



PEDERNALES ELECTRIC COOPERATIVE

Board of Directors Agenda - Final

10/21/2022 | 9:00 AM | PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting will be held in the PEC Auditorium and will be recorded in accordance with Board Meetings Policy. Members are able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

9:00 AM Meeting called to order on October 21, 2022 at PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, TX.

The following agenda items may be considered in a different order than they appear.

Adoption of Agenda

Consent Items

1. [2022-333](#) Friday, September 16, 2022 - Regular Meeting Minutes

Attachments: [2022-09-16 OS Meeting Minutes draft 2](#)

Cooperative Recognitions

2. [2022-362](#) Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo - E Dauterive/B Maggot

Cooperative Monthly Reports

3. [2022-334](#) Cooperative Update - J Parsley

4. [2022-335](#) Cooperative Financial Update - R Kruger

Attachments: [CFO Update Flash Report-2022-335-Draft](#)

5. [2022-336](#) Cooperative Operations Update - E Dauterive

Attachments: [Operations Report 2022-336 Final](#)

Member Comments (3 minute limitation or as otherwise directed by Board)

6. [2022-337](#) Member Comments

Attachments: [Decorum Policy](#)

Action Items / Other Items

7. [2022-349](#) **Resolution - Approval of Election Policy and Procedures Amendments Related to 2022 Annual Director Post-Election Analysis - S Romero/D Ballard**
- Attachments:** [Election Policy and Procedures 2022-349 – REDLINE](#)
[Election Policy and Procedures 2022-349 – CLEAN](#)
8. [2022-350](#) **Resolution - Approval to Establish 2023 Annual Meeting Date and Location - D Ballard**
9. [2022-352](#) **Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries - R Fischer**
- Attachments:** [PPT - District Rebalancing October 2022 v2 - 2022-352-Final](#)
[Current All Districts](#)
[Proposed All Districts](#)
[Current District 1](#)
[Proposed District 1](#)
[Current District 2](#)
[Proposed District 2](#)
[Current District 3](#)
[Proposed District 3](#)
[Current District 4](#)
[Proposed District 4](#)
[Current District 5](#)
[Proposed District 5](#)
[Current District 6](#)
[Proposed District 6](#)
[Current District 7](#)
[Proposed District 7](#)
10. [2022-351](#) **Resolution - Approval of Review and Amendments to Rate Policy - N Mack/D Thompson**
- Attachments:** [PPT - Approval of Rate Policy - 2022-351-FINAL](#)
[Rate Policy-Clean - 2022-351-FINAL](#)
[Rate Policy-Redline - 2022-351-FINAL](#)
11. [2022-353](#) **Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - C Powell**
12. [2022-357](#) **Resolution - Approval of 2021 IRS Form 990 - S Houghton**
- Attachments:** [Audit Committee Resolution - Recommendation - 2022-330-Final](#)
13. [2022-354](#) **Draft Resolution - Approval of 2023 Rate Plan - N Mack/D Thompson**
- Attachments:** [PPT - Approval of 2023 Rate Plan - 2022-354-FINAL](#)
14. [2022-356](#) **Draft Resolution - Review and Approval of the Enterprise Risk Management Policy - K Krueger**
- Attachments:** [Draft Resolution - Enterprise Risk Management Governance Policy - 2022-356 - Draft Redline](#)
[Draft Resolution - Enterprise Risk Management Governance Policy - 2022-356 - Draft Clean](#)
15. [2022-321](#) **Plan Administration Committee (PAC) Update - Michael Hansen, Drew McCorkle, CAPTRUST Advisors**
- Attachments:** [PAC Board Report- 2022-321 - Final](#)
[Board Fid Education - 2022-321 - Final](#)

Proposed Future Items / Meetings (subject to final posting)

16. [2022-338](#) List of Board Approved Future Meetings
Attachments: [2022 Board Meeting Calendar](#)
17. [2022-339](#) Board Planning Calendar (Written Report in Materials)
Attachments: [3 Month Outlook Calendar](#)
[PEC Annual Board Planning Calendar](#)

Recess to Executive Session**Executive Session - Legal Matters**

18. [2022-340](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
19. [2022-341](#) Litigation and Related Legal Matters - D Ballard
20. [2022-342](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard
21. [2022-358](#) Annual Review of Strategic Plan - M Ekrut
22. [2022-361](#) Enterprise Risk Management (ERM) Update - K Krueger

Executive Session - Contract and Competitive Matters

23. [2022-365](#) Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity (CCN) with Public Utility Commission of Texas for Service Territory Boundary Change - A Hagen/C Powell
24. [2022-364](#) Resolution - Approval of Acceptance of the Selection of Independent Auditor and Tax Services - K Jones
Attachments: [Signature Report - Auditor Recommendation - 2022-326-Final](#)
25. [2022-359](#) Draft Resolution - Approval of 2023 Operating Budget and 2023 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Smith/K Jones
26. [2022-343](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño
27. [2022-360](#) Draft Resolution - Approval of Power Supply Contractual Resources - D Thompson
28. [2022-344](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

29. [2022-345](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

30. [2022-346](#) Resolution(s) - Approval of Capital Improvement Plan Budget
Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

31. [2022-347](#) Safety and Security Matters

Executive Session - Personnel Matters

32. [2022-348](#) Personnel Matters

Reconvene to Open Session

Items from Executive Session

Adjournment



File #: 2022-333, **Version:** 1

Friday, September 16, 2022 - Regular Meeting Minutes

Submitted By: Sylvia Romero on behalf of Don Ballard, General Counsel

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: N/A

The Cooperative's Bylaws require that meeting minutes for meetings of the Members and Board of Directors be authenticated as outlined below.

Article V, Section 7. Secretary: The Secretary shall: be responsible for minutes of meetings of the Members and the Board of Directors; be responsible for authenticating the Cooperative's records; and in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, September 16, 2022

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting will be held in the PEC Auditorium and will be recorded in accordance with Board Meetings Policy. Members are able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:03 a.m. on September 22, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 6 - Vice President Milton Rister, Director Emily Pataki, President Mark Ekrut, Director Travis Cox, Secretary/Treasurer Paul Graf, and Director Amy Akers

Absent: 1 - Director James Oakley

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

Without objection the items listed under Consent Items were approved by general consent.

1. [2022-296](#) **Friday, August 19, 2022 - Regular Meeting Minutes
Tuesday, August 30, 2022 - Special Meeting Minutes**

Attachments: [2022-08-19 OS minutes draft 1](#)
[2022-08-30 OS minutes draft v1](#)

Cooperative Monthly Reports

2. [2022-297](#) **Cooperative Update - J Parsley**

Attachments: [CEO Sept Update - 2022-297 - FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), said Governor Greg Abbott appointed Kathleen Jackson to serve as a commissioner on the Public Utility Commission of Texas on August 5, 2022. Ms. Parsley also discussed the 88th Texas Legislative Session timeline, the legislative update, continued growth, the October 2022 letter to members about the ERCOT-mandated controlled

outages and critical load, and employee thank you messages. Ms. Parsley shared the Stronger Together employee podcast video showcasing fleet maintenance.

3. [2022-298](#) **Cooperative Financial Update - R Kruger**

Attachments: [CFO Update -2022-298-Final](#)
[Financial Statements-2022-298-Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), provided the August financial results. More details regarding the financial results may be found in the attached reports. Mr. Kruger discussed the economic forecast, gas storage, the liquefied natural gas (LNG) export capacity, forward natural gas prices, forward power prices, market heat rates, the impact of inflation and commodity costs, and interest rates. President Mark Ekrut commented on how well the Cooperative controls expenses and thanked the employees for their efforts. Director Graf asked Mr. Kruger when we would go to the bond market. Mr. Kruger said that our strategy has been that we will accumulate debt under commercial paper until it gets to a level when it makes economic sense to go to the bond market, estimating sometime in 2024 or 2025. Director Graf thanked the employees and the executive leadership for reducing expenses. Director Pataki commented on the benefits of the cooperative business model and complimented the power supply team.

4. [2022-299](#) **Cooperative Operations Update - E Dauterive**

Attachments: [Operations Update 2022-299 v3](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), discussed safety and technical training, system growth, reliability, improved outage SMS (text) messaging to the membership, member relations activity, and the Advanced Metering Infrastructure (AMI) distribution. Mr. Dauterive also shared a video on the International Dark-Sky Association (IDA) night skies light replacement program, which PEC is a participant.

Member Comments (3 minute limitation or as otherwise directed by Board)

5. [2022-300](#) **Member Comments**

Attachments: [Decorum Policy - 3 minute limitation notice](#)

There were no members wanting to address the Board.

Action Items / Other Items

6. [2022-315](#) **Resolution - Approval of Directive(s) for Delegates Regarding Upcoming NRECA Regional Meeting - JP Urban**

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that PEC's voting delegate and alternate voting delegate follow the Board's directive regarding the proposed NRECA resolutions as discussed by the Board this day; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee is authorized to take all such actions necessary to implement this resolution.

Attachments: [NRECA Resolutions update Sept 2022](#)

NRECA Resolutions Process

The National Resolutions Committee met at NRECA's headquarters in Arlington, Virginia on June 24, 2022. A live stream of the meeting was broadcast on Cooperative.com. Due to audio equipment technical difficulties, audio was not available on the live stream throughout the meeting. Committee members will attend each Regional Meeting and be available to answer questions regarding their June 24 deliberations.

The 2022 Compendium, and any new resolutions from the regions' committees, will be considered by the regions' voting delegates during their business meetings. These meetings kicked off September 6-8 with Regions 1 and 4 in Indiana. PEC is part of NRECA's Region 10, which will hold its meeting (along with Region 8) on October 24-26, 2022 in Little Rock, AR. After all feedback is compiled from the regional meeting participants, the final resolutions will be adopted at the 2023 NRECA Annual Meeting, which occurs March 3-8, 2023 in Nashville, Tennessee.

If any, the Board may now consider PEC positions and directives for voting delegates on the matters presented.

Mr. J.P. Urban, Vice President of External Relations, presented a summary of the proposed resolutions of the National Rural Electric Cooperative Association (NRECA) and asked the Board for approval to provide Directors Akers and Ekrot the ability to vote on resolutions at the NRECA regional meeting.

A motion was made by Director Akers, seconded by Director Cox, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, Pataki, Ekrot, Cox, Graf, and Akers

Absent: 1 - Oakley

7. [2022-312](#) Resolution - Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property - D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property, with such changes, if any, as were approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designees, are hereby authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Policy and Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property REDLINE - 2022-107](#)
[Policy and Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property CLEAN - 2022-107](#)

Board Policy Process

Pursuant to the Board's Policy on Policies, the Board routinely reviews all Board policies as part of its policy management program. Under the Board's approved review schedule, the Board may now consider review of the Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property. The purpose of the Policy is to establish the procedures to (1) identify requirements for an unsolicited proposal to be considered as a Qualified Offer; and (2) identify the process by which a Qualified Offer will be evaluated.

Mr. Don Ballard, General Counsel, presented the resolution and asked the Board for approval.

A motion was made by Director Pataki, seconded by Vice President Rister, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, Pataki, Ekrut, Cox, Graf, and Akers

Absent: 1 - Oakley

8. [2022-313](#) **Resolution - Approval for Renewal of 2023 Medical Insurance Benefits - R Smith**

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Board approve renewal of the employee health insurance contract of the Cooperative for an additional period based upon the terms and conditions with insurance provider(s) presented to the Board during Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, Executive Officer, or designee, is authorized to take all such actions as needed to implement this resolution.

Medical Insurance Benefits

Pursuant to the Employee Compensation Policy, PEC provides health insurance, life insurance, disability insurance, and other optional coverages for employees. Health benefits are a critical piece of PEC's overall employee compensation package. In providing benefits, PEC balances cost effective plans with maintaining a competitive level of benefits for all employees. Medical and Dental Plans are competitively procured periodically where they are evaluated for effectiveness and need. PEC medical plans are based on a calendar year, January 1 - December 31. PEC has an opportunity to renew medical insurance benefits through 2023. The Board may now consider approving a renewal Medical Plan agreement for PEC employees through 2023.

Ms. Rachael Smith, Benefits and Compensation Manager, presented the resolution and asked the Board for approval.

A motion was made by Director Pataki, seconded by Director Cox, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, Pataki, Ekrut, Cox, Graf, and Akers

Absent: 1 - Oakley

9. [2022-316](#) **Draft Resolution - Approval of Election Policy and Procedures**

Amendments Related to 2022 Annual Director Post-Election Analysis - S Romero/D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to the Election Policy and Procedures and its regular review of Board policies, the Board has reviewed and adopts the Election Policy and Procedures presented to and discussed by the Board this day, with any amendments, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Draft Resolution - Election Policy and Procedures 2022-316 - REDLINE](#)
[Draft Resolution - Election Policy and Procedures - 2022-316 – CLEAN v2](#)

Mr. Don Ballard, General Counsel, provided a summary of the draft resolution and said the final resolution will be presented to the Board for approval next month.

10. [2022-320](#) Draft Resolution - Approval to Establish 2023 Annual Meeting Date and Location - D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2023 Annual Membership Meeting of the Pedernales Electric Cooperative, Inc. (“PEC”) be held within the PEC service territory at the Cooperative’s E. Babe Smith Headquarters in Johnson City, Texas, on Friday, June 16, 2023, at 9:00 a.m.; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is authorized to take all such other actions necessary to implement this resolution.

Mr. Don Ballard, General Counsel, presented the draft resolution recommending the 2023 Annual Membership Meeting be held as a business meeting at PEC Headquarters in Johnson City, Texas, on Friday, June 16, 2023, at 9:00 a.m.

11. [2022-281](#) Draft Resolution - Approval of Review and Amendments to Rate Policy

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the adoption of the attached amended Rate Policy which supersedes such policies as referred to therein; an

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, the Cooperative reserves the right to re-consider the adoption and implementation of any of these federal standards if it deems it beneficial and in alignment with the Cooperative’s objectives, its Rate Policy or any other Board-approved Policy; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the CEO, or designee, is authorized to take all such other

actions necessary to implement this resolution.

- Attachments:** [PPT - Approval of Rate Policy - 2022-281-FINAL](#)
- [Rate Policy-Clean - 2022-281-FINAL](#)
- [Rate Policy-Redline - 2022-281-FINAL](#)

Ms. Natalia Mack, Rates Manager, provided a summary of the draft resolution and said the final resolution will be presented to the Board for approval next month.

12. [2022-283](#) Draft Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries - R Fischer

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD**, that the Board hereby adopts the Director District boundary revisions as presented this day, to be effective for future Director elections; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer and General Counsel, or designee, is authorized to take any actions necessary to implement this resolution.

- Attachments:** [WorkingBoardDistrictDraft071922a](#)
- [WorkingBoardDistrictDraft071922_VD1a](#)
- [WorkingBoardDistrictDraft071922_VD2a](#)
- [WorkingBoardDistrictDraft071922_VD3a](#)
- [WorkingBoardDistrictDraft071922_VD4a](#)
- [WorkingBoardDistrictDraft071922_VD5a](#)
- [WorkingBoardDistrictDraft071922_VD6a](#)
- [WorkingBoardDistrictDraft071922_VD7a](#)

Mr. Ross Fischer, Board Counsel, presented a summary of the draft resolution and said the final resolution will be presented to the Board for approval next month.

Proposed Future Items / Meetings (subject to final posting)

13. [2022-301](#) List of Board Approved Future Meetings

- Attachments:** [2022 Board Meeting Calendar](#)

President Mark Ekrut stated that the approved Board meeting dates were included in the meeting materials.

14. [2022-302](#) Board Planning Calendar (Written Report in Materials)

- Attachments:** [3 Month Outlook Calendar v2](#)
- [PEC Annual Board Planning Calendar v2](#)

President Mark Ekrut stated that the Board Meeting Planning Calendar was included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:00 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

15. [2022-303](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
16. [2022-304](#) **Litigation and Related Legal Matters - D Ballard**
17. [2022-305](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Executive Session - Contract and Competitive Matters

18. [2022-325](#) **Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity (CCN) with Public Utility Commission of Texas for Service Territory Boundary Change - A Hagen/C Powell**
19. [2022-198](#) **Draft Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - C Powell**
- [2022-314](#) **Resolution - Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority - D Thompson/L Cunningham**
21. [2022-317](#) **Draft Resolution - Approval of 2023 Rate Plan - N Mack/D Thompson**
22. [2022-307](#) **Markets Monthly Report - D Thompson**
23. [2022-319](#) **Discussion of Power Supply Contractual Resources - R Kruger/D Thompson**
24. [2022-306](#) **Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño**
25. [2022-324](#) **Draft Resolution - Approval of Fuel Related Services Provider - C Moos**

Executive Session - Real Estate Matters

26. [2022-308](#) **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
27. [2022-309](#) **Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

Executive Session - Safety and Security Matters

28. [2022-310](#) Safety and Security Matters

Executive Session - Personnel Matters

29. [2022-311](#) Personnel Matters
30. [2022-323](#) CEO Action Plan Quarterly Update - J Parsley

Reconvene to Open Session

At 12:13 p.m., the Board reconvened to the open session meeting.

Present: 5 - Vice President Milton Rister, President Mark Ekrut, Director Travis Cox, Secretary/Treasurer Paul Graf, and Director Amy Akers

Absent: 2 - Director Emily Pataki, and Director James Oakley

Items from Executive Session

The following agenda items were discussed in executive session and set for approval in open session.

20. [2022-314](#) **Resolution - Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority - D Thompson**

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative authorizes the Chief Executive Officer (“CEO”), or designee, to deliver such notices as may be required by any wholesale power agreement, and to negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire the electric capacity, energy or other products related thereto as described in the 2023 Power Supply Plan as discussed by the Board during Executive Session of this meeting, subject to the terms and conditions of the 2023 Power Supply Plan Delegation of Authority as discussed by the Board during Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is hereby authorized and directed to do any and all such other things, and take such other actions, as the Chief Executive Officer, or designee, deems necessary to implement this resolution.

Power Supply Plan

The 2023 Power Supply Plan combined with the 2023 Power Supply Plan Delegation of Authority provide the detail and parameters to fulfill the Cooperative’s aggregated electric energy requirements for the calendar year 2023 guided by the Power Supply and Energy Management Policy. PEC charges Members as defined in the Tariff and Business Rules to recover the Cooperative’s actual cost of power purchased for the membership and other costs incurred in connection with the development and management of the Cooperative’s power supply.

A motion was made by Secretary/Treasurer Graf, seconded by Director Cox, that this item be approved. The motion carried by the following vote:

Yes: 5 - Rister, Ekrut, Cox, Graf, and Akers

Absent: 2 - Pataki, and Oakley

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 12:15 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President



File #: 2022-362, Version: 1

**Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo - E Dauterive/B
Maggot**

**Submitted By: Renee Oelschleger on behalf of Eddie Dauterive
Department: Chief Operations Officer
Financial Impact and Cost/Benefit Considerations:**



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

File #: 2022-334, Version: 1

Cooperative Update - J Parsley

Submitted By: Sylvia Romero on behalf of Julie Parsley

Department: Chief Executive Officer

Financial Impact and Cost/Benefit Considerations: N/A



File #: 2022-335, Version: 1

Cooperative Financial Update - R Kruger

Submitted By: Renee Oelschleger on behalf of Randy Kruger
Department: Chief Financial Officer
Financial Impact and Cost/Benefit Considerations: N/A



September 2022 Financial Presentation to the Board

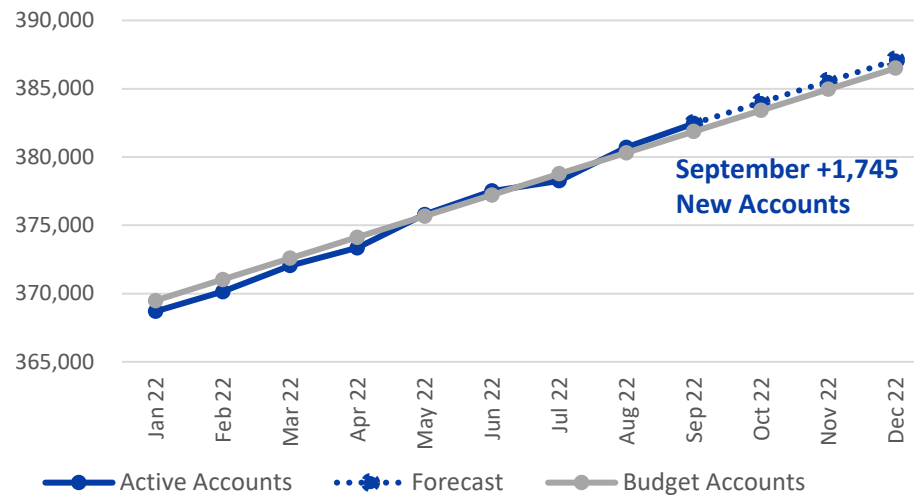
Randy Kruger | Chief Financial Officer

Finance at a Glance – September 2022

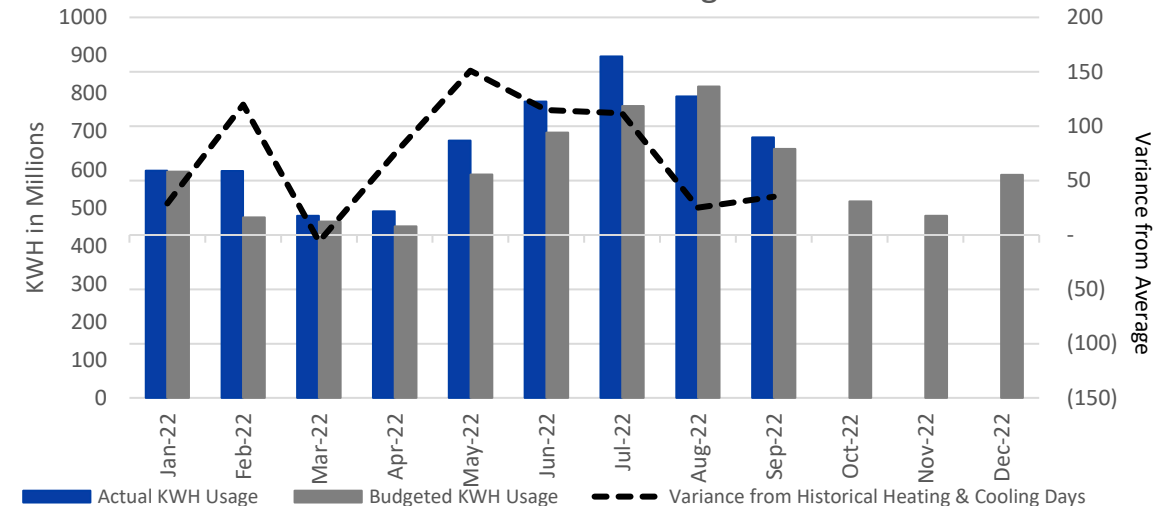
	MTD (\$ in millions)			YTD (\$ in millions)		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
MWH Sold	684,551	654,425	30,126	5,993,459	5,509,046	484,412
Gross Margins	\$ 30.8	\$ 29.5	\$ 1.3	\$ 266.9	\$ 255.5	\$ 11.4
Net Margins	\$ 5.5	\$ 6.9	\$ (1.4)	\$ 47.8	\$ 43.0	\$ 4.8
EBIDA	\$ 17.6	\$ 16.9	\$ 0.7	\$ 160.6	\$ 132.8	\$ 27.8
Revenue O(U)	\$ 2.4	\$ 2.1	\$ 0.3	\$ 30.3	\$ 26.1	\$ 4.2
EBIDA(X)	\$ 20.0	\$ 19.0	\$ 1.0	\$ 190.9	\$ 158.9	\$ 32.0

	Liquidity Coverage (\$ in millions)
Cash & Marketable Securities	\$ 12.2
Short Term Facilities	505.0
Less: Short Term Borrowings	114.9
Available Liquidity	\$ 402.3
Liquidity Coverage (Days)	231

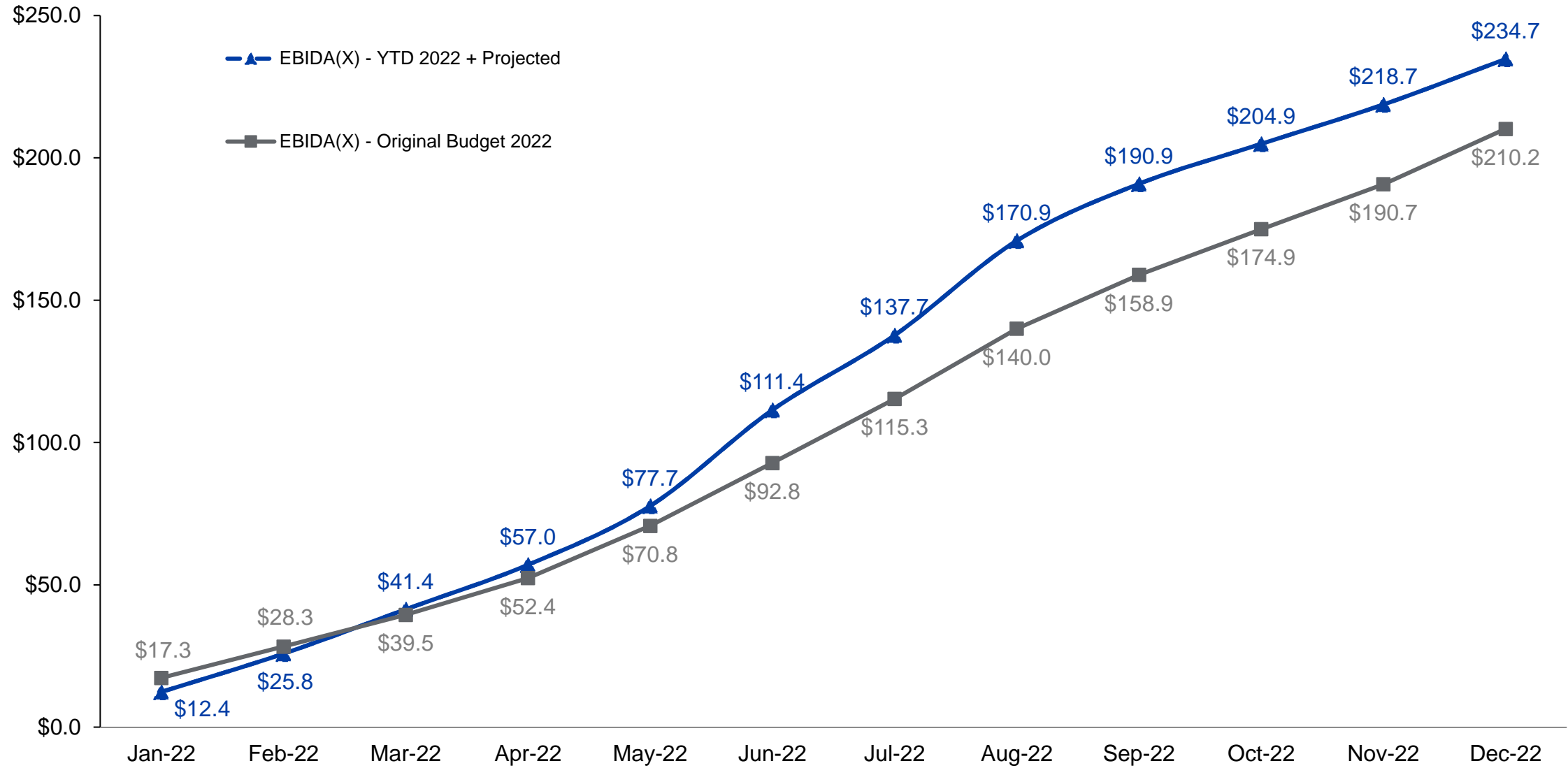
Active Account Growth



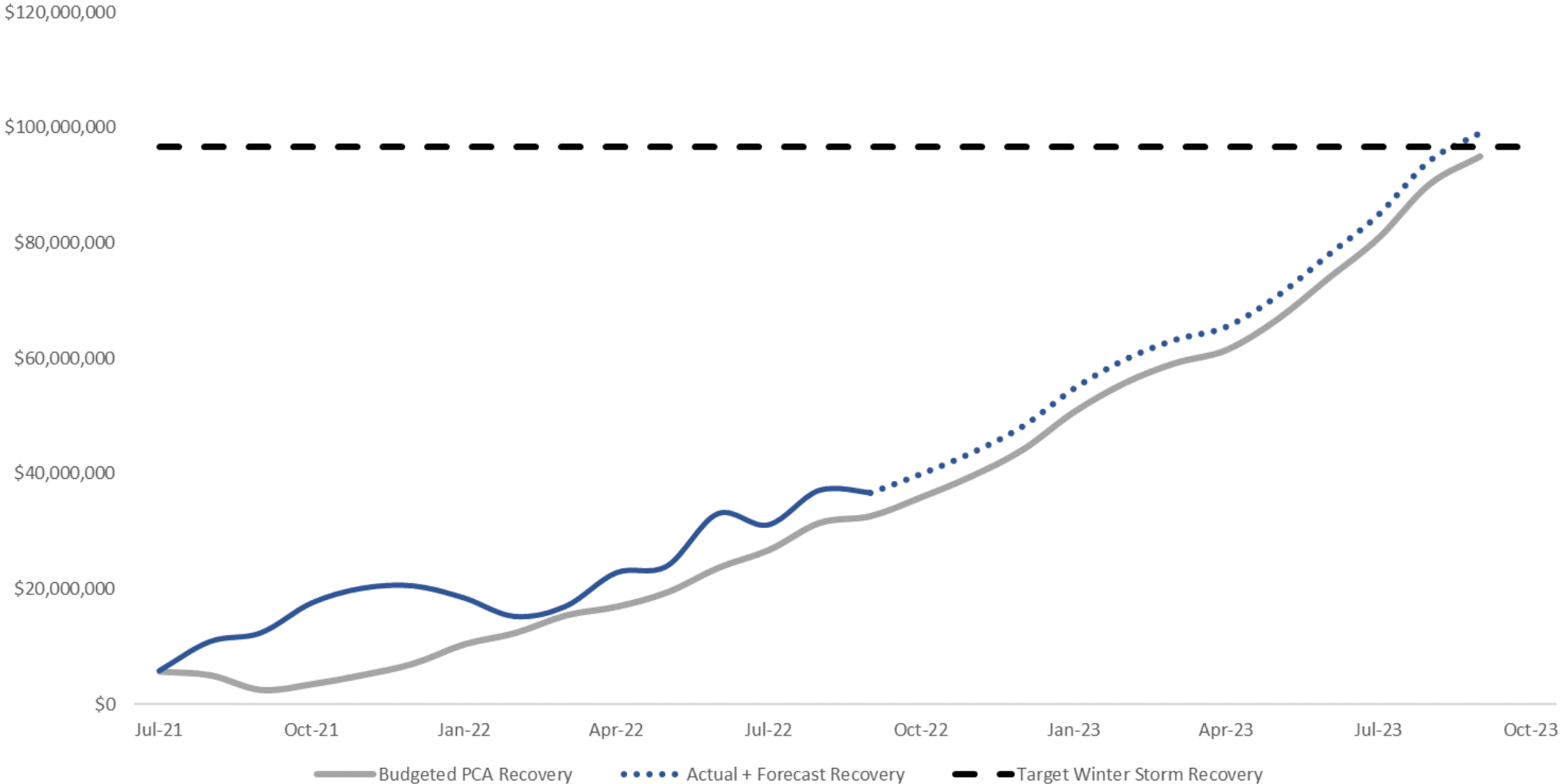
Weather and kWh Usage



EBIDA(X) Year to Date (in millions)

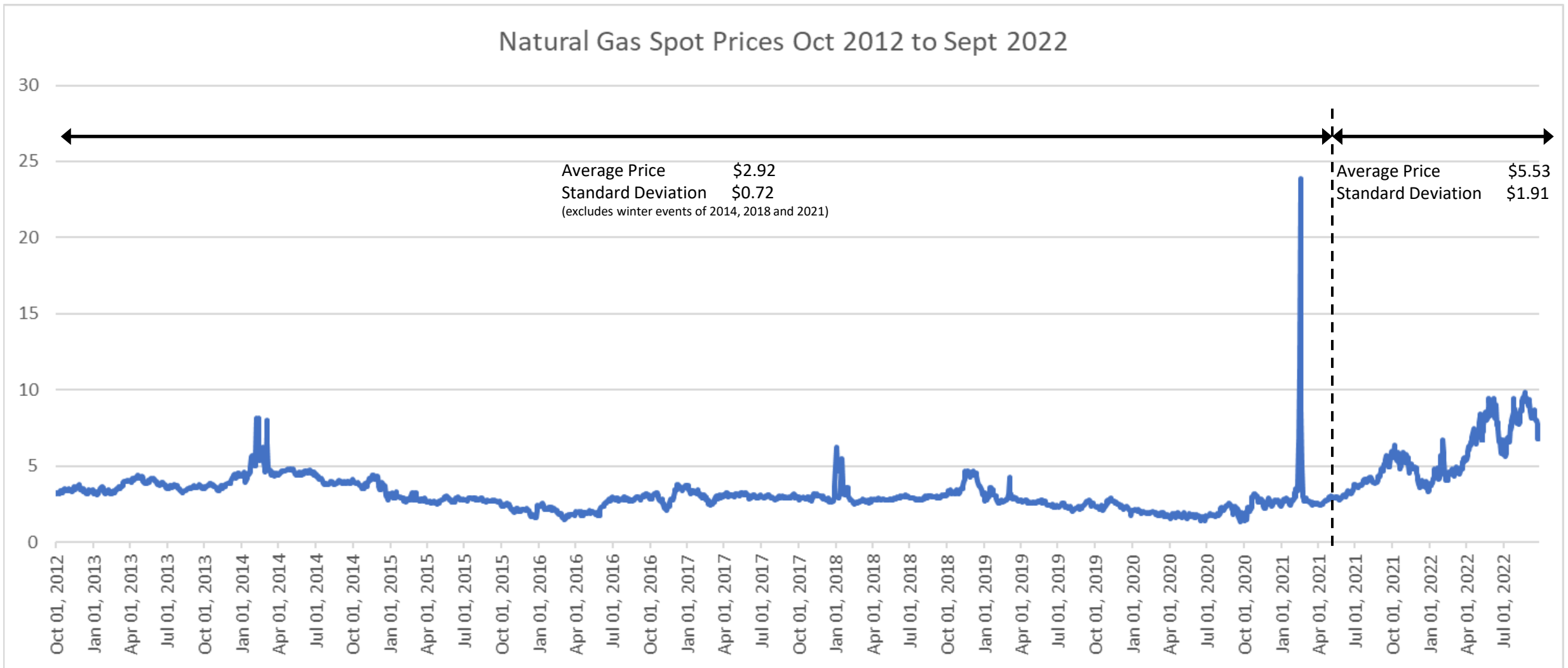


PCA + FPCRFR O/(U) Winter Storm Recovery

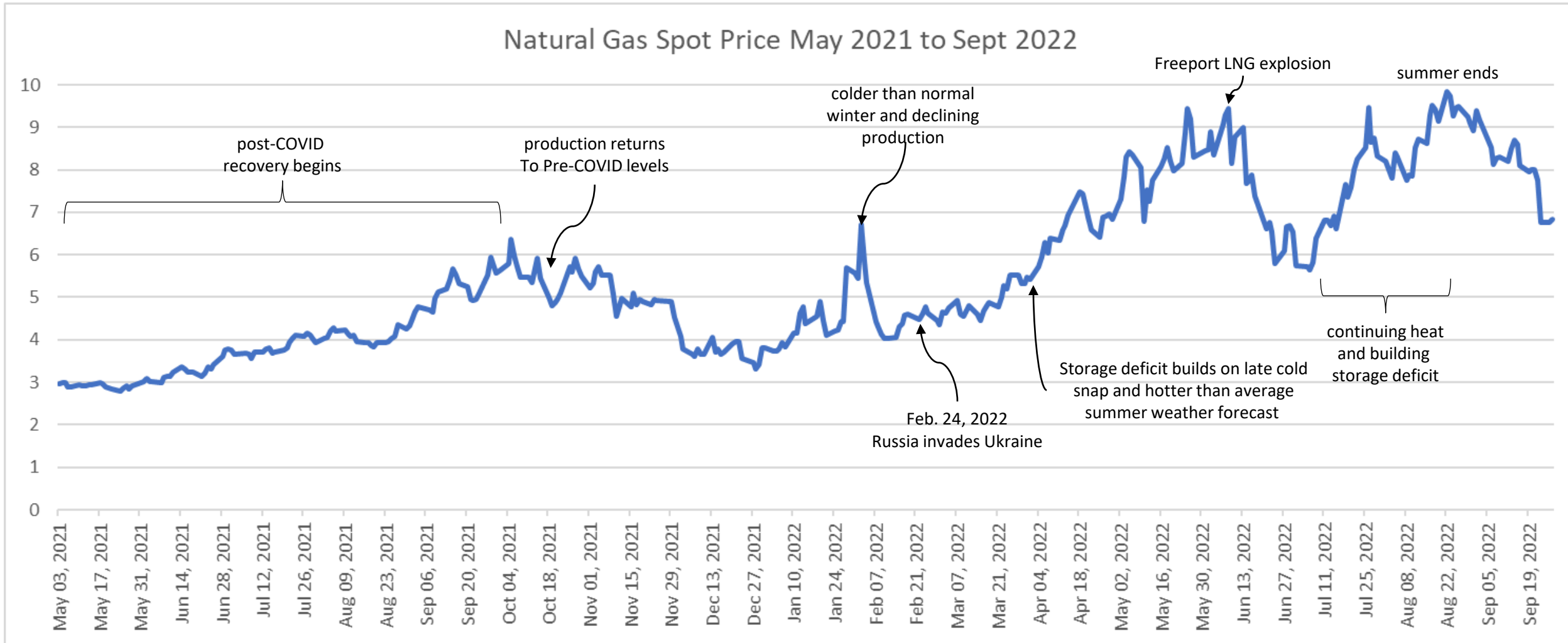


Note: Preliminary Financial Results

Increasing Price Levels and Volatility



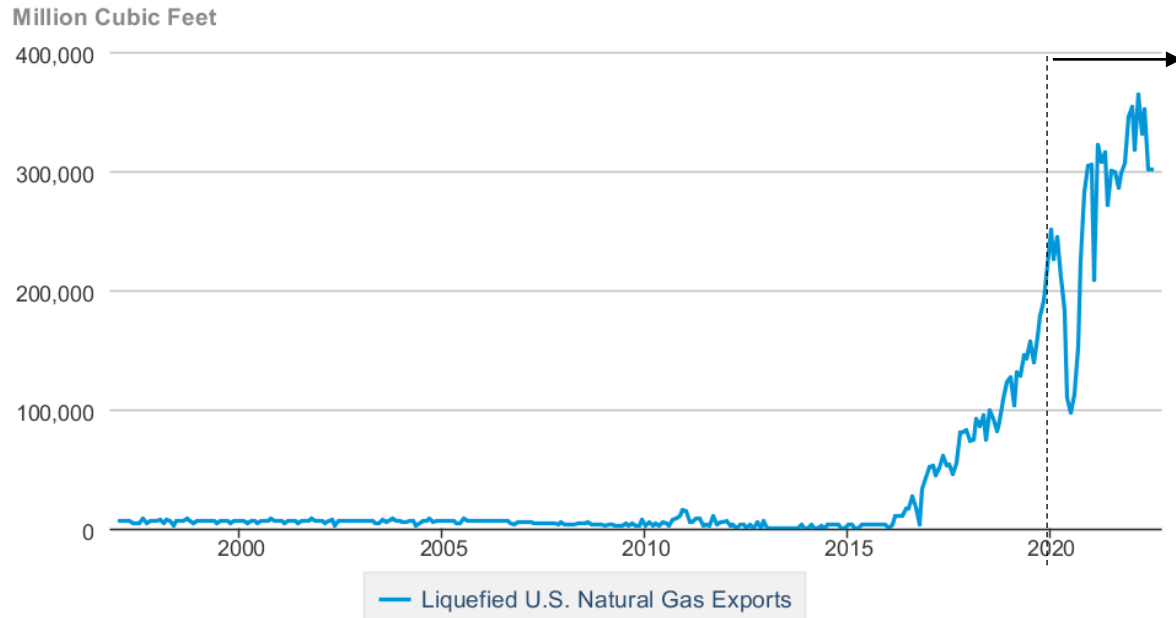
Post-COVID Era



- LNG exports rising at levels faster than production
- Lower price elasticity due to limited opportunities for coal to gas switching
 - 50GW of retired coal generation since 2018
 - U.S. gas-fired generation hits record high in mid-July despite prices above \$7/mmbtu

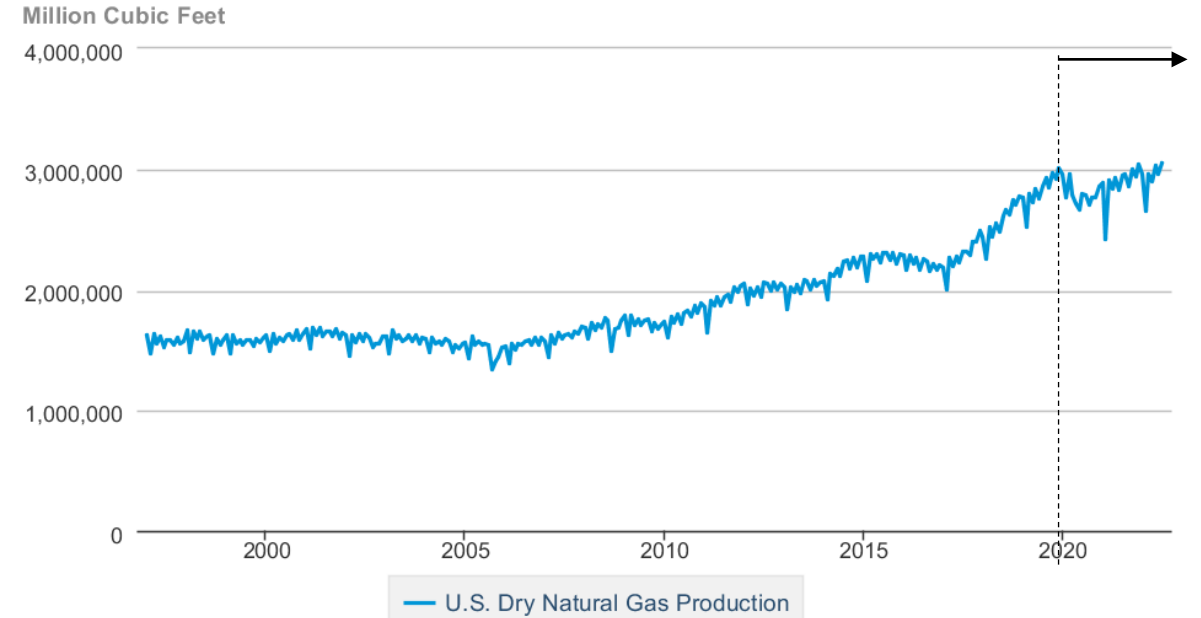
Monthly LNG Exports and Production

Liquefied U.S. Natural Gas Exports



 Source: U.S. Energy Information Administration

U.S. Dry Natural Gas Production



 Source: U.S. Energy Information Administration

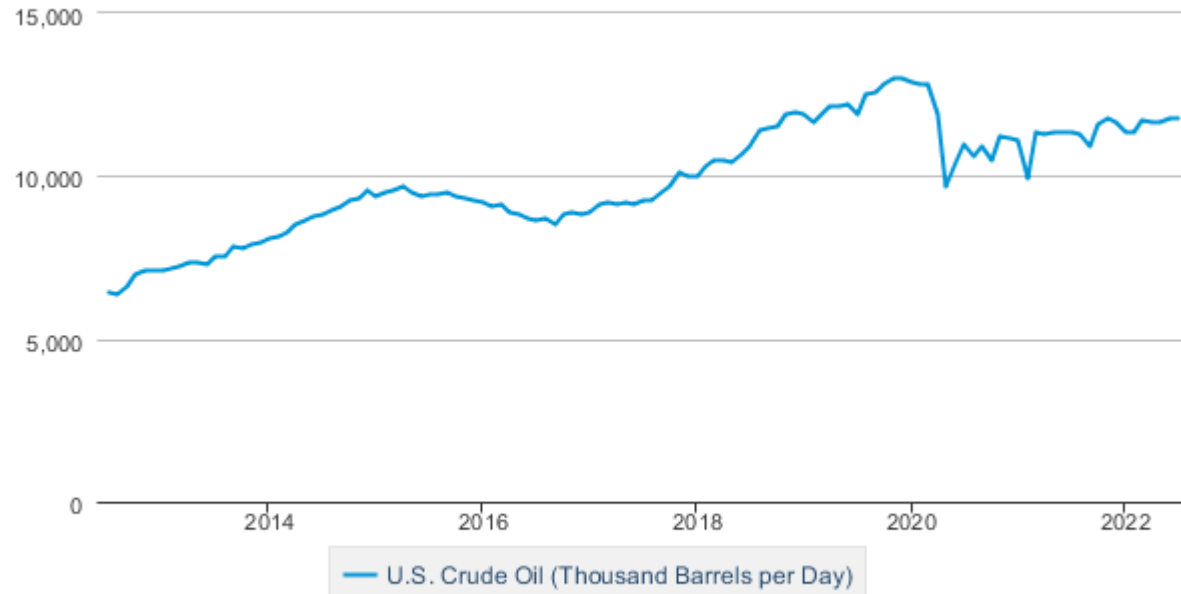
- LNG exports approximately 100 Bcf/month or 3.3 Bcf/day higher than pre-COVID levels and production has been flat over same time period

U.S. Crude Oil Production and the SPR

U.S. crude production has not returned to pre-COVID levels

U.S. crude oil production

thousand barrels per day

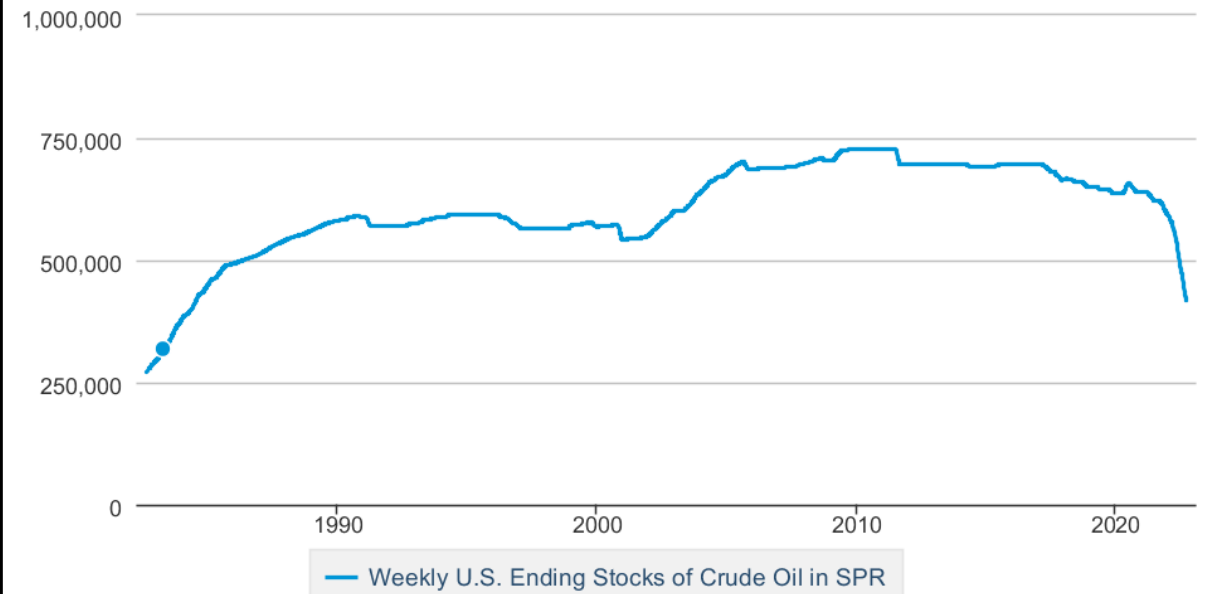


 Source: U.S. Energy Information Administration

Strategic Petroleum Reserve at lowest levels since 1984

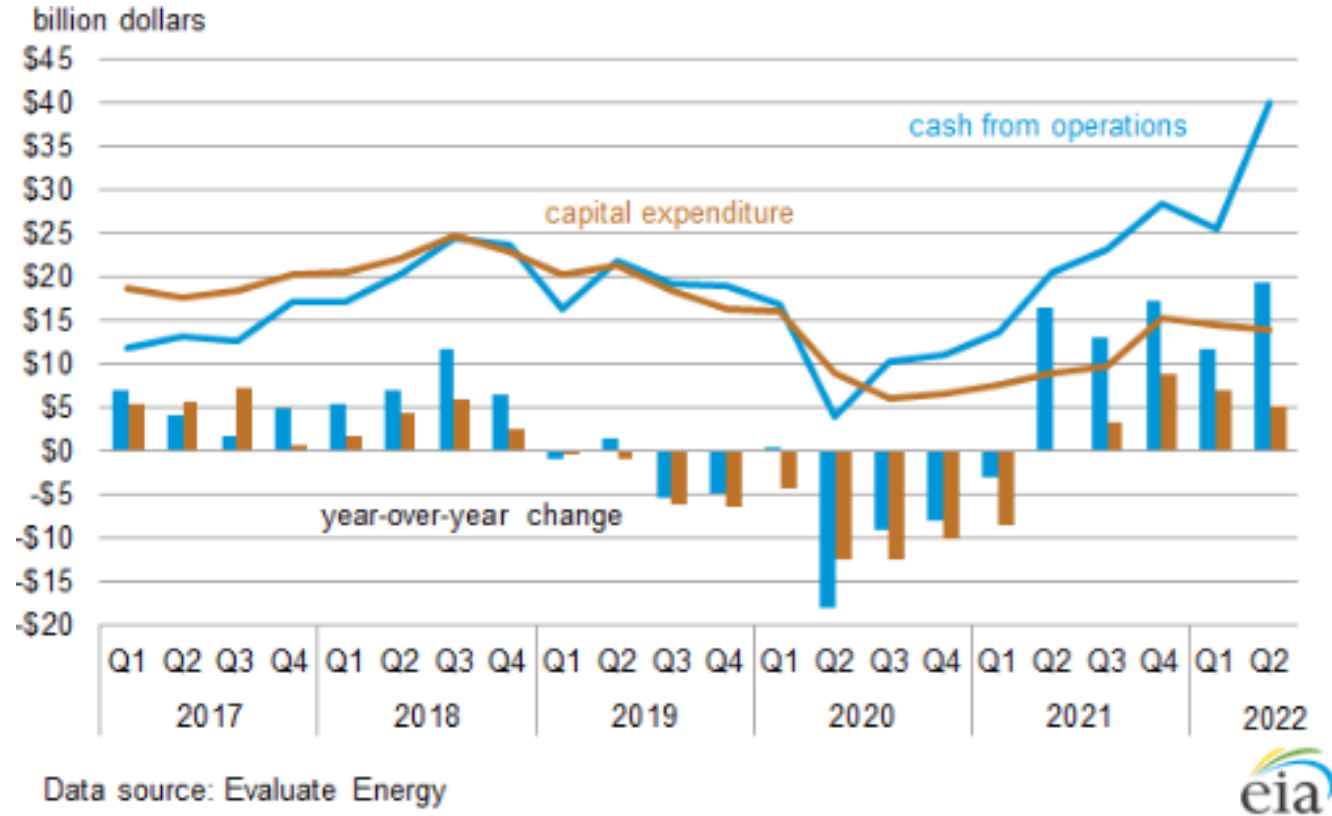
Weekly U.S. Ending Stocks of Crude Oil in SPR

Thousand Barrels



 Source: U.S. Energy Information Administration

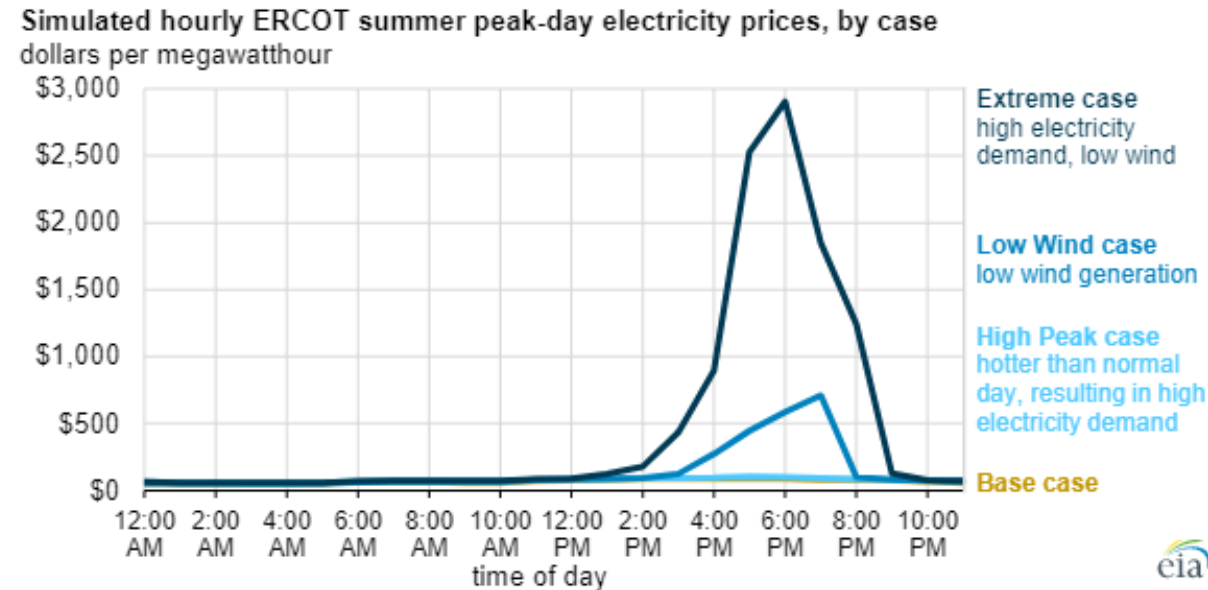
Oil and Gas Company Cash Flows are Up but Capital Expenditures are not



- Cash flows at oil and gas companies are largest in 5 years
- Companies have kept capital expenditures below historical levels and redirected their cash flows from operations to debt reduction, share purchases and dividends.

U.S. Energy Information Agency Study

Sources of Price Volatility in the ERCOT Market



	Base	High Peak	Low Wind	Extreme
Peak load (megawatts)	77,498	80,152	77,498	80,152
Wind availability (megawatts)	10,144	10,144	3,064	3,064
Maximum simulated wholesale price (dollars per megawatthour)	\$90	\$105	\$709	\$2,905
Energy component	\$90	\$105	\$ 99	\$ 601
Scarcity adder	—	—	\$610	\$2,304

Data source: U.S. Energy Information Administration, Short Term Integrated Forecasting System simulation of the Electric Reliability Council of Texas (ERCOT) power market

Study concluded that expected variability in peak load has less of an impact on price than expected variability in wind generation. Note variances from the base case.

