



Central Texas Electric Cooperative 2021 Annual Report

Annual Meeting | August 16, 2022

Fredericksburg High School Auditorium
1107 S. Highway 16, Fredericksburg



Central Texas Electric Co-op

Your Touchstone Energy Cooperative 

Central Texas Electric Cooperative Annual Meeting

August 16, 2022

Fredericksburg High School Auditorium
1107 S. Highway 16, Fredericksburg

Program

Welcome

Invocation

Pledge of Allegiance
and National Anthem

Call Meeting to Order

Introduction of Directors

Establish Quorum for Meeting

Notice of Annual Meeting
and Proof of Mailing

Approval of the Minutes
of the 2021 Annual Meeting

Election of Directors

Annual Report Video Presentation

Employee Service Award Recognition

Member Q&A

Adjournment

Drawing for Door Prizes



From the CEO

Robert A. Loth III

AFTER FINISHING our six district meetings in June, our focus has shifted to “the big one”—our annual meeting August 16.

We had a strong turnout at our district meetings and hope for the same at the annual meeting. We really enjoy sharing information with our members and look forward to visiting with attendees in person.

The co-op has rebounded well from the massive workload that the February 2021 winter storm left in its wake. Although we still face obstacles such as supply chain issues, inflation and high fuel costs, your cooperative is working through them and finds itself in a very satisfactory position. As we told you at the district meetings, Central Texas Electric Cooperative’s rates are favorable and should remain stable for at least the next two to three years. There are many system improvements in progress, as the tremendous growth that our area is experiencing has sped up the timeline for many of these projects. Have no doubt: System reliability is one of our highest priorities, only to be topped by safety.

You have probably heard that 2022 marks CTEC’s 75th anniversary, and your board of directors has made a commitment to make sure that it is a year to remember. For example, the rate decrease in October 2021 and the \$75 bill credit in January 2022 are unprecedented in the utility industry, especially so soon after a natural disaster like last year’s winter storm.

So come help us celebrate our 75 years of history and growth and hear about what we believe the future holds for your co-op. Who knows? You might even be the lucky winner of a door prize! Once again, our annual meeting will be August 16 at the Fredericksburg High School auditorium. We hope to see you there!

Sincerely,



Robert A. Loth III, CEO





From the Board President

Mark Hahn

FROM YOUR BOARD of directors, we wish a very happy 75th anniversary to your Central Texas Electric Cooperative. My best wishes to all our current members, those who came before us and those to come. It's hard for me to imagine the daily hardships those original members had to overcome—but they did. Thanks to them, we are going strong 75 years later and striving to be even better in the future. As a member of this cooperative, and of the board, I am so proud and humbled to be a part of this endeavor.

2022 has been, and looks to continue to be, a truly remarkable year for CTEC. Inflation and the cost of living keep taking large portions of our finances. In every aspect of life, from supply chain issues to grocery bills to fuel charges, it seems that everything is more expensive today than even a year ago—except for your monthly CTEC electric bill. We kicked off our 75th anniversary with a \$75 credit to your bill in January. In addition, our charges for your cost of power have decreased rather than increased for an average bill. I can't think of any other services or goods that can make that claim.

Regarding CTEC's financial position, we remain in very good shape. Your CTEC staff and board have obtained fixed-cost power contracts over the past few years that have proven hugely beneficial. You'll note in the financials portion of this annual report that CTEC continues to grow at a respectable rate, with an increase of a little more than 2% of new services installed per year.

In October 2021 the board authorized almost \$2.2 million in capital credits retirements to our members. This continues a long-standing practice by CTEC of not only allocating capital credits but paying the members back for a portion of the investment. Over the past five years, CTEC has retired \$8.8 million in capital credits. As usual, your board continues to authorize and review an annual budget and requires an annual audit conducted by a professional accounting firm. The auditing firm reporting shows again this year that CTEC staff are operating within proper guidelines and without qualifications.

Our meter upgrade program, which started in 2020, is on pace to be completed this year. As presented before, the technology associated with these meters will significantly improve our ability to serve you. Also, our SmartHub app, which allows you to see what is happening at your meter on an almost real-time basis and receive communications from CTEC, is being utilized by more of our members.

