

McLENNAN COUNTY ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

P.O. Box 357 • McGregor, TX 76657 • www.mclennanelectric.com • (254) 840-2871

Annual

The McLennan County Electric Cooperative Annual Meeting will be held on October 21, 2003, at 7:30 p.m. in the McGregor High School Commons. Beginning at 6:30, the McGregor Police Dept. will be handing out Child Identification forms; the McGregor EMS will be providing health facts and blood pressure checks; and there also will be energy conservation ideas. The business meeting will begin at 7:30 and will include a report from our Youth Tour winner, the business meeting, a guest speaker, and the door-prizes giveaway.

Meeting

Definition:

trust (trust) n. 1. Firm reliance, confident belief; faith. 2. The condition and result in obligation of having confidence placed in one. 3. One in which confidence is placed.

We here at McLennan County Electric Cooperative take seriously the trust you place in us to do what is right. Taking care of your electric needs since 1937 and making sure we keep your trust every day in whatever we do. Providing prompt, friendly, courteous service, your **Home Team** advantage you can count on.



McLennan County Electric Cooperative, Inc.

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Member Spotlight



Maci Westerfeld is ready for football season. She is the daughter of Cory and Shelly Westerfeld, granddaughter of Jimmy and Laura Westerfeld and Billy Pat and Jane Nelson of Crawford.



Pictured below is Caitland Cathey of Jonesboro with her friend, Missy. Missy is an 18-month-old Santa Gertrudis show heifer. Caitland and Missy became friends at first sight. After a hard day of playing, it looks like they both needed a rest. Caitland is the daughter of Billy Joe and Lanette Cathey of Jonesboro.



Jeremy Witt is the son of Bill and Connie Woodley of Valley Mills. He is stationed in Tikrit, Iraq, and is looking forward to coming home soon. We are all proud of our service people.



McLennan County Electric Cooperative, Inc.

STATEMENT OF REVENUE AND PATRONAGE CAPITAL

Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenues	\$18,372,081	\$17,257,286
Operating expenses		
Cost of power	13,625,955	12,080,032
Distribution—operations	687,505	518,825
Distribution—maintenance	764,465	835,167
Customer accounts	458,594	468,053
Administrative and general manager/CEO	777,654	687,091
Depreciation	1,031,287	965,356
Other	<u>27,335</u>	<u>77,698</u>
	<u>\$17,372,795</u>	<u>\$15,632,222</u>
Operating margins before fixed charges	999,286	1,625,064
Fixed charges:		
Interest on long-term debt	<u>629,400</u>	<u>666,429</u>
Operating margins after fixed charges	369,886	958,635
Capital credits—associated organizations	<u>367,850</u>	<u>48,447</u>
Operating margins	737,736	1,007,082
Nonoperating margins:		
Interest and other income	28,142	29,614
Equity in net loss of subsidiary	<u>(20,401)</u>	<u>(29,650)</u>
Net margins	745,477	1,007,046
Patronage capital—beginning of year	13,860,279	12,947,953
Retirement of capital credits	<u>(126,304)</u>	<u>(94,720)</u>
Patronage capital—end of year	<u>\$14,479,452</u>	<u>\$13,860,279</u>

General Financial Information

A complete set of financial statements, including statements of cash flow and notes to the financial statements and the independent auditor's report thereon, are available at our main office. A member may also request a copy of the auditor's report at any time.

Community Spotlight

Crawford, Texas

Crawford is in our community spotlight this month. Everyone knows about the neighbor who lives down the road, but you may not know there are some interesting facts about this small town located in western McLennan County. In the 1850s, the settlement began near Tonk Crossing, a ford of the Middle Bosque. Around 1867, Crawford became the changing station for the Brownwood stage line. The post office came in 1871 and the railroad in 1881. By 1890, Crawford was a bustling community with several steam flour and corn mills, two general stores, three grocery stores, a cotton gin, and four churches for

the 400 residents.

On August 12, 1897, residents of Crawford voted to incorporate and adopted a mayor-council form of government. The bank was opened in 1901 and later reorganized into the First National Bank of Crawford. In 1910, Crawford boasted 35 businesses and close to 600 residents. The Depression hit the community hard, forcing the bank and several businesses to close. The population fell to 425 in the 1950s but has risen lately due to the quiet, small-town atmosphere and excellent schools. Several new businesses and a bank welcome visitors to the community today.