“The growth in ERCOT’s peak electricity load combined with its increasing use of intermittent renewable generation sources has supported recent price volatility.”

Take Aways On Volatility

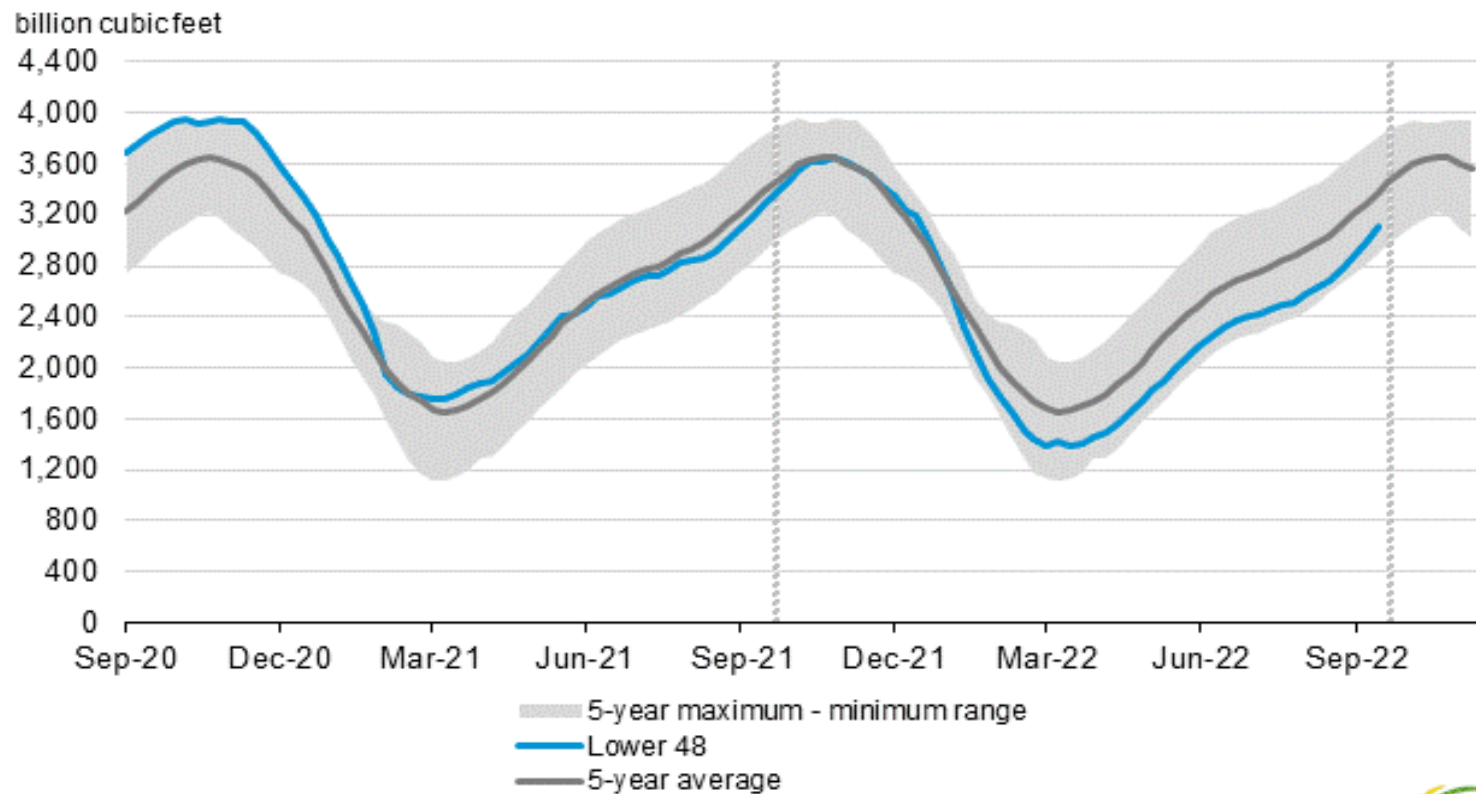
We are likely to be living with increased price volatility for some time, making hedging more challenging and lowering budgeting/forecasting accuracy

- In the near term the gas market will contribute to increasing power market price volatility
 - Tight supply demand balance due to plateauing production in the face of increasing demand
 - Reserves exist but need investor and regulatory support to convert them into production
- Many forecasters believe that in the longer-term gas production will increase and prices (along with volatility) will come down. Therefore, we see a backwardated price curve.
 - If returns are there capital will follow
- Increased volatility in the power market due to higher supply-side volatility from renewable penetration.

Gas Storage

- Larger than normal Sept. injection—higher production and lower demand from cooler weather and Hurricane Ian

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



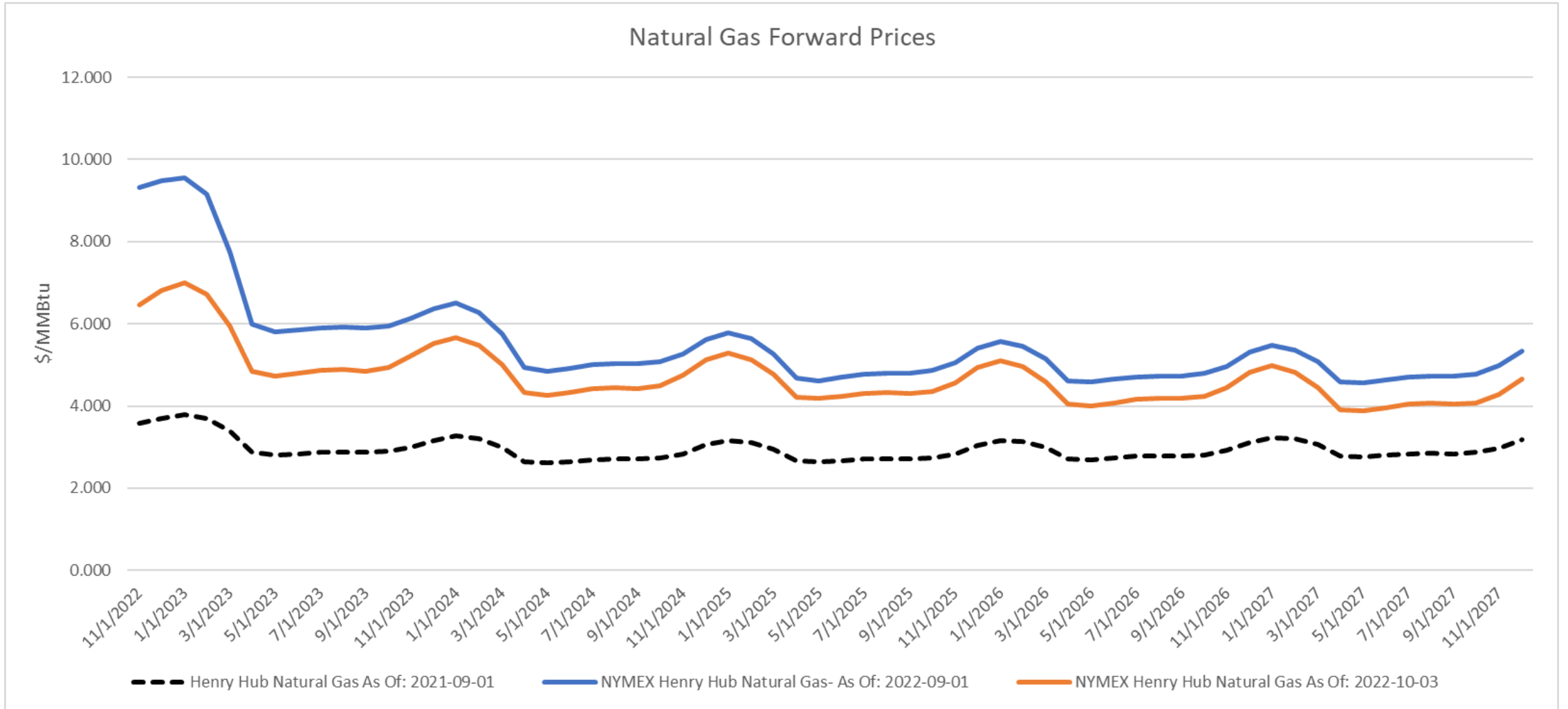
Source: U.S. Energy Information Administration

Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2017 through 2021. The dashed vertical lines indicate current and year-ago weekly periods.



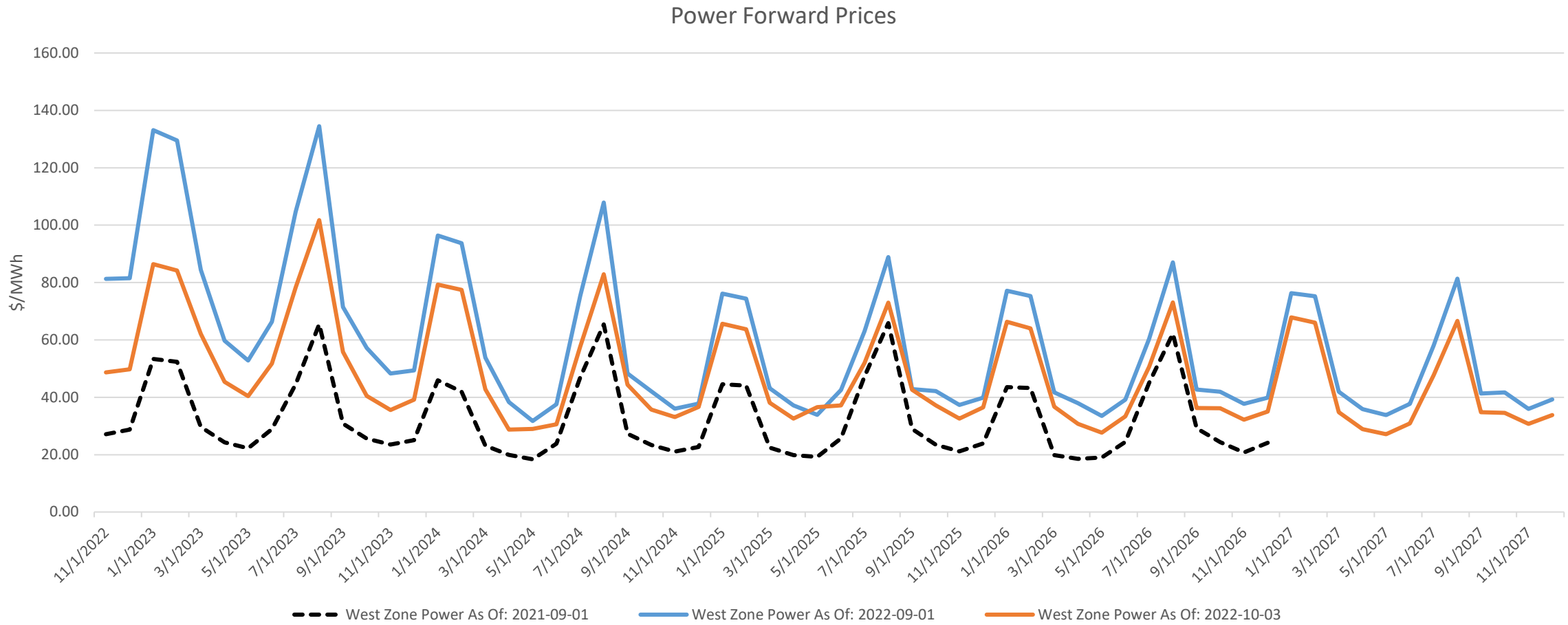
Forward Natural Gas Prices

Natural gas prices are down on storage build and milder weather, but up from 2022 budget



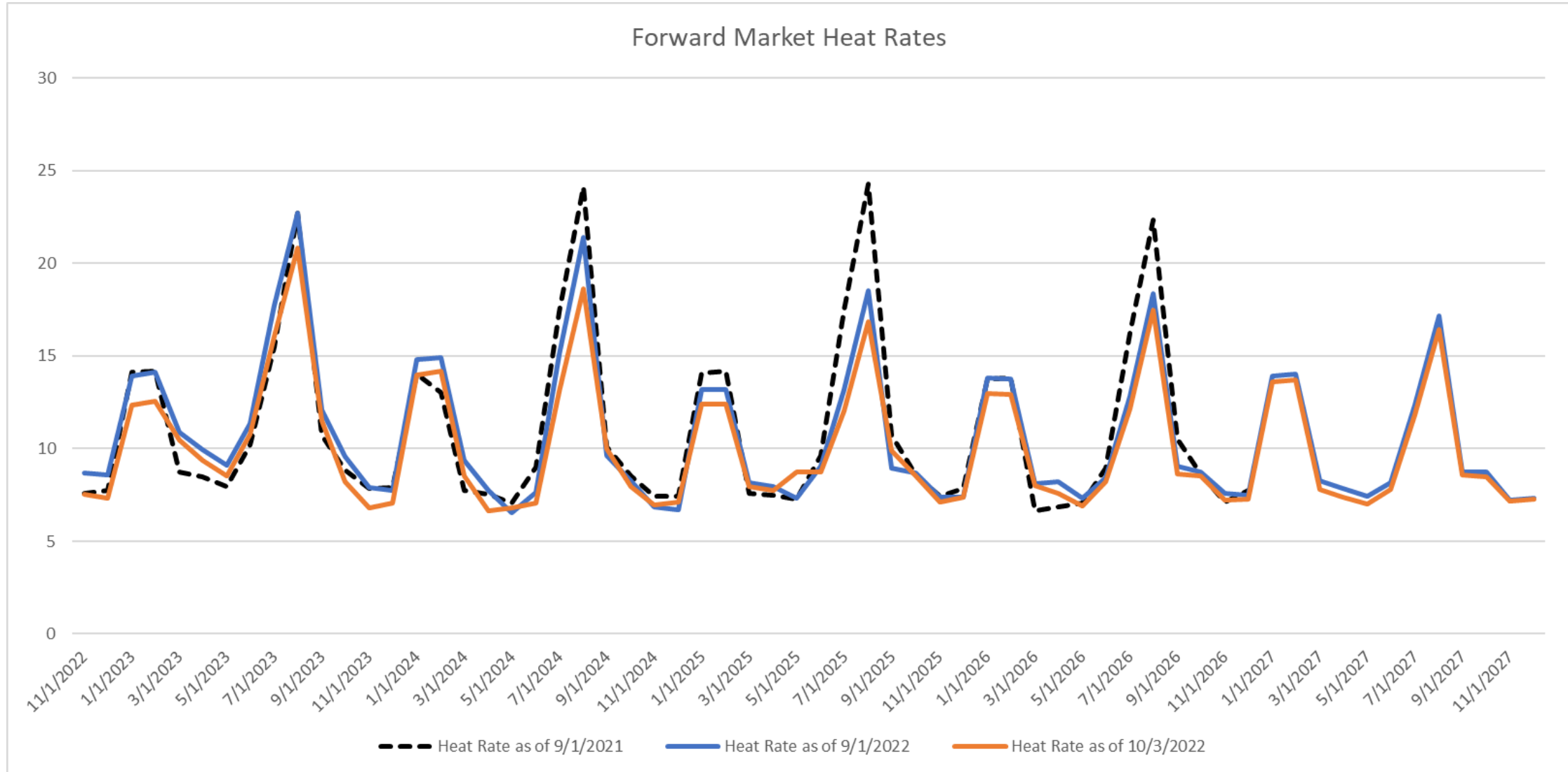
Forward Power Prices

Forward power prices have followed gas prices



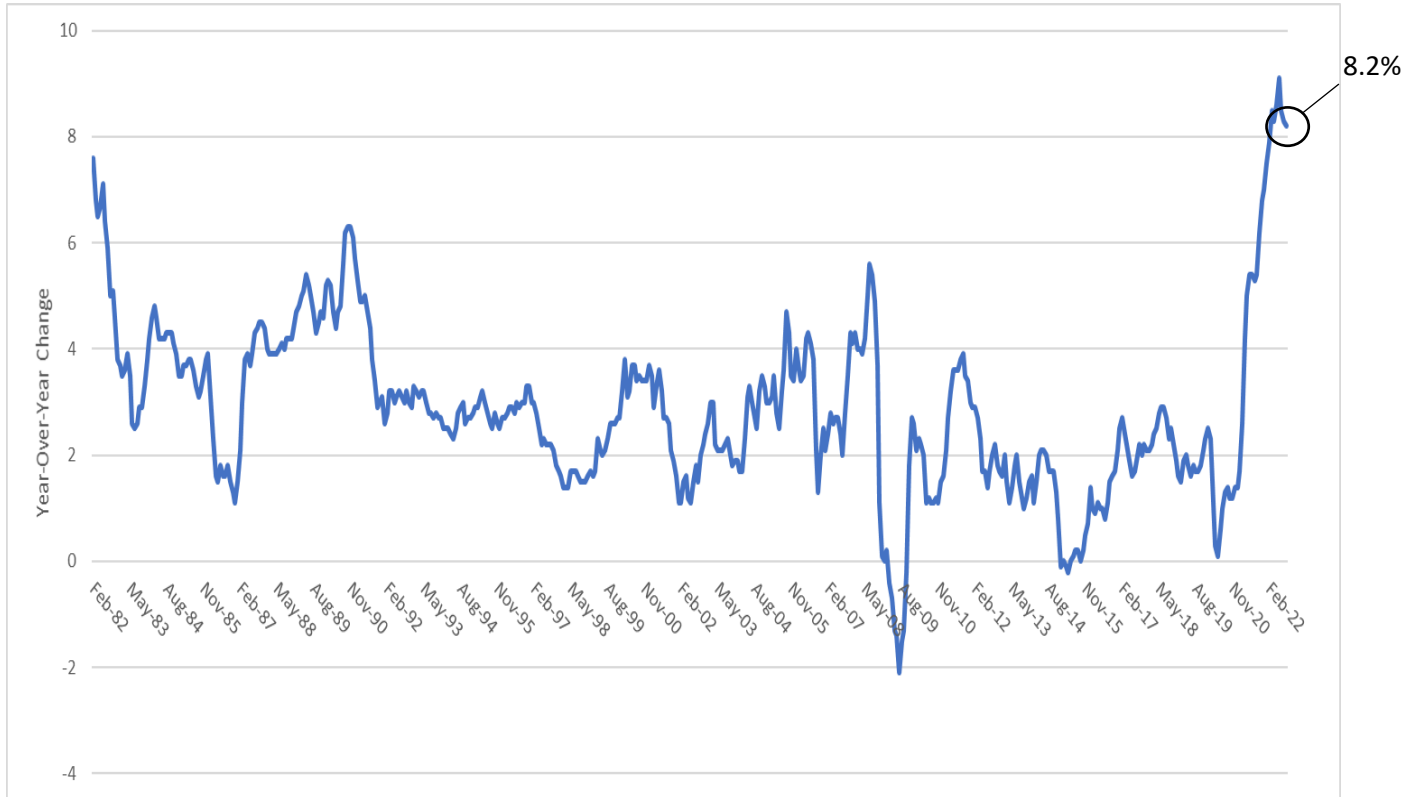
Market Heat Rates

Heat rates relatively unchanged from last month and outer years down from 2022 budget



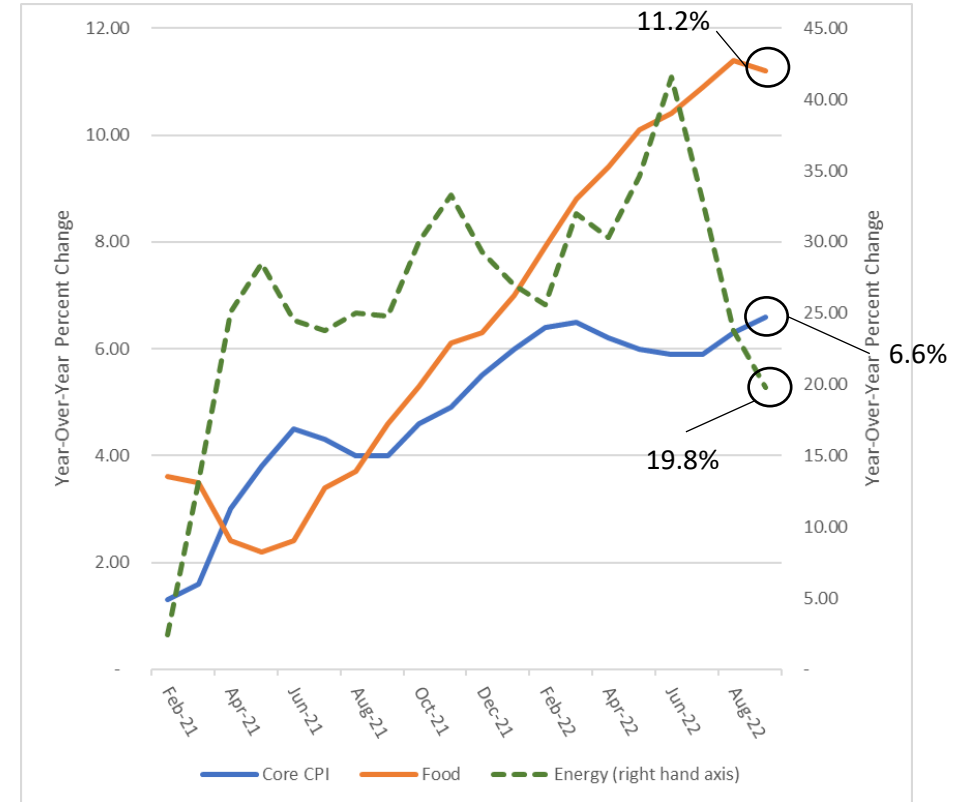
Inflation

CPI Jan 1982 to Sept 2022



Source: U.S. Bureau of Labor Statistics

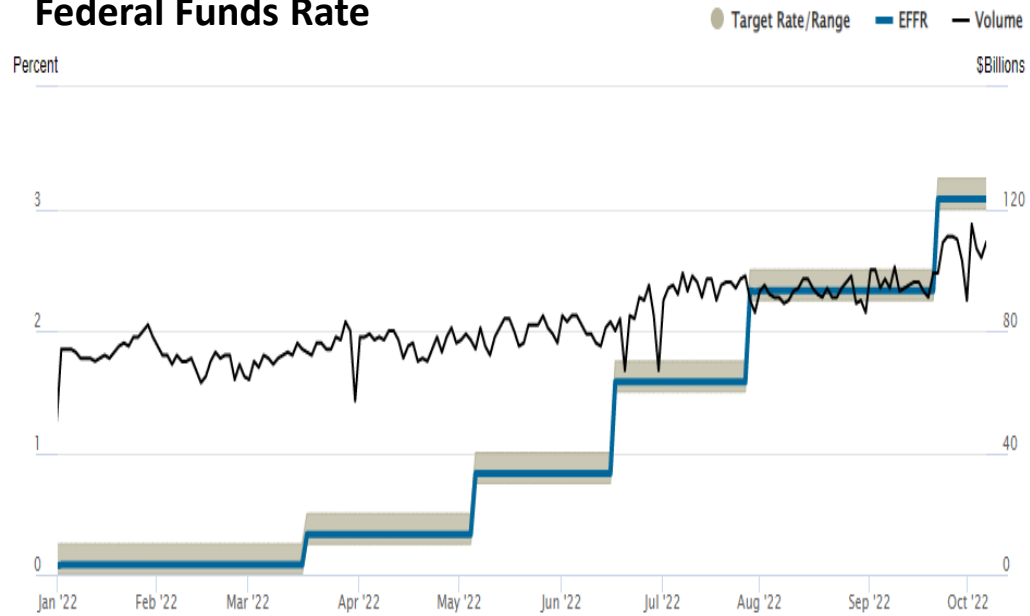
Core CPI, Food and Energy Jan 2021 to Sept 2022



Source: U.S. Bureau of Labor Statistics

Interest Rates

Federal Funds Rate



Source: Federal Reserve Bank of New York

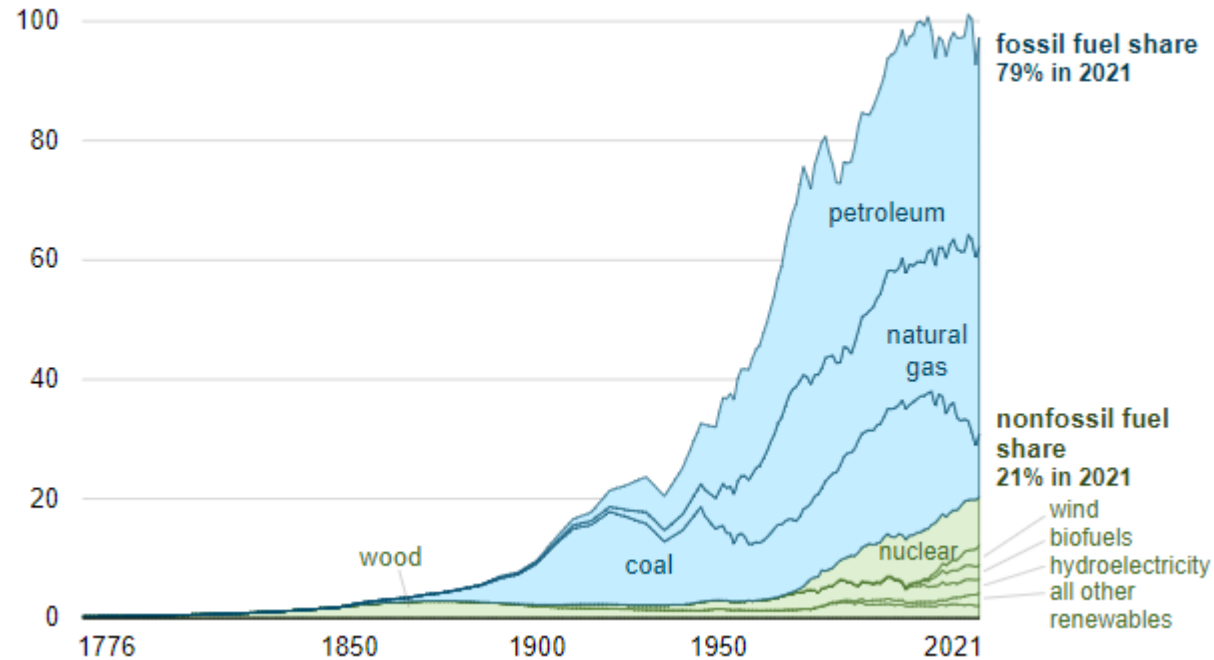
10-Year Note



Source: *The Wall Street Journal*

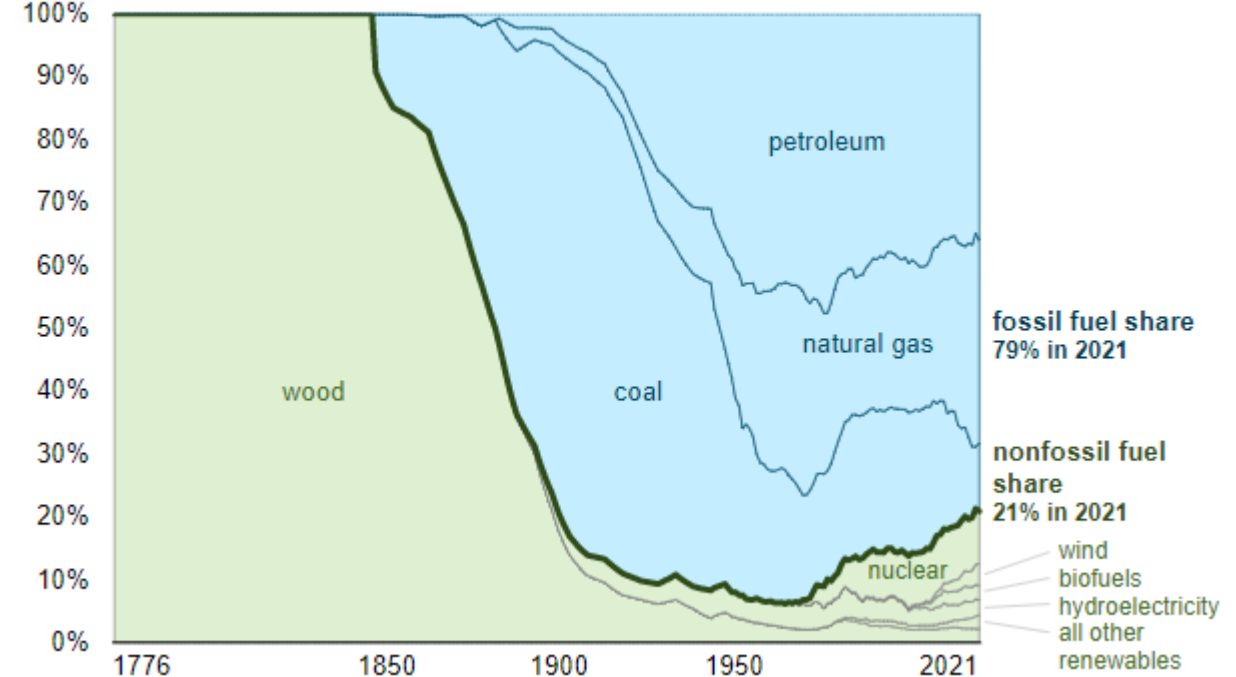
U.S. Energy Mix Since 1776

Energy consumption in the United States (1776–2021)
quadrillion British thermal units



Data source: U.S. Energy Information Administration, *Monthly Energy Review*

U.S. energy consumption (1776–2021)
percentage of total



Data source: U.S. Energy Information Administration, *Monthly Energy Review*

- High degree of correlation between access to energy and standard of living
- Industrial and transport sectors account for over half of end-use consumption



PROUD



File #: 2022-336, **Version:** 1

Cooperative Operations Update - E Dauterive

Submitted By: Renee Oelschleger on behalf of Eddie Dauterive

Department: Chief Operations Officer

Financial Impact and Cost/Benefit Considerations: N/A



Operations Report

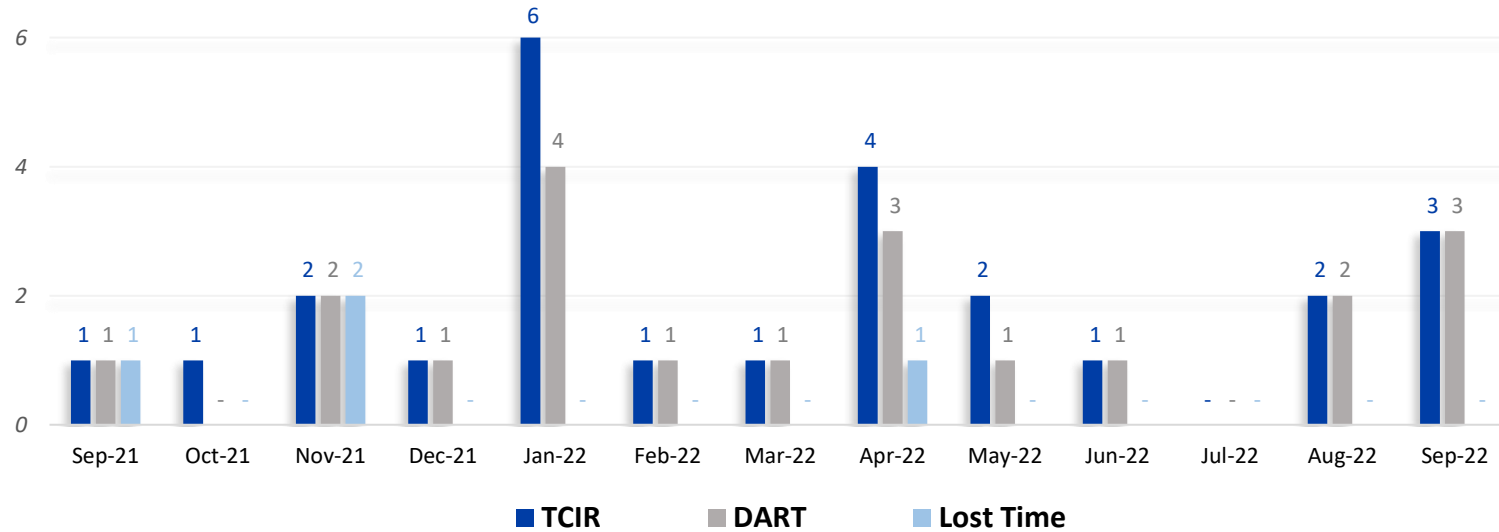
Eddie Dauterive | Chief Operations Officer

Safety & Technical Training

Personal Incidents

Reportable Injuries, Days Away, and Lost Time Incidents

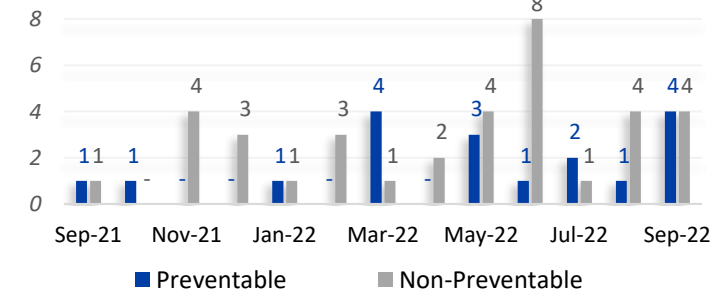
2021 YTD: DART Days - 332, Lost Time Days - 149
 2022 YTD: DART Days - 161, Lost Time Days - 7



Vehicle Incidents

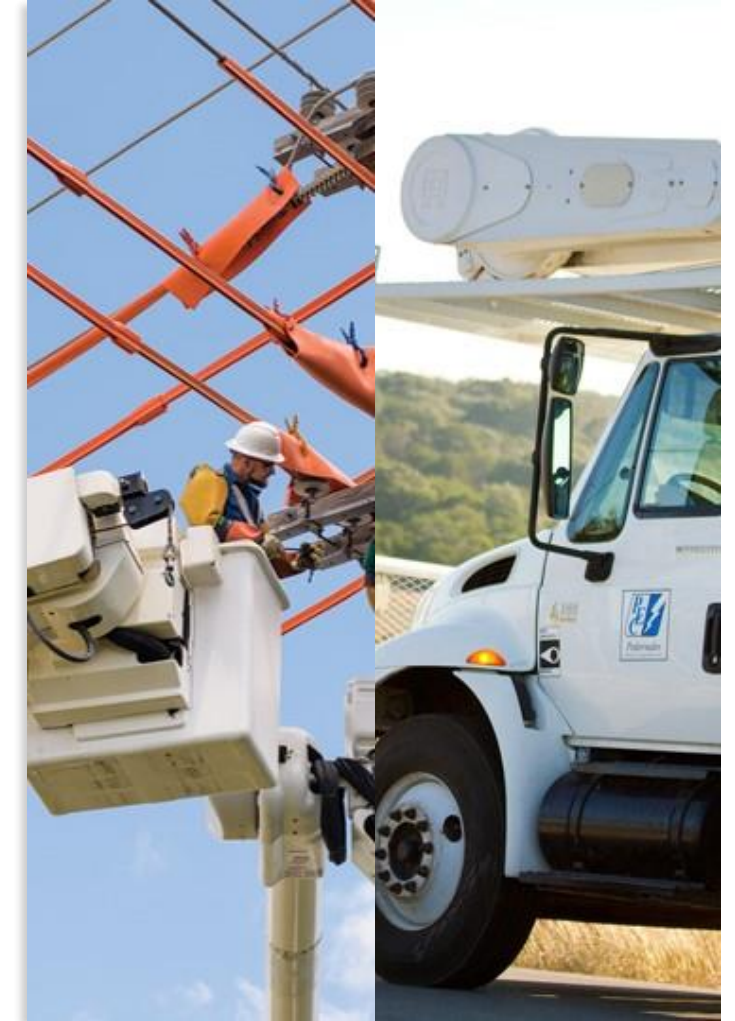
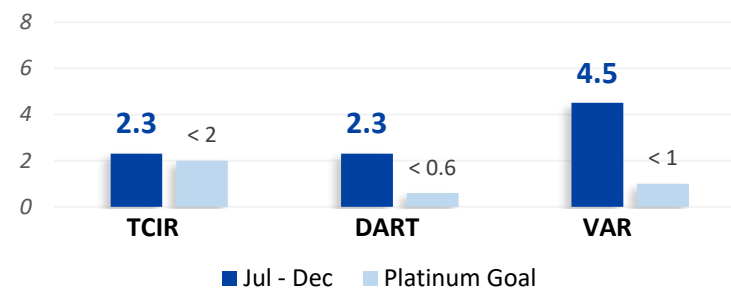
Preventable & Non-Preventable

Preventable:
 2021 YTD: 13
 2022 YTD: 16



KPI Progression

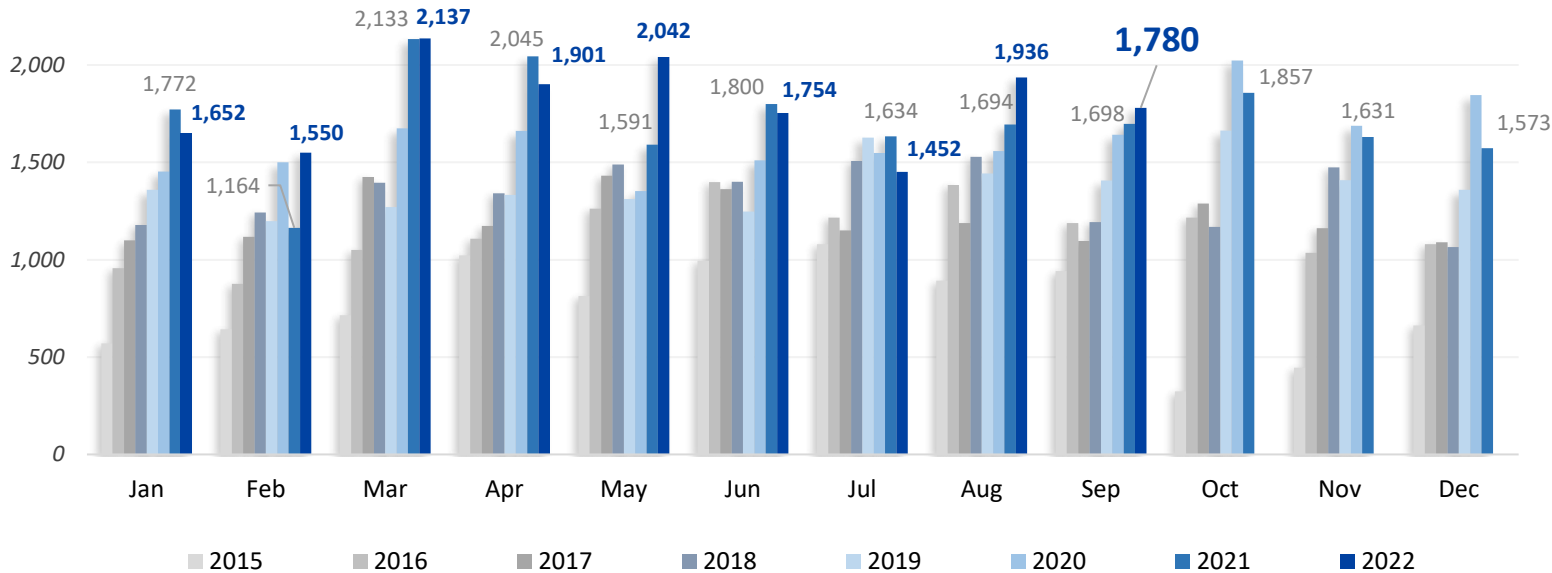
2022 Period Two



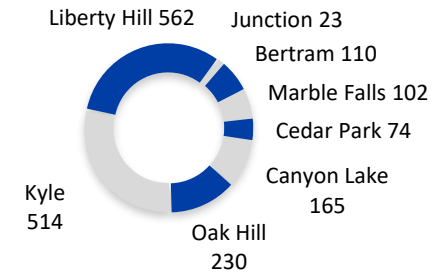
System Growth

Line Extensions Completed

2019: 16,640 2020: 19,458 2021: 20,592 2022 YTD:



Line Extensions Per District (1,780)

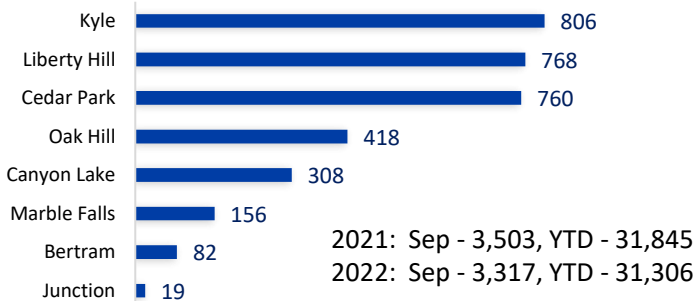


Miles of Distribution Line:

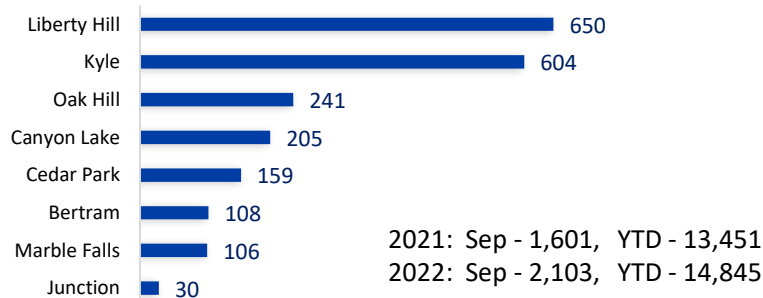
Underground: 6,677 (27%)
Overhead: 17,573 (73%)
Total: 24,250



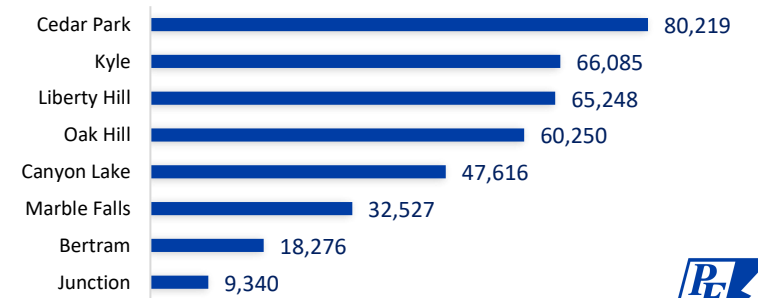
Member Applications (3,317)



Meter Growth (2,103)

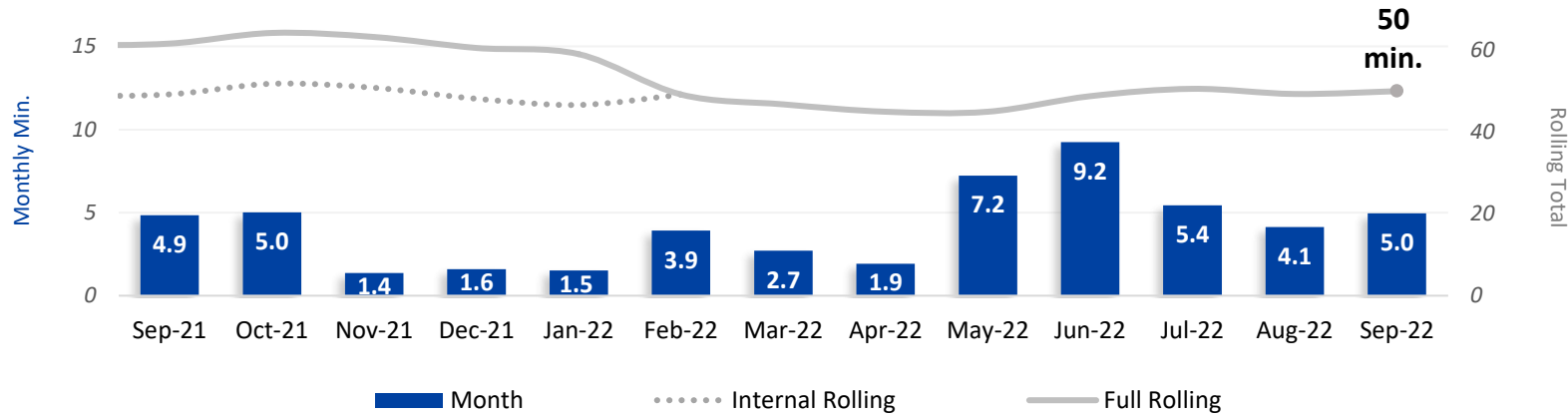


Meter Totals (379,561)

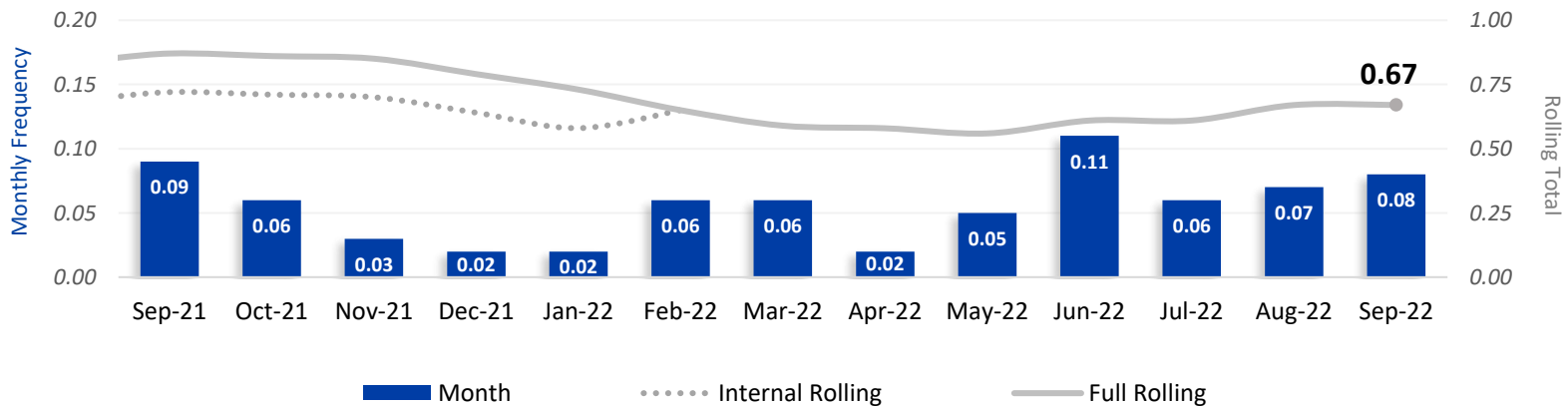


Reliability

System Average Interruption Duration Index (SAIDI)



System Average Interruption Frequency Index (SAIFI)

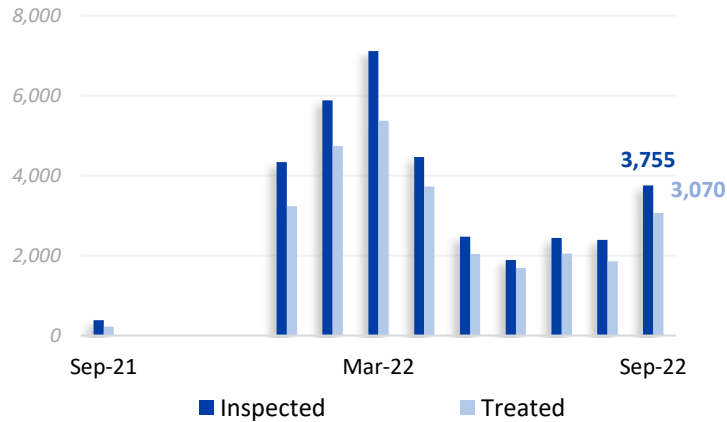


Distribution Maintenance

Pole Testing & Treatment (PTT)

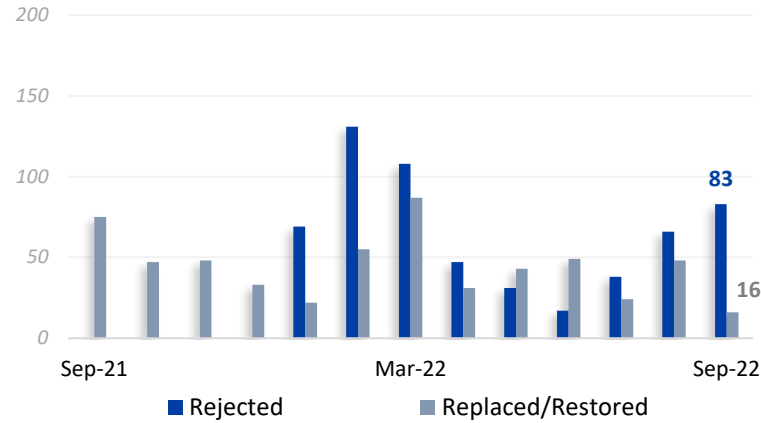
Poles Inspected & Treated

2021 YTD: Inspections - 39,492, Treated - 30,513
 2022 YTD: Inspections - 34,740, Treated - 27,785



Poles Rejected & Replaced/Restored

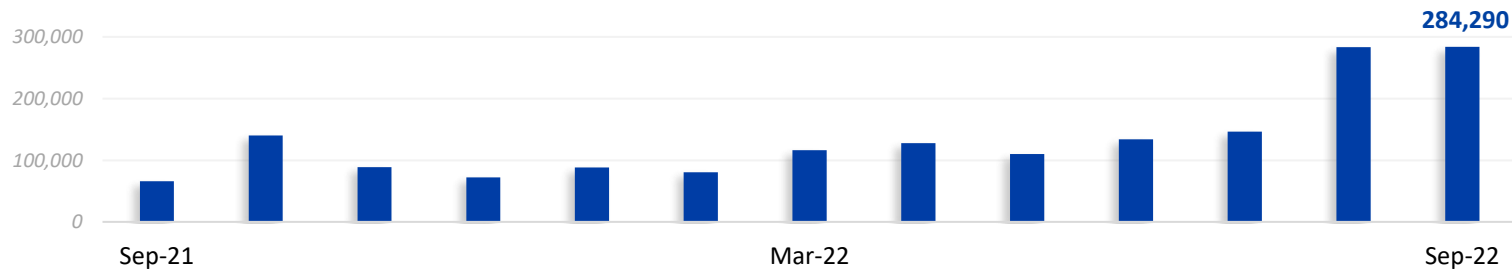
2021 YTD: Rejected - 626, Restored - 705
 2022 YTD: Rejected - 590, Restored - 375



Vegetation Management

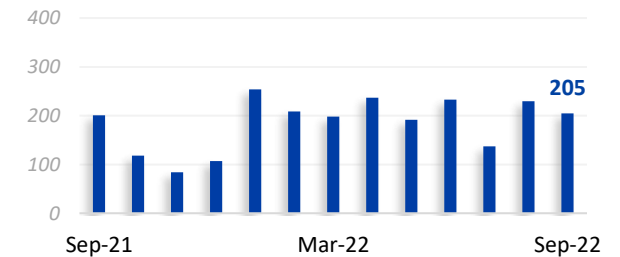
Vegetation Pruned (Ft.)