Operationally, CTEC maintains very high-quality service to our members and continues to make your satisfaction our highest priority. The CTEC staff has done a tremendous job of achieving that service level with efficiency and safety in mind. With safety as a priority, I'm proud to say that CTEC has not suffered a lost-time accident in more than 850 days, and we are continually striving for even more.

The board had four director elections this year. The incumbent candidates each were reelected and will be reelected in August. Congratulations to Mark Reeve, District 2; Connie Stockbridge, District 3; Wayne Seipp, District 4; and Joby Wieser, District 5. I look forward to continuing to serve with each of these dedicated directors!

I would be remiss if I didn't give a shoutout to all of the dedicated employees that have given CTEC their time, blood, sweat and tears since 1946. One of the scenes from this year's video struck me as so real and representative of these employees doing their job. I'm not sure what year it was, but the image is of a crew setting a 400-pound wooden pole using pikes to stand under the pole and push the pole up so that it would settle into a hand-dug hole. I'm sure that list of employees includes some of your friends and family, and I would ask that you reach out to those folks—past and present—who participated in making CTEC the success it is today and say, "Thank you."

Again, it has been both an honor and a privilege for me to serve as your board president for the past four years, and I am excited to see each of you at our annual meeting in Fredericksburg. Although there are no specific business issues for the members to vote on this year, the cooperative needs to formalize the reelection of the directors noted above. If you cannot attend, please return the proxy ballot attached to this magazine.

If you have any questions or comments, feel free to contact me or any other director. We will be more than happy to answer or assist you, our member-owners.

Stay safe and healthy!

A handwritten signature in blue ink that reads "Mark Hahn".

Mark Hahn, President

Central Texas Electric Cooperative Board of Directors

CTEC Employees

Robert A. Loth III, Chief Executive Officer

More Than 45 Years

Rosaline Meurer
James Tinsley
Patrick Stahl

More Than 40 Years

Debra Duecker
Dennis Crenwelge
Brian Ransleben
Frank Wooten
Timmy Chew
Glen Davis

More Than 35 Years

Ken Price
Curtis Rogers
Stuart Stech
Michael Nebgen
Robert Loth III
Linda Pape
Randall Brown
Jan Nebgen
Adolf Gold
Randall Stahl
Arthur Wunderlich

More Than 30 Years

David Bernhard
Bryan Hadsell
Tammy Baker
Janet Herber
Crissy Segner
Deana Stafford

More Than 25 Years

Donald Weed
Susan Zambrano
Dave Oestreich
David Gardner

More Than 20 Years

Tawnya Boos
Ricky Weidenfeller
Danny Reeh
Mark Luedecke
Jerry Prochnow
Connie Davis
Sandra Sebera
Bruce Ottmers
Daniel Gainer
Samuel Martinez
Gary Wehmeyer
Chad Eckhardt
Janice Durst
Ricky Baker
Bobby Tatsch
Bobby Reed
Clyde Cavness

More Than 15 Years

Eric Kloeppe
Patricia Stehling
Joshua Burrier
Jason Schroeder
James Woolson
Steven Burow
Douglas Crenwelge
Candi Stahl
Leslie Griffith
Kimberly Alford
Donna Lingnau
Raul Carion
Linda Eckhardt
George Page
Dennis Ransleben

More Than 10 Years

Buck Barnett
Steven Smith
Ginger Burow
Craig Moldenhauer
Robert Sagebiel
Jon Pankratz
Jeremy Gold
Terri Kleen
Jordan Haynie
Scott Durst
Jeromy Morrison
Ronald Ersch
Regena Gray
Bryan Smith

More Than 5 Years

Matthew Wood
Gary Parish
Travis Atkins
Jonathan Pendley
Donald Flach
Jonathan Reinke
Johnny Spradlin
Aaron Usener
Steve Murrow
Matthew Radel
Jennifer Barnett
Sharon Copeland
Gail Sawyer
Joshua Brown
Brandy Barrientes
Marsha Crenwelge
Mark Barrett
Michael Robinson
Richard Herbert
Roper Mikulenko
Alex Britton
Matthew Irons
Carlette Bonn
Fernando Albiter
Joni Houston
William McBee
Westin Hall

