

CURRENTS

JNEC's May 2022 Newsletter

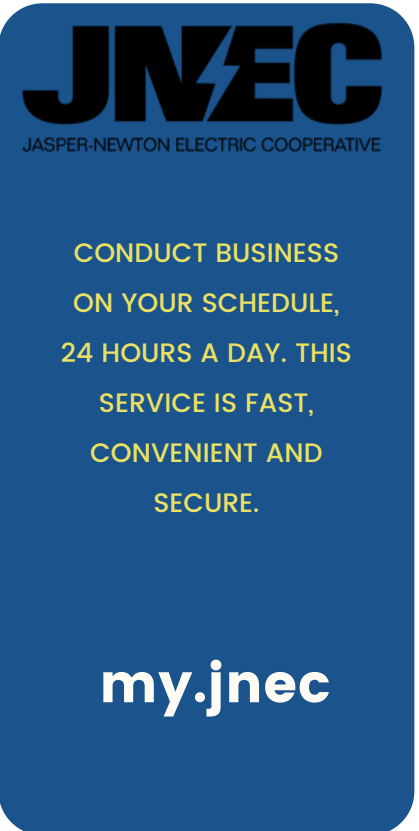
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Jasper-Newton Electric Cooperative's Patronage Capital Allocation

As a member-owner, you have a share in the margins of your not-for-profit electric cooperative. Your Cooperative's rates are set to bring in enough money to pay operating costs, make payments on any loans and provide an emergency reserve. Revenues in excess of the cost of doing business are eventually returned to JNEC's members as "patronage capital."

At the end of each calendar year, independent auditors perform an audit of our financial statements in accordance with Government Auditing Standards that confirms our financial position. Our "margin" is calculated by subtracting operating expenses from the total amount of money collected during the year.

The margin is allocated to each member based on the amount each member paid for electricity. Service charges, membership fees and other payments are not included in the allocation. The factor for 2021 margin (patronage capital) allocation is 0.0798924843. To calculate patronage capital allocation, take the amount paid for electricity for the 12 months of 2021 times the year's factor. The distribution of patronage capital is a separate process from this allocation.



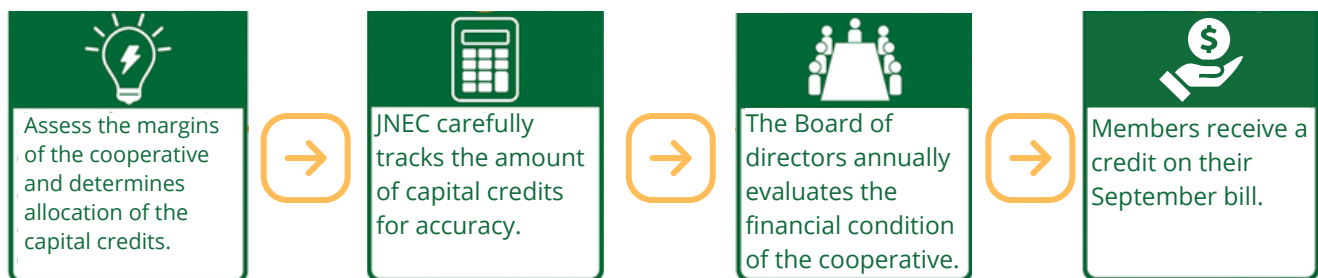
JNEC
JASPER-NEWTON ELECTRIC COOPERATIVE

CONDUCT BUSINESS
ON YOUR SCHEDULE,
24 HOURS A DAY. THIS
SERVICE IS FAST,
CONVENIENT AND
SECURE.

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HOW CAPITAL CREDITS WORK

Unlike investor-owned utilities, Jasper-Newton Electric Cooperative is a not-for-profit organization that returns its profits, or "margins," back to its member-consumers! As a member, you are part owner of the co-op and are eligible to receiving money back through capital credit retirements. Here's how they work:



Important Notice

Electricity Load Shedding and What It Could Mean to JNEC Members

Jasper-Newton Electric Cooperative's ("JNEC") service territory is located within two different Regional Transmission Operators ("RTO"), Midcontinent Independent System Operator ("MISO") and the Electric Reliability Council of Texas ("ERCOT"). MISO and ERCOT are responsible for ensuring that the supply of electricity is sufficient to meet customer demand for electricity to JNEC's service territory or distribution system.

When an event occurs that prevents the sufficient supply from all generation resources both RTOs will implement Emergency Operating Procedures. During a power emergency when electric supply cannot meet customer demand for electricity and all other operational options have been exhausted, the demand for electricity must be reduced to avoid uncontrolled blackouts. As a last resort, the RTOs will instruct electric utilities to implement controlled customer outages to reduce the customer demand for electricity on the electric grid. This is referred to as load shed and will last until the power emergency is resolved by the RTOs.

Typically, before calling for controlled customer outages, an RTO takes steps to reduce the demand on the electric grid by requesting customers to voluntarily reduce electric usage. Electric utilities, including JNEC, are obligated to immediately implement load shed procedures when an RTO instructs.

During member load shed events:

- All members should assume their power could go out without advanced warning. Efforts will be made, as much as possible, to provide advanced notification of pending outages, but circumstances do not always allow that to happen.
- Members designated as priority/critical load, are not guaranteed an uninterrupted supply of electricity. Including residential members who are dependent on electric-powered medical equipment. All critical/priority members are responsible to make arrangements for alternate sources of power, should a localized outage or load shed event occur. Anyone who is dependent on electricity for life-sustaining equipment should have a back-up plan in the event they experience power outage.
- Residential members who are interested in applying to be considered as priority account, should contact a Member Service Representative at 409-423-2241 or 800-231-9340. You may also access a priority account form at www.jnec.com/content/forms.
- JNEC will prioritize continuity of service for certain members whose service is critical to the community during an emergency or those whose service provides crucial support to the integrity of the electric system during an emergency. Critical load business members who provide crucial services, can contact the Engineering Department of JNEC at (409) 423-2241 or 800-231-9340.
- A load shed event is an emergency order issued by an RTO caused by the lack of electricity being generated or distributed to electric utilities. Because multiple factors may cause load shedding order, JNEC may not have the information to be able to notify individual members if they may lose power, when they may lose power or how long the load shed event may last.
- In extreme power emergencies, a retail transmission operator may require electric utilities to shed large amounts of load over long periods of time. In these instances, electric utilities like JNEC may not have the ability to rotate outages without risking the stability of the entire electric grid. When this happens, some members may be without power for an extended period of time. These outages are critical for ensuring the integrity of the electric grid and preventing a system-wide blackout, which could be long-lasting and have a significant impact on all aspects of life.
- Electric utilities are required to continue to comply with an RTOs controlled customer outage instructions until the RTO determines that outages are no longer required.
- In the event of load shedding, members are encouraged to conserve energy usage to alleviate stress on the electric grid. The Public Utility Commission of Texas provides information to the public on how to reduce electricity use at times when voluntary and/or involuntary load shedding events may be implemented. www.puc.texas.gov/consumer/facts/save.aspx Regardless of the nature of the load shedding event, JNEC is committed to ensuring the safe and reliable delivery of electricity to our members. While JNEC may not control the issues or conditions that have required the order to shed load, we will attempt to minimize the impact to our members in a safe and responsible manner.

JNEC is committed to providing safe and reliable power to its membership. Although the conditions leading to a load shed event may be out of the control of JNEC, we will work around the clock and do everything in our power to restore electricity as quickly as possible. Jasper-Newton Electric Cooperative, Inc., is a distribution electric cooperative who provides electricity to more than 23,300 meters in five counties.