

A Letter from the Board President

As president of the HILCO Electric Board of Directors, I would like to share some 2009 accomplishments of our dedicated staff and employees under the direction of the board and Debra Cole, our General Manager-CEO. Our commit-



*President
Bill Allen*

ment remains the same: to provide reliable electricity and dependable service to our members at an affordable cost.

In addition to successfully implementing several programs and procedures, we have once again made significant strides in the financial area. We are extremely proud to report that, for the second year in a row, HILCO has been able to reduce its outstanding long term debt.

TECHNOLOGY UPGRADES

We are continuing our project to enter the entire HILCO electric system into mapping software that is compatible with the customer information and accounting software we are using. As a part of this process, GPS coordinates were recorded for each meter, pole and every piece of equipment in the HILCO system. The project began in 2008 and is projected to reach completion this year.

HILCO completed procedures in 2009 to move our cooperative to a near paperless process. Field personnel vehicles have been equipped with laptops for mobile communications. This equipment has produced labor savings in performing paperless work orders and service orders.

Plans and system improvements have made it possible to install an electronic system called "Supervisory Control and Data Acquisition" (SCADA). The system will allow a supervisor on duty to control

system equipment, like regulators and breakers, from an office computer, saving time and money, reducing outage time, and preparing for future Smart Grid capabilities.

Electronic mail remittance equipment was installed in 2009 which allows for electronic picture capture of all documents processed.

FINANCIAL and REGULATORY NEWS

As the result of our latest Cost of Service study, some adjustments were necessary to allocate costs among residential, commercial and industrial members in an equitable manner. Our increases have been small in an attempt to get our rates to an acceptable level without causing a burden on our members. The board advised members about peak pricing and implemented a "beat the peak" program to help lower power costs.

As previously mentioned, the cooperative reduced long term debt in 2009, and funds were used for various types of energy efficiency and conservation programs.

ENERGY CONSERVATION

Since Compact Fluorescent Light Bulbs (CFLs) produce such significant savings, HILCO will have CFLs available to members. We will continue to offer useful suggestions and ideas to conserve energy through the state and local pages of *Texas Co-op Power*. The board is also working on other cost saving solutions to pass on to our members and will make those announcements later this year.

The board has approved plans to utilize funds reimbursed by the state for refrigerator-freezer energy efficiency upgrades in 2010. Additionally, HILCO will provide rebates to members for heating and air conditioning units maintenance and tune ups. While supplies last, water heater

blankets will be provided to members who have electric water heaters and take advantage of HILCO's free energy audits.

Members were notified about weatherization and other energy conservation measures. Conservation kits were handed out at the picnics and to members at local HILCO offices.

SATELLITE OFFICES

The Whitney office facility houses HILCO water and propane operations in addition to electric activities. Our office in Midlothian has provided a convenient outlet for members in our northern service area to conduct electric business. HILCO has become a vital part of those communities, participating in local activities.

RENEWABLE ENERGY

HILCO has continued procedures to assist members installing wind generation and solar electric devices at their homes and/or businesses in an effort to reduce their dependency on central station generation. Working with these members, we have implemented net metering to properly credit members for the electricity they do not use from HILCO when their distributive generation devices are producing kilowatts to support their electric needs. By the use of self-generation, it may be possible for members to reduce their electric bills and still have dependable HILCO power as a backup.



MEMBER BENEFITS

A valuable benefit for HILCO members throughout the service territory continues to be the Co-op Connections Card. Not only do members save on prescriptions by using the Card, but many local businesses have signed on to the program by offering more valuable discounts. Check the Co-op Connections Card link on the **hilco.coop** website often-new local and national vendors honoring the discount card are being added monthly.



We plan to continue offering the Co-op Connections Card for member discounts. Additionally, members also receive a discount for Internet service from Skybeam and discounted memberships in CareFlite air ambulance service.

In 2009, HILCO hosted two electronics recycling events. 128 pallets of equipment that otherwise might have ended up in landfills were collected for recycling at no charge to the members who brought their old electronics to HILCO in an effort to protect our environment. We will repeat the highly successful electronics recycling program this year.

One thing that makes cooperatives unique is the return of funds through Capital Credits. We are proud to report that HILCO returned over \$214,000 to our members in 2009.



NOTICE TO ALL HILCO MEMBERS

In 2010, our Member Appreciation Picnic will be combined with our Annual Business Meeting on September 21 at the Waxahachie Civic Center. The southern Picnic will still be at West Fraternal Hall on July 29. The combined Picnic/Business Meeting will alternate every other year between the two locations.

COMMITMENT TO COMMUNITY

HILCO remains committed to our members and the communities we serve with several projects throughout the year. Members continue to assist several organizations in our service area through Operation Round Up[®], an organization sponsored by HILCO, but funded exclusively by the voluntary contributions of our members. Members and others in the community support our ongoing blood drive program in partnership with American Red Cross. HILCO provides electrical safety programs to schools and organizations upon request.

In keeping with one of our oldest traditions, HILCO members enjoy the Annual Member Picnics. The events are held in two convenient locations, featuring a complimentary barbecue dinner, live entertainment, displays, current information, and prize drawings.



THE YEAR AHEAD

The year 2010 will likely bring more regulations, and taxes inspired by environmental issues that may directly affect the cost of electricity. Please be assured that your board of directors and HILCO's staff will continue our efforts to educate our elected officials on the impact their actions can have on our electric rates. We have asked you, our members, to join our efforts to let them know we must have power at an affordable cost.

Several of our members have expressed their wishes to have our Annual Business Meeting at a more convenient time. We have responded by having the meeting combined with one of the annual picnics every year. This year, the meeting will be in conjunction with the northern picnic at the Waxahachie Civic Center. The location of the Annual Business Meeting will alternate every other year; with next year's meeting combined with the southern picnic at West Fraternal Hall.

On behalf of the entire HILCO Electric Cooperative Board of Directors, I would like to thank everyone for all you are doing to conserve energy and for your continued support. We will continue working to provide our members with reliable, affordable electric service.

**Bill Allen, President
HILCO Board of Directors**



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