there!



STRAIGHT SHOOTING ON Safety

Texans love to hunt. It brings suspense, excitement and escape from the daily routine. Here are the 10 commandments of shooting safety:

Always point the muzzle of your gun in a safe direction.

Treat every firearm or bow with the same respect you would show a loaded gun or nocked arrow. 224350001

Be sure of your target.

Unload firearms and unstring conventional bows when not in use.

Know your safe zone-of-fire and stick to it.

Handle firearms, arrows and ammunition with care.

Control your emotions when using weapons.

Wear hearing and eye protection. 800756055

Don't consume alcohol or drugs before or while handling firearms or bows.

Never use electrical insulators and transformers as targets.

Tri-County Electric Cooperative encourages you to always practice safety.



Cheesy Stuffed Chicken Breast

SHERRY COPLAN | WEATHERFORD

8 ounces cream cheese, room temperature
1 cup grated cheddar cheese
6 jalapeño peppers, seeded and finely diced
2 large boneless, skinless chicken breasts
Black pepper, to taste
Garlic powder, to taste
6 strips bacon 800645653

1. Mix cheeses and jalapeños (leave seeds in the jalapeños if you like the heat).
2. Slice chicken breasts open and fill with mixture. Season chicken with black pepper and garlic powder or a seasoning of your choice.
3. Loosely wrap a strip of bacon around each chicken breast.
4. Bake 45 minutes–1 hour at 350 degrees. Place in broiler to crisp the bacon if desired. Enjoy! 800803305



Tri-County EC Member Recipe Submission Form



THE RECIPE SUBMISSION IS A FREE AND voluntary service provided by Tri-County Electric Cooperative. As we have more than 100,000 members, we may receive a high volume of submissions. Recipes must be submitted before the 20th of each month to be considered for the next issue of *Texas Co-op Power* (i.e., September 20 for the November issue). We reserve the right to refuse any recipe. Please submit recipes through the U.S. Postal Service or email and not on the back of your payment stub. Those stubs are processed automatically because we receive hundreds daily. 414002

NAME

CITY

EMAIL or PHONE NUMBER

RECIPE NAME

Please return to:

Email: Please include the above information with your recipe and send to pr@tcectexas.com.

Mail: Please detach and submit this form with your recipe and mail to:
Tri-County Electric Cooperative
Attn: Recipe Submission
600 NW Parkway
Azle, TX 76020