2021 YTD: 2,542,188 ft. Sep. Locations Worked: 864 Sep. Poles Cleared: 475
 2022 YTD: 1,372,199 ft. Sep. URD Clearings: 607



URD Pad Restorations

2021 YTD: 3,330
 2022 YTD: 1,895

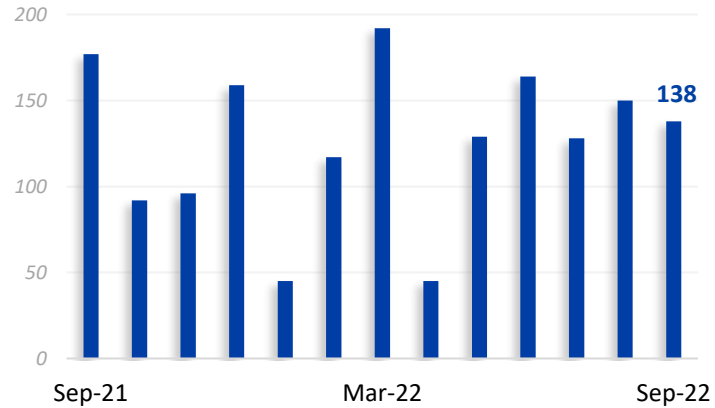


Distribution Maintenance

Technical Services

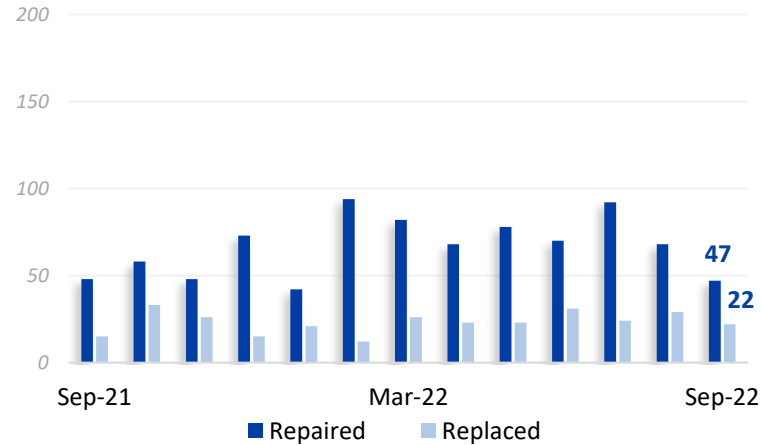
Equipment Inspections

2021 YTD: 1,082
2022 YTD: 1,108



Equipment Repaired & Replaced

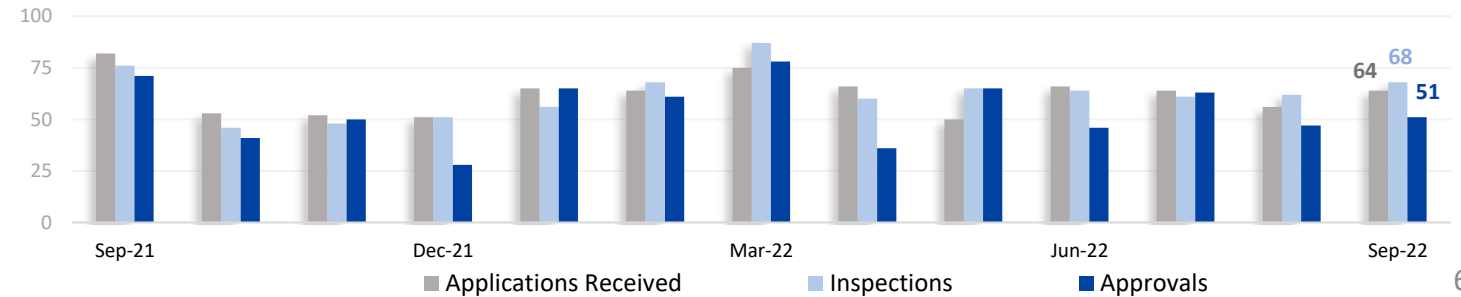
2021 YTD: Repaired - 451, Replaced - 266
2022 YTD: Repaired - 545, Replaced - 211



Pole Contacts

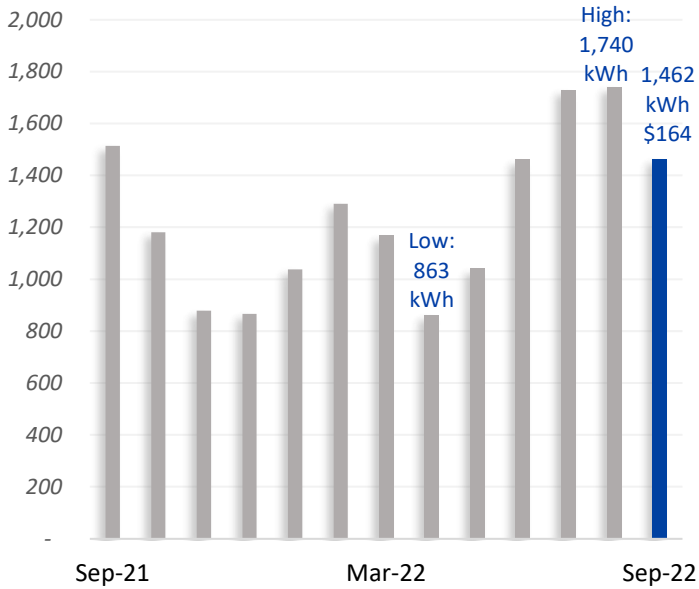
Applications Received & Permits Issued

2021 YTD: Received - 563, Inspected - 592, Approved - 581
2022 YTD: Received - 570, Inspected - 591, Approved - 512



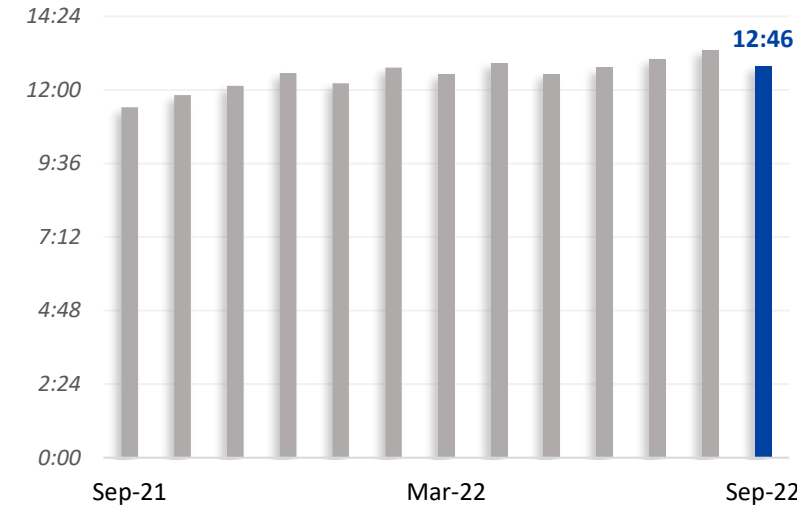
Member Relations

Average Residential Usage



Member Contacts

Average Handle Time

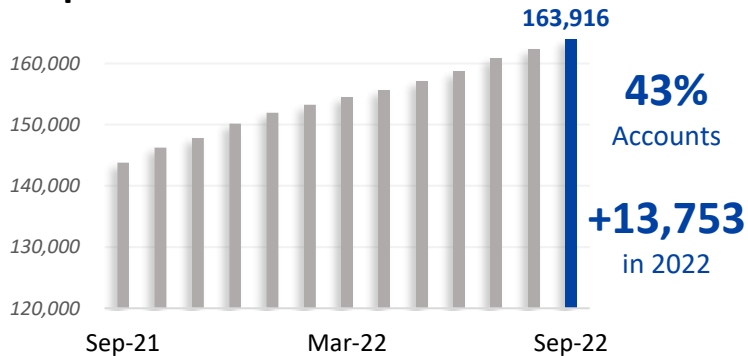


Contact Types

2021: 419,277 Contacts

Main Contact Types	Sep. Totals	
Service Request	8,897	27%
Payment	5,912	18%
Billing Inquiry	5,122	16%
Payment Arrangement	2,516	8%
Account Update	1,562	5%
Autopay Deposit Waiver	1,063	3%

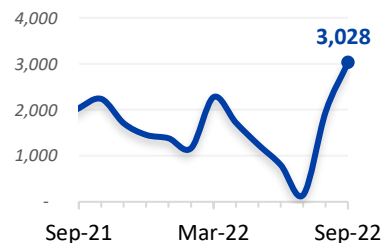
Paperless Enrollments



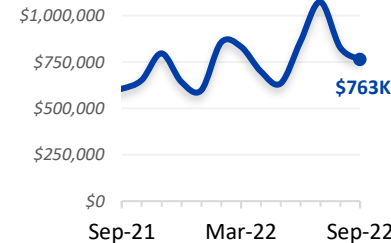
Collections

4 days with no collection activity due to high temp.

Remote Disconnects

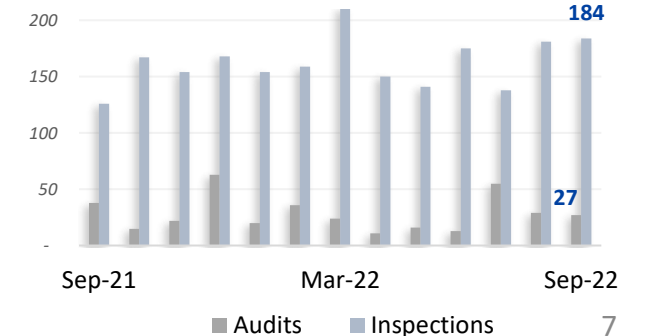


Aged Balances



Energy Services

2021 YTD: Audits - 262, Insp. - 1,139
2022 YTD: Audits - 231, Insp. - 1,493



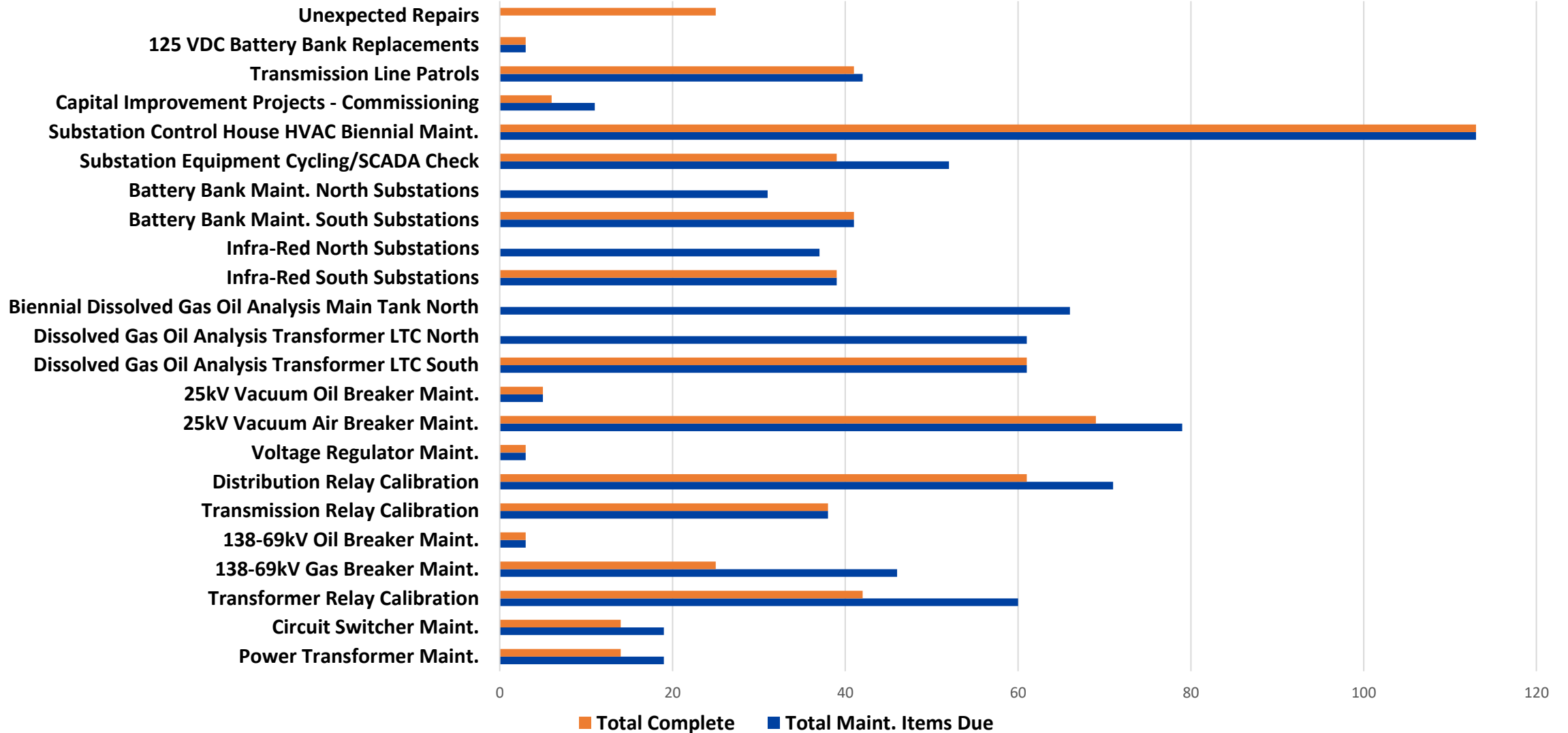
Member Relations

Monthly Compliment Report



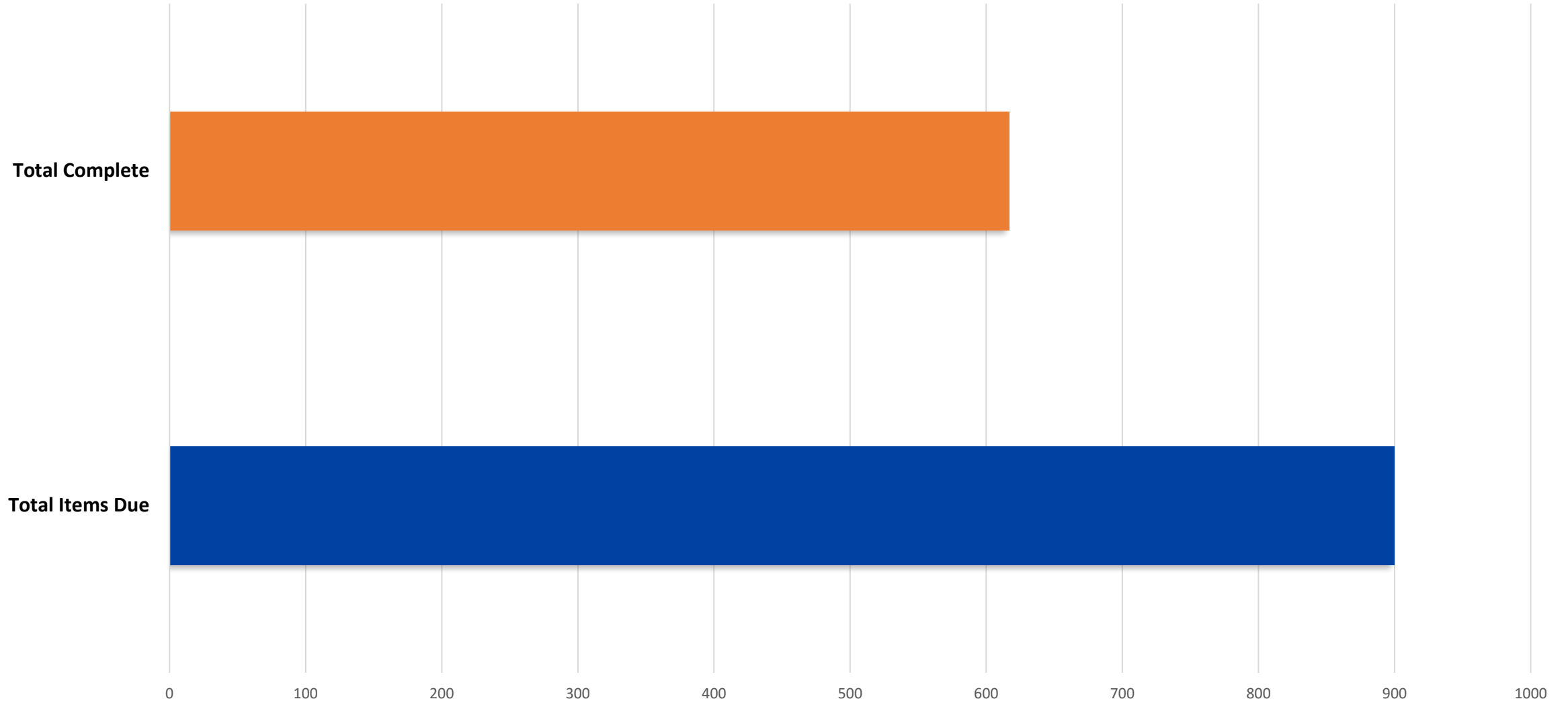
Substation & Transmission Maintenance

2022 Itemized Maintenance By Equipment



2022 Substation & Transmission Maintenance

Overall Status Year-to-Date



Substation Engineering Projects

Overall Status

Project	Project Phase	Description	Completion Date	Percent Complete
WS - BH Remote Ends	Completed	Upgrade line protection relay panels	May 2022	100%
GB T4 Transformer Relay Panel Replacement	Completed	Upgrade T4 transformer panel from electromechanical to digital relays	May 2022	100%
CC T1 Total Breaker Addition	Construction	Add total breaker to T1 transformer for reliability	Oct 2022	92%
KY T1 Upgrade	Construction	Upgrade T1 transformer	Nov 2022	85%
138 kV Breaker Replacements	Construction	Replace four end-of-life oil circuit breakers with SF6 breakers	Dec 2022	78%
Substation Satellite Clock Installations	Construction	Install satellite clocks at substation for time synchronization to relays	Jan 2023	88%
BR Bus Upgrade	Construction	Upgrade bus to double-bus double-breaker	Apr 2023	73%
SJ T3 Addition	Engineering	Add third power transformer	Jun 2023	44%
LH T4 Addition	Engineering	Add third power transformer	Jun 2023	39%
BU T1 Upgrade	Engineering	Upgrade T1 transformer	Sep 2023	26%
HE Substation	Engineering	Construct new substation	Sep 2023	47%
Mobile Substation Upgrades	Engineering	Upgrade circuit switchers and relay protection on three mobile substations	Oct 2023	47%
JN Substation Upgrade	Engineering	Upgrade T1 transformer and add line breakers (AEP)	Oct 2023	58%
MF - TP - CV Remote Ends	Construction	Upgrade line protection relay panels	May 2024	48%

Planning Engineering Projects

Overall Status

Project	Completion Date	Percent Complete
Load Projections Study	Jan 2022	100%
UFLS Study	May 2022	100%
4CP Study	May 2022	100%
Summer Contingency	Jun 2022	100%
Regulator Settings	Jun 2022	98%
Capacitor Settings	Jul 2022	90%
Antler Battery Study	Aug 2022	100%
CIP Study	Sep 2022	98%
Mock UFLS Study	Nov 2022	0%
Winter Contingency	Dec 2022	0%
20 Year Plan	Dec 2022	50%
2 Year System Protection Coordination Review	Dec 2023	60%

Transmission Projects

Overall Status

Project	Project Phase	Description	Completion Date	Percent Complete
T319 SA to FC	Procurement	Increase clearance to meet USACE requirements	Dec 2022	45%
T415 MK to HN	Procurement	Respacing shield wire and conductor to reduce outage vulnerability during extreme weather	Jan 2023	45%
2022 Transmission Assessment	Planning	NERC required annual planning assessment	Feb 2023	3%
T324 ML to HT	Engineering	Harden transmission line to meet severe weather requirements	Apr 2023	40%
T315 MF to TP	Construction	Harden transmission line to meet severe weather requirements	May 2023	55%
T416 DS to RF	Engineering	Developer funded transmission line relocation	Dec 2023	10%
T353 LA to SJ	Engineering	Add Fiber to existing transmission line	Dec 2023	5%
T760 NL to HE	Engineering	Harden transmission line to meet severe weather requirements	Dec 2023	15%
T327 HE to LA	Engineering	Harden transmission line to meet severe weather requirements	May 2024	10%
T623 TP to CV	Engineering	Harden transmission line to meet severe weather requirements	May 2024	15%
T323 PF to MF	Construction	Reconductor (Phase 1)	Dec 2024	55%
T358 CV to FS	Engineering	Harden transmission line to meet severe weather requirements	Dec 2024	0%
T333 LV to NL	Engineering	Harden transmission line to meet severe weather requirements	May 2025	5%
T360 FS to RF	Engineering	Harden transmission line to meet severe weather requirements	Dec 2025	0%
T323 PF to MF	Engineering	Overhaul (Phase 2)		5%

AMI Distribution

- Junction exchanges for TWACs meter upgrades are complete and the team has kicked off a project to implement Fault Detection and Localization (FD&L) technology to proactively identify outages by 1st quarter, 2023.
- Exchanges in the Eastern territory remain on hold due supply shortages:
 - Estimating receipt of additional residential 2S AMI meters in 1st quarter, 2023.
 - Closely monitoring the current inventory of both AMI and TWACs meters for use through 2023.
- Deployment of specialty meter exchanges (polyphase AMI) is complete:
 - Polyphase meters are for commercial and industrial locations, 2S AMI meters are for residential locations.
 - All large power meter exchanges are complete.
 - Small number of remaining polyphase meters will be exchanged with future residential meter exchanges.

Western Territory - TWACs Upgrades

- Junction Exchanges: 100%
- Meters exchanged: 6,887
- Letters & Emails: 6,633
- Member Complaints: 8

Eastern Territory - 2S AMI Exchanges

- Liberty Hill District: 100%
- Cedar Park: 40%
- Meters Exchanged: 121,000
- Letters & Emails: 166,000
- Member Opt-Outs: 54

Specialty AMI Exchanges

- Liberty Hill: 2,144
- Junction: 68
- Kyle: 1,963
- Oak Hill: 1,748
- Marble Falls: 509
- Canyon Lake: 217
- Bertram: 159
- Cedar Park: 259

Facilities

Cedar Park Access

The Cedar Park access road to Anderson Mill has been completed.

Dripping Springs Storage Yard

The new fence has been installed and a new top-coat on the existing base material has been installed. Other improvements pending city permit.

Johnson City

Generators have been installed at the mailroom and the Haley Rd gate and fuel pumps.

Junction

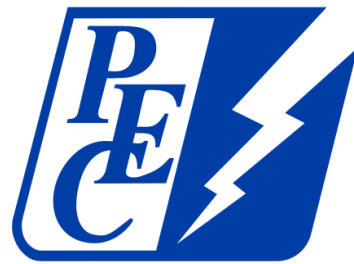
Finalizing design and obtaining bids for yard renovations, pending substation design.

Leander Development

Building construction is in-progress and on schedule.

Marble Falls

Finalizing design, resolving encroachments, gathering bids and obtaining city approval for yard renovations.



pec.coop



File #: 2022-337, **Version:** 1

Member Comments

Submitted By: Sylvia Romero
Department: General Counsel
Financial Impact and Cost/Benefit Considerations: N/A

All Cooperative Members have the right to speak up to 3 minutes limitation or as otherwise directed by the Board, and attend any meetings called by the Board of Directors as defined in the Cooperative's Articles of Incorporation.

Members are also able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Board meeting dates, agendas and supporting materials are available online <https://pec.legistar.com/Calendar.aspx>.

Members may also provide input by using the following methods. Comments are provided to all board directors.

- Members may submit comments and requests to the board by email or U.S. mail.
- Please direct board meeting email messages to: PECBoard@peci.com <<mailto:PECBoard@peci.com>>.

Articles of Incorporation, Article IX, Section 3, Member Bill of Rights - Open Meetings:

A Member has the right to attend every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions as allowed by policy or law. All meetings shall be called with proper notice, and any final action, decision, or vote on a matter shall be made in an open meeting.

Articles of Incorporation, Article IX, Section 5, Member Bill of Rights - Right to Speak:

A Member has the right to speak at every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions, on any PEC matter at a time designated by the Board.

Members' attendance and their right to speak at all meetings called by the Board of Directors is further outlined in the Decorum Meetings Policy.

Decorum Meetings Policy, Purpose:

As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative ("Cooperative" or "PEC") affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative whether conducted on or off premises shall be conducted in a professional and courteous manner.



DECORUM POLICY

Effective Date: October 16, 2020

1. PURPOSE

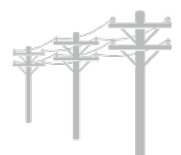
As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative (“Cooperative” or “PEC”) affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative, whether conducted on or off premises, shall be conducted in a professional and courteous manner.

2. SCOPE

This Policy applies to all Participants at meetings of PEC Board of Directors (“Board”) and any other business meeting or function of the Cooperative, whether on or off PEC premises.

3. POLICY AND IMPLEMENTATION

- 3.1. PEC Business Meetings or Functions. Participants in any business meeting or function shall maintain an environment free of abusive, slanderous, or bullying behavior. To protect the security and safety of persons attending such meetings, all Participants shall respect an individual’s physical space and refrain from any form of physical intimidation or abuse. Any behavior demonstrating or threatening violence, attack, or physical abuse is not tolerated.
 - 3.1.1. Meeting Participants may not display placards, bumper stickers, signs, or other campaigning, or political advocacy materials within the premises of a meeting or function, other than those materials displayed on the individual Participants’ body or clothing. Campaigning and electioneering for PEC elections is governed by the Cooperative’s Election Policy and Procedures.
 - 3.1.2. Meeting Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive or distracting behavior.
- 3.2. Board Meetings. PEC Board meetings are conducted in accordance with the [Board Meetings Policy](#) and the current edition of Robert’s Rules of Order Newly Revised, as practicable, and “Procedure for Small Boards” (for example, Robert’s Rules of Order Newly Revised § 49 (11th ed. Cambridge, Mass.: Perseus Publishing, 2011)).
 - 3.2.1. All Participants wishing to address the Board during the designated portion of a Board meeting shall sign a registry identifying themselves prior to speaking, and shall open their remarks by stating their name and whether they are a Cooperative Member. Time allotted by the Board for each speaker cannot be shared or allotted with other speakers. The allotted time shall include and commence from the



beginning of the speaker's remarks and include any time that passes during questioning or colloquy between the speaker and the Board. Additional time may be granted to a person by the Board President, or upon a majority vote of the Board.

- 3.2.2. When any Member or Participant wishes to provide written or demonstrative materials to the Board or others, such Member or Participant must, prior to the meeting's start, provide the information to the Board Secretary or their designee for distribution.
- 3.2.3. Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, speaking out of turn, approaching or standing at the Board meeting dais without the permission of the Presiding Officer, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive behavior.

4. DEFINITIONS

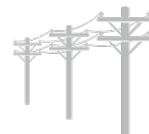
- 4.1. **Participants** – Collectively includes Cooperative Board Directors, employees, Members, or any other attendees at PEC business meetings or functions.

5. PROCEDURE RESPONSIBILITIES

- 5.1. PEC Business Meetings or Functions. Directors and Employees shall maintain order and preserve the decorum of any business meeting or function conducted on or off the Cooperative premises.
- 5.2. Board Meetings. The Presiding Officer shall maintain order and preserve the decorum of Board meetings as provided in this Policy. Each Board Director shall cooperate with the Presiding Officer in preserving order and decorum, and no Participant shall, by conversation or otherwise, delay or interrupt the proceedings of the Board, nor disturb any person while speaking.

6. POLICY ENFORCEMENT

- 6.1. When Member or Participant behavior violates this Policy, is severe, or threatens physical safety or property, the Presiding Officer, CEO, or responsible Cooperative employee may require the Member or Participant to leave the PEC premises, meeting, function, or discussion.
- 6.2. Repeated or Severe Violation
 - 6.2.1. PEC Business Meetings or Functions. Upon repeated or severe violation of this Policy, the Board, CEO, or their designee, may prohibit a person from attendance at PEC meetings, functions, or discussions. The duration of the prohibition shall be based upon the severity and nature of the violation.
 - 6.2.2. Board Meetings. Upon repeated or severe violation of this Policy, the Board may prohibit a person from attendance at PEC Board meetings. The duration of the prohibition shall be based upon the severity and nature of the violation.

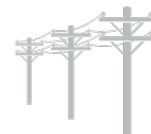


7. REFERENCES AND RELATED DOCUMENTS

Board Meetings Policy

Robert's Rules of Order Newly Revised (11th ed. Cambridge, Mass.: Perseus Publishing, 2011)

Date adopted:	March 15, 2010
Last reviewed:	October 16, 2020
Review frequency:	Every Five Years
Amendment dates:	September 21, 2015, October 16, 2020
Effective date:	October 16, 2020
Approver:	Board of Directors
Applies to:	All Participants at meetings of the Board of Directors, any other business meeting or function of the Cooperative whether on or off PEC premises.
Administrator:	Board of Directors and CEO
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





File #: 2022-349, Version: 1

Resolution - Approval of Election Policy and Procedures Amendments Related to 2022 Annual Director Post-Election Analysis - S Romero/D Ballard

Submitted By: Sylvia Romero, Governance Manager

Department: Legal Services

Financial Impact and Cost/Benefit Considerations:

Pursuant to the Board's Election Policy and Procedures Section 9.2, "within two months after the Annual Meeting at which Election Results are announced, the General Counsel will conduct a review of all facets of the PEC Elections, and will present to the Board any recommended modification to PEC Bylaws or Election Policy or Procedures."

Additionally, pursuant to its Policy on Policies, the Board routinely reviews all policies as part of its policy management.

The Board may now review and consider amendments to the Election Policy & Procedures. The purpose of the Election Policy is to ensure that PEC Elections are conducted in a fashion that maximizes and exemplifies Democratic Member Control.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that pursuant to the Election Policy and Procedures and its regular review of Board policies, the Board has reviewed and adopts the Election Policy and Procedures presented to and discussed by the Board this day, with any amendments, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to take all such action as may be necessary to implement this resolution.



ELECTION POLICY AND PROCEDURES

Effective Date: October ~~15, 2021~~ 21, 2022

POLICY AT A GLANCE

PEC and its Board of Directors recognize that matters put to a vote of Members are a cornerstone of PEC’s governance and compliance with the Cooperative Principle of **Democratic Member Control**.

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Election Policy

1. PURPOSE

The Pedernales Electric Cooperative, Inc. (“PEC” or “the Cooperative”) and its Board of Directors (“Board”) recognize that matters put to a vote of Members (“PEC Elections”) are a cornerstone of PEC’s compliance with the Cooperative Principle of Democratic Member Control.

PEC further recognizes that the Internal Revenue Service has identified meaningful Democratic Member Control as a requirement for the tax exemption granted to PEC and other electric cooperatives.

The Board has retained the oversight of PEC Elections. In furtherance of the Board’s oversight of PEC Elections, this Election Policy (“Election Policy”) and accompanying Election Procedures (“Election Procedures”) are intended to ensure that PEC Elections are conducted in a fashion that maximizes and exemplifies Democratic Member Control. A copy of this Election Policy and the Election Procedures shall be included in materials made available to persons running in a Director Election (“Candidates”).

2. SCOPE

PEC shall seek to increase voter awareness and turnout in PEC Elections through educational efforts, communications, programs and effective use of technology. All PEC Elections shall be conducted in a manner that is uniform, impartial and fair to all Candidates and positions that are subject to vote.

The Board recognizes that consistent, credible PEC Elections are essential to maintaining Member confidence in PEC, and the key vehicle by which Members hold Directors accountable and influence the direction of the Cooperative, both through election of Directors (“Director Election”) and elections on issues of importance to the Cooperative (“Non-Director Election”). It is the policy of the Board that PEC Elections shall be administered in as impartial a manner as possible, utilizing the services of an independent, third-party (“Election Service Provider”) who will certify the accuracy of voting.

3. POLICY AND IMPLEMENTATION

PEC shall seek to maximize Member involvement and empowerment of Members in the electoral process through direct means, including the use of the Qualifications and Elections Committee called for in the PEC Bylaws. The Cooperative will, through its governing documents, policies and practices, encourage candor and maximum disclosure of actual and potential conflicts of interest by Candidates for PEC Director positions, including incumbent Directors. And, as a corollary to its Election vigilance, the Cooperative will provide robust Director removal and replacement mechanisms to address breaches of fiduciary duties by Directors.

4. PROCEDURE RESPONSIBILITIES

The procedural policies are delegated by the Board pursuant to the specifics which are detailed in the “Election Policy and Procedures,” a copy of which is attached, and incorporated herein.



5. POLICY ENFORCEMENT

Ultimate responsibility for enforcement of PEC elections lies with the Board. However, day-to-day enforcement, and any appeals, are detailed in the “Election Policy and Procedures” attached hereto, and incorporated herein.

6. REFERENCES AND RELATED DOCUMENTS

This Policy shall be read in conjunction with and incorporates by reference sections dealing with Elections within the Texas Electric Cooperative Act ([Texas Utilities Code Chapter 161](#)), the Member Bill of Rights and other sections of the [PEC Articles of Incorporation](#) and [PEC Bylaws](#).

Date adopted:	November 19, 2012
Last reviewed:	September 17, 2021 <u>16, 2022</u>
Review frequency:	Every year
Amendment dates:	January 21, 2014, September 15, 2014, October 20, 2014, December 8, 2014, August 18, 2015, January 19, 2016, November 14, 2016, October 16, 2017, October 15, 2018, October 18, 2019, December 13, 2019, October 16, 2020, October 15, 2021, <u>October 21, 2022</u>
Effective date:	October 15, 2021 <u>21, 2022</u>
Approver:	Board of Directors
Applies to:	All PEC Board of Directors, Employees and Members
Administrator:	General Counsel
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.



Election Procedures

1 INTRODUCTION

These Election Procedures (“Procedures”) are intended to ensure consistent compliance with the Election Policy (“Policy”) of Pedernales Electric Cooperative, Inc. (“PEC” or “the Cooperative”), applicable law, and PEC’s Articles of Incorporation and Bylaws (collectively, “Governing Documents”), which are incorporated by reference, including terms defined therein.

2 ROLES AND RESPONSIBILITIES

2.1 Board of Directors

The Board of Directors will:

- Exercise oversight of PEC Elections in a fashion that maximizes and exemplifies Democratic Member Control
- Ensure full compliance with the PEC governing documents and the law
- Designate the PEC Election Service Provider (as defined in the PEC Bylaws)
- Determine the location, date, and time of each year’s Annual Meeting
- Approve the Election Timeline for each election
- Direct the General Counsel to draft any Ballot language needed for a non-Director Election
- Appoint members to serve as a Qualifications and Elections Committee
- Call any Special Member Meeting required by the Bylaws for any Election to fill a vacant Board seat or for any other purpose, establish a timeline for nominations, voting and elections for such Special Member Meeting, and make any modifications to these procedures needed to effectuate such an Election
- Annually consider any needed modifications to the Election Policy and these Procedures
- Perform any other functions specified by the Board in these Procedures
- Approve the final ballot presented to PEC members

2.2 General Counsel

General Counsel within the Election Policy or Election Procedures means the Board of Director’s General Counsel whether an employee or outside counsel or their designee.

The General Counsel will:

- Work to ensure PEC Elections are conducted consistent with law, PEC’s Governing Documents, Election Policy and Procedures and other directives of the Board
- Work with PEC internal departments to ensure implementation of the Election Policy and Procedures
- Make determinations on the conduct of the election and candidates, presenting issues to the Qualifications and Elections Committee or the Board of Directors as appropriate
- Apprise the Board of and provide counsel on Election-related issues
- Prepare each year’s Election Timeline



- Designate campaigning zone for PEC Annual Meeting
- Make inquiry into the Bylaw-mandated qualifications of Candidate Applicants (as defined herein) and recommend qualified Candidates to the Board for inclusion on the Ballot, as such duty is delegated by the PEC Chief Executive Officer (“CEO”)
- Craft proposed Non-Director Election Ballot language as directed by the Board
- Initiate and oversee the evaluation and recommendation to the Board of an Election Service Provider
- Serve as or designate a single point of contact for the Election Service Provider
- Annually recommend any needed modifications to the Election Policy and Procedures
- Perform such other duties related to an Election as the Board may designate

2.3 **Qualifications and Elections Committee**

- Working with the General Counsel, the Qualifications and Elections Review Committee appointed under the Bylaws (“Qualifications and Elections Committee”), determine whether Candidate Applicants satisfy the qualifications to be eligible for election as a director
- Recommend a slate of Qualified Candidate Applicants to the Board
- Rule on any appeals brought forward by the General Counsel regarding decisions impacting the elections prior to the Annual Meeting
- Rule on any post-election contest

2.4 **Governance Team**

The Governance Team, including the Board Reporting Secretary, under the direction of the General Counsel, will:

- Coordinate and administer elections as directed and provided by this Policy and Procedures
- Perform the duties specified herein as designee of the Board Secretary
- Receive and maintain all records related to Director qualifications and nominations
- Make available to Members all required Director Election Nomination forms and related materials
- Serve as the point of contact or designate a person to provide answers to any questions about the Election process from Directors, Candidates, or Members

2.5 **Election Service Provider**

The Election Service Provider appointed by the Cooperative will:

- Provide services as specified in the Bylaws, Election Policy and Procedures, consistent with law and its contract with PEC
- Print, distribute, and collect the Ballots
- Tabulate and certify the election results
- Archive and manage all election materials, including destruction of materials from previous elections, according to terms of its contract with PEC



3 ESTABLISHING ANNUAL MEETING DATE, TIME, AND LOCATION AND ELECTION TIMELINE

3.1 Establishing Annual Meeting Date, Time, and Location

At or before the August Regular Board Meeting, but no later than December, each year, the Board will determine the date, time, and location of the next year's Annual Meeting.

3.2 Timeline

At a Regular Board Meeting at least 6 months prior to each Annual Meeting, the General Counsel or designee will develop and present to the Board a proposed timeline, with specific dates and deadlines for Election-related events, in the format shown in Appendix A of these Election Procedures ("Election Timeline"). The Board will consider, amend, if desired, and approve the Election Timeline at or before a Regular Board Meeting at least 5 months prior to each Annual Meeting.

3.3 Coordination Meeting

Upon each Board approval of an Election Timeline, the General Counsel shall convene a meeting of internal PEC personnel and representatives of the Election Service Provider to plan the overall Election Timeline and the roles and responsibilities of each individual. Attendees at the meeting shall include the Governance Team, the General Counsel, representatives of the Election Service Provider, and representatives from Member Relations, Legal Services, Communications, and the IT departments, and such other personnel as may be necessary to coordinate and implement the Election process.

4 SELECTION OF ELECTION SERVICE PROVIDER

4.1 Annual Decision

At or before the August Regular Board meeting each year, the General Counsel will recommend to the Board whether to extend the contract for the services of the Election Service Provider then retained by the Cooperative under the Bylaws and the Board will make a determination whether to extend the contract or seek an alternate Election Service Provider. Any such extension may be implemented without competitive procurement, notwithstanding any PEC policy or procedure.

4.2 Competitive Procurement

When the Board decides to solicit for election service providers, the Board shall direct the General Counsel to initiate a competitive procurement to identify and recommend to the Board the most qualified Election Service Provider. In any such decision the Board should recognize that such procurement will typically take between four and six months. Unless the Board directs otherwise, a competitive procurement will be performed every three years.

4.3 Criteria

Criteria for recommendation or selection of an Election Service Provider will include: experience, technical capability, past performance, understanding of and ability to comply with PEC Bylaws, policies and procedures, capability to integrate with PEC IT infrastructure, and ability to preserve and enhance the credibility of the Election process. Any prospective



Election Service Provider must meet the technical and security qualifications established by PEC and attached as Appendix B. Any such vendor shall establish its qualifications in this regard by providing detailed descriptions of demonstrated performance in quality-control methods and testing, system security specifications, and policies regarding storage, transmittal, access to and retention of Member information and voting data.

An Election Service Provider may serve the Cooperative only upon having agreed not to share with any person not employed by the Election Service Provider partial or complete voting results before the final tabulated and public announcement by the Election Service Provider at a meeting of Members; provided, however, the Election Service Provider may periodically provide the vote information described in [Section 7.11 these Procedure](#).

5 RECORD DATE(S)

By adoption of these Election Procedures, under the authority specified in the Article II, Section 9 of the PEC Bylaws, the Board hereby specifies the following Record Dates for Annual PEC Director Elections:

5.1 Petition signatures

The Record Date for a Member to be eligible to sign a nomination petition is the date of the verification of the signatures by PEC, meaning that a signature will be counted when the signatory is a Member on the date of verification. This provision shall not prevent reverification of a signature on a subsequent day, if a signatory becomes a Member before the deadline for signature verification, as allowed by these procedures. This provision shall not prevent the use of signature of a Member who appears on the Cooperative's Membership List as provided by this Policy.

Member signatures on a nomination petition will also be counted as eligible petition signatures when the Member appears on the Membership List, as provided ~~by the Cooperative~~ to Candidate Applicants [pursuant to Section 7.7 \(Membership List Availability\)](#), in the Director District for which the Candidate Applicant is running.

5.2 Casting Ballot

The Record Date for a Member to cast a Ballot in a Director Election is the close of business on the eighth (8th) day preceding the date of the Member Meeting at which the announcement of election results are made, meaning that only parties that are Members at the close of that Record Date will be eligible to have their Ballot counted, and to be counted toward the Member Quorum for that Member Meeting or Director District Election. At the close of business on that Record Date, or as soon as practicable thereafter, PEC will provide the Election Service Provider with an up-to-date list of PEC Members as of the Record Date.

6 PREPARATION AND APPROVAL OF BALLOT

6.1 Non-Director Elections

The Board may, from time-to-time, submit matters under consideration by the Board to a vote of the Members. The vote in any such Non-Director Election shall be advisory only, except in such cases where a vote of Members is required by law or the PEC Bylaws, such as a vote to amend the PEC Articles of Incorporation. No later than the Regular Board Meeting 5 months



prior to an election, the Board will direct the General Counsel to prepare proposed Ballot wording for any items to be put to a vote in a Non-Director Election. Any such matters will be presented by the General Counsel in a way to enhance Member understanding of such measures, including any Board recommendation or position concerning such a vote.

6.2 Director Elections

6.2.1 Nominations

6.2.1.1 Ballot Materials and Application

6.2.1.1.1 Posting and Availability

The Governance Team will work with the PEC Communications and Member Relations departments to ensure one week prior to the date of the Regular Board Meeting 5 months prior to each election, the following items are made available to PEC Members on the PEC website and in PEC offices: Nominations applications and petitions; Director District map(s); Election timeline; PEC Bylaws; PEC Conflict of Interest Policy; and Conflict of Interest certification and disclosures; PEC Election Policy and Procedures; information about Membership List availability and procedures for obtaining and use of the list.

6.2.1.1.2 Waiver

The application form for Board candidacy will include a waiver, which all persons seeking nomination to the Ballot ("Candidate Applicants") must execute to authorize PEC or its agent to perform background checks to verify the Candidate Applicant meets the Bylaw qualifications to serve as Director.

6.2.1.1.3 Affirmation of Eligibility and Adherence to Election Rules

Candidate Applicants must affirm that the Candidate Applicant meets PEC Bylaw eligibility requirements to serve as a Director both at the time the application is filed and after the Candidate becomes a Director, if elected. Each Candidate Applicant must provide their date of birth, address history and other information, including specific questions or requests for information, the General Counsel deems necessary to confirm that the Candidate Applicant meets Bylaw requirements to serve as a Director.

Candidate Applicants must affirm that the Candidate Applicant will adhere to the policies, rules, requirements, or procedures established by the Cooperative for Director Elections.

6.2.1.1.4 Candidate Application – Use of Legal Name

Candidate Applicants shall provide their legal name on the application to indicate the name as they wish it to appear on the Ballot, biography, questionnaire, PEC website and all PEC election materials. Names must be in a form substantially similar to the Member's legal name; however, the name may contain "commonly-known-as"



nicknames or abbreviated, diminutive forms of the legal name. Nicknames shall not be allowed if they are created solely for use in a PEC Director election. Titles, forms of address, designations, honorifics, professional titles or other credentials, such as education, military rank, or occupation, are prohibited. PEC shall publicly disclose and use the legal name provided by the Candidate Applicant in all election materials.

6.2.1.1.5 Biographical and Platform Materials

Candidate Applicants must provide biographical material in electronic format that can be opened by Microsoft Word to the Governance Team (as designee of the Board Secretary), as part of the application. Biographical materials are limited to 800 words, in the following required format: single spacing, Arial font with 11 point size, containing personal background information and the Candidate's stance on matters of importance to PEC and its Members. Word count will be measured using the Word Count function of Microsoft Word. If a Candidate Applicant submits biographical materials exceeding 800 words, or with incorrect spacing or incorrect font, the Governance Team will, if time allows, notify the Candidate Applicant. Candidate Applicants may submit revisions to biographical materials until the deadline for submission of application materials. Each Candidate Applicant is solely responsible for the content of his or her submitted biographical materials (including grammar, spelling, and punctuation) and PEC staff will not proofread, edit or otherwise alter any biographical materials, other than to truncate any biographical materials exceeding 800 words or to format in PEC election materials in order to efficiently utilize space or provide consistency. PEC will distribute Candidate Biographical Materials and Candidates' photographs by email to all PEC Members who receive PEC email notifications.

6.2.1.1.6 Candidate Questionnaire

Candidate Applicants have the option to complete and provide a board Candidate Questionnaire in electronic format that can be opened by Microsoft Word to the Governance Team (as designee of the Board Secretary), as part of the application. Candidate Questionnaire materials are limited to 400 words excluding questions. Word count will be measured using the Word Count function of Microsoft Word. If a Candidate Applicant submits Candidate Questionnaire materials exceeding 400 words (excluding questions), the Governance Team will, if time allows, notify the Candidate Applicant. Candidate Applicants may submit revisions to Candidate Questionnaire materials until the deadline for submission of application materials. Each Candidate Applicant is solely responsible for the content of his or her submitted Candidate Questionnaire materials (including grammar, spelling, and punctuation) and PEC staff will not proofread, edit or otherwise alter any Candidate Questionnaire materials, other than to truncate any Candidate Questionnaire materials exceeding 400 words (excluding questions). PEC will distribute Candidate Questionnaire by email to all PEC Members who receive PEC email notifications.

6.2.1.2 Petition Process and Signature

To be nominated and included on the Ballot for a Director Election, a Candidate Applicant must submit, on a PEC-promulgated form or a copy of such form, verifiable signatures of at least 50 PEC Members with Voting Residence (as defined in the Bylaws) within the Director District for which the Candidate Applicant is seeking nomination,



along with a conflict-of-interest certification and disclosure form as required by the Bylaws. Executed conflict-of-interest and code of conduct forms shall be posted to the PEC website along with other election and candidate information.

Any signatures submitted by a Candidate Applicant must be originals, not copies, submitted on the petition form promulgated by the Cooperative during the year in which the election is held, or a copy of such a form.

No Candidate Applicant will be given access to a nomination petition form before such time as those forms are made available to all Members on the PEC website and at PEC offices. A Member may sign the petition of more than one Candidate Applicant. For Joint Memberships, as that term is defined in the Bylaws, either spouse may sign a petition, but only one signature from any joint membership will be counted for any Candidate Applicant. Any officer of an entity Member, as listed in Texas Secretary of State records, or any person listed in PEC's records as authorized to act on behalf of an entity Member, may sign a petition on behalf of that entity Member. Petition forms will include spaces for the printed name, signature, address and Membership List line number to assist in verification of signatures (see Signature Verification below).

6.2.1.3 Confidentiality

PEC employees performing duties under these procedures shall, to the fullest extent practicable, keep confidential the name of any Member who has made inquiry about seeking nomination, or has identified him or herself as a Candidate Applicant or potential Candidate Applicant, unless such Member has consented to such disclosure or has publicly made known his or her intended candidacy. Candidate Applicant names, as provided by the Candidate Applicant in the nominations and petitions Application, may be disclosed publically, in alphabetical order by Director District, at or after the time their names have been disclosed to the Qualifications and Elections Committee. Candidate Applicant names may be disclosed to the Qualifications and Elections Committee Members the first business day following the Candidate Application and Petition deadline.

All information received from a Candidate Applicant ("Candidate Information"), is confidential until Candidate Applicant names are disclosed publically by PEC. The term Candidate Information does not include a request for a Membership List made pursuant to PEC's Bylaws. Requests for the Membership List shall be handled through the Membership List Policy. Any request for the names of persons who requested the Membership List shall be made through PEC's Open Records Policy, and any responses to such a request shall be provided to all Candidate Applicants, Candidates, and the Board.

Upon request and after names are disclosed publicly by PEC, PEC may release Candidate Information, including Candidate Applications as provided by this policy. Candidate Application materials may be released pursuant to PEC's Open Records Policy which includes exceptions to disclosure. The Member Privacy Policy does not apply to Candidate Application materials unless otherwise provided herein.

6.2.1.3.1 Confidentiality – Nomination Petitions

All signatory-specific information on nomination petitions submitted to PEC by a Candidate Applicant is private Member information under the Member Privacy Policy, not subject to disclosure under Open Records Policy.



6.2.1.3.2 Confidentiality – Candidate Election Material

All Candidate Applicant Biographical and Platform Materials, and Questionnaire, are confidential until candidates are Qualified and approved for the Ballot. PEC shall publically disclose Qualified Candidate Biographical and Platform Materials, Questionnaire, at the same time and at least 5 days before Voting begins.

6.2.1.3.3 Directors access to Candidate Information

Directors may not seek or be provided access to Candidate Information by PEC employees, except as necessary for such Directors to perform duties mandated by law, PEC Governing Documents or this Policy, notwithstanding Directors' usual access to confidential Cooperative information.

6.2.1.4 Deadline for Candidate Application

To be considered for inclusion on the Ballot for election as a Director, a Candidate Applicant must deliver by hand or certified, trackable delivery method with signature required, a completed original application and petitions to the Governance Team (as designee of the Board Secretary) at PEC Headquarters, 201 South Avenue F, Johnson City, Texas, 78636, no later than 5 p.m. on the last business day falling 82 days or more before the date of the Member Meeting at which a Director Election is announced. Delivery to an alternate PEC address, delivery after the deadline, or mailing an item with a postmark before the deadline will not satisfy this requirement and will result in the application's rejection.

6.2.1.5 Signature Verification

The PEC Member Relations Department will verify the signatures on petitions by Candidate Applicants. A signature will be accepted as an eligible petition signature when the signer is identified in PEC account records as a Member with Voting Residence within the district for which election is being sought.

Member signatures on a nomination petition will also be counted as eligible petition signatures when the Member appears on the Membership List, as provided ~~by the Cooperative~~ to Candidate Applicants pursuant to Section 7.7 (Membership List Availability), in the Director District for which the Candidate Applicant is running.

Signatures that cannot be identified because they are illegible or cannot be matched to an active PEC Member will not be counted as verifiable signatures.

Member Relations will verify signatures in the order they are presented on petitions, and will stop the verification process once 50 signatures have been verified, or when the list of signatures is exhausted without having reached the qualifying number. Members Services will notify the General Counsel and the Governance Team and provide a written summary of findings regarding signature verification.

Candidate Applicants are strongly encouraged to gather and submit more than 50 signatures to provide a margin of error for disallowed signatures. If time allows before the Candidate Application and Petition deadline, the Governance Team will inform Candidate Applicants of the circumstances of questionable signatures. Candidate



Applicants may submit supplemental signatures or request a reevaluation of signatures based on Members' changing account records until the deadline for submitting signatures (e.g., if a person has had himself or herself added to a Joint Membership in PEC's records).

6.2.1.6 Qualifications And Elections Committee

At least a week before the Regular Board meeting 4 months prior to an election, each Director may submit to the Governance Team the name of a person or persons residing in the Director's District eligible and willing to serve on the Qualifications and Elections Committee, as described in the Bylaws. At the Regular Board meeting 4 months before an election, the Board will appoint the Qualifications and Elections Committee, with no less than three (3) nor more than seven (7) members, preferably with one member from each Director District.

The resolution will set compensation, if any, deadlines, reimbursement, allowances for telephonic meetings, and any other terms specified by the Board, and will specify that the Committee shall operate in accordance with the Bylaws and these Election Procedures.

Members of the Qualifications and Elections Committee will have access to personal candidate information. The Qualifications and Elections Committee will use personal candidate information only as needed for service on the Qualifications and Elections Committee and will not further disclose the information unless required as a matter of law.

6.2.1.7 Verification of Bylaw Qualifications

The Qualifications and Elections Committee, with the assistance of the General Counsel, will recommend and report to the Board whether Candidate Applicants are qualified and eligible for election or service as a Director in Article III of the PEC Bylaws. The Qualifications and Elections Committee will recommend a slate of qualified Candidates to the Board for inclusion on the Director Election Ballot. Before attempting to verify the substantive qualifications described in the Bylaws and below, the Qualifications and Elections Committee will determine whether the Candidate Applicant has submitted required signatures, verified under Signature Verification of this Policy, and completed the conflict-of-interest certification and disclosure form required by the Bylaws. Upon request by the Qualifications and Elections Committee, a Candidate Applicant must provide information necessary to confirm that the Candidate Applicant meets Bylaw requirements to serve as a Director. Any requested information should be reasonably tailored to seek only the information necessary for a determination. In all matters, the Qualifications and Elections Committee shall assume the truth of matters asserted by Candidate Applicants, and act accordingly, unless the Committee has identified a reasonable and specific basis for acting otherwise. The General Counsel will



retain an independent third-party background verification firm (“Background Verifier”) to assist the Qualifications and Elections Committee in verification of the following eligibility requirements as described below:

- a) Be twenty-one (21) years of age or older on or by the date of the Member meeting at which the election is held;

Background Verifier will attempt to locate voter registration information or driver’s license for a Candidate Applicant, which will provide proof of age. If no voter registration or driver’s license is found, a Candidate Applicant will be asked to provide a birth certificate, passport or other proof of age.

- b) Have earned a high school diploma from an accredited institution, or obtained state certification through General Educational Development tests (GED), by the date of the Annual Meeting at which the Director is elected;

Candidate Applicant will be asked to provide proof of having received the required credential, which may include degrees earned or other subsequent achievements that require such diploma or GED as prerequisites (e.g. law enforcement certification or other professional licensing requiring such a degree).

- c) Be a United States citizen;

Background Verifier will attempt to locate voter registration information for a Candidate Applicant, which will provide proof of citizenship. If no voter registration is found, a Candidate Applicant will be asked to provide a birth certificate, passport or other proof of United States citizenship.

- d) Be a Member in good standing of the Cooperative, by having met and adhered to the Cooperative’s payment policies in accordance with credit requirements contained in the Cooperative’s Tariff and Business Rules, as amended from time to time, and any other requirements for membership in good standing established by Board resolution;

The PEC Member Relations department will verify the Candidate Applicant’s membership in the Cooperative and will review the billing history of the Candidate Applicant to verify good standing. Findings will be provided to the General Counsel for transmittal to the Qualifications and Elections Committee.

- e) While a Director and during the five (5) years immediately prior to becoming a Director, not have been an employee of the cooperative;

The PEC Human Resources and Finance Departments will review employment and other records for indications that the Candidate Applicant has been an employee, and will provide any relevant information discovered to the General Counsel for transmittal to the Qualifications and Elections Committee. The Candidate Applicant’s affirmation of eligibility will be relied upon as to relatives’



prior employment or Board service. If the Qualifications and Elections Committee or General Counsel becomes aware of potential disqualification under this provision, the Cooperative staff will assist in the effort to confirm those circumstances.

- f) While a Director, not have a child, spouse, domestic partner, parent, sibling, parent-in-law, stepchild, grandparent, or grandchild who is an employee or Director of the Cooperative;

If the Qualifications and Elections Committee or General Counsel becomes aware of potential disqualification under this provision, the Cooperative staff will assist in the effort to confirm those circumstances.

- g) Have his or her primary residence receiving continuous electric service from the Cooperative for one year, and be located at the beginning of the calendar year of the election, in the district for which election is sought. Primary residence shall be determined based on factors including, but not limited to, real property rights, homestead exemption, electricity usage patterns, voter registration location, and address on a driver's license;

Background Verifier will research the factors listed above and complete a standardized report to the General Counsel, identifying the indicators supporting or contradicting the Candidate Applicant's primary residence within the district where election is sought. The PEC Member Relations Department will research and report to the General Counsel on the continuity of electric service at the address. The General Counsel and the Qualifications and Elections Committee may seek clarification from the Candidate Applicant regarding information provided by Background Verifier or Member Services.

- h) Annually complete and sign a conflict-of-interest certification and disclosure form approved by the Board of Directors;

The General Counsel will verify that any incumbent Director running for reelection has met this requirement, and that any non-Director Candidate Applicant has executed the same, separately-required form for Candidates under the Bylaws.

- i) While a Director or during the three (3) years immediately prior to becoming a Director, not sought to advance or have advanced a:
 - 1. Competing Interest with the Cooperative;
 - 2. Financial Interest that would likely impair the ability of the Director to serve the best interests of the Cooperative; or
 - 3. Conflicting Position that would likely impair the ability of the Director to serve the best interests of the Cooperative.

A "competing interest with the Cooperative" exists when judgment concerning the cooperative (such as financial, legal or general business decisions) is influenced or



may be reasonably influenced by another interest (such as financial or non-financial gain or interest).

A “Financial Interest” is likely to impair a Director’s ability to serve the best interests of the Cooperative if that Director has received more than ten percent (10%) of the Director’s annual gross income from serving as an employee, consultant, or contractor with or for a person or an entity that has done business with the Cooperative in the preceding three years.

A “Conflicting Position” is likely to impair a Director’s ability to serve the best interests of the Cooperative if there exists a possibility of that position requiring the Director to make business, legal or policy decisions adverse to the Cooperative or its membership. Examples of such conflicting positions include, but are not limited to:

1. Serving as an employee, consultant, or contractor assigned to negotiating or managing contracts with the Cooperative for any person or entity that has been a consultant, contractor, vendor, or bidder of the Cooperative during the preceding three years;
2. Having held an executive level or board position of a financial institution that has held Cooperative assets during the preceding three years; or
3. Having held an elected position to a public entity which has the authority to lawfully impose franchise fees.

The Qualifications and Elections Committee will use its discretion, as advised by the General Counsel, to determine whether this qualification has been met. The determination will be based upon information provided by the Candidate Applicant under the Bylaws or this Policy or information required by the Qualifications and Elections Committee, including biographical information and the conflict-of-interest certification and disclosure form. The Committee may consider other sources of information, including public documents presented to or gathered at the direction of the Committee.