Up To 5 Years

Dennis Elmore
Travis Hill
Logan Toone
Michael Rusche
Kyle Reed
Bianka Vazquez
Bradley Tatsch
Daniel Herbert
Patricia Reson
Daniel Rusche
Dylan Fluitt
Phillip Sloss
Douglas Henderson
Patrick Duffy
Jimmie Cherry
Jason Pesek
James Payne
Matthew Usener
Philip Hawkes
Curtis Curtner
Jake Alford
William Laverty
Marshall Jennings
Katrina Reed
Nicholas Smoot
Jeremy Morse
Angela Wiley
Jeremy Collazo
Jacob Venable

CTEC Service Area

CTEC DISTRICTS

District	Description	Number of Directors
1	Kendall County	1
2	Kerr, Real and southern Kimble counties	1
3	Mason, McCulloch, Menard and northern Kimble counties	2
4	Llano County	3
5	Gillespie and Blanco counties	3
6	San Saba County	1

CTEC OFFICES

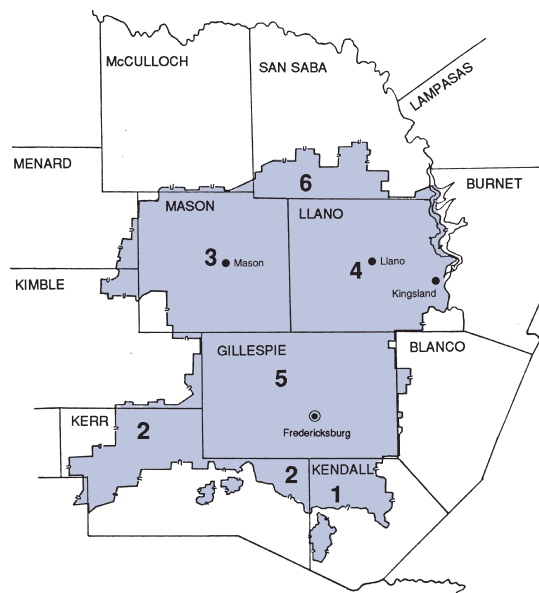
Fredericksburg Headquarters

386 Friendship Lane, (830) 997-2126, 1-800-900-CTEC (2832)

Llano 1410 E. State Highway 29

Mason 1881 E. State Highway 29

Kingsland 706 Cottonwood Drive



Director Elections

On the Ballot at This Year's Annual Meeting



MARK REEVE
District 2

Occupation: Athletic director/coach.

Previous employment: Texas Lutheran University.

College attended: Bachelor of Science from Southwest Texas State University and Master of Science from Texas A&M University Kingsville.

Current membership and offices held in organizations: Texas Baptist Men Disaster Relief Kerrville Chapter; Kerrville Farm Bureau; volunteer minister and life skills teacher at Kerr County Jail; chairman of deacons at Sunrise Baptist Church of Kerrville; chairman of the board policy review committee at Central Texas Electric Cooperative; founder of the One for the Hungry Kerr County; completed NRECA's Credentialed Cooperative Director program.



CONNIE STOCKBRIDGE
District 3

Occupation: Retired from banking.

Previous employment: Executive vice president and senior lending officer of Mason Bank.

Current membership and offices held in organizations: Director and treasurer at Central Texas Electric Cooperative; director at Mason Bank; treasurer of the Friends of the Mason County Courthouse Rebuilding Committee; Fort Mason Golf Association; board member and treasurer of Bluebonnet CASA; member of First United Methodist Church and serving on the church's foundation; completed NRECA's Credentialed Cooperative Director program.

Past membership and offices held in organizations: Mason City Council member, six years; Mason City mayor, three years; treasurer of Fort Mason Golf Association nine years; president and treasurer of Mason County Chamber of Commerce.



WAYNE W. SEIPP
District 4

Occupation: Rancher and part-time technician for Gillespie County Soil and Water Conservation District.

Previous employment: Retired from U.S. Department of Agriculture, Natural Resources Conservation Service—Marfa, Balmorhea, Hondo, Kerrville and Fredericksburg offices, 37 years.

College attended: Sul Ross State University and Texas Tech University (Bachelor of Arts and Master of Science).

