

FEC POWER *Source*

Vol. 24 No. 04

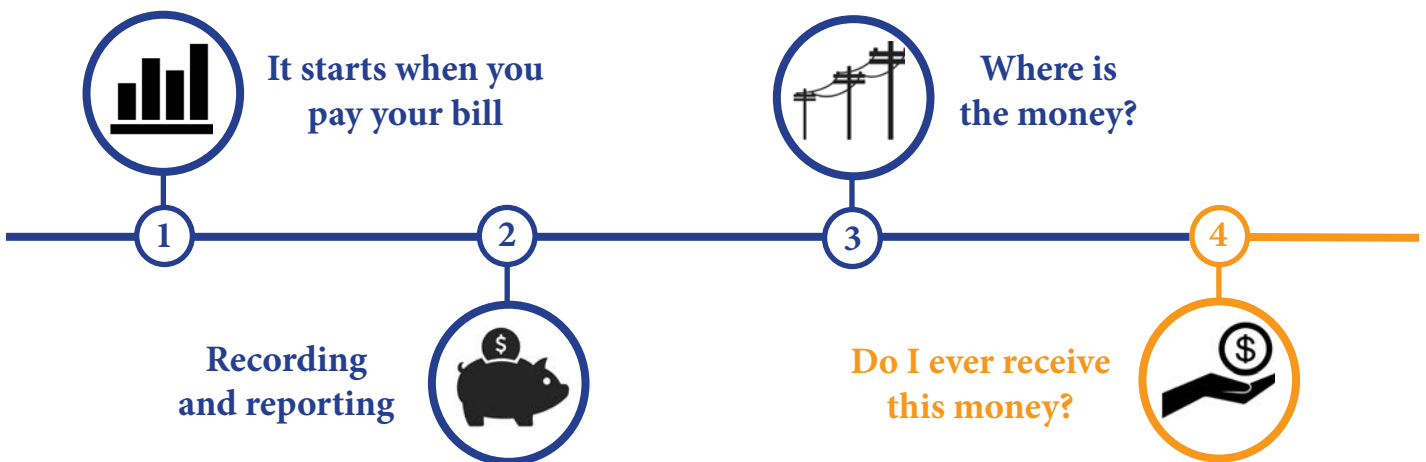
Farmers' Electric Cooperative, Inc. is an equal opportunity provider and employer

FEC Annual Meeting - POSTPONED!

Attention: Due to the extraordinary situation in which we find ourselves and given the serious nature of the COVID-19 virus, FEC's Board of Trustees has made the decision to postpone this year's Annual Meeting that was scheduled for Saturday, May 9, 2020.

Once it is deemed safe and FEC's Board has determined a new date for our meeting, we will make that announcement through various media outlets such as newspaper and radio. Additionally, keep abreast of the latest FEC news, information, energy efficiency ideas, and more by following us through the *enchantment* magazine, our *Power Source* newsletter, and facebook.

You've Heard the Terms: Capital Credit Allocations, Capital Credits, Patronage Capital Refunds, etc. - What's the Difference?



1. It starts when you pay your bill

Farmers' Electric Cooperative (FEC) tracks how much electricity you use and pay for throughout the year. Each payment you make is your contribution to the day-to-day operational costs of your electric cooperative.

2. Recording and reporting

Like all companies, at the end of each year, we calculate our annual margin (profit). But because we are a cooperative, we divide this margin proportionally by the amount of electricity each member uses throughout the year and

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Manager's Message...**Lance Adkins, GM**

Important Message from the General Manager on Capital Credits

Wow! So much has changed since my last message to the membership. Today we find ourselves monitoring the news for local, state, and national COVID-19 updates and information. At FEC, the volume of virus-related information we receive daily is overwhelming. As an essential service provider, FEC continues to have all employees reporting for work, though we have implemented CDC social-distancing recommendations and hygiene practices. Members needing to conduct business can continue to do so through electronic communications, telephone, and drive-through windows in Fort Sumner and Santa Rosa.

Many readers are already aware that the Cooperative's Annual Meeting has been postponed indefinitely in response to state and federal directives limiting public gatherings to reduce community spread of the Virus. We expect to be able to schedule the Annual or "Special" meeting as conditions allow and in accord with FEC Bylaw provisions.

In addition to the Annual Meeting, this is the time of year FEC looks to allocate margins from the previous year (2019) and retire patronage capital "Capital Credits" to the membership. Annual margins are those dollars left at the end of the year after all expenses have been paid (profits) and are then allocated back to the members as patronage capital, often referred to as Capital Credits. Each member's share of capital credits is based on their purchase of electricity and other electric services. Instead of these "profits" going to some distant shareholder or investor they belong to the membership and are returned at the direction of the Board of Trustees and as FEC's financial conditions permit.

At our March Board meeting, Trustees approved allocation of 2019 margins and the amount to be retired, just over \$1.5 million dollars. Historically, the Board has determined to return Capital Credits on a combination of First-In-First-Out and Percentage Basis, applying a portion of the refund to the oldest remaining year on record, currently 1995, with remaining refunds applied to recent years up thorough the most recent year of allocation, 2018.

Subsequent to that decision, local, state, and national economies have been decimated as state and federal authorities implement strategies to reduce the rate of spread of COVID-19. Many FEC members are facing difficult circumstances, loss of employment or reduced hours and income. Many local businesses are unable to conduct business, or their business operating conditions have been significantly reduced, with diminished or no revenues.

the **Cooperative**
Difference

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Board of Trustees:

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Lance R. Adkins

POWER SOURCE

is published monthly by Farmers' Electric Cooperative, Inc. Questions or article ideas should be directed to :

Thom J. Moore,
POWER SOURCE

P. O. Box 550
Clovis, New Mexico
88102-0550

Phone (575) 762-4466
or

1-800-445-8541
thom@fecnm.org

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Recognizing the unprecedented impact of COVID-19 to the FEC membership, the FEC Board of Trustees has taken unprecedented action.

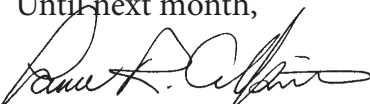
In a Special, Called Board Meeting held Thursday, April 9, 2020, the Board rescinded Capital Credit action taken at the March Board meeting and **approved the return of 100%** of the 2019 Electric Margin, \$3,340,770 in direct proportion to each member's 2019 Capital Credit allocation. To be eligible for this refund, a member must have been an active member during the 2019 calendar year. Active members will receive their refund as a **bill credit** on the April billing invoice, issued at the end of April; inactive members will receive a refund check mailed to their forwarding address.

Members with multiple active accounts will receive the bill credit on their first account listed; please contact the Clovis office (800-445-8541) and we will redistribute member credits across active accounts at each member's direction. Any excess from the April billing cycle will be carried forward on subsequent billing cycles until the refund is exhausted.

These are uncertain times; the Board of Trustees and employees of Farmers' Electric remain dedicated to providing the membership with the quality and responsive service our members deserve and have come to expect. We are confident in the strength and resilience of the American people to work together during this time of crises!

As we journey this road together our prayer is that each of you stay safe and Godspeed.

Until next month,



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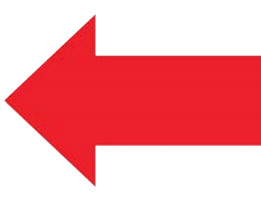
report to each of you what your share is. This is called a Capital Credit Allocation.

3. Where's the money?

The money – called Capital Credits – is invested in equipment and manpower needed to meet the current and growing demand for electricity.

4. Do I ever receive this money?

You do! This process is called retirement. Each year, FEC's Board of Trustees reviews the cooperative's finances, and when our financial condition permits, the Board decides to retire (pay) Capital Credits in the form of Patronage Capital Refunds to our members based on their allocated share.



Please see a very important and timely message from FEC's General Manager, Lance Adkins on the top of page 2 (opposite page) regarding Capital Credits.

FEC Energy Efficiency Rebate Program

New Construction

Newly constructed homes meeting FEC energy efficient guidelines will receive a rebate of **\$1250**. Home shall have the following insulation values: R-49 (attic) R-38 (cathedral) R-19 (exterior walls) R-8 (slab edge) R-25 (pier and beam floor). The heat pump, both dual-fuel and electric shall have a SEER rating at least one point above Federal Government minimum standards. If utilizing electric water heating, the water heater shall carry a rating \geq a .95 EF. If a hybrid heat pump water heater is utilized, the rebate would be **\$1650**.

Newly constructed homes meeting FEC energy efficient guidelines for insulation, but utilizing evaporative cooling instead of refrigerated air conditioning are eligible to receive a rebate of **\$750**.

When a geothermal heat pump is utilized for both cooling and heating a home, and this application

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meets or exceeds the Co-op's energy efficient guidelines on new construction, members are eligible to receive a rebate of **\$1,000/ton with a \$5,000 cap per home** (same rebate would be available for retro-fits to existing homes).

Retrofit to Existing Residential

Heat Pumps

Retrofits including conversions to dual-fuel heat pumps and electric heat pumps (air source with a SEER rating of 15 or greater will receive a rebate of **\$500**. Also, would include any upgrades from existing heat pumps with 10 SEER or lower and/or more than 15 years old.

Electric Water Heater

Retrofits including conversions from gas or propane to an electric water heater with a .95 EF or higher will receive a rebate of \$150. Upgrades from existing electric water heaters with an .88 EF or lower and/or more than 10 years old will receive a rebate of **\$100**.

Hybrid Heat Pump Water Heater

Retrofits including conversions from gas or propane to a hybrid heat pump water heater with a 2.5 EF or higher would receive a **\$500** rebate. Also, would include any upgrades from existing electric water heaters with

an .88 EF or lower and/or more than 10 years old.

Geothermal Heat Pumps

Retrofits or new construction using equipment with a COP rating ≥ 3.3 and an EER rating ≥ 15.9 will receive a rebate of **\$1,000/ton with a \$5,000 cap**.



Mini-Split (Ductless Heat Pumps)

Retrofits or new construction using equipment with a SEER rating of 15 or greater will receive a rebate of **\$125/ton with a \$500 cap per home**.

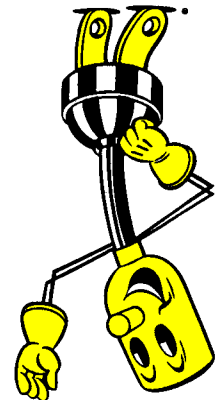
Adding Insulation

Retrofits to bring existing insulation R value to at least an R-30. Example: If an existing home has an R-13 and 6" of fiberglass batting or 5" of blow cellulose is added, the new value would be approximately an R-30. This member would receive a **\$500** rebate.

Commercial Rebates for Lighting

Retrofits converting to LED from fluorescent lighting will receive **\$150/kW of demand reduction on summer peak (2:00 p.m. – 7:00 p.m.) with cap of \$3,000**. Conversions that are considered "off-peak" will receive **\$75/kW (all other times) with a cap of \$1,500**.

Important Message from the General Manager



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FARMERS' ELECTRIC COOPERATIVE, INC.
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3701 Thornton St., P.O. Box 550
Clovis, New Mexico 88102-0550