- j) Not be or have been convicted of a misdemeanor involving moral turpitude or a felony pursuant to state or federal laws;

Background Verifier will conduct a criminal records check of Candidate Applicants and report findings to the General Counsel. “Moral turpitude” will have the meaning ascribed to it in Texas administrative and case law.

- k) Not currently be a member of the Qualifications and Elections Committee described herein;

This qualification will be self-evident.

- l) Not have been previously removed or disqualified as a Director as provided for under these Bylaws;



General Counsel will determine and report to the Qualifications and Elections Committee whether this qualification has been met.

- m) Have the capacity to enter into legally binding contracts;

Beyond the age verification called for previously, no actions will routinely be taken to verify this qualification beyond receiving a Candidate Applicant's certification of eligibility and the winning Candidate's Affirmation to that effect, However, the General Counsel and the Qualifications and Elections Committee will make inquiry into any potential violation of which they become aware.

- n) Be willing to devote such time and effort to his or her duties as a Director as may be necessary to oversee the Cooperative's business and affairs including: except as otherwise provided by the Board of Directors for good cause, beginning with election to the Board of Directors, attend at least seventy-five (75) percent of all regular and special called Board Meetings during each period from Annual Meeting to Annual Meeting; and obtain the Credentialed Cooperative Director (CCD) designation from NRECA within the first 18 months after election to the Board; attend state and national association meetings and Director continuing education training as needed to maintain current knowledge and improve awareness of potential risks to the Cooperative;

The General Counsel will verify with the Governance Team that any sitting Director or former Director previously subject to this provision has fulfilled this qualification. No actions will be taken to verify other persons' qualifications in this regard.

- o) Not be employed by another Director, or be employed by an entity over which another Director exercises substantial control.

No steps will routinely be taken to verify this qualification, beyond examination of information provided by the Candidate Applicant or others, including conflict-of-interest forms and certifications. However, if the General Counsel or the Qualifications and Elections Committee becomes aware of a potential violation, they will take steps to determine whether the qualification is satisfied, including seeking information from the Candidate Applicant as allowed by the Bylaws.

- p) Execute and provide the relevant documents, waivers, or other materials reasonably needed to verify satisfaction of these qualifications, including criminal background checks to be performed by the Cooperative. A person subject to this provision shall not be requested or required to provide personal or business tax returns, financial or business records, or non-public, personal details unless legal counsel has justified and certified in writing and the majority of disinterested Qualifications and Elections Committee members have determined by record vote that conformity with Director Qualifications cannot be determined without such records. If such certification is made and the records are provided, the Cooperative and its agents shall not publicly disclose such records except with the consent of the person providing them, or in the course of a legal proceeding or as required by law.



The Qualifications and Elections Committee, with the assistance of the General Counsel, will determine whether a person refusing to execute or provide the relevant documents under this section will be disqualified for failing to meet this qualification.

- q) While a Director, act in good faith and represent the best interests of the Cooperative as a whole, representing all members on an impartial basis.

No actions will routinely be taken to verify this qualification beyond receiving a Candidate Applicant's certification of eligibility and the winning Candidate's Affirmation to that effect, but the Qualifications and Elections Committee and General Counsel will make inquiry into any potential violation of which they become aware. Any such inquiry is for purposes of determining Candidate Applicant eligibility, and not ongoing enforcement of this Bylaw provision.

6.2.1.8 Notification to Candidate Applicants of Proposed Findings Regarding Qualifications

The Qualifications and Elections Committee will provide written findings to the Governance Team regarding each Candidate Applicant's qualifications to serve as a Director. The Governance Team will notify each Candidate Applicant of those findings, and advise them of the schedule for the Qualifications and Elections Committee to finally determine eligibility. Any Candidate Applicant receiving notice that the Committee has preliminarily found them not to have met the Bylaw qualifications to serve as a Director will be advised of such finding and its basis, and invited to present written or other information to the Committee that supports the Candidate Applicant's qualifications.

6.2.1.9 Recommendation of Candidate Slate

At least 2 months prior to an election, the Qualifications and Elections Committee will present to the Board the slate of qualified Candidates based on the inquiry described above. The Qualifications and Elections Committee and the General Counsel will also identify and explain the circumstances of any Candidate Applicant who has been found not qualified or has otherwise not met the requirements to be a Candidate. The General Counsel will present to the Board any information submitted for the Board's consideration by any Candidate Applicant not recommended for inclusion on the Ballot.

6.2.1.10 Approval and Certification of Ballot

At a Regular Meeting of the Board at least 2 months prior to an election, the Board will consider, approve and certify the Candidate slate and Ballot language for any Non-Director Election matters for vote. Any Director will recuse himself or herself or abstain from any discussion, deliberation or vote concerning the qualifications of Candidate Applicants in any Director Election in which the Director is a Candidate Applicant. Candidates for each Director District will be considered separately, to maximize the opportunity for Directors to participate in voting. Candidate Names shall appear on the Ballot in the form and order as provided herein.



7 VOTING AND PROCESSES DURING ELECTION PERIOD

7.1 Candidate Orientation and Photos

In the week preceding the Regular Meeting of the Board that is two (2) months before an election, an orientation will be conducted by PEC staff for Candidate Applicants at the Johnson City PEC Headquarters. The agenda may include, among other things: the history of PEC; CEO remarks; Board responsibilities and time demands; compensation and legal duties of Directors; review of the Election process and timeline; the drawing of names for Ballot position and a question-and-answer period. PEC will take Candidate pictures for use in PEC-generated Election-related press and promotional material, as described in Candidate Photographs (Section [7.57-6](#)) below. Candidates for election who are incumbent directors, or past directors, may not use any picture of themselves which was paid for, or created by PEC, for use in a PEC official capacity.

7.2 Withdrawal from Election

At any time before the Board approves the Ballot, a Candidate may withdraw from a Director Election by notifying the Governance Team in writing or by email at election@peci.com of his or her withdrawal. Any Candidate wishing to withdraw after the Board approves the Ballot and before election results are released (“Withdrawn Candidate”) should give written notice to the Governance Team. The Cooperative will use reasonable methods to advise the Membership of the withdrawal. If time allows, the withdrawn Candidate’s name will be removed from the paper ballot, and in that case from any electronic ballot as well. If time does not allow removal from the paper ballot, the name will remain on both the paper and electronic ballots, and the election website will not be altered to remove the Candidate’s name. Any votes cast for a Withdrawn Candidate will be counted but the winner will be selected in accordance with Director Election (Section 8.7.2) below.

7.3 Communications Plan

At or before the Regular Board Meeting five (5) months before an election, the PEC Communications Department will present to the Board an Election Communications Plan (“Communications Plan”), outlining the communications efforts that will be employed to inform PEC members of the issues in any Non-Director Election and the Candidates, and the contact information for Members who have questions about the election process. At a minimum, the Communications Plan will include prominent references to the Election on PEC’s Internet site, posting of Candidates’ biographical materials and conflict-of-interest certification and disclosure form, ~~video presentations of Candidates~~, use and distribution of printed materials and information on how to obtain answers to Election-related questions, obtain Ballots (including replacement Ballots), and cast Ballots; and PEC Corporate Statistics in a form approved by the Board in the Communications Plan (a sample is attached as appendix D of this policy). PEC Corporate Statistics may be communicated multiple times during the election cycle as approved in the Communications plan.



7.4 Preparation and Distribution of Ballots

7.4.1 Printed Ballots

After approval of the Ballot, the Governance Team and General Counsel, as designees of the Board Secretary, will direct the Election Service Provider to prepare and print Ballots and accompanying biographical material (“Ballot Materials”) sufficient for distribution to the appropriate PEC Members in the form specified in the Bylaws, including wording sufficient to constitute required notice of the Election, website information, and credentials for electronic voting.

Candidate’s names will appear on the Ballot Materials in the order as drawn at Candidate Orientation as described in Section 7.1

Between 25 and 30 days before the Election, the Election Service Provider will, at the direction of the Governance Team (as designee of the Board Secretary), deliver by mail Ballot Materials to the appropriate PEC Members. The Election Service Provider will mail Ballot Materials no later than 16 days before the Member Meeting at which Election Results are Announced to any PEC Member that has joined the Cooperative since the date of the initial mailing of Ballot Materials.

7.4.1.1 Voting and Receipt of Ballots

Only the Election Service Provider shall accept ballots. Ballots are not to be accepted on PEC Premises or by PEC Employees, Directors or Candidates.

7.4.2 Website

The Election Service Provider will, at the time of mailing, make available on the Internet a secure website for online voting, including [Candidate](#) biographical material, ~~and videos of Candidates recorded by PEC.~~

7.4.3 Emails

The Election Service Provider will on the first day of the election, send emails to all Members for whom PEC has valid email addresses with election information, voting credentials, and direct, “one-click” links that allow Members to access the voting website and vote without manually entering credentials. The Election Service Provider will send follow-up emails according to the Election Timeline approved by the Board. Members who have opted-out of receiving communications from PEC will not receive these email notifications.

~~7.5 Candidate Video Recording~~

~~Following the week after a Ballot is approved by the Board, PEC will conduct a video recording opportunity for all Candidates at the Johnson City Headquarters. Candidates are strongly encouraged to video record a statement for inclusion on the Election Service Provider voting website and the PEC Internet webpage. The length of the video will be five (5) minutes unless otherwise determined by the Board when it approves the Ballot, based on the number of Candidates on the Ballot and the technical capabilities of and terms of the contract with the Election Service Provider. Candidates will speak in the order determined by drawing for ballot placement, with Districts in ascending numerical order.~~



~~Any candidate unable to attend the video recording will be afforded a single make-up opportunity within seven (7) business days prior to the video recording opportunity to record their statement. If a make-up session is scheduled and the Candidate fails or is unable to appear, no additional videotaping opportunities will be offered. If no video recording is made, the website will so note.~~

~~Candidate's videos shall be posted to the website at the same time as all other Candidate Materials.~~

7.67.5 Candidate Photographs

At the Candidate Orientation and Photographs described above (Section 7.1), PEC will take pictures of Candidates for use in PEC-generated Election-related press and promotional material. Alternatively, Candidates wishing to provide photographs for use by PEC must provide the image electronically before the Candidate Orientation. Candidates must affirm in writing that any such image is copyright-free and that the person has and grants PEC permission to use the photo. Photos copied or digitally scanned from driver's licenses or other sources are not acceptable. To be used, photos must meet the following criteria:

- Contain a current image or one taken within the proceeding 5 years
- JPEG or other electronic file type, with approval of PEC
- No other person pictured
- Plain background, preferably free of objects or "clutter"
- Full color
- High resolution (300 dpi or greater)
- Must be a copyright-free image or provide a no cost letter of permission or license for use
- Sized and cropped such that the height of the head is between 50 and 85 percent of the vertical dimension of the photograph.
- Taken in full-face view directly facing the camera
- Questions about the suitability of a photograph should be addressed in the manner described in Section [7.77.6](#) and submitted far enough in advance to allow preparation of an alternative photograph if the original submission is not acceptable

7.77.6 Questions by Candidates About the Election Process

The Governance Team, or designees, is the point of contact for any questions about the Election process from Members, Candidate Applicants, or Candidates. Questions must be submitted by email to election@peci.com. The Governance Team, or designees, is also the point of contact for any questions by Candidates, Candidate Applicants, or Qualified Candidates about PEC operations. The Governance Team will provide or designate a person to provide all Candidate Applicants or Candidates copies of any question submitted and answers. Questions and answers are provided without the name of the person that submitted the question. Exceptions to this rule may be made with the approval of the General Counsel, based on sensitivity of subject matter, or in cases where a question and answer apply uniquely to a questioner.

Directors who are Candidates should likewise address election issues through the Governance Team and not through the direct access to PEC staff. Questions from Directors who are Candidates should also submit their questions by email to election@peci.com.



7.87.7 **Membership List Availability**

In accordance with the Bylaws and the PEC Membership List Policy, Director Candidates and Candidate Applicants may obtain an electronic or printed list of PEC members, including member addresses, election district numbers and unique line numbers for each Member by contacting openrecords@peci.com. The Candidate requestor must provide the director district to which the member is seeking election, name, address, and other contact information. The requestor must affirm in a sworn, notarized affidavit to use the list only for nomination or candidacy to the PEC Board of Directors and no other purpose.

Consistent with Section 6.2.1.5 (Signature Verification) For Election purposes only, the Membership List will be made available to Candidate Applicants requestors 2 months before the Deadline for Candidate Application in Section 6.2.1.4 in the first month, January, of each calendar year. The issuance of this Membership List provided to Candidate Applicants pursuant to this Section may be utilized for Verification of Petition Signatures pursuant to Sections 5.1 and 6.2.1.5 does not prohibit Candidate requestors or cooperative members to request other lists prior to or after this list has been generated. The purpose of this Membership List is to allow Board Candidate Applicants the opportunity to utilize the same list for signatures required on the petition form as described in section 5.1 of these procedures.

7.97.8 **Campaigning on PEC Premises**

Members may not engage in Campaigning (as that term is defined herein) on PEC premises or PEC events, except at PEC-sanctioned Candidate events, or within a zone designated by the General Counsel for campaigning at PEC events. PEC premises include parking lots, the exterior and interior of PEC-operated facilities or those same areas of any facility where a Member Meeting or Board Meeting is conducted.

“Campaigning” is: the distribution of materials designed to influence the outcome of a Cooperative election; direct communications to Members designed to influence the outcome of a Cooperative election, including gathering of signatures on petitions; displays of placards, bumper stickers, signs or other campaign promotional material, other than those displayed on vehicles or on wearing apparel or accessories.

7.9.1 PEC Employee Campaigning

Employees should be mindful that PEC has established an independent election process to promote consistent and credible elections by the Membership. As such, employees should make known that any Campaigning in which they voluntarily choose to participate is on their own behalf, on their personal time and that the employee's campaign activities don't reflect any endorsement by PEC. Employees may sign candidate petitions (when they are also PEC Members) and campaign for candidates just as any other non-employee. Participation in Board Director Campaigning, however, is voluntary.

Employees shall not Campaign on Cooperative time, premises or use Cooperative resources for Campaigning, such as PEC phones, e-mail, or vehicles. Employees who choose to Campaign must not do so while in a PEC uniform or PEC branded apparel.

7.107.9 **Use of PEC Brand**



Candidates may not deploy web pages or other campaign materials that suggest that their candidacy is endorsed or supported by PEC, and specifically may not use any PEC logos or, trademarks. “Hot links” to the PEC electronic media are acceptable. Candidates who are incumbent directors may not use their PEC provided email addresses or any PEC provided resources for correspondence related to the election.



7.447.10 **Access to Vote Information; Updates on Voter Turnout; Election Results**

No PEC employee, Director, Candidate or person acting on their behalf, except as described in this Section, shall seek or accept from the Election Service Provider access to information about details of votes cast by a PEC Member or Members, other than aggregated information about voting turnout or voting methodology across the entire Cooperative, as described in this section.

PEC Employees. Only PEC employees who are specifically responsible for implementing, developing and testing registration software for use in an Election shall have access to data indicating if a member has voted or not voted and the method by which their vote was submitted. This data shall not contain any member's individual voting selection(s).

Once weekly after Ballots are initially mailed, the General Counsel, or designee, will provide voting updates to Candidates and the Board. Those updates will be based on information transmitted by the Election Service Provider and will include the aggregate number of Ballots cast and received Cooperative-wide and by Director election district, with comparisons to similar, historical data. The updates shall include method by which votes were cast. Those updates shall not include the specific number of votes cast for any particular Candidate or issue in a Non-Director Election.

Election Results. Upon conclusion of the deadline for casting ballots, but no later than four (4) days prior to the Member Meeting at which Election Results are announced, the Election Service Provider shall certify and provide the Election Results to the General Counsel, or designee. The General Counsel, or designees, shall release the results to Candidates and the Board of Directors three (3) days prior to the Member Meeting at which Election Results are announced. Immediately after relasing the Election Results to Candidates and the Board of Directors, the General Counsel, or designees, will release the Election Results to the Membership, but no later than three (3) days prior to the Member Meeting at which Election Results are announced.

7.44.17.10.1 **Candidates' Access to Voting History**

After a Candidate has been duly qualified and approved to be listed on the Ballot, the Candidate may request and be provided a Voter History List that contains only the names and mailing addresses of Members who voted in any, or each, director district election for the three (3) elections involving the Candidate's director district immediately preceding the current Election. The Voter History List shall not contain any information that could indicate or otherwise reveal any selections made by the Member in the election (for example, for whom the Member voted or how the Member voted on any question). To obtain the Voter History List, a Candidate must request this information by contacting the Governance Team at election@peci.com. The accuracy and completeness of the list is undisputable. The candidate must affirm in a sworn, notarized affidavit to use the list only as directly related to the PEC Board of Directors election and for no other purpose. Any member may by written communication to the Cooperative choose to have his/her/its member information excluded from any Voter History List.



7.11.27.10.2 Interim Voting Totals

Once weekly after Ballots are initially mailed, the election status of total votes cast Cooperative-wide and by Director election district may be posted to the PEC website and released publicly. No records of a member's individual vote, or a candidates running vote total shall be disclosed.

7.127.11 Quality Control

Before the Regular Meeting of the Board four months prior to the Member Meeting where election results are announced, the Election Service Provider shall provide PEC a list of quality-control steps to be taken before the Member Meeting, including process for the release and announcement of election results, to assure the accuracy of voter rolls and vote counts ("Pre-Member Meeting Quality Control") and after tabulation to verify the accuracy of Election results before such results are announced at the Member Meeting (Post-Tabulation, Pre-Announcement Quality Control).

Pre-Member Meeting Quality Control shall include, but not be limited to, the following steps:

- Verify the previous removal or remove from the voting database the votes of any person or entity that was not a PEC Member as of the close of business on the day before Annual Meeting.
- Remove from the voting database the votes of any Member that has "double voted," by submitting a paper Ballot received by the Election Service Provider after that same Member has electronically voted.
- Verify that the PEC voter registration system is loaded with the list of PEC Members as of the record date.
- Verify that the PEC voter registration system accurately reflects whether or not a Member has previously voted.

7.137.12 Completion and Certification of Quality Control, Votes Cast in Advance of Member Meeting, and Mailing of Notice to Members

The Election Service Provider must perform all Post-Tabulation and Pre-Release or Pre-Announcement Quality Control tasks, and must certify in writing to the PEC General Counsel that each step has been completed delivery of Election Results to the General Counsel. The Election Services Provider shall deliver the Elections Results to the General Counsel, or designee, no later than four (4) days before the Member Meeting at which the Elections Results are announced.

Before the Member Meeting, the General Counsel will prepare and transmit to the Governance Team certifications of the following:

- Notice of the Member Meeting was mailed in accordance with the Bylaws.
- The number of votes cast by mail or electronically, or as otherwise approved by the Board of Directors.

Before a Member Meeting, the Governance Team will prepare for execution by the Board Secretary at the Member Meeting, a certificate affirming that quorum was satisfied at the meeting or for a Director Election, for filing with the official records of the Cooperative.



8 MEMBER MEETING AND TABULATION OF VOTES

8.1 One Member-One Vote

Each Member shall be entitled to one (1) vote upon each matter submitted to a vote of the Membership. Any officer of an entity Member, as listed in Texas Secretary of State records, or any person listed in PEC's records as authorized to act on behalf of an entity Member, may cast a vote on behalf of that entity Member.

Each Member of a Director district shall be entitled to one (1) vote upon each Director election for that individual Director district, and only Members of a Director district may vote in that Director district election

A Member's individual Director district is established by the location of the Member's Primary Account as that term is defined in the Tariff and Business Rules. For a Member with multiple accounts, a Member may request and PEC will only change a Member's Primary Account once every (3) three years.

8.2 Voting Prior to the Member Meeting; Deadline for Casting a Ballot

The Election Services Provider will tabulate all ballots cast at a time and date before the date of the Member Meeting as established by the Board of Directors on the Election Timeline ("Deadline for Casting a Ballot"). At the same time, the Election Services Provider will perform its quality control related to the voting procedures, process for release and announcement of elections results, and provide the certification to the General Counsel required in Completion and Certification of Post-Tabulation, Pre-Release and Pre-Announcement Quality Control (Section 8.8).

Deadline for Casting a Ballot. The Deadline for Casting an Election ballot shall be no later than seven (7) days prior to the Member Meeting at which the Elections Results are announced. All ballots must be received by the Election Services Provider by the Deadline for Casting a Ballot.

8.3 Proxies Prohibited

Except in instances specifically mandated by law or PEC Governing Documents, a Member may not appoint another individual person to vote on any matter for the Member.

8.4 Tabulation; Release of Election Results; Announcement of Election Results

The Election Service Provider will tabulate results in accordance with the PEC Bylaws. The first vote of a Member received by the Election Service Provider will be counted as the vote cast by that Member, and Members will not be allowed to change previously cast votes.

Any paper ballot received by mail at the Election Service Provider by the Deadline for Casting a Ballot (Section 8.2) shall be deemed and counted as having been cast before the deadline for mail-in balloting specified in the Bylaws, unless the Election Service Provider or PEC has conclusive information that the ballot was cast after the deadline.

Paper votes will be scanned electronically by the Election Service Provider into a data record as they are received, with questionable and zero-vote Ballots pulled, hand counted and entered into the data. Online votes will have been recorded in a data record as they were cast,



with multiple levels of verification and security. Duplicate Ballots cast by Members who have already previously voted online will be removed before tabulation.

The Election Service Provider shall prevent any ballot from being cast electronically after the Deadline for Casting a Ballot (Section 8.2).

The Election Services Provider will tabulate and count ballots in such a way to favor the intention to cast a vote on each item on a returned ballot. The Election Services Provider will examine voter marks to determine voter intent.

The Election Services Provider shall deliver the Elections Results to the General Counsel, or designee, no later than four (4) days before the Member Meeting at which the Election Results are announced.

Release of Election Results prior to Member Meeting. The General Counsel, or designee, shall release the results to Candidates and the Board of Directors three (3) days prior to the Member Meeting at which Election Results are announced. Immediately after relasing the Election Results to Candidates and the Board of Directors, the General Counsel, or designee, will release the Election Results to the Membership, but no later than three (3) days prior to the Member Meeting at which Election Results are announced.

Announcement of Election Results at the Member Meeting. At the Member Meeting, the Election Service Provider, or another person designated by the Board of Directors, will announce the vote totals for each Director election district ("Election Results")

8.5 **Process if Member Disputes Having Cast Vote**

If a Member disputes a record showing they have previously cast a Ballot, a new Ballot may be cast by the Member and counted only if submitted prior to the Deadline for Casting a Ballot, and upon a written affirmation signed by the Member that he or she has not previously voted, example attached as Exhibit C. For any Joint Membership, such a written affirmation must be signed by both Joint Members to be effective.

8.6 **Determination of Outcome/Winner**

8.6.1 **Non-Director Election**

Members shall be deemed to have approved an option in a Non-Director Election if: (1) a Member Quorum, as defined in the Bylaws, is established and certified, and (2) the Non-Director Election option receives the highest number of votes.

8.6.2 **Director Election**

The Candidate for each Director Position receiving the highest number of votes shall be elected, unless the Candidate receiving the highest number of votes is a Withdrawn Candidate, in which case the non-withdrawn Candidate receiving the highest number of votes shall be elected. In the event of a tie, the winner shall be determined by a drawing by lot to be conducted by the Election Service Provider. In the event of a tie in a Director Election, in conducting a drawing by lot, a representative of the Election Service Provider will place in a box as many slips of paper as there are nominees in the tie, with a single slip marked "elected" and the remaining slips marked "not elected." In alphabetical order by last name, each of the Director Candidates in the tie shall blindly draw one (1) slip from the box.



The Director Candidate drawing the slip marked "elected" shall be elected to the Director position in question.

8.7 Completion and Certification of Post-Tabulation, Pre-Announcement Quality Control

After tabulation, and no later than four (4) days before the Member Meeting at which the Elections Results are announced, the Election Service Provider must certify in writing to the PEC General Counsel all Post-Tabulation, Pre-Release and Pre-Announcement Quality Control steps were taken.

8.8 Release, Announcement and Certification of Election Results

At the conclusion of validation and tabulation of the Ballots and certification of quality control but no later than four (4) days before the Member Meeting at which the elections results are announced, the Election Service Provider shall provide to the General Counsel a written certification of the election results for inclusion in the Minutes of the Member Meeting and a Regular Meeting of the Board after the Member Meeting. The General Counsel, or designee, shall release the election results as provided by these Procedures. The Election Services Provider, or another person as designated by the Board of Directors, will announce the election results at the Member Meeting. If any Candidate is a Withdrawn Candidate, the Election Service Provider shall announce that that Candidate is a Withdrawn Candidate and that that Candidate is ineligible to be elected notwithstanding the number of votes cast for that Candidate.

8.9 Post-Election Director Acknowledgments

Immediately after the conclusion of the Member Meeting, all elected Directors must execute and deliver to the Governance Team (i) the conflict-of-interest disclosure form, (ii) the Director Affirmation as to their eligibility to be a Director, and (iii) the acknowledgment of the Directors' Code of Conduct.

8.10 Election Contests

The General Counsel shall be the arbiter of any issue related to PEC Elections, subject to appeal to the Qualifications and Elections Committee. Any challenge to the election must be filed at the Pedernales Electric Cooperative Headquarters, located in Johnson City, Texas by 5pm on the second (2nd) business day following the Release of the Election Results.



9 ACTIONS AFTER ANNUAL MEETING

9.1 District-by-District Results

Within five business days of the Member Meeting at which Election Results are announced, the Election Service Provider will provide to PEC a breakdown of voting results by district, showing the total number of Members from each district that voted, the total number from each district voting for each Candidate or Non-Director Election Ballot item, and the total number from each district that voted but did not cast a vote in a race or Non-Director Election matter.

9.2 Post-Election Analysis

Within two months after the Annual Meeting at which Election Results are announced, the General Counsel will conduct a review of all facets of the PEC Elections, and will present to the Board any recommended modification to PEC Bylaws or Election Policy or Procedures.



APPENDIX A

Election Timeline - Sample

Appendix A: Election Timeline (SAMPLE)			
Item	Section	Party	Due Date
Consider Election Service Contract	4.14.1	GC/BOD	At or before the August Regular Board meeting each year
Establish Annual Meeting Date and Location	3.13.4	BOD	At or before the August Regular Board Meeting each year
Present Election Timeline	3.23.2	GC	December Regular Board Meeting
Approve Election Timeline	3.23.2	BOD	January Regular Board Meeting
Conduct Internal Coordination Meeting	3.33.3	GC/ Public Affairs / GM / IT/ GT / Legal / Member Relations/ Mapping / Election Service Provider	Prior to the January Regular Board Meeting
Communications Plan presented to the Board of Directors	7.37.3	Public Affairs Department	At or before the January Regular Board Meeting of each year
Post and make available Ballot Materials and Nomination Application	6.2.1.1.16.2.1.4.4	GT/ Public Affairs / Member Relations	By January Regular Board Meeting each year.
Election Service Provider send Quality Control Steps to the General Counsel	7.10.17.11.1	Election Service Provider/GC	Prior to the February Regular Board Meeting (timeline reflects packet deadline).
Director will submit to the Governance Team the name of a person or persons residing in the Director's District eligible and willing to serve on the Qualifications and Elections Committee	6.2.1.6	BOD/GT	At least a week preceding the February Regular Board meeting
Direct the General Counsel to prepare proposed Non-Director Election items	6.16.4	BOD	No later than the January Regular Board Meeting each year
Board will appoint the Qualifications and Elections Committee	6.2.1.6	BOD/QEC	At the February Regular Board meeting



Appendix A: Election Timeline (SAMPLE)

Item	Section	Party	Due Date
Candidate Application to be delivered to the Governance Team at PEC Headquarters in Johnson City	<u>6.2.1.46-2.1.4</u>	<i>Candidate Applicant/GT</i>	No later than 5 p.m. on the last business day falling 82 days or more before the date of the Annual Meeting
Candidate Orientation and Photos	<u>7.17.4</u> <u>7.57-6</u>	<i>Candidate Applicant(s)/PEC staff</i>	The week preceding the April Regular Meeting of the Board each year
Election withdrawal deadline for removal from Ballot	<u>7.27-2</u>	<i>Candidate Applicant</i>	Before approval of Ballot by Board
Presentation and approval of Candidate slate, Ballot, and any Non-Director Election items	<u>6.2.1.96-2.1.9</u> , <u>6.2.1.106-2.1.49</u>	<i>Qualifications and Elections Committee /GC</i>	At the April Regular Meeting of the Board each year
Candidate video recording and photographs	7.1, 7.5, <u>7.57-6</u>	<i>Candidate Applicant(s) / Governance Team / Public Affairs</i>	Following the week after the Ballot is approved by the Board
Mailing of Ballots	<u>7.4.17.4.1</u>	<i>Election Service Provider, as directed by GC / GM</i>	Between 25 and 30 days before the Annual Meeting
Online voting site goes live	<u>7.4.27.4.2</u>	<i>Election Service Provider</i>	Between 25 and 30 days before the Annual Meeting
Initial voting email notifications	<u>7.4.37.4.3</u>	<i>Election Service Provider</i>	Between 25 and 30 days before the Annual Meeting
Certifications prepared of mailing of Annual Meeting Notices, number of votes cast electronically and by mail, quorum verification for use at Annual Meeting.	<u>7.127.13</u>	<i>GC and GM</i>	Between one and eight days before Annual Meeting.
Supplemental mailing of ballots to Members since previous mailing	7.4.1	<i>Election Service Provider/IT</i>	As specified in this timeline
Update on voter turnout by Director election district	<u>7.107.11</u>	<i>GC and GM</i>	Once weekly after Ballots are initially mailed
Supplemental mailing of ballots to Members since previous mailing	7.4.1	<i>Election Service Provider/IT</i>	As specified in this timeline



Appendix A: Election Timeline (SAMPLE)

Item	Section	Party	Due Date
Update on voter turnout by Director election district	<u>7.107-11</u>	<i>GC and GM</i>	Once weekly after Ballots are initially mailed
Deadline for mailing or webcasting ballots	8.4	<i>Election Service Provider</i>	Eight days before Annual Meeting
Reminder voting emails	<u>7.4.37-4.3</u>	<i>Election Service Provider</i>	Dates to be determined each year when timeline presented to the Board of Directors
Record Date for Casting Ballot, transmittal by PEC of Members eligible to vote to Election Service Provider	5.2	<i>IT</i>	Close of business on the eighth day before Annual Meeting
Update on Voter Turnout by Director election district	<u>7.107-11</u>	<i>GC and GM</i>	Once weekly after Ballots are initially mailed
Pre-Annual Meeting Quality Control	<u>7.127-13</u>	<i>Election Service Provider</i>	At the close of the final business day before the Annual Meeting
Post-Tabulation, Pre-Announcement Quality Control	<u>8.78-7</u>	<i>Election Service Provider</i>	On the date of Annual Meeting after the results are tabulated
Announcement and Certification	<u>8.88-8</u>	<i>Election Service Provider</i>	On the date of Annual Meeting after the results are tabulated
Post-Election Director Acknowledgments	<u>8.98-9</u>	<i>BOD</i>	On the date of Annual Meeting after the meeting has concluded
District-by-District Results	<u>9.19-4</u>	<i>Election Service Provider</i>	Within five business days of the Annual Meeting
Post-Election Analysis	<u>9.29-2</u>	<i>GC and GM</i>	Within one month after the Annual Meeting

Legend:

BOD – Board of Directors
 ESP – Election Services Provider
 GM – Governance Manager
 GT – Governance Team
 GC – General Counsel
 IT – Information Technology
 QEC – Qualifications and Elections Committee



APPENDIX B

Election Service Provider Technical and Security Qualifications

Before being awarded a contract with Pedernales Electric Cooperative, any Election Service Provider shall establish to the Cooperative's satisfaction that it has met the following technical and security qualifications listed below or as included in the Cooperative's procurement requirements and not limited to the following.

1. Policies and Procedures

The Election Service Provider must establish and follow the following internal policies and procedures:

- a. **Acceptable Use Policy** addressing use and ownership, security and proprietary information, unacceptable use, system and network activities, and communications.
- b. **Information Sensitivity Policy** addressing information disclosure and sensitivity.
- c. **Password Policy** addressing a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.
- d. **Physical Security Policy** addressing security access to all parts of the provider's building and its contents, assets and equipment.
- e. **Logical Access Procedure** addressing how user access accounts are created, changed, terminated, and monitored within the application architecture to ensure standardization across all information technology systems and ensure the appropriate data owners are contacted, informed and approved for each user access request. All user access requests must be documented using procedures outlined in this process, minimizing unauthorized access to proprietary information and technology.
- f. **Change Management Policy** addressing the steps required to analyze, authorize, test, implement and document application changes (i.e., patches, upgrades, and reports).
- g. **Quality Control Procedure** addressing project requirements checklist, project hand-off, proofing, testing, data receipt, vendor QC checks, certification of reports, close-race/recount, and onsite QC.
- h. **Client Services Procedure** addressing hard/electronic material exchanges or material development, secured client group drive, approvals, printing/ mailing, project change, handling of bounces, and member/participant support.
- i. **Production Procedure(s)** addressing physical material inventory, assembly, shipping/receiving, vaults/security, processing, scanning/verifying, observation, and auditing.
- j. **Disaster Recovery Procedure** addressing categories of threat (i.e., personal health and safety, facility relocation, business interruptions (technology), and business interruptions (human resources)), and a standing emergency planning team, critical operations, suppliers and contractors, shelter-in-place plan for alternate location, communications, cyber security, records back-up, annual plan review, and the projected recovery period.

2. Confidentiality of Data

The Election Service Provider shall contractually agree not to share voting details (the contents of any ballot received by the Election Service Provider) with PEC. Any data transmitted within the Election Service Provider shall be sent via CD, encrypted email, or



https transfers. Access to PEC data shall be limited to a list of vendor employees with a business need for such access, subject to PEC review.

3. Network/Security

The Election Service Provider shall provide enterprise-class facilities that keep mission-critical infrastructure continuously available. Secure network architecture shall include: firewalls, intrusion detection, server hardening, network and server monitoring; VeriSign E-commerce level certificates; and encryption with 128-bit private key and 1024-bit public key.

4. Physical security

All physical materials relating to elections shall be stored in facilities providing two or more of the following physical barriers to entry:

- a. Pass-card entry
- b. Biometric recognition
- c. Continuously monitored digital surveillance equipment
- d. Standard 19-inch lockable cabinets

5. Connectivity

The voting website must have reliable Internet connectivity, uninterruptible telecommunication infrastructure (e.g., multiple independent connections to Tier 1 Internet access providers that maintain and balance Internet traffic). The Election Service Provider's voting website shall be accessible across multiple browsers and operating systems, including MacOS and Windows, and shall be available for PEC testing before "go-live."

6. Power

Data storage and server facilities must have power redundancy (e.g., uninterruptible power supplies, power conditioning units, and high capacity generators) to help maintain an effortless environment.

7. Data Backups

The Election Service Provider must back up PEC data offsite at a minimum of nightly.

8. Vulnerability Testing

The Election Service Provider shall, upon request, provide PEC a certificate from an outside security testing vendor certifying that the Election Service Provider has passed vulnerability and penetration tests of all aspects of network, servers, and applications security.



APPENDIX C: Affidavit Affirming No Previous Vote Cast for Annual Director Election

My name is _____, and _____, and I (we)
(Name of person executing affidavit) (If any, name of joint member)

hereby affirm the following:

- I am authorized to cast a vote as an Individual or Joint Member or as an authorized representative of an entity, _____, and _____, of
(Member Name) (If any, name of joint member)
_____ that is a Member of the Pedernales Electric
(Member address)
Cooperative, Inc., (PEC) in Director Voting District Number _____ for the PEC Election
(Director District Number)
being conducted on _____.
(Date)
- Neither I, my spouse, nor any other person authorized to vote on behalf of the Member listed above has, to my knowledge, previously cast a vote in this election.
- Any vote recorded as having previously been cast for this Member, was not in fact the vote of the Member, and should not be counted. I will not hold Pedernales Electric Cooperative or its agents in any way liable, and accept any liability, for PEC's not counting any such vote.

Executed by:

(Member Signature)

(If any, Joint Member Signature)

Date: _____

Date: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____ by _____
(Date) (Member Name)

Notary Public (Signature)

(SEAL)

Printed Name: _____

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____ by _____
(Date) (Joint Member Name)

Notary Public (Signature)

(SEAL)

Printed Name: _____

My Commission Expires: _____



Appendix D

PEC CORPORATE STATISTICS (SAMPLE)

~~Key statistics about your electric cooperative~~

~~At PEC, we are more than an electric utility. We are a cooperative owned by our membership, and we believe it is important to share key information with our members.~~

~~Review some key facts about your cooperative below. Additional information, such as an archive of annual reports, Form 990 compensation reporting, and key industry ratios, is available at pec.coop/archives.~~

Average Cost Comparison (December 2020)	1,000 kWh	1,250 kWh	1,500 kWh	2,000 kWh
PEC residential average	\$105.18	\$128.60	\$147.77	\$190.36
Texas residential average*	\$118.70	\$157.34	\$178.05	\$237.40
National residential average*	\$128.00	\$163.20	\$192.00	\$256.00

~~Notes: PEC's total cost to purchase energy is based on the actual cost billed to members.~~

~~Source of U.S. EIA information is Form EIA-861M, Monthly Electric Power Industry Report, Table 5.6A -- Average Price of Electricity to Ultimate Customers by End-Use Sector.~~

~~*Total cost to purchase energy is estimated from the cost per kWh multiplied by the total energy purchased at 1,000; 1,250; 1,500; and 2,000 kWh.~~

Active accounts (3/1/21)	351,340	2020 average outage time per account	42 minutes
Members (3/1/21)	295,688	2020 percent growth in meters	5.6%
Miles of line (3/1/21)	23,309	2020 J.D. Power Electric Utility Residential Customer Satisfaction Study score	842
Employees (3/1/21)	875	Board meetings held in 2020	15
Capital credits distributed in 2020	\$6.3 million	Members voting in 2020 PEC Board election	17,570
Fitch bond rating (affirmed January 2021)	AA-	Percentage of members participating in 2020 online voting who were "very satisfied" or "satisfied" with the online voting process	96%
2020 total assets	\$1.9 billion	2020 PEC open records requests	31
Equity as a percentage of assets	40.06% ¹	2020 community support and member assistance	\$445,000
2020 revenue	\$643.5 million ¹		
2020 revenue percentage allocated to power cost	55.45% ¹		
2020 distribution operating expenses per average meter	\$415 ¹		

¹Pre-audit figures, subject to change

Revised March 2021



Key statistics about your electric cooperative

At PEC, we are more than an electric utility. We are a cooperative owned by our membership, and we believe it is important to share key information with our members.

Review some key facts about your cooperative below. Additional information, such as an archive of annual reports, Form 990 compensation reporting, and key industry ratios is available at pec.coop/archives.

<u>Average Cost Comparison (December 2021)</u>	<u>1,000 kWh</u>	<u>1,250 kWh</u>	<u>1,500 kWh</u>	<u>2,000 kWh</u>
<u>PEC residential average</u>	<u>\$113.47</u>	<u>\$136.83</u>	<u>\$160.20</u>	<u>\$206.93</u>
<u>Texas residential average*</u>	<u>\$125.50</u>	<u>\$156.88</u>	<u>\$188.25</u>	<u>\$251.00</u>
<u>National residential average*</u>	<u>\$137.50</u>	<u>\$171.88</u>	<u>\$206.25</u>	<u>\$275.00</u>

Notes: PEC's total cost to purchase energy is based on the actual cost billed to members.

Source of U.S. EIA information is Form EIA-861M, Monthly Electric Power Industry Report, Table 5.6A - Average Price of Electricity to Ultimate Customers by End-Use Sector.

*Total cost to purchase energy is estimated from the cost per kWh multiplied by the total energy purchased at 1,000; 1,250; 1,500; and 2,000 kWh.

Service territory square miles	8,100
Number of cities served	45
Number of counties served	24
Active accounts (3/1/22)	370,148
Residential accounts	339,523
Large power accounts	1,356
Small power accounts	29,120
Miles of line (3/1/22)	23,908
Employees (3/1/22)	883

Capital credits distributed in 2021	\$5.7 million
Fitch bond rating (affirmed January 2022)	AA-
2021 total assets	\$2.0 billion¹
2021 percent growth in meters	5.4%
Board meetings held in 2021	17
Members voting in 2021 PEC Board Election	16,933
Percentage of members participating in 2021 online voting who were "very satisfied" or "satisfied" with the online voting process	96.2%
2021 community and member support	\$470,410

¹Pre-audit figures, subject to change

Revised March 2022



ELECTION POLICY AND PROCEDURES

Effective Date: October 21, 2022

POLICY AT A GLANCE

PEC and its Board of Directors recognize that matters put to a vote of Members are a cornerstone of PEC’s governance and compliance with the Cooperative Principle of **Democratic Member Control**.

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Election Policy

1. PURPOSE

The Pedernales Electric Cooperative, Inc. (“PEC” or “the Cooperative”) and its Board of Directors (“Board”) recognize that matters put to a vote of Members (“PEC Elections”) are a cornerstone of PEC’s compliance with the Cooperative Principle of Democratic Member Control.

PEC further recognizes that the Internal Revenue Service has identified meaningful Democratic Member Control as a requirement for the tax exemption granted to PEC and other electric cooperatives.

The Board has retained the oversight of PEC Elections. In furtherance of the Board’s oversight of PEC Elections, this Election Policy (“Election Policy”) and accompanying Election Procedures (“Election Procedures”) are intended to ensure that PEC Elections are conducted in a fashion that maximizes and exemplifies Democratic Member Control. A copy of this Election Policy and the Election Procedures shall be included in materials made available to persons running in a Director Election (“Candidates”).

2. SCOPE

PEC shall seek to increase voter awareness and turnout in PEC Elections through educational efforts, communications, programs and effective use of technology. All PEC Elections shall be conducted in a manner that is uniform, impartial and fair to all Candidates and positions that are subject to vote.

The Board recognizes that consistent, credible PEC Elections are essential to maintaining Member confidence in PEC, and the key vehicle by which Members hold Directors accountable and influence the direction of the Cooperative, both through election of Directors (“Director Election”) and elections on issues of importance to the Cooperative (“Non-Director Election”). It is the policy of the Board that PEC Elections shall be administered in as impartial a manner as possible, utilizing the services of an independent, third-party (“Election Service Provider”) who will certify the accuracy of voting.

3. POLICY AND IMPLEMENTATION

PEC shall seek to maximize Member involvement and empowerment of Members in the electoral process through direct means, including the use of the Qualifications and Elections Committee called for in the PEC Bylaws. The Cooperative will, through its governing documents, policies and practices, encourage candor and maximum disclosure of actual and potential conflicts of interest by Candidates for PEC Director positions, including incumbent Directors. And, as a corollary to its Election vigilance, the Cooperative will provide robust Director removal and replacement mechanisms to address breaches of fiduciary duties by Directors.

4. PROCEDURE RESPONSIBILITIES

The procedural policies are delegated by the Board pursuant to the specifics which are detailed in the “Election Policy and Procedures,” a copy of which is attached, and incorporated herein.

5. POLICY ENFORCEMENT

Ultimate responsibility for enforcement of PEC elections lies with the Board. However, day-to-day enforcement, and any appeals, are detailed in the “Election Policy and Procedures” attached hereto, and incorporated herein.

6. REFERENCES AND RELATED DOCUMENTS

This Policy shall be read in conjunction with and incorporates by reference sections dealing with Elections within the Texas Electric Cooperative Act ([Texas Utilities Code Chapter 161](#)), the Member Bill of Rights and other sections of the [PEC Articles of Incorporation](#) and [PEC Bylaws](#).

Date adopted:	November 19, 2012
Last reviewed:	September 16, 2022
Review frequency:	Every year
Amendment dates:	January 21, 2014, September 15, 2014, October 20, 2014, December 8, 2014, August 18, 2015, January 19, 2016, November 14, 2016, October 16, 2017, October 15, 2018, October 18, 2019, December 13, 2019, October 16, 2020, October 15, 2021, October 21, 2022
Effective date:	October 21, 2022
Approver:	Board of Directors
Applies to:	All PEC Board of Directors, Employees and Members
Administrator:	General Counsel
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

Election Procedures

1 INTRODUCTION

These Election Procedures (“Procedures”) are intended to ensure consistent compliance with the Election Policy (“Policy”) of Pedernales Electric Cooperative, Inc. (“PEC” or “the Cooperative”), applicable law, and PEC’s Articles of Incorporation and Bylaws (collectively, “Governing Documents”), which are incorporated by reference, including terms defined therein.

2 ROLES AND RESPONSIBILITIES

2.1 Board of Directors

The Board of Directors will:

- Exercise oversight of PEC Elections in a fashion that maximizes and exemplifies Democratic Member Control
- Ensure full compliance with the PEC governing documents and the law
- Designate the PEC Election Service Provider (as defined in the PEC Bylaws)
- Determine the location, date, and time of each year’s Annual Meeting
- Approve the Election Timeline for each election
- Direct the General Counsel to draft any Ballot language needed for a non-Director Election
- Appoint members to serve as a Qualifications and Elections Committee
- Call any Special Member Meeting required by the Bylaws for any Election to fill a vacant Board seat or for any other purpose, establish a timeline for nominations, voting and elections for such Special Member Meeting, and make any modifications to these procedures needed to effectuate such an Election
- Annually consider any needed modifications to the Election Policy and these Procedures
- Perform any other functions specified by the Board in these Procedures
- Approve the final ballot presented to PEC members

2.2 General Counsel

General Counsel within the Election Policy or Election Procedures means the Board of Director’s General Counsel whether an employee or outside counsel or their designee.

The General Counsel will:

- Work to ensure PEC Elections are conducted consistent with law, PEC’s Governing Documents, Election Policy and Procedures and other directives of the Board
- Work with PEC internal departments to ensure implementation of the Election Policy and Procedures
- Make determinations on the conduct of the election and candidates, presenting issues to the Qualifications and Elections Committee or the Board of Directors as appropriate
- Apprise the Board of and provide counsel on Election-related issues
- Prepare each year’s Election Timeline

- Designate campaigning zone for PEC Annual Meeting
- Make inquiry into the Bylaw-mandated qualifications of Candidate Applicants (as defined herein) and recommend qualified Candidates to the Board for inclusion on the Ballot, as such duty is delegated by the PEC Chief Executive Officer (“CEO”)
- Craft proposed Non-Director Election Ballot language as directed by the Board
- Initiate and oversee the evaluation and recommendation to the Board of an Election Service Provider
- Serve as or designate a single point of contact for the Election Service Provider
- Annually recommend any needed modifications to the Election Policy and Procedures
- Perform such other duties related to an Election as the Board may designate

2.3 **Qualifications and Elections Committee**

- Working with the General Counsel, the Qualifications and Elections Review Committee appointed under the Bylaws (“Qualifications and Elections Committee”), determine whether Candidate Applicants satisfy the qualifications to be eligible for election as a director
- Recommend a slate of Qualified Candidate Applicants to the Board
- Rule on any appeals brought forward by the General Counsel regarding decisions impacting the elections prior to the Annual Meeting
- Rule on any post-election contest

2.4 **Governance Team**

The Governance Team, including the Board Reporting Secretary, under the direction of the General Counsel, will:

- Coordinate and administer elections as directed and provided by this Policy and Procedures
- Perform the duties specified herein as designee of the Board Secretary
- Receive and maintain all records related to Director qualifications and nominations
- Make available to Members all required Director Election Nomination forms and related materials
- Serve as the point of contact or designate a person to provide answers to any questions about the Election process from Directors, Candidates, or Members

2.5 **Election Service Provider**

The Election Service Provider appointed by the Cooperative will:

- Provide services as specified in the Bylaws, Election Policy and Procedures, consistent with law and its contract with PEC
- Print, distribute, and collect the Ballots
- Tabulate and certify the election results
- Archive and manage all election materials, including destruction of materials from previous elections, according to terms of its contract with PEC

3 ESTABLISHING ANNUAL MEETING DATE, TIME, AND LOCATION AND ELECTION TIMELINE

3.1 Establishing Annual Meeting Date, Time, and Location

At or before the August Regular Board Meeting, but no later than December, each year, the Board will determine the date, time, and location of the next year's Annual Meeting.

3.2 Timeline

At a Regular Board Meeting at least 6 months prior to each Annual Meeting, the General Counsel or designee will develop and present to the Board a proposed timeline, with specific dates and deadlines for Election-related events, in the format shown in Appendix A of these Election Procedures ("Election Timeline"). The Board will consider, amend, if desired, and approve the Election Timeline at or before a Regular Board Meeting at least 5 months prior to each Annual Meeting.

3.3 Coordination Meeting

Upon each Board approval of an Election Timeline, the General Counsel shall convene a meeting of internal PEC personnel and representatives of the Election Service Provider to plan the overall Election Timeline and the roles and responsibilities of each individual. Attendees at the meeting shall include the Governance Team, the General Counsel, representatives of the Election Service Provider, and representatives from Member Relations, Legal Services, Communications, and the IT departments, and such other personnel as may be necessary to coordinate and implement the Election process.

4 SELECTION OF ELECTION SERVICE PROVIDER

4.1 Annual Decision

At or before the August Regular Board meeting each year, the General Counsel will recommend to the Board whether to extend the contract for the services of the Election Service Provider then retained by the Cooperative under the Bylaws and the Board will make a determination whether to extend the contract or seek an alternate Election Service Provider. Any such extension may be implemented without competitive procurement, notwithstanding any PEC policy or procedure.

4.2 Competitive Procurement

When the Board decides to solicit for election service providers, the Board shall direct the General Counsel to initiate a competitive procurement to identify and recommend to the Board the most qualified Election Service Provider. In any such decision the Board should recognize that such procurement will typically take between four and six months. Unless the Board directs otherwise, a competitive procurement will be performed every three years.

4.3 Criteria

Criteria for recommendation or selection of an Election Service Provider will include: experience, technical capability, past performance, understanding of and ability to comply with PEC Bylaws, policies and procedures, capability to integrate with PEC IT infrastructure, and ability to preserve and enhance the credibility of the Election process. Any prospective

Election Service Provider must meet the technical and security qualifications established by PEC and attached as Appendix B. Any such vendor shall establish its qualifications in this regard by providing detailed descriptions of demonstrated performance in quality-control methods and testing, system security specifications, and policies regarding storage, transmittal, access to and retention of Member information and voting data.

An Election Service Provider may serve the Cooperative only upon having agreed not to share with any person not employed by the Election Service Provider partial or complete voting results before the final tabulated and public announcement by the Election Service Provider at a meeting of Members; provided, however, the Election Service Provider may periodically provide the vote information described in these Procedure.

5 RECORD DATE(S)

By adoption of these Election Procedures, under the authority specified in the Article II, Section 9 of the PEC Bylaws, the Board hereby specifies the following Record Dates for Annual PEC Director Elections:

5.1 Petition signatures

The Record Date for a Member to be eligible to sign a nomination petition is the date of the verification of the signatures by PEC, meaning that a signature will be counted when the signatory is a Member on the date of verification. This provision shall not prevent reverification of a signature on a subsequent day, if a signatory becomes a Member before the deadline for signature verification, as allowed by these procedures. This provision shall not prevent the use of signature of a Member who appears on the Cooperative's Membership List as provided by this Policy.

Member signatures on a nomination petition will also be counted as eligible petition signatures when the Member appears on the Membership List, as provided to Candidate Applicants pursuant to Section 7.7 (Membership List Availability), in the Director District for which the Candidate Applicant is running.

5.2 Casting Ballot

The Record Date for a Member to cast a Ballot in a Director Election is the close of business on the eighth (8th) day preceding the date of the Member Meeting at which the announcement of election results are made, meaning that only parties that are Members at the close of that Record Date will be eligible to have their Ballot counted, and to be counted toward the Member Quorum for that Member Meeting or Director District Election. At the close of business on that Record Date, or as soon as practicable thereafter, PEC will provide the Election Service Provider with an up-to-date list of PEC Members as of the Record Date.

6 PREPARATION AND APPROVAL OF BALLOT

6.1 Non-Director Elections

The Board may, from time-to-time, submit matters under consideration by the Board to a vote of the Members. The vote in any such Non-Director Election shall be advisory only, except in such cases where a vote of Members is required by law or the PEC Bylaws, such as a vote to amend the PEC Articles of Incorporation. No later than the Regular Board Meeting 5 months

prior to an election, the Board will direct the General Counsel to prepare proposed Ballot wording for any items to be put to a vote in a Non-Director Election. Any such matters will be presented by the General Counsel in a way to enhance Member understanding of such measures, including any Board recommendation or position concerning such a vote.

6.2 Director Elections

6.2.1 Nominations

6.2.1.1 Ballot Materials and Application

6.2.1.1.1 Posting and Availability

The Governance Team will work with the PEC Communications and Member Relations departments to ensure one week prior to the date of the Regular Board Meeting 5 months prior to each election, the following items are made available to PEC Members on the PEC website and in PEC offices: Nominations applications and petitions; Director District map(s); Election timeline; PEC Bylaws; PEC Conflict of Interest Policy; and Conflict of Interest certification and disclosures; PEC Election Policy and Procedures; information about Membership List availability and procedures for obtaining and use of the list.

6.2.1.1.2 Waiver

The application form for Board candidacy will include a waiver, which all persons seeking nomination to the Ballot ("Candidate Applicants") must execute to authorize PEC or its agent to perform background checks to verify the Candidate Applicant meets the Bylaw qualifications to serve as Director.

6.2.1.1.3 Affirmation of Eligibility and Adherence to Election Rules

Candidate Applicants must affirm that the Candidate Applicant meets PEC Bylaw eligibility requirements to serve as a Director both at the time the application is filed and after the Candidate becomes a Director, if elected. Each Candidate Applicant must provide their date of birth, address history and other information, including specific questions or requests for information, the General Counsel deems necessary to confirm that the Candidate Applicant meets Bylaw requirements to serve as a Director.

Candidate Applicants must affirm that the Candidate Applicant will adhere to the policies, rules, requirements, or procedures established by the Cooperative for Director Elections.

6.2.1.1.4 Candidate Application – Use of Legal Name

Candidate Applicants shall provide their legal name on the application to indicate the name as they wish it to appear on the Ballot, biography, questionnaire, PEC website and all PEC election materials. Names must be in a form substantially similar to the Member's legal name; however, the name may contain "commonly-known-as"

nicknames or abbreviated, diminutive forms of the legal name. Nicknames shall not be allowed if they are created solely for use in a PEC Director election. Titles, forms of address, designations, honorifics, professional titles or other credentials, such as education, military rank, or occupation, are prohibited. PEC shall publicly disclose and use the legal name provided by the Candidate Applicant in all election materials.

