



What is an electric cooperative?

Electric cooperatives are independent, private and not-for-profit organizations owned by the members they serve to provide affordable electricity to primarily rural areas. Unlike investor-owned utilities, an electric cooperative is operated by and for people of the community with the simple goal of providing reliable power, not making a profit. They support the economic development of areas that traditionally have been overlooked by larger power providers.

Coops formed in

1937

Why were electric cooperatives created?

Electric cooperatives date to the mid-1930s when nine out of 10 rural homes did not have electric service. For decades, power companies had ignored rural areas in order to focus on densely populated cities and towns.



9 out of 10 rural homes lacked electricity

How were electric cooperatives formed?

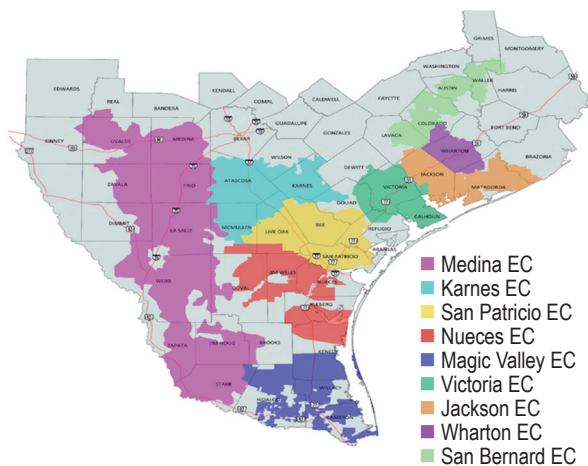
They were created when Congress passed The Rural Electrification Act allowing for the formation and operation of not-for-profit, consumer-owned electric cooperatives. Today, 99 percent of the nation's farms have electric service. Many obtain that electricity through electric cooperatives, such as San Miguel Electric Cooperative.



Member-owned, serving 47 counties

Who is San Miguel Electric Cooperative?

Created in 1977, San Miguel is a member-owned electric cooperative based in Christine, Texas, which provides a reliable source of power to hundreds of thousands of Texans. It operates a lignite-fired power plant that supplies electricity to nine member cooperatives across 47 South Texas counties.



How do members pay into the system?

San Miguel provides power to its members through a Wholesale Power Contract with its member-customer, South Texas Electric Cooperative. South Texas redistributes power at wholesale prices to its members, who are distribution cooperatives. They in turn provide retail utility services to their members, the consumers. Our nine distribution members are Medina Electric Cooperative, Karnes Electric Cooperative, San Patricio Electric Cooperative, Nueces Electric Cooperative, San Bernard Electric Cooperative, Magic Valley Electric Cooperative, Victoria Electric Cooperative, Jackson Electric Cooperative, Wharton County Electric Cooperative and San Bernard Electric Cooperative. San Miguel charges solely the cost to produce the electricity, plus a margin approved by its Board of Directors to meet certain debt covenants.

391 megawatts of power

**200,000 homes
during peak demand**

How does San Miguel generate the power?

San Miguel Electric Cooperative mines lignite, which is used by the power plant to produce 391 megawatts of electricity. This is enough energy to power 200,000 homes during periods of peak demand – providing reliable and affordable power to South Texans, who use that power to operate appliances, computers and office machinery, and to light their homes and businesses. On average, San Miguel mines nearly three million tons of lignite annually to generate electricity from the power plant. Mining is done in accordance with leases made with surrounding landowners and subject to permits issued by several regulatory agencies. After mining is complete, San Miguel goes through an extensive reclamation process to restore the land in accordance with stringent regulatory guidelines.



**\$39+ million
payroll
annually**

What is the economic impact provided by the San Miguel Electric Cooperative?

The cooperative contributes approximately \$1.3 million a year in local taxes, with an additional \$5.8 million in payroll taxes. Over the last 30 years, it has added more than \$100 million in property, school and county taxes to local economies. In addition, San Miguel provides more than \$84.8 million in payments to the state's economy. The power plant and mine support numerous other businesses as well, further enhancing the state and local tax base.

Contact:

6200 FM 3387
Christine, TX 78012
Phone: (830) 784-3411
E-mail: sanmiguel@smeci.net
www.smeci.net

About Us

San Miguel Electric Cooperative, Inc. is a member-owned mining and power generation cooperative. Our mission is to provide safe, reliable and affordable power through diligent resource management, environmental stewardship and employee growth, while helping to meet needs within the communities we serve.

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