



Cooperative Update

Julie C. Parsley | Chief Executive Officer
Eddie Dauterive | Chief Operations Officer
Randy Kruger | Chief Financial Officer
Don Ballard | General Counsel
JP Urban | EVP, External Relations

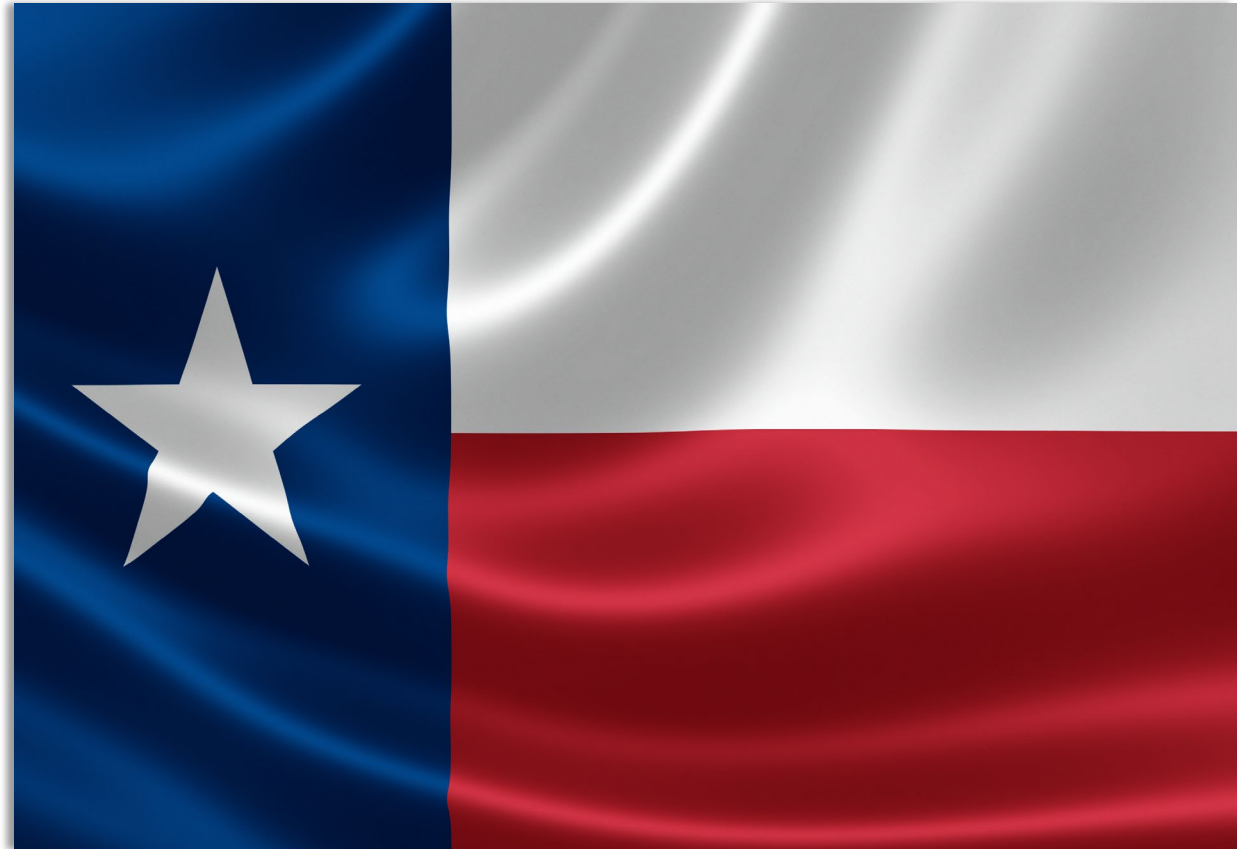


CEO Report

Julie C. Parsley | Chief Executive Officer

Legislative Update

- First Special Session concluded June 27
 - No bills passed
- Second Special Session called
 - Began June 27 at 3 p.m.
 - Focused only on property tax cuts
 - Agreement on \$18M property tax cut reached
 - Ended July 13



Regulatory Update

- Texas Advisory and Notification System (TXANS)
 - ERCOT Weather Watch
 - Three watches issued since May 31
- ERCOT Call for Conservation on Monday, June 20
- ERCOT set a new all-time record of 80,828 MW on June 27
 - The previous all-time record of 80,148 MW occurred on July 20, 2022
- Linda Capuano selected as new ERCOT Board Director
 - ERCOT Board Selection Committee
 - Joined July 1



Linda Capuano
ERCOT Board Director

Regulatory Update – Prioritized Rulemakings

New Legislation requires multiple PUC Rulemakings, including:

- SB 365 and SB 1076 – CCN applications and transmission substation build notices
- HB 2555 – Resiliency Plans
- HB 5066 – Regional Transmission Reliability Plans
- HB 1500 – PUC Sunset bill
- SB 3 (87th Session) – Emergency Pricing Program
- SB 2627 – Texas Energy Fund – *pending voter approval in November*
- SB 1093 – Critical Infrastructure Map



Fitch Ratings Report

AA-
FitchRatings

**PEC maintains its AA- rating
from Fitch Ratings**



PEC Goes to Washington

- Youth Tour delegates have returned
- 10 high school students spent a week in Washington, D.C. seeing firsthand how government works
- First group to attend since 2019 due to Covid-19
- One delegate has already applied for an internship at the Texas State Capitol!





PEC Hosts 2nd Annual Solar Car Derby!

- 70 campers joined
- Representative Ellen Troxclair served as Grand Marshall
- Visit with Wattson Raccoon

PEC Assists Upshur Rural Electric Coop

- Upshur Rural Electric Cooperative in East Texas experienced devastating storms on June 15
- At one point, more than 97% of their system was without power — more than 47,000 meters
- PEC answered the call to assist, and quickly assembled a team the same day
- 33 PEC lineworkers and support staff traveled to Gilmer to rebuild and restore power for six days



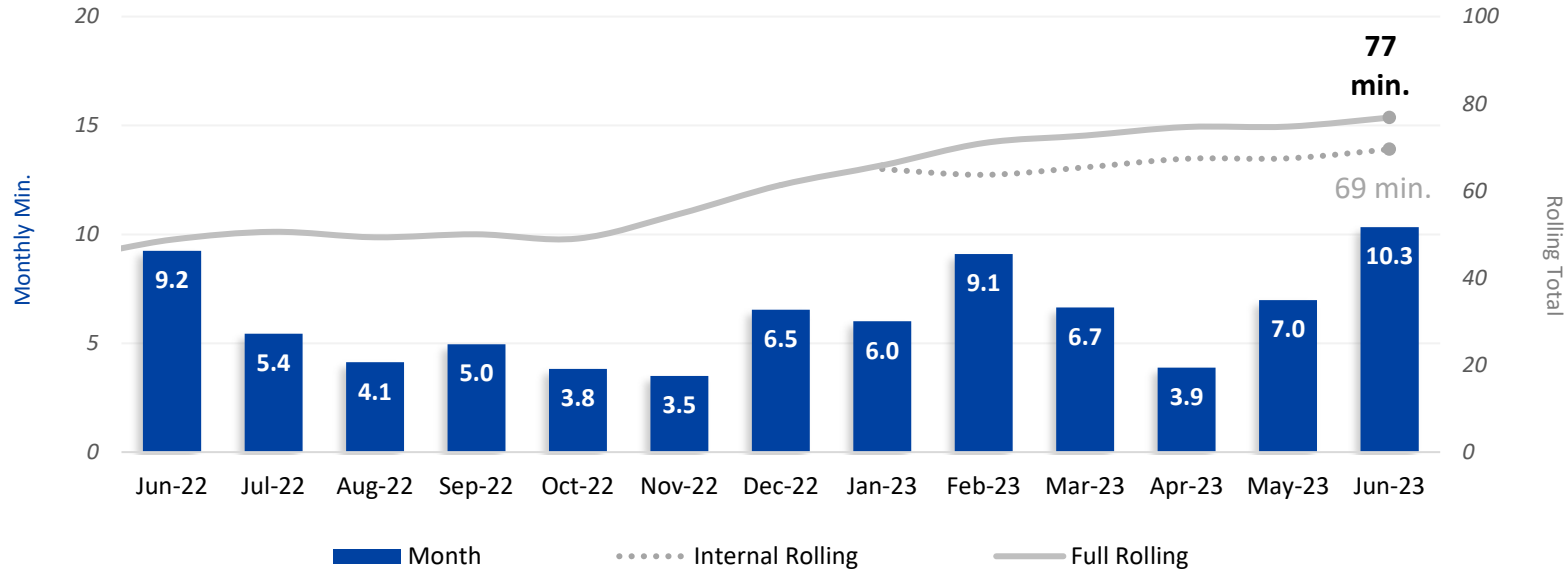


Operations Report

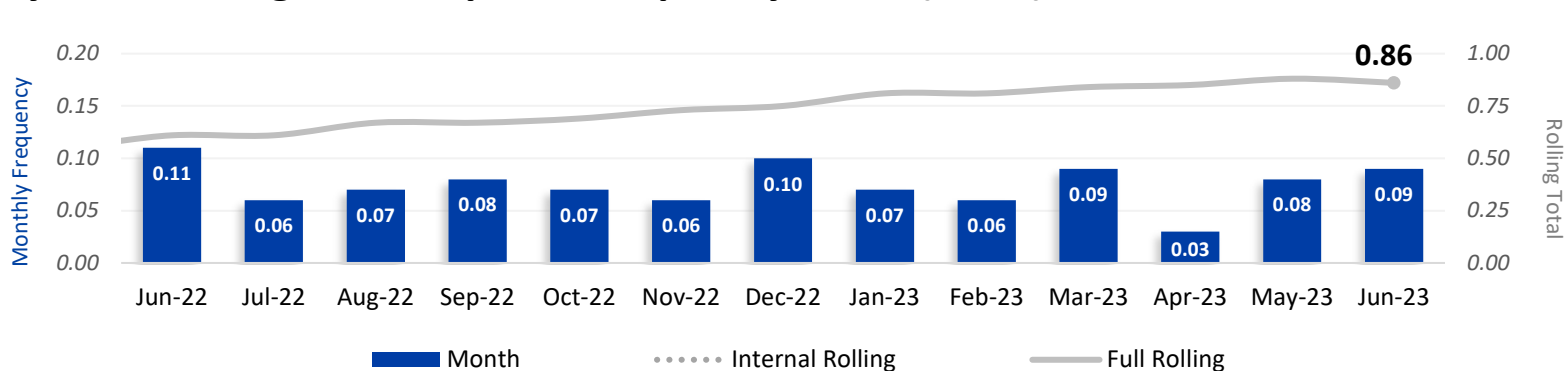
Eddie Dauterive | Chief Operations Officer