6.2.1.1.5 Biographical and Platform Materials

Candidate Applicants must provide biographical material in electronic format that can be opened by Microsoft Word to the Governance Team (as designee of the Board Secretary), as part of the application. Biographical materials are limited to 800 words, in the following required format: single spacing, Arial font with 11 point size, containing personal background information and the Candidate's stance on matters of importance to PEC and its Members. Word count will be measured using the Word Count function of Microsoft Word. If a Candidate Applicant submits biographical materials exceeding 800 words, or with incorrect spacing or incorrect font, the Governance Team will, if time allows, notify the Candidate Applicant. Candidate Applicants may submit revisions to biographical materials until the deadline for submission of application materials. Each Candidate Applicant is solely responsible for the content of his or her submitted biographical materials (including grammar, spelling, and punctuation) and PEC staff will not proofread, edit or otherwise alter any biographical materials, other than to truncate any biographical materials exceeding 800 words or to format in PEC election materials in order to efficiently utilize space or provide consistency. PEC will distribute Candidate Biographical Materials and Candidates' photographs by email to all PEC Members who receive PEC email notifications.

6.2.1.1.6 Candidate Questionnaire

Candidate Applicants have the option to complete and provide a board Candidate Questionnaire in electronic format that can be opened by Microsoft Word to the Governance Team (as designee of the Board Secretary), as part of the application. Candidate Questionnaire materials are limited to 400 words excluding questions. Word count will be measured using the Word Count function of Microsoft Word. If a Candidate Applicant submits Candidate Questionnaire materials exceeding 400 words (excluding questions), the Governance Team will, if time allows, notify the Candidate Applicant. Candidate Applicants may submit revisions to Candidate Questionnaire materials until the deadline for submission of application materials. Each Candidate Applicant is solely responsible for the content of his or her submitted Candidate Questionnaire materials (including grammar, spelling, and punctuation) and PEC staff will not proofread, edit or otherwise alter any Candidate Questionnaire materials, other than to truncate any Candidate Questionnaire materials exceeding 400 words (excluding questions). PEC will distribute Candidate Questionnaire by email to all PEC Members who receive PEC email notifications.

6.2.1.2 Petition Process and Signature

To be nominated and included on the Ballot for a Director Election, a Candidate Applicant must submit, on a PEC-promulgated form or a copy of such form, verifiable signatures of at least 50 PEC Members with Voting Residence (as defined in the Bylaws) within the Director District for which the Candidate Applicant is seeking nomination,

along with a conflict-of-interest certification and disclosure form as required by the Bylaws. Executed conflict-of-interest and code of conduct forms shall be posted to the PEC website along with other election and candidate information.

Any signatures submitted by a Candidate Applicant must be originals, not copies, submitted on the petition form promulgated by the Cooperative during the year in which the election is held, or a copy of such a form.

No Candidate Applicant will be given access to a nomination petition form before such time as those forms are made available to all Members on the PEC website and at PEC offices. A Member may sign the petition of more than one Candidate Applicant. For Joint Memberships, as that term is defined in the Bylaws, either spouse may sign a petition, but only one signature from any joint membership will be counted for any Candidate Applicant. Any officer of an entity Member, as listed in Texas Secretary of State records, or any person listed in PEC's records as authorized to act on behalf of an entity Member, may sign a petition on behalf of that entity Member. Petition forms will include spaces for the printed name, signature, address and Membership List line number to assist in verification of signatures (see Signature Verification below).

6.2.1.3 Confidentiality

PEC employees performing duties under these procedures shall, to the fullest extent practicable, keep confidential the name of any Member who has made inquiry about seeking nomination, or has identified him or herself as a Candidate Applicant or potential Candidate Applicant, unless such Member has consented to such disclosure or has publicly made known his or her intended candidacy. Candidate Applicant names, as provided by the Candidate Applicant in the nominations and petitions Application, may be disclosed publically, in alphabetical order by Director District, at or after the time their names have been disclosed to the Qualifications and Elections Committee. Candidate Applicant names may be disclosed to the Qualifications and Elections Committee Members the first business day following the Candidate Application and Petition deadline.

All information received from a Candidate Applicant ("Candidate Information"), is confidential until Candidate Applicant names are disclosed publically by PEC. The term Candidate Information does not include a request for a Membership List made pursuant to PEC's Bylaws. Requests for the Membership List shall be handled through the Membership List Policy. Any request for the names of persons who requested the Membership List shall be made through PEC's Open Records Policy, and any responses to such a request shall be provided to all Candidate Applicants, Candidates, and the Board.

Upon request and after names are disclosed publicly by PEC, PEC may release Candidate Information, including Candidate Applications as provided by this policy. Candidate Application materials may be released pursuant to PEC's Open Records Policy which includes exceptions to disclosure. The Member Privacy Policy does not apply to Candidate Application materials unless otherwise provided herein.

6.2.1.3.1 Confidentiality – Nomination Petitions

All signatory-specific information on nomination petitions submitted to PEC by a Candidate Applicant is private Member information under the Member Privacy Policy, not subject to disclosure under Open Records Policy.

6.2.1.3.2 Confidentiality – Candidate Election Material

All Candidate Applicant Biographical and Platform Materials, and Questionnaire, are confidential until candidates are Qualified and approved for the Ballot. PEC shall publically disclose Qualified Candidate Biographical and Platform Materials, Questionnaire, at the same time and at least 5 days before Voting begins.

6.2.1.3.3 Directors access to Candidate Information

Directors may not seek or be provided access to Candidate Information by PEC employees, except as necessary for such Directors to perform duties mandated by law, PEC Governing Documents or this Policy, notwithstanding Directors' usual access to confidential Cooperative information.

6.2.1.4 Deadline for Candidate Application

To be considered for inclusion on the Ballot for election as a Director, a Candidate Applicant must deliver by hand or certified, trackable delivery method with signature required, a completed original application and petitions to the Governance Team (as designee of the Board Secretary) at PEC Headquarters, 201 South Avenue F, Johnson City, Texas, 78636, no later than 5 p.m. on the last business day falling 82 days or more before the date of the Member Meeting at which a Director Election is announced. Delivery to an alternate PEC address, delivery after the deadline, or mailing an item with a postmark before the deadline will not satisfy this requirement and will result in the application's rejection.

6.2.1.5 Signature Verification

The PEC Member Relations Department will verify the signatures on petitions by Candidate Applicants. A signature will be accepted as an eligible petition signature when the signer is identified in PEC account records as a Member with Voting Residence within the district for which election is being sought.

Member signatures on a nomination petition will also be counted as eligible petition signatures when the Member appears on the Membership List, as provided to Candidate Applicants pursuant to Section 7.7 (Membership List Availability), in the Director District for which the Candidate Applicant is running.

Signatures that cannot be identified because they are illegible or cannot be matched to an active PEC Member will not be counted as verifiable signatures.

Member Relations will verify signatures in the order they are presented on petitions, and will stop the verification process once 50 signatures have been verified, or when the list of signatures is exhausted without having reached the qualifying number. Members Services will notify the General Counsel and the Governance Team and provide a written summary of findings regarding signature verification.

Candidate Applicants are strongly encouraged to gather and submit more than 50 signatures to provide a margin of error for disallowed signatures. If time allows before the Candidate Application and Petition deadline, the Governance Team will inform Candidate Applicants of the circumstances of questionable signatures. Candidate

Applicants may submit supplemental signatures or request a reevaluation of signatures based on Members' changing account records until the deadline for submitting signatures (e.g., if a person has had himself or herself added to a Joint Membership in PEC's records).

6.2.1.6 Qualifications And Elections Committee

At least a week before the Regular Board meeting 4 months prior to an election, each Director may submit to the Governance Team the name of a person or persons residing in the Director's District eligible and willing to serve on the Qualifications and Elections Committee, as described in the Bylaws. At the Regular Board meeting 4 months before an election, the Board will appoint the Qualifications and Elections Committee, with no less than three (3) nor more than seven (7) members, preferably with one member from each Director District.

The resolution will set compensation, if any, deadlines, reimbursement, allowances for telephonic meetings, and any other terms specified by the Board, and will specify that the Committee shall operate in accordance with the Bylaws and these Election Procedures.

Members of the Qualifications and Elections Committee will have access to personal candidate information. The Qualifications and Elections Committee will use personal candidate information only as needed for service on the Qualifications and Elections Committee and will not further disclose the information unless required as a matter of law.

6.2.1.7 Verification of Bylaw Qualifications

The Qualifications and Elections Committee, with the assistance of the General Counsel, will recommend and report to the Board whether Candidate Applicants are qualified and eligible for election or service as a Director in Article III of the PEC Bylaws. The Qualifications and Elections Committee will recommend a slate of qualified Candidates to the Board for inclusion on the Director Election Ballot. Before attempting to verify the substantive qualifications described in the Bylaws and below, the Qualifications and Elections Committee will determine whether the Candidate Applicant has submitted required signatures, verified under Signature Verification of this Policy, and completed the conflict-of-interest certification and disclosure form required by the Bylaws. Upon request by the Qualifications and Elections Committee, a Candidate Applicant must provide information necessary to confirm that the Candidate Applicant meets Bylaw requirements to serve as a Director. Any requested information should be reasonably tailored to seek only the information necessary for a determination. In all matters, the Qualifications and Elections Committee shall assume the truth of matters asserted by Candidate Applicants, and act accordingly, unless the Committee has identified a reasonable and specific basis for acting otherwise. The General Counsel will

retain an independent third-party background verification firm (“Background Verifier”) to assist the Qualifications and Elections Committee in verification of the following eligibility requirements as described below:

- a) Be twenty-one (21) years of age or older on or by the date of the Member meeting at which the election is held;

Background Verifier will attempt to locate voter registration information or driver’s license for a Candidate Applicant, which will provide proof of age. If no voter registration or driver’s license is found, a Candidate Applicant will be asked to provide a birth certificate, passport or other proof of age.

- b) Have earned a high school diploma from an accredited institution, or obtained state certification through General Educational Development tests (GED), by the date of the Annual Meeting at which the Director is elected;

Candidate Applicant will be asked to provide proof of having received the required credential, which may include degrees earned or other subsequent achievements that require such diploma or GED as prerequisites (e.g. law enforcement certification or other professional licensing requiring such a degree).

- c) Be a United States citizen;

Background Verifier will attempt to locate voter registration information for a Candidate Applicant, which will provide proof of citizenship. If no voter registration is found, a Candidate Applicant will be asked to provide a birth certificate, passport or other proof of United States citizenship.

- d) Be a Member in good standing of the Cooperative, by having met and adhered to the Cooperative’s payment policies in accordance with credit requirements contained in the Cooperative’s Tariff and Business Rules, as amended from time to time, and any other requirements for membership in good standing established by Board resolution;

The PEC Member Relations department will verify the Candidate Applicant’s membership in the Cooperative and will review the billing history of the Candidate Applicant to verify good standing. Findings will be provided to the General Counsel for transmittal to the Qualifications and Elections Committee.

- e) While a Director and during the five (5) years immediately prior to becoming a Director, not have been an employee of the cooperative;

The PEC Human Resources and Finance Departments will review employment and other records for indications that the Candidate Applicant has been an employee, and will provide any relevant information discovered to the General Counsel for transmittal to the Qualifications and Elections Committee. The Candidate Applicant’s affirmation of eligibility will be relied upon as to relatives’

prior employment or Board service. If the Qualifications and Elections Committee or General Counsel becomes aware of potential disqualification under this provision, the Cooperative staff will assist in the effort to confirm those circumstances.

- f) While a Director, not have a child, spouse, domestic partner, parent, sibling, parent-in-law, stepchild, grandparent, or grandchild who is an employee or Director of the Cooperative;

If the Qualifications and Elections Committee or General Counsel becomes aware of potential disqualification under this provision, the Cooperative staff will assist in the effort to confirm those circumstances.

- g) Have his or her primary residence receiving continuous electric service from the Cooperative for one year, and be located at the beginning of the calendar year of the election, in the district for which election is sought. Primary residence shall be determined based on factors including, but not limited to, real property rights, homestead exemption, electricity usage patterns, voter registration location, and address on a driver's license;

Background Verifier will research the factors listed above and complete a standardized report to the General Counsel, identifying the indicators supporting or contradicting the Candidate Applicant's primary residence within the district where election is sought. The PEC Member Relations Department will research and report to the General Counsel on the continuity of electric service at the address. The General Counsel and the Qualifications and Elections Committee may seek clarification from the Candidate Applicant regarding information provided by Background Verifier or Member Services.

- h) Annually complete and sign a conflict-of-interest certification and disclosure form approved by the Board of Directors;

The General Counsel will verify that any incumbent Director running for reelection has met this requirement, and that any non-Director Candidate Applicant has executed the same, separately-required form for Candidates under the Bylaws.

- i) While a Director or during the three (3) years immediately prior to becoming a Director, not sought to advance or have advanced a:
1. Competing Interest with the Cooperative;
 2. Financial Interest that would likely impair the ability of the Director to serve the best interests of the Cooperative; or
 3. Conflicting Position that would likely impair the ability of the Director to serve the best interests of the Cooperative.

A "competing interest with the Cooperative" exists when judgment concerning the cooperative (such as financial, legal or general business decisions) is influenced or

may be reasonably influenced by another interest (such as financial or non-financial gain or interest).

A “Financial Interest” is likely to impair a Director’s ability to serve the best interests of the Cooperative if that Director has received more than ten percent (10%) of the Director’s annual gross income from serving as an employee, consultant, or contractor with or for a person or an entity that has done business with the Cooperative in the preceding three years.

A “Conflicting Position” is likely to impair a Director’s ability to serve the best interests of the Cooperative if there exists a possibility of that position requiring the Director to make business, legal or policy decisions adverse to the Cooperative or its membership. Examples of such conflicting positions include, but are not limited to:

1. Serving as an employee, consultant, or contractor assigned to negotiating or managing contracts with the Cooperative for any person or entity that has been a consultant, contractor, vendor, or bidder of the Cooperative during the preceding three years;
2. Having held an executive level or board position of a financial institution that has held Cooperative assets during the preceding three years; or
3. Having held an elected position to a public entity which has the authority to lawfully impose franchise fees.

The Qualifications and Elections Committee will use its discretion, as advised by the General Counsel, to determine whether this qualification has been met. The determination will be based upon information provided by the Candidate Applicant under the Bylaws or this Policy or information required by the Qualifications and Elections Committee, including biographical information and the conflict-of-interest certification and disclosure form. The Committee may consider other sources of information, including public documents presented to or gathered at the direction of the Committee.

- j) Not be or have been convicted of a misdemeanor involving moral turpitude or a felony pursuant to state or federal laws;

Background Verifier will conduct a criminal records check of Candidate Applicants and report findings to the General Counsel. “Moral turpitude” will have the meaning ascribed to it in Texas administrative and case law.

- k) Not currently be a member of the Qualifications and Elections Committee described herein;

This qualification will be self-evident.

- l) Not have been previously removed or disqualified as a Director as provided for under these Bylaws;

General Counsel will determine and report to the Qualifications and Elections Committee whether this qualification has been met.

- m) Have the capacity to enter into legally binding contracts;

Beyond the age verification called for previously, no actions will routinely be taken to verify this qualification beyond receiving a Candidate Applicant's certification of eligibility and the winning Candidate's Affirmation to that effect, However, the General Counsel and the Qualifications and Elections Committee will make inquiry into any potential violation of which they become aware.

- n) Be willing to devote such time and effort to his or her duties as a Director as may be necessary to oversee the Cooperative's business and affairs including: except as otherwise provided by the Board of Directors for good cause, beginning with election to the Board of Directors, attend at least seventy-five (75) percent of all regular and special called Board Meetings during each period from Annual Meeting to Annual Meeting; and obtain the Credentialed Cooperative Director (CCD) designation from NRECA within the first 18 months after election to the Board; attend state and national association meetings and Director continuing education training as needed to maintain current knowledge and improve awareness of potential risks to the Cooperative;

The General Counsel will verify with the Governance Team that any sitting Director or former Director previously subject to this provision has fulfilled this qualification. No actions will be taken to verify other persons' qualifications in this regard.

- o) Not be employed by another Director, or be employed by an entity over which another Director exercises substantial control.

No steps will routinely be taken to verify this qualification, beyond examination of information provided by the Candidate Applicant or others, including conflict-of-interest forms and certifications. However, if the General Counsel or the Qualifications and Elections Committee becomes aware of a potential violation, they will take steps to determine whether the qualification is satisfied, including seeking information from the Candidate Applicant as allowed by the Bylaws.

- p) Execute and provide the relevant documents, waivers, or other materials reasonably needed to verify satisfaction of these qualifications, including criminal background checks to be performed by the Cooperative. A person subject to this provision shall not be requested or required to provide personal or business tax returns, financial or business records, or non-public, personal details unless legal counsel has justified and certified in writing and the majority of disinterested Qualifications and Elections Committee members have determined by record vote that conformity with Director Qualifications cannot be determined without such records. If such certification is made and the records are provided, the Cooperative and its agents shall not publicly disclose such records except with the consent of the person providing them, or in the course of a legal proceeding or as required by law.

The Qualifications and Elections Committee, with the assistance of the General Counsel, will determine whether a person refusing to execute or provide the relevant documents under this section will be disqualified for failing to meet this qualification.

- q) While a Director, act in good faith and represent the best interests of the Cooperative as a whole, representing all members on an impartial basis.

No actions will routinely be taken to verify this qualification beyond receiving a Candidate Applicant's certification of eligibility and the winning Candidate's Affirmation to that effect, but the Qualifications and Elections Committee and General Counsel will make inquiry into any potential violation of which they become aware. Any such inquiry is for purposes of determining Candidate Applicant eligibility, and not ongoing enforcement of this Bylaw provision.

6.2.1.8 Notification to Candidate Applicants of Proposed Findings Regarding Qualifications

The Qualifications and Elections Committee will provide written findings to the Governance Team regarding each Candidate Applicant's qualifications to serve as a Director. The Governance Team will notify each Candidate Applicant of those findings, and advise them of the schedule for the Qualifications and Elections Committee to finally determine eligibility. Any Candidate Applicant receiving notice that the Committee has preliminarily found them not to have met the Bylaw qualifications to serve as a Director will be advised of such finding and its basis, and invited to present written or other information to the Committee that supports the Candidate Applicant's qualifications.

6.2.1.9 Recommendation of Candidate Slate

At least 2 months prior to an election, the Qualifications and Elections Committee will present to the Board the slate of qualified Candidates based on the inquiry described above. The Qualifications and Elections Committee and the General Counsel will also identify and explain the circumstances of any Candidate Applicant who has been found not qualified or has otherwise not met the requirements to be a Candidate. The General Counsel will present to the Board any information submitted for the Board's consideration by any Candidate Applicant not recommended for inclusion on the Ballot.

6.2.1.10 Approval and Certification of Ballot

At a Regular Meeting of the Board at least 2 months prior to an election, the Board will consider, approve and certify the Candidate slate and Ballot language for any Non-Director Election matters for vote. Any Director will recuse himself or herself or abstain from any discussion, deliberation or vote concerning the qualifications of Candidate Applicants in any Director Election in which the Director is a Candidate Applicant. Candidates for each Director District will be considered separately, to maximize the opportunity for Directors to participate in voting. Candidate Names shall appear on the Ballot in the form and order as provided herein.

7 VOTING AND PROCESSES DURING ELECTION PERIOD

7.1 Candidate Orientation and Photos

In the week preceding the Regular Meeting of the Board that is two (2) months before an election, an orientation will be conducted by PEC staff for Candidate Applicants at the Johnson City PEC Headquarters. The agenda may include, among other things: the history of PEC; CEO remarks; Board responsibilities and time demands; compensation and legal duties of Directors; review of the Election process and timeline; the drawing of names for Ballot position and a question-and-answer period. PEC will take Candidate pictures for use in PEC-generated Election-related press and promotional material, as described in Candidate Photographs (Section 7.5) below. Candidates for election who are incumbent directors, or past directors, may not use any picture of themselves which was paid for, or created by PEC, for use in a PEC official capacity.

7.2 Withdrawal from Election

At any time before the Board approves the Ballot, a Candidate may withdraw from a Director Election by notifying the Governance Team in writing or by email at election@peci.com of his or her withdrawal. Any Candidate wishing to withdraw after the Board approves the Ballot and before election results are released (“Withdrawn Candidate”) should give written notice to the Governance Team. The Cooperative will use reasonable methods to advise the Membership of the withdrawal. If time allows, the withdrawn Candidate’s name will be removed from the paper ballot, and in that case from any electronic ballot as well. If time does not allow removal from the paper ballot, the name will remain on both the paper and electronic ballots, and the election website will not be altered to remove the Candidate’s name. Any votes cast for a Withdrawn Candidate will be counted but the winner will be selected in accordance with Director Election (Section 8.7.2) below.

7.3 Communications Plan

At or before the Regular Board Meeting five (5) months before an election, the PEC Communications Department will present to the Board an Election Communications Plan (“Communications Plan”), outlining the communications efforts that will be employed to inform PEC members of the issues in any Non-Director Election and the Candidates, and the contact information for Members who have questions about the election process. At a minimum, the Communications Plan will include prominent references to the Election on PEC’s Internet site, posting of Candidates’ biographical materials and conflict-of-interest certification and disclosure form, , use and distribution of printed materials and information on how to obtain answers to Election-related questions, obtain Ballots (including replacement Ballots), and cast Ballots; and PEC Corporate Statistics in a form approved by the Board in the Communications Plan (a sample is attached as appendix D of this policy). PEC Corporate Statistics may be communicated multiple times during the election cycle as approved in the Communications plan.

7.4 Preparation and Distribution of Ballots

7.4.1 Printed Ballots

After approval of the Ballot, the Governance Team and General Counsel, as designees of the Board Secretary, will direct the Election Service Provider to prepare and print Ballots and accompanying biographical material (“Ballot Materials”) sufficient for distribution to the appropriate PEC Members in the form specified in the Bylaws, including wording sufficient to constitute required notice of the Election, website information, and credentials for electronic voting.

Candidate’s names will appear on the Ballot Materials in the order as drawn at Candidate Orientation as described in Section 7.1

Between 25 and 30 days before the Election, the Election Service Provider will, at the direction of the Governance Team (as designee of the Board Secretary), deliver by mail Ballot Materials to the appropriate PEC Members. The Election Service Provider will mail Ballot Materials no later than 16 days before the Member Meeting at which Election Results are Announced to any PEC Member that has joined the Cooperative since the date of the initial mailing of Ballot Materials.

7.4.1.1 Voting and Receipt of Ballots

Only the Election Service Provider shall accept ballots. Ballots are not to be accepted on PEC Premises or by PEC Employees, Directors or Candidates.

7.4.2 Website

The Election Service Provider will, at the time of mailing, make available on the Internet a secure website for online voting, including Candidate biographical material..

7.4.3 Emails

The Election Service Provider will on the first day of the election, send emails to all Members for whom PEC has valid email addresses with election information, voting credentials, and direct, “one-click” links that allow Members to access the voting website and vote without manually entering credentials. The Election Service Provider will send follow-up emails according to the Election Timeline approved by the Board. Members who have opted-out of receiving communications from PEC will not receive these email notifications.

7.5 Candidate Photographs

At the Candidate Orientation and Photographs described above (Section 7.1), PEC will take pictures of Candidates for use in PEC-generated Election-related press and promotional material. Alternatively, Candidates wishing to provide photographs for use by PEC must provide the image electronically before the Candidate Orientation. Candidates must affirm in writing that any such image is copyright-free and that the person has and grants PEC permission to use the photo. Photos copied or digitally scanned from driver’s licenses or other sources are not acceptable. To be used, photos must meet the following criteria:

- Contain a current image or one taken within the proceeding 5 years
- JPEG or other electronic file type, with approval of PEC
- No other person pictured
- Plain background, preferably free of objects or “clutter”
- Full color
- High resolution (300 dpi or greater)
- Must be a copyright-free image or provide a no cost letter of permission or license for use
- Sized and cropped such that the height of the head is between 50 and 85 percent of the vertical dimension of the photograph.
- Taken in full-face view directly facing the camera
- Questions about the suitability of a photograph should be addressed in the manner described in Section 7.6 and submitted far enough in advance to allow preparation of an alternative photograph if the original submission is not acceptable

7.6 Questions by Candidates About the Election Process

The Governance Team, or designees, is the point of contact for any questions about the Election process from Members, Candidate Applicants, or Candidates. Questions must be submitted by email to election@peci.com. The Governance Team, or designees, is also the point of contact for any questions by Candidates, Candidate Applicants, or Qualified Candidates about PEC operations. The Governance Team will provide or designate a person to provide all Candidate Applicants or Candidates copies of any question submitted and answers. Questions and answers are provided without the name of the person that submitted the question. Exceptions to this rule may be made with the approval of the General Counsel, based on sensitivity of subject matter, or in cases where a question and answer apply uniquely to a questioner.

Directors who are Candidates should likewise address election issues through the Governance Team and not through the direct access to PEC staff. Questions from Directors who are Candidates should also submit their questions by email to election@peci.com.

7.7 Membership List Availability

In accordance with the Bylaws and the PEC Membership List Policy, Director Candidates and Candidate Applicants may obtain an electronic or printed list of PEC members, including member addresses, election district numbers and unique line numbers for each Member by contacting openrecords@peci.com. The Candidate requestor must provide the director district to which the member is seeking election, name, address, and other contact information. The requestor must affirm in a sworn, notarized affidavit to use the list only for nomination or candidacy to the PEC Board of Directors and no other purpose.

Consistent with Section 6.2.1.5 (Signature Verification), the Membership List will be made available to Candidate Applicants 2 months before the Deadline for Candidate Application in Section 6.2.1.4. The Membership List provided to Candidate Applicants pursuant to this Section may be utilized for Verification of Petition Signatures pursuant to Sections 5.1 and 6.2.1.5.

7.8 Campaigning on PEC Premises

Members may not engage in Campaigning (as that term is defined herein) on PEC premises or PEC events, except at PEC-sanctioned Candidate events, or within a zone designated by the General Counsel for campaigning at PEC events. PEC premises include parking lots, the exterior and interior of PEC-operated facilities or those same areas of any facility where a Member Meeting or Board Meeting is conducted.

“Campaigning” is: the distribution of materials designed to influence the outcome of a Cooperative election; direct communications to Members designed to influence the outcome of a Cooperative election, including gathering of signatures on petitions; displays of placards, bumper stickers, signs or other campaign promotional material, other than those displayed on vehicles or on wearing apparel or accessories.

7.9.1 PEC Employee Campaigning

Employees should be mindful that PEC has established an independent election process to promote consistent and credible elections by the Membership. As such, employees should make known that any Campaigning in which they voluntarily choose to participate is on their own behalf, on their personal time and that the employee's campaign activities don't reflect any endorsement by PEC. Employees may sign candidate petitions (when they are also PEC Members) and campaign for candidates just as any other non-employee. Participation in Board Director Campaigning, however, is voluntary.

Employees shall not Campaign on Cooperative time, premises or use Cooperative resources for Campaigning, such as PEC phones, e-mail, or vehicles. Employees who choose to Campaign must not do so while in a PEC uniform or PEC branded apparel.

7.9 Use of PEC Brand

Candidates may not deploy web pages or other campaign materials that suggest that their candidacy is endorsed or supported by PEC, and specifically may not use any PEC logos or, trademarks. “[Hot links](#)” to the PEC electronic media are acceptable. Candidates who are incumbent directors may not use their PEC provided email addresses or any PEC provided resources for correspondence related to the election.

7.10 Access to Vote Information; Updates on Voter Turnout; Election Results

No PEC employee, Director, Candidate or person acting on their behalf, except as described in this Section, shall seek or accept from the Election Service Provider access to information about details of votes cast by a PEC Member or Members, other than aggregated information about voting turnout or voting methodology across the entire Cooperative, as described in this section.

PEC Employees. Only PEC employees who are specifically responsible for implementing, developing and testing registration software for use in an Election shall have access to data indicating if a member has voted or not voted and the method by which their vote was submitted. This data shall not contain any member's individual voting selection(s).

Once weekly after Ballots are initially mailed, the General Counsel, or designee, will provide voting updates to Candidates and the Board. Those updates will be based on information transmitted by the Election Service Provider and will include the aggregate number of Ballots cast and received Cooperative-wide and by Director election district, with comparisons to similar, historical data. The updates shall include method by which votes were cast. Those updates shall not include the specific number of votes cast for any particular Candidate or issue in a Non-Director Election.

Election Results. Upon conclusion of the deadline for casting ballots, but no later than four (4) days prior to the Member Meeting at which Election Results are announced, the Election Service Provider shall certify and provide the Election Results to the General Counsel, or designee. The General Counsel, or designees, shall release the results to Candidates and the Board of Directors three (3) days prior to the Member Meeting at which Election Results are announced. Immediately after relasing the Election Results to Candidates and the Board of Directors, the General Counsel, or designees, will release the Election Results to the Membership, but no later than three (3) days prior to the Member Meeting at which Election Results are announced.

7.10.1 Candidates' Access to Voting History

After a Candidate has been duly qualified and approved to be listed on the Ballot, the Candidate may request and be provided a Voter History List that contains only the names and mailing addresses of Members who voted in any, or each, director district election for the three (3) elections involving the Candidate's director district immediately preceding the current Election. The Voter History List shall not contain any information that could indicate or otherwise reveal any selections made by the Member in the election (for example, for whom the Member voted or how the Member voted on any question). To obtain the Voter History List, a Candidate must request this information by contacting the Governance Team at election@peci.com. The accuracy and completeness of the list is undisputable. The candidate must affirm in a sworn, notarized affidavit to use the list only as directly related to the PEC Board of Directors election and for no other purpose. Any member may by written communication to the Cooperative choose to have his/her/its member information excluded from any Voter History List.

7.10.2 Interim Voting Totals

Once weekly after Ballots are initially mailed, the election status of total votes cast Cooperative-wide and by Director election district may be posted to the PEC website and released publicly. No records of a member's individual vote, or a candidates running vote total shall be disclosed.

7.11 Quality Control

Before the Regular Meeting of the Board four months prior to the Member Meeting where election results are announced , the Election Service Provider shall provide PEC a list of quality-control steps to be taken before the Member Meeting, including process for the release and announcement of election results, to assure the accuracy of voter rolls and vote counts ("Pre-Member Meeting Quality Control") and after tabulation to verify the accuracy of Election results before such results are announced at the Member Meeting (Post-Tabulation, Pre-Announcement Quality Control).

Pre-Member Meeting Quality Control shall include, but not be limited to, the following steps:

- Verify the previous removal or remove from the voting database the votes of any person or entity that was not a PEC Member as of the close of business on the day before Annual Meeting.
- Remove from the voting database the votes of any Member that has “double voted,” by submitting a paper Ballot received by the Election Service Provider after that same Member has electronically voted.
- Verify that the PEC voter registration system is loaded with the list of PEC Members as of the record date.
- Verify that the PEC voter registration system accurately reflects whether or not a Member has previously voted.

7.12 **Completion and Certification of Quality Control, Votes Cast in Advance of Member Meeting, and Mailing of Notice to Members**

The Election Service Provider must perform all Post-Tabulation and Pre-Release or Pre-Announcement Quality Control tasks, and must certify in writing to the PEC General Counsel that each step has been completed delivery of Election Results to the General Counsel. The Election Services Provider shall deliver the Elections Results to the General Counsel, or designee, no later than four (4) days before the Member Meeting at which the Elections Results are announced.

Before the Member Meeting, the General Counsel will prepare and transmit to the Governance Team certifications of the following:

- Notice of the Member Meeting was mailed in accordance with the Bylaws.
- The number of votes cast by mail or electronically, or as otherwise approved by the Board of Directors.

Before a Member Meeting, the Governance Team will prepare for execution by the Board Secretary at the Member Meeting, a certificate affirming that quorum was satisfied at the meeting or for a Director Election, for filing with the official records of the Cooperative.

8 MEMBER MEETING AND TABULATION OF VOTES

8.1 One Member-One Vote

Each Member shall be entitled to one (1) vote upon each matter submitted to a vote of the Membership. Any officer of an entity Member, as listed in Texas Secretary of State records, or any person listed in PEC’s records as authorized to act on behalf of an entity Member, may cast a vote on behalf of that entity Member.

Each Member of a Director district shall be entitled to one (1) vote upon each Director election for that individual Director district, and only Members of a Director district may vote in that Director district election

A Member's individual Director district is established by the location of the Member's Primary Account as that term is defined in the Tariff and Business Rules. For a Member with multiple accounts, a Member may request and PEC will only change a Member's Primary Account once every (3) three years.

8.2 **Voting Prior to the Member Meeting; Deadline for Casting a Ballot**

The Election Services Provider will tabulate all ballots cast at a time and date before the date of the Member Meeting as established by the Board of Directors on the Election Timeline (“Deadline for Casting a Ballot”). At the same time, the Election Services Provider will perform its quality control related to the voting procedures, process for release and announcement of elections results, and provide the certification to the General Counsel required in Completion and Certification of Post-Tabulation, Pre-Release and Pre-Announcement Quality Control (Section 8.8).

Deadline for Casting a Ballot. The Deadline for Casting an Election ballot shall be no later than seven (7) days prior to the Member Meeting at which the Elections Results are announced. All ballots must be received by the Election Services Provider by the Deadline for Casting a Ballot.

8.3 **Proxies Prohibited**

Except in instances specifically mandated by law or PEC Governing Documents, a Member may not appoint another individual person to vote on any matter for the Member.

8.4 **Tabulation; Release of Election Results; Announcement of Election Results**

The Election Service Provider will tabulate results in accordance with the PEC Bylaws. The first vote of a Member received by the Election Service Provider will be counted as the vote cast by that Member, and Members will not be allowed to change previously cast votes.

Any paper ballot received by mail at the Election Service Provider by the Deadline for Casting a Ballot (Section 8.2) shall be deemed and counted as having been cast before the deadline for mail-in balloting specified in the Bylaws, unless the Election Service Provider or PEC has conclusive information that the ballot was cast after the deadline.

Paper votes will be scanned electronically by the Election Service Provider into a data record as they are received, with questionable and zero-vote Ballots pulled, hand counted and entered into the data. Online votes will have been recorded in a data record as they were cast, with multiple levels of verification and security. Duplicate Ballots cast by Members who have already previously voted online will be removed before tabulation.

The Election Service Provider shall prevent any ballot from being cast electronically after the Deadline for Casting a Ballot (Section 8.2).

The Election Services Provider will tabulate and count ballots in such a way to favor the intention to cast a vote on each item on a returned ballot. The Election Services Provider will examine voter marks to determine voter intent.

The Election Services Provider shall deliver the Elections Results to the General Counsel, or designee, no later than four (4) days before the Member Meeting at which the Election Results are announced.

Release of Election Results prior to Member Meeting. The General Counsel, or designee, shall release the results to Candidates and the Board of Directors three (3) days prior to the Member Meeting at which Election Results are announced. Immediately after relasing the Election Results to Candidates and the Board of Directors, the General Counsel, or designee,

will release the Election Results to the Membership, but no later than three (3) days prior to the Member Meeting at which Election Results are announced.

Announcement of Election Results at the Member Meeting. At the Member Meeting, the Election Service Provider, or another person designated by the Board of Directors, will announce the vote totals for each Director election district (“Election Results”)

8.5 **Process if Member Disputes Having Cast Vote**

If a Member disputes a record showing they have previously cast a Ballot, a new Ballot may be cast by the Member and counted only if submitted prior to the Deadline for Casting a Ballot, and upon a written affirmation signed by the Member that he or she has not previously voted, example attached as Exhibit C. For any Joint Membership, such a written affirmation must be signed by both Joint Members to be effective.

8.6 **Determination of Outcome/Winner**

8.6.1 **Non-Director Election**

Members shall be deemed to have approved an option in a Non-Director Election if: (1) a Member Quorum, as defined in the Bylaws, is established and certified, and (2) the Non-Director Election option receives the highest number of votes.

8.6.2 **Director Election**

The Candidate for each Director Position receiving the highest number of votes shall be elected, unless the Candidate receiving the highest number of votes is a Withdrawn Candidate, in which case the non-withdrawn Candidate receiving the highest number of votes shall be elected. In the event of a tie, the winner shall be determined by a drawing by lot to be conducted by the Election Service Provider. In the event of a tie in a Director Election, in conducting a drawing by lot, a representative of the Election Service Provider will place in a box as many slips of paper as there are nominees in the tie, with a single slip marked "elected" and the remaining slips marked "not elected." In alphabetical order by last name, each of the Director Candidates in the tie shall blindly draw one (1) slip from the box.

The Director Candidate drawing the slip marked "elected" shall be elected to the Director position in question.

8.7 **Completion and Certification of Post-Tabulation, Pre-Announcement Quality Control**

After tabulation, and no later than four (4) days before the Member Meeting at which the Elections Results are announced, the Election Service Provider must certify in writing to the PEC General Counsel all Post-Tabulation, Pre-Release and Pre-Announcement Quality Control steps were taken.

8.8 **Release, Announcement and Certification of Election Results**

At the conclusion of validation and tabulation of the Ballots and certification of quality control but no later than four (4) days before the Member Meeting at which the elections results are announced, the Election Service Provider shall provide to the General Counsel a written certification of the election results for inclusion in the Minutes of the Member Meeting and a Regular Meeting of the Board after the Member Meeting. The General Counsel, or designee,

shall release the election results as provided by these Procedures. The Election Services Provider, or another person as designated by the Board of Directors, will announce the election results at the Member Meeting. If any Candidate is a Withdrawn Candidate, the Election Service Provider shall announce that that Candidate is a Withdrawn Candidate and that that Candidate is ineligible to be elected notwithstanding the number of votes cast for that Candidate.

8.9 Post-Election Director Acknowledgments

Immediately after the conclusion of the Member Meeting, all elected Directors must execute and deliver to the Governance Team (i) the conflict-of-interest disclosure form, (ii) the Director Affirmation as to their eligibility to be a Director, and (iii) the acknowledgment of the Directors' Code of Conduct.

8.10 Election Contests

The General Counsel shall be the arbiter of any issue related to PEC Elections, subject to appeal to the Qualifications and Elections Committee. Any challenge to the election must be filed at the Pedernales Electric Cooperative Headquarters, located in Johnson City, Texas by 5pm on the second (2nd) business day following the Release of the Election Results.

9 ACTIONS AFTER ANNUAL MEETING

9.1 District-by-District Results

Within five business days of the Member Meeting at which Election Results are announced, the Election Service Provider will provide to PEC a breakdown of voting results by district, showing the total number of Members from each district that voted, the total number from each district voting for each Candidate or Non-Director Election Ballot item, and the total number from each district that voted but did not cast a vote in a race or Non-Director Election matter.

9.2 Post-Election Analysis

Within two months after the Annual Meeting at which Election Results are announced, the General Counsel will conduct a review of all facets of the PEC Elections, and will present to the Board any recommended modification to PEC Bylaws or Election Policy or Procedures.

APPENDIX A

Election Timeline - Sample

Appendix A: Election Timeline (SAMPLE)			
Item	Section	Party	Due Date
Consider Election Service Contract	4.1	<i>GC/BOD</i>	At or before the August Regular Board meeting each year
Establish Annual Meeting Date and Location	3.1	<i>BOD</i>	At or before the August Regular Board Meeting each year
Present Election Timeline	3.2	<i>GC</i>	December Regular Board Meeting
Approve Election Timeline	3.2	<i>BOD</i>	January Regular Board Meeting
Conduct Internal Coordination Meeting	3.3	<i>GC/ Public Affairs / GM / IT/ GT / Legal / Member Relations/ Mapping / Election Service Provider</i>	Prior to the January Regular Board Meeting
Communications Plan presented to the Board of Directors	7.3	<i>Public Affairs Department</i>	At or before the January Regular Board Meeting of each year
Post and make available Ballot Materials and Nomination Application	6.2.1.1.1	<i>GT/ Public Affairs / Member Relations</i>	By January Regular Board Meeting each year.
Election Service Provider send Quality Control Steps to the General Counsel	7.10.1	<i>Election Service Provider/GC</i>	Prior to the February Regular Board Meeting (timeline reflects packet deadline).
Director will submit to the Governance Team the name of a person or persons residing in the Director's District eligible and willing to serve on the Qualifications and Elections Committee	6.2.1.6	<i>BOD/GT</i>	At least a week preceding the February Regular Board meeting
Direct the General Counsel to prepare proposed Non-Director Election items	6.1	<i>BOD</i>	No later than the January Regular Board Meeting each year
Board will appoint the Qualifications and Elections Committee	6.2.1.6	<i>BOD/QEC</i>	At the February Regular Board meeting

Appendix A: Election Timeline (SAMPLE)			
Item	Section	Party	Due Date
Candidate Application to be delivered to the Governance Team at PEC Headquarters in Johnson City	6.2.1.4	<i>Candidate Applicant/GT</i>	No later than 5 p.m. on the last business day falling 82 days or more before the date of the Annual Meeting
Candidate Orientation and Photos	7.1 7.5	<i>Candidate Applicant(s)/PEC staff</i>	The week preceding the April Regular Meeting of the Board each year
Election withdrawal deadline for removal from Ballot	7.2	<i>Candidate Applicant</i>	Before approval of Ballot by Board
Presentation and approval of Candidate slate, Ballot, and any Non-Director Election items	6.2.1.9, 6.2.1.10	<i>Qualifications and Elections Committee /GC</i>	At the April Regular Meeting of the Board each year
Candidate Photographs	7.1, 7.5, 7.5	<i>Candidate Applicant(s) / Governance Team / Public Affairs</i>	Following the week after the Ballot is approved by the Board
Mailing of Ballots	7.4.1	<i>Election Service Provider, as directed by GC / GM</i>	Between 25 and 30 days before the Annual Meeting
Online voting site goes live	7.4.2	<i>Election Service Provider</i>	Between 25 and 30 days before the Annual Meeting
Initial voting email notifications	7.4.3	<i>Election Service Provider</i>	Between 25 and 30 days before the Annual Meeting
Certifications prepared of mailing of Annual Meeting Notices, number of votes cast electronically and by mail, quorum verification for use at Annual Meeting.	7.12	<i>GC and GM</i>	Between one and eight days before Annual Meeting.
Supplemental mailing of ballots to Members since previous mailing	7.4.1	<i>Election Service Provider/IT</i>	As specified in this timeline
Update on voter turnout by Director election district	7.10	<i>GC and GM</i>	Once weekly after Ballots are initially mailed
Supplemental mailing of ballots to Members since previous mailing	7.4.1	<i>Election Service Provider/IT</i>	As specified in this timeline

Appendix A: Election Timeline (SAMPLE)			
Item	Section	Party	Due Date
Update on voter turnout by Director election district	7.10	<i>GC and GM</i>	Once weekly after Ballots are initially mailed
Deadline for mailing or webcasting ballots	8.4	<i>Election Service Provider</i>	Eight days before Annual Meeting
Reminder voting emails	7.4.3	<i>Election Service Provider</i>	Dates to be determined each year when timeline presented to the Board of Directors
Record Date for Casting Ballot, transmittal by PEC of Members eligible to vote to Election Service Provider	5.2	<i>IT</i>	Close of business on the eighth day before Annual Meeting
Update on Voter Turnout by Director election district	7.10	<i>GC and GM</i>	Once weekly after Ballots are initially mailed
Pre-Annual Meeting Quality Control	7.12	<i>Election Service Provider</i>	At the close of the final business day before the Annual Meeting
Post-Tabulation, Pre-Announcement Quality Control	8.7	<i>Election Service Provider</i>	On the date of Annual Meeting after the results are tabulated
Announcement and Certification	8.8	<i>Election Service Provider</i>	On the date of Annual Meeting after the results are tabulated
Post-Election Director Acknowledgments	8.9	<i>BOD</i>	On the date of Annual Meeting after the meeting has concluded
District-by-District Results	9.1	<i>Election Service Provider</i>	Within five business days of the Annual Meeting
Post-Election Analysis	9.2	<i>GC and GM</i>	Within one month after the Annual Meeting

Legend:

BOD – Board of Directors

ESP – Election Services Provider

GM – Governance Manager

GT – Governance Team

GC – General Counsel

IT – Information Technology

QEC – Qualifications and Elections Committee

APPENDIX B

Election Service Provider Technical and Security Qualifications

Before being awarded a contract with Pedernales Electric Cooperative, any Election Service Provider shall establish to the Cooperative's satisfaction that it has met the following technical and security qualifications listed below or as included in the Cooperative's procurement requirements and not limited to the following.

1. Policies and Procedures

The Election Service Provider must establish and follow the following internal policies and procedures:

- a. **Acceptable Use Policy** addressing use and ownership, security and proprietary information, unacceptable use, system and network activities, and communications.
- b. **Information Sensitivity Policy** addressing information disclosure and sensitivity.
- c. **Password Policy** addressing a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.
- d. **Physical Security Policy** addressing security access to all parts of the provider's building and its contents, assets and equipment.
- e. **Logical Access Procedure** addressing how user access accounts are created, changed, terminated, and monitored within the application architecture to ensure standardization across all information technology systems and ensure the appropriate data owners are contacted, informed and approved for each user access request. All user access requests must be documented using procedures outlined in this process, minimizing unauthorized access to proprietary information and technology.
- f. **Change Management Policy** addressing the steps required to analyze, authorize, test, implement and document application changes (i.e., patches, upgrades, and reports).
- g. **Quality Control Procedure** addressing project requirements checklist, project hand-off, proofing, testing, data receipt, vendor QC checks, certification of reports, close-race/recount, and onsite QC.
- h. **Client Services Procedure** addressing hard/electronic material exchanges or material development, secured client group drive, approvals, printing/ mailing, project change, handling of bounces, and member/participant support.
- i. **Production Procedure(s)** addressing physical material inventory, assembly, shipping/receiving, vaults/security, processing, scanning/verifying, observation, and auditing.
- j. **Disaster Recovery Procedure** addressing categories of threat (i.e., personal health and safety, facility relocation, business interruptions (technology), and business interruptions (human resources)), and a standing emergency planning team, critical operations, suppliers and contractors, shelter-in-place plan for alternate location, communications, cyber security, records back-up, annual plan review, and the projected recovery period.

2. Confidentiality of Data

The Election Service Provider shall contractually agree not to share voting details (the contents of any ballot received by the Election Service Provider) with PEC. Any data transmitted within the Election Service Provider shall be sent via CD, encrypted email, or

https transfers. Access to PEC data shall be limited to a list of vendor employees with a business need for such access, subject to PEC review.

3. Network/Security

The Election Service Provider shall provide enterprise-class facilities that keep mission-critical infrastructure continuously available. Secure network architecture shall include: firewalls, intrusion detection, server hardening, network and server monitoring; VeriSign E-commerce level certificates; and encryption with 128-bit private key and 1024-bit public key.

4. Physical security

All physical materials relating to elections shall be stored in facilities providing two or more of the following physical barriers to entry:

- a. Pass-card entry
- b. Biometric recognition
- c. Continuously monitored digital surveillance equipment
- d. Standard 19-inch lockable cabinets

5. Connectivity

The voting website must have reliable Internet connectivity, uninterruptible telecommunication infrastructure (e.g., multiple independent connections to Tier 1 Internet access providers that maintain and balance Internet traffic). The Election Service Provider's voting website shall be accessible across multiple browsers and operating systems, including MacOS and Windows, and shall be available for PEC testing before "go-live."

6. Power

Data storage and server facilities must have power redundancy (e.g., uninterruptible power supplies, power conditioning units, and high capacity generators) to help maintain an effortless environment.

7. Data Backups

The Election Service Provider must back up PEC data offsite at a minimum of nightly.

8. Vulnerability Testing

The Election Service Provider shall, upon request, provide PEC a certificate from an outside security testing vendor certifying that the Election Service Provider has passed vulnerability and penetration tests of all aspects of network, servers, and applications security.

APPENDIX C: Affidavit Affirming No Previous Vote Cast for Annual Director Election

My name is _____, and _____, and I (we)
(Name of person executing affidavit) (If any, name of joint member)

hereby affirm the following:

- I am authorized to cast a vote as an Individual or Joint Member or as an authorized representative of an entity, _____, and _____, of
(Member Name) (If any, name of joint member)
_____ that is a Member of the Pedernales Electric
(Member address)
Cooperative, Inc., (PEC) in Director Voting District Number _____ for the PEC Election
(Director District Number)
being conducted on _____.
(Date)
- Neither I, my spouse, nor any other person authorized to vote on behalf of the Member listed above has, to my knowledge, previously cast a vote in this election.
- Any vote recorded as having previously been cast for this Member, was not in fact the vote of the Member, and should not be counted. I will not hold Pedernales Electric Cooperative or its agents in any way liable, and accept any liability, for PEC's not counting any such vote.

Executed by:

(Member Signature)

(If any, Joint Member Signature)

Date: _____

Date: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____ by _____
(Date) (Member Name)

Notary Public (Signature)

(SEAL)

Printed Name: _____

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____ by _____
(Date) (Joint Member Name)

Notary Public (Signature)

(SEAL)

Printed Name: _____

My Commission Expires: _____

Appendix D

PEC CORPORATE STATISTICS (SAMPLE)

Key statistics about your electric cooperative

At PEC, we are more than an electric utility. We are a cooperative owned by our membership, and we believe it is important to share key information with our members.

Review some key facts about your cooperative below. Additional information, such as an archive of annual reports, Form 990 compensation reporting, and key industry ratios is available at pec.coop/archives.

Average Cost Comparison (December 2021)	1,000 kWh	1,250 kWh	1,500 kWh	2,000 kWh
PEC residential average	\$113.47	\$136.83	\$160.20	\$206.93
Texas residential average*	\$125.50	\$156.88	\$188.25	\$251.00
National residential average*	\$137.50	\$171.88	\$206.25	\$275.00

Notes: PEC's total cost to purchase energy is based on the actual cost billed to members.

Source of U.S. EIA information is Form EIA-861M, Monthly Electric Power Industry Report, Table 5.6A - Average Price of Electricity to Ultimate Customers by End-Use Sector.

*Total cost to purchase energy is estimated from the cost per kWh multiplied by the total energy purchased at 1,000; 1,250; 1,500; and 2,000 kWh.

Service territory square miles	8,100	Capital credits distributed in 2021	\$5.7 million
Number of cities served	45	Fitch bond rating (affirmed January 2022)	AA-
Number of counties served	24	2021 total assets	\$2.0 billion¹
Active accounts (3/1/22)	370,148	2021 percent growth in meters	5.4%
Residential accounts	339,523	Board meetings held in 2021	17
Large power accounts	1,356	Members voting in 2021 PEC Board Election	16,933
Small power accounts	29,120	Percentage of members participating in 2021 online voting who were "very satisfied" or "satisfied" with the online voting process	96.2%
Miles of line (3/1/22)	23,908	2021 community and member support	\$470,410
Employees (3/1/22)	883		

¹Pre-audit figures, subject to change



File #: 2022-350, Version: 1

Resolution - Approval to Establish 2023 Annual Meeting Date and Location - D Ballard

Submitted By: Sylvia Romero on behalf of Don Ballard

Department: General Counsel

Financial Impact and Cost/Benefit Considerations: This action will have no impact to 2023 budgeted funds for Annual Meeting planning.

Pursuant to the Cooperative's Bylaws, the Board designates the date and location of PEC's Annual Membership Meeting. Generally, the date is on a Saturday in the second quarter of the calendar year, or such date and time each year, as may be designated by the Board. The Annual Membership Meeting may be in any county in which the Cooperative provides service. The Cooperative shall designate the date and location no later than the last quarter of the calendar year preceding the annual meeting ("Annual Meeting").

Following the 2020 Annual Meeting, the Board of Directors expressed interest in continuing to have the Annual Meeting in Johnson City and the third Friday in June. Staff recommends hosting the 2023 Annual Meeting at the cooperative's E. Babe Smith Headquarters prior to the regularly scheduled June 16, 2023 Board meeting.

Bylaws, Article II, Section 1. Annual Meeting. The annual meeting of the Members shall be held on a Saturday in the second quarter of the calendar year, or such date and time each year, as may be designated by the Board of Directors of the Cooperative, at such place in any county in which the Cooperative provides service as is designated by the Board of Directors of the Cooperative no later than the last quarter of the calendar year preceding the annual meeting ("Annual Meeting"). The purposes of the Annual Meeting are to elect Directors and transact such other business as listed in the notice of the Annual Meeting. If the election of Directors shall not be held on the day designated by the Board of Directors for any Annual Meeting, or at any adjournment thereof, the Board of Directors of the Cooperative shall cause the election to be held at a Special Member Meeting (as defined herein) as soon thereafter as may be convenient. Failure to hold the Annual Meeting as designated herein shall not result in forfeiture or dissolution of the Cooperative. At the Annual Meeting, a report shall be provided regarding the activities of the Cooperative during the past year, and audit reports of the accounts, books and financial condition presented to the Board shall be submitted to the Members.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that the 2023 Annual Membership Meeting of the Pedernales Electric Cooperative, Inc. ("PEC") be held within the PEC service territory at the Cooperative's E. Babe Smith Headquarters in Johnson City, Texas, on Friday, June 16, 2023, at 9:00 a.m.; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is authorized to take all such other actions necessary to implement this resolution.



File #: 2022-352, Version: 1

Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries - R Fischer

Submitted By: Sylvia Romero for Ross Fischer

Department: General Counsel

Financial Impact and Cost/Benefit Considerations: N/A

The Cooperative's Bylaws Article III, Section 1, requires seven (7) Director Districts which "equitably represent the Members." The Board may revise Director Districts boundaries "based upon equitable considerations determined by the Board of Directors"; e.g., Number of Members, Investment, Geography, etc.

PEC Bylaws Article III, Section 1

General Powers and Director Districts. General Powers. The business and affairs of the Cooperative shall be managed by a Board (the "Board of Directors"), consisting of a director (a "Director") from each of the Cooperative's seven (7) Director Districts (as defined herein), except for such vacancies as are allowed by law or these Bylaws. The Board of Directors shall exercise all of the powers of the Cooperative except such as by law, by the Articles of Incorporation of the Cooperative, or by these Bylaws are conferred upon or reserved to the Members or otherwise delegated to the Chief Executive Officer. The Board of Directors shall have the ability to appoint member advisory Committees.

Director Districts. Based upon Memberships, Cooperative growth or other equitable considerations determined by the Board of Directors, the Board of Directors shall divide the general area in which the Cooperative provides Electric Service (the "Service Area") into seven (7) districts that equitably represent the Members (the "Director Districts"). As necessary, based upon equitable considerations determined by the Board of Directors, the Board of Directors may revise the Director District boundaries."

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD, that the Board hereby adopts the Director District boundary revisions as presented this day, to be effective for future Director elections; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer and General Counsel, or designee, is authorized to take any actions necessary to implement this resolution.