BALANCE SHEET

	June 30	
	<u>2003</u>	<u>2002</u>
ASSETS		
Electric plant:		
In service	\$32,805,465	\$30,795,409
Construction work in progress	<u>438,223</u>	<u>971,293</u>
	33,243,688	31,766,702
Less accumulated depreciation	<u>7,600,432</u>	<u>7,337,805</u>
	<u>25,643,256</u>	<u>24,428,897</u>
Investments	<u>3,601,172</u>	<u>3,290,666</u>
Current assets:		
Cash and cash equivalents	920,298	131,777
Accounts receivable—less provision for doubtful accounts (\$53,296 in 2003 and \$57,511 in 2002)	1,038,392	1,566,967
Materials and supplies	164,108	180,877
Prepayments and other	<u>113,465</u>	<u>115,323</u>
	<u>2,236,263</u>	<u>1,994,944</u>
Deferred charges	<u>35,410</u>	<u>51,729</u>
 TOTAL ASSETS	 <u><u>\$31,516,101</u></u>	 <u><u>\$29,766,236</u></u>

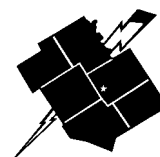
Why Is the ‘Power Cost Adjustment’ on My Bill So High?

Most of our members have noticed the large amount of their bill going to the Power Cost Adjustment (PCA). The PCA is an adjustment for the cost of fuel used to generate the electricity we purchase. The price of natural gas has risen this year at an alarming rate. Brazos Electric has gas- and lignite-fired plants and will continue to purchase power off a fluctuating market to help ensure the best possible “mix” of energy. Your cooperative does not make money off the PCA, it is an actual “pass-through” from Brazos Electric. It is high now but we hope it begins to come down in the near future.

Federal Reserve Chairman Alan Greenspan said the following: “Natural gas prices will not fall in the short future despite improved technologies. The underlying price of natural gas has risen in the past six years from about \$2 per million BTU to more than \$4.50 this last year. Access to world natural gas supplies will require major expansion of liquid natural gas terminals and development of new

technologies.” Natural gas is used as a primary fuel in most generating plants in operation in the state. Some IOUs (investor-owned utilities) have already asked for rate relief to overcome high fuel prices.

We here at McLennan County Electric Co-op are trying our best to manage the effect it has on our members.
Earning your trust every day—
Being truthful in everything we do—
Your locally owned and operated electric co-op.



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STATE SHEET

	June 30	
	2003	2002
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 200,185	\$ 207,420
Patronage capital	14,479,452	13,860,279
Other equities	<u>288,246</u>	<u>242,508</u>
	<u>\$14,967,883</u>	<u>\$14,310,207</u>
Long-term debt, less current maturities		
RUS mortgage notes	7,340,873	7,595,262
CFC mortgage notes	3,229,591	3,314,384
FFB mortgage notes	<u>3,563,620</u>	<u>1,652,000</u>
	<u>14,134,084</u>	<u>12,561,646</u>
Current liabilities:		
Current maturities of long-term debt	413,000	363,000
Note payable—CFC	0	665,500
Accounts payable—purchased power	1,238,421	1,040,968
Accounts payable—other	71,898	151,960
Consumer deposits	292,425	280,245
Accrued liabilities	<u>266,275</u>	<u>245,236</u>
	<u>2,282,019</u>	<u>2,746,909</u>
Deferred credits	<u>132,115</u>	<u>147,474</u>
TOTAL EQUITIES AND LIABILITIES	<u><u>\$31,516,101</u></u>	<u><u>\$29,766,236</u></u>

Halloween Decorations Can Be Spooky and Safe

Halloween is America's second favorite holiday, behind Christmas. Keeping the little goblins safe has become the focus of parents and civic groups. There are several things to remember:

- Make sure you have your pathway clearly lighted. Check for hoses or garden tools that might trip.
- Consider using battery-powered lights instead of candles to illuminate your pumpkins to reduce a fire hazard.
- Give your little goblins flashlights with fresh batteries so they can see where they are going.
- Make sure all the lights you use outdoors are rated for outdoor use. Never use inside lights out in the weather.

Have a Safe and Enjoyable Holiday!

Water Heater Going Out?

If you are in "hot water" because your water heater is going out, then give us a call. We have quality A.O. Smith electric water heaters in stock ready for pickup. We have 40- and 50-gallon models to fit your needs.



Prices are:
 40-gal. electric \$197.87
 50-gal. electric \$203.26

EACH COMES WITH A \$50 REBATE WHEN INSTALLED ON OUR SYSTEM.