Reliability

System Average Interruption Duration Index (SAIDI)

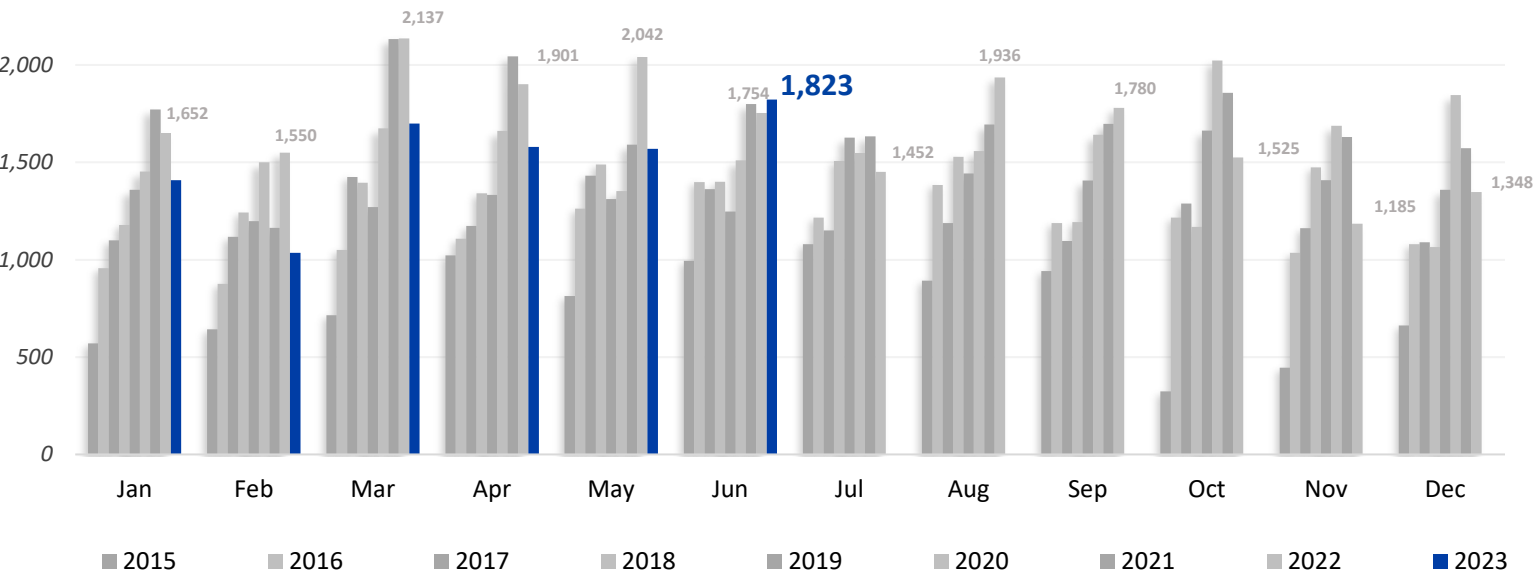


System Average Interruption Frequency Index (SAIFI)

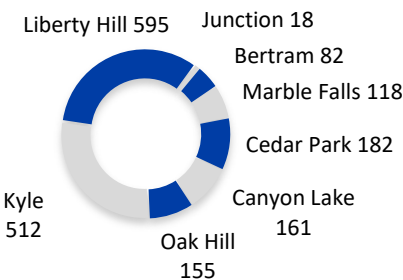


System Growth

Line Extensions Completed 2019: 16,640 2020: 19,458 2021: 20,592 2022: 20,262 2023 YTD: 9,116



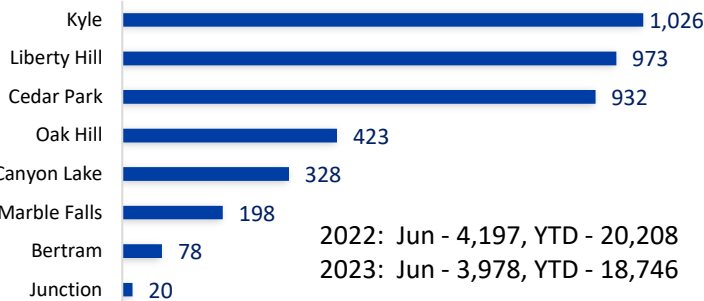
Line Extensions
Per District (1,823)



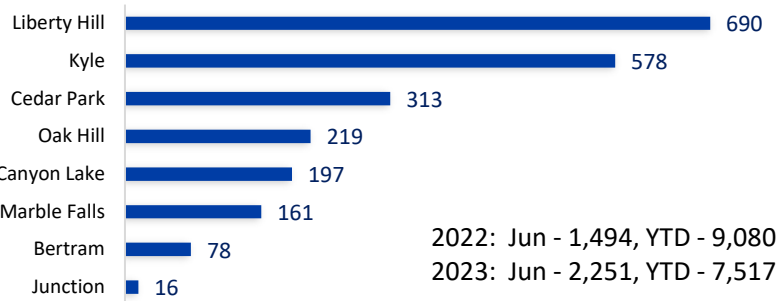
Miles of Distribution Line:
Underground: 7,000 (28%)
Overhead: 17,671 (72%)
Total: 24,671



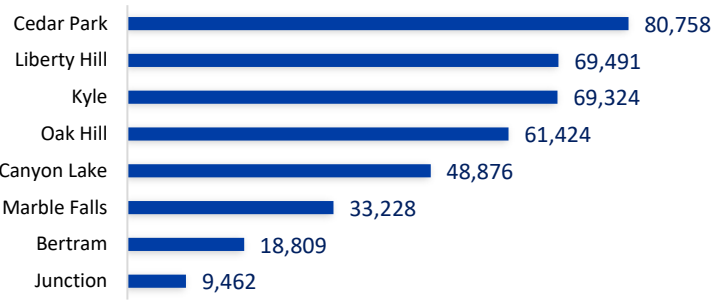
Member Applications (3,978)



Meter Growth (2,251)



Meter Totals (391,372)

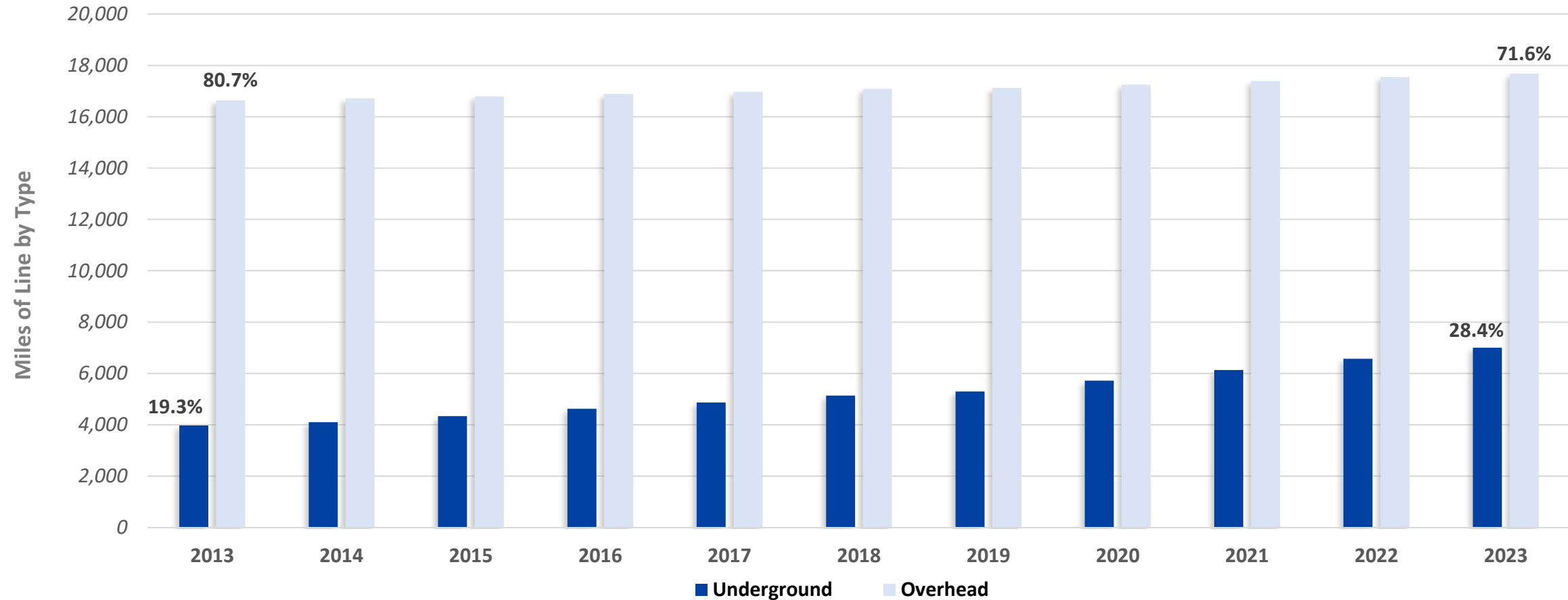


Miles of Line

Underground & Overhead Trending

Since June 2013, PEC has added 4,055 miles of line, 75% of which has been underground installations.

	Jun 2013	Jun 2023	Diff
Underground	3,978	7,000	+ 3,022
Overhead	16,638	17,671	+ 1,033
Total	20,616	24,671	+ 4,055



PEC Members Served

Population Reference Data:
US Census, July 1, 2022

Persons per Household, or Average Household Size, includes all the people who occupy a housing unit:

US Average: 2.60

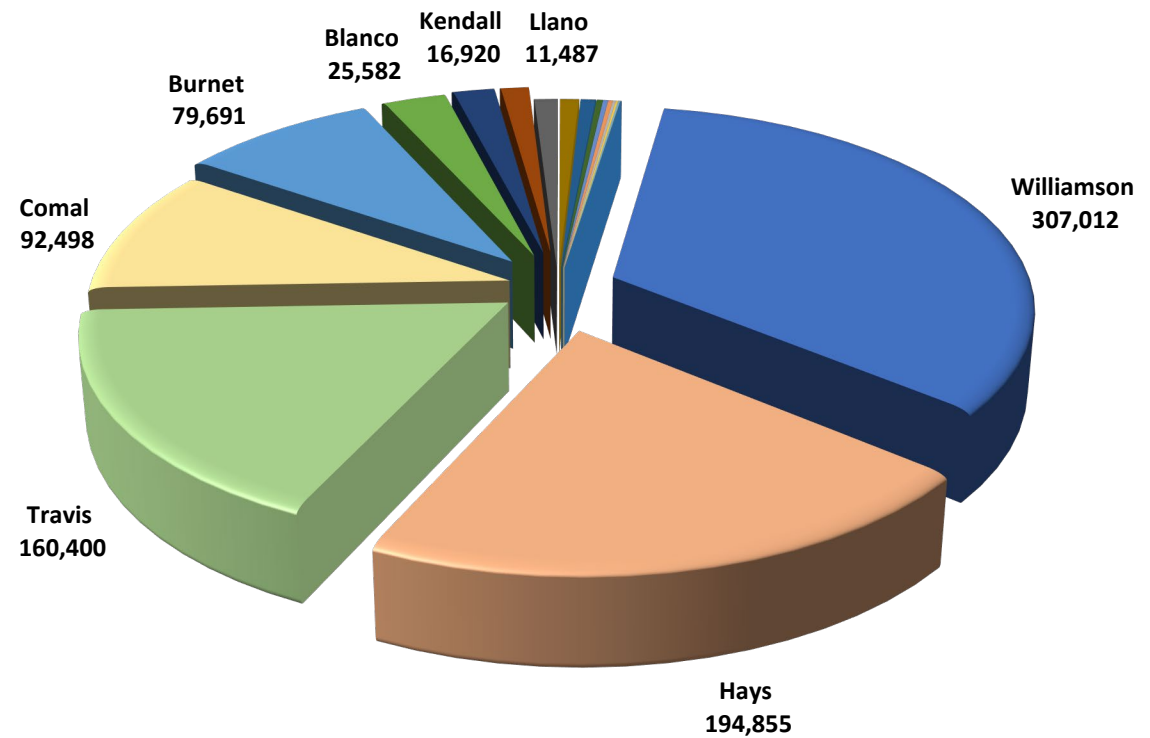
Texas Average: 2.76

PEC Average: 2.62

1,027,000

**Estimated population
serviced by PEC**

Estimated Populations Served by County



AMI Deployment

Deliveries and Exchanges Resume

Exchange schedule continues in Cedar Park

**Meters exchanged since
deployments restarted:**

4,365

**Total RF meters installed
coop-wide as of July 1:**

148,006

**Meters delivered
through June:**

21,600

Meters expected in July:

24,195

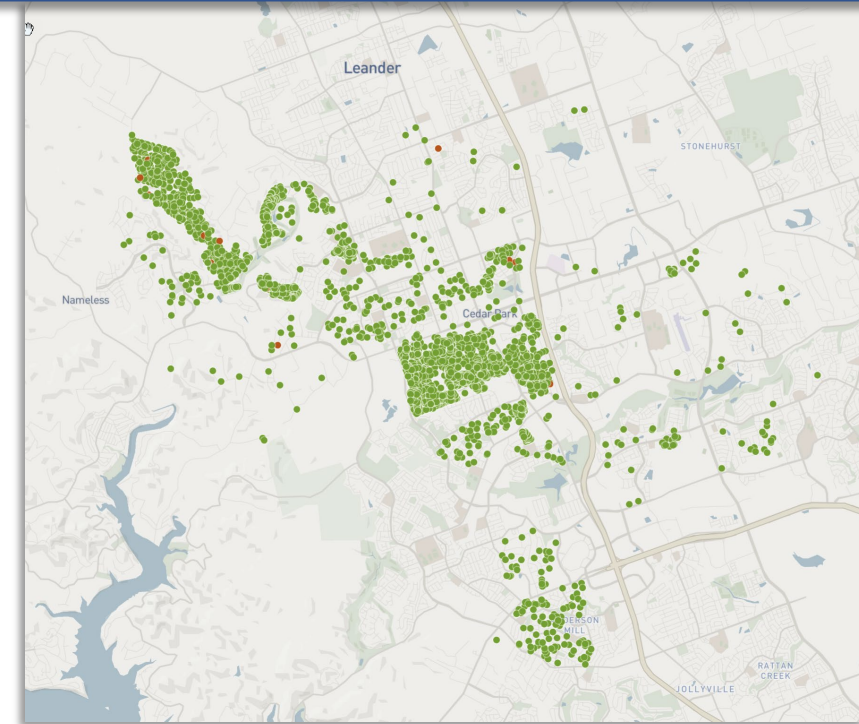
Member Messaging

Two weeks prior to scheduled exchanges, members receive a series of notifications:

- Letters and emails (2 weeks prior)
- Calls and texts (2 days prior)
- Handouts, hangers, and letters as needed.

Correspondence Completed:

- Letters: 5,791
- Emails: 4,967
- Calls: 4,079
- SMS: 3,592



Exchanges in Cedar Park:

- Placed: 34K
- Remaining: 37K
- Resume Date: May 22nd
- Est. Completion: Oct. 6th

Texas Lineman Rodeo

Seguin, TX – July 15

State-wide Participants:

54 Journeymen Teams
157 Apprentices

PEC Participants:

5 Journeymen Teams
10 Apprentices



PEC Results:
25 Total Trophies

Including:
1st, 2nd Overall - Journeymen Teams
1st, 2nd, 3rd Overall - Apprentices



June 2023 Financial Report

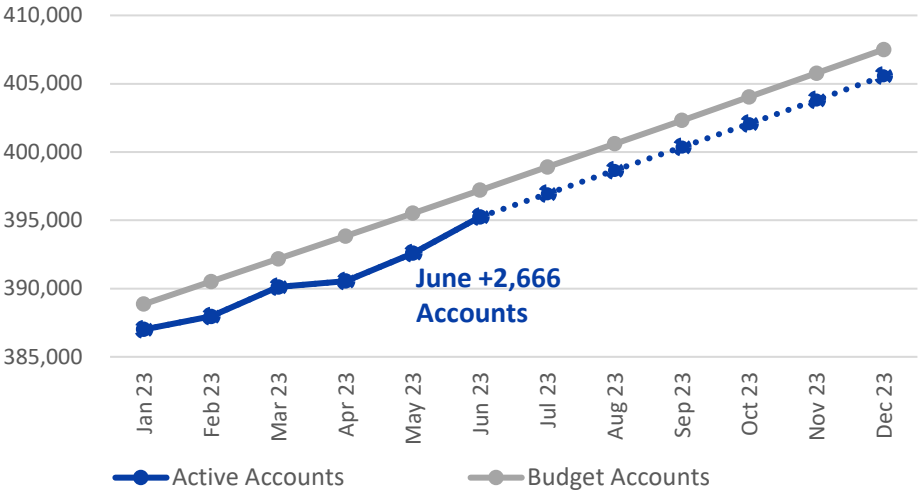
Randy Kruger | Chief Financial Officer

Finance at a Glance – June 2023

	MTD (\$ in millions)			YTD (\$ in millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
MWH Sold	765,041	738,519	26,522	3,329,564	3,458,560	(128,996)
Gross Margins	\$ 33.8	\$ 32.1	\$ 1.7	\$ 168.6	\$ 169.0	\$ (0.4)
Net Margins	\$ 9.1	\$ 6.2	\$ 2.9	\$ 13.9	\$ 13.1	\$ 0.8
EBIDA	\$ 19.6	\$ 18.3	\$ 1.3	\$ 79.8	\$ 88.4	\$ (8.7)
Revenue O/(U)	\$ 8.5	\$ 4.6	\$ 3.9	\$ 21.8	\$ 6.2	\$ 15.7
EBIDA(X)	\$ 28.0	\$ 22.8	\$ 5.2	\$ 101.6	\$ 94.6	\$ 7.0
Long-Term Debt				\$ 1,042.9	\$ 1,087.4	\$ 44.5

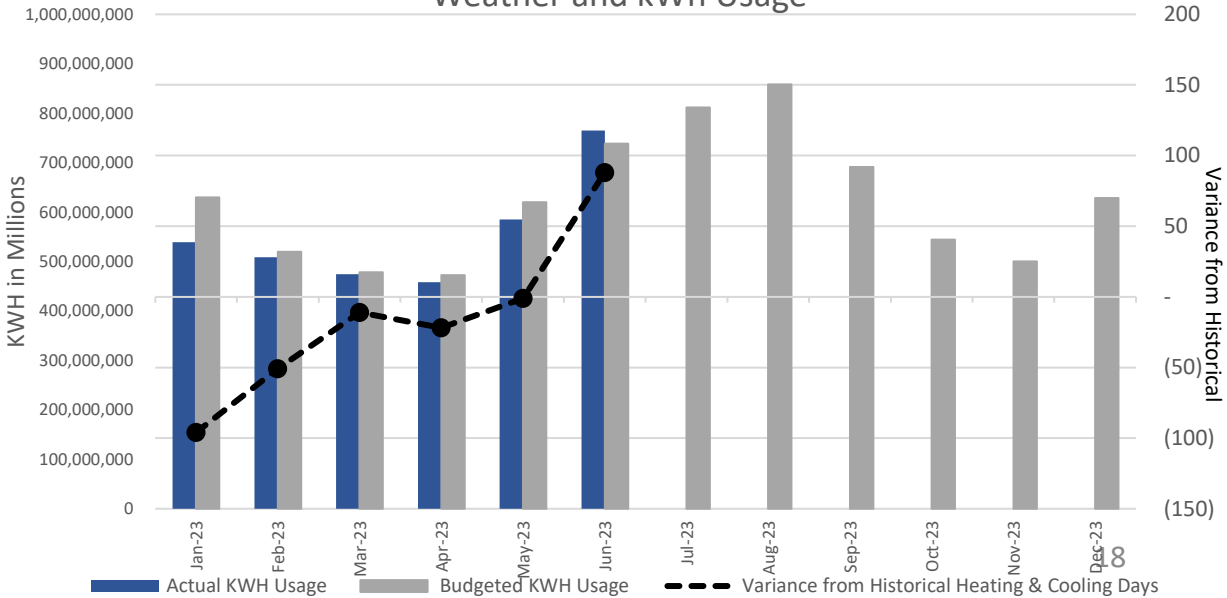
	Liquidity Coverage (\$ in millions)
Cash & Marketable Securities	\$ 8.7
Short Term Facilities	505.0
Less: Short Term Borrowings	24.9
Available Liquidity	\$ 488.7
Liquidity Coverage (Days)	280

Active Account Growth



Note: Preliminary Financial Results

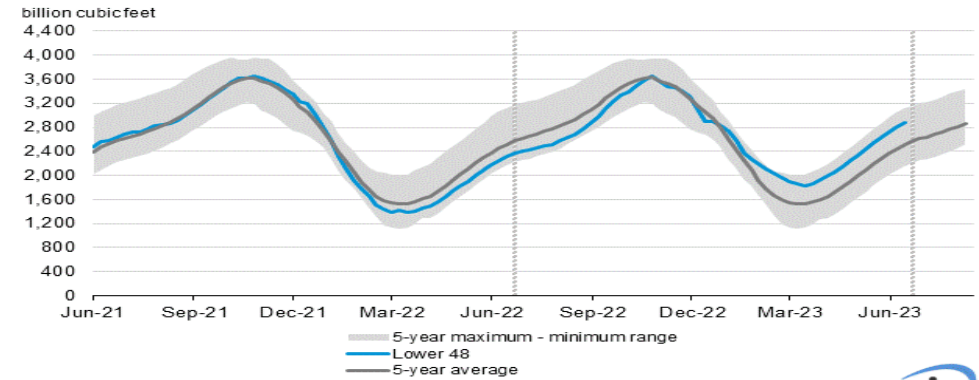
Weather and kWh Usage



3. Financial Report

Power Market Fundamentals

Working gas in underground storage compared with the 5-year maximum and minimum



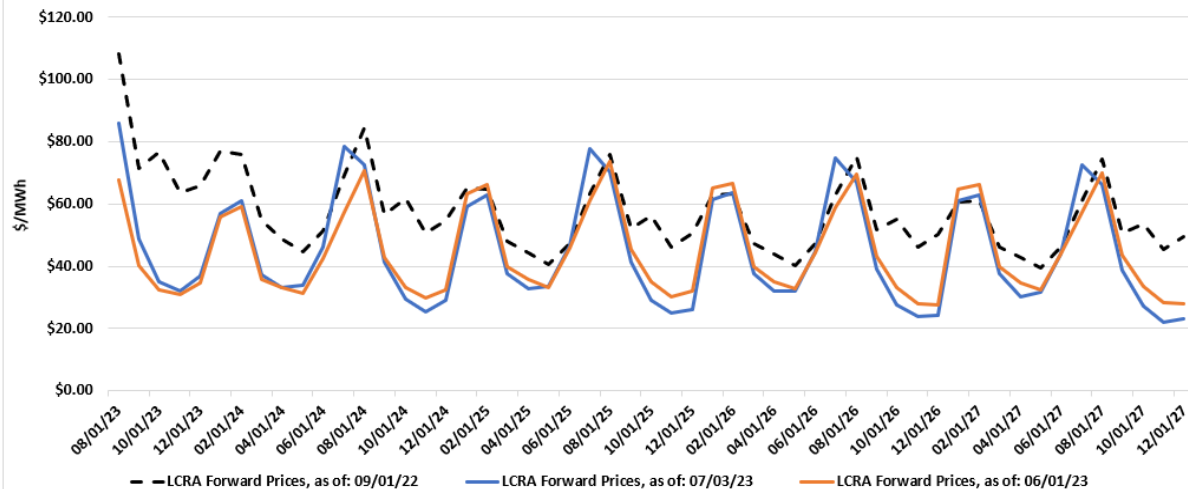
Data source: U.S. Energy Information Administration



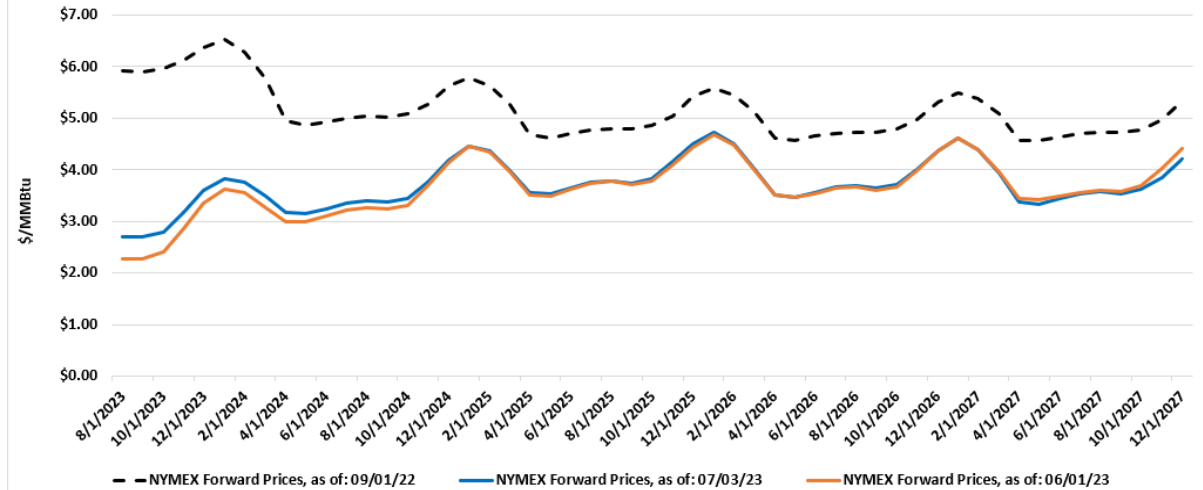
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2018 through 2022. The dashed vertical lines indicate current and year-ago weekly periods.

As of July 3

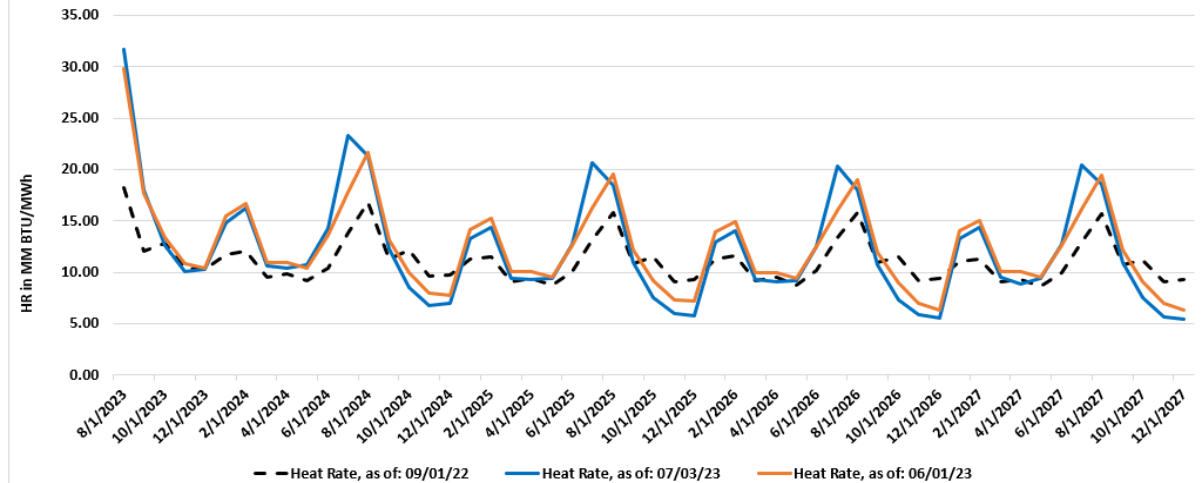
Power Forward Prices



Natural Gas Forward Prices



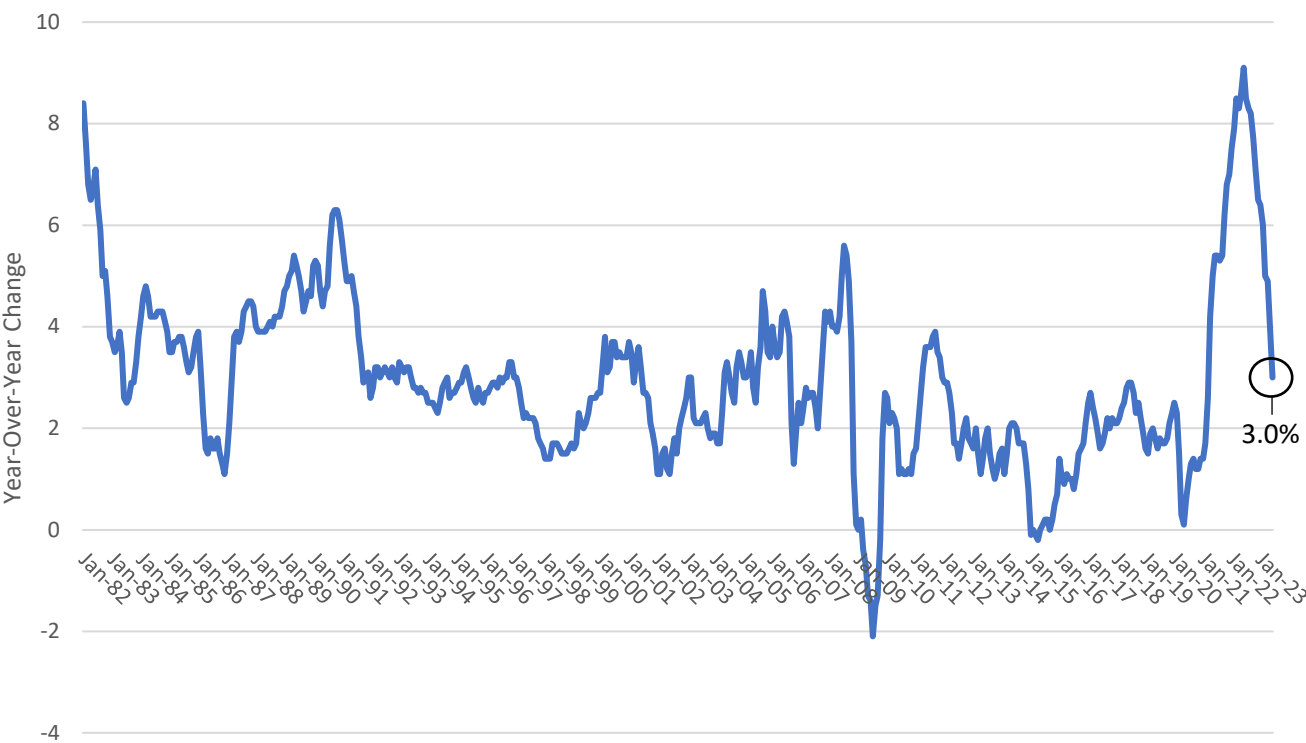
Forward Heat Rates



Inflation

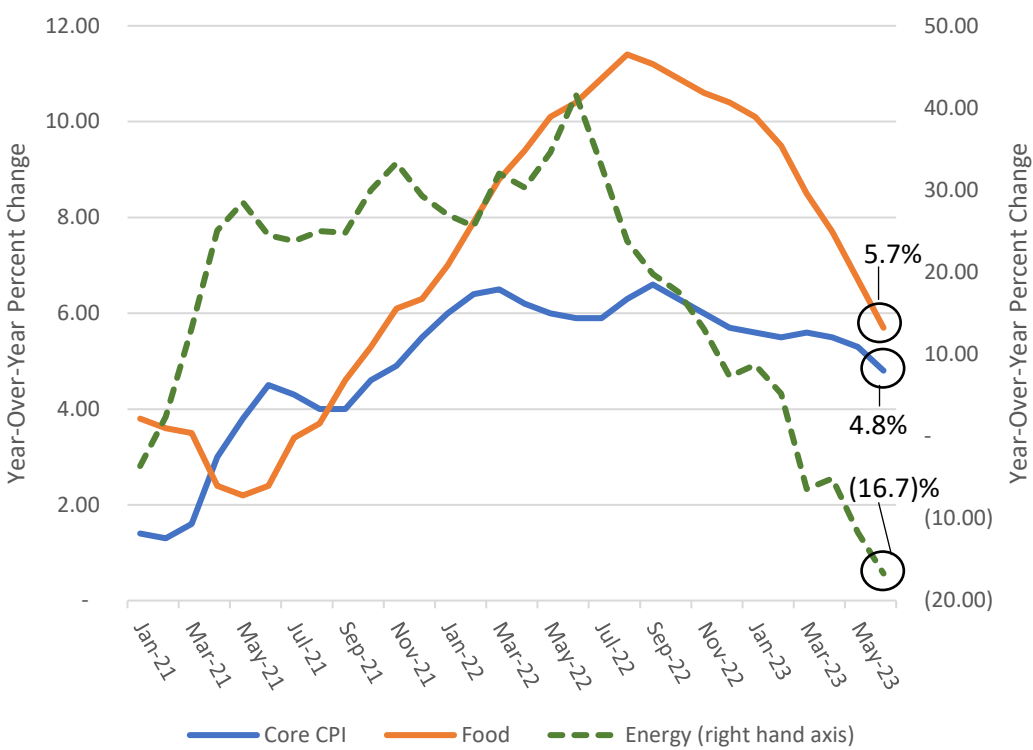
Overall CPI continues downward trend; Core CPI has dropped below the previous range of 5.0%-6.0% to 4.8%; Energy prices decline YoY driven by transportation fuel (-26.8%), fuel oil (-36.6%), and utility gas services (-18.6%) offset by increases to electricity (+5.4%) prices

CPI Jan 1982 to June 2023



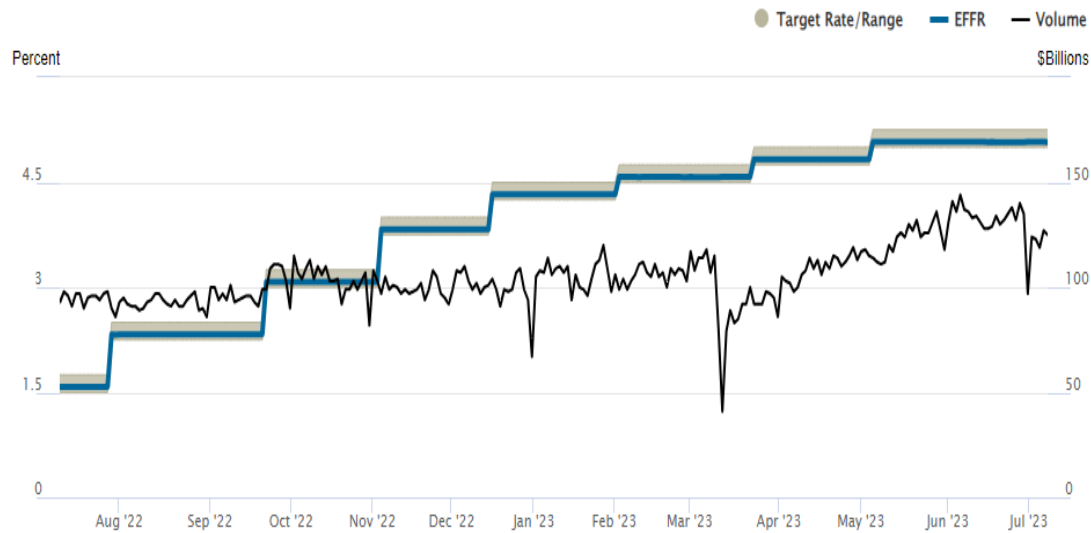
Source: U.S. Bureau of Labor Statistics

Core CPI, Food and Energy
Jan 2021 to June 2023



Source: U.S. Bureau of Labor Statistics

Federal Funds Rate



Source: Federal Reserve Bank of New York 7/10/2023

10-Year Note



Source: *The Wall Street Journal* 7/11/2023



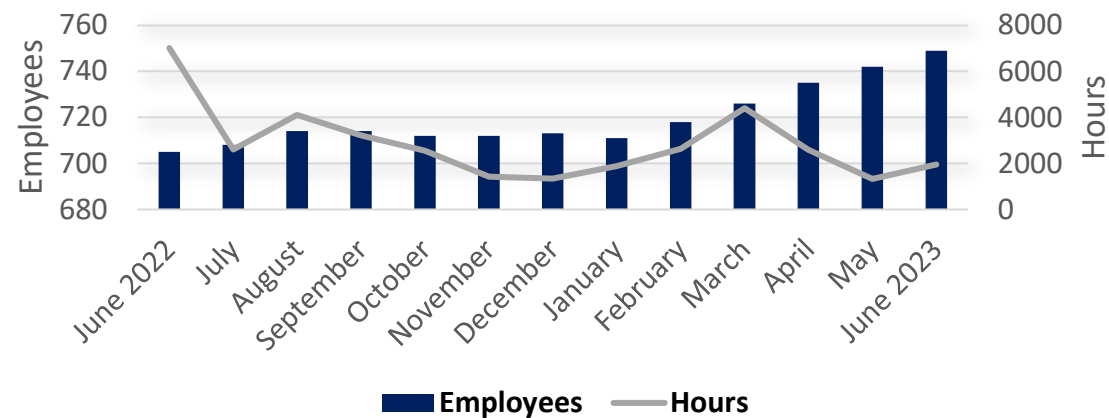
Workforce and Governance Report

Don Ballard | General Counsel

June Employee Development

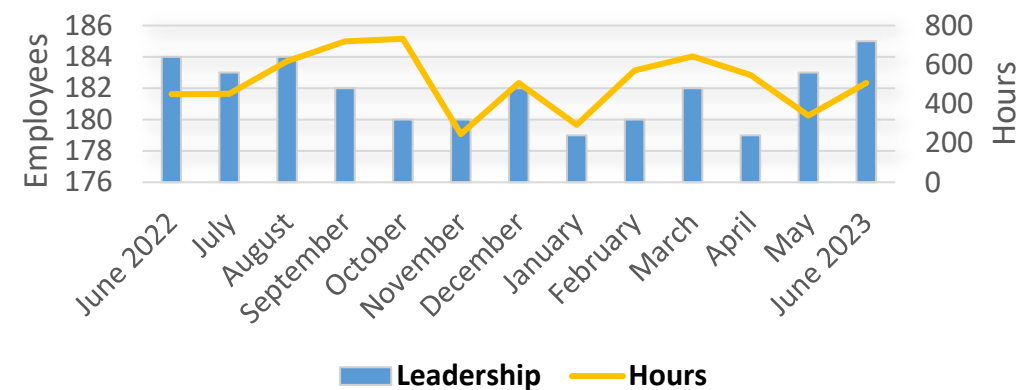
Employee Training

Hours for employees and leadership overall by month



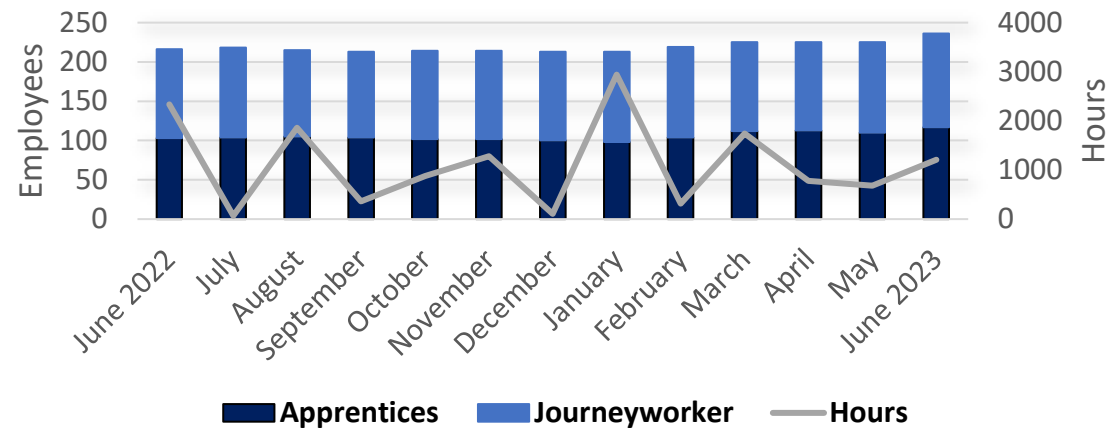
Leadership Training

Hours for employees and leadership overall by month



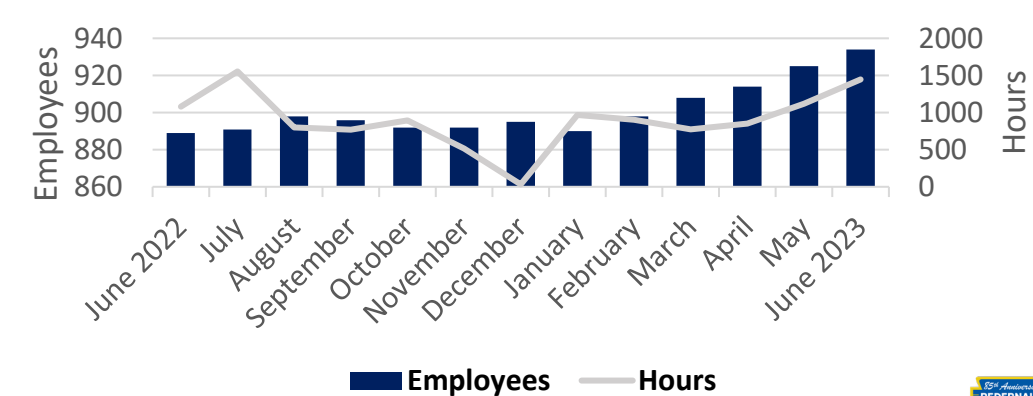
Apprentices & Journeyworker Training Hours

Hours trained for Apprentices & Journeyworkers per month



Safety Training Hours

Safety training hours per month



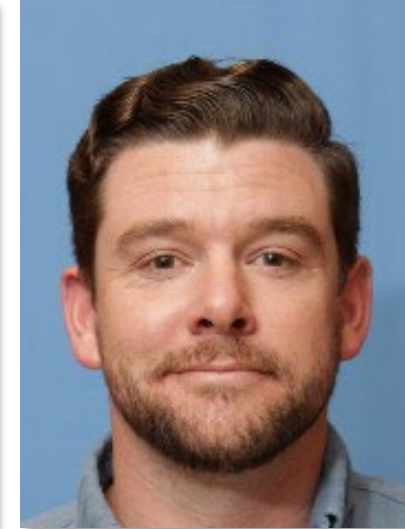
Employee Development Spotlight

LEVEL UP

**Congratulations to
Staff for Completing
Level Up Management
Training!**



Kelcey Fraser
Member
Relations
Engagement
Supervisor
Railyard



Josh Herrick
Regional
Operations
Supervisor
Cedar Park



James Tinker
Supply Chain
Supervisor
Johnson City

Safety Focused

- Vigilant heat safety awareness
 - Stressing importance of hydration and breaks
 - Utilized texting system to reach all employees during recent heat advisory
- According to OSHA and the Bureau of Labor Statistics, slips, trips, and falls cause more than 700 fatalities per year and many other serious injuries in the workplace
 - Safety staff recently partnered with External Relations for a new, engaging employee training video





Community and Member Engagement

JP Urban EVP, External Relations

PEC Employees Collecting School Supplies

Fill the
BUCKET



Over the coming weeks, PEC employees are collecting school supplies to donate to local districts and classrooms!

Capital Credit Allocation Notices Sent

- Capital credits are key to the Cooperative Difference
- Capital credits are funds members invest (through monthly bill payment) in PEC for capital improvements to ensure reliability and to meet growth demands
- Capital credits are based on the amount of electricity each member uses and vary from member to member and year to year
- More than \$38 million in capital credits allocated for electricity used in 2022

Capital credits The cooperative difference

At the June 2023 board meeting, the PEC Board of Directors (Board) approved the allocation of capital credits totaling more than \$38 million to current and former PEC members. If your account earned an allocation for electricity used during 2022, the allocation amount will appear on your July bill.

What are capital credits?

At PEC, we are more than just an electric provider, and you're more than just a customer. Our members are owners with a financial interest in the cooperative. When you make a payment to PEC, a portion of that money goes toward strengthening the operations that power your life. Those funds are called capital credits, and they are used to invest in capital additions and improvements to ensure system reliability and meet the growth demand PEC is experiencing.

Each year, any funds remaining after expenses have been paid (margins) are allocated to your capital credits account. Capital credits, which are based on the amount of electricity each member uses, vary from member

to member and year to year. Capital credits reflect a member's ownership in PEC but are not immediately returned to the member. Capital credits are used to fund operating activities and reduce borrowing, with the intent of returning the funds to members in later years.

What's the difference between allocated and retired (returned) capital credits?

Allocated capital credits are simply a record of your investment/ownership in the cooperative. Each year, any funds remaining after expenses have been paid (margins) are allocated to your capital credits account.

Retired capital credits represent a return of capital credits allocated to members in prior years. When the cooperative retires capital credits, the amount returned to its members will appear as a reduction on the member's electric bill, reducing the member's allocated capital credits balance. A check will be mailed to former members who receive retired capital credits.

When will my capital credits be retired?

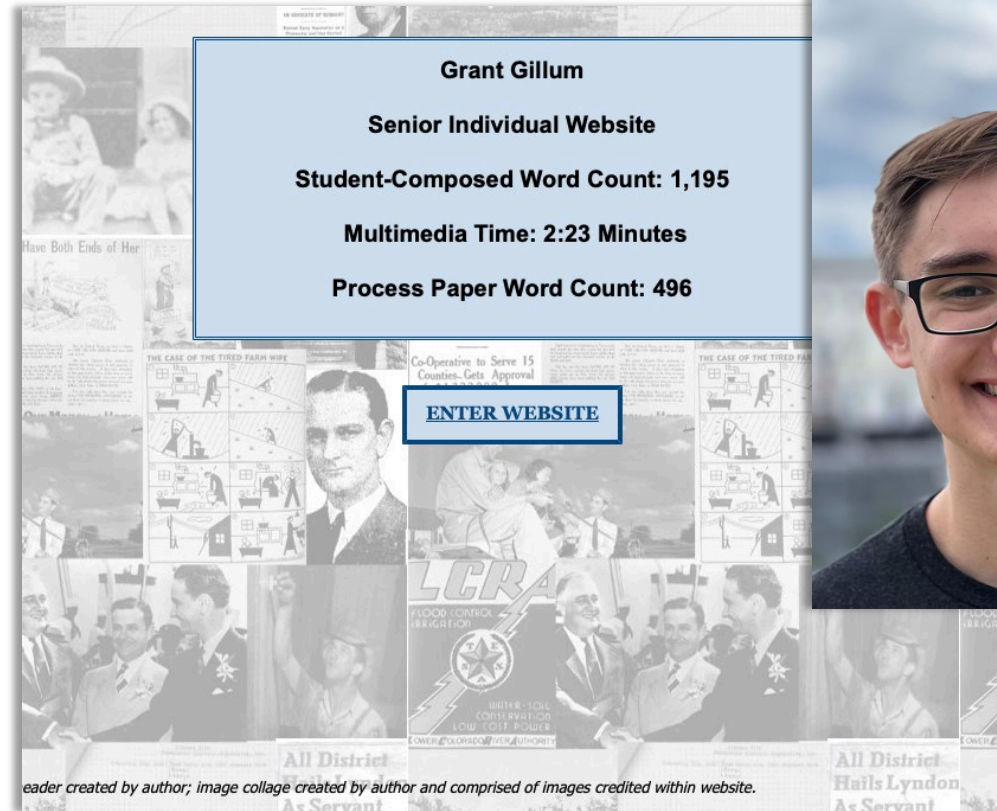
Because the capital is reinvested to support the cooperative's operating activities, the entire balance allocated to its members cannot be retired at once. Allocations act as a record of the member's ownership in the cooperative and are currently distributed on an approximate 30-year rotation. To the extent the PEC Board approves the return of capital credits earlier than the 30-year rotation to the benefit of its members, the capital credits will be retired at a discounted rate. After reviewing the cooperative's financial condition annually, the board will determine the method, basis, priority, and timing of all capital credit retirements.

For more information on capital credits, read the policy online at pec.coop/capital-credits.



Student's Project on PEC's History Wins Big

- Congratulations to Grant Gillum!
- Sophomore at Dripping Springs High School
- “Power for the People: How LBJ Tamed the Frontiers of Texas Hill Country Electrification”
- Won second place at National History Day Contest
- Worked with PEC staff to compile research and key facts on PEC's history





Appreciation and Look Ahead

Employee Kudos*



Zach Hartman
Journeyworker
Cedar Park



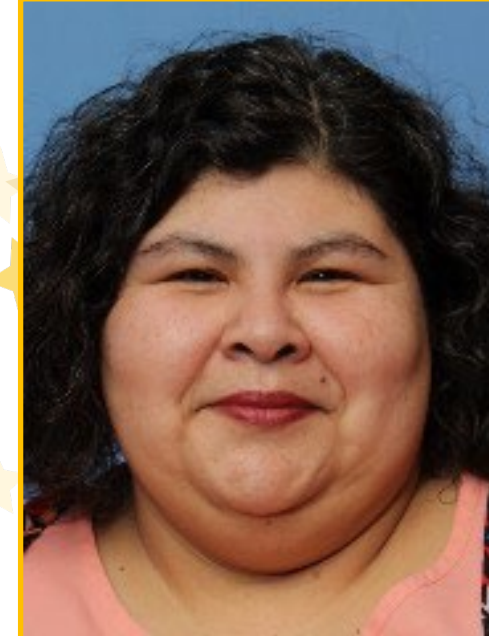
Josh Stanford
Distribution
Operations
Technician
Kyle



Janica Ortiz
Member Relations
Agent 2
Marble Falls



Tonya Garcia
Member Relations
Analyst
Dripping Springs



Maria Saldivar
Member Relations
Analyst
Railyard

**These were selected from the hundreds of kudos PEC receives each month*

Thank You, Team PEC!



**PEC Operations assists Upshur Rural Electric
Cooperative following devastating storms**



Appendix Pages From Operations and Financials Reports

Outage Management

Completed

Improvements or minor system configurations for significant outage events.

- Finetuning outage prediction rules
- Automated outage awareness notifications
- A new EOP distribution group for member escalations

2023 Corporate Initiatives & CEO Action Items

Several projects were launched through 2023 Plan for completion EOY 2023:

- Targeted messaging by status or location
- Website redesign
- Seasonal engagement campaigns to critical load accounts
- Auto-ping capability to verify outages

In Development (for completion EOY 2023)

Workgroups were allocated established to complete:

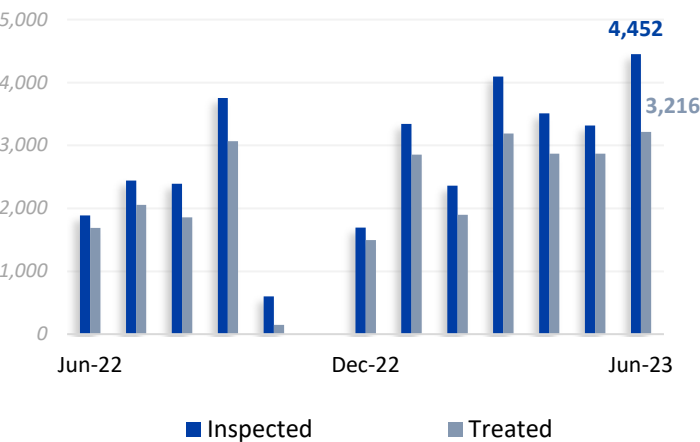
- Outage map improvements – Solution has been identified and a Statement of Work is in development.
- Formalizing PEC contractor onboarding process – PEC's recent experience with Mutual Aid for Upshur Rural Electric is being assessed with discussion among participants of successes and improvements.

Distribution Maintenance

Pole Testing & Treatment (PTT)

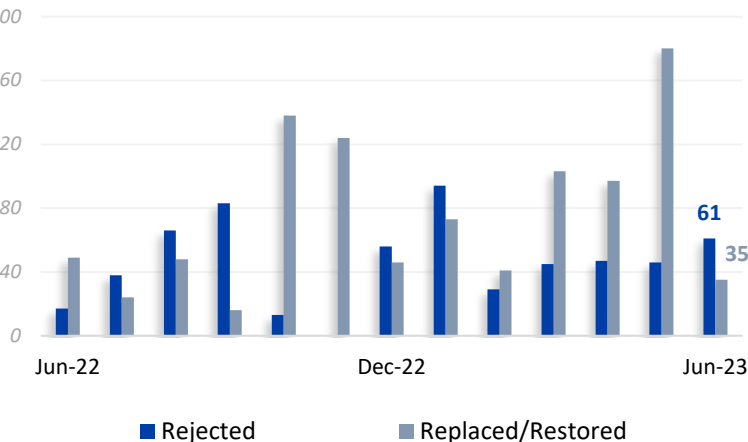
Poles Inspected & Treated

2022 YTD: Inspections - 26,152 Treated - 20,805
2023 YTD: Inspections - 21,085 Treated - 16,899



Poles Rejected & Replaced/Restored

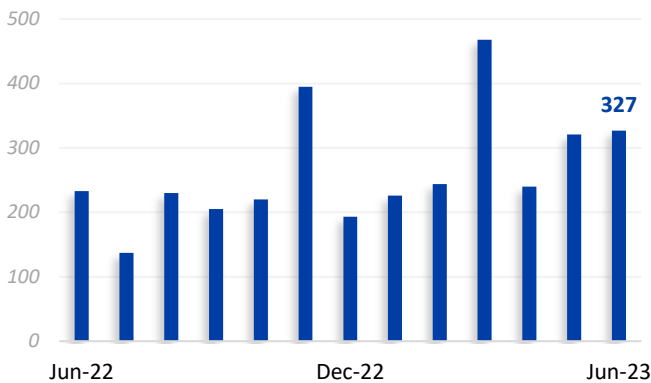
2022 YTD: Rejected - 403, Restored - 287
2023 YTD: Rejected - 322, Restored - 529



Underground Equipment

URD Pad Restorations

2022 YTD: Restorations - 1,323
2023 YTD: Restorations - 1,826



Vegetation Management

LiDAR Assessment Audits:

Type	Jan	Feb	Mar	Apr	May	Jun
C&D WUI 3 Phase	50	239	458	841	133	46
C&D WUI 1 Phase	335	331	1,245	806	1,389	1,015
C&D Other 3 Phase	49	29	110	122	206	252
C&D Other 1 Phase	362	161	95	235	852	600
All C&D	796	760	1,908	2,004	2,580	1,915

Wildland Urban Interface (WUI):

Areas between unoccupied and developed land that pose greater risk for wildfire.

**C&D WUI 3-Phase
98% Complete**

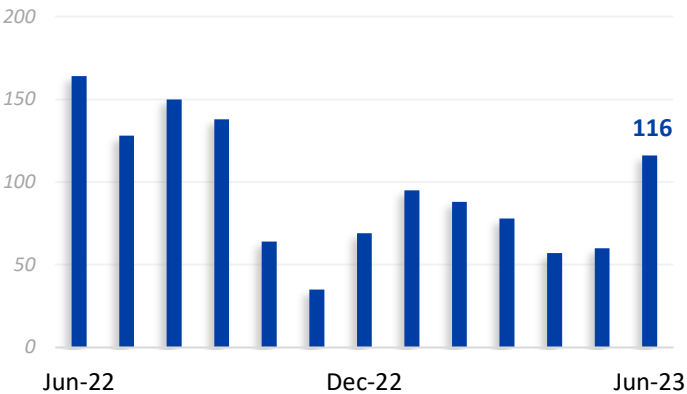


Distribution Maintenance

Technical Services

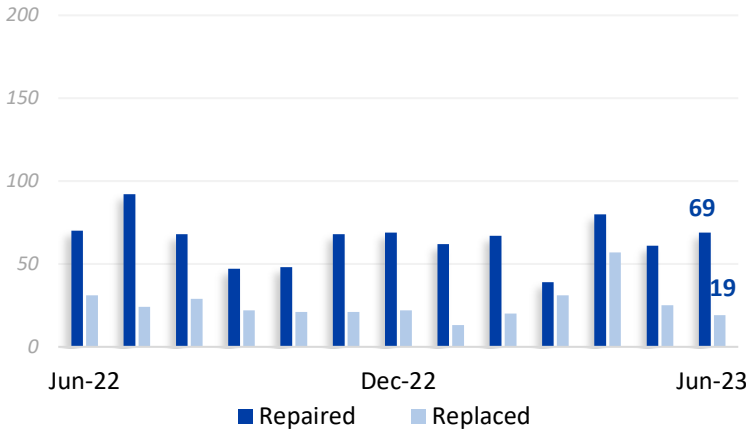
Equipment Inspections

2022 YTD: 692
2023 YTD: 494



Equipment Repaired & Replaced

2022 YTD: Repaired - 434, Replaced - 136
2023 YTD: Repaired - 378, Replaced - 165



Pole Contacts

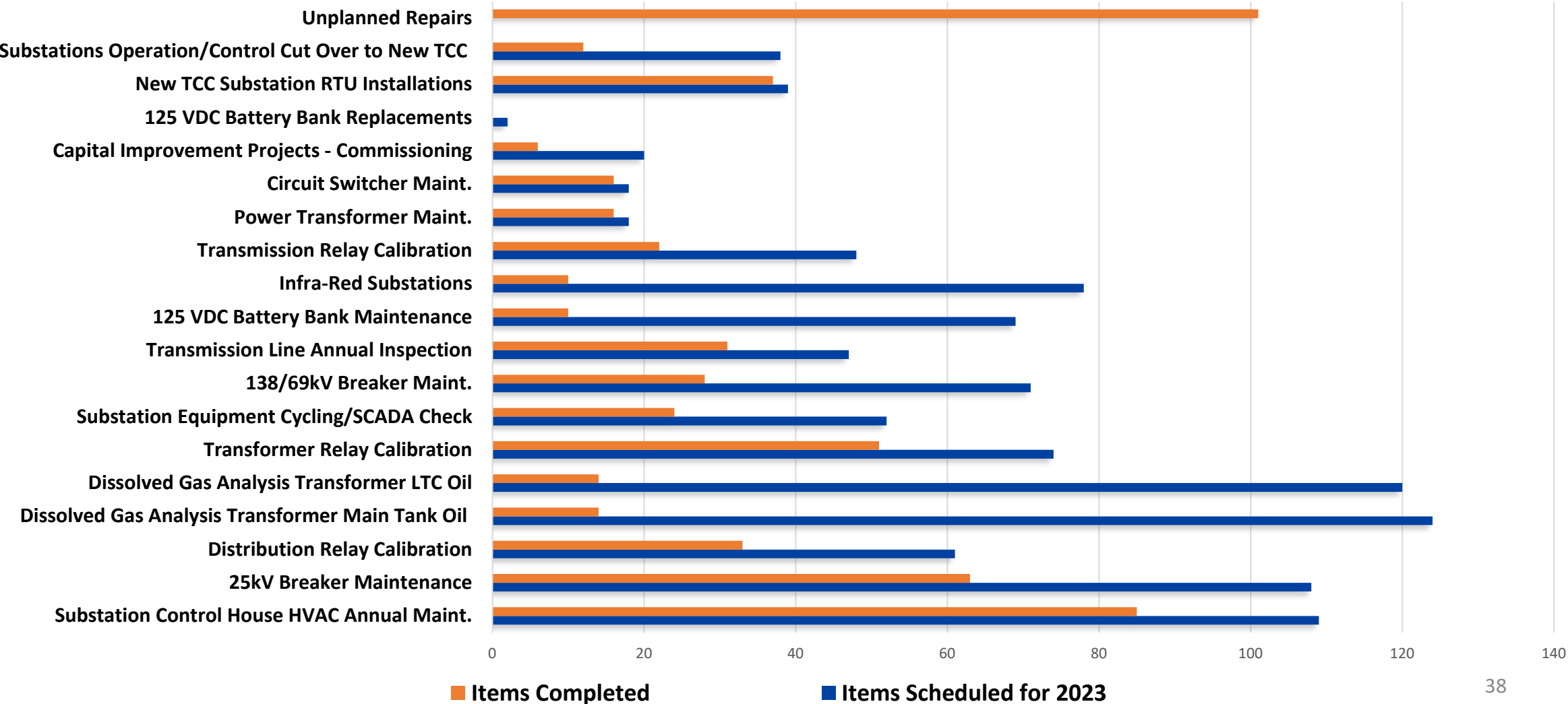
Applications Received & Permits Issued

2022 YTD: Received - 386, Inspected - 400, Approved - 351
2023 YTD: Received - 359, Inspected - 369, Approved - 313



Substation & Transmission Maintenance

2023 Itemized Maintenance By Equipment



Planning Engineering Projects

Overall Status

Project	Completion Date	Percent Complete
Load Projections Study	Jan 2023	100%
2023 CIP Project Maps	Feb 2023	100%
Capacitor Settings	Mar 2023	92%
4CP Study	Apr 2023	100%
Summer Contingency	May 2023	95%
20 Year Plan	Jun 2023	98%
UFLS Study	Jun 2023	10%
CIP (1st draft) Study	Jul 2023	10%
CIP Study Completed	Sep 2023	0%
Mock UFLS Study	Dec 2023	0%
PEC System Arc Flash Study	Dec 2023	5%
Winter Contingency	Dec 2023	0%
2 Year System Protection Coordination Review	Dec 2023	65%

Substation Engineering Projects

Overall Status			Start Date	Completion Date	Percent Complete
District	Phase				
Cedar Park	Construction	Upgrade bus to double-bus double-breaker	Apr-21	Apr-23	100%
Oak Hill	Construction	Upgrade line protection relay panels	Apr-21	May-24	70%
Junction	Construction	Upgrade transformer and add line breakers	May-21	Oct-23	85%
All Districts	Engineering/ Construction	Upgrade circuit switches and relay protection on three mobile substations	Nov-21	Jun-23	95%
Liberty Hill	Construction	Construct new substation	Dec-21	Dec-23	72%
Liberty Hill	Construction	Add third power transformer	Apr-22	Aug-23	85%
Kyle	Construction	Add third power transformer	May-22	Jul-23	93%
Bertram	Construction	Upgrade power transformer	Jun-22	Sep-23	79%
Cedar Park	Construction	Make improvements to ground grid for reliability	Aug-22	Apr-23	100%
All Districts	Engineering	Develop transmission protection philosophy for protective settings	Jan-23	Sep-23	59%
All Districts	Engineering	Develop configuration for engineering to have access to RTU settings	Nov-22	Dec-23	25%
Oak Hill	Engineering	Upgrade power transformer	Feb-23	Jan-25	16%
Liberty Hill	Engineering	Upgrade power transformer	Feb-23	May-24	24%
Cedar Park	Engineering	Add third power transformer	Feb-23	Nov-24	18%
Kyle	Engineering	Construct new substation	Feb-23	Dec-24	18%
Oak Hill	Engineering	Add feeder breaker and feeder	Mar-23	Dec-23	30%
Oak Hill	Engineering	Add feeder	Mar-23	Dec-23	30%
Bertram	Engineering	Add circuit switcher on power transformer	Mar-23	Dec-23	33%

Transmission Projects

Overall Status

District	Phase	Description	Completion Date	Percent Complete			
Canyon Lake	Complete	Increase clearance to meet USACE requirements	Dec 2022	100%			
Marble Falls and Cedar Park	Complete	Reconductor (Phase 1)	Feb 2023	100%			
Oak Hill	Complete	Harden transmission line to meet severe weather requirements	Mar 2023	100%			
Kyle	Closeout	Harden transmission line to meet severe weather requirements	May 2023	99%			
Junction	Engineering	Extend tap to new substation bay	Oct 2023	30%			
Liberty Hill	Procurement	Harden transmission line to meet severe weather requirements	Dec 2023	50%			
Liberty Hill	Procurement	Add Fiber to existing transmission line	Feb 2024	40%			
Liberty Hill	Procurement	Harden transmission line to meet severe weather requirements	May 2024	50%			
Marble Falls and Cedar Park	Procurement	Overhaul (Phase 2)	May 2024	50%			
Kyle	Engineering	Transmission line overhaul	Jan 2025	10%			
Oak Hill	Procurement	Harden transmission line to meet severe weather requirements	May 2025	40%			
Cedar Park	Engineering	Harden transmission line to meet severe weather requirements	May 2025	40%			

Large Project Updates

Cedar Park

Plans for additional restrooms have been completed, permit has been issued, contract awarded. Construction to start last week in July, complete in October.

Johnson City

Developing a master plan for the Haley Rd site. Fencing of new property lines in progress. Completing design for 7,000 sq. ft. warehouse, bidding and permitting to follow.

Junction

Contractor has mobilized and is currently working on fencing and fuel island installation. Expect completion end of August.

Oakhill Contact Center

Design phase near completion. Starting construction plans.

Marble Falls

Finalizing design, resolving encroachments, permit obtained for fencing, bidding in July.

Oak Hill Fuel Island

Project awarded, long lead items on order. Permit application in final review, expected in July.



Facility Management Metrics

PEC Facilities staff complete approx. 400 orders/mo.

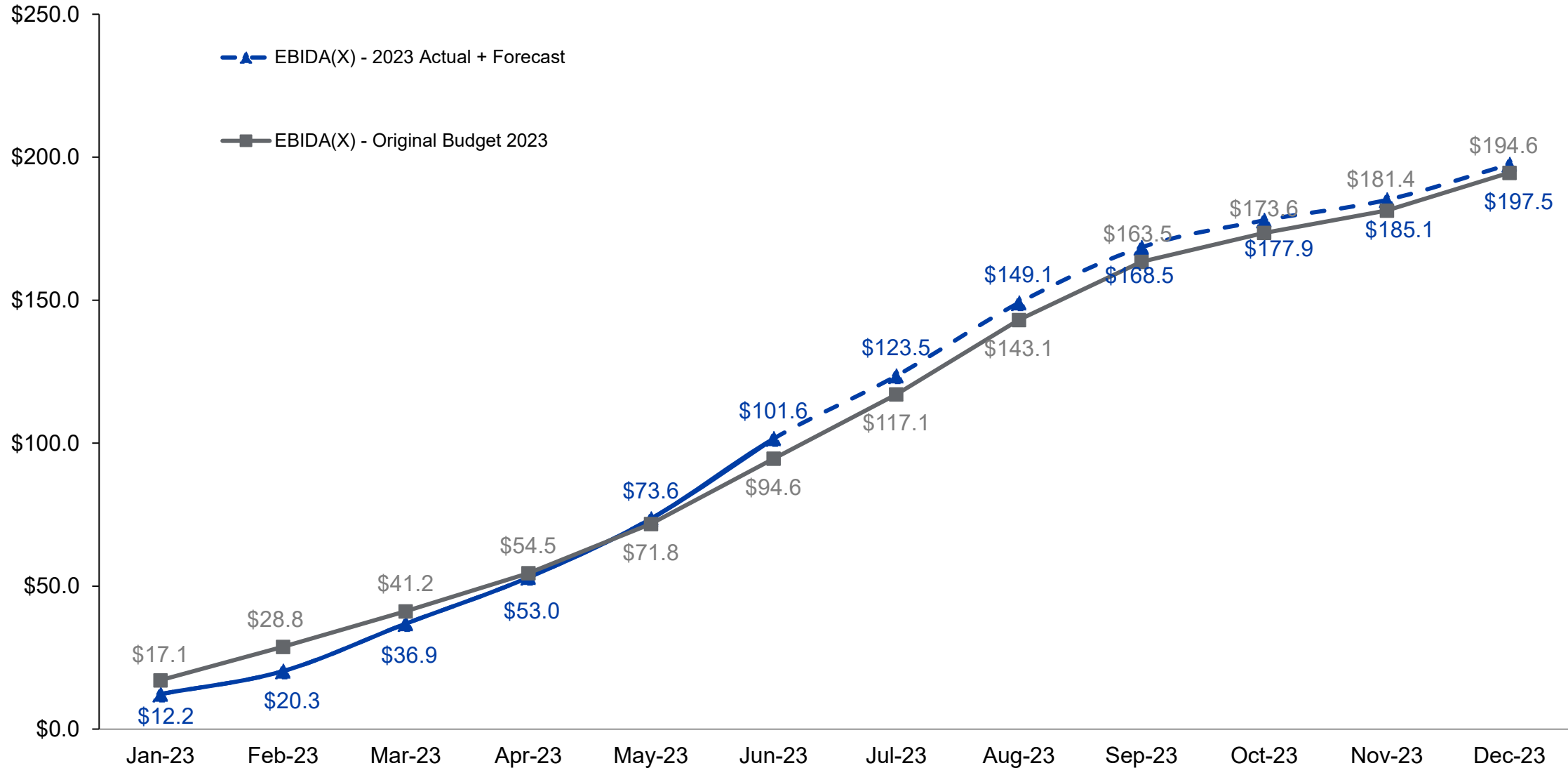
	Goal	2023 YTD	2022
Avg Response Time	< 1 day	.35	.54 days
Completed On-Time	> 90%	84%	79%
Proactive Work Orders	> 80%	93%	85%
Satisfaction Rating	> 95%	97.7%	100%



Appendix to June 2023 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

EBIDA(X) Year to Date (in millions)





pec.coop