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We Keep Fighting for You

THROUGHOUT 2021, I provided updates on Tri-County Electric Cooperative’s generation and transmission cooperative, Brazos Electric Power Cooperative (“Brazos”), and the status of its bankruptcy case filed on March 1, 2021. In review, during the early days of the bankruptcy, Brazos was keenly focused on the legislative process and had high hopes that some form of legislative relief would “bail out” Brazos. As the legislative session wrapped up without a state-supported bailout, Brazos pivoted to court action to reduce the approximate \$2 billion ERCOT claim, as well as certain other creditor claims, related to Winter Storm Uri that have been filed against it. 800636811

We also reported to you that the Brazos management is focused on securitization as the vehicle for Brazos to emerge from bankruptcy. Securitization simply pushes the obligations of the Brazos bankruptcy estate down to you, the ultimate consumers of the power furnished by Brazos, by adding the costs of the securitization directly to your monthly power bills. Under a securitization exit scenario, millions of dollars of debt could be issued resulting in increases to your bills for the next 15 to 30 years. It also allows Brazos to emerge from bankruptcy without making any material changes in its business model, even though there may be other business models that better serve the member-cooperatives, including the sale of assets. 4260200002

Tri-County Electric Co-op has consistently voiced its opposition to this exit scenario, which we believe is bad for you, our member-owners. Tri-County Electric Co-op is working to protect your rights and demanding that Brazos change its business model to better serve you. In fact, Brazos recently filed a Motion with the Bankruptcy Court to extend its exclusivity period which provides Brazos the “exclusive” right to present a Chapter 11 Plan of Reorganization to the Court to exit bankruptcy. Tri-County Electric Co-op filed a formal Objection to Brazos’s Motion to extend the exclusivity period. Our Objection pointed out to the Bankruptcy Court that the cost of securitization will be placed solely on your backs as the consumers of the electricity and that Tri-County Electric Co-op believes other options, such as the sale of some of Brazos’s assets, would not only help to pay Brazos’s creditors but would also help to reshape Brazos so that cooperative members are not exposed to a similar disaster in the future. This would also put Tri-County Electric Co-op and other member cooperatives in a much better position to manage future power supply transactions by putting the decision-making of our largest cost item in the hands of individual member-cooperative boards and not Brazos’s board. We expect to remain intensely active in the Brazos bankruptcy case to ensure that the Bankruptcy Judge understands our position as the second largest member-cooperative of Brazos.

You may also recall in my December column I asked that you prepare for increased power costs throughout 2022 related to updated cost projections we received from Brazos for the calendar year. These increases are largely related to the increases in the price of natural gas seen across the state and nation. Natural gas is the predominant fuel used by generators in Texas. Therefore, any significant increase in the natural gas market has a noticeable impact on electric bills. These increases to your bill will be reflected in the Power Cost Recover Factor (PCRF) portion of your bill, which we pass on to you directly from Brazos.

Your board of directors and staff will continue to actively engage in all matters related to Brazos and we will keep the best interests of our member-owners at the forefront. As we embark on a new year, our commitment to you remains the same. We will keep fighting for you. We are in this together.

I hope each of you have a happy New Year! ■



AARON BURDEN | UNSPLASH