



MESSAGE  
FROM  
PRESIDENT/  
CEO

**DARRYL  
SCHRIVER**

# Brazos Bankruptcy Update

**NEARLY SIX MONTHS** have passed since February's Winter Storm Uri wreaked havoc on the Texas electric grid, as well as many of you and your family members. Unfortunately, we are still working to deal with the aftermath of this massive weather event. As the President/CEO of your cooperative, it is my responsibility to keep you informed about our efforts to navigate the fallout from the storm and to aggressively carry out the board's directive of "leaving no stone unturned" as we investigate the events surrounding the storm.

The most significant challenge we face centers on Brazos Electric Power Cooperative, Inc. (Brazos) and its performance during Winter Storm Uri. Brazos has been our generation and transmission cooperative (G&T), which supplies Tri-County Electric Cooperative with our full requirements for wholesale power services through a long-term contract. Based on this contract, Tri-County Electric Co-op is dependent upon Brazos to protect it from events like the winter storm and the resulting financial damages. If Brazos's generation assets had operated at minimum industry standards, much of the financial devastation that has affected Brazos would have been avoided.

To this end, we remain acutely concerned about the failure of the Brazos generation assets during the storm, particularly when compared to the performance of other generators in the ERCOT market. We also continue to struggle with the lack of information that has come from Brazos since they entered bankruptcy to protect the member-cooperatives.

Each of the 16 local electric distribution cooperatives who are members of the Brazos family has worked hard to navigate the challenges presented by the winter storm. Further, we collectively relied upon our all-requirements contracts with Brazos to protect us. Although we justifiably relied upon our long-standing relationship with Brazos and its management team for this protection, it has become painfully evident that Brazos's generation fleet failed to operate in accordance with industry standards when it was most needed.

While Brazos represents less than 1% of the load in ERCOT, it is responsible for the majority of the unpaid ERCOT charges related to the winter storm. This failure by Brazos's management to exercise the appropriate skill and care in the maintenance and operation of the generation fleet was not of our making and the economic consequences of this catastrophic failure by Brazos cannot be fully borne by the 16 member-cooperatives or their member-owners. 800667116

Based upon our investigation of the events surrounding the winter storm, and the subsequent decision by Brazos to hurriedly duck into bankruptcy, our Board has taken unanimous action to call for a change in the senior management of Brazos. ERCOT's CEO, several ERCOT board members, the Chairman and Commissioners of the Public Utility Commission of Texas, and others have been asked to resign their positions based upon their failures to properly perform their duties in relation to the winter storm.

It is now time for a change at Brazos as well. The senior management of Brazos should be no less accountable for failure to properly discharge their duties than the other leaders in the state who have been held accountable for their failures and forced to resign.

A change in leadership is not only justified but is necessary so that Brazos can chart a new course for the future. We did not take this action lightly and feel that decisive action is needed to protect the financial viability of our cooperative and the best interests of you, our member-owners. This is a very fluid situation, which may take many twists and turns. We will continue to represent you to the best of our abilities, and I look forward to serving you well into the future. We are in this together. ■