Current membership of offices held in organizations: Director at Hill Country Youth Commercial Heifer Association; member of the Texas and Southwestern Cattle Raisers Association; director of the Society for Range Management; certified professional in range management; director at Rangeland Consultants Inc.; member of Christ Lutheran Church; census chairman of Prairie Mountain Wildlife Management Association; member of Prairie Mountain Community Club; completed NRECA's Credentialed Cooperative Director program.

Past membership and offices held in organizations: Member of the Soil Conservation Society of America; president of the Marfa Roping Club; president of the Jeff Davis County Livestock Association; swine superintendent for the Big Bend Livestock Association.



JOSEPH B. "JOBY" WIESER
District 5

Occupation: Farmer.

Previous employment: Central Texas Electric Cooperative.

College attended: Texas A&M University.

Current membership and offices held in organizations: Completed NRECA's Credentialed Cooperative Director program.

Consolidated Balance Sheet

December 31, 2021 and 2020

ASSETS	2021	2020
UTILITY PLANT AT COST		
Electric Plant in Service	\$269,348,993	\$255,847,688
Other Property and Equipment	273,458	279,170
Construction Work in Progress	<u>15,328,494</u>	<u>6,162,113</u>
	\$284,950,945	\$262,288,971
Less: Accumulated Provisions for Depreciation	<u>86,662,218</u>	<u>80,170,297</u>
	<u>\$198,288,727</u>	<u>\$182,118,674</u>
OTHER PROPERTY AND INVESTMENTS— AT COST OR STATED VALUE		
Investments in Associated Organizations	<u>\$ 4,846,098</u>	<u>\$ 4,669,724</u>
	<u>\$ 4,846,098</u>	<u>\$ 4,669,724</u>
CURRENT ASSETS		
Cash—General	\$ 319,513	\$ 217,259
Cash—Restricted	826,360	692,160
Temporary Investments—Cash Equivalents	8,085,960	
Temporary Cash Investments	12,500,000	
Accounts Receivable (less allowance for uncollectibles of \$191,134 in 2021 and \$162,130 in 2020)	6,282,741	5,267,809
Unbilled Revenue	726,266	807,052
Current Maturities of Notes Receivable		56,219
Materials and Supplies	3,101,778	3,109,194
Prepaid Power Cost	1,585,697	1,373,003
Other Current and Accrued Assets	<u>184,992</u>	<u>150,076</u>
	<u>\$ 33,613,307</u>	<u>\$ 11,672,772</u>
DEFERRED CHARGES	<u>\$ 3,711,835</u>	<u>\$ 4,230,086</u>
TOTAL ASSETS	<u>\$240,459,967</u>	<u>\$202,691,256</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	\$ 660,565	\$ 639,660
Patronage Capital	92,192,313	88,024,192
Other Equities	3,397,624	3,105,349
Accumulated Other Comprehensive Income	<u>370,448</u>	<u>308,409</u>
	<u>\$ 96,620,950</u>	<u>\$ 92,077,610</u>
LONG-TERM DEBT		
CFC Mortgage Notes Less Current Maturities	\$ 98,954,187	\$ 88,431,950
Other Long-Term Debt—Grant Funds	<u>400,000</u>	<u>400,000</u>
	<u>\$ 99,354,187</u>	<u>\$ 88,831,950</u>
POST-RETIREMENT BENEFIT OBLIGATION		
	<u>\$ 833,566</u>	<u>\$ 914,339</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 4,416,000	\$ 4,254,000
CFC Line of Credit		3,658,468
Current Portion of PRBO	93,844	118,924
Accounts Payable—Purchased Power	4,152,980	3,862,224
Accounts Payable—Other	2,336,897	1,883,664
Overbilled Power Cost Adjustment	16,831,955	1,233,842
Consumer Deposits	976,354	802,322
Accrued Taxes	1,080,609	963,866
Accrued Interest	317,059	304,001
Patronage Capital Payable	1,529,590	1,251,705
Accrued Employee Compensated Absences	457,261	437,794
Other Current and Accrued Liabilities	<u>538,509</u>	<u>527,237</u>
	<u>\$ 32,731,058</u>	<u>\$ 19,298,047</u>
DEFERRED CREDITS	<u>\$ 10,920,206</u>	<u>\$ 1,569,310</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$240,459,967</u>	<u>\$202,691,256</u>

