



BRAZOS ELECTRIC POWER COOPERATIVE, INC.
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NEWS RELEASE

Brazos Electric Power Cooperative, Inc. Files for Chapter 11 Financial Restructuring

Brazos Electric acts to protect its Member cooperatives and their retail members from unaffordable electric bills

WACO, TEXAS, MARCH 1, 2021 – Brazos Electric Power Cooperative, Inc. (“Brazos Electric” or “the Company”), a leading, and Texas’ oldest and largest, generation and transmission power cooperative serving 16 distribution Member cooperatives that serve more than 1.5 million Texans, announced today that it filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas.

Brazos Electric initiated this financial restructuring to maintain the stability and integrity of its entire electric cooperative system. Before the severe cold weather that blanketed Texas with sub-freezing temperatures February 13-19, Brazos Electric was in all respects a financially robust, stable company with a clear vision for its future and a strong “A” to “A+” credit rating. As a result of the catastrophic failures due to the storm, Brazos Electric was presented with excessively high invoices by ERCOT for collateral and for purported cost of electric service, payment of which was required within days. As a cooperative whose costs are passed through to its members, and which are ultimately borne by Texas retail consumers served by its Member cooperatives, Brazos Electric determined that it cannot and will not foist this catastrophic financial event on its members and those consumers.

Throughout the forthcoming financial restructuring process, Brazos Electric will remain committed to the following:

- Delivering affordable and reliable electric service to its Member cooperatives and their retail members;
- Assisting our Member cooperatives, their retail members and their communities impacted by the historic extreme cold weather event of February 13-19, 2021 in the rebuilding effort;
- Supporting the orderly, fair and expeditious treatment and satisfaction of its liabilities resulting from the extreme cold weather event that severely impacted the state of Texas from February 13-19, 2021.

“Let me emphasize that this action by Brazos Electric was necessary to protect its Member cooperatives and their more than 1.5 million retail members from unaffordable electric bills as we continue to provide electric service throughout the court-supervised process,” said Clifton Karnei, Executive Vice President and General Manager of Brazos Electric. “We will prioritize what matters most to our Member cooperatives and their retail members as we, and they, work to return to normalcy. We expect this court-supervised process will provide us with the protections and mechanism to protect and preserve our assets and operations, and satisfy obligations to our creditors.”

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The filing also includes several “first day” customary operational motions Brazos Electric filed with the court in support of its financial restructuring including requests of authorizations to continue paying employee wages and benefits and certain critical vendors. Brazos Electric will pay all obligations under normal terms of business for goods and services provided on the filing date of March 1, 2021 and thereafter.

For additional information about Brazos Electric’s reorganization, including access to court filings and other documents related to the court-supervised process, please visit <https://cases.stretto.com/Brazos> or call 855.529.1663 (Toll-Free) or 949.771.2210 (International) or email Brazoselectricinquiries@stretto.com.

Norton Rose Fulbright is serving as lead restructuring counsel, and Berkeley Research Group is serving as financial advisor to Brazos Electric.

About Brazos Electric Power Cooperative

Brazos Electric Power Cooperative, Inc. (“Brazos Electric”) is a generation and transmission cooperative that provides wholesale power supply to its sixteen (16) Member-owner distribution cooperatives whose service territory extends across 68 Texas counties from the Texas Panhandle to Houston. Brazos Electric was organized in 1941 and was the first cooperative formed in the Lone Star State for the purpose of generating and supplying electric power to Member-owner cooperatives including Bartlett Electric Cooperative, Comanche Electric Cooperative Association, PenTex Energy, CoServ Electric, Fort Belknap Electric Cooperative, Hamilton County Electric Cooperative Association, Heart of Texas Electric Cooperative, HILCO Electric Cooperative, J-A-C Electric Cooperative, Mid-South Electric Cooperative, Navarro County Electric Cooperative, Navasota Valley Electric Cooperative, South Plains Electric Cooperative, Tri-County Electric Co-Op, United Cooperative Services and Wise Electric Cooperative. For more information, visit www.brazoselectric.com.

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