PEC Director Districts Rebalancing

Ross Fischer | Board Counsel

Board Resolution

Discussion

The Cooperative's Bylaws Article III, Section 1, requires seven (7) Director Districts which "equitably represent the Members." The Board may revise Director Districts boundaries "based upon equitable considerations determined by the Board of Directors"; *e.g.*, Number of Members, Investment, Geography, *etc.*

PEC Bylaws Article III, Section 1

"General Powers and Director Districts. General Powers. The business and affairs of the Cooperative shall be managed by a Board (the "Board of Directors"), consisting of a director (a "Director") from each of the Cooperative's seven (7) Director Districts (as defined herein), except for such vacancies as are allowed by law or these Bylaws. The Board of Directors shall exercise all of the powers of the Cooperative except such as by law, by the Articles of Incorporation of the Cooperative, or by these Bylaws are conferred upon or reserved to the Members or otherwise delegated to the Chief Executive Officer. The Board of Directors shall have the ability to appoint member advisory Committees.

Director Districts. Based upon Memberships, Cooperative growth or other equitable considerations determined by the Board of Directors, the Board of Directors shall divide the general area in which the Cooperative provides Electric Service (the "Service Area") into seven (7) districts that equitably represent the Members (the "Director Districts"). As necessary, based upon equitable considerations determined by the Board of Directors, the Board of Directors may revise the Director District boundaries."

Resolution

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD, that the Board hereby adopts the Director District boundary revisions as presented this day, to be effective for future Director elections; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer and General Counsel, or designee, is authorized to take any actions necessary to implement this resolution.

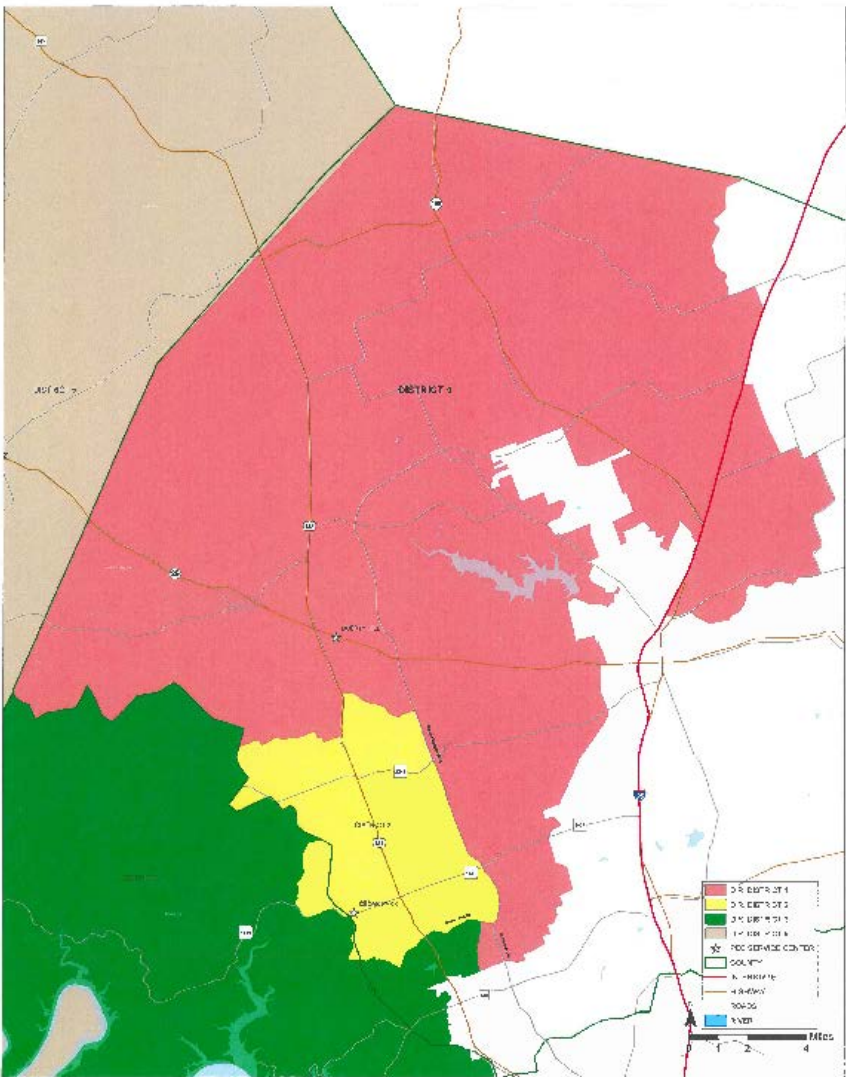
PEC By The Numbers -Membership Counts

District	Current (As of June 1, 2022)	Proposed (As of July 15, 2022)
District 1	46,789	40,485
District 2	43,185	44,280
District 3	40,986	46,202
District 4	46,084	46,852
District 5	44,993	44,991
District 6	43,435	46,985
District 7	48,671	44,348
TOTAL	314,143	314,143

PEC District 1 Boundary (Current and Proposed)

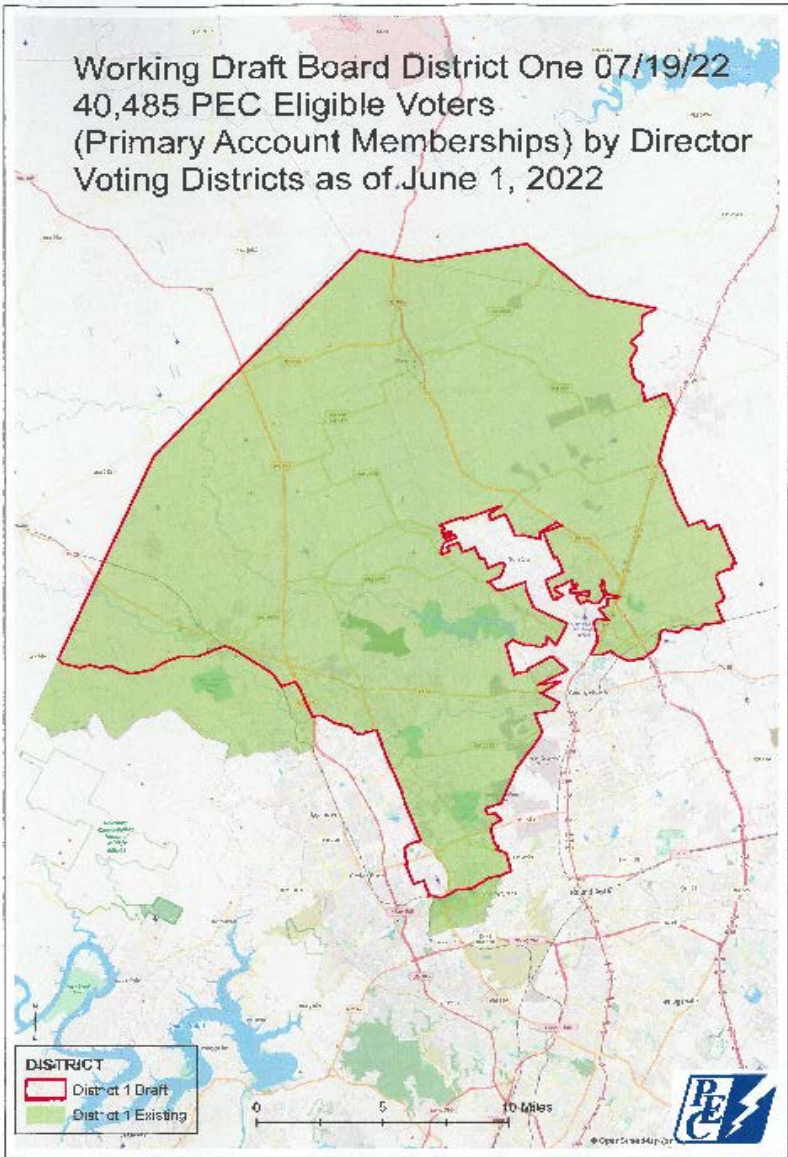
CURRENT

Director District 1 Boundary
Board Approved and Adopted 10/18/19



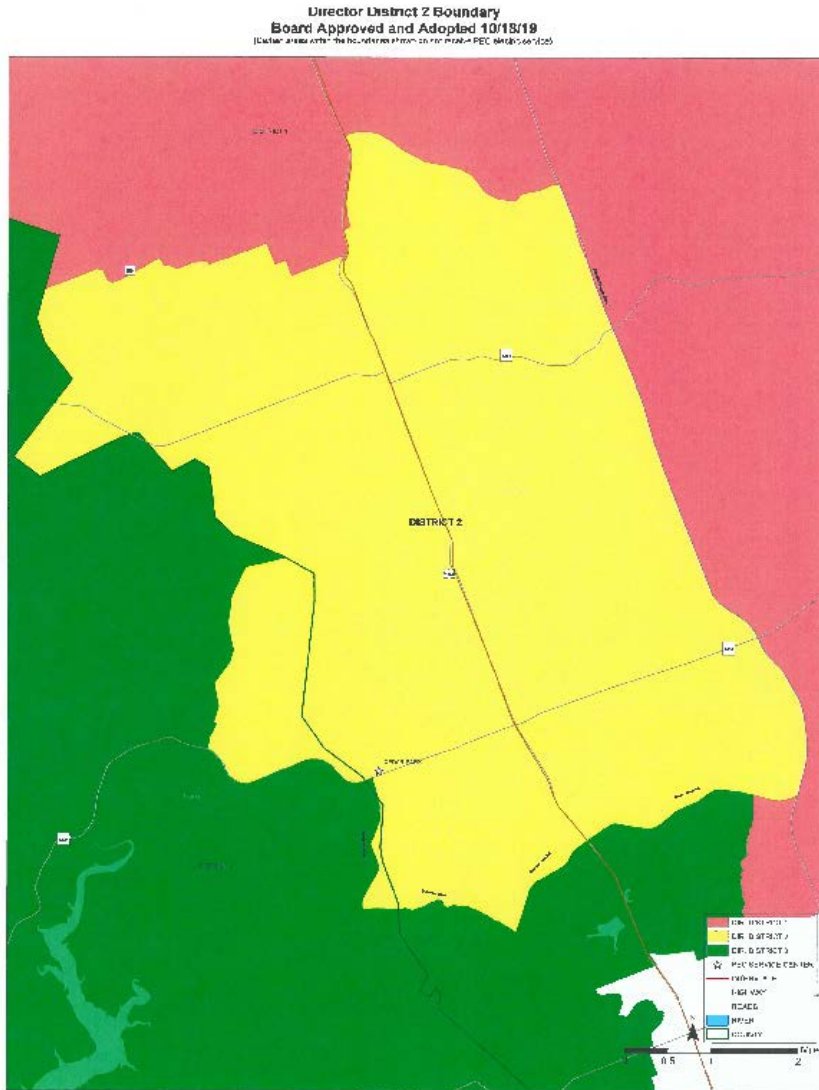
PROPOSED

Working Draft Board District One 07/19/22
40,485 PEC Eligible Voters
(Primary Account Memberships) by Director
Voting Districts as of June 1, 2022

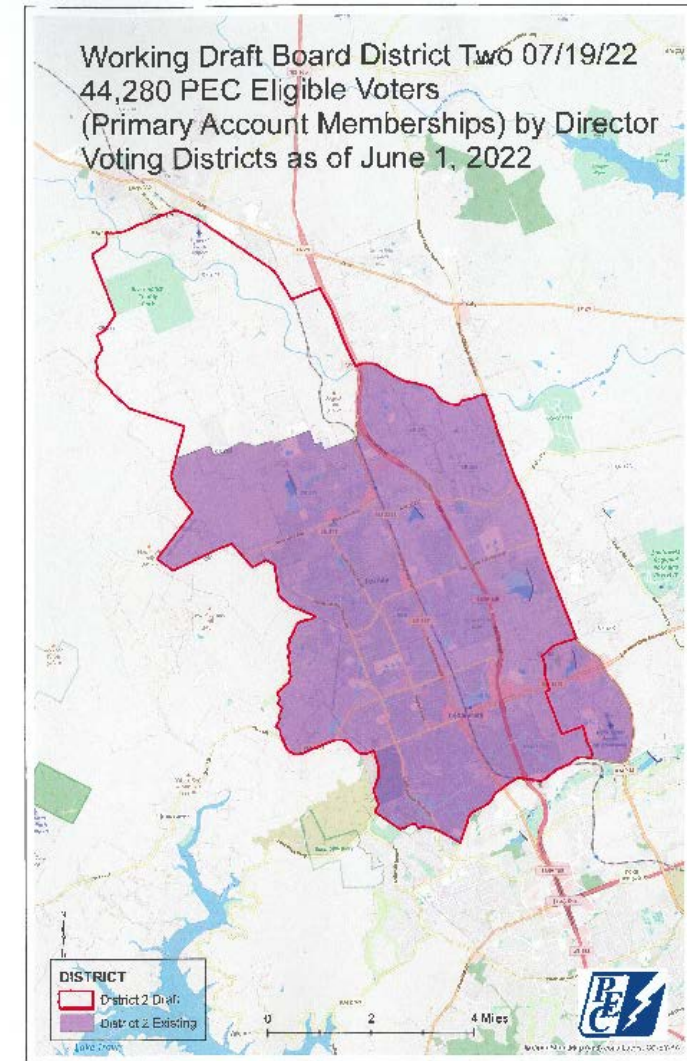


PEC District 2 Boundary (Current and Proposed)

CURRENT

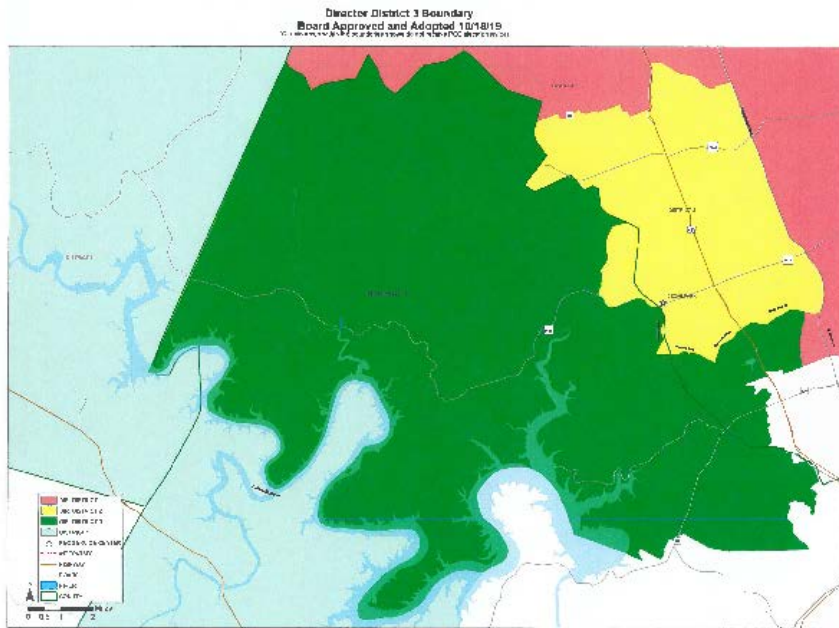


PROPOSED

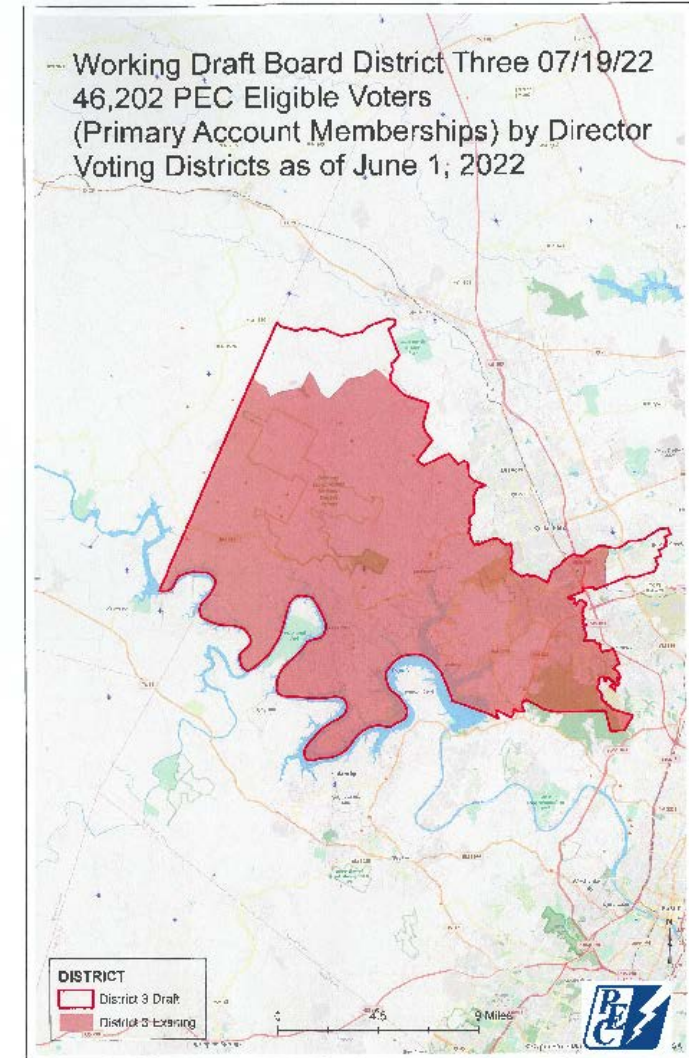


PEC District 3 Boundary (Current and Proposed)

CURRENT

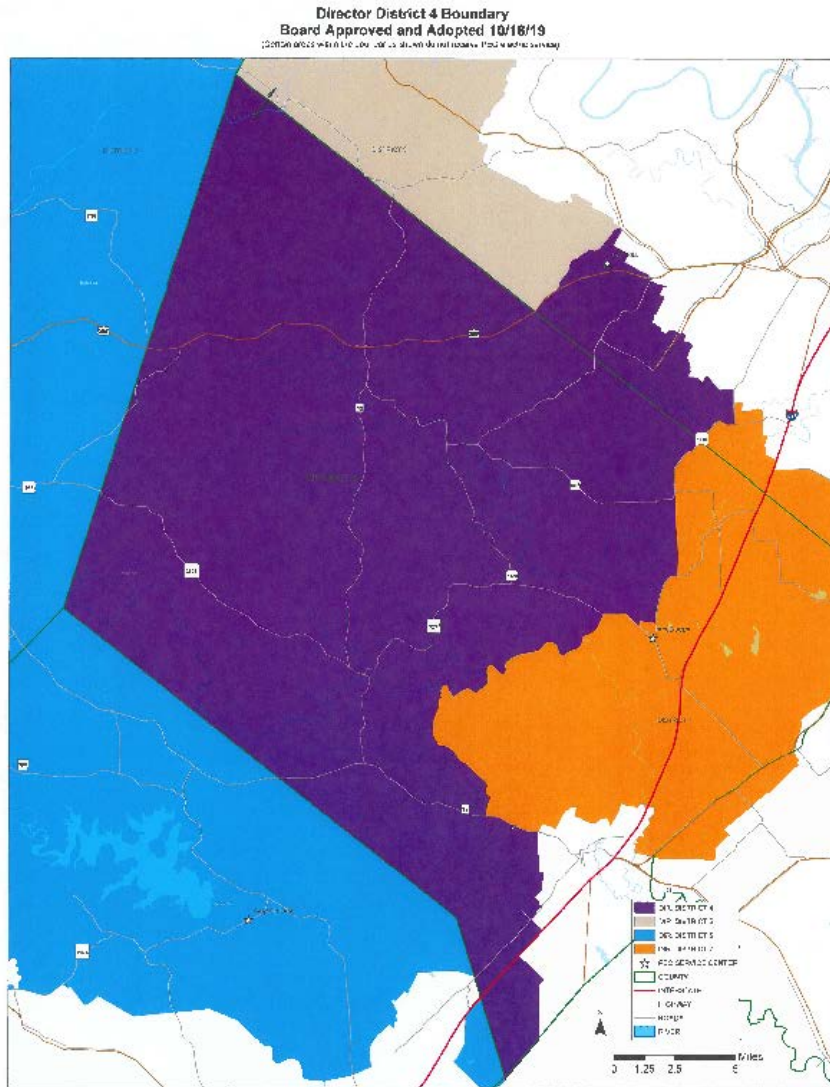


PROPOSED

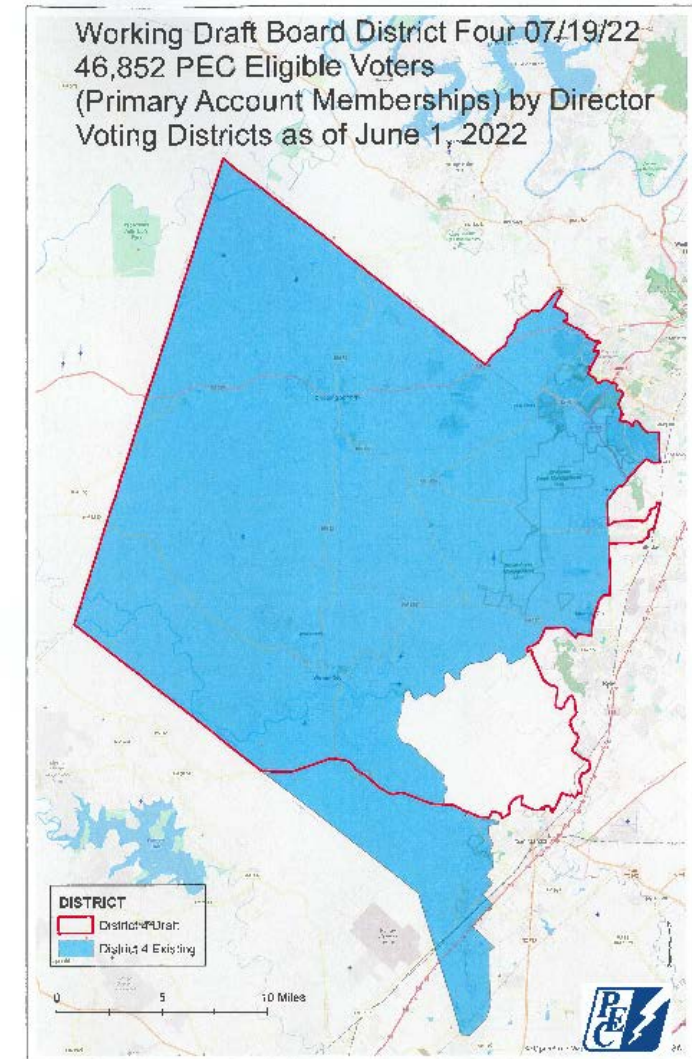


PEC District 4 Boundary (Current and Proposed)

CURRENT

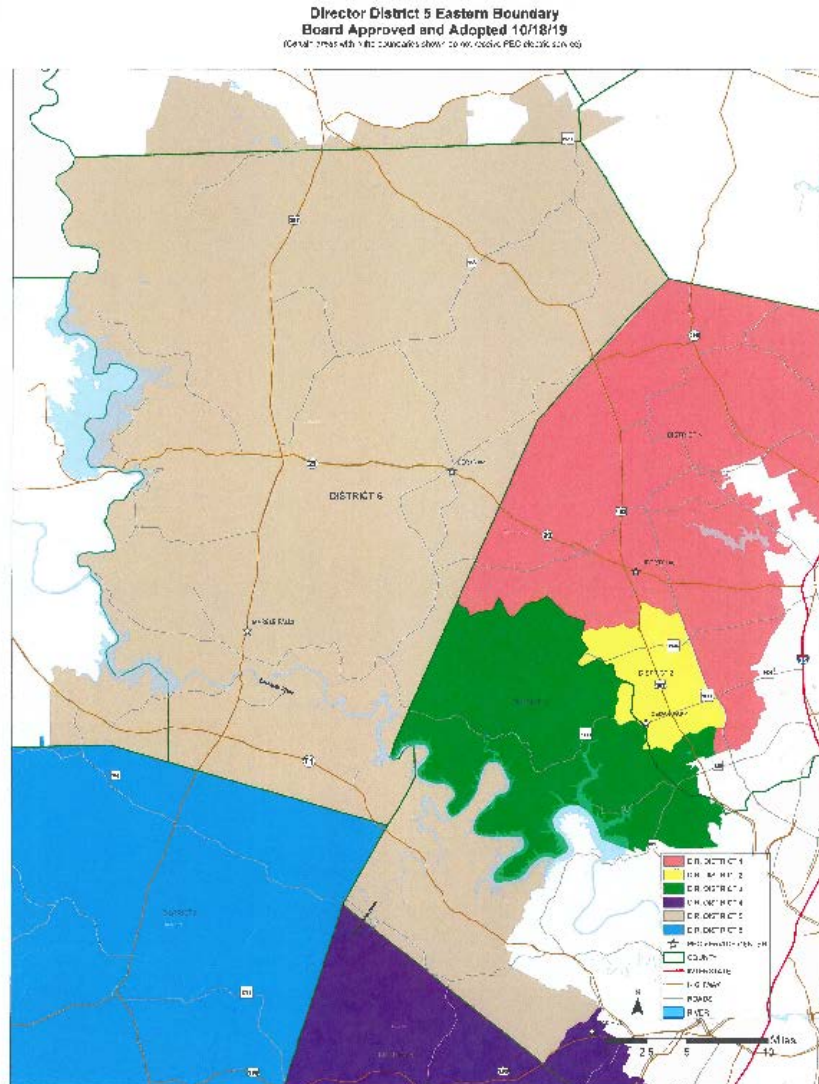


PROPOSED

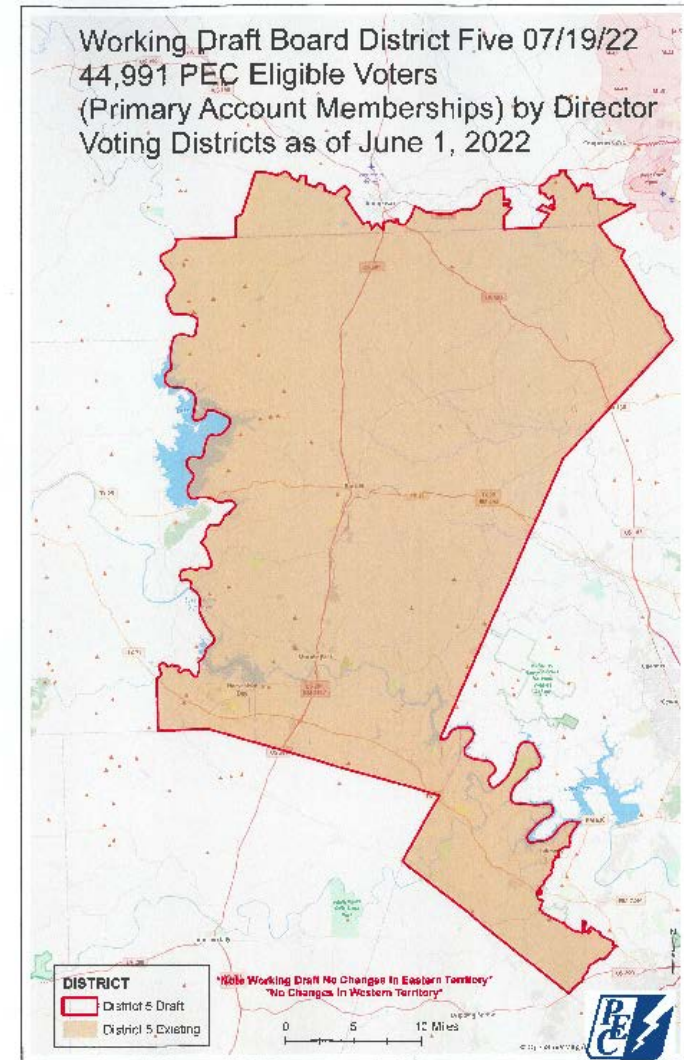


PEC District 5 Boundary (Current and Proposed)

CURRENT

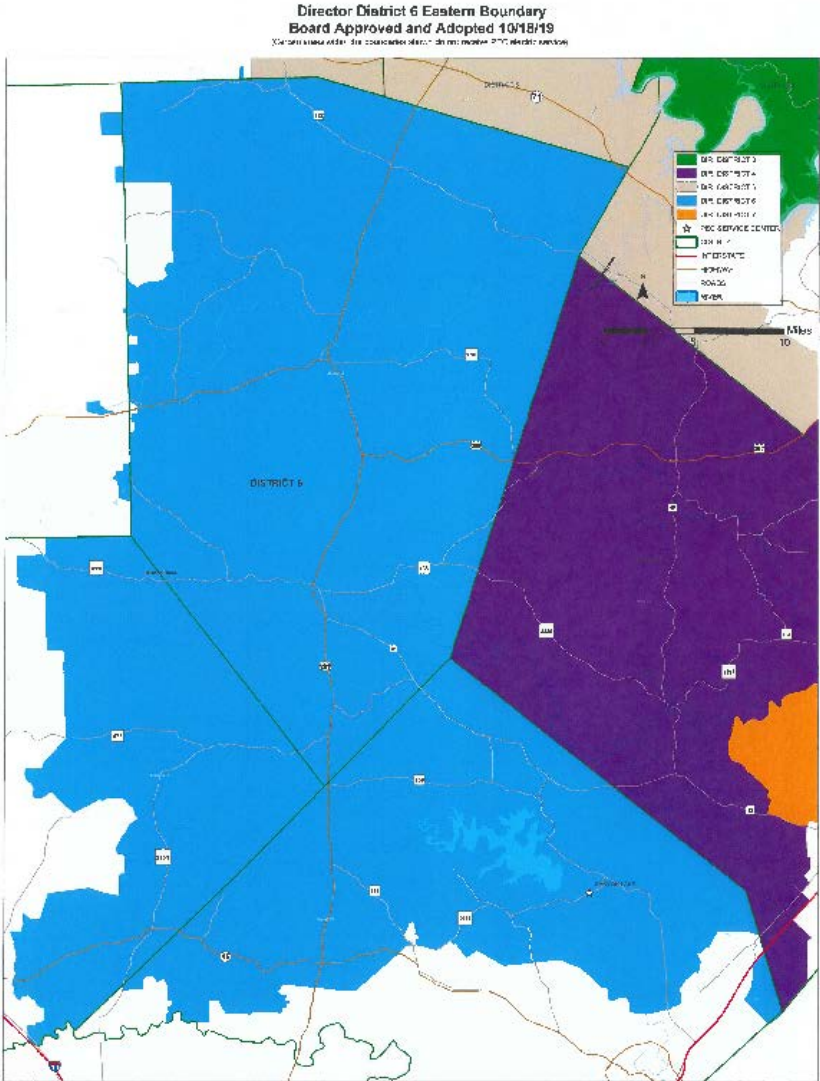


PROPOSED

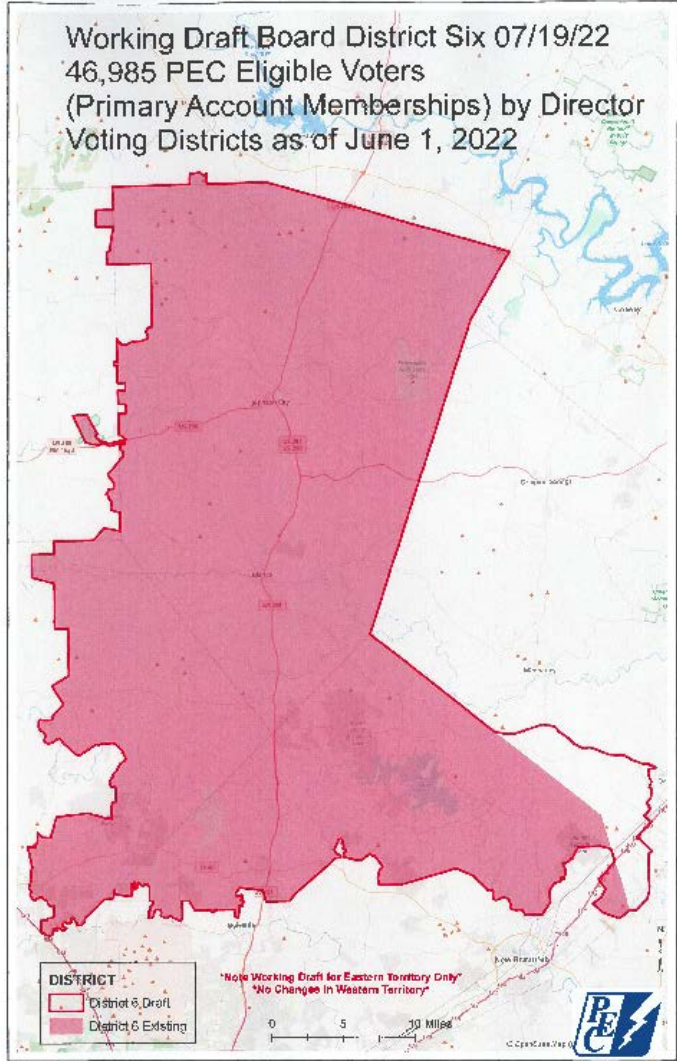


PEC District 6 Boundary (Current and Proposed)

CURRENT

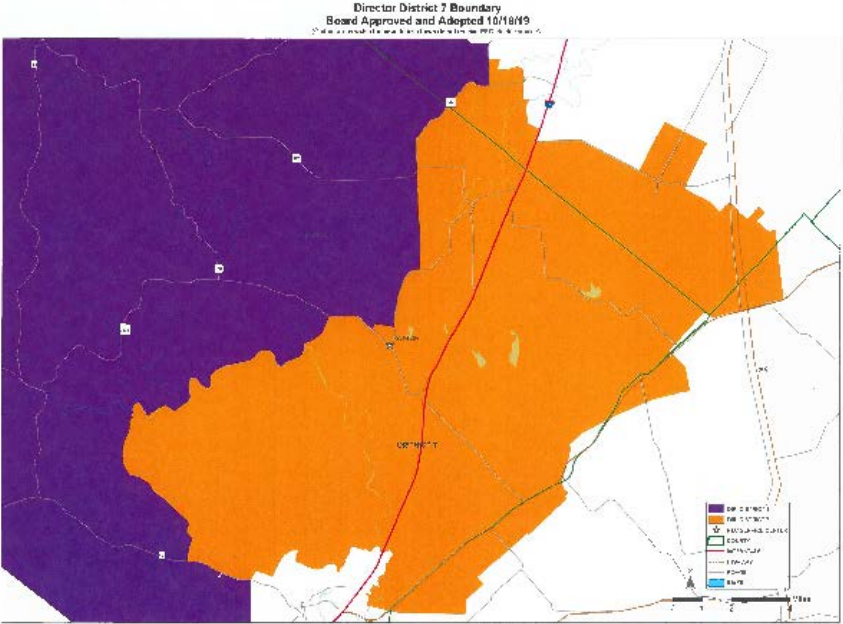


PROPOSED

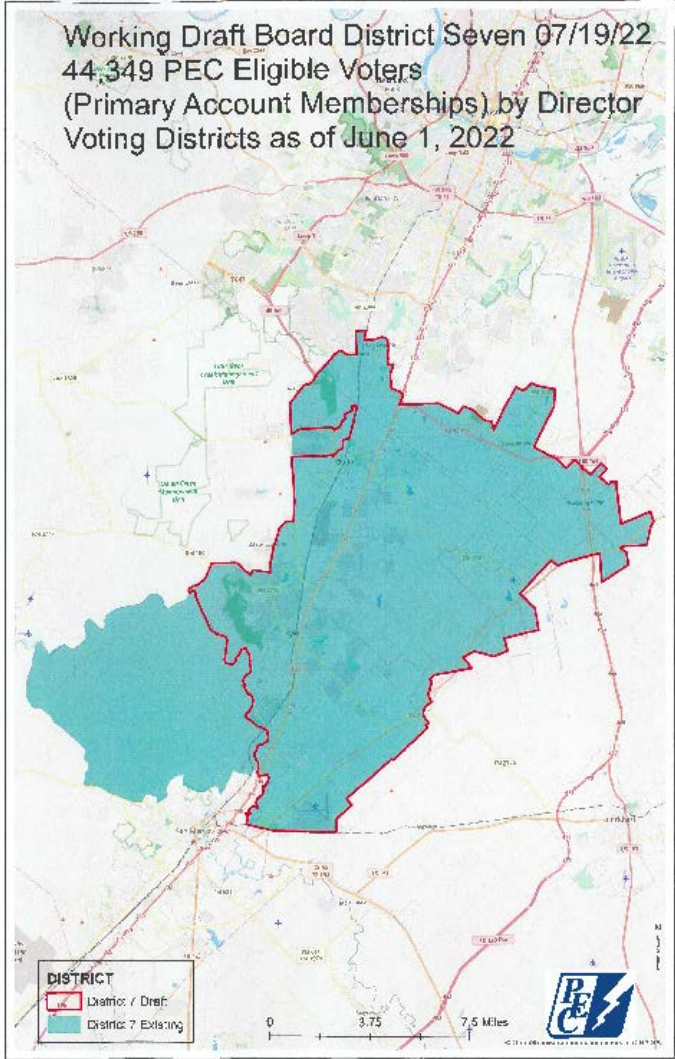


PEC District 7 Boundary (Current and Proposed)

CURRENT



PROPOSED

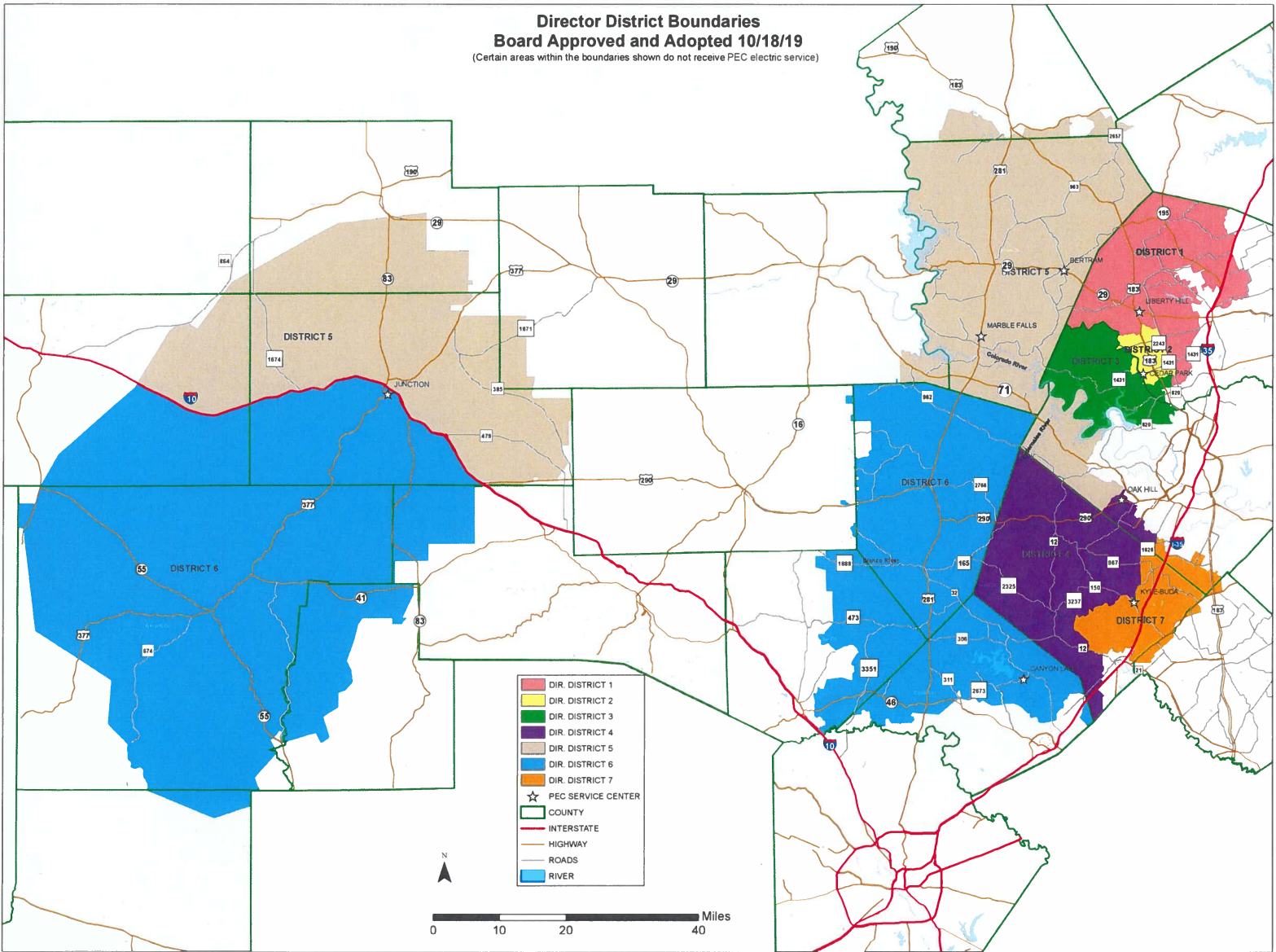




PEDERNALES ELECTRIC COOPERATIVE

Director District Boundaries Board Approved and Adopted 10/18/19

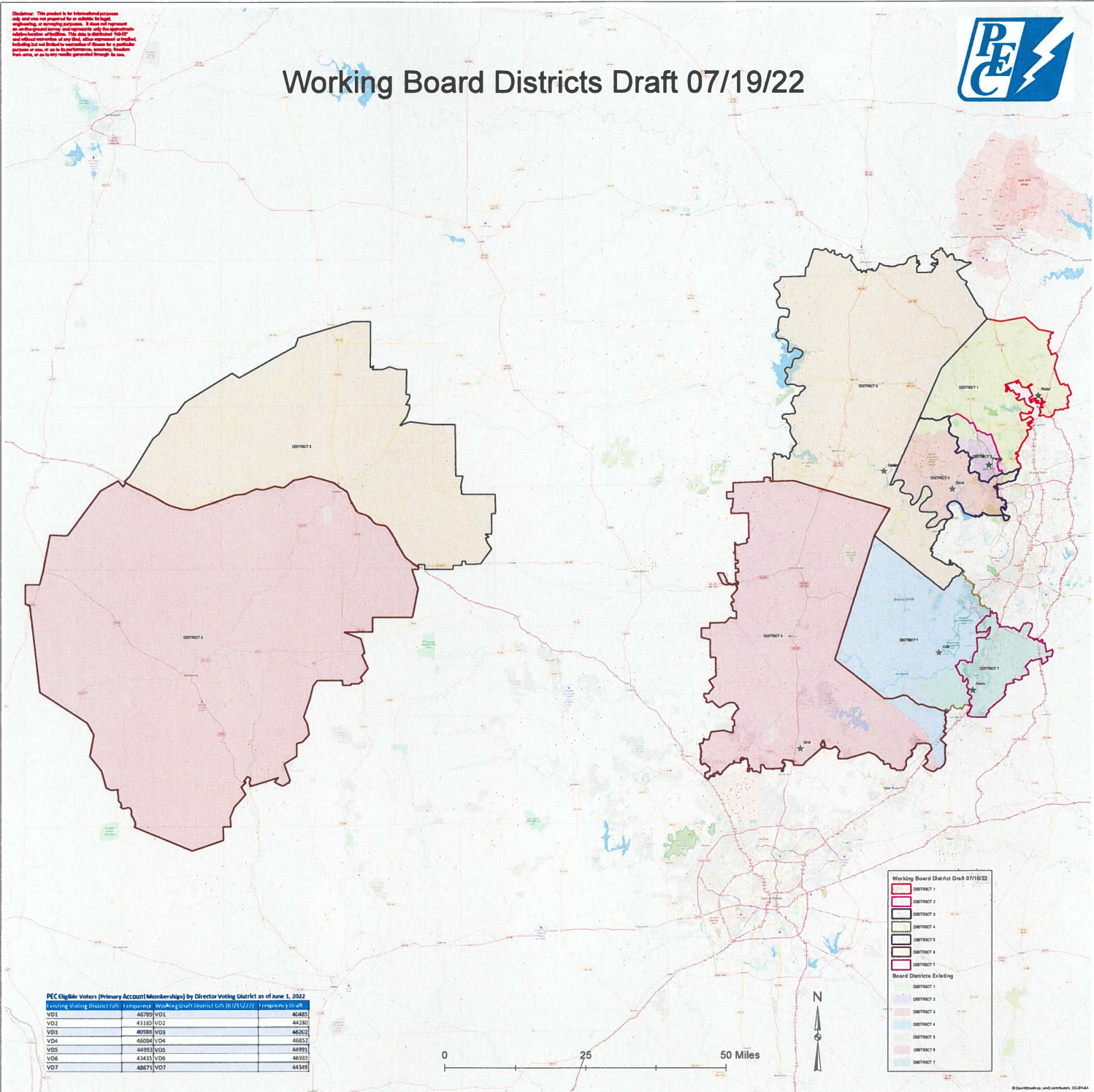
(Certain areas within the boundaries shown do not receive PEC electric service)



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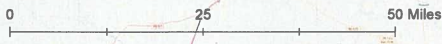


Working Board Districts Draft 07/19/22



PEC Eligible Voters (Primary Account Memberships) by Director Voting District as of June 1, 2022

Existing Voting District Code	Frequency	Working Board District Code (07/19/22)	Frequency
VD1	46789	VD1	46483
VD2	43115	VD2	44280
VD3	40580	VD3	46202
VD4	46084	VD4	46852
VD5	44993	VD5	46991
VD6	43435	VD6	46053
VD7	48671	VD7	44340



Working Board District Draft 07/19/22

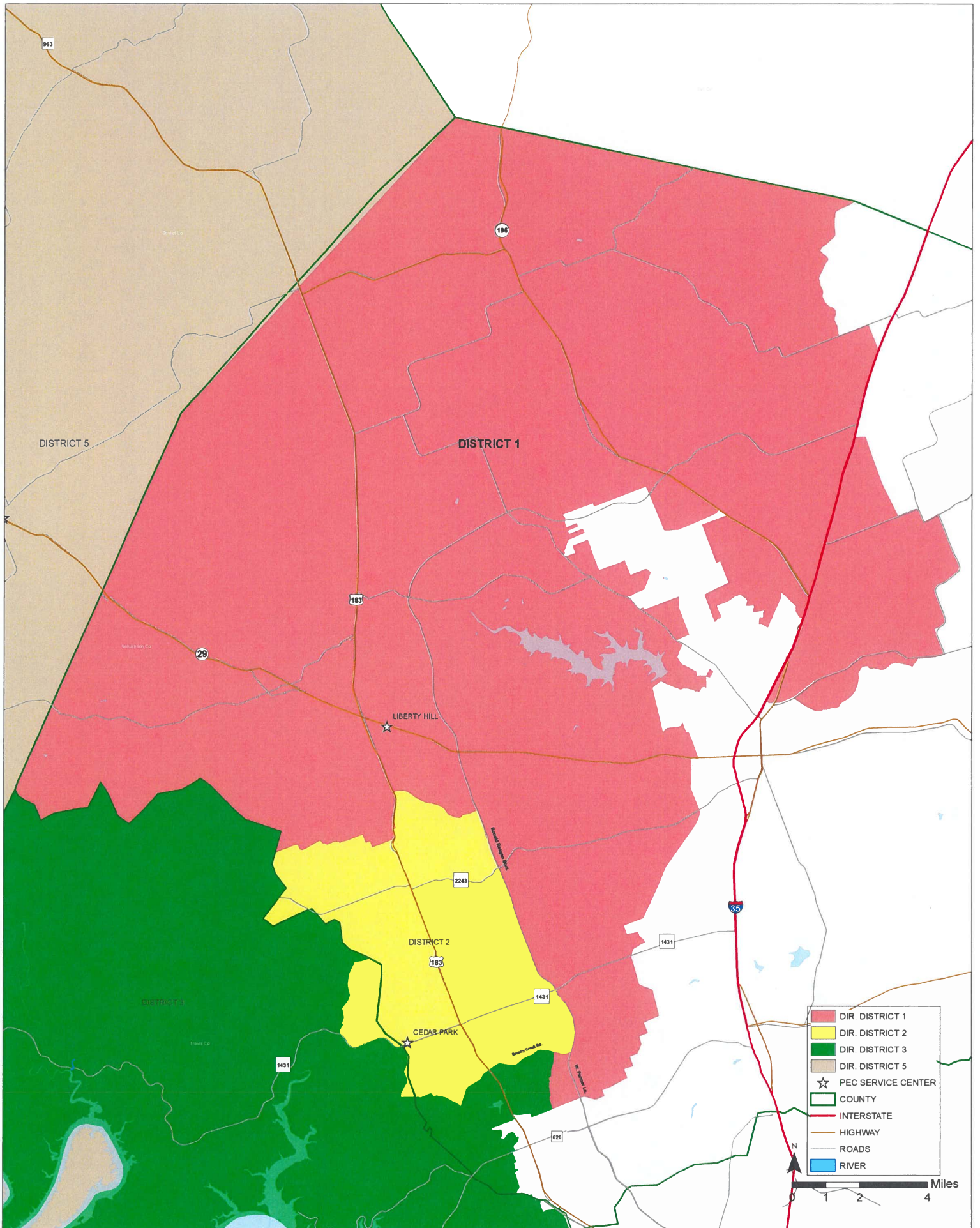
- DISTRICT 1
- DISTRICT 2
- DISTRICT 3
- DISTRICT 4
- DISTRICT 5
- DISTRICT 6
- DISTRICT 7

Board Districts Existing

- DISTRICT 1
- DISTRICT 2
- DISTRICT 3
- DISTRICT 4
- DISTRICT 5
- DISTRICT 6
- DISTRICT 7

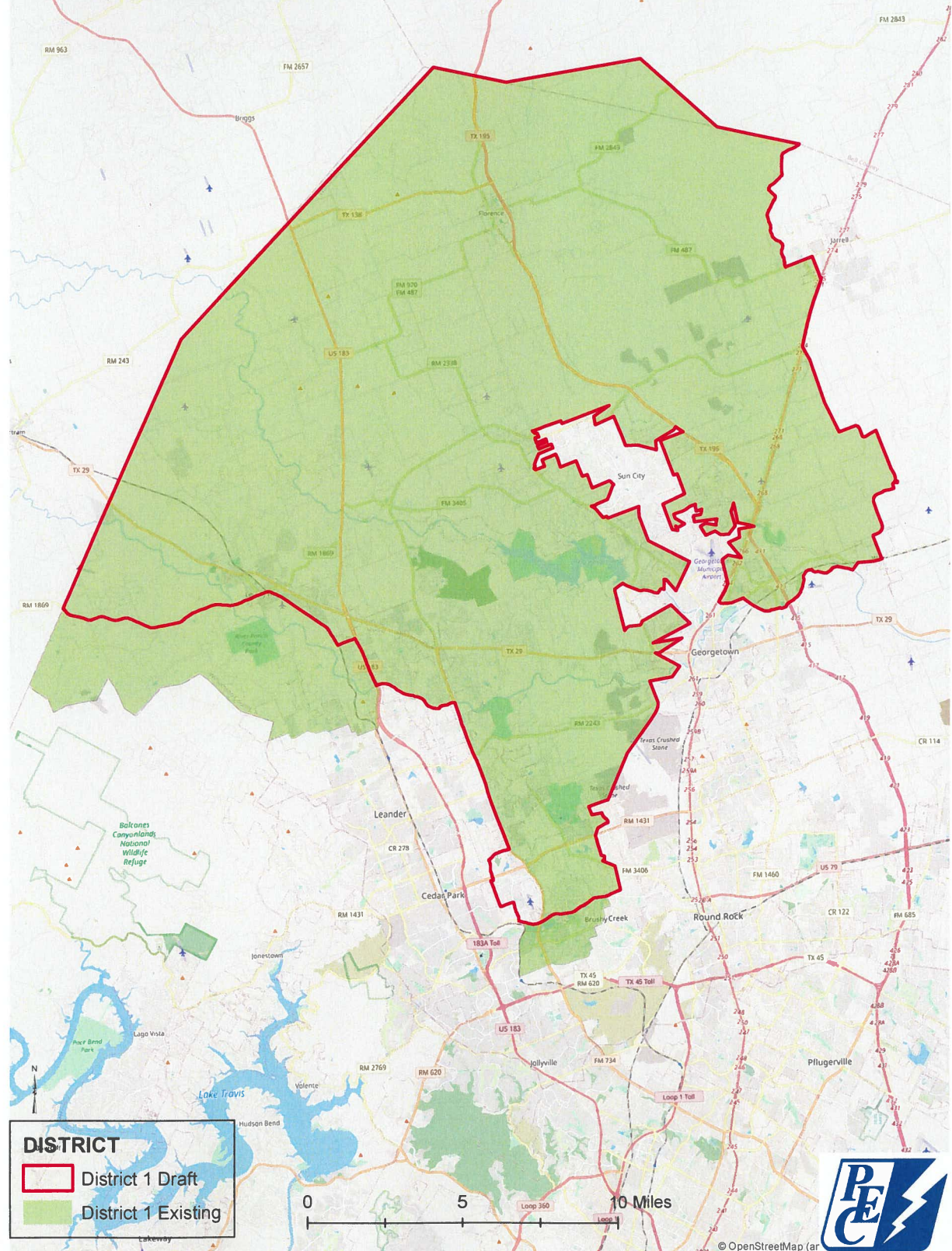
© Geotitles and graphics, 06/20/24

Director District 1 Boundary
Board Approved and Adopted 10/18/19
(Certain areas within the boundaries shown do not receive PEC electric service)





Working Draft Board District One 07/19/22

40,485 PEC Eligible Voters (Primary Account Memberships) by Director Voting Districts as of June 1, 2022