Consolidated Statements of Income, Comprehensive Income and Patronage Capital

For the Years Ended December 31, 2021 and 2020

	2021 AMOUNT	%	2020 AMOUNT	%	INCREASE (DECREASE)
OPERATING REVENUES					
Residential	\$51,355,416	96.6	\$53,044,277	75.4	\$ (1,688,861)
Irrigation	412,681	0.8	515,788	0.7	(103,107)
Commercial and Industrial—Small	6,937,450	13.1	7,084,678	10.1	(147,228)
Commercial and Industrial—Large	5,244,082	9.9	7,724,159	11.0	(2,480,077)
Public Street and Highway Lighting	95	0.0	97	0.0	(2)
Other Sales for Resale	2,175,000	4.1		0.0	2,175,000
Unbilled Revenue and Power Cost Adjustment	(15,678,900)	(29.5)	(490,365)	(0.7)	(15,188,535)
Rent From Electric Property	411,851	0.8	416,770	0.6	(4,919)
Other Electric Revenue	1,269,772	2.4	1,052,900	1.5	216,872
Other Revenue—Net of Cost of Goods Sold	968,607	1.8	949,473	1.4	19,134
Total Operating Revenues	\$ 53,096,54	100.0	\$ 70,297,777	100.0	\$ (17,201,233)
OPERATING EXPENSES					
Purchased Power	\$18,092,962	34.1	\$38,120,614	54.2	\$ (20,027,652)
Transmission—Maintenance	3,982	0.0	1,836	0.0	2,146
Distribution—Operation	4,899,940	9.2	4,603,274	6.5	296,666
Distribution—Maintenance	5,126,473	9.7	4,627,080	6.6	499,393
Consumer Accounts	1,696,294	3.2	1,614,809	2.3	81,485
Customer Service and Information	1,032,133	1.9	1,002,465	1.4	29,668
Administrative and General	3,182,033	6.0	3,136,334	4.5	45,699
Internet Operations	614,251	1.2	601,280	0.9	12,971
Depreciation	8,103,784	15.3	7,797,656	11.1	306,128
Taxes	168,937	0.3	167,697	0.2	1,240
Other Interest	17,896	0.0	28,587	0.0	(10,691)
Other Deductions	124,245	0.2	84,166	0.1	40,079
Total Operating Expenses	\$43,062,930	81.1	\$61,785,798	87.8	\$ (18,722,868)
OPERATING MARGINS—BEFORE FIXED CHARGES	\$10,033,124	18.9	\$ 8,511,979	12.2	\$ 1,521,145
FIXED CHARGES					
Interest on Long-Term Debt	3,865,371	7.3	3,857,280	5.5	8,091
OPERATING MARGINS—AFTER FIXED CHARGES	\$ 6,167,753	11.6	\$ 4,654,699	6.7	\$ 1,513,054
Other Capital Credits	538,408	1.0	500,597	0.7	37,811
NET OPERATING MARGINS	\$ 6,706,161	12.6	\$ 5,155,296	7.4	\$ 1,550,865
NONOPERATING INCOME					
Interest Income	\$ 57,798	0.1	\$ 55,245	0.1	2,553
Other Nonoperating Income	27,403	0.1	48,597	0.1	(21,194)
Gain on Disposition of Property	10,929	0.0	51,180	0.1	(40,251)
	\$ 96,130	0.2	\$ 155,022	0.3	\$ (58,892)
NET MARGINS BEFORE PROVISION FOR INCOME TAXES	\$ 6,802,291	12.8	\$ 5,310,318	7.7	\$ 1,491,973
PROVISION FOR INCOME TAX EXPENSE	(24,671)	0.0	(22,221)	0.0	(2,450)
NET MARGINS	\$ 6,777,620	12.8	\$ 5,288,097	7.7	\$ 1,489,523

2021 Revenue Distribution



Minutes of the Annual Membership Meeting of Central Texas Electric Cooperative, Inc.

