



# Cooperative Update

Julie C. Parsley | Chief Executive Officer

Andrea Stover | General Counsel

Nathan Fulmer | Chief Operations Officer — Distribution

Randy Kruger | Chief Financial Officer

JP Urban | Chief Administrative Officer



# Winter Weather Report

Julie C. Parsley | Chief Executive Officer

Nathan Fulmer | Chief Operations Officer — Distribution

# PEC Team Prepared for Winter Challenges

- PEC staff began monitoring weather patterns December 30, taking action with early preparations, and releasing staff and member communications by Friday, January 3
- On January 5, ERCOT issued a Weather Watch from January 6-10 due to forecasted cold weather and potential precipitation across the ERCOT market, plus anticipated higher electric demand, and the potential for lower reserves



National Weather Service  
Austin/San Antonio, TX

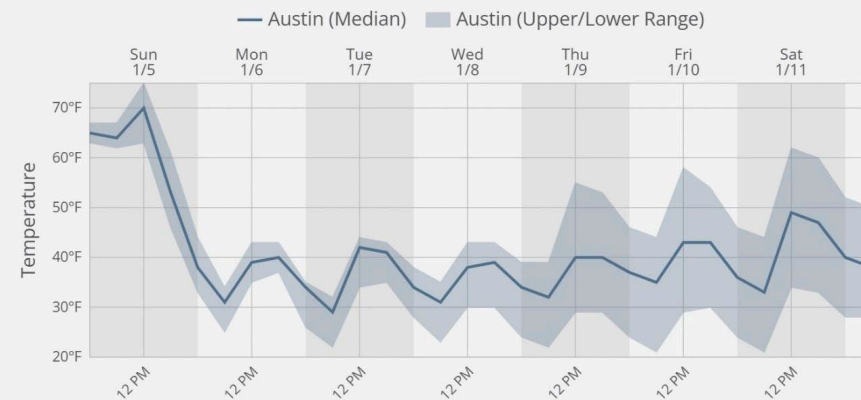
**Situation Report**  
Friday, January 3, 2025 12:32 PM

## Austin and San Antonio Range of Temperatures



### Range of Temperatures

Sunday Morning, Jan 5 - Sunday Morning, Jan 12



### Additional Details

- Potential Impacts:**
- Prolonged period of cold temperatures through next week
  - Sub-freezing temperatures likely each night with the temperatures likely rising to above freezing in the afternoons
  - Precipitation type mid to late week will depend on the timing and extent of sub-freezing temperatures

- What To Do:**
- Keep up to date with the forecast
  - Protect the 4 P's of Cold Weather! People, Pets, Plants, and Pipes

# PEC Team Prepared for Winter Challenges

- Maintenance, construction, contract, vegetation, and ground-clearing crews on standby Wednesday and Thursday, January 8-9
- Contact centers fully staffed and prepared to respond
- Communications prepped in advance
- Non-event for PEC's service area —cold temperatures with rain
- **Excellent opportunity to develop muscle memory and prepare for future events**







# CEO Report

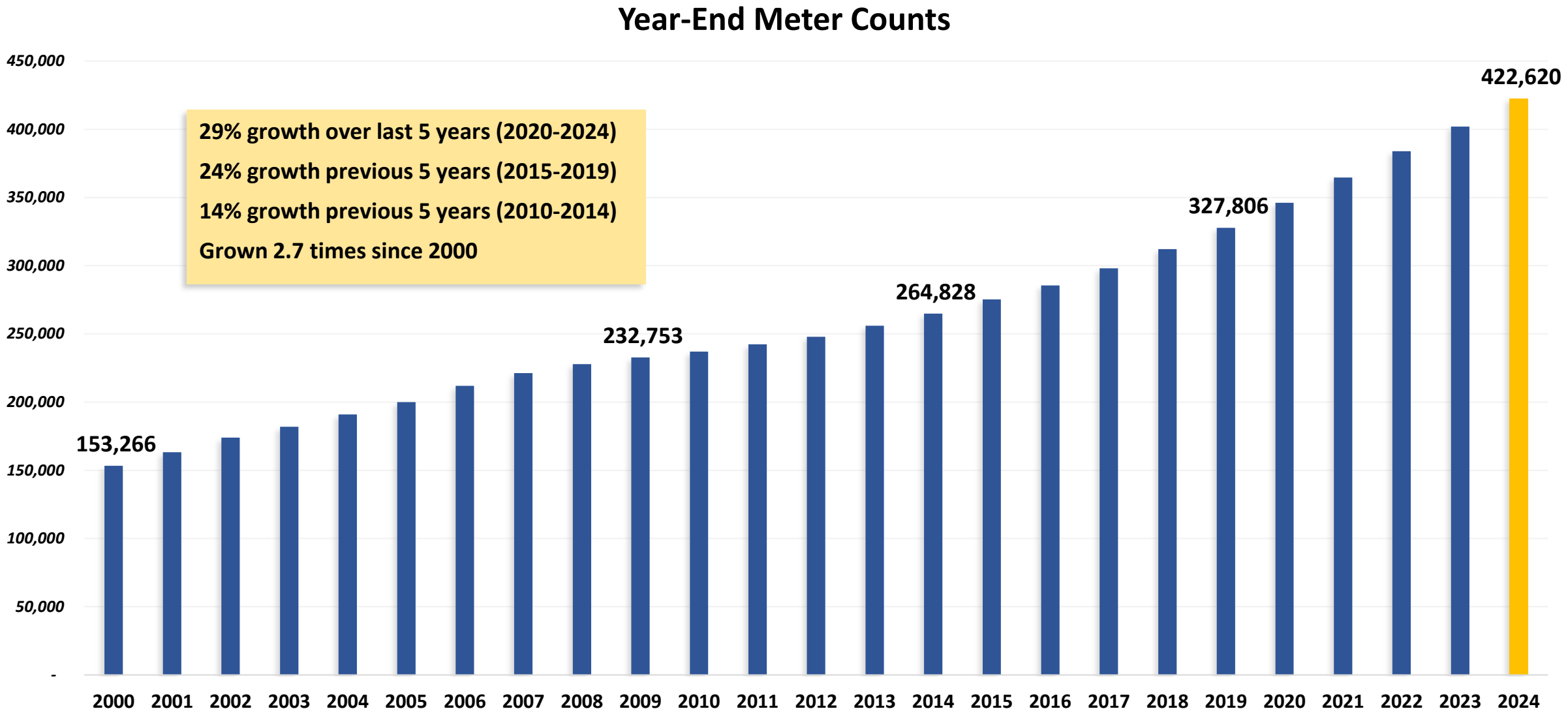
Julie C. Parsley | Chief Executive Officer

# 2024 Cooperative Highlights

- PEC proudly took operational control of our transmission assets last spring
  - Huge milestone for PEC — allows more visibility into ERCOT activities plus increased control over our assets, maintenance, and day-to-day management
- Completed 3.5-year AMI deployment, installing more than 400,000 meters in total across service area
- Reestablished Johnson City District to serve needs of growing communities

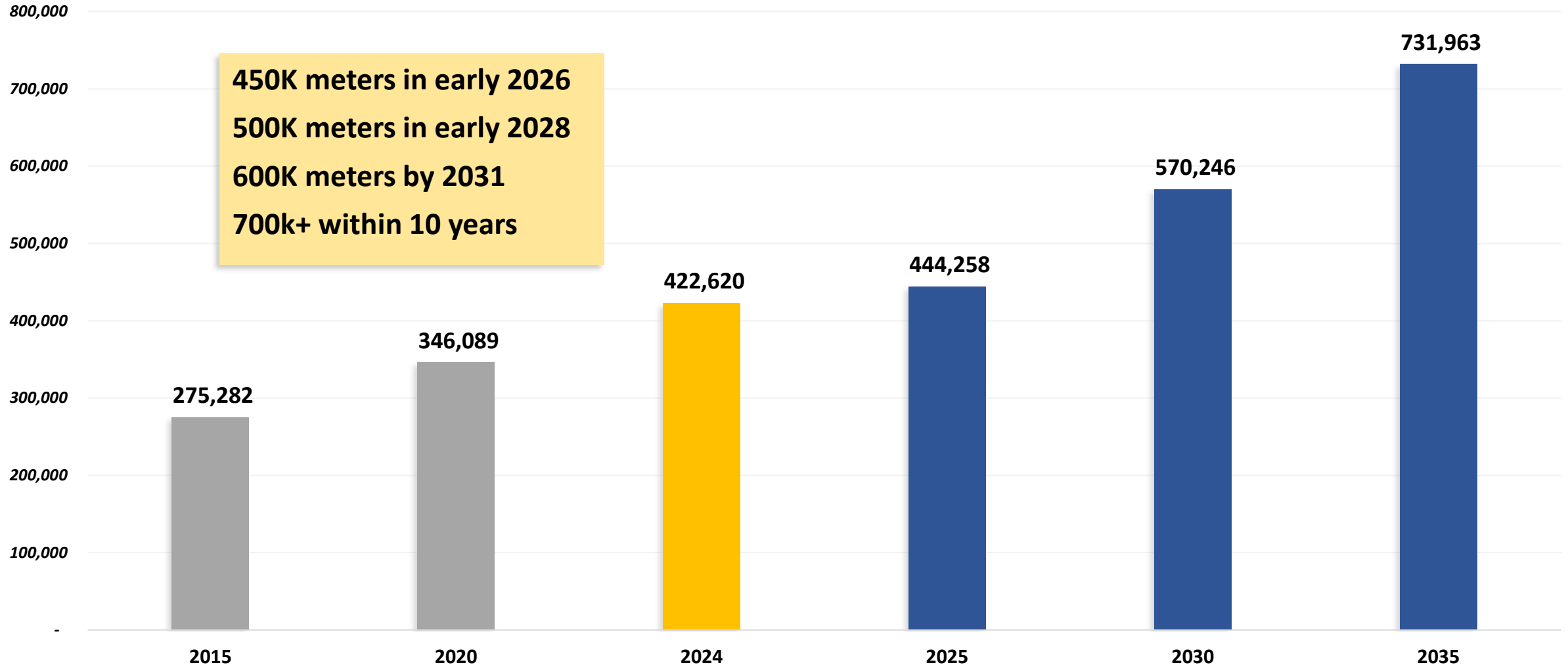


# Looking Back at Steady Meter Growth



# Anticipated Growth Moving Forward

Continuing at a 5.12% Growth Rate Year-to-Year





# 2024 Staff Accomplishments

- PEC's Rodeo Team shined
  - 26 total awards this rodeo season
  - Zach Gough, three-time first place overall apprentice
- 12 Member Relations staffers achieved True Blue status, recognizing their outstanding skills and approach with members
- Jerry Bible and Michael Brinkman were invited by ERCOT to present at the ERCOT Transmission Service Provider (TSP) Winter Weather Preparedness Workshop
  - PEC program recognized as best-in-class





