

THE LINE

\$1.2 MILLION IN CAPITAL CREDITS RELEASED

The Cooperative's Board of Directors has authorized the release of \$1.2 million of patronage capital (capital credits). Scheduled for release in mid-September 2005, this amount represents one-third of the balance of credits allocated in 1993.

Capital credits are a unique feature of member-owned telephone cooperatives. Much like retained earnings of other types of organizations, capital credits serve to build equity and maintain reserves, which is necessary to keep our rates stable.

Each year, after the books have been closed and audited, each member's amount of capital credits is calculated based on the amount of revenue provided. These amounts are then recorded

and members are notified of the amount of capital credits that have been allocated to them for that year. Upon reviewing the financial position of the Cooperative, the Board of Directors determines how much, if any, capital credits will be refunded to the members. The Board considers the level of reserves, future need for capital, and the equity level of the Cooperative.

Anyone with questions about their capital credit membership account is welcome to contact our Business Office at 367-5333 or 1-800-292-5457, or email busofc@hctc.net. Should you leave our service area, it is important that you keep us informed of your current mailing address for distribution of notices and/or checks when funds are released.

Thank you for being a part of our Cooperative!

2005 ANNUAL MEMBERSHIP MEETING

★ HILL COUNTRY YOUTH EXHIBITION CENTER ★

3805 State Hwy. 27 East - Kerrville

MONDAY, OCTOBER 3, 2005

Registration at 6 p.m.

Barbeque Brisket and Sausage Dinner at 7 p.m.

Meeting begins at 8 p.m.

Door Prizes

HAYNIE AND CHISUM SEEK RE-ELECTION

Members from four districts will elect directors for three-year terms to commence October 3, 2005. Directors seeking re-election are James W. Haynie (District #3-Mt. Home & Garven Store) and Billy R. Chisum (District #9-Frio Canyon). Allen Schwanke (District #6A-Comfort & Sisterdale) and Jean Mosty (District #7-Center Point) will not seek re-election. **NOTE:** For nominating procedures, please refer to Article IV of the Bylaws located in the back of the cooperative's telephone directory.

The official notice of the meeting and ballots for director elections will be mailed to all members in September.

We will be closed on September 5, 2005, in observance of Labor Day.

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BASTIAN APPOINTED TO BOARD



In May, the Cooperative's Board of Directors appointed Ed Bastian to fill the vacated position of Director-District #1B (Ingram Exchange). Ed succeeds Harvie Bird who retired in March 2005.

Born and reared in Houston, Ed moved to the Texas Hill Country in 1963. Choosing a career in telecommunications, Ed worked at Kerrville Telephone Company in outside plant, central office, business systems and DirecTV, serving the last 17 years as the Installation & Repair Foreman. Ed retired in 1997 with 30 years service.

A member of Hill Country Telephone Cooperative, Inc. since 1989, Ed resides in Ingram with his wife Arnell. They have one daughter and one grandson. Ed is a Deacon at First Baptist Church Ingram, where he also serves on the Stewardship Committee and Building and Grounds Committee. In his spare time, Ed enjoys woodwork, hunting, fishing and RV travel.

AUTOMATED BANK DRAFT PROGRAM

Customers no longer have to write a monthly check or visit our office to make their payment with our automated bank draft program. A quick and convenient way of paying your monthly telephone bill, draft services are available on checking and savings accounts as well as Visa and MasterCard accounts. And its free.....there are no sign up charges or monthly fees.

When you sign up for this service, we will automatically draft your account for the amount of your monthly telephone bill. You will continue to receive your itemized bill each month as usual, only the amount due will be marked 'PAID BY AUTOMATIC DRAFT'.

Bank drafting can begin as soon as your next statement. Call our Business Office today!



Each October, cooperatives all across America celebrate the role, accomplishments and contributions of our nation's cooperatives. The annual awareness plays a key role in promoting cooperatives to our members as well as to the public and policy makers.

The idea of celebrating the special nature of cooperatives first appeared in 1924 in Waukegan, Illinois, and became an October event in 1930. Soon, the October Co-op Month celebration spread to other states, and in 1964, became a national event when U.S. Secretary of Agriculture Orville Freeman proclaimed National Co-op Month.

Serving 120 million members, cooperatives fall into four categories: consumer, producer, worker and purchasing/shared services. They operate in virtually every industry and range in size from small storefronts to Fortune 500 companies.

Despite this diversity, cooperatives have much in common. They are owned and democratically controlled by the people who use their services or buy their goods. And they are motivated by service to their members, not by profit, giving cooperatives an uncommon loyalty and commitment to the communities in which they are located.

***Cooperatives: Owned by Our Members,
Committed to our Communities***

Business Telephone Systems

NORTEL NORSTAR
Authorized Dealer

PBX - Key Systems

includes complete installation & maintenance

**For a free quote call us
at 830-367-5333
or 1-800-292-5457**



Telephony Trivia

Person

American inventor Elisha Gray contested the invention of the telephone with Alexander Graham Bell.

History

In 1831, Englishman Michael Faraday proved that vibrations of metal could be converted to electrical impulses. This was the technological basis of the telephone.

Numbers

In the United States, it took the car 44 years to achieve a 25% market share; 35 years for the phone; and only 7 years for the Internet.

Wordplay

Decibel is an eponym (a word whose origin is the name of a person), as it originated from the name of Alexander Graham Bell, the inventor of the telephone and benefactor to the deaf.



Pictured above are the more than 100 high school juniors from across rural America who attended the 2005 Foundation for Rural Service (FRS) Youth Tour; in Washington, D.C., this past June. Amanda Givens (Ingram Exchange) and Paul Springer (Frio Canyon Exchange) represented our Cooperative.

Helping bridge the digital divide in rural America are the nation's 270 local, consumer-owned telecommunications cooperatives.

USDA TO OFFER FORUMS FOR 2007 FARM BILL

In an effort to develop recommendations for a new Farm Bill, the U.S. Department of Agriculture (USDA) has announced a public comment period, as well as a series of public forums around the country. The primary topics addressed at the forums will reflect various issues affecting rural America, including commodity prices, conservation and economic development.

To submit public comments online or for dates and locations of the public forums, please visit the USDA web site at www.usda.gov. Public comments can also be mailed to USDA Secretary of Agriculture Mike Johanns, Attn: Farm Bill, 1400 Independence Avenue, SW, Washington, DC 20250-3355.

FARM BILL PRIMARY TOPICS

Throughout the comment period, which ends December 30, the public is invited to submit comments on six questions that specifically address the following policy considerations:

1. How should farm policy be designed to maximize U.S. competitiveness and the country's ability to effectively compete in the global markets?
2. How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?
3. How should farm policy be designed to effectively and fairly distribute assistance to producers?
4. How can farm policy best achieve conservation and environmental goals?
5. How can federal rural and farm programs provide effective assistance in rural areas?
6. How should agriculture product development, marketing and research-related issues be addressed in the next Farm Bill?

FTC FACTS for Consumers

How to Stay Safe Online

If you listen to the news, you've probably heard about hackers and viruses. The best protection is your personal commitment to online safety, whether you use a dial-up or high-speed connection to access the Internet.

Here are 10 tips recommended by the Federal Trade Commission (www.ftc.gov) that can enhance your protection against hackers and viruses:

- **Use anti-virus software.** Avoid lost data or costly repairs to your system by installing and using software that scans your computer and incoming email for viruses and then deletes them.
- **Regularly update anti-virus software.** Anti-virus software must be updated routinely with anti-dotes to the latest "bugs" circulating through the Internet.
- **Don't fall for a fibbing email.** Hackers who use the Internet to access computers without permission often lie to get you to open the attachments.
- **Use strong passwords.** Because hackers use programs that can try every word in the dictionary, use passwords that include number or symbols. Don't use your personal information or login name.
- **Take advantage of your software's security features.** Chances are your web browser and operating system software offer options for increasing your online security. Check the "Tools" or "Options" menus for built-in security features.
- **Back up important files.** Since no system is completely secure, copy important files stored on your computer onto removable disks and place them in a safe place.
- **If your computer is infected, take action immediately.** Disconnect from the Internet and scan your entire computer with fully updated anti-virus software. Before reconnecting, assess what happened to minimize the chances of a recurrence (i.e., did you open an email attachment; is your anti-virus software out-of-date).
- **Report serious incidents.** If you think you've been hacked, report the incident to your Internet provider and the hacker's provider (if you can tell who it is).
- **Install a firewall.** Unlike anti-virus software that scans your incoming communications and files for viruses, a firewall helps make you invisible on the Internet and blocks all communications from unauthorized sources.
- **Turn off software features that you don't use.** Some software features (such as instant messaging, printer-sharing or file-sharing) are typically "on" when a computer is shipped and are excellent entry points for hackers.

WebWatch

digitalhome.cnet.com

Interactive video tutorials teach non-geeks how to set up HDTV, install a wireless home network or stream digital music from a PC to another room in the house. The Convince Me pages are geared toward the skeptical spouse. Visitors are invited to vote on which projects CNET's experts should tackle next.

answers.com

When you want fast facts about someone or something, try plugging your query into the general search field or browsing the directory of reference material. You'll get dictionary definitions and encyclopedia articles culled from Wikipedia and other resources licensed from a variety of publishers.

idtheftcenter.org

A surge in identity-theft crimes in recent months makes the Identity Theft Resource Center, run by a San Diego-based nonprofit organization, a must-read for consumers. In particular, please see Scams and Consumer Alerts, updated every 6 weeks and more frequently if a major scam alert needs publicizing.

Community.



Lots of businesses talk about their commitment to community. For cooperatives, it's more than talk. It's what we're all about.

We're owned by our members, and we work in almost every economic sector: housing, retail, financial, health and child care, utilities, and agriculture.

We're in it for the long haul... strengthening communities through jobs, service and community involvement.



Cooperatives.

Owned by Our Members,
Committed to Our Communities.