Held Tuesday August 17, 2021

THE ANNUAL MEMBERSHIP MEETING of Central Texas Electric Cooperative Inc. was held Tuesday, August 17, 2021, at the Fredericksburg High School Auditorium in Fredericksburg, Texas.

Board President Mark Hahn opened the meeting by introducing himself and welcoming all present. Hahn invited fellow CTEC board member James Low to give the invocation.

Hahn then asked the audience to stand for the Pledge of Allegiance and National Anthem.

Hahn officially called the meeting to order at 7:08 p.m.

Hahn directed the audience's attention to a video presentation in which the following current directors of the cooperative introduced themselves: Mark Hahn, Tim Lehmborg, Connie Stockbridge, Doyleene Bode, Tommy Duncan, Allen Goodwin, James Low, Scott Olguin, Mark Reeve, Wayne Seipp and Joseph Wieser.

Hahn then called Secretary Bode to the podium.

Bode stated that the first order of business would be to establish a quorum. The Articles of Incorporation of Central Texas Electric Cooperative Inc. provide that to constitute a quorum at a membership meeting, one thousand (1,000) members must be present in person or by proxy. Bode stated that a quorum of members was registered for the meeting with one hundred forty-nine (149) members registered in person and one thousand two hundred one (1,201) members registered by proxy, for a total of one thousand three hundred fifty (1,350) members. Bode declared that the meeting was officially convened. Bode then drew attention to the screen on the stage for the Notice of the Annual Membership Meeting and Proof of Mailing.

Bode stated that members attending the Annual Membership Meeting had been given a copy of the minutes of the 2020 Annual Membership Meeting when registering. Bode asked the assembly if there were any corrections to those minutes. There being none, Bode declared that the minutes stand approved by unanimous consent.

Bode called Board President Hahn back to the podium to conduct the election of directors. Hahn recognized the nominees selected at their respective district meetings:

- District 1—Kendall County: Wynne Rae Whitworth
- District 3—Mason County: Mark Hahn
- District 4—Llano County: Fermin Ortiz
- District 5—Gillespie County: Doyleene Bode

Hahn reported that no other nominations had been received; therefore, all of the district meeting nominees were unopposed at this general election. In accordance with Article III, Section 3, of CTEC's Bylaws, the four nominees were elected by acclamation. President Hahn congratulated the newly elected directors. President Hahn then introduced the Annual Report Video Presentation. At the conclusion of the video presentation, CEO Robert A. Loth III took the stage and introduced himself.

Loth recognized employees that have been with the Cooperative for five (5), ten (10), fifteen (15), twenty (20), twenty-five (25), thirty (30), thirty-five (35), forty (40) and forty-five (45) years.

President Hahn then took the stage to recognize the outgoing directors and thank them for their service on the CTEC Board of Directors: Allen Goodwin, District 1 Kendall County, and Tommy Duncan, District 4 Llano County.

CEO Loth joined Hahn onstage for the Q&A portion of the meeting. Hahn explained procedures for the Q&A portion and opened the floor for member questions.

At the conclusion of the Q&A session, President Hahn thanked the members for attending.

There being no further business, Hahn declared the meeting adjourned; time of adjournment was 7:40 p.m.

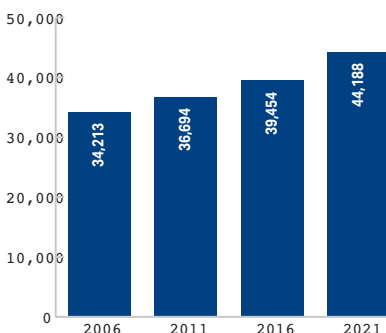
Submitted by:



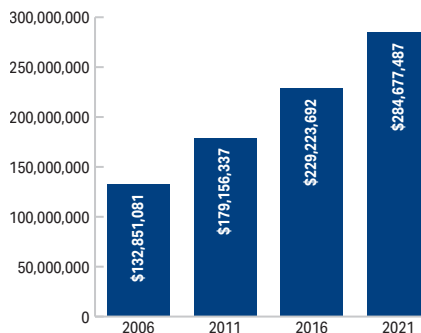
SECRETARY

CTEC Growth and Power Cost

Meters



Plant



May Power Bill (1,500 Kilowatt-Hours)