# PEC Recognized as a Top Workplace



# Legislative Update

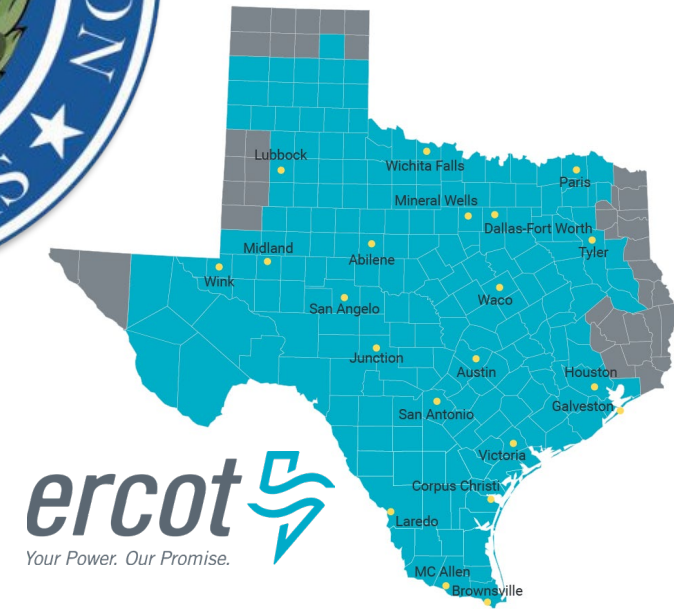
- Session began Tuesday, January 14
- Rep. Dustin Burrows (R-Lubbock) won Speaker race, 85 to 55, late Tuesday afternoon
- PEC staff is closely monitoring bills related to utilities
- Since last Board meeting, the Senate Special Committee on Hurricane and Tropical Storm Preparedness, Recovery, and Electricity released interim report following an investigation into Hurricane Beryl, including their findings and recommendations to the Legislature
- Also, late last month, the Senate Business and Commerce Committee released their interim report, which includes topics studied during the interim and recommendations





# Regulatory Update: PUC and ERCOT

- The Public Utility Commission (PUC) is accepting applications for Texas Energy Fund (TEF) completion bonus grants
  - Grants are available to new dispatchable generation of at least 100 MW located in the ERCOT market
- The PUC and ERCOT are considering new 345 kV, as well as 765 kV options, to address large energy growth in ERCOT
  - Workshop scheduled for January 27





# January Special Report

Andrea Stover | General Counsel

# 2024 HR and Legal Highlights

## Human Resources Department

- Conducted RFP and implemented move to Self-Funded Medical Insurance.
- Transitioned performance appraisals to coincide with calendar year (conducted appraisals twice in 2024).
- Implemented labor law training and expanded pre-apprentice program to additional districts.
- Processed ~9,500 applications — nearly 50% increase over 2023.
- Onboarded 129 new employees
- Provided nearly 42,000 hours of staff training (nearly 4% increase from 2023), plus 5,100+ hours for leadership.



## Legal Department

- Hired New Associate General Counsel and General Counsel
- Developed Easement Encroachment Guidelines, a Legal Intake and Tracking Process, and Outside Counsel Policy.
- Reviewed 658 Contracts and 186 Easements.
- Supported 12 Real Estate Purchases, 5 of which closed, and 3 Sales.
- Managed 14 Litigation Matters and 9 Regulatory Matters.
- Responded to 340 Legal Inquiries from Departments.
- Records – Imaged more than 1200 Historical Documents related to Board Meeting Minutes.



## All-Employee 2025 Compliance Training

- Professional development is a PEC Key Performance Indicator (KPI) of 2025

Topic	Format	Department Owner	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Blood Born Pathogens Awareness	CBT	Safety	8											
Privacy and Information Security	CBT	Compliance and Regulatory	20											
NERC Awareness	CBT	Compliance and Regulatory		15										
CIP Physical & Cyber Access & LSIPA	CBT	Compliance and Regulatory		45										
Slips, Trips, & Falls	Short Video	Safety			10									
Preventing Strains/Sprains with Proper Lifting Techniques	Short Video	Safety				8								
Records Management	CBT	Records Retention				15								
Electrical Safety	Short Video	Safety					10							
Spill Prevention, Control, and Countermeasures	CBT	Compliance and Regulatory							20					
OSHA Right to Know/Hazard Communication/Health & Safety Policy	CBT	Safety								20				
Anti-Harassment	CBT	Human Resources								20				
Physical Security	CBT	Security									30			
Emergency Action Plans/Fire Extinguisher Use	CBT	Safety									10			
Cyber Security Awareness	CBT	Cybersecurity										30		
Open Enrollment Training	In-Person	Human Resources										20		
Ethics/Code of Conduct	CBT	Ethics											20	



# 2025 PEC Professional Development

## Leadership Development Training Calendar

Topic	Format	Department Owner	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Law (Operations & Non-Operations)	In-Person	Human Resources	1hr											
Labor Markets	In-Person	Human Resources	1hr											
Performance, Accountability and Documentation	In-Person	Human Resources			1hr									
Managerial Leave Awareness	In-Person	Human Resources						1h						
NEW Level Up Workshop	In-Person	Human Resources							3d			3d		
Performance Appraisals	In-Person	Human Resources									1hr			
Crucial Conversation for Mastering Dialogue	In-Person	Human Resources			2d			2d				2d		
Crucial Conversations for Accountability	In-Person	Human Resources				1d			1d				1d	

# 2025 Self Funding Plan

- **PEC's Self Funding Plan for Medical Insurance is Live as of this Month**
  - PEC has consistently evaluated the feasibility of self-funding annually, waiting for an optimal opportunity to implement the change.
  - During the 2025 RFP process, PEC received a competitive bid that enabled the transition to a self-insured model — supported by guarantees not previously available.
- **2025: Plan Performance and Action Items**
  - The Board of Directors will receive annual updates on plan performance.
  - The Executive Team will be updated throughout the year.
- **Performance Updates**
  - Cost Monitoring
    - Human Resources and Finance will review plan costs on a monthly basis.
    - Significant changes/concerns will be communicated promptly to key stakeholders.
  - Compliance
    - PEC and designated employees will ensure compliance with HIPAA and ERISA rules and regulations.
  - Documentation and Resources
    - New ID cards were distributed in December.
    - Employees are encouraged to download the mobile app for easy access to ID cards and other insurance information.



# Operations Report

Nathan Fulmer | Chief Operations Officer -  
Distribution

# 2024 Operations Highlights

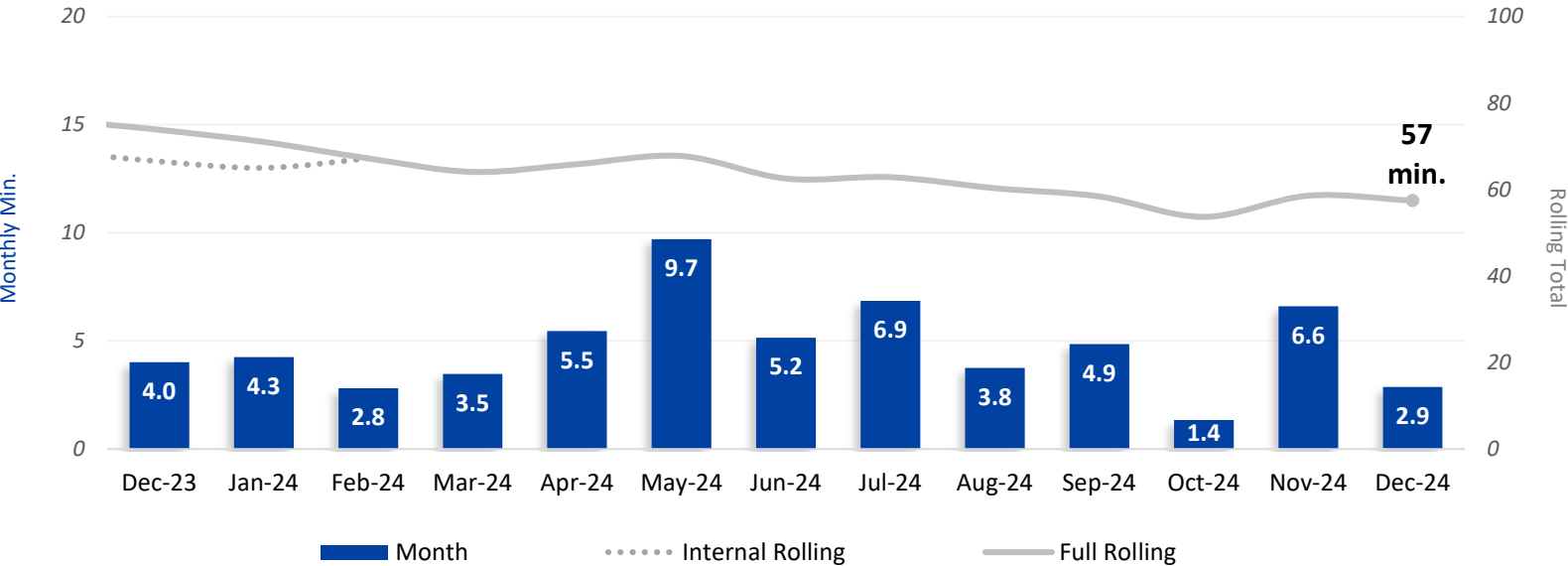
- Completed 22,323 line extensions
- Built more than 595 miles of new line
- Added 20,583 new meters
- Substation maintenance completed more than 2,000 work orders
- Technical services inspected 1,720 pieces of field equipment
- Pole Testing & Treatment (PTT) inspected 43,000+ poles
- Restored nearly 4,000 URD pads
- Managed targeted pruning of 22,000+ spans of line
- Drove 6.12 million miles



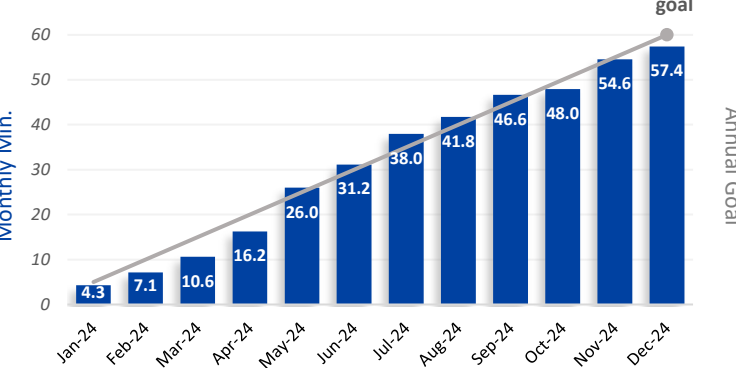


# Reliability

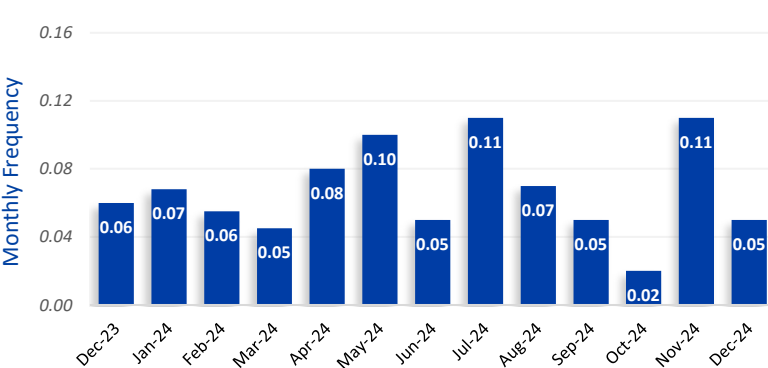
SAIDI System Average Interruption Duration Index



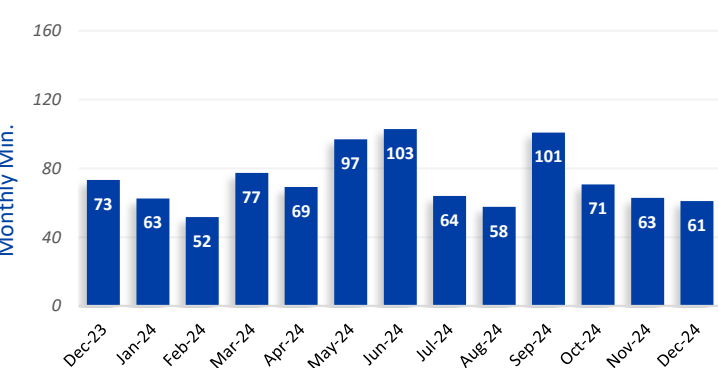
2024 Year-to-Date SAIDI



SAIFI System Average Interruption Frequency Index

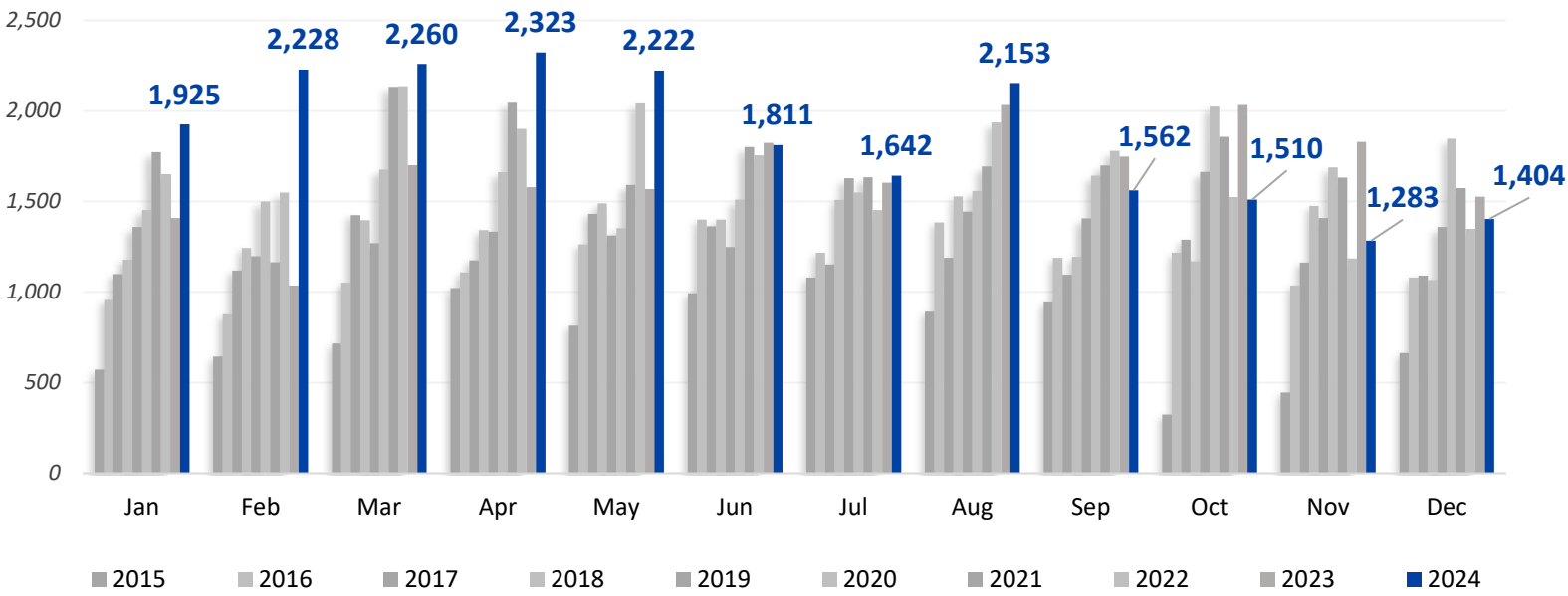


CAIDI Customer Average Interruption Duration Index

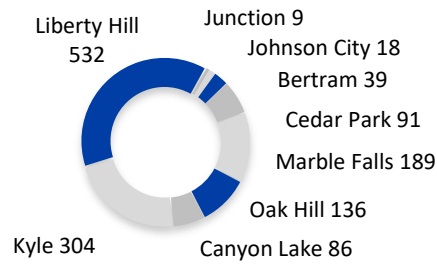


# System Growth

## Line Extensions Completed



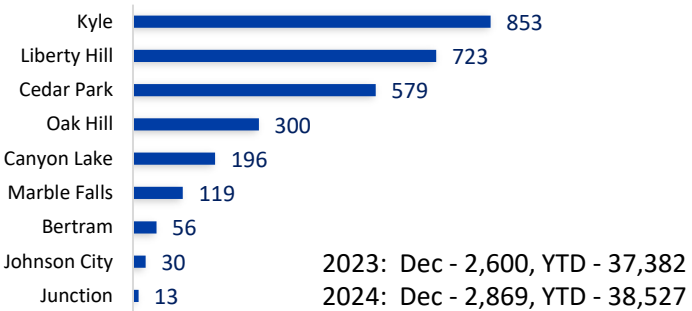
## Line Extensions Per District (1,404)



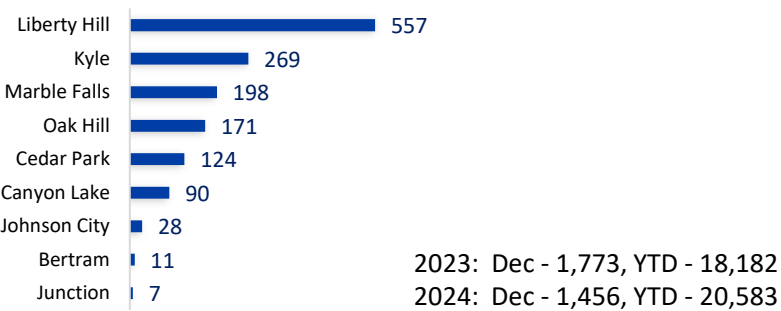
**Miles of Distribution Line:**  
Overhead: 17,797 (70%)  
Underground: 7,772 (30%)  
Total: 25,569



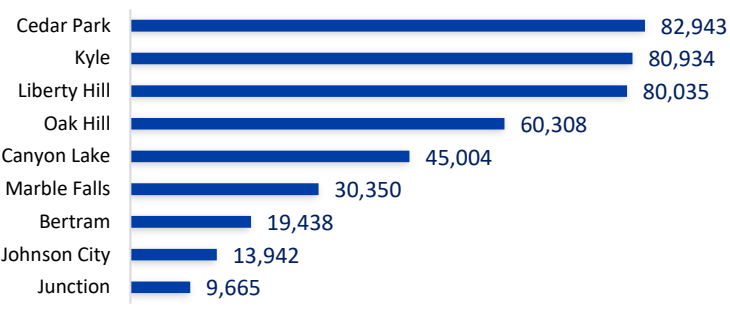
## Member Applications (2,869)



## Meter Growth (1,456)



## Meter Totals (422,620)



# Safety + Technical Training Update

## Department Highlights

- Completed journeyworker assessments
- Conducted pre-employment assessments
- Finished a Year Three class with eight apprentices
- Hosted apprentice orientation with more than new 30 apprentices

## Training Spotlight



**Andrew Cox**  
Lineworker  
Apprentice 2  
*Johnson City*



**James McCune**  
Lineworker  
Apprentice 4  
*Johnson City*

Apprentices Andrew and James were outstanding during the recent visit from leaders at the Public Utility Commission. They used their skills to help the training team set up and breakdown the mobile TransBanker. Throughout the demonstration, they went above and beyond by safely demonstrating bucket truck operation and hot stick work.



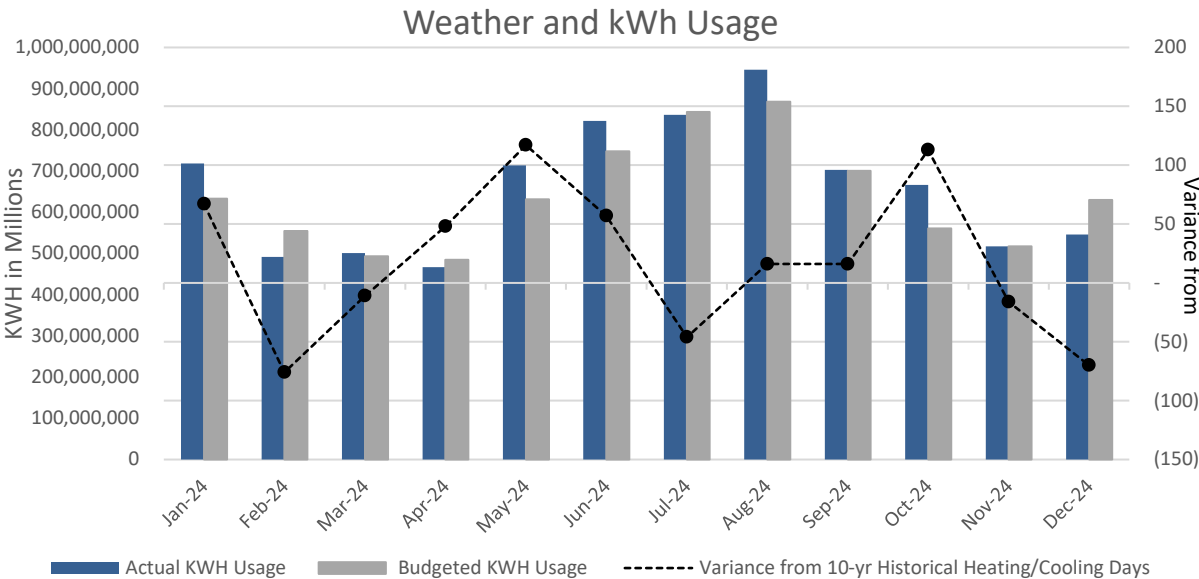
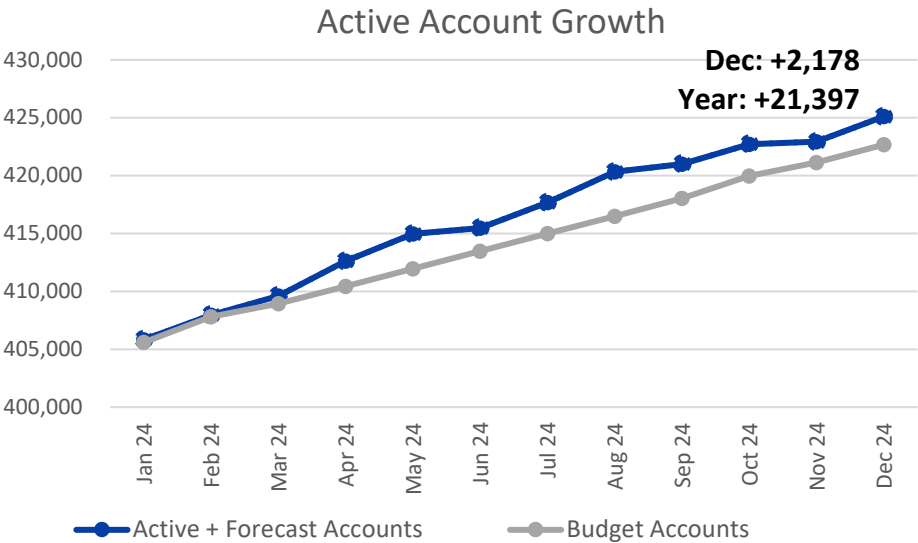
# December 2024 Financial Report

Randy Kruger | Chief Financial Officer

# Finance at a Glance – December 2024

YTD (\$ in millions)				
	Actual		Budget	
			Variance	
MWH Sold	7,928,484	7,664,375	264,108	
Gross Margins	\$ 376.6	\$ 369.6	\$ 7.0	
Net Margins	\$ 59.9	\$ 48.1	\$ 11.8	
EBIDA	\$ 198.9	\$ 195.0	\$ 3.9	
Revenue O/(U)	\$ 35.1	\$ 18.1	\$ 17.0	
EBIDA(X)	\$ 234.0	\$ 213.1	\$ 20.9	

	Liquidity Coverage
Cash & Marketable Securities	\$ 20,382,009
Short Term Facilities	605,000,000
Less: Short Term Borrowings	109,935,565
Available Liquidity	\$ 515,446,444
Liquidity Coverage (Days)	245



Note: Preliminary Financial Results



# Financial Highlights

\$2.3 Billion in Assets

\$922 Million in Revenues

\$234 Million in Cash Flow

## Increased Margins

### Spring–Fall

Temperatures exceeded weather normal leading to increased KWH and Gross Margins

## Improved Cash Flows

### July – Dec

Lower cost to serve load leading to increased cash flows

## CP Program Expansion

### November

Commercial Paper program increased by \$100M changing capacity to \$300M

# 2024 Finance Highlights

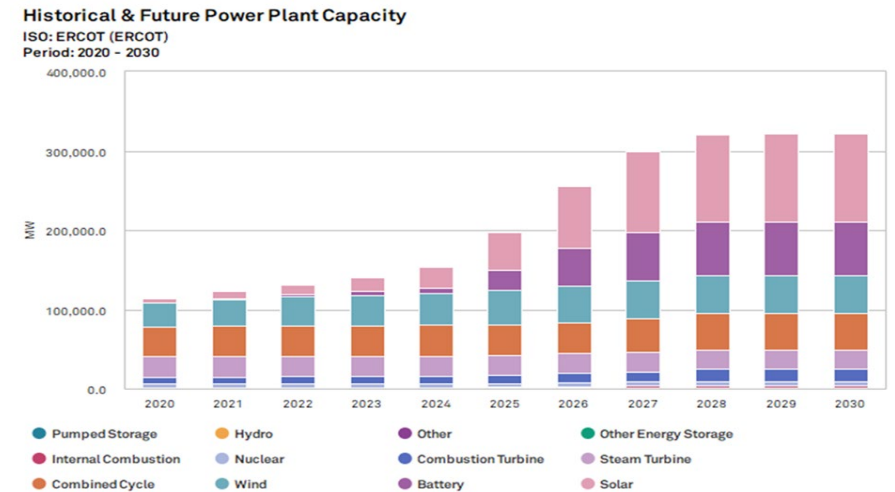
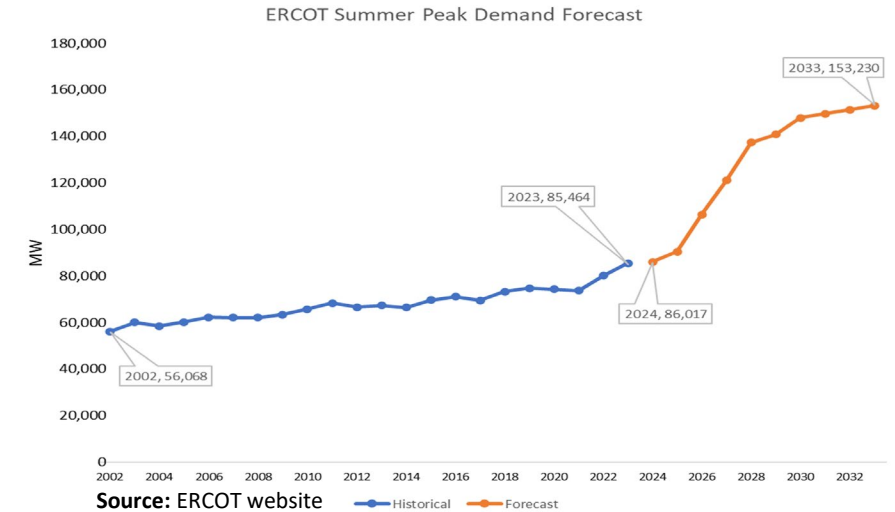
- Automated remit processes
- Modernized power procurement process and policies
- Revamped procurement policy and process to improve staff experience and streamline agreements
- Expanded commercial paper program — increasing by \$100M
- Completed cost-of-service study
- Moved to self-funded medical
- Fitch reaffirmed AA- credit rating



Low Cost Electricity  
PEDERNALES  
ELECTRIC  
CO-OP

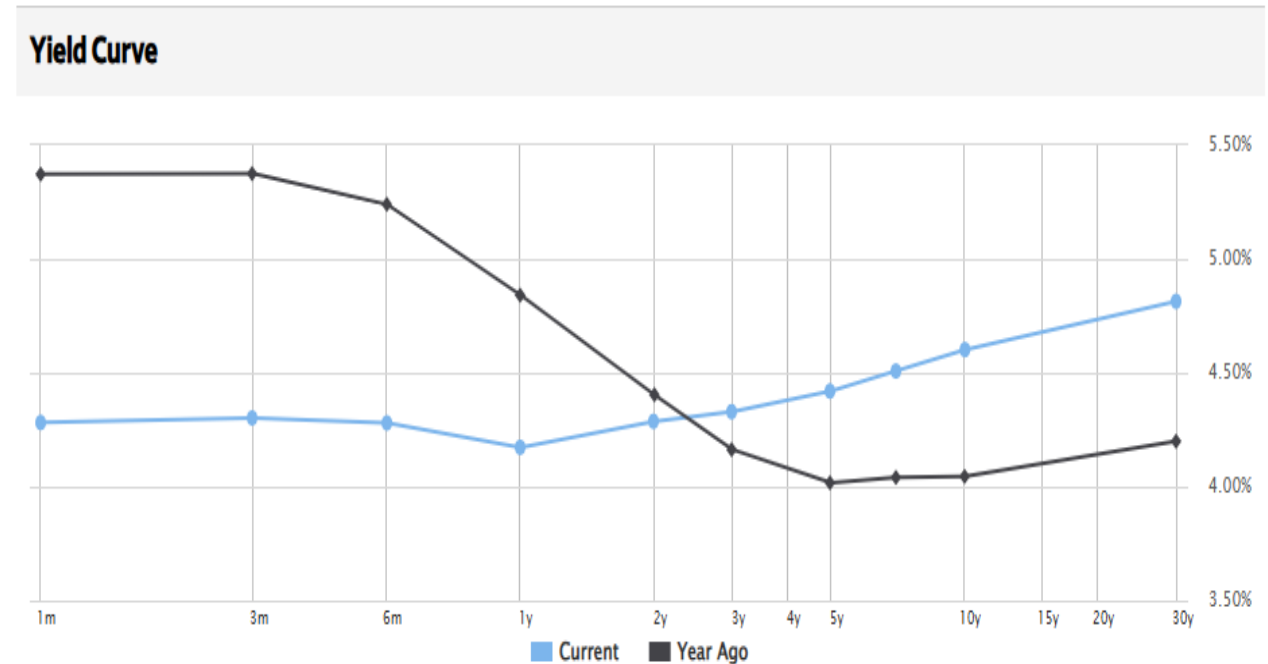
# Power Markets Update: The Load vs. Generation Growth Race

- In 2024 ERCOT released load projections showing load growing to nearly 150 GW by 2030.
- There are also substantial battery and renewable generation additions in various stages of planning within ERCOT.
- The winner between the load growth and renewable/battery growth race will have a significant impact on prices.
- In 2024, 7 GW of solar and 5 GW of batteries were added, winning the growth race and keeping prices and costs to serve load low for PEC.
- In 2025 and beyond, the market is betting for load growth to win the race, increasing forward power cost and raising our projections for future power supply costs. This is being factored into our base power rate for 2025.



# Financial Markets Update

- The Federal Reserve began cutting short-term rates in 2024. Despite this, long-term rates have increased.
- The yield curve has returned to its normal upward sloping posture, which incentivizes PEC to hold more debt on the short end of the curve.
- Commercial paper capacity added in 2024 will allow PEC to better take advantage of the spread between short-term and long-term interest rates.



Source: *The Wall Street Journal* January 6, 2025





# Community and Member Engagement

JP Urban I Chief Administrative Officer

# 2024 Member and Technology Highlights

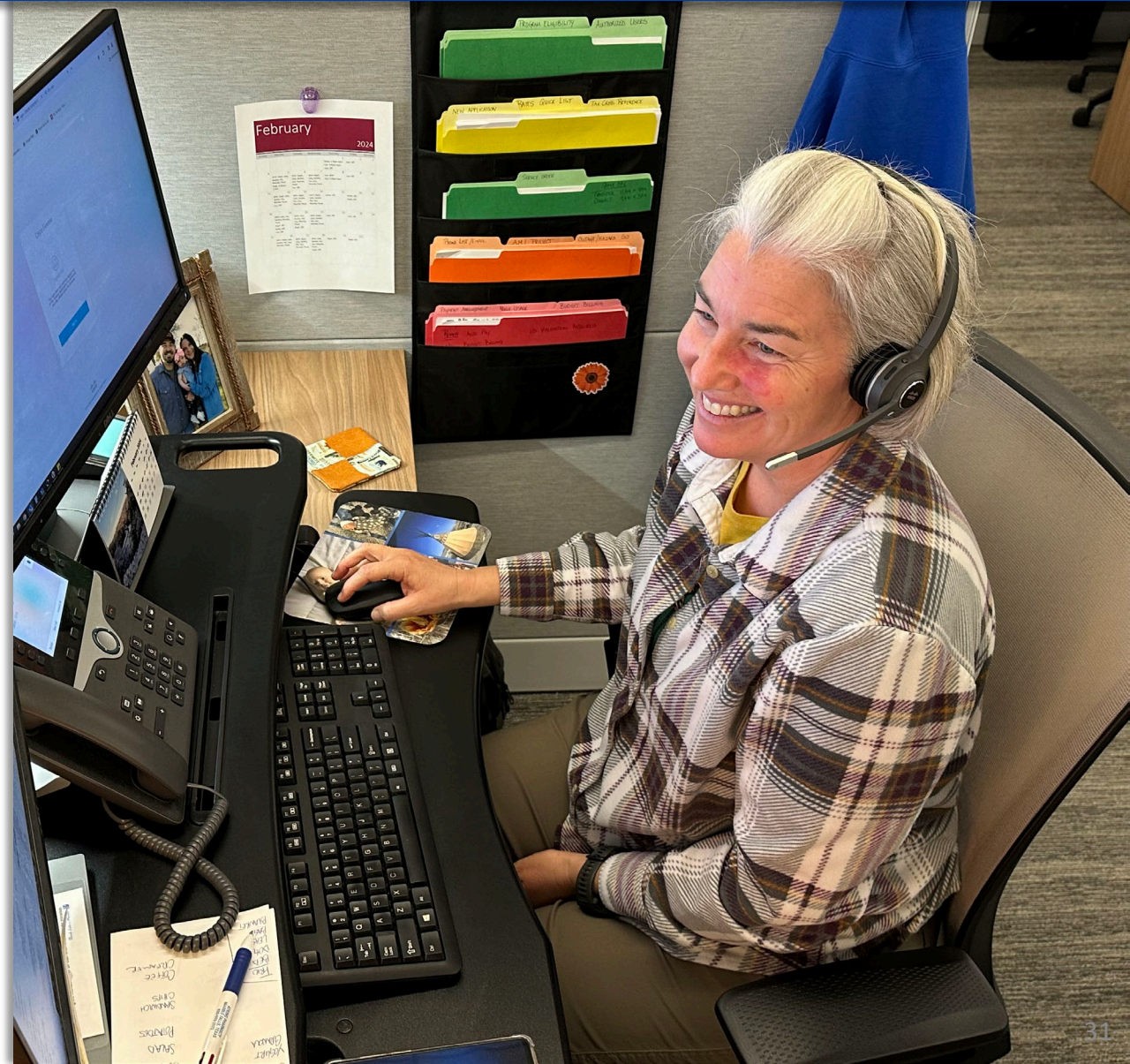
- Hosted three Member Appreciation events
- Funded nine grants worth more than \$38,000
- Enrolled more than 4,500 members in Power of Change — now more than 8% of membership
- Launched advanced KUBRA outage map
- Migrated website to new MyPEC.com
- Completed data warehouse setup, including loading 97 billion records
- Reorganized technology team structure
- Build-out/go-live of transmission hand off
- Launched new Critical Load Program portal and online acceptance of CL applications
- Closed out cooperative lighting project





# 2024 Member Relations Report

- Consolidated into two primary contact centers: Marble Falls and Oak Hill
- Conducted 7 online and 22 in-person trainings, plus 265 one-on-one development sessions
- Reviewed 4,700 calls for continued staff development and member satisfaction
- Handled 268,314 member calls and engaged in 14,657 member chat sessions
- Assisted with 78,000+ applications over the phone; 26,000+ completed online





# Give High Bills the Cold Shoulder

- PEC's proactive tips and conservation messaging helped members weather through the recent cold snap
- Early promotion of energy-saving tips in November and December
- Pushed timely tips during live interview with KVUE
- Continue keeping winter bills low:
  - Keep thermostats around 68 degrees
  - Make small 1-2 degree adjustments to avoid costly emergency and auxiliary heat!





# Apply for a PEC Scholarship

- Apply for a PEC Scholarship between February 3 and March 12!
- Open to graduating seniors and adults continuing their education
- Scholarships can be used toward a university, tech, or trade school degree
- PEC has proudly provided scholarships since 1999
- Scholarships are funded 100% through unclaimed property returned to PEC by the state





# Appreciation and Look Ahead

# Employee Shoutouts\*



**Clarissa Torres**  
Member Relations  
Analyst  
*Oak Hill*



**Jennifer Roberts**  
Member Relations  
Agent  
*Marble Falls*



**Ashley Rivers**  
Member Relations  
Analyst  
*Marble Falls*



**Michael Gonzalez**  
Regional Operations  
Supervisor  
*Oak Hill*



**Sam Castro**  
Journeyworker  
*Oak Hill*

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

# PEC Offices Closed Monday, January 20

- PEC crews will be on standby
- Text “Outage” to 25022
- Report outages 24/7 online or by calling 888-883-3379
- Make a payment 24/7 online, on the SmartHub app, or call 855-938-3589







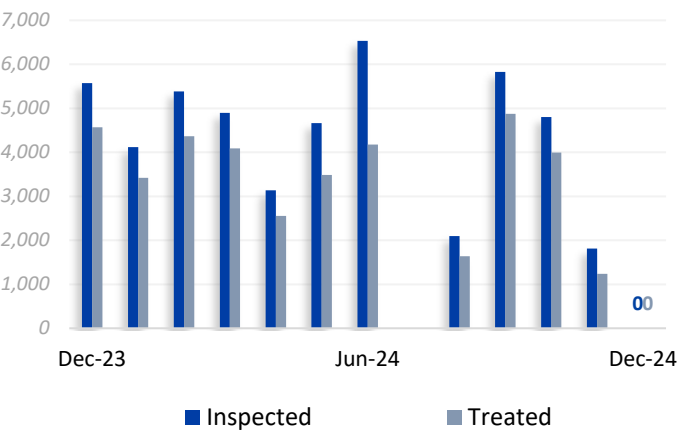
# Appendix Pages

# Distribution Maintenance

## Pole Testing & Treatment (PTT)

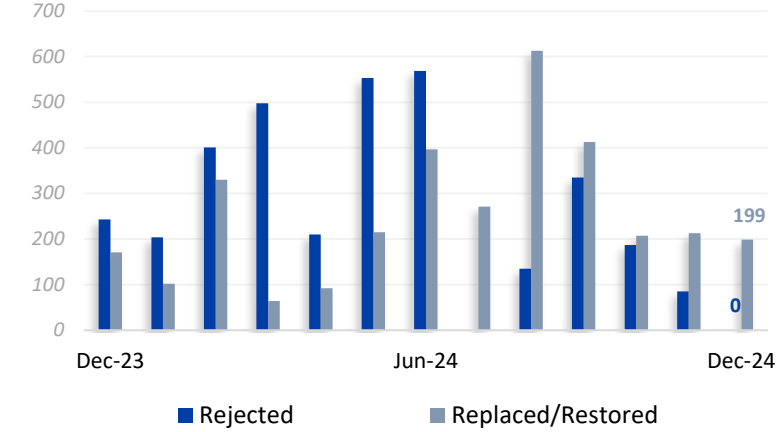
### Poles Inspected & Treated

2023: Inspections - 51,921      Treated - 40,196  
2024: Inspections - 43,271      Treated - 33,916



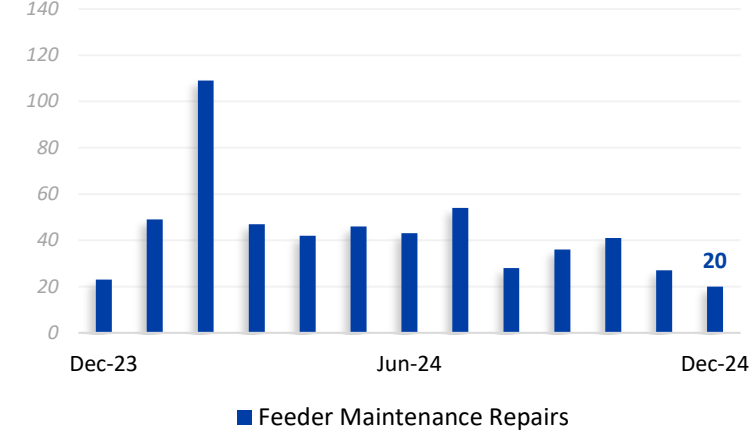
### Poles Rejected & Replaced/Restored

2023: Rejected - 1,177      Restored - 1,070  
2024: Rejected - 3,177      Restored - 3,116



### UAV Inspection Maintenance Items

2023: Repairs Completed - 247  
2024: Repairs Completed - 542



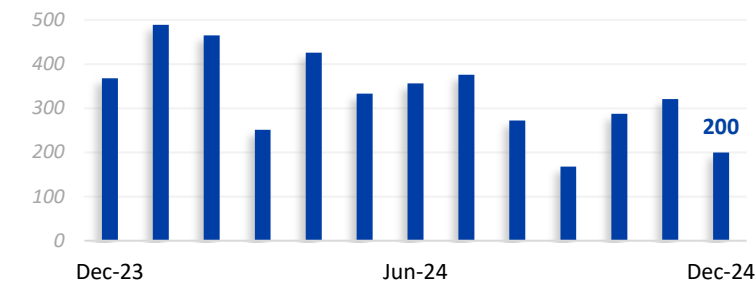
## Vegetation Management

### LiDAR Assessment Audits Completed:

Type	Dec '23	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec '24
C&D WUI Ph 3	131	269	217	218	147	101	114	48	60	159	103	182	11
C&D WUI Ph 1	681	1,031	1,363	1,288	754	743	548	170	307	585	546	384	317
C&D Other Ph 3	91	125	286	321	207	121	135	91	152	168	140	217	137
C&D Other Ph 1	522	520	1,164	1,204	1,037	744	712	304	456	820	940	1,445	1,101
All C&D	1,425	1,945	3,030	3,034	2,148	1,711	1,510	613	976	1,732	1,730	2,228	1,667

## Underground Equipment

2022: Pad Restorations - 3,540  
2023: Pad Restorations - 3,944

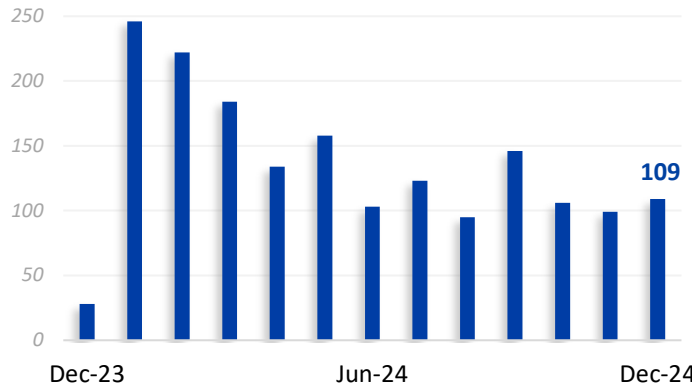


# Distribution Maintenance

## Technical Services

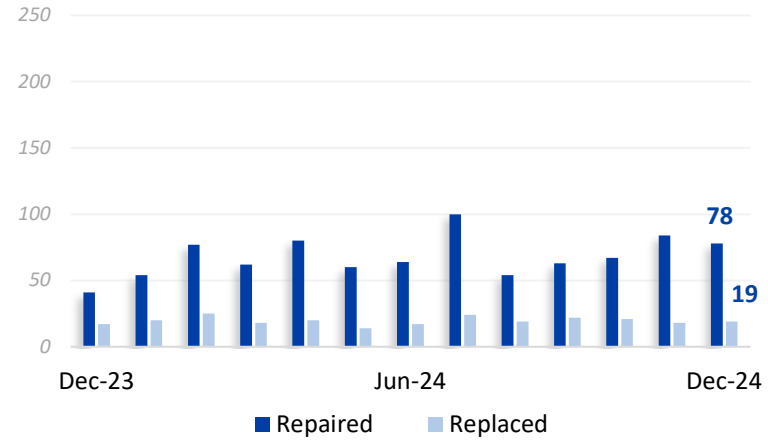
### Equipment Inspections

2023: 1,178  
2024: 1,720



### Equipment Repaired & Replaced

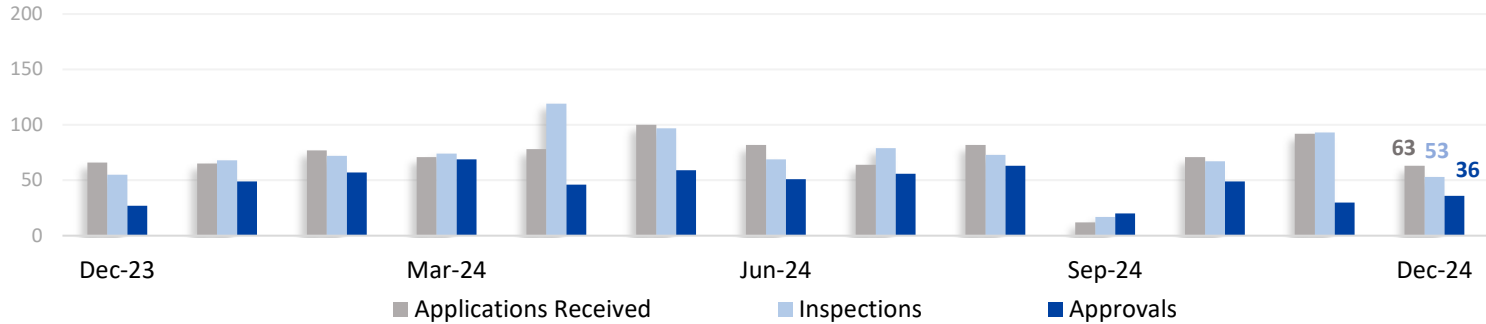
2023: Repaired - 793      Replaced - 301  
2024: Repaired - 822      Replaced - 245



## Pole Contacts

### Applications Received & Permits Issued

2023: Received - 982      Inspected - 966      Approved - 605  
2024: Received - 857      Inspected - 881      Approved - 585





# Planning Engineering Projects

Project	Completion	Percent Complete
2024 CIP Project Maps	Feb 2024	100%
PEC System Arc Flash	Feb 2024	100%
Load Projections Study	Mar 2024	100%
Capacitor Settings	Mar 2024	100%
4CP Study	Apr 2024	100%
Summer Contingency	May 2024	100%
UFLS Study	Jul 2024	100%
CIP (1st draft) Study	Jul 2024	100%
2 Year System Protection Coordination Review	Jul 2024	100%
CIP (Final) Study	Aug 2024	100%
Mock UFLS Study	Dec 2024	100%
Winter Contingency	Dec 2024	100%

## Large Project Updates

### Liberty Hill Fuel Island

Project completed in November.

### Johnson City - Haley Road

Laydown yard and truck canopies completed with electrical, security cameras, and signage.

### Junction

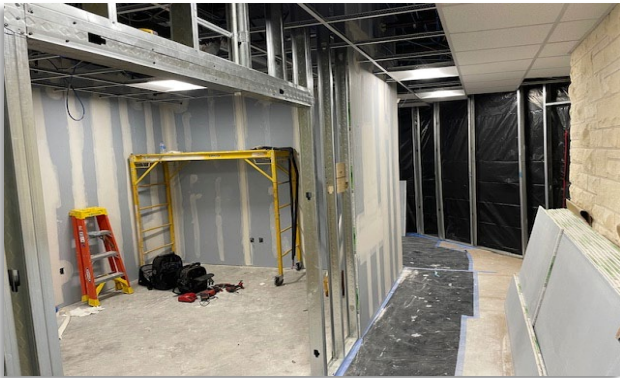
Contract pending completion with mobilization in December for site work, fencing, new entrance, Fleet building, and warehouse expansion. Forecasted completion in September 2025.

### Marble Falls

Perimeter fence and new gate completed. Reviewing RFP responses for fuel island. Forecasted completion in Q2 2025.

### Johnson City - HQ

Construction complete with furniture delivery in December, staff now occupying new spaces.



## Facility Management Metrics

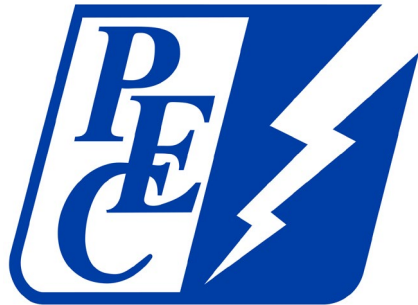
PEC Facilities staff completed 2090 work orders YTD.

	Goal	2024	2023
Avg Response Time	< 1 day	.15 days	.21 days

Completed On-Time	> 90%	70%	84%
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Proactive Work Orders	> 80%	92%	96%
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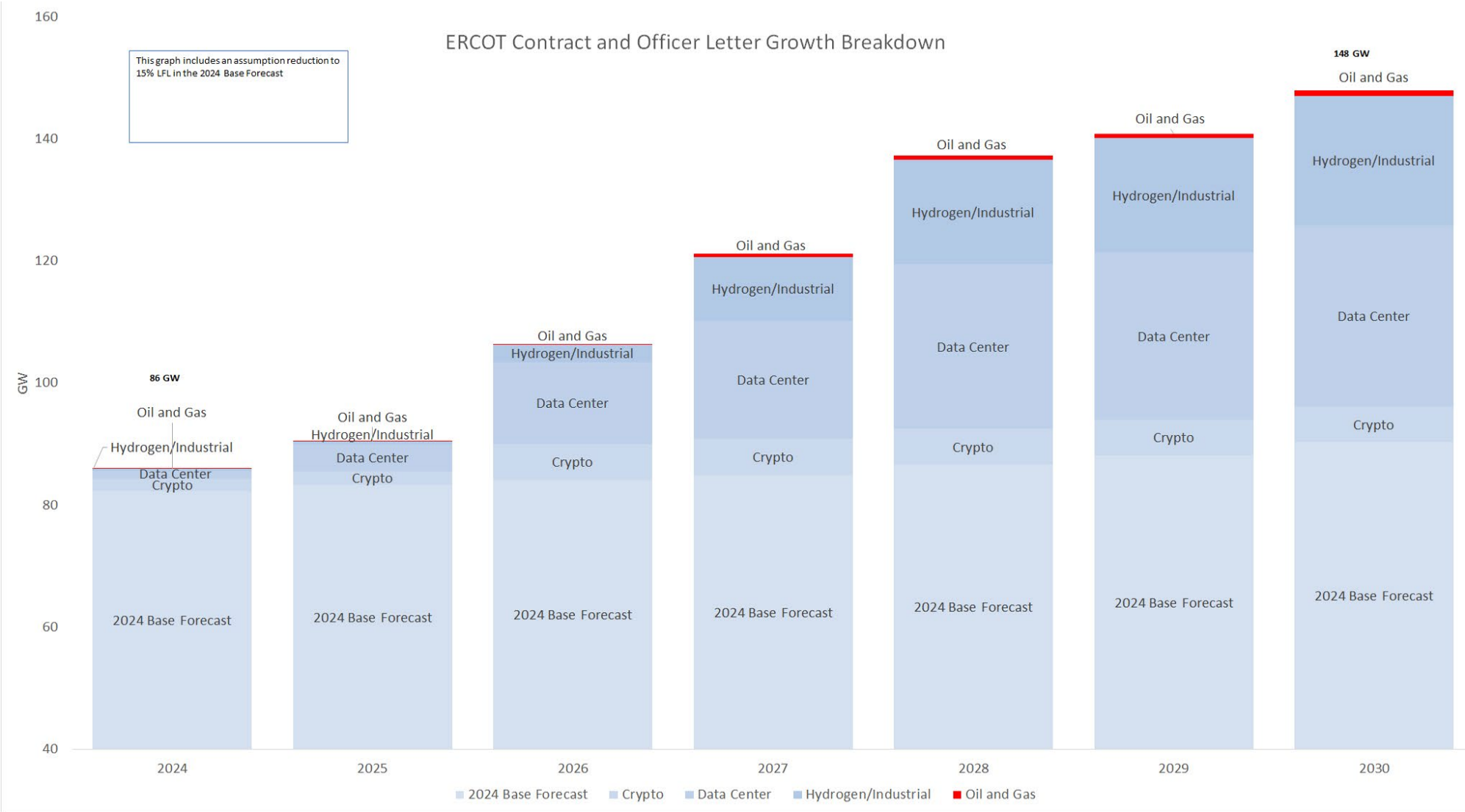
Satisfaction Rating	> 95%	88.5%	97.3%
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# Appendix to December 2024 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

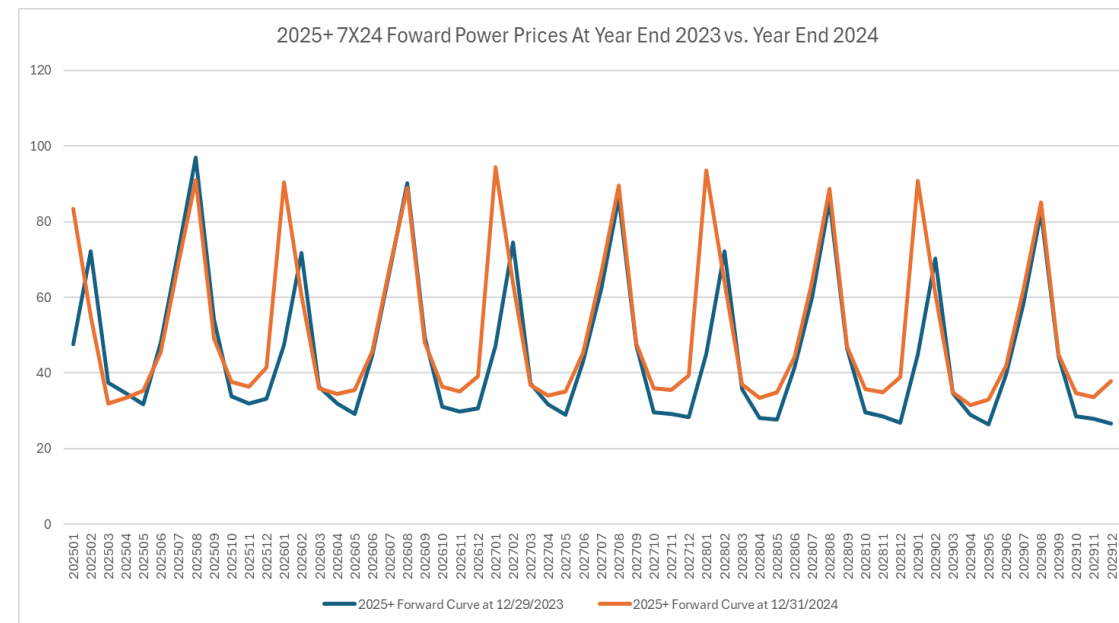
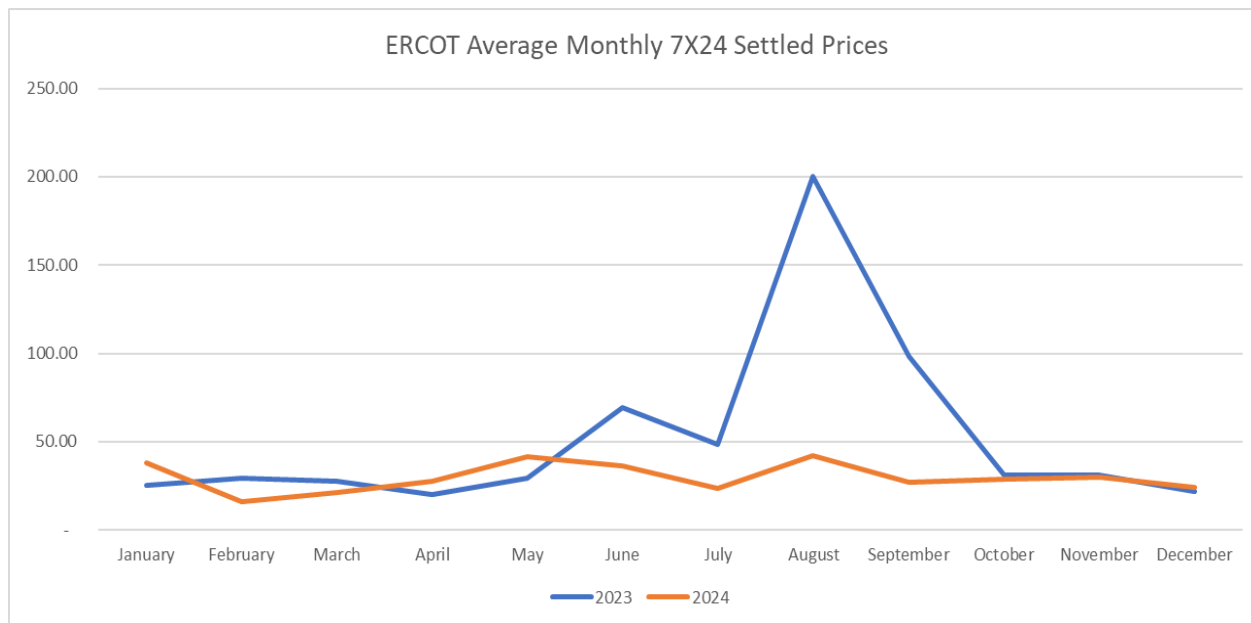
# ERCOT Large Load Growth



Source: ERCOT website



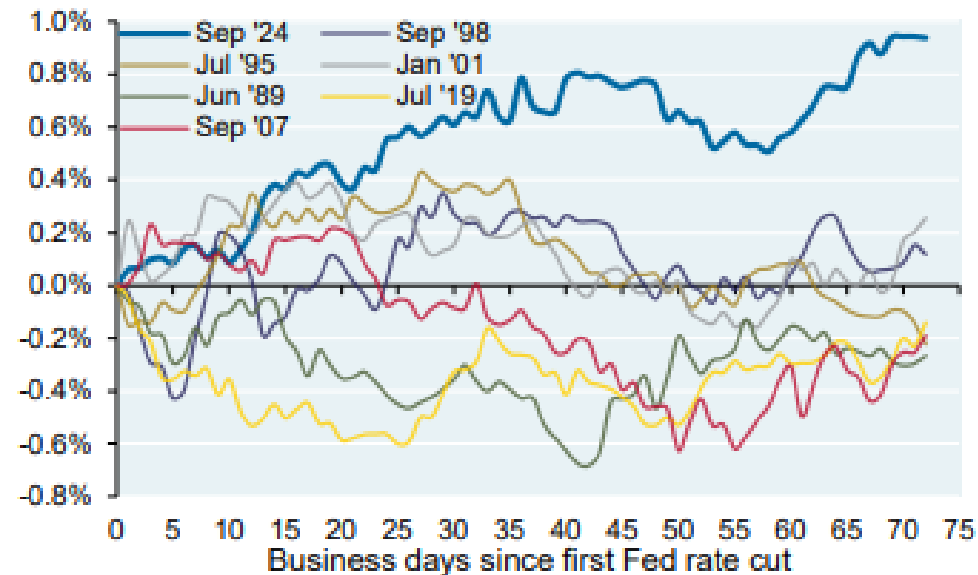
# 2023 vs. 2024 ERCOT Prices



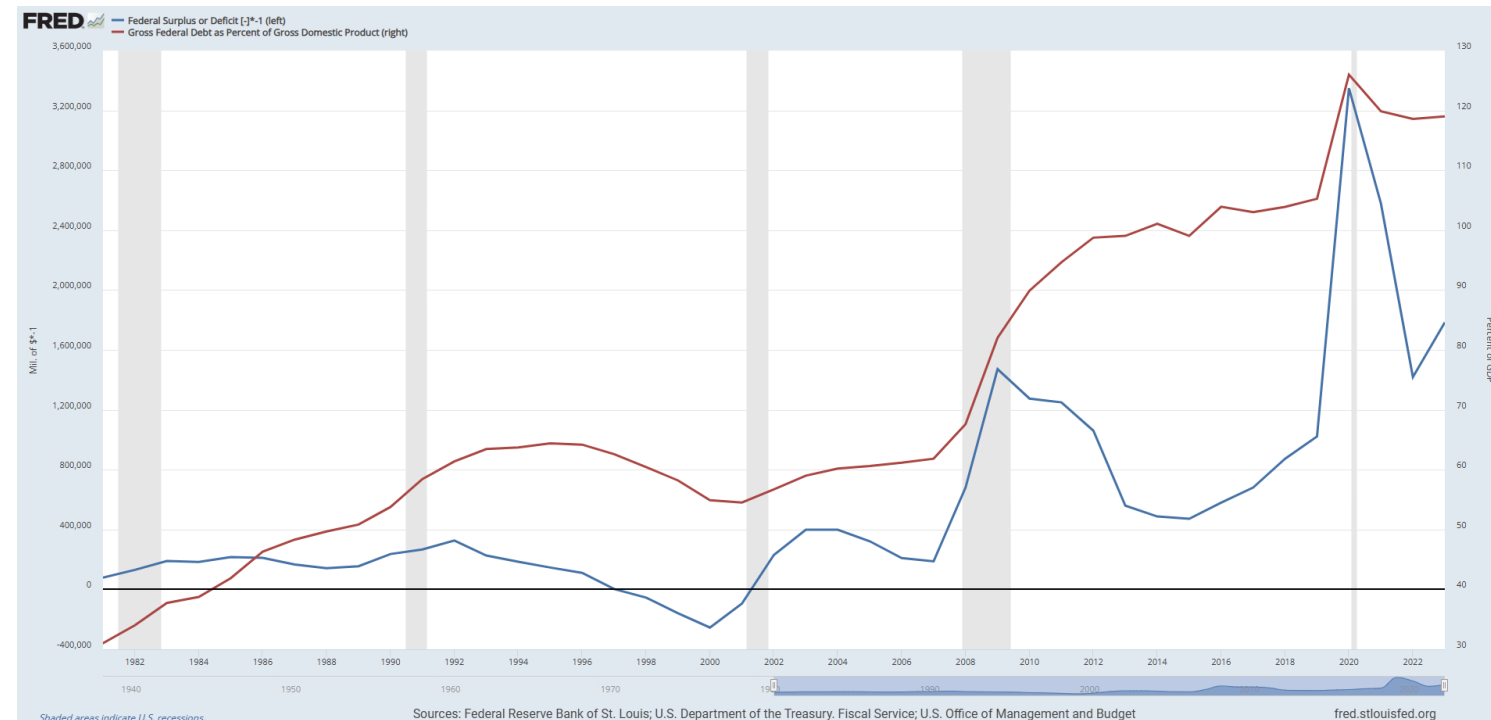
- Settled prices in 2024 were lower than 2023 due to milder weather and flat load growth, along with the addition of 7GW of solar and 5GW of batteries.
- Forward markets are pricing in more scarcity on the expectation of load growth outpacing generation additions, especially in the winter and shoulder months.

# 10-Year Treasury Yields are Increasing

**10 year Treasury yield change after the first Fed cut**



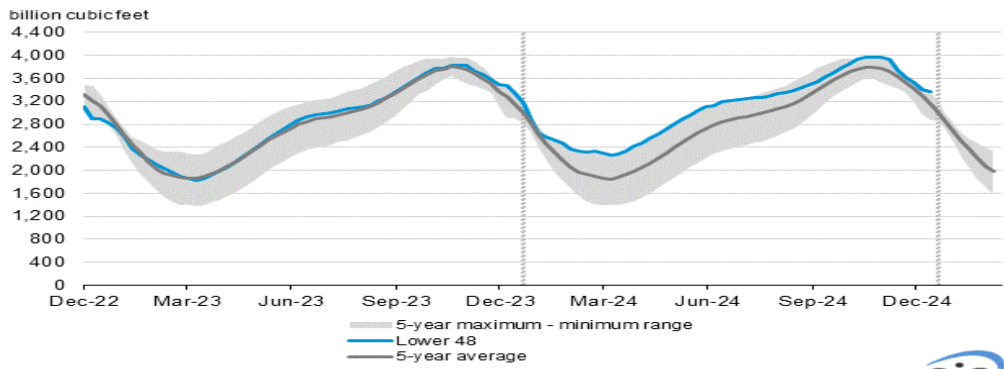
Source: Bloomberg, JPMAM, December 26, 2024



- In the past seven Federal Reserve rate cutting cycles, 10-year treasury yields have stayed flat or declined. This is the first rate cutting cycle where rates have dramatically increased.
- Record levels of deficit spending (\$1.8 trillion) and debt to GDP ratios north of 100% crowd out non-governmental debt issuers, are stimulative to the economy, and keep inflation and interest rates high.

# Power Market Fundamentals

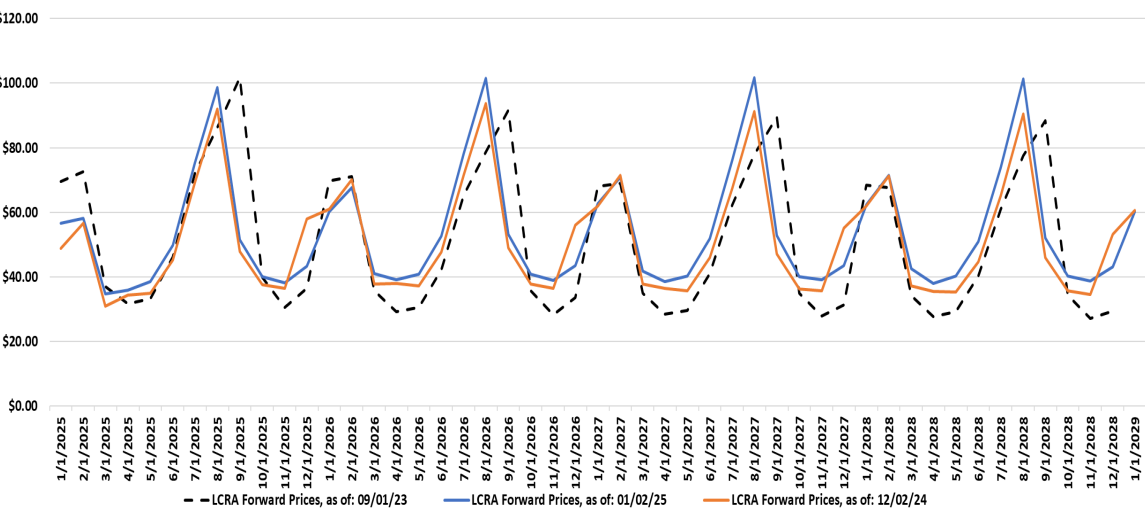
Working gas in underground storage compared with the 5-year maximum and minimum



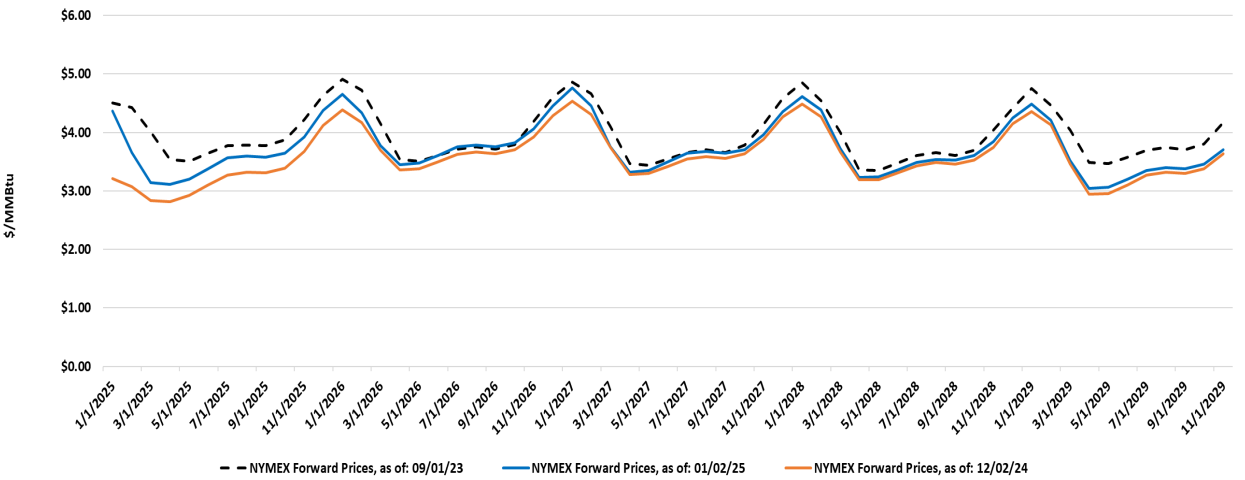
Data source: U.S. Energy Information Administration  
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2020 through 2024. The dashed vertical lines indicate current and year-ago weekly periods.

As of January 3, 2025

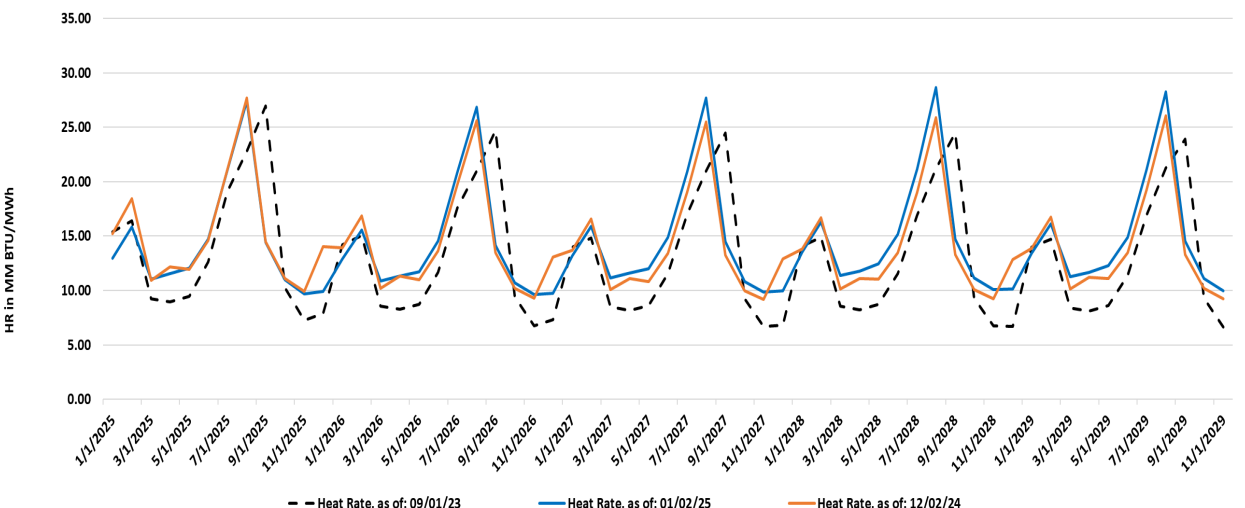
Power Forward Prices



Natural Gas Forward Prices



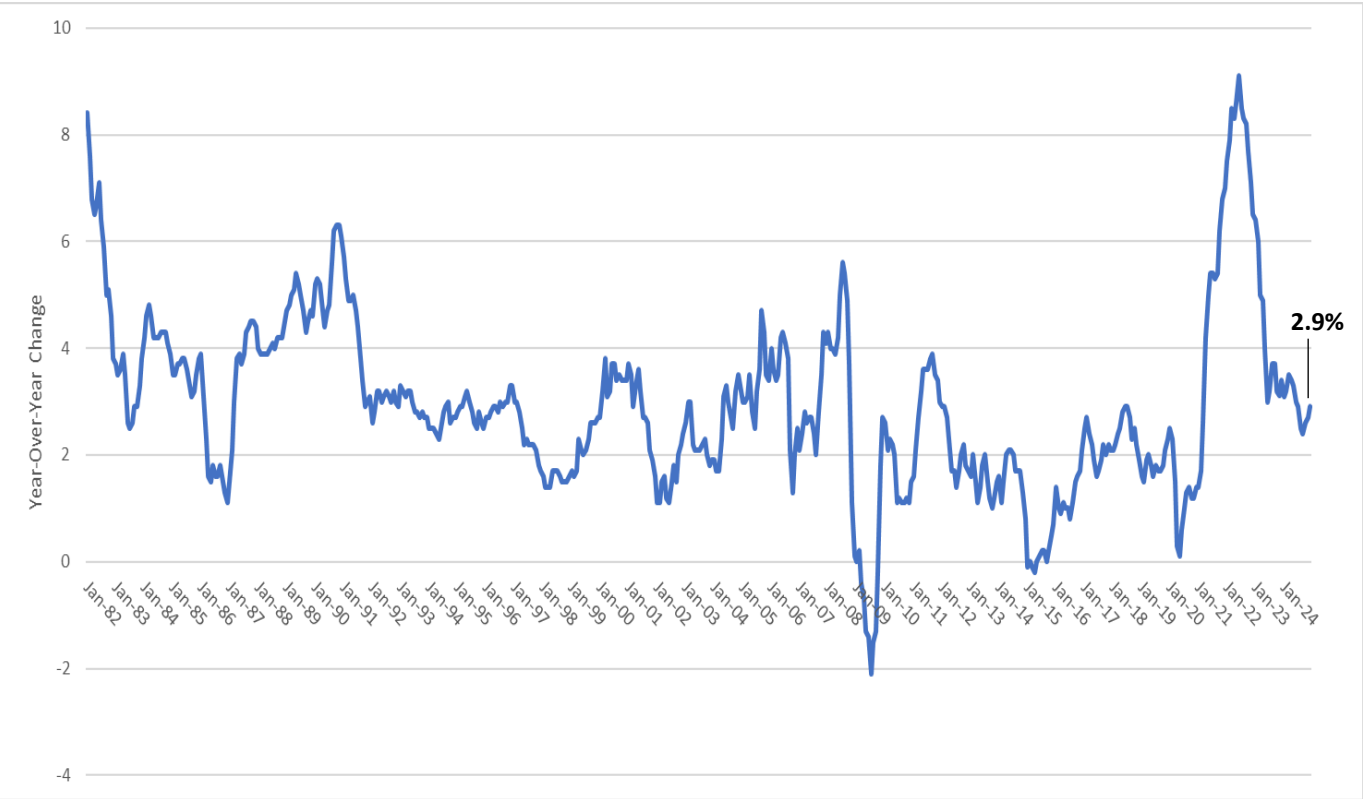
Forward Heat Rates



# Inflation

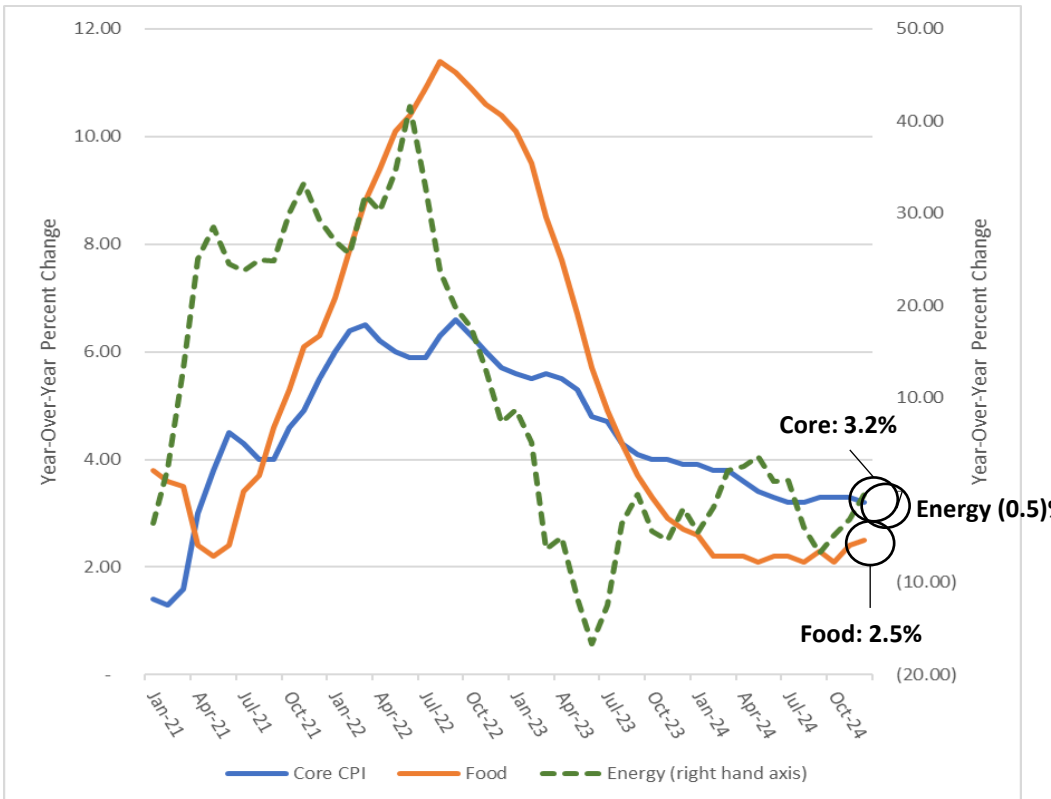
Overall CPI increased to 2.9% YoY from 2.7% YoY in November; Core CPI decreased to 3.2% YoY versus 3.3% YoY in November. Energy prices are down -0.5% YoY driven by fuel oil (-13.1%) and gasoline (-3.4%) but partially offset by sustained increases to utility gas service (+4.9%) and electricity prices (+2.8%).

CPI Jan 1982 to December 2024



Source: U.S. Bureau of Labor Statistics

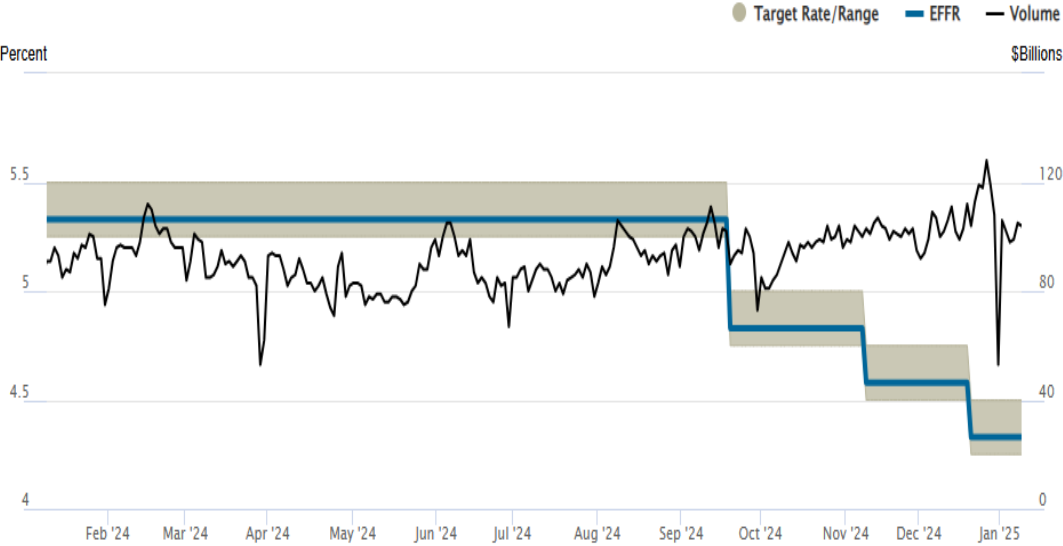
Core CPI, Food and Energy  
Jan 2021 to December 2024



Source: U.S. Bureau of Labor Statistics

# Interest Rates

## Federal Funds Rate



Source: Federal Reserve Bank of New York 01/10/2025

## 10-Year Note



Source: The Wall Street Journal 01/10/2025





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