



**DARRYL
SCHRIVER**

PRESIDENT/
CHIEF
EXECUTIVE
OFFICER

We're All in this Together

TO MOST OF YOU, rising costs is not new news. It is hard to go anywhere or read anything without seeing rising costs and inflation. Your co-op has not been immune. The past two years have proven to be very difficult with Winter Storm Uri and rising power costs due to increased price of natural gas. Additionally, we have been working through the chapter 11 bankruptcy of Brazos Electric Power Cooperative, our wholesale power provider.

As costs continue to rise, we are doing everything we can to control costs. We have tightened down on operations and expenses to do our best to absorb the increases without impacting you, the members. Our all-in rate includes budgeted power costs, transmission delivery costs, and operation and maintenance expenses. We do everything within our power to keep costs low, but more than 75% of your overall bill is going straight to power costs. During this time, any effort to reduce energy use will benefit you as the end consumer. 800829357

For nearly two years, we have been fighting for you, the members of this co-op. With the help of our bankruptcy attorneys and consultants, the board and I quickly became chapter 11 bankruptcy “experts.” Chapter 11 bankruptcy is a reorganization bankruptcy, meaning the organization remains a business and a plan must be filed to route a better path forward. This also means that debts are not simply erased like other forms of bankruptcy. With this being said, the board and I fought hard to protect you during the process by retaining our own bankruptcy attorneys and consultants to help us make the best decisions rather than relying solely on Brazos’s resources. Our original power bill from Brazos for power costs during Uri totaled more than \$595 million. Through our efforts during the trial, our portion of the costs came to \$477 million – nearly a 20% decrease.

I worked with the leadership team and the board to search high and low to find the best option for the members. We had the opportunity to securitize, which we feel is not a good option because of three main reasons: (1) securitization benefits Wall Street investors who purchase the bonds that fund the debt; (2) securitization is long-term, often upwards to 30 years; and (3) there is no option to pay the long-term debt early. We chose traditional financing through CoBank, a member of the Farm Credit System, which provides flexibility that is not available in the securitization model. First, CoBank is a co-op itself so we earn capital credits that will help lower the overall cost to you the members. This allows us to keep money local rather than lining the pockets of Wall Street investors. Second, there is no penalty to paying off the debt early.

Last month, you saw a timeline of the entire bankruptcy process that included key moments and how we worked for you. I wrote that we expected Brazos’s bankruptcy exit plan to be confirmed on November 14. Judge Jones confirmed the plan, meaning that we are approaching the end of this endeavor and we will see the fruits of our efforts. Starting March 1, 2023, we will gain power supply freedom. This allows Tri-County Electric Co-op to go directly to the ERCOT market to procure power, which we predict will lower your bill over time. Additionally, we advocated for Brazos to sell assets, specifically the generation fleet. This too will come to fruition in 2023 which will help lower Brazos’s liability. I truly believe these are huge wins for you as members. Power supply freedom alone will save your co-op millions, and potentially bring cost savings that ultimately offset the Brazos Financing Utility Plan Rider each month.

I have heard that many of you do not feel you, the members, should have to pay for the failures of managing power supply during Winter Storm Uri. First, I want to reiterate your co-op, Tri-County Electric Co-op, did not fail you during Uri and our employees worked around the clock to make sure you were in the best position possible. Second, the Brazos Financing Utility Plan Rider goes well beyond the impacts of Uri – it is the cost of power supply freedom. As members of the co-op, we are collectively paying to exit Brazos as our wholesale power provider. I say we, because I am a member of this co-op just like you. You have my word that I will continue to fight for you and transparently communicate what is happening at your co-op. We are in this together. ■



MAX WADDELL

CHAIRMAN

DISTRICT 9

A Seat at the Board Table

AS WE EMBARK ON A NEW YEAR, many of you may be working on new year’s resolutions. It may be focusing on your physical, financial or spiritual health, or it may be learning a new hobby or trade. Here at your co-op, we have resolutions as well. Each year, we strive to set goals that improve your member satisfaction and service reliability. Here are a few things your board is focused on in the first part of 2023:

RISING COSTS

As costs continue to rise, we are doing everything we can to control costs. We have tightened down on operations and expenses to do our best to absorb the increases without impacting you, the members. Our all-in rate includes budgeted power costs, transmission delivery costs, and operation and maintenance expenses. We do everything within our power to keep costs low, but more than 75% of your overall bill is going straight to power costs. During this time, any effort to reduce energy use will benefit you as the end consumer. There are energy-saving tips available at tcectexas.com/energy-efficiency

BRAZOS BANKRUPTCY

President/CEO Darryl Schriver has provided continuous, transparent updates throughout the process. When Brazos filed for bankruptcy in March 2021, we as a board tasked him with leaving no stone unturned. The board is very pleased with the outcome of the bankruptcy process and have had your best interest at the forefront since the beginning. We engaged in meetings almost weekly with the co-op’s leadership team and the bankruptcy attorneys and consultants to ensure we were up to speed on recent developments so we could make the best decisions for the co-op. 800722996 As we approach the end, I can firmly say that I believe we are on the best path possible for the future of the co-op. Tri-County Electric Co-op worked with other Brazos member-cooperatives to advocate for all members, and as a result a hardship fund was created to assist members who are financially unable to pay for the additional monthly cost.

BRAZOS FINANCING UTILITY PLAN RIDER

Starting January 3, members will see a new line item for the Brazos Financing Utility Plan rider on billing statements. The tariff will accumulate revenue to repay our loan to CoBank. We sought traditional financing through CoBank to cover our portion of the Brazos bankruptcy due to the benefits it brings you as a member of this co-op. This tariff will cover the costs to exit Brazos and the all-requirements power contract and allow Tri-County Electric Co-op to secure its own power from the ERCOT grid. This power supply freedom will ultimately bring savings to the members.

2023 DIRECTOR NOMINATIONS

Applications are now available for interested and eligible members seeking nomination to the board of directors. This year’s election cycle will have director districts 1, 2 and 4 on the ballot. Interested members of these districts are encouraged to read the director qualifications and disqualifications in Article 4 of the Tri-County Electric Co-op bylaws, as well as the Election Policy and Procedures. All nomination information, including the application, is available on the website at tcectexas.com/director-elections. ■