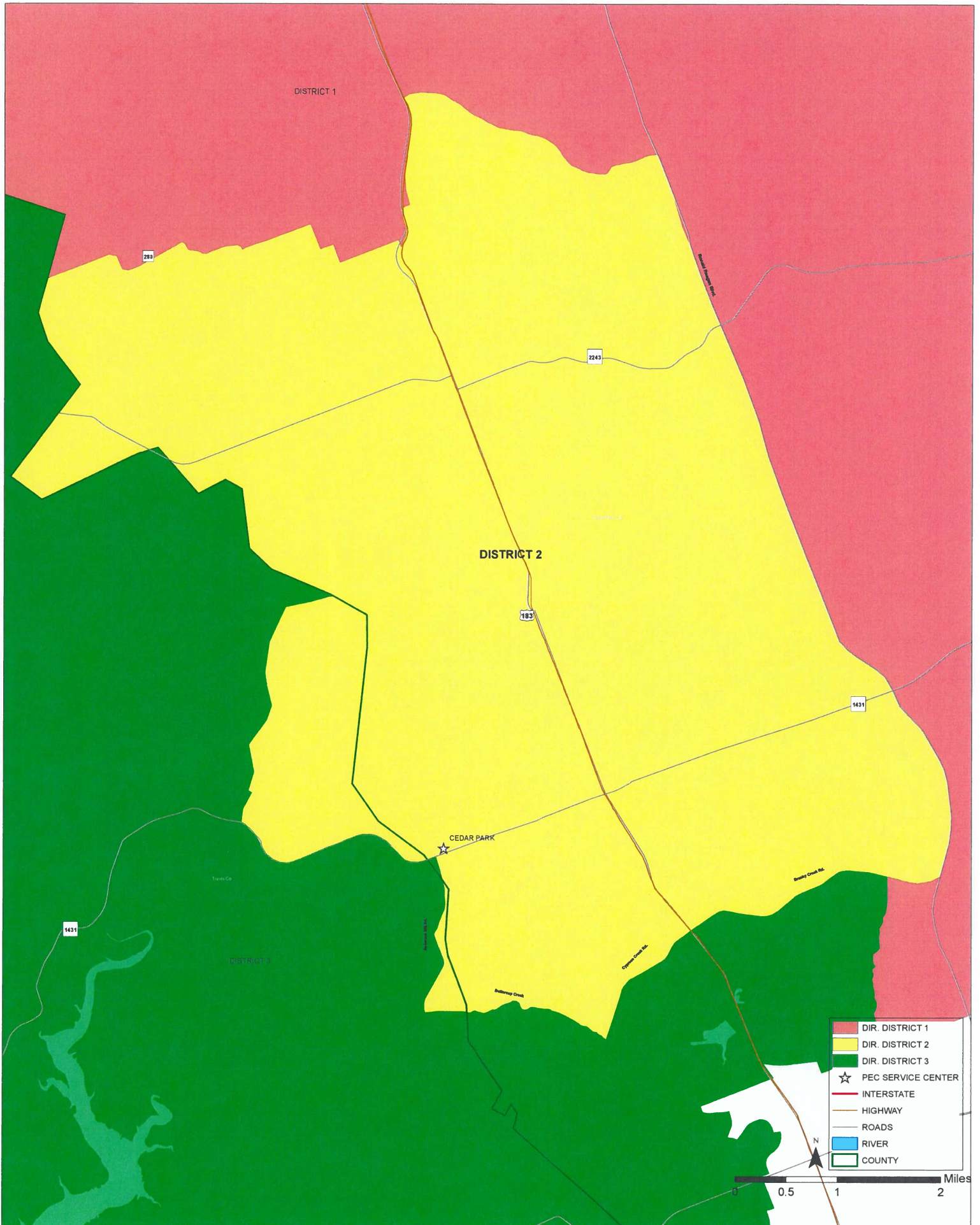
DISTRICT

-  District 1 Draft
-  District 1 Existing



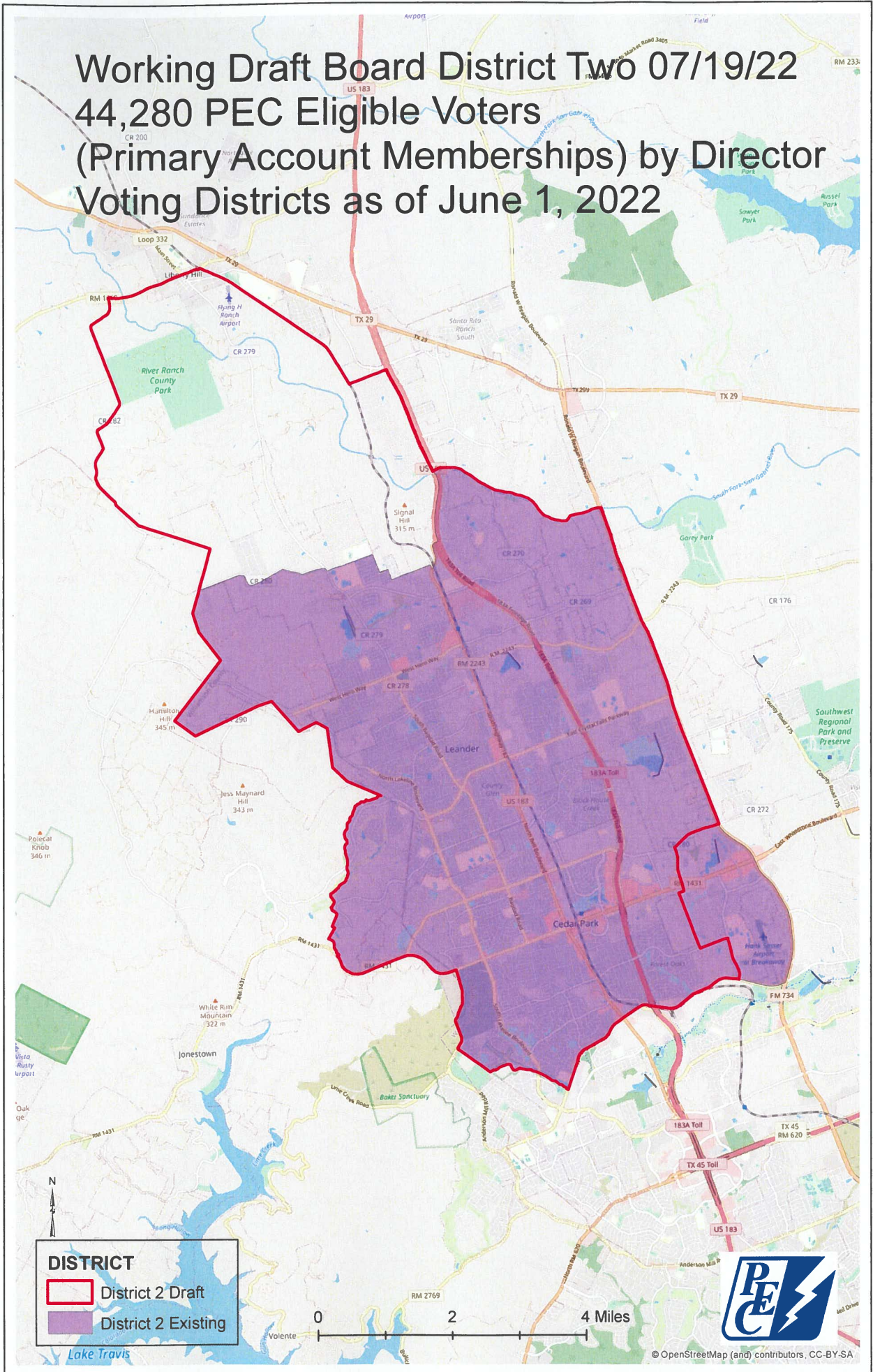
© OpenStreetMap (ar

Director District 2 Boundary
Board Approved and Adopted 10/18/19
(Certain areas within the boundaries shown do not receive PEC electric service)

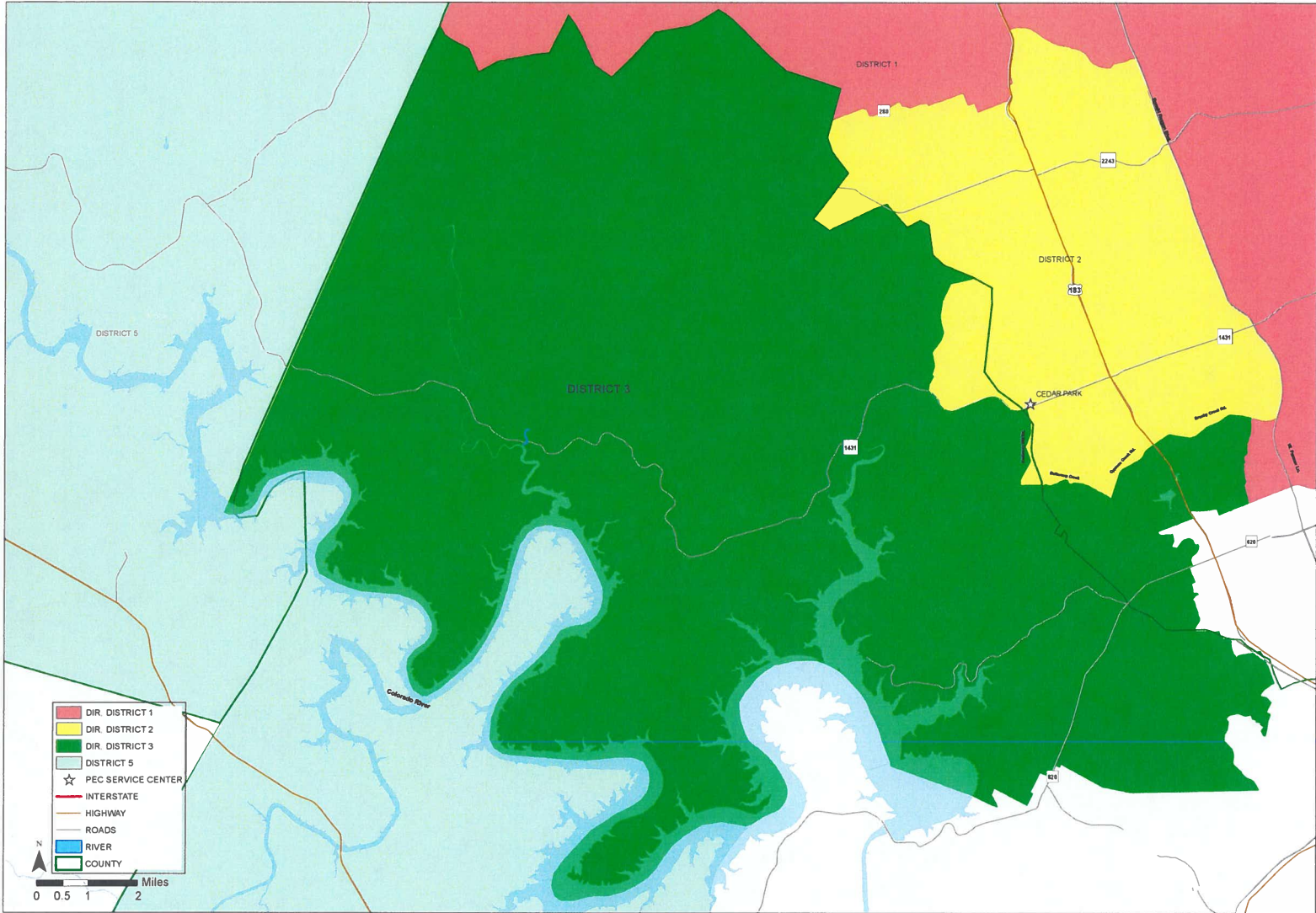


Working Draft Board District Two 07/19/22

44,280 PEC Eligible Voters (Primary Account Memberships) by Director Voting Districts as of June 1, 2022

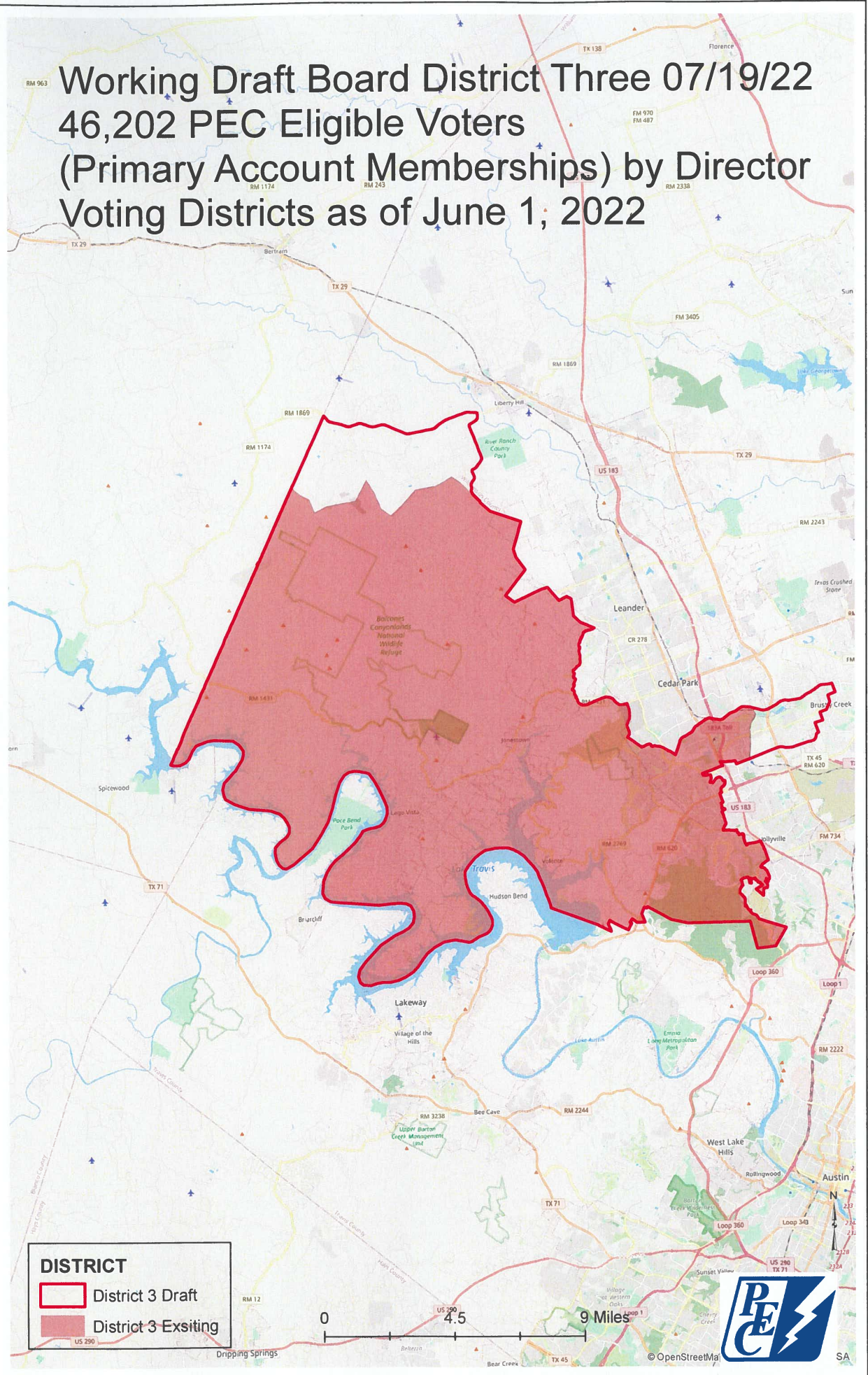


Director District 3 Boundary
Board Approved and Adopted 10/18/19
(Certain areas within the boundaries shown do not receive PEC electric service)



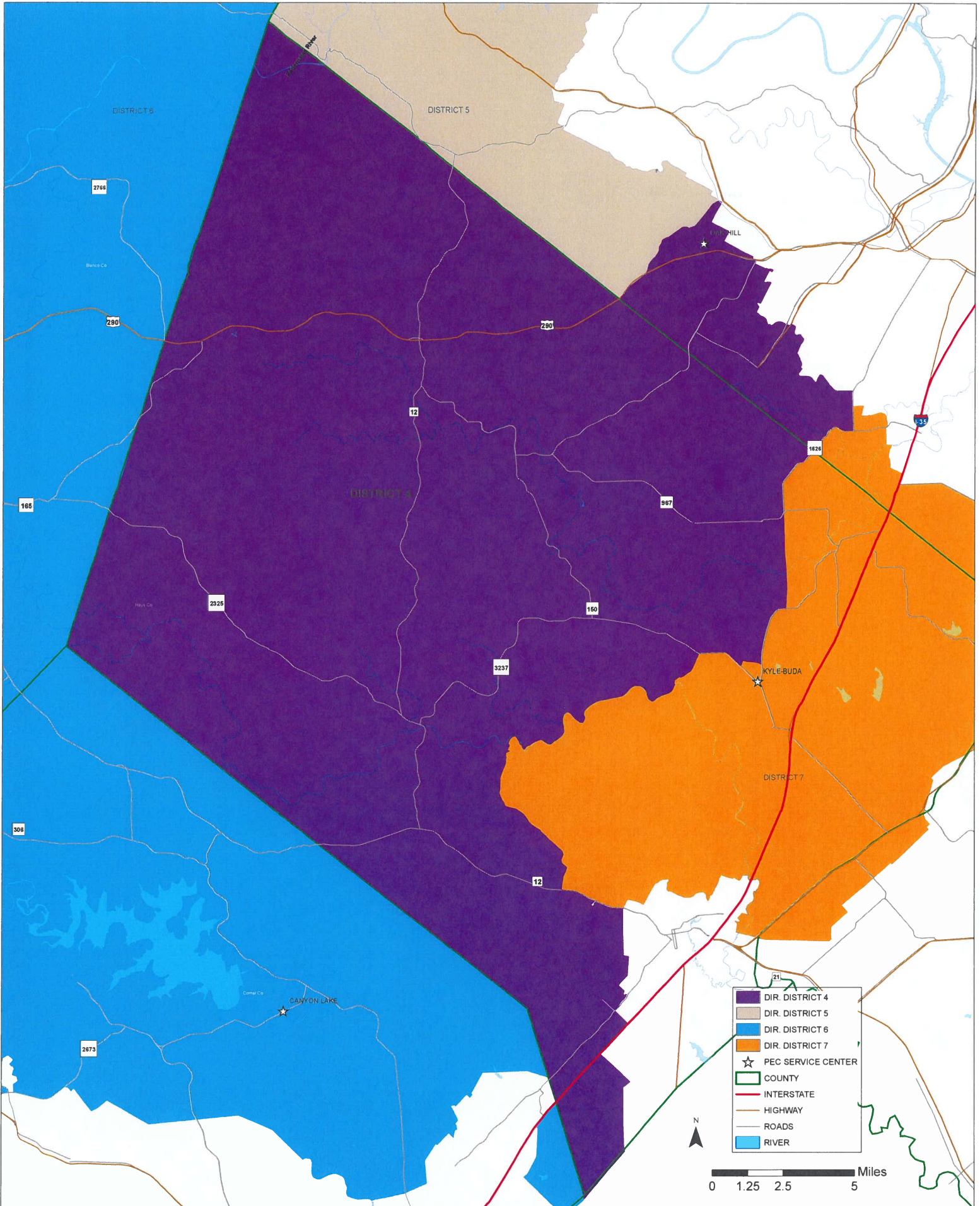
Working Draft Board District Three 07/19/22

46,202 PEC Eligible Voters (Primary Account Memberships) by Director Voting Districts as of June 1, 2022



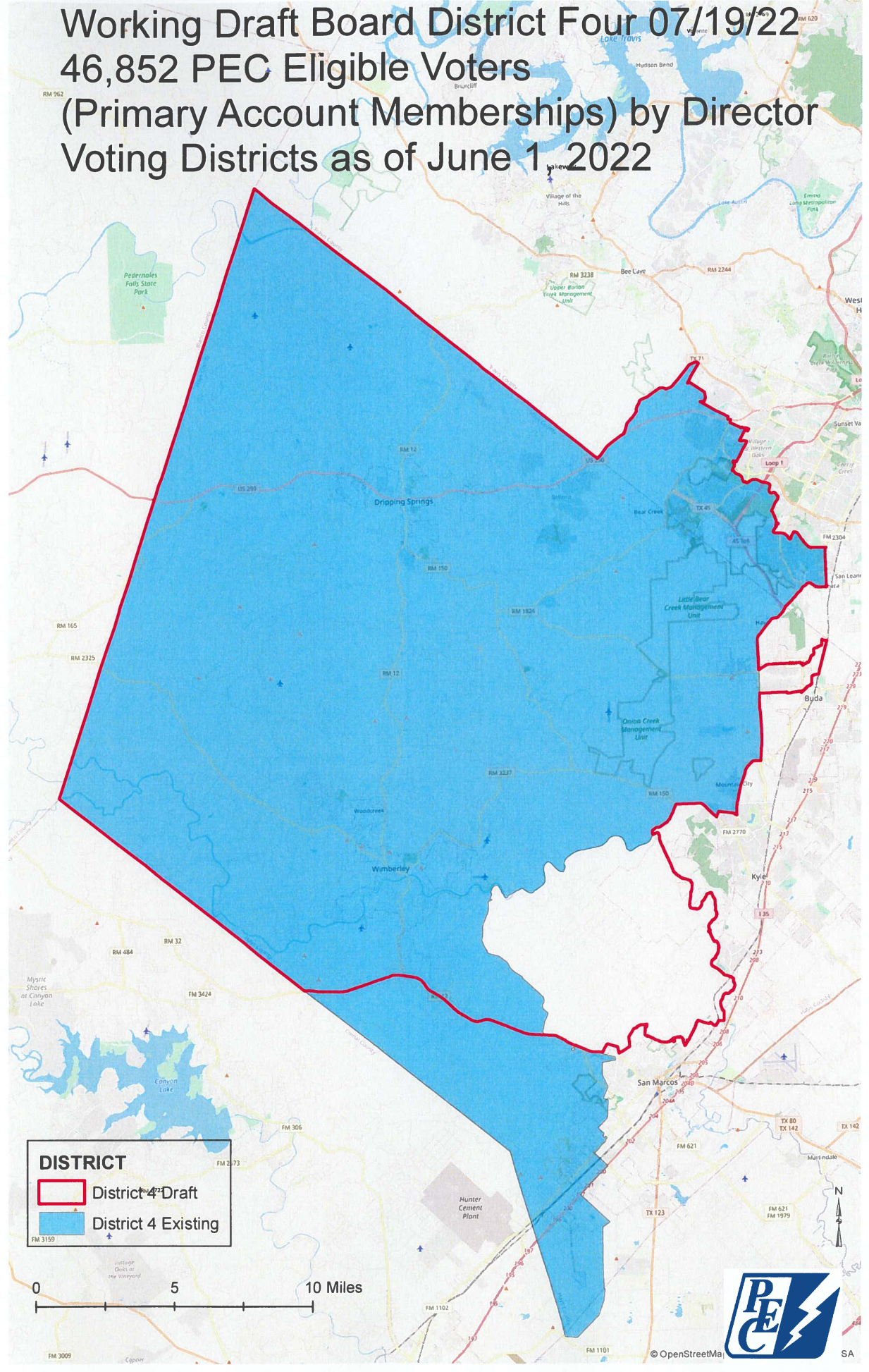
Director District 4 Boundary Board Approved and Adopted 10/18/19

(Certain areas within the boundaries shown do not receive PEC electric service)

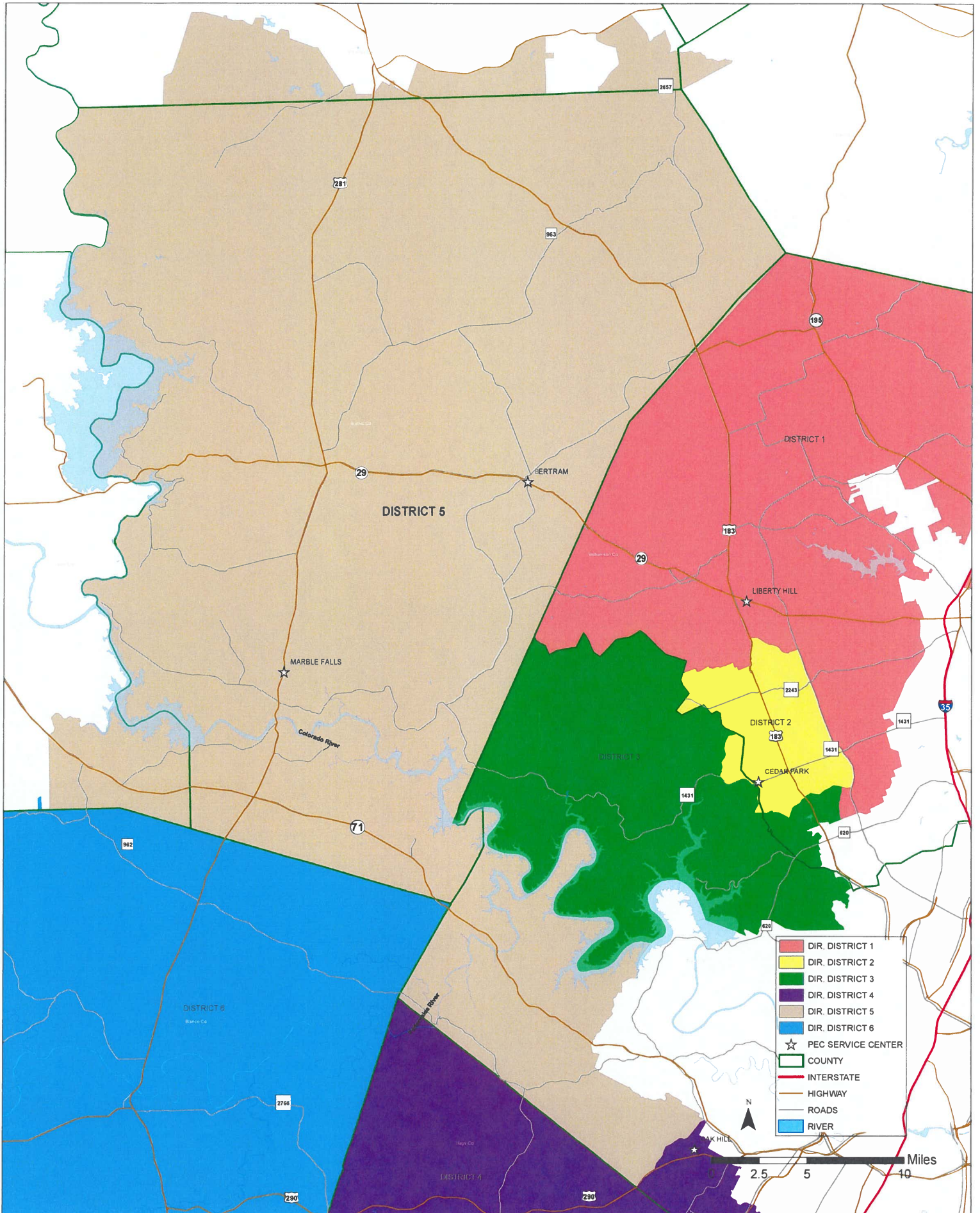


Working Draft Board District Four 07/19/22

46,852 PEC Eligible Voters (Primary Account Memberships) by Director Voting Districts as of June 1, 2022

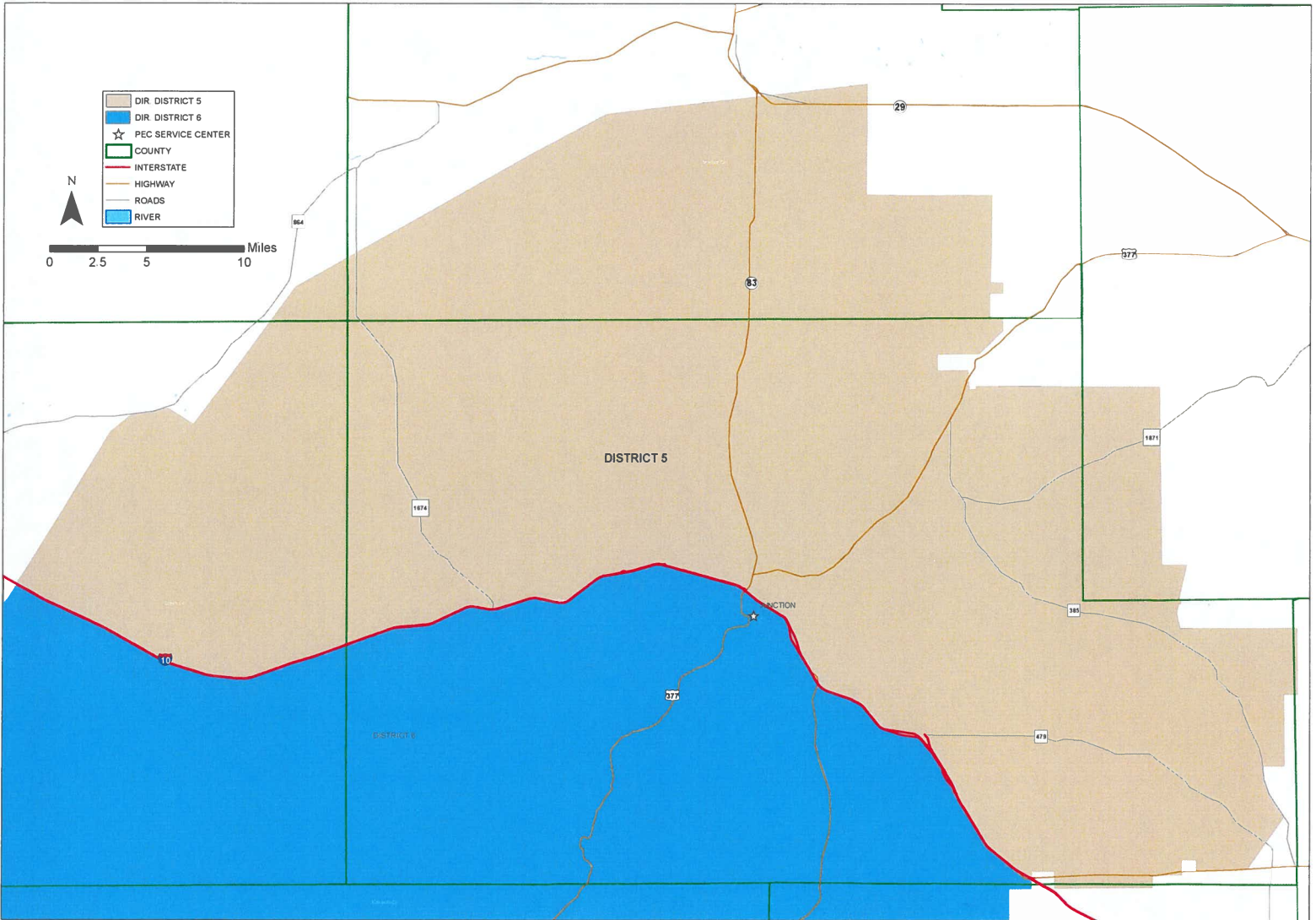


Director District 5 Eastern Boundary
Board Approved and Adopted 10/18/19
 (Certain areas within the boundaries shown do not receive PEC electric service)



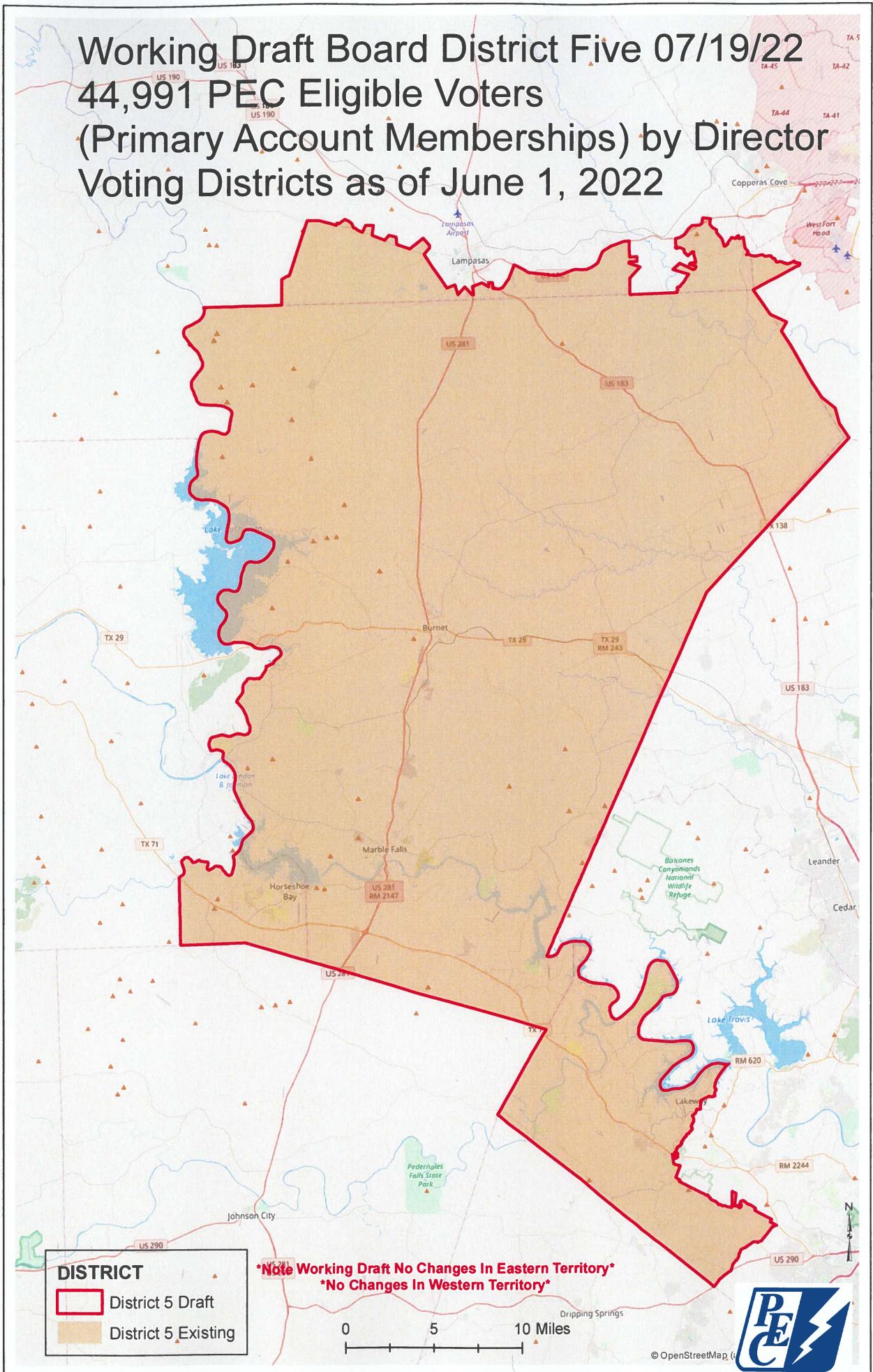
Director District 5 Western Boundary Board Approved and Adopted 10/18/19

(Certain areas within the boundaries shown do not receive PEC electric service)





Working Draft Board District Five 07/19/22

44,991 PEC Eligible Voters (Primary Account Memberships) by Director Voting Districts as of June 1, 2022



Note Working Draft No Changes In Eastern Territory
No Changes In Western Territory

DISTRICT

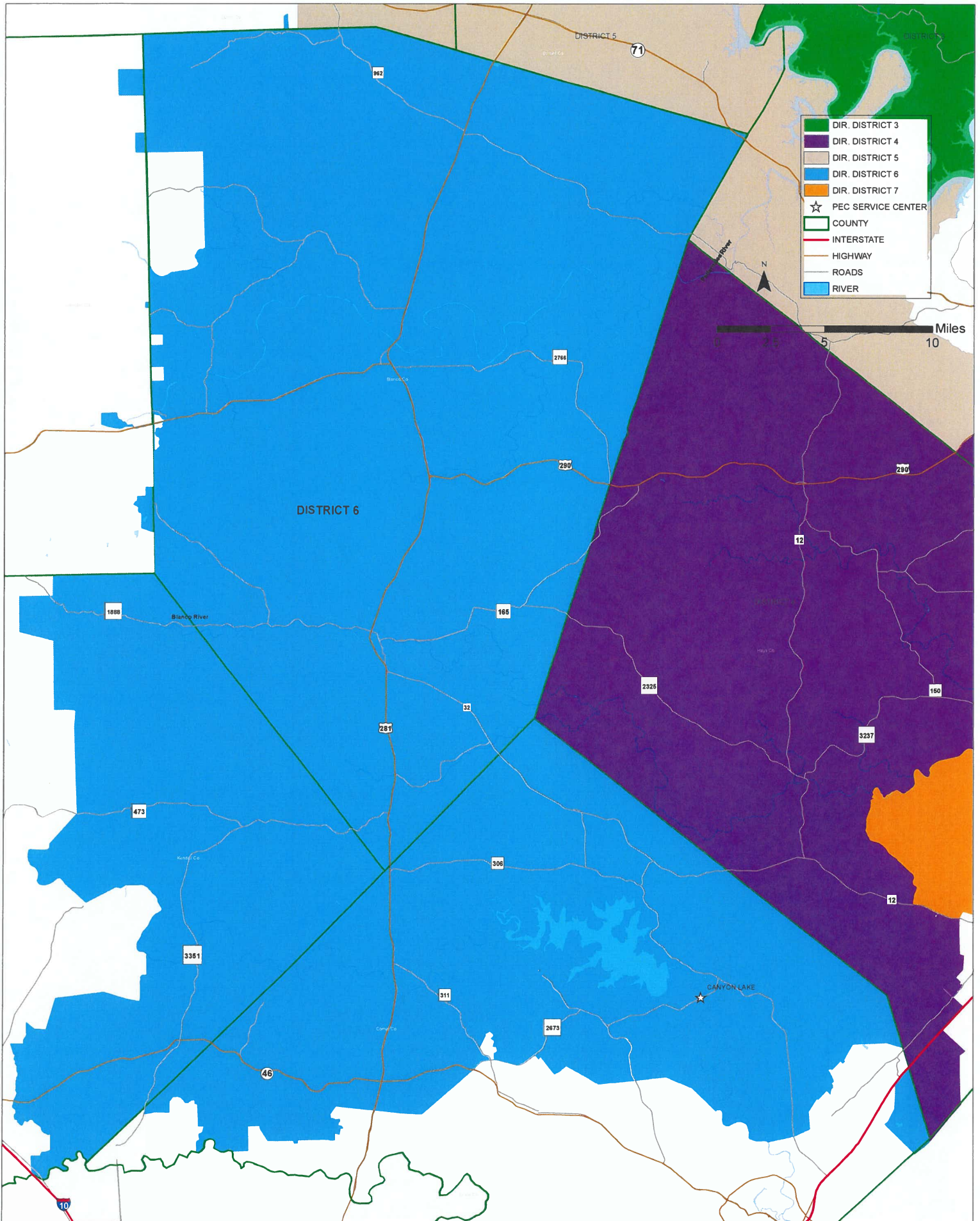
-  District 5 Draft
-  District 5 Existing



© OpenStreetMap (

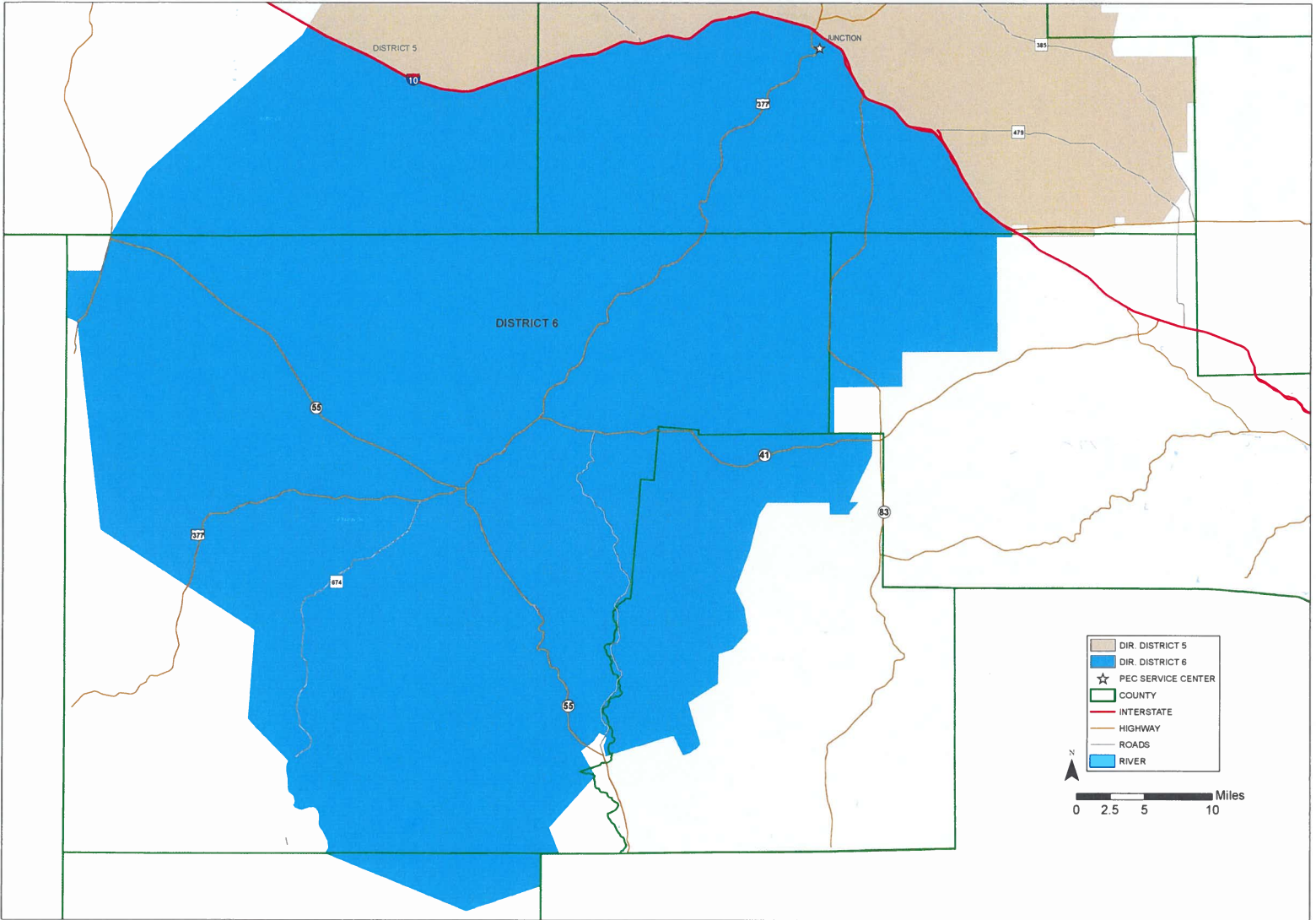
Director District 6 Eastern Boundary Board Approved and Adopted 10/18/19

(Certain areas within the boundaries shown do not receive PEC electric service)



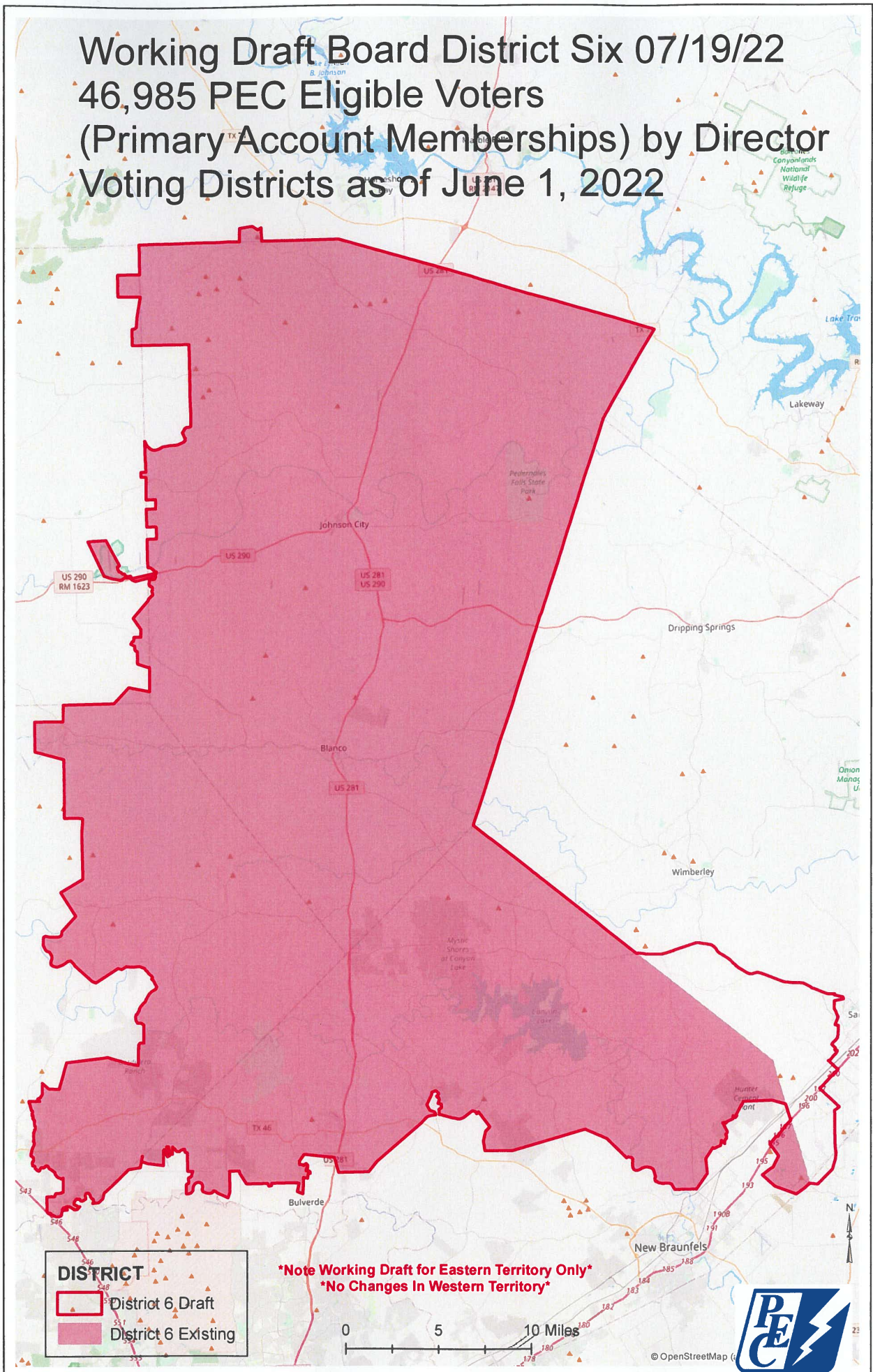
Director District 6 Western Boundary Board Approved and Adopted 10/18/19

(Certain areas within the boundaries shown do not receive PEC electric service)





Working Draft Board District Six 07/19/22

46,985 PEC Eligible Voters
(Primary Account Memberships) by Director
Voting Districts as of June 1, 2022



Note Working Draft for Eastern Territory Only
No Changes In Western Territory

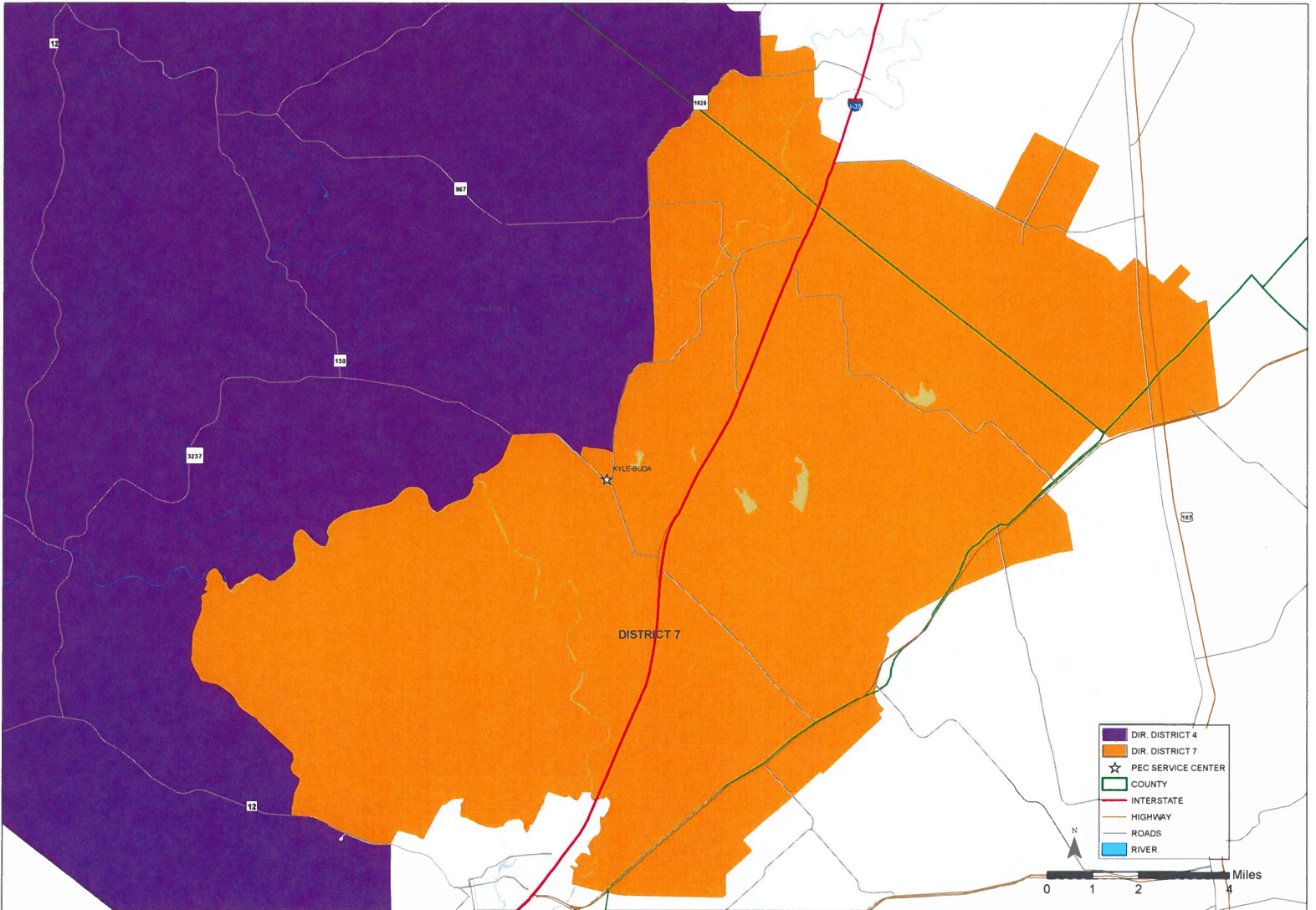
DISTRICT

-  District 6 Draft
-  District 6 Existing

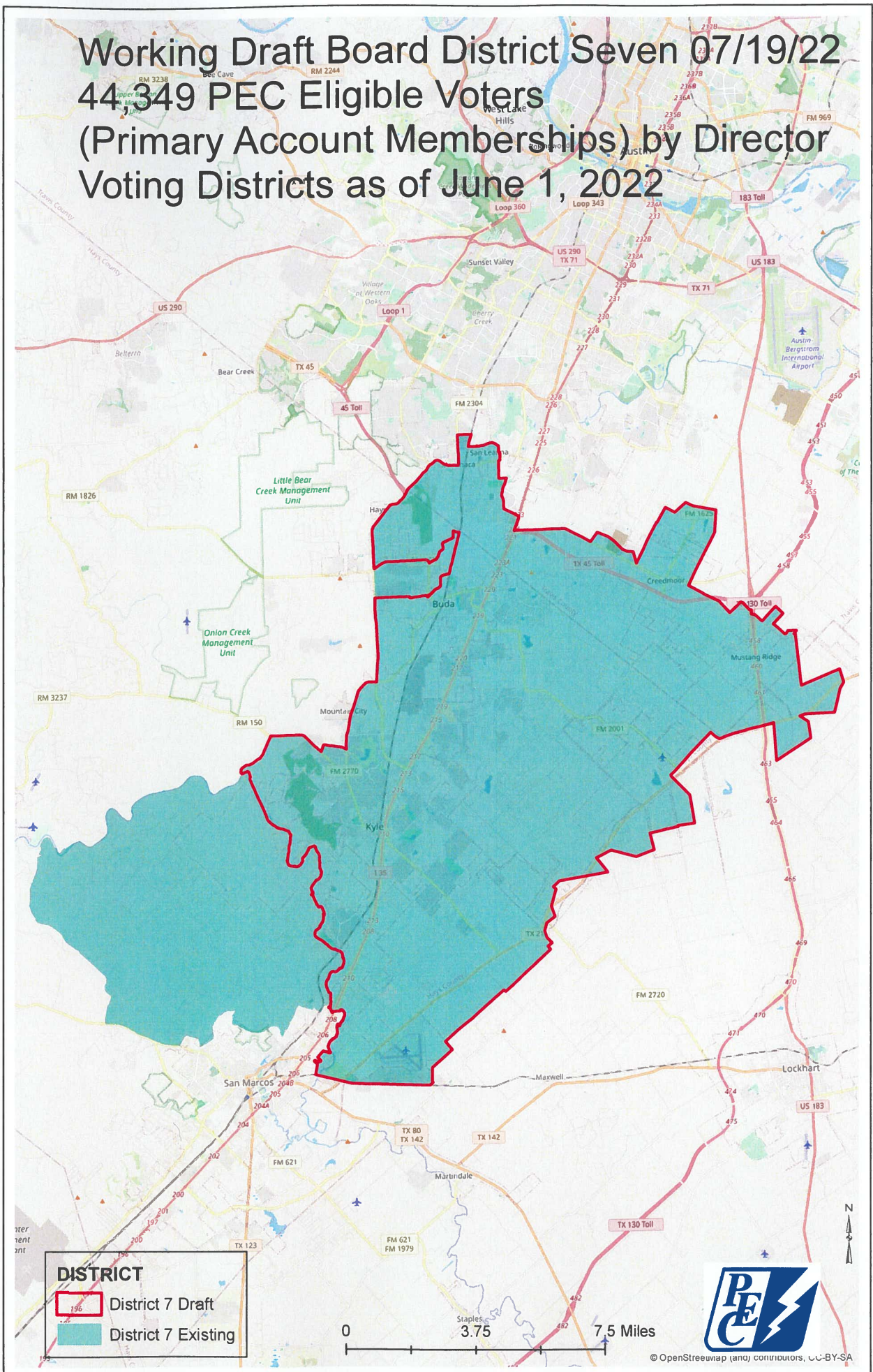


© OpenStreetMap (

Director District 7 Boundary
Board Approved and Adopted 10/18/19
(Certain areas within the boundaries shown do not receive PEC electric service)



Working Draft Board District Seven 07/19/22 44,349 PEC Eligible Voters (Primary Account Memberships) by Director Voting Districts as of June 1, 2022





File #: 2022-351, Version: 1

Resolution - Approval of Review and Amendments to Rate Policy - N Mack/D Thompson

Submitted By: David Thompson

Department: Markets

Financial Impact and Cost/Benefit Considerations: None

Pursuant to the Board's Policy on Policies, the current Rate Policy is to be reviewed this year by August 2022.

The PEC Board of Directors last approved changes to the Rate Policy in July 2019 (prior to July 2019, the PEC Board of Directors previously approved a Rate Policy in July 2011). Those 2019 changes included clearly assigning responsibilities regarding rate design, and rate recovery processes as well as monitoring of rate recovery. Requirement for an Annual Rate Plan was established as well as codifying that a Cost-of-Service Study is required at least every three years. The Rates Committee was established as well and was tasked with monitoring and providing recommendations to the Board.

The recommended updates to the Rate Policy for 2022 include:

- Formatting the Policy to align with the latest policy format;
- Changing the review cycle to every 5 years to align with other policy review periods; and
- Updating Rates Committee members

The PEC Board of Directors has exclusive jurisdiction to set all terms of access, conditions, and rates applicable to the services provided by the Cooperative other than as provided by Texas state law. The federal Public Utility Regulatory Policies Act of 1978 (PURPA) as amended in 2005 and in 2007 also dictates that nonregulated entities, which includes PEC, consider and determine whether to implement ratemaking standards as described in PURPA (16 USC Section 2621) including:

- (1) Cost of service;
- (2) Declining block rates;
- (3) Time-of-day rates;
- (4) Seasonal rates;
- (5) Interruptible rates;
- (6) Load management techniques;
- (7) Integrated resource planning;
- (8) Investment in conservation and demand management;
- (9) Energy efficiency investment in power generation and supply;
- (10) Consideration of effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power suppliers; and assurance of adequate fuel supplies.

2005 amendments:

- (11) Net metering;
- (12) Fuel sources;
- (13) Fossil fuel generation efficiency;
- (14) Time-based metering and communications;
- (15) Interconnection

2007 amendments:

- (16) Integrated resource planning
- (17) Rate design modifications to promote energy efficiency investments;
- (18) Consideration of smart grid investments; and
- (19) Smart grid information.

PEC adopted various Board resolutions in 2007, 2008 and 2009 as to requirements found within Section 2621 of PURPA.

In July 2007, the Board considered certain PURPA standards and determined PEC would not adopt PURPA standards pertaining to the following: 1) Net Metering Standard, 2) Fuel Sources Standard, 3) Fossil Fuel Generation Technology Standard, 4) Time-Based Metering and Communications Standard, and 5) the Interconnection Standard.

In October 2008, the Board required a public hearing to consider and determine whether to implement additional ratemaking standards addressing energy efficiency, integrated resource planning, rate design modifications to promote energy efficiency investments, consideration of smart grid investments, and access to smart grid information.

In March 2009, the Board adopted modified PURPA standards as to: 1) integrating energy efficiency resources into resource planning and making cost-effective energy efficiency a priority resource; 2) modifying rate designs to promote energy efficiency investments; 3) assessing investments in smart grid technologies before investing in non-advanced technologies; and 4) making smart grid information available to members.

Although the Cooperative adopted its Rate Policy in 2011, which included reference to the following concepts found in the PURPA standards: 1) cost of service requirements, 2) load management techniques, 3) investment in conservation and demand planning, 4) energy efficiency investment in power generation and supply and in 2010 the Cooperative referenced in its Resource Planning Policy the following concepts found in the PURPA standards: 1) Integrated resource planning and 2) consideration of effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power suppliers and assurance of adequate fuel supplies, the Cooperative never formally declared its positions on the following PURPA standards:

- (1) Cost of service;
- (2) Declining block rates;
- (3) Time-of-day rates;
- (4) Seasonal rates;
- (5) Interruptible rates;
- (6) Load management techniques;
- (7) Integrated resource planning;
- (8) Investment in conservation and demand management;
- (9) Energy efficiency investment in power generation and supply; and
- (10) Consideration of effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power suppliers and assurance of adequate fuel supplies.

Cooperative staff has performed cost of service studies and publicly reported its findings for test years 2007, 2015 and 2017 during which the aforementioned PURPA rate standards were evaluated as possible rate recovery options.

Additionally, the Cooperative held numerous open Board Meetings and Member Forums events throughout the

Cooperative's service territory to gather member feedback related to rate preferences, rate options, and the cost of service study process and their findings.

October 20th, 2008 - Member Forum Event

March 2009 - Open Board Meeting

April 6th and 16th, 2009 - Member Forum Events

May 11, 2009 - Member Forum Event

February 2015 - Membership survey and Member Forum Events in Kyle, Junction, Cedar Park, and Johnson City.

In addition to Member Forum Events, the Cooperative provides members the opportunity to express their views in person at open meetings held each month. Furthermore, members are encouraged to submit comments on all rate related matters to staff or the Board of Directors.

The 2019 Resolution of the Board adopting its Rate Policy made the following determinations:

- (1) The Cooperative acknowledged that it considered all components of PURPA (16 USC Section 2621), as amended;
- (2) that the Cooperative previously considered and adopted resolutions in 2007 and in 2009 as to PURPA standards 16 USC Section 2621(d)(11), (d)(12), (d)(13), (d)(14), (d)(15), (d)(16), (d)(17), (d)(18) and (d)(19);
- (3) after provision of notice and consideration at an open meeting, consistent with the requirements of 16 USC Section 2621, 2622, and 2631, based on findings from cost of service analysis, the Cooperative has considered and determined it is appropriate to implement or not implement the following PURPA standards:
 - The Cooperative considered and determined it is appropriate to implement the **cost of service** standard established in PURPA 16 USC Section 2621 (d) (1) as it is in alignment with the Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
 - The Cooperative considered and determined it is appropriate not to implement the **declining block rates** standard established in PURPA 16 USC Section 2621 (d) (2) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
 - The Cooperative considered and determined it is appropriate to implement the **time of day rates** standard established in PURPA 16 USC Section 2621 (d) (3) as it is in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery. The Cooperative implemented Time of Use Rates in February of 2018.
 - The Cooperative considered and determined it is appropriate to implement the **seasonal rates** standard established in PURPA 16 USC Section 2621 (d) (4) as it is in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery. Seasonal Rates were implemented through the Time of Use Rates; The Cooperative implemented Time of Use Rates in February of 2018.
 - The Cooperative considered and determined it is appropriate not to implement the **interruptible rates** standard established in PURPA 16 USC Section 2621 (d) (5) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
 - The Cooperative considered and determined it is appropriate not to implement the **load management techniques** standard established in PURPA 16 USC Section 2621 (d) (6) as it is not in alignment with

Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.

- The Cooperative considered and determined it is appropriate not to implement the **integrated resource planning** standard established in PURPA 16 USC Section 2621 (d) (7) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative considered and determined it is appropriate not to implement the **investment in conservation and demand management** standard established in PURPA 16 USC Section 2621 (d) (8) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative considered and determined it is appropriate not to implement the **energy efficiency investment in power generation and supply** standard established in PURPA 16 USC Section 2621 (d) (9) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative considered and determined it is appropriate not to implement the **consideration of effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power suppliers and assurance of adequate fuel supplies** standard established in PURPA 16 USC Section 2621 (d) (10) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.

PURPA was amended in 2021 and requires a utility to consider the following:

- (20) Demand-response practices; and
- (21) Electric vehicle charging programs.

The Board has not yet reviewed or considered these amendments; the Board anticipates review in Fall 2023 prior to the November 2023 deadline for consideration.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative authorizes the adoption of the attached amended Rate Policy which supersedes such policies as referred to therein; an

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, the Cooperative reserves the right to re-consider the adoption and implementation of any of these federal standards if it deems it beneficial and in alignment with the Cooperative's objectives, its Rate Policy or any other Board-approved Policy; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the CEO, or designee, is authorized to take all such other actions necessary to implement this resolution.



Approval of Review & Amendments to Rate Policy

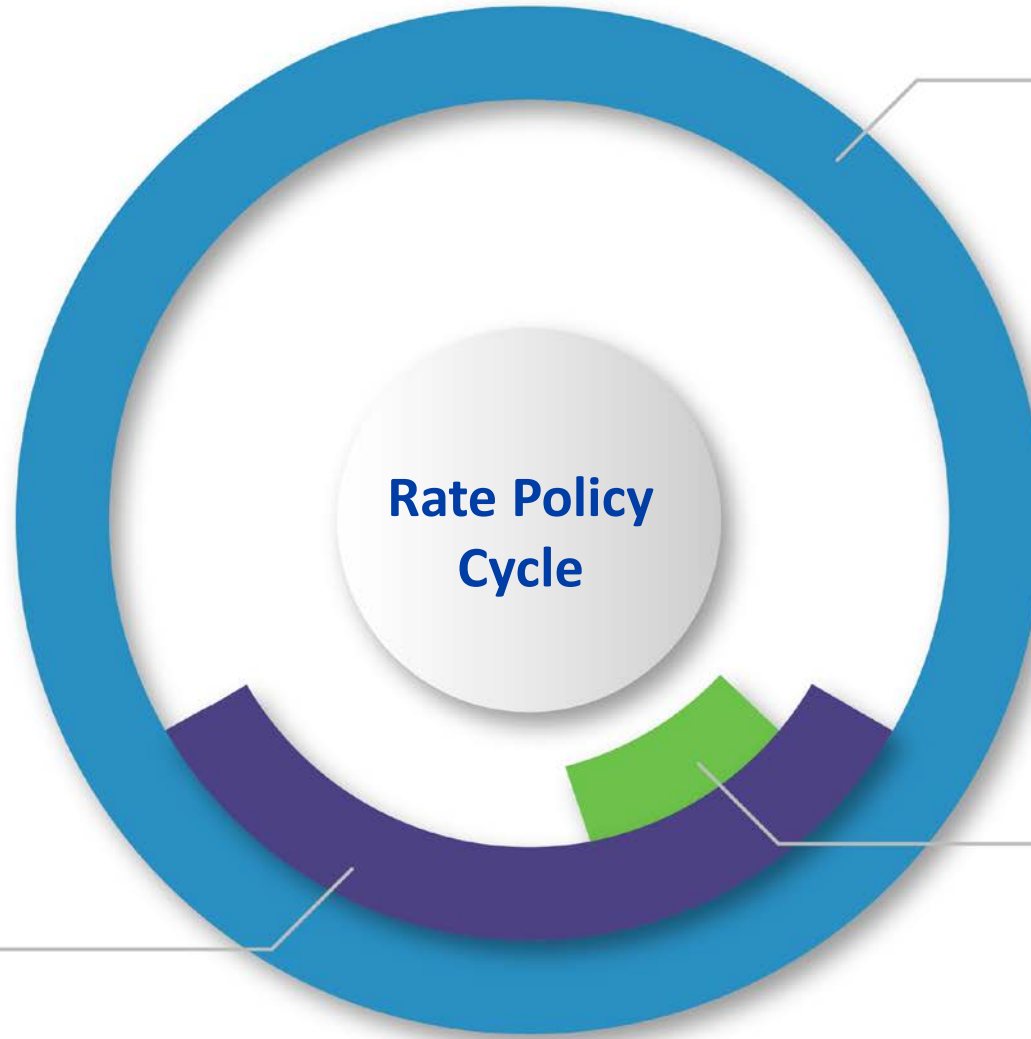
Natalia A. Mack | Rates Manager

Rate Policy

Background

- First introduced in July 2011 and last updated in August of 2019
- The Rate Policy guides the Rate Policy Cycle which includes:
 - Cost of Service Study requirement
 - Rate Plan requirement
 - Quarterly reporting
- In addition, the Rate Policy provides detail on:
 - Rate design objectives
 - Guidelines for rate adjustments or changes
 - Oversight from Rates Committee
 - Makeup of Rate Committee
- Scheduled for review August 2022

Rate Policy Cycle



Rate Policy Cycle

EVERY YEAR

Rate Plan

- Presented to both the Rates Committee and the Board of Directors
- Recommendations for upcoming year

EVERY 3 YEARS

Cost of Service Study

- All rates, fees and allowances reviewed
- Due to complete new study in 2023

EVERY QUARTER

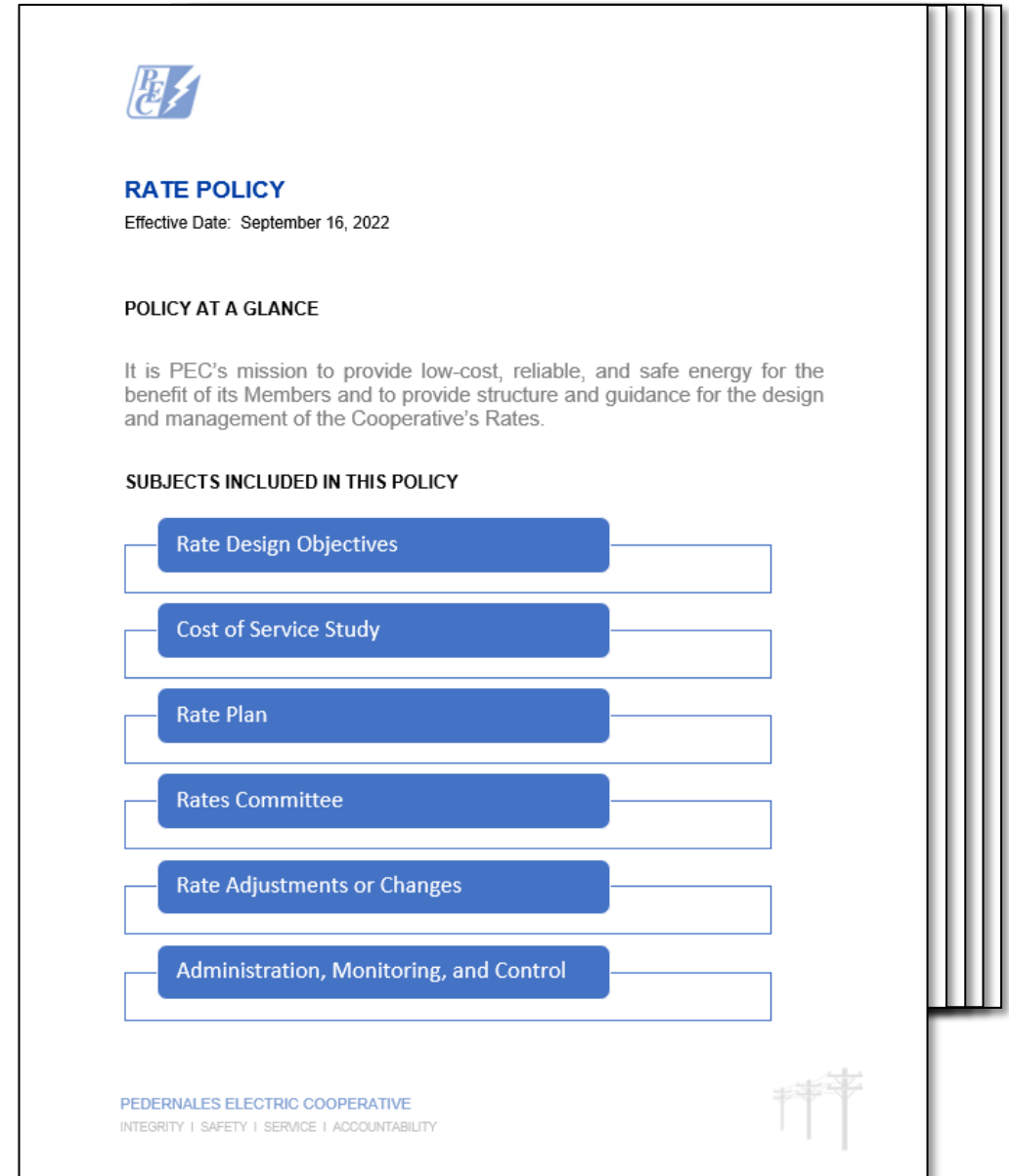
Board of Directors Report

- Implementation of the Rate Plan
- Reserve balances
- Revenue recovery
- Rate competitiveness

Rate Policy

Changes Proposed

- Update Policy format to align with latest Board Policy formatting
- Update language in purpose of policy to align with PEC mission statement
- Addition of Vice President of Member Relations to Rates Committee
- Changed review cycle from 3 years to 5 years
- Other minor formatting



The image shows the cover page of a document titled "RATE POLICY". At the top left is the PEC logo, which consists of a blue square containing the letters "P", "E", and "C" in white, with a white lightning bolt striking the "E". Below the logo, the title "RATE POLICY" is written in blue, followed by "Effective Date: September 16, 2022" in a smaller black font. The section "POLICY AT A GLANCE" is followed by a paragraph stating: "It is PEC's mission to provide low-cost, reliable, and safe energy for the benefit of its Members and to provide structure and guidance for the design and management of the Cooperative's Rates." Below this is the section "SUBJECTS INCLUDED IN THIS POLICY", which lists seven items in blue rounded rectangular boxes, each with a white outline to its right: "Rate Design Objectives", "Cost of Service Study", "Rate Plan", "Rates Committee", "Rate Adjustments or Changes", and "Administration, Monitoring, and Control". At the bottom left, the text "PEDERNALES ELECTRIC COOPERATIVE" is written in blue, with "INTEGRITY | SAFETY | SERVICE | ACCOUNTABILITY" in a smaller black font below it. At the bottom right is a stylized graphic of three utility poles with cross-arms.

PEC

RATE POLICY
Effective Date: September 16, 2022

POLICY AT A GLANCE

It is PEC's mission to provide low-cost, reliable, and safe energy for the benefit of its Members and to provide structure and guidance for the design and management of the Cooperative's Rates.

SUBJECTS INCLUDED IN THIS POLICY

- Rate Design Objectives
- Cost of Service Study
- Rate Plan
- Rates Committee
- Rate Adjustments or Changes
- Administration, Monitoring, and Control

PEDERNALES ELECTRIC COOPERATIVE
INTEGRITY | SAFETY | SERVICE | ACCOUNTABILITY



PEDERNALES ELECTRIC COOPERATIVE



RATE POLICY

Effective Date: October 21, 2022

POLICY AT A GLANCE

It is PEC's mission to provide low-cost, reliable, and safe energy for the benefit of its Members and to provide structure and guidance for the design and management of the Cooperative's Rates.

SUBJECTS INCLUDED IN THIS POLICY



1. PURPOSE

Pedernales Electric Cooperative, Inc. (“PEC” or “Cooperative”), is committed to providing low-cost, reliable, and safe energy for our Members. The [Tariff and Business Rules](#) for Electric Service (“Tariff”), as approved by the Cooperative’s Board of Directors (“Board”), details the Cooperative’s Rates. The purpose of the Rate Policy (“Policy”) is to provide structure and guidance to design and manage the Cooperative’s Rates.

2. SCOPE

- 2.1. This Policy governs the design process of the Cooperative’s Rates.
- 2.2. This Policy governs the planning, management, reporting, and oversight of the processes to manage the Cooperative’s Rates.
- 2.3. This Policy governs the interactions with the annual budget cycle and the enterprise risk management process.

3. POLICY AND IMPLEMENTATION

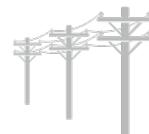
3.1. Defined Objectives

The Rate design process will be guided by the following objectives and in accordance with any applicable federal or state law related to Rates:

- 3.1.1. Equitable Rates – Costs will be allocated to members in a just and reasonable, equitable, and non-discriminatory manner as supported by the Cost of Service Study.
- 3.1.2. Accurate Price Signals – Rates will strive to send accurate Price Signals to members, as metering infrastructure and billing software allows.
- 3.1.3. Stability – Rates will be designed to recover the Cooperative’s costs, while limiting the impact of short-term cost increases and decreases to Member’s rates.
- 3.1.4. Cost recovery – Rates and other charges for electric energy and other facilities, supplies, equipment, or services provided by the Cooperative must be sufficient at all times to:
 - 3.1.4.1. Pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its business;
 - 3.1.4.2. Pay the principal and interest on the obligations issued or assumed by the Cooperative in performing the purpose for which the Cooperative was organized;
 - 3.1.4.3. Create reserves to support the other defined objectives; and
 - 3.1.4.4. Generate margins adequate to meet annual lender requirements and long-term financial objectives as per the Cooperative’s [Equity Management Plan Policy](#).

3.2. Cost of Service Study

- 3.2.1. A Cost of Service Study will be conducted at least once every three (3) years. The study will inform Rate design and will serve as an input to the Rate Plan.
- 3.2.2. The Cost of Service Study will include a review of all Rates listed in the Tariff.

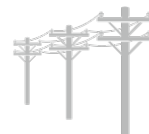


3.3. Rate Plan

- 3.3.1.** The Rate Plan will define how the Cooperative anticipates recovering its costs from Members for services provided during the upcoming year.
- 3.3.2.** The Rate Plan will be presented to the Board annually and will be consistent and in alignment with the annual budget cycle.
- 3.3.3.** Approval by the Board will authorize management to execute the Rate Plan.
- 3.3.4.** The Rate Plan will have the following major components:
 - 3.3.4.1.** Forecasted revenue collections from Rates for at least a 12-month period;
 - 3.3.4.2.** Forecasted reserves for at least a 12-month period; and
 - 3.3.4.3.** Recommendations for changes to Rates for at least a 12-month period.

3.4. Rates Committee

- 3.4.1.** The Board establishes a Rates Committee generally composed of the following roles:
 - 3.4.1.1.** Chief Executive Officer;
 - 3.4.1.2.** Chief Financial Officer;
 - 3.4.1.3.** Controller;
 - 3.4.1.4.** Vice President of Member Relations;
 - 3.4.1.5.** Vice President of Markets;
 - 3.4.1.6.** Rates Manager; and
 - 3.4.1.7.** An in-house Legal designee to serve as a legal advisor to the Rates Committee.
- 3.4.2.** The Rates Committee is charged with the administration of this Policy and is granted authority and responsibilities to:
 - 3.4.2.1.** Oversee responsibilities and activities assigned as part of this Policy;
 - 3.4.2.2.** Recommend controls and periodically review the effectiveness of all aspects of this Policy; and
 - 3.4.2.3.** Retain outside advisors and organizations to assist the Cooperative in completing a Cost of Service Study or any other studies as needed in connection with this Policy.
- 3.4.3.** A member of the Rates Committee will report at least quarterly to the Board on the implementation of the approved Rate Plan. The report to the Board will consist of the following:
 - 3.4.3.1.** Current cost recovery and forecasted cost recovery for at least 12 months;
 - 3.4.3.2.** Description of any adjustments needed to complete the execution of the Rate Plan; and
 - 3.4.3.3.** Recommendations if an event or condition arises that may result in an impact to the Cooperative's reserve balances or its ability to recover costs.
- 3.4.4. Rate Adjustments or Changes**
 - 3.4.4.1.** The Rates Committee will propose Rate adjustments or changes to the Board as part of the Rate Plan and at such other times as necessary to meet



the Cooperative's objectives as defined in this Policy.

- 3.4.4.2. The Board will consider all proposed Rates and Rate adjustments or changes and approve the proposed Rates and Rate adjustments which the Board determines appropriate.
- 3.4.4.3. Members may obtain information about Rates or adjustments or changes to Rates as may be publicly available in open session materials for Board Meetings or otherwise in accordance with the Cooperative's [Open Records Policy](#) or state and federal law.
- 3.4.4.4. Members may choose to participate and intervene in any Rate adjustments or changes by submitting comments in writing to the Board or providing comments at a Board Meeting or other member forum addressing Rates.
- 3.4.4.5. The Cooperative anticipates informing affected Members of any new Rate, or Rate adjustment or change at least 30 days prior to the effective date of such Rate.

3.4.5. Administration, Monitoring, and Control

- 3.4.5.1. The Board has exclusive jurisdiction to set all terms of access, conditions, and Rates applicable to the services provided by the Cooperative other than as provided by Texas state or federal law.
- 3.4.5.2. The Rates Committee is responsible for the execution and documentation of functions needed to administer and implement the Rate Plan.
- 3.4.5.3. The Board will monitor the Rates of the Cooperative.
- 3.4.5.4. The Board will review and determine whether to authorize any adjustments or changes recommended by the Rates Committee.

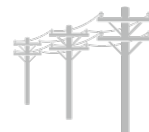
4. DEFINITIONS

The definitions below are commonly utilized by power industry professionals. The definitions are meant to clarify this Policy and may not align with other uses of the terms.

- 4.1. **Cost of Service Study** – A study that identifies all costs associated with providing service to a Member and/or Member class.
- 4.2. **Price Signals** – Information conveyed to Members through the establishment or adjustment of Member Rates, which provides transparency to the Member regarding the Cooperative's cost to serve or provide services.
- 4.3. **Rate(s)** – Any compensation, tariff, charge, fare, rental, or classification that is directly or indirectly demanded, observed, charged, or collected by the Cooperative for any service, product, or commodity and any rule, practice, or contract affecting the compensation, tariff, charge, fare, toll, rental, or classification.
- 4.4. **Rate Plan** – A Board approved plan that is updated annually and defines how the Cooperative anticipates recovering its costs.

5. POLICY ENFORCEMENT

Violation of this Policy may result in disciplinary action, up to and including termination.



6. REFERENCES AND RELATED DOCUMENTS

[16 U.S.C. § 2621 \(“PURPA”\)](#)

[Chapter 41 of Texas Utilities Code](#)

[Chapter 161 of Texas Utilities Code](#)

[Articles of Incorporation](#)

[Bylaws](#)

[Tariff and Business Rules](#)

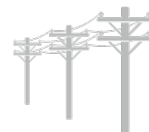
[Equity Management Plan Policy](#)

[Strategic Plan](#)

Cost of Service Studies

PEC Budget

Date adopted:	July 2011
Last reviewed:	October 21, 2022
Review frequency:	Every Five Years
Amendment dates:	August 16, 2019, October 21, 2022
Effective date:	October 21, 2022
Approver:	Board of Directors
Applies to:	The Board of Directors and the Rates Committee
Administrator:	Vice President, Markets
Superseding effect:	This Policy supersedes all previous policies and other binding resolutions concerning the subject matter herein. A resolution or action by the Board as it pertains to Rates may not conflict with Texas state law or federal law applicable to the Cooperative.



Rate Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

1. Purpose:

1.1. Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative"), ~~in its mission~~ is committed to providing ~~low-cost, safe, reliable, and safe, and low-cost~~ energy solutions for ~~the benefit of~~ our ~~M~~members. The Tariff and Business Rules for Electric Service ("Tariff"), as approved by the Cooperative's Board of Directors ("Board"), details the Cooperative's Rates. The purpose of the Rate Policy ("Policy") is to provide structure and guidance to design and manage the Cooperative's Rates.

2. Scope:

- 2.1. This Policy governs the design process of the Cooperative's Rates.
- 2.2. This Policy governs the planning, management, reporting, and oversight of the processes to manage the Cooperative's Rates.
- 2.3. This Policy governs the interactions with the annual budget cycle and the enterprise risk management process.

3. Definitions:

~~The definitions below are commonly utilized by power industry professionals. The definitions are meant to clarify this Policy and may not align with other uses of the terms.~~

- ~~3.1. Cost of Service Study – a study that identifies all costs associated with providing service to a member and/or member class.~~
- ~~3.2. Price Signals – information conveyed to members through the establishment or adjustment of member Rates, which provides transparency to the member regarding the Cooperative's cost to serve or provide services.~~
- ~~3.3. Rate(s) – any compensation, tariff, charge, fare, rental, or classification that is directly or indirectly demanded, observed, charged, or collected by the Cooperative for any service, product, or commodity and any rule, practice, or contract affecting the compensation, tariff, charge, fare, toll, rental, or classification.~~
- ~~3.4. Rate Plan – a Board approved plan that is updated annually and defines how the Cooperative anticipates recovering its costs.~~

4.3. Policy and Statement and Implementation:

~~The Rate design process will be guided by the following objectives and in accordance with any applicable federal or state law as to Rates:~~

3.1. Defined Objectives

~~The Rate design process is guided by the following objectives and in accordance with any applicable federal or state law related to Rates:~~

- ~~4.1.1-3.1.1.~~ Equitable Rates – Costs will be allocated to members in a just and reasonable, equitable, and non-discriminatory manner as supported by the Cost of Service Study.
- ~~4.1.2-3.1.2.~~ Accurate Price Signals – Rates will strive to send accurate Price Signals to members, as metering infrastructure and billing software

Rate Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

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~~4.1.3.3.1.3.~~ Stability – Rates will be designed to recover the Cooperative's costs, while limiting the impact of short-term cost increases and decreases to ~~M~~member's rates.

~~4.1.4.3.1.4.~~ Cost recovery – Rates and other charges for electric energy and other facilities, supplies, equipment, or services provided by the Cooperative must be sufficient at all times to:

~~4.1.4.1.3.1.4.1.~~ Pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its business;

~~4.1.4.2.3.1.4.2.~~ Pay the principal and interest on the obligations issued or assumed by the Cooperative in performing the purpose for which the Cooperative was organized;

~~4.1.4.3.3.1.4.3.~~ Create reserves to support the other defined objectives; and

~~4.1.4.4.3.1.4.4.~~ Generate margins adequate to meet annual lender requirements and long-term financial objectives as per the Cooperative's Equity Management Plan Policy.

~~4.2.3.2.~~ Cost of Service Study

~~4.2.1.3.2.1.~~ A Cost of Service Study will be conducted at least once every three (3) years. The study will inform Rate design and will serve as an input to the Rate Plan.

~~4.2.2.3.2.2.~~ The Cost of Service Study will include a review of all Rates listed in the Tariff.

~~4.3.3.3.~~ Rate Plan

~~3.3.1.~~ The Rate Plan will define how the Cooperative anticipates recovering its costs from ~~M~~members for services provided during the upcoming year.

~~3.3.2.~~ The Rate Plan will be presented to the Board annually and will be consistent and in alignment with the annual budget cycle.

~~3.3.3.~~ Approval by the Board will authorize management to execute the Rate Plan.

~~4.3.1.3.3.4.~~ –The Rate Plan will have the following major components:

~~4.3.1.1.3.3.4.1.~~ Forecasted revenue collections from Rates for at least a 12-month period;

~~4.3.1.2.3.3.4.2.~~ Forecasted reserves for at least a 12-month period; and

~~3.3.4.3.~~ Recommendations for changes to Rates for at least a 12-month period.

Responsibilities:

General Roles and Responsibilities

The Board has exclusive jurisdiction to set all terms of access, conditions, and Rates applicable to the services provided by the Cooperative other than as provided by Texas state or federal law.

3.4. Rates Committee

3.4.1. The Board establishes a Rates Committee ~~comprised~~ generally composed of the following roles:

3.4.1.1. Chief Executive Officer ~~(CEO)~~;

Rate Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

3.4.1.2. Chief Financial Officer ~~(CFO)~~;

~~4.3.1.3.~~3.4.1.3. Controller;

3.4.1.4. Vice President of Member Relations;

3.4.1.5. Vice President of Markets;

3.4.1.6. Rates Manager; and

3.4.1.7. An in-house Legal designee to serve as a legal advisor to the Rates Committee.

3.4.2. The Rates Committee is charged with the administration of this Policy and is granted authority and responsibilities to:

3.4.2.1. Oversee responsibilities and activities assigned as part of this Policy;

3.4.2.2. Recommend controls and periodically review the effectiveness of all aspects of this Policy; and

3.4.2.3. Retain outside advisors and organizations to assist the Cooperative in completing a Cost of Service Study or any other studies as needed in connection with this Policy.

3.4.3. A member of the Rates Committee will report at least quarterly to the Board on the implementation of the approved Rate Plan. The report to the Board will consist of the following:

3.4.3.1. Current cost recovery and forecasted cost recovery for at least 12 months;

3.4.3.2. Description of any adjustments needed to complete the execution of the Rate Plan; and

3.4.3.3. Recommendations if an event or condition arises that may result in an impact to the Cooperative's reserve balances or its ability to recover costs.

3.4.4. Rate Adjustments or Changes

3.4.4.1. The Rates Committee will propose Rate adjustments or changes to the Board as part of the Rate Plan and at such other times as necessary to meet the Cooperative's objectives as defined in this Policy.

3.4.4.2. The Board will consider all proposed Rates and Rate adjustments or changes and approve the proposed Rates and Rate adjustments which the Board determines appropriate.

3.4.4.3. Members may obtain information about Rates or adjustments or changes to Rates as may be ~~publically~~publicly available in open session materials for Board Meetings or otherwise in accordance with the Cooperative's Open Records Policy or state and federal law.

3.4.4.4. Members may choose to participate and intervene in any Rate adjustments or changes by submitting comments in writing to the Board or providing comments at a Board Meeting or other member forum addressing Rates.

3.4.4.5. The Cooperative anticipates informing affected ~~M~~members of any new Rate, or Rate adjustment or change, at least 30 days prior to the effective date of such Rate.

3.4.5. Administration, Monitoring, and Control

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Rate Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

- 3.4.5.1. The Board has exclusive jurisdiction to set all terms of access, conditions, and Rates applicable to the services provided by the Cooperative other than as provided by Texas state or federal law.
- 3.4.5.2. The Rates Committee ~~is~~ will be responsible for the execution and documentation of functions needed to administer and implement the Rate Plan.
- 3.4.5.3. The Board will monitor the Rates of the Cooperative.
- 3.4.5.4. The Board will review and determine whether to authorize any adjustments or changes recommended by the Rates Committee.

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4. Definitions:

The definitions below are commonly utilized by power industry professionals. The definitions are meant to clarify this Policy and may not align with other uses of the terms.

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- 4.1. Cost of Service Study – A study that identifies all costs associated with providing service to a Mmember and/or Mmember class.
- 4.2. Price Signals – Information conveyed to Mmembers through the establishment or adjustment of Mmember Rates, which provides transparency to the Mmember regarding the Cooperative's cost to serve or provide services.
- 4.3. Rate(s) – Any compensation, tariff, charge, fare, rental, or classification that is directly or indirectly demanded, observed, charged, or collected by the Cooperative for any service, product, or commodity and any rule, practice, or contract affecting the compensation, tariff, charge, fare, toll, rental, or classification.
- 4.4. Rate Plan – A Board approved plan that is updated annually and defines how the Cooperative anticipates recovering its costs.

4. Procedure Responsibility:

4.1. General Roles and Responsibilities

- 4.1.1. The Board has exclusive jurisdiction to set all terms of access, conditions, and Rates applicable to the services provided by the Cooperative other than as provided by Texas state or federal law.

4.2. Rates Committee

- 4.2.1. The Board establishes a Rates Committee comprised of the following roles:
 - 4.2.1.1. Chief Executive Officer (CEO);
 - 4.2.1.2. Chief Financial Officer (CFO);
 - 4.2.1.3. Controller;
 - 4.2.1.4. Vice President of Markets;
 - 4.2.1.5. Rates Manager; and
 - 4.2.1.6. An in-house Legal designee to serve as a legal advisor to the Rates Committee.

Rate Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

- ~~4.2.2. The Rates Committee is charged with the administration of this Policy and is granted authority and responsibilities to:~~
- ~~4.2.2.1. Oversee responsibilities and activities assigned as part of this Policy;~~
 - ~~4.2.2.2. Recommend controls and periodically review the effectiveness of all aspects of this Policy; and~~
 - ~~4.2.2.3. Retain outside advisors and organizations to assist the Cooperative in completing a Cost of Service Study or any other studies as needed in connection with this Policy.~~
- ~~4.2.3. A member of the Rates Committee will report at least quarterly to the Board on the implementation of the approved Rate Plan. The report to the Board will consist of the following:~~
- ~~4.2.3.1. Current cost recovery and forecasted cost recovery for at least 12 months;~~
 - ~~4.2.3.2. Description of any adjustments needed to complete the execution of the Rate Plan; and~~
 - ~~4.2.3.3. Recommendations if an event or condition arises that may result in an impact to the Cooperative's reserve balances or its ability to recover costs.~~

4.3. Rate Adjustments or Changes

- ~~4.3.1. The Rates Committee will propose Rate adjustments or changes to the Board as part of the Rate Plan and at such other times as necessary to meet the Cooperative's objectives as defined in this Policy.~~
- ~~4.3.2. The Board will consider all proposed Rates and Rate adjustments or changes and approve the proposed Rates and Rate adjustments which the Board determines appropriate.~~
- ~~4.3.3. Members may obtain information about Rates or adjustments or changes to Rates as may be publically available in open session materials for Board Meetings or otherwise in accordance with the Cooperative's Open Records Policy or state and federal law.~~
- ~~4.3.4. Members may choose to participate and intervene in any Rate adjustments or changes by submitting comments in writing to the Board or providing comments at a Board Meeting or other member forum addressing Rates.~~
- ~~4.3.5. The Cooperative anticipates informing affected members of any new Rate, or Rate adjustment or change at least 30 days prior to the effective date of such Rate.~~

4.4. Administration; Monitor and Control

- ~~4.4.1. The Rates Committee will be responsible for the execution and documentation of functions needed to administer and implement the Rate Plan.~~
- ~~4.4.2. The Board will monitor the Rates of the Cooperative.~~
- ~~4.4.3. The Board will review and determine whether to authorize any adjustments or changes recommended by the Rates Committee.~~

Rate Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

5. Policy Enforcement:

Violations of this Policy may result in disciplinary action, up to and including, termination.

6. Superseding Effect:

~~6.1. This Policy supersedes all previous policies and other binding resolutions concerning the subject matter herein.~~

~~6.2. A resolution or action by the Board as it pertains to Rates may not conflict with Texas state law or federal law applicable to the Cooperative.~~

7.6 References and Related Documents:

- ~~8.4.~~ 16 U.S.C. § 2621 ("PURPA")
- Chapter 41 of Texas Utilities Code
- Chapter 161 of Texas Utilities Code
- Articles of Incorporation
- Bylaws
- Tariff and Business Rules
- Equity Management Plan Policy
- Strategic Plan
- Cost of Service Studies
- PEC Budget

Policy Title:	Rate Policy
Review Frequency:	Every Three Five Years
Last Reviewed:	August 16, 2019, _____ , <u>October 21, 2022</u>
Date Adopted:	July 2011
Effective Date:	<u>October 21, 2022</u> August 16, 2019
Amendment Dates:	August 16, 2019, <u>October 21, 2022 _____, 2022</u>
Approver:	Board of Directors
Applies to:	<u>The Board of Directors and the Rates Committee</u> CEO, CFO, Controller, VP of Markets, and Rates Manager
Administrator:	Vice President, Markets
Superseding Effect	This Policy supersedes all previous policies and other binding resolutions concerning the subject matter herein.



File #: 2022-353, Version: 1

Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - C Powell

Submitted By: Sylvia Romero on behalf of Christian Powell

Department: Compliance & Regulatory

Financial Impact and Cost/Benefit Considerations: As previously discussed in Executive Session.

Pedernales Electric Cooperative, Inc. ("PEC") is a noninvestor-owned transmission service provider and allowed to file an interim transmission cost of service rate filing pursuant 16 Texas Administrative Code ("TAC") § 25.192(h) as established by the Public Utility Commission of Texas ("PUCT"). 16 TAC § 25.192(h) provides that a transmission service provider may apply to update its transmission rate on an interim basis not more than twice per calendar year to reflect changes in its invested capital and other designated items.

PEC's transmission cost of service rates were established through a final order issued by the PUCT in Docket No. 22533 on March 5, 2001, and updated through interim rate updates in Docket No. 49584 approved on July 30, 2019, Docket No. 51375 approved on November 10, 2020, and Docket 52884 approved on January 19, 2022. PEC's transmission cost of service rates established in Docket No. 52884 reflect invested capital through the end of August 2021.

PEC desires to file for an interim update of its transmission cost of service rates to reflect the addition and retirement of transmission facilities from September 1, 2021 through July 31, 2022, with appropriate depreciation, associated taxes, and the PUCT-authorized rate of return on such facilities, as well as changes in loads, included pursuant to 16 TAC § 25.192(h).

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file an interim transmission cost of service rate filing pursuant to 16 TAC § 25.192(h) at the Public Utility Commission of Texas as discussed by the Board this day; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer, or designee, is authorized to take all such actions as needed to implement this resolution.



File #: 2022-357, **Version:** 1

Resolution - Approval of 2021 IRS Form 990 - S Houghton

Submitted By: Sylvia Romero on behalf of Sharon Houghton

Department: Chief Financial Officer

Financial Impact and Cost/Benefit Considerations: As discussed in executive session this day.

The Audit Committee presents to the Board for approval the Form 990 for the Cooperative for calendar year 2021 ("Form 990") to be filed with the Internal Revenue Service and made publicly available.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the I.R.S. Form 990, as submitted to the Board this day, is approved, with such changes, if any, as were discussed and approved by the Board;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or designee, is hereby authorized and directed to file the Form 990 with the Internal Revenue Service as the official filing of the Cooperative and make it publicly available once filed.



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Signature Report

**Executive Session - Contract and Competitive Matters:
2022-330**

File Number: 2022-330

**Resolution - Recommend Approval by Board of Directors of 2021 IRS Form 990 - B
Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM) - K Jones**

**BE IT RESOLVED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE
COOPERATIVE** that the Audit Committee recommends for Board approval the IRS Form 990 as
submitted and discussed by the Audit Committee; and

BE IT FURTHER RESOLVED BY THE AUDIT COMMITTEE that the Chief Financial Officer, or
designee, is authorized to take other actions as necessary to implement this resolution, including
presenting to the Board for approval.

At a meeting of the Audit Committee on 9/22/2022, a motion was made by James Oakley,
seconded by Amy Akers, that this Executive Session - Contract and Competitive Matters be
approved. The motion passed.

Yes: 3 Chairperson Pataki, Director Akers, and Director Oakley



File #: 2022-354, Version: 1

Draft Resolution - Approval of 2023 Rate Plan - N Mack/D Thompson

Submitted By: David Thompson

Department: Markets

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session.

Pursuant to the Cooperative's Rate Policy, the Rate Plan will be presented to the Board annually and will be consistent and in alignment with the annual budget cycle. The Rates Committee presents the 2023 Rate Plan ("Plan") for Board consideration and approval. The Plan presents a roadmap to meet the Cooperative's rate objectives in alignment with the Cooperative's mission to provide safe, reliable, and low-cost energy for our members. All recommendations from the 2023 Rate Plan that affect the Cooperative's Tariff and Business Rules will be brought before the Board of Directors as amendments to the Tariff and Business Rules for consideration.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative approves the 2023 Rate Plan that was presented to and discussed by the Board this day, with such changes thereto, if any, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is hereby authorized to take such other actions necessary to implement this resolution.

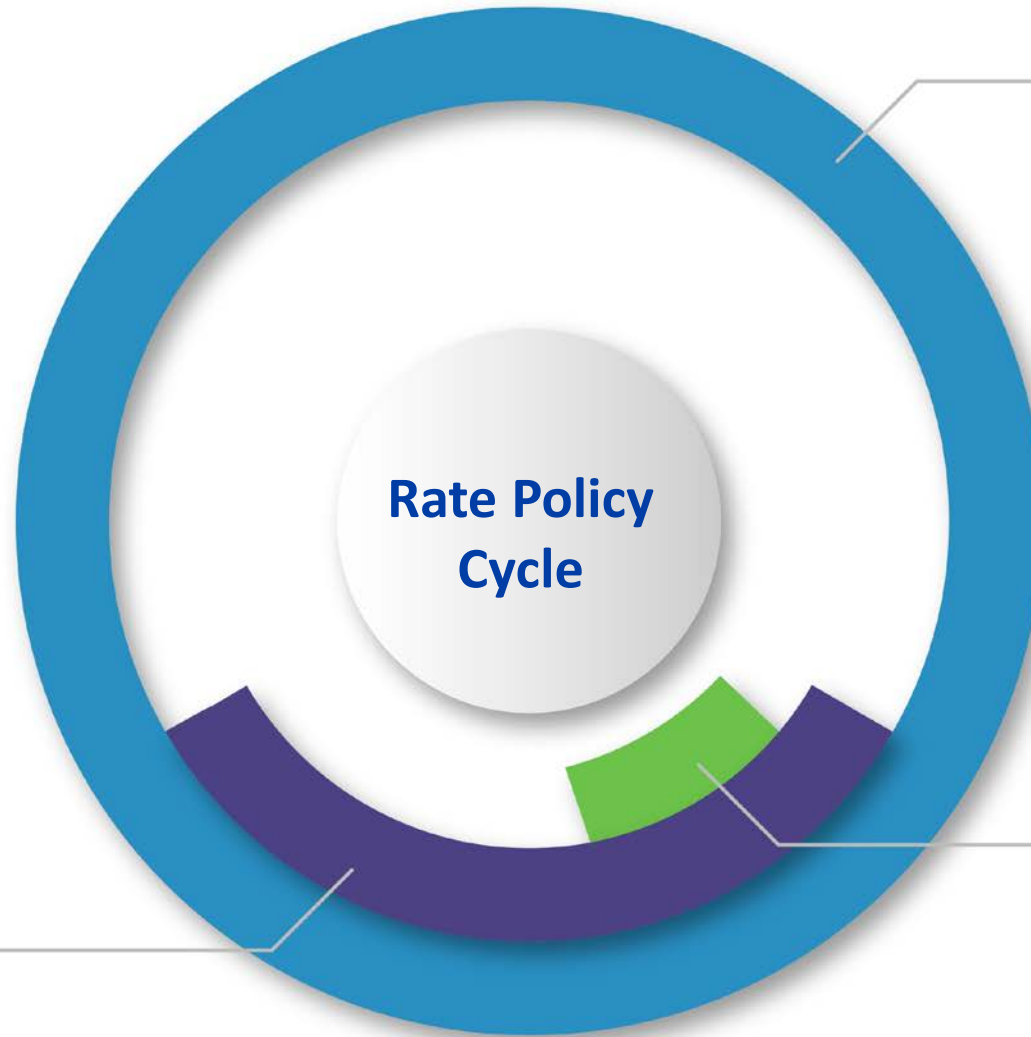


2023 Rate Plan

Natalia Mack | Rates Manager

David L. Thompson | VP of Markets

Rate Policy Cycle



Rate Policy Cycle

EVERY YEAR

Rate Plan

- Presented to both the Rates Committee and the Board of Directors
- Recommendations for upcoming year

EVERY 3 YEARS

Cost of Service Study

- All rates, fees and allowances reviewed
- Due to complete new study in 2023

EVERY QUARTER

Board of Directors Report

- Implementation of the Rate Plan
- Reserve balances
- Revenue recovery
- Rate competitiveness

Rate Policy Cycle

2023 Cost of Service Study

Background

- The Rate Policy requires a Cost-of-Service Study every three-year, the results of which inform the rate plans for the coming years

Scope

- Evaluate cost recovery for all tariffed rate schedules and programs, including fees and billing discounts

Timeline

Q4 2022 – Release and Award RFP

Q1 2023 – Project start Begin work

Q3 2023 – Project Completion

2023 Annual Rate Updates

Items that are reviewed each year to ensure proper cost recovery.

Updates will be brought to the Board of Directors for consideration.

2023 Annual Rate Updates

1. Sustainable Power Credit Rate

Background

- All Members with distributed generation (DG) less than 50 kW receive the Sustainable Power Credit for all surplus generation delivered to PEC's distribution system
- The Sustainable Power Credit is calculated from the 3-year average avoided cost of the following:
 - Energy Cost
 - Ancillary Service Cost
 - Transmission Cost
 - Other if applicable
- Every year we will update the rate by including the most recent 3 years

Updated rate will be brought to the Board for consideration at the December Board meeting

2023 Annual Rate Updates

2. Industrial Distribution Cost Recovery

Background

- Each year, we review the distribution rate for Industrial Power members to ensure full cost recovery of dedicated distribution and substation assets, and corresponding O&M
- All other aspects of the Industrial Rate are direct pass-through monthly

Updated rate will be brought to the Board for consideration at the December Board meeting

2023 Rate items for Consideration

2023 Rate Items for Consideration

1. **Cost recovery for Non-Standard Facilities requiring reserved capacity**

Background

- Currently, we have 10 members with Automatic Transfer Switches that require reserved capacity on a second feeder.
- These require a secondary feeder on stand-by with capacity in case the ATS is triggered
- System Planning reserves capacity on both the primary and secondary feeders in planning studies
- The current Large Power Delivery Charge (Distribution wires charge) does not recover the cost to reserve capacity on the secondary feeder.
- Based on current load growth, we expect to add 1 to 2 members a year with dual feed requirement

2023 Rate Items for Consideration

1. Cost recovery for Non-Standard Facilities requiring reserved capacity

Example: Automatic Transfer Switch (ATS)

A building cannot be connected to both the primary feeder and backup feeder at the same time. The ATS is used to switch electrical energy between feeders quickly and safely.



2023 Rate Items for Consideration

1. **Cost recovery for Non-Standard Facilities requiring reserved capacity**

Recommendation

- Establish a new rate to recover cost for non-standard facilities requiring reserved capacity
- Bring to Board for consideration in December as a draft and January for approval

2023 Rate Items for Consideration

2. Introduce a Solar Renewable Energy Rider Program

Background

- Current Renewable Energy Rider Rate was introduced in 2016 to give members the option to purchase 100% of their energy from a renewable source.
- Members have directly requested a solar Renewable Energy Credit (REC) product that ensures the energy purchased is generated by solar resources.
- As of August 31st, there are 902 Members enrolled in the Renewable Energy Rider

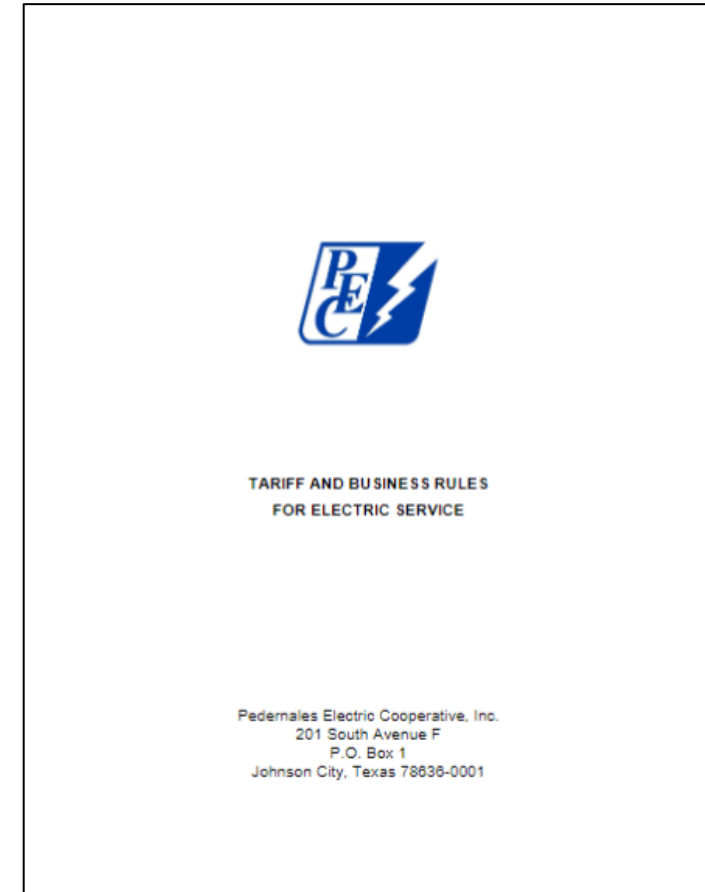
Recommendation

- Bring to Board for consideration in December as a draft and January for approval

Rate Plan Items for Consideration – Tariff Changes

Each item in the approved version of the 2023 Rate Plan will be brought to the Board for consideration to Amend the Cooperative's Tariff and Business Rules.

- Draft in December 2022
- Final in January 2023



PEC Helpful Links and Rate Contact Information

PEC Document Center

- Includes Rate Policy, Cost of Service Studies, recent rate related Board items
 - <https://www.pec.coop/about-us/your-cooperative/document-center/>

PEC Rate Inquiry email addresses

- All Rate related questions - Rateinquiry@peci.com
- Distributed Generation Rate specific questions - DGinquiry@peci.com
- Time-of-Use specific questions - TOUinquiry@peci.com



pec.coop



File #: 2022-356, **Version:** 1

Draft Resolution - Review and Approval of the Enterprise Risk Management Policy - K Krueger

Submitted By: Ericca Klein on behalf of Ken Krueger

Department: Compliance and Regulatory

Financial Impact and Cost/Benefit Considerations:

Pursuant to the Board's Policy on Policies, the Board routinely reviews all Board policies as part of its policy management. Under the Board's review schedule, the Board may consider review of the Enterprise Risk Management (ERM) Governance Policy. The purpose of the ERM Governance Policy is to establish the ERM Program to improve the likelihood of achieving strategic and business objectives and to eliminate or reduce the impact of unplanned events at PEC. The ERM Governance Policy establishes guidelines for implementation and ongoing improvement of PEC's ERM Program. The ERM Program involves understanding the risks facing the Cooperative, assessing exposure, and taking action to effectively respond to preserve and maximize value for the Members.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Enterprise Risk Management (ERM) Governance Policy, with such changes, if any, as were approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take all such actions as may be necessary to implement this resolution.



ENTERPRISE RISK MANAGEMENT GOVERNANCE POLICY

Effective Date: ~~July 1, 2021~~ November 18, 2022

POLICY AT A GLANCE

PEC's Enterprise Risk Management ("ERM") Program has been established to improve the likelihood of achieving strategic and business objectives, and to eliminate or reduce the impact of unplanned events on PEC. All employees have a role to play in the ERM Program, which means understanding the risks facing PEC, assessing exposure, and taking action to effectively respond to preserve and maximize value for the Members. This ERM Governance Policy establishes the parameters for the ERM Program.

RESPONSIBILITY FOR THE ERM PROGRAM



Board of Directors

Establish PEC's Risk Tolerance based on identified Impact limits.



Executive Leadership - ERM Committee

Guide and oversee implementation of the ERM Program, develop PEC's Risk Profile, and approve Risk Response strategies and mitigation plans.



ERM Program Lead

Coordinate and implement activities of the ERM Program.



Risk Owners

Responsible for developing and implementing specific treatment plans for Risks and for updating the ERM Committee on the Risk Response.



1. PURPOSE

Pedernales Electric Cooperative (“PEC” or “Cooperative”) establishes the Enterprise Risk Management (“ERM”) Program to improve the likelihood of achieving strategic and business objectives and to eliminate or reduce the impact of unplanned events at PEC. The purpose of the ERM Governance Policy (“Policy”) is to establish guidelines for implementation and ongoing improvement of PEC’s ERM Program.

All employees play a role in the ERM Program, which means understanding the Risks facing the Cooperative, assessing exposure, and taking action to effectively respond to preserve and maximize value for the Members.

2. SCOPE

This Policy applies to all employees.

3. POLICY AND IMPLEMENTATION

The primary oversight and implementation participants of the ERM Program are the ERM Committee, ERM Program Lead, and Risk Owners, ~~and Risk Subtype Owners~~.

3.1. ERM Program

3.1.1. The ERM Program standardizes the process of identifying, assessing, mitigating, and managing all Risks across PEC.

3.1.2. The objectives of the ERM Program are to:

3.1.2.1. Instill and maintain a Risk aware and Risk intelligent culture that encourages proactive versus reactive management.

3.1.2.2. Ensure PEC follows a consistent methodology and criteria for Risk identification, assessment, mitigation, and management.

3.1.2.3. Provide aggregated and relevant reporting on Risk exposures to PEC’s Board of Directors and a variety of Stakeholders to make informed and timely risk-based decisions and plans.

3.1.2.4. Integrate and align ERM into PEC policies and processes (e.g., safety, regulatory, finance, project management, power supply).

3.1.2.5. Minimize losses by uncovering sources of Risk and making them visible to Stakeholders.

3.1.3. The ERM Program is responsible for:

3.1.3.1. Identifying Risks inherent to PEC and the control processes with respect to such Risks.

3.1.3.2. Evaluating other sources of Risks related to financial, strategic, operational, compliance, or any others that may arise.

3.1.3.3. Determining PEC’s Risk Responses.

3.1.3.4. Managing and monitoring PEC’s Risks.

3.2. ERM Committee

3.2.1. The ERM Committee is the governing and oversight body of PEC’s ERM Program.



- 3.2.2. The ERM Committee is responsible for setting ