



**DARRYL
SCHRIVER**

PRESIDENT/
CHIEF
EXECUTIVE
OFFICER

A Light at the End of the Tunnel

AS WE NEAR THE END of 2022, we know that many of you faced significant challenges. Tri-County Electric Cooperative experienced one of the hardest years in our 83-year history due to Brazos Electric Power Cooperative’s Chapter 11 bankruptcy. For those of you following my columns the past 21 months, this is not new. If you are just tuning in, or you need a refresher, below is a shortened timeline of the significant milestones. 800800103

Thankfully, there is a light at the end of the tunnel. By the time you read this, the confirmation trial will be done and Judge Jones will have ruled on Brazos’s plan to exit bankruptcy. Due to print timeline constraints, we do not have an update for this issue, but we expect the plan will be approved. We scheduled a virtual town hall for November 21 to update the membership on the hearing. If you were unable to join us, a recording is available online at tcctexas.com/brazos.

Throughout the entire Brazos bankruptcy we have fought for you, the member-owners of this co-op. I have left no stone unturned, and your board and leadership team have worked relentlessly to ensure your best interests were at the forefront. Due to these efforts, we believe you are in the best position possible post-bankruptcy. Tri-County Electric Co-op is meeting our portion of the Brazos bankruptcy debt through traditional financing methods with CoBank, a member of the Farm Credit System, rather than securitization. Securitization locks our members into paying for the debt over a period of 15-30 years. Financing with CoBank provides more flexibility to pay down debt, including using the Capital Credits we earn through CoBank to reduce our debt, rather than lining the pockets of Wall Street investors. 800755183

Traditional funding through CoBank is the best option for you, our members. Starting January 3, 2023, members will see a new line item on billing statements for the Brazos Financing Utility Plan Rider. This

2021

February 25

The state legislature starts hearings on Winter Storm Uri. Legislative officials question leaders at ERCOT and the PUC. Investigations state the ERCOT grid was within 4 and a half minutes of complete failure.

April

We continue to ask the difficult questions related to the storm, including costs. Brazos has yet to provide answers to our satisfaction. We learn Brazos’s generation fleet did not perform as expected during the winter storm, leaving us exposed to the high prices on the ERCOT market.

May

Tri-County Electric Co-op Board of Directors unanimously call for the resignation of Brazos senior management, including the Executive Vice President/CEO. Leaders of ERCOT and the PUCT were all held accountable and asked to resign based on decisions made during the storm, and it was time for change at Brazos as well.

August

Brazos considers Senate Bill 1580 and House Bill 4492 to securitize the costs of Uri. Securitization would pass on the debt to members for 15-30 year terms. We believe it’s critical to explore alternative financing options and for Brazos to explore asset sales.

February 13-19
Winter Storm Uri

March 1
Brazos files for bankruptcy in part due to the power bill received from ERCOT. The bill for one week was more than 3 times the entire power bill in 2020. As a member-cooperative, Tri-County Electric Co-op received little warning that Brazos was filing for bankruptcy.

May
We learn that if the Brazos generation fleet had performed at minimum industry standards, much of the financial devastation would have been avoided. The Brazos load comprises less than 1% of the total ERCOT load, yet Brazos holds the majority of unpaid ERCOT claims related to the winter storm.

May 31
The legislative session ends with more than 300 bills related to the state’s electric grid, mainly pertaining to regulation around weatherization of generation units, ERCOT market design, load shed obligations, creating a disaster alert system, ERCOT and PUCT governance.

November
Power costs rise due to the increased cost of natural gas.

tariff will recover costs related to Brazos Winter Storm Uri costs and costs associated with leaving Brazos as our wholesale power provider under our All-Requirements Contract. Based on the calculations according to the tariff, the amount will be \$0.0112/kWh beginning in January 2023 and will be re-evaluated every 6 months.

Please join us at 6:30 p.m. on Monday, December 12, 2022, for a virtual rate hearing to learn more about Brazos Financing Utility Plan Rider. 8004672701

We will continue to uphold our promise to take care of you, our members. While the Brazos bankruptcy is coming to a close, we still have work to do. Assuming the bankruptcy plan is confirmed, Tri-County Electric Co-op will be able to procure our own power from the ERCOT market without Brazos starting March 1, 2023. We are working with consultants and see a promising power supply future.

