



MESSAGE FROM CHIEF FINANCIAL OFFICER PAULA FARQUHAR

Hardship Fund Established for Brazos EPC Rate Payers

HILCO ELECTRIC COOPERATIVE'S power supplier, Brazos Electric Power Cooperative, exited bankruptcy November 14, 2022. Now that the bankruptcy plan has been approved, the generation and transmission cooperative must pay its final bill from the February 2021 winter storm.

Because the costs of that storm were so great, securitized financing was used. Securitization involves the purchase of bonds and is a common method used by utilities to pay for costs associated with extreme weather events, damage from natural disasters, etc. The bonds were sold December 8, 2022. Since January, the securitization charge has been included on HILCO EC members' monthly bills to repay the bonds and the ongoing financing costs. The securitized charges will remain in effect until the bonds are paid in full.

To alleviate some of the burden of this charge, the bankruptcy exit plan established a rate payer hardship fund. Brazos EPC has contributed \$140 million to be invested and managed in trust for

single eligibility criteria of the Low Income Home Energy Assistance Program. LIHEAP is the national gold standard for qualification criteria for electric bill assistance. Applicants may also qualify if they currently participate in the Supplemental Nutrition Assistance Program, Medicaid, or Supplemental Security Income or Temporary Assistance for Needy Families programs. Benefit qualification will typically last 12 months, with retroactive benefits possible for the first six months after the implementation of securitization/financing charges.

Progress has already been made toward making this fund a reality. A trust oversight board comprising seven trustees nominated by the Brazos EPC member co-ops and appointed by the Brazos EPC Board of Directors has been established. The oversight board is empowered to retain a fund administrator and fund custodian, direct their actions, and modify the fund plan to optimize the use of the rate payer hardship fund. The board has chosen a third-party fund administrator to determine member

eligibility, maintain the fund's website and provide customer service. The fund custodian, a financial institution that will hold the funds, has also been chosen. As of the date of the writing of this article, agreements have been signed and creation of the website is in progress. When it goes live, the website will provide fund information, eligibility criteria and access to an online application. A paper application will also be available.

HILCO EC was grateful that a hardship fund was included in the bankruptcy plan to assist our members with this charge. Continue to watch our website, bill inserts and comments, and social media channels to learn more about this fund and when you

can apply. We will provide more details regarding plan criteria, funds disbursement and the operational date of the website as soon as that information is available. ■



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the benefit of the program and to cover program expenses. The Brazos EPC rate payer hardship fund is a separate entity whose purpose is to compensate low-income members of Brazos EPC's 15 distribution co-ops for electric bill surcharges stemming from the securitization and financing transactions.

The fund is expected to mitigate 100% of the securitization charge (or comparable amount) for qualifying residential members. An estimated 134,000 households may qualify based on initial