

FEC POWER

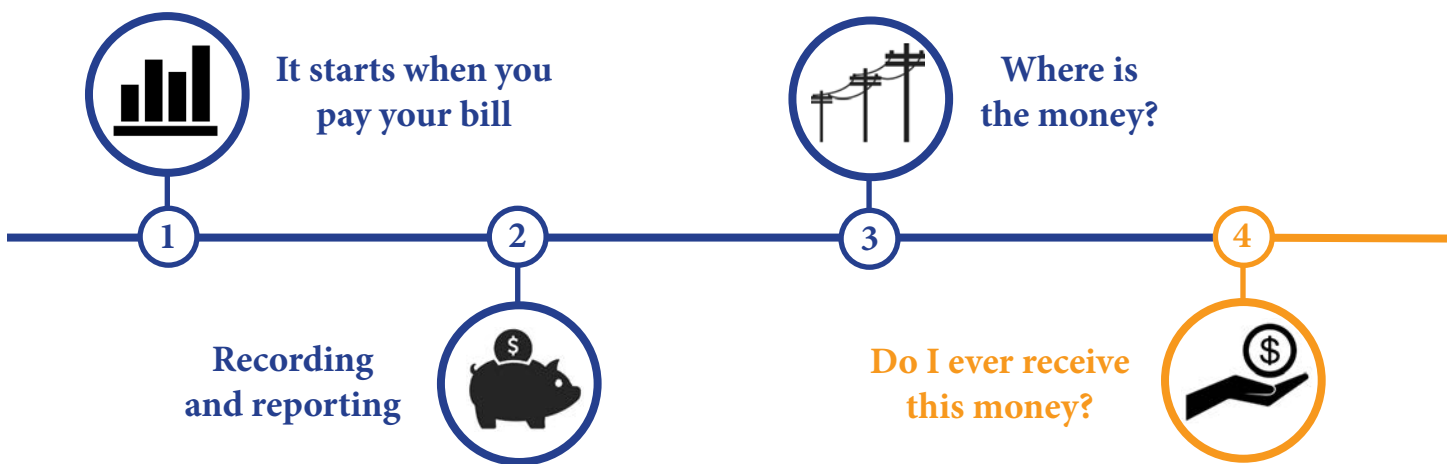
Source

Vol. 23 No. 11

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



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 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. Over the past five years, FEC has returned over \$5.4 million in Patronage Capital Refunds to our members.

FEC will be mailing Capital Credit Allocation notices soon (see number 2). Keep in mind, this is your share of margins that have you accumulated over time (years) as a cooperative member. Again, this money is

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Manager's Message...



Lance Adkins, GM

Things That Make You Say, "Hmmmm?"

In early November, I had an opportunity to sit in on a state legislative interim committee meeting, the Water and Natural Resources Committee, held in Santa Fe. A couple of interesting Agenda items caught my attention including; an update on the Energy Transition Act (ETA), implementation and updates; and a presentation on electric cooperative planning of future power supply resources (generation).

Readers may recall, the ETA introduced during the last state legislative session as Senate Bill (SB-489), was signed into law by Governor Lujan Grisham. One element of the ETA was an increase in the amount of renewable energy that a utility must include in the resource mix sold to consumers. By 2025, cooperative power supply resources must be comprised of at least 40 percent renewable energy, increasing to 50 percent renewable energy by 2030. In addition, cooperatives have a goal (target) to be 100 percent "zero carbon" by 2050, with 80 percent of the zero-carbon target generated by renewable resources.

Another key element in the ETA, a primary focus of this legislative committee update, was related to early retirement of certain coal-fired power plants controlled by Public Service Company of New Mexico (PNM). I recall this was a complicated and controversial issue during the legislative process as various legislative committees debated impacts to PNM shareholders; the future of plant employees and other industries that support power plant operations; county, school, and community tax base; and environmental impacts – I'm sure I have left out several important issues. Progress on this phase of the ETA is apparently stalled, pending action/decision on an active case before the New Mexico Public Regulation Commission (NMPRC). It is interesting to note, the NMPRC was established through legislative action to provide regulatory oversight of utilities, to balance the desires/actions of utility companies and investors against the cost of those actions to retail consumers. This provision in the ETA was designed specifically to circumvent NMPRC oversight of early retirement of certain PNM coal-fired generation units.

On the future of power supply resources for electric cooperatives, there were presentations by Tri-State Generation and Transmission Cooperative (Tri-State), Kit Carson Electric Cooperative, Taos, a distribution cooperative who has elected to buy-out of their wholesale power supply contract with Tri-State, and Western Farmers Electric Cooperative (WFEC), our wholesale power provider. Each presenter provided information on how their company will develop resources to meet the requirements of the ETA ahead of the dates established in the ETA. I recall several legislators asking what plans Tri-State and WFEC have for existing coal-fired power plants. Both Tri-State and WFEC articulated plans for early retirement and/or accelerated depreciation of assets and reduce debt associated with coal-fired power plants in a manner designed to minimize the cost impact for cooperative

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POWER SOURCE

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members/consumers.

While no legislator asked, I wonder if the thought occurred to any of them: if cooperatives have found a way to increase renewables well ahead of legislative mandates, found a way to reduce debt and/or retire coal-fired generation early without significantly increasing rates to consumers; why was it necessary for the legislature to include PNM issues in the ETA? I believe that is at the heart of the issue before the NMPRC.

Until next month,




FEC offices will be closed November 28-29 in observance of the Thanksgiving holiday. For Outages, call: 800-445-8541

Tailgate Special

Charbroil Patio Bistro
Electric Infrared Grill

\$179

Save \$50!

***While supplies last**



CAPITAL CREDITS from PAGE 1

invested in equipment and manpower to replace aging poles, build new line, maintain substations, improve power quality, etc.

This spring, if it is deemed to be a good financial decision by the FEC Board of Trustees, FEC will retire or pay Capital Credits to our members (see number 4). This will only be a portion of the amount shown on your Allocation notices. We try and pay Capital Credits in at least a 35-year rotation period. For example, using a 35-year rotation period as a goal, a cooperative would return Capital Credits allocated in 1984 in 2019. That being said, because of the sound financial condition of your cooperative over the years, in 2019, all members of record in 1994 have received their Capital Credits allocated through that year. That puts us ten years ahead of our goal.

Scholarship Applications Available Now

Farmers' Electric Cooperative will be awarding scholarships again this year through the Farmers' Electric Education Foundation. Scholarship applications may be obtained from area high school guidance counselor's or from cooperative office locations in Clovis, Ft. Sumner, and Santa Rosa. Scholarship applications can also be requested by calling the Clovis office at (575) 762-4466 or (800) 445-8541 or by going online to www.fecnm.org. All cooperative members and their dependents are eligible to apply for these scholarships.



Don't Delay! Deadline For Applications Is February, 3, 2020!

This year there are two different scholarship forms. Be sure when requesting a form that you specify either the "Graduating High School Student Application" or the "Returning College Application." Both forms are available from any FEC office or are available to download from www.fecnm.org.

FEC area Freeze Frame PHOTO CONTEST



Send us your favorite Eastern New Mexico pictures for a chance to be featured in the *Power Source* newsletter, on our **facebook** page, and win FEC Energy Certificates!

Must be an FEC Member to participate. **Categories:** Old Barns, Sunset/Sunrise, Fall Trees, or Agriculture - **Deadline for entry:** November 30, 2019
Send pics by email: thom@fecnm.org or by mail to: FEC Contest, PO Box 550, Clovis, NM, 88102



FEC has rebates of \$500 for adding insulation to your attic.
Call 800-445-8541 for the exciting details!

Youth Tour 2020!



In 2020, FEC will again sponsor two area high school Juniors (summer after Junior year) on the week-long, Government in Action Youth Tour in Washington, D.C.

Please call 800-445-8541 for more details on this exciting opportunity! We promise this will be a trip of a lifetime. Applications available online at www.fecnm.org. **Deadline to apply is January 15, 2020.**

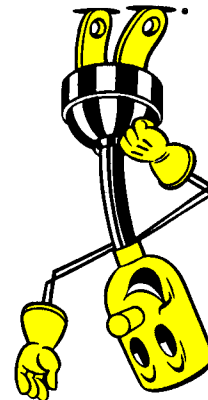
Attention

Protection from winter shut-off begins November 15, 2019. To avoid potential disconnection of services, please contact the Human Services Department for eligibility information for the Low Income Heating Energy Assistance Program (LIHEAP) at 800-283-4465. Your service will not be disconnected from November 15, 2019 through March 15, 2020, if you qualify for LIHEAP and have no past due amount or are making the agreed upon payments.

Atención

Proteccion contra la interrupcion de servicio de invierno comienza el 15 de Noviembre del 2019. Para evitar la posibilidad de desconexion. Favor de ponerse en contact con el Departamento de Servicios Humanos para informarse acerca de los requisitos de elegibilidad para el Programa de Asistencia Energetica de Bajos Ingresos (LIHEAP) al 1-800-283-4465, Su servicio no sera desconectado 15 de Noviembre del 2019 a 15 de Marzo del 2020 si califica para el Programa de Asistencia Energetica de Bajos Ingresos y no tiene saldo atrasado ni a falla-do con su acuerdo de pagos fijos.

“Owned By Those We Serve”



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