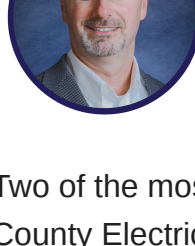




# CURRENT CONVERSATIONS

November 2024



## Winter Storm Uri Debt Questions

Two of the most frequent questions I hear from members are when will Tri-County Electric Cooperative (TCEC) pay off the Winter Storm Uri debt and how much debt has been paid off.

During the [2024 Annual Meeting](#) and the September [Current Conversations](#), I covered TCEC's other debt, how it was incurred and how it is being addressed. We acknowledged that one or two market events in ERCOT with high wholesale power prices could have pushed TCEC over the financial edge in 2024. So, now we will address the Winter Storm Uri debt, and how TCEC is moving from the problem to the solution.

### TCEC Winter Storm Uri Debt

TRANCHE	ORIGINAL	CURRENT BALANCE AS OF 9/30/24	INITIAL REPAYMENT PERIOD	REVISED DUE DATE
1	\$60 Million	\$58,379,772	Fall 2024	2047
2	\$50 Million	\$48,087,147	2025	2047
3	\$50 Million	\$48,435,454	2025	2047
4	\$50 Million	\$48,376,796	2032	TBD*
5	\$50 Million	\$48,421,531	2032	TBD*
6	\$60 Million	\$58,190,905	2032	TBD*
7	\$100 Million	\$97,108,504	2037	TBD*
8	\$65 Million	\$63,162,490	2042	TBD*

\*Anticipated refinancing of debt for full 25-year period ending in 2047

The first \$60 million of the \$485 million debt from Winter Storm Uri and the subsequent 2022 Brazos bankruptcy was coming due in October. In 2025, two additional \$50 million loan payments would be due.

The Winter Storm Uri debt was structured into eight tranches, or slices of debt, each with different terms, due dates, and risk profiles. This allowed the cooperative to meet an urgent financial need in 2022, but it kicked the can down the road until the bill came due.

The bill was now due, and TCEC did not have the cash to pay it.

The Brazos Rider, the monthly fee established to help pay down this debt over a period of 25 years, had not generated the cash flow needed to make this large lump sum payment. It was never designed to.

When it was initially established, the rider was structured to generate a reliable, though variable income stream based on members' energy usage to pay down the debt over 25 years.

TCEC faced a mismatch in revenue from the rider revenue and debt expense. Further complicating the financial picture was that the initial \$60 million loan due in October had been an interest-only loan, meaning virtually all of the principal was coming due.

Under this debt structure, TCEC would not have been able to pay off the debt in 25 years. Perhaps not even in 50 years. Debt payments would have been used to cover interest costs first, making it difficult to pay down the original loan amount.

TCEC's management team needed a plan to relieve the financial pressure. Fast.

With support from the Board of Directors, the management team consolidated the first three loans in October. In doing so, the cooperative will be able to lock in a fixed interest rate and extend the payment deadlines to align with the 23 remaining years of the Brazos Rider. Now, the incoming revenue stream matches payment term for these three loans. The cooperative can now pay down the principal faster while safeguarding against inflationary pressures.

I am proud to share that multiple lenders competed to refinance the Winter Storm Uri debt. The loans were placed with Farm Credit Services (FCS) and facilitated by CoBank, one of the largest private credit providers to the U.S. rural economy.

FCS acknowledged TCEC's steps in shoring up its finances and reducing its overall debt load by selling off underutilized assets (land, vehicles, substations), which would not impact our distribution system's reliability. They recognized the cooperative for implementing financial controls and increasing budget transparency. FCS also looked favorably on TCEC's long-term sustainable power supply plan for 2025-2029. This pricing certainty gave FCS the confidence to refinance the Winter Storm Uri debt with favorable terms.

Looking forward, TCEC will likely restructure the remaining Winter Storm Uri debt following the same process and pattern as with the first three loans. In the near term, the focus is implementing the new power supply strategy, an essential step in supporting the cooperative's financial health. I'll provide additional details on these plans in December's *Current Conversations*.

*Scott Spence*

Scott Spence  
President & CEO

## MEMBER CONNECTION

With a commitment to transparency in mind, TCEC is launching Member Connection, a series of informal in-person meetings. Beginning this January, members will have the chance to bring questions, comments and concerns directly to TCEC's leadership team.

Due to the sheer size of TCEC's service area, these meetings will be held in communities across TCEC's districts. Keep an eye out on future *Current Conversations* issues for more details on the meeting schedule and locations.

### New this month in the

#### MEMBER INFORMATION CENTER

2022 & 2023  
IRS FORM 990

### Runoff Election

Voting in the runoff election for District 3 and District 6 Board of Directors is open now through Friday, November 22. Ballots are included in the November issue of *Texas Co-op Power* magazine. Members with email addresses on file received ballots online on November 1. Please note that voting is open to all members, not just those who live in Districts 3 and 6.

Visit [tcectexas.com/director-elections](https://tcectexas.com/director-elections) to learn more about the runoff election candidates.

Results will be announced during a virtual member meeting at 6 p.m., Tuesday, November 26.

Thanks to generous sponsors, 25 members who vote in the runoffs will be randomly selected to win a \$100 credit to their electric account.

### DISTRICT 3 CANDIDATES

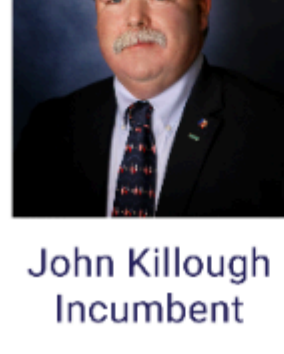


David Manning  
Nomination Candidate

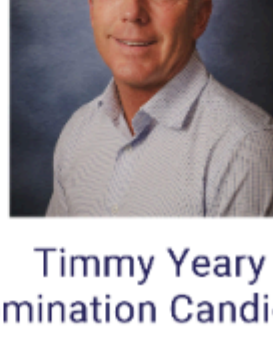


Curtis Nager  
Nomination Candidate

### DISTRICT 6 CANDIDATES



John Killough  
Incumbent



Timmy Yeary  
Nomination Candidate

*Photos used with consent of the board candidates/members.*

## VETERANS DAY

Monday, November 11

Saluting all veterans who served or are still serving our nation at home and abroad, including those who serve at TCEC.



Thank you for your service.

## Welcome to the Board of Directors

JARRETT ARMSTRONG

District 8

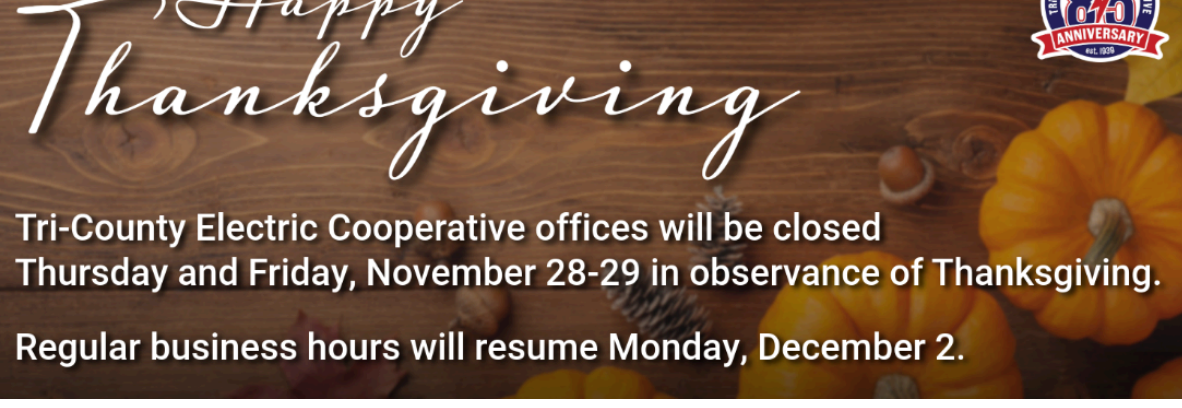
### Save Money With Prepaid Billing

Keep a closer eye on electricity usage and worry less about monthly bills by enrolling in TCEC's Prepaid Billing. No security deposit is required and you can use your existing deposit toward your balance.

This flexible spending option allows members to prepay for electricity by depositing funds into their account. TCEC will send a notification when the balance needs to be topped off. It's a great way to get a daily look at electricity use and make adjustments that are best for your home and budget.

Other benefits? There are no due dates or late fees.

Learn more about Prepaid Billing by calling Member Service at 817.444.3201.



Tri-County Electric Cooperative offices will be closed Thursday and Friday, November 28-29 in observance of Thanksgiving.

Regular business hours will resume Monday, December 2.



TCEC will be sponsoring 4 high school students on Youth Tour as part of the cooperative's commitment to supporting the growth and development of young people in our communities.



The TCEC Scholarship Program is not funded by members' electric bills. It is paid for using unclaimed funds, such as capital credit checks, that have not been cashed in three years. Texas law permits electric cooperatives to use a portion of these funds for limited purposes such as scholarships. These dollars would go to the state's general funds if TCEC did not repurpose them and reinvest the funds back into the local community.

### Helpful Links

Member Information Center

Cooperative Giving

Outage Center

Prepaid Billing

PCRF Tracker

Current Conversations

### Have Feedback?

Email [CurrentConversations@tcectexas.com](mailto:CurrentConversations@tcectexas.com)