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PRESIDENT/
CHIEF
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OFFICER

THE WAY FORWARD

FOR SEVERAL MONTHS I HAVE written about power costs. Natural gas is the predominant fuel source in Texas to generate electricity, resulting in a direct correlation between increased natural gas prices and the cost of electricity. Texans, including you as a Tri-County Electric Co-op member, have felt the impacts of the natural gas prices on your electric bill. Since Winter Storm Uri, natural gas prices have increased to levels we have not seen in nearly eight years. From June 2021 to June 2022, natural gas prices increased from \$3 per MMBtu to over \$8.50 per MMBtu. Many of you have stated your bill doubled or tripled in 2022, and this drastic increase shows why. 80058907

This impact goes beyond Tri-County Electric Co-op and other electric cooperatives and providers in Texas. High prices impact the entire nation. Various factors contributed to the national increase, including Russia's invasion of Ukraine, Winter Storm Uri, and supply chain issues. All these factors impact the cost of power we purchase from Brazos Electric Power Cooperative. Unfortunately, natural gas prices and cost of electricity are not really going down.

As a distribution cooperative, we do not generate power. Your power is purchased through the all-requirements contract with Brazos and is passed on to you at our cost, without any markup. Over the past few months, we have purchased wholesale power at more than 11 cents per kWh. In December, our wholesale purchased power was at more than 12 cents per kWh, meaning more than 84% of the electric bill for the average member using 1,500 kWh went to power costs. To put that in perspective, the average electric provider spends 60-65% of the bill on power supply.

WHAT WE ARE DOING TO HELP

The unexpected and significant increases in natural gas stimulated volatility in power costs causing swings in PCRf on billing statements. You asked for rate stabilization and in October 2022 the kWh rate was adjusted to reflect market conditions allowing us to rely less on PCRf.

Tri-County Electric Co-op is your co-op. The member service team at your co-op is here to help you understand your bill and find ways to help lower your use. We also have energy-saving tips on our website at tcectexas.com/energy-efficiency and post regular tips on our Facebook page. Additionally, we are doing what we can to cut operational costs while still maintaining the level of service you deserve and expect.

LOOKING INTO THE FUTURE

The board of directors and leadership team continuously monitors natural gas prices, electricity costs and the impact on you as a member. We had little control over power costs due to our all-requirements contract with Brazos. Starting March 1, 2023, we have power supply freedom, meaning we can go to the ERCOT market and procure our own power. The board and leadership team have been working with consultants to find solutions that are best for you, the member. We are hopeful that the work we are doing will help power costs decrease over the coming months as we make our own power supply decisions. As always, I will do my best to keep you updated through the process. We are in this together.



Left: At a recent board meeting, the board and I had an in-depth conversation on the future of power supply for our co-op.

2023 DIRECTOR NOMINATIONS

THE ELECTRIC COOPERATIVE MODEL IS strong thanks to the seven cooperative principles and the ties to the local communities we serve. Your co-op is not run and operated by executives who seek to make the biggest profit for their far-off investors. Tri-County Electric Cooperative is owned and governed by local members of the co-op. The nine-member board of directors serves as the governing and regulatory body and is composed of members from throughout the service territory. The nine director seats represent each area of our diverse membership, including four urban districts, four suburban districts and one rural district.

Each year, one-third of the board seats are elected by the entire membership, nearly 104,000 members strong. This year, director districts 1, 2 and 4 will be on the ballot in September. District maps are available at tcectexas.com/director-elections.

District 1, urban district
District 2, urban district
District 4, suburban district

Members who reside in these districts, are interested in serving their co-op, and meet the director qualifications outlined in the cooperative's bylaws may submit a director nomination application packet. Tri-County Electric Co-op offers two paths to the ballot: through the Committee on Nominations & Qualifications or through member petition. Members are encouraged to review the following documents to understand the cooperative's director nomination process, director election process, and director qualifications:

- The director election webpage, tcectexas.com/director-elections
- Tri-County Electric Cooperative's Bylaws, specifically Article 4
- Tri-County Electric Cooperative's Election Policy & Procedures

NOMINATION BY COMMITTEE

Members interested in seeking nomination through the Committee on Nominations & Qualifications must submit a complete nomination application packet by 5 p.m. on Thursday, March 9, 2023. A complete director nomination application packet must include all items listed on the application checklist. The Committee on Nominations & Qualifications will accept and review all applications for nomination by committee and recommend a slate of candidates to the board of directors. 800637705

NOMINATION BY PETITION

Members interested in seeking nomination through member petition must submit a complete nomination application packet by 5 p.m. on Thursday, April 13, 2023. A complete director nomination application packet must include all items listed on the application checklist. The co-op's attorney will accept and review all applications for nomination by petition and recommend a slate of candidates to the board of directors. Members can find all director nomination and election details, the director nomination application packets, the co-op's bylaws, and the co-op's Election Policy & Procedures online at tcectexas.com/director-elections

COMMITTEE ON NOMINATIONS AND QUALIFICATIONS

Meeting Notice
Monday, March 13
5 p.m.

The Committee on Nominations and Qualifications will meet at 5:00 p.m. on Monday, March 13, 2023, at the co-op's Aledo office to accept and review applications from director candidates seeking nomination through the committee for districts 1, 2 and 4. The committee will recommend a slate of candidates to the board of directors and report the recommendation to the membership in the June *Texas Co-op Power* magazine.