I want to personally and publicly thank many of our employees who have worked so hard this year during such tough economic times while doing an amazing job of serving our members' needs. The member service personnel and linemen have endured a lot of harsh comments from our frustrated members while knowing that we were all working hard for our members. The employees of this cooperative have experienced the same struggles as our members with everything going up in cost that impacts our personal lives and families. I appreciate their hard work because all that work has made the cooperative successful. Many of their efforts to do their job while taking up the mantle of assisting our cooperative with this Brazos bankruptcy has not gone unnoticed by myself and even the Tri-County Electric Co-op Board of Directors. I give God praise each day for our employees at this cooperative because I am proud to work for each of them. We are in this together. ■

NOTICE OF NEW TARIFF

Notice is hereby given that Tri-County Electric Cooperative, Inc. (the "Cooperative") intends to add a new tariff to its rates for electric service. Pursuant to Texas Utilities Code section 41.061 the Cooperative has adopted a resolution approving a new tariff effective January 3, 2023.

The proposed Brazos Financing Utility Plan Rider will be for bills mailed on or after January 3, 2023, with the corresponding usage period. It is anticipated that the proposed tariff will be \$0.0112/kWh consumed according to the calculation. The Brazos Financing Utility Plan Rider affects members in all rate classes.

You may obtain further information concerning the proposed tariff and/or a copy of the proposed tariff by calling the Cooperative at 817-444-3201.

A meeting to discuss the proposed tariff will be held virtually at 6:30 p.m. on Monday, December 12, 2022. Members may participate by streaming online at tcectexas.com/brazos or by calling 855-710-6229



And...We're Live!

BY KENNEDY L. MOORE, STRATEGIC COMMUNICATIONS SPECIALIST

ON OCTOBER 4, 2022 the Annual Meeting went live for the first time ever. The meeting has been virtual since 2020 because of COVID-19 concerns and a fast-growing membership and included prerecorded and live sessions. Holding the meeting completely live this year allowed members to receive the most up-to-date information on their co-op.

"Things went very smoothly," Director of Communications Annie Watson said. "Going live allowed us to actively connect with our members. Opting for a virtual meeting has significantly increased member participation since members do not have to drive to Weatherford."

The meeting began with President/CEO Darryl Schriver announcing the results of the Board of Directors election. A total of 19,612 ballots, or 19.2% of the membership, participated in this year's election – vastly exceeding the quorum requirement of a minimum 3% of membership participation. Districts 5, 7, and 9 had seats on the ballot. For District 5, incumbent Steve Harris was reelected, with 10,071, or 52.4% of the vote. For District 7, nomination candidate Sommer Portwood was elected with 11,279, or 58.6% of votes, and for District 9, incumbent Max Waddell was reelected, receiving 100% of the votes, as he ran unopposed. 3110500001

Following the business portion of the meeting, Chief Financial Officer and VP of Finance Melissa Watts presented financial updates. Watts pointed out that billing statements will now be itemized and "include the Customer Charge, Energy Charge, PCRF, Outdoor Light Charge, and applicable fees and taxes." Additionally, Watts announced a new, stabilized rate of 14.425 cents per kWh. This 5.78% overall increase was approved in April but deferred until October due to rising costs of natural

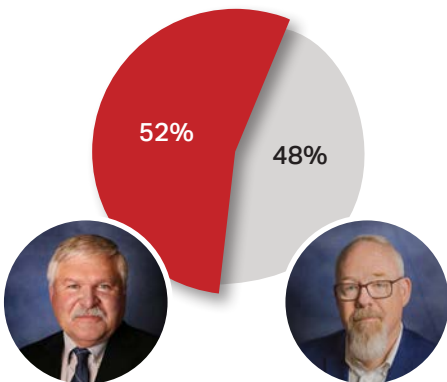
gas and power costs for members.

Next, Chief Operations Officer and VP of Operations Wesley Scheets gave an update on operations. "Over the past year, we have focused on upgrading infrastructure to reduce the length of outages and meet the needs of our growing communities." In addition, Scheets also shared members had power 98% of the time, with outages lasting an average of two or less hours. Chief Strategy Officer and VP of Engineering Janet Rehberg provided an update on solar. She emphasized the importance of affordability for all members, highlighted the purpose of the engineering team, which is to help members make informed decisions regarding solar, and explained Tri-County Electric Co-op's buy-back method. "Our solar program revolves around the net-zero method, meaning we will buy back on a one-for-one basis up to what you consume," she said. "Tri-County has a very generous solar program as we purchase your solar at our retail electric rate."

Schriver returned to the podium and emphasized the importance of cybersecurity and member data. He cited that Tri-County Electric Cooperative has not had a shutdown or operation data loss like most other utility companies. "In 2022, Tri-County Electric Co-op received 2,770 malicious messages," he said. "Our cyber software and firewalls protected against 99.5% of the emails."

Finally, Schriver provided an extensive update regarding the Brazos bankruptcy. He mentioned that Tri-County Electric Co-op has been the only cooperative to push for answers and advocate on behalf of its membership. The bankruptcy was officially filed under chapter 11 on March 1, 2021. In May 2021, Tri-County Board of Directors passed a resolution calling

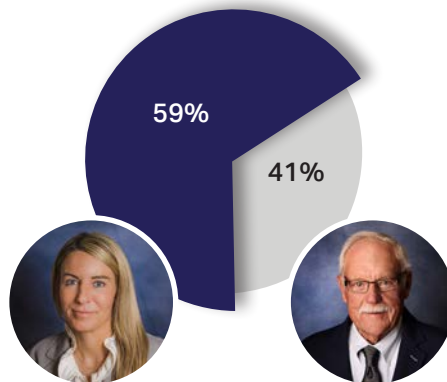
District 5



Steve Harris

Mike Hall

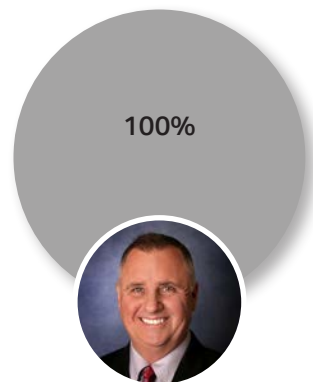
District 7



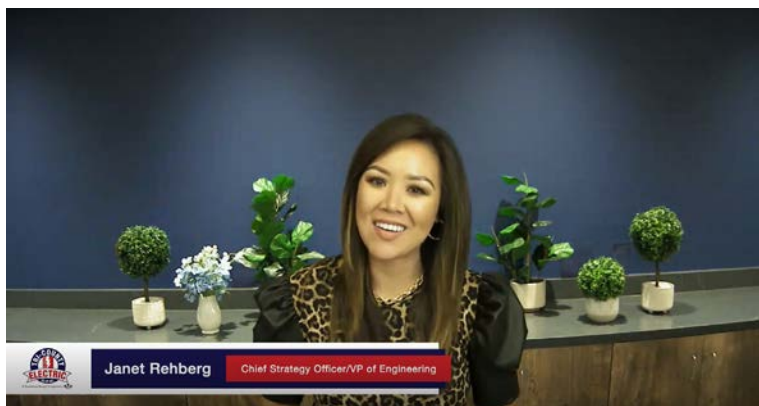
Sommer Portwood

Larry Miller

District 9



Max Waddell



for the resignation of Brazos senior management . In August 2021, Schriver pointed out that “Brazos considers taking advantage of Senate Bill 1580 and House Bill 4492 to use securitization to cover the costs of [Winter Storm] Uri. Securitization would pass on the debt to members for 15 – 30-year terms.” In November of 2021, power costs began to rise due to the increased cost of natural gas. In February 2022, Brazos agreed to engage in mediation, and Tri-County Electric Co-op had a seat at the table. If the proposed exit plan is approved, Tri-County Electric Co-op would be relieved of its obligations under the All-Requirements Contract to purchase wholesale power from Brazos effective March 1, 2023. The plan is set to be reviewed in a confirmation trial on November 14, 2022. Tri-County Electric Co-op will held a virtual Town Hall on November 21, 2022 to provide an update based on the outcome of the trial. If you missed the town hall, a recording is available at tcectexas.com/brazos. 8000667101

Leaving no stone unturned, the board decided to finance the debt through CoBank, a member of the Farm Credit System. “Borrowing through CoBank will allow us to earn capital credits that can be paid against our debt, rather than lining the pockets of Wall Street investors,” Schriver said.

Members were reassured that the cooperative is understanding and mindful of the economic hardships and inflation costs. The CEO affirms that “exiting Brazos and procuring our own power will help us keep your rate as low as possible.”

It is an honor to work for our members, and we are in this together! ■