

FEC® POWER

Source

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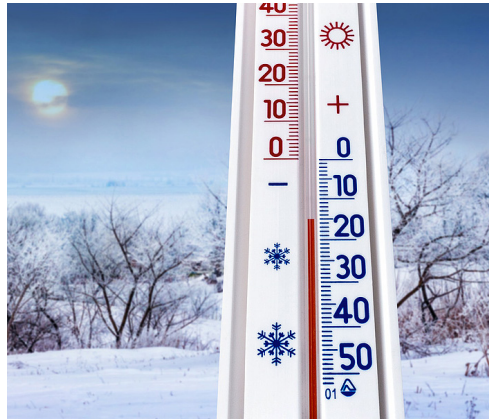
Extremes in Temperatures, Volatile Fuel Markets, and Inflationary Factors All Lending to Higher-Than-Normal Energy Bills

Higher natural gas prices, lack of wind and hydro resources, lower coal inventory, and higher ancillary costs are all contributing factors that have led to higher energy bills over the last couple of months and going forward into the near future. Electric bills have not been spared from the record high inflation our country is experiencing. Farmers' Electric (FEC) rates have not changed. However, a key component in the formula when calculating your electric bill, has.

The Power Cost Adjustment or PCA has been going up incrementally over the last several months. Our October bill's PCA was an adder of \$.015 (one and one 1/2 cents) per unit (kWh) used. Given that, if you were a member of FEC using 1000 kWh in October, your bill had an adder of \$15. This time last year, the PCA was a credit of \$.0004 (4/10 of one cent). That same member using 1000 kWh last October would have received a credit against their total bill of \$4. So, given this scenario, FEC member, John Doe pays \$19 more this October than he did last October. The PCA is the additional costs above our base rate to generate a unit of consumable electrons over time (kWh). FEC collects this amount and sends it to our wholesale power company Western Farmers Electric Cooperative (WFEC). It is simply a pass-through bill determinant. As bleak as this may sound, there are some simple no costs or low costs things that a member can do to lower their consumption during this time of fuel market uncertainty and higher than normal bills. Here are seven of those:

1. Tame Drafts - The best way to keep the warm air in is to make sure its not leaking out. Take a tour around your

home and examine windows and doors for any drafts. Properly installed weatherstripping can immediately take care of a draft from a door and help save you money over time. There are many ways to fill in voids, including weatherstripping, plastic window insulation kits, expanding foam, silicone caulk, etc. If you have a gap under your door, door draft stoppers are easy to install and prove very effective.



2. Lower the Thermostat - How low can you go on your thermostat this winter? According to an analysis released by EnergyHub in 2018, if you lower your thermostat just one degree, you could save up to 5% on

the heating portion of your bill. The National Food and Energy Council recommends setting your thermostat at 68 degrees during the winter heating months. If you can get away with keeping your thermostat even lower, that's even better. Keeping a light jacket or sweater handy will help cut the chill. It certainly beats the alternative of higher electric bills.

3. Cover Yourself - Feeling nervous about taking the plunge? Keeping comfortable at lower thermostat levels isn't difficult. Wear more clothing! Long sleeves, pants, thick socks, and extra layers can be the new fashion statement at your house. You may even start some new trends in warm weather wear! Keep a fleece blanket on the couch to ward off chills in the evening. Electric blankets or throws use very little energy and are very effective at keeping you warm. Top your beds with flannel sheets and wool covers or quilted down comforters for the nights when our thermostat is at its lowest setting. You

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Message from the desk of the CEO....



Antonio Sanchez, Jr., CEO

Renewable Portfolio Standards in a Nutshell

More and more frequently, Farmers' Electric Cooperative is being asked about our generation resources and how we're working to comply with New Mexico's goal to be zero carbon by 2050. In an effort to address this in a manner that would better explain FEC's position, let's begin by talking about FEC's Generation & Transmission provider, Western Farmers' Electric Cooperative (WFEC) and their role in our daily activities. FEC has an all-power requirement

contract with WFEC that obligates FEC to purchase all their power directly from WFEC. As per this contract, FEC cannot engage with any other power provider for generation resources and therefore relies on WFEC to satisfy the requirements set forth by the NM Energy Transition Act (ETA). As stated within the ETA, FEC's renewable energy portfolio must be comprised of 10% renewables as of January 1, 2020. This renewable percentage is increased to 40% by January 1, 2025, and to 50% by January 1, 2030. The goal is to be 80% renewable with a zero-carbon resource target date of January 1, 2050.

Although New Mexico's legislature passed the Community Solar Act (Senate Bill 84) and the Governor signed it into law in April 2021, electric cooperatives were given an "opt-in" provision. This "opt-in"

would allow an electric cooperative to engage in a community solar project should its board of trustees desire to do so. As previously mentioned, FEC has an all-power requirement contract with WFEC, so even if FEC's board of trustees wanted to participate in a solar project, they couldn't. Therefore, when FEC is approached by a solar entity wishing to construct a project within their territory and interconnect it with FEC's electrical system, they must either engage with WFEC



Caprock Solar - Norton, New Mexico

who would purchase all the power generated from this solar project or they must find another entity wishing to purchase the power that would be integrated into the Southwest Power Pool's grid. Any electrical system upgrades required as a result of this interconnection to FEC's system, would be paid for by the solar entity.

WFEC maintains a well balanced and diversified portfolio of generation resources that includes owned facilities and capacity, in addition to energy provided through power purchase agreements. These resources reflect a mix of technologies and fuel types. In all, WFEC has a total power capacity of 2,500 megawatts, including hydropower allocation and other contract power purchases. Energy provided by WFEC's renewable resources as of year-end 2021 were comprised of 30.1% of wind,

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Thom J. Moore,
Editor
thom@fecnm.org

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"After Hours"
Outage Reporting:
(800) 445-8541

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Clovis
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don't want to be frigid all season long, so some common sensical things go a long way.

4. Keep Them Open – Although closing off supply vents and doors in unused rooms may seem like a way to save energy on heating or cooling, in reality, it can actually force your HVAC system to work even harder. In order for your HVAC forced air system to function properly and most efficiently, you should keep the supply vents and doors to those rooms open. A two or three-inch crack in the door would likely be enough. HVAC systems, when properly sized, need a certain amount of movable air. If you cut off the system's access to this air, it will work harder and potentially shorten its life expectancy, costing you hundreds if not thousands of dollars to fix. Additionally, when supply air vents are closed, the velocity of the conditioned air will increase to those vents that are open and cause that air to feel cooler, thereby defeating your purpose. On the other hand, if you have baseboard heating, see if there's a localized switch in your room(s) you are not using. If so, you can turn them off and shut the door. The savings here are hard to quantify because so many factors are involved (room sizes, etc.), however — the less area to heat, the more money that stays in your pockets.

5. Use Blinds and Curtains - During the day, take advantage of the sun's free heat by opening your blinds/curtains to let the light in. Even on the coldest days, if it's sunny, you'll get a boost, especially from those south-facing windows. In the evening when the sun goes down, close your blinds/curtains to help keep the heat in and the drafts down. If your windows are bare (or you only have sheers), consider purchasing some blinds and/or heavy

curtains, these, particularly when used together, can protect your home from heat loss and cold air infiltration. They come in lots of cool colors too!

6. Service Your Furnace - It's one of those annoying home maintenance tasks you don't think you should need to do, but getting your furnace cleaned and evaluated each year can help save you cash and unexpected breakdowns. It's also a safety thing, as gas or propane furnaces can leak carbon monoxide into your home without your knowledge. Carbon monoxide has been called the silent killer. You'll also need to change out your return air filter at least once every month or so or whenever it's dirty — to keep everything flowing as it should. This help ensure your heating system runs as it should and will extend its life expectancy.

7. Add Insulation - If your home is still feeling cold and you and your family aren't very comfortable, take a trip to your attic and assess the insulation levels. In the winter, lack of adequate insulation will allow cold air to bear down on your ceiling and infiltrate your living space all while giving the warm air a place to escape. Insulation is much like a blanket on your bed, it helps keep the warm air in and the cold air out. How much insulation you add and where you add it is going to depend on your home. Incidentally, FEC has an Energy Efficiency Rebate program that will pay \$500 to homeowners meeting certain requirements upon adding attic insulation. Remember to call before you do anything and make sure you qualify. Adding attic insulation is a good investment that will pay dividends in energy savings and in the comfort level of your home for many years to come.

We're the Good Guys!

We understand the importance of protecting your families and your private properties. We also understand many of you are going to extra lengths and expense to make sure they are safe. New technologies and trends such as Ring door bells, internet based wireless cameras, and private security companies such as Vivint, ADT, etc. are being used more widely than ever before.

Reading members' electric meters is a routine part of an FEC employee's job. Recently, one of our line personnel was video-recorded by a member's security system while reading a meter. Later, still pictures from this recording were placed on a public social media forum. Our employee was described as, "suspicious," and being a "trespasser." We understand that this was an unfortunate misunderstanding. However, what it and other similar subjects of rumor and gossip do is put our employees' safety and reputation at unnecessary risk.

FEC employees, when working in the field, wear a tan shirt with their name embossed and they drive a clearly marked vehicle. Instead of thinking of us as the bad guys, look at us as another line of defense, an extra set of eyes. We try to watch out for our members and their property. Besides, that's what friends are for.



RENEWABLES from PAGE 2

0.9% of solar and 7.3% of hydro, totaling 38.3%. The remainder would be comprised of fossil fuel resources. WFEC is very close to, if not already, satisfying the January 1, 2025, requirement of 40% renewable. Each month, FEC receives information from WFEC detailing the monthly generation resources that they provided. At year-end 2022, FEC will know for certain if WFEC's renewable resources already meet the January 1, 2025 goal.

FEC recognizes that many of their members have a desire to be carbon free when it comes to the energy they receive. Any member of FEC that desires to purchase renewable energy credits (RECs) can do so by contacting FEC and inquiring about the WindWorks Program available through WFEC. Commercial members on FEC's system who wish to use these RECs for association with their environmental, social and governance (ESG) plans may do so as it's a good way of addressing their organization's environmental pillar of its plan.

FEC's primary concern is to be able to satisfy their members needs in an affordable and reliable manner while maintaining compliance with the requirements set forth by both state and federal rules and regulations. FEC recognizes that in order to maintain affordability and reliability, fossil fuel generation is necessary.

Until next time,

Antonio Sanchez, Jr.

Merry Christmas!

On behalf of the Board of Trustees and the entire staff of Farmers' Electric Co-op, Merry Christmas and the happiest of New Years!

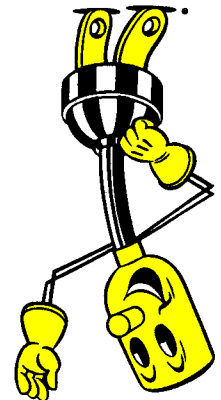
Farmers' Electric Cooperative offices will be closed December 23 and 26 and January 2 in observance of the holidays. In case of an emergency, please call (800) 445-8541. Our line crews are on call 24 hours a day.



Youth Tour Application Packets Available Now!

Go to fecnm.org and hover over the "Community" tab. When you see the drop-down menu, click on "Youth Tour." There you will find the application. It is a downloadable Word document.

This is a chance in a lifetime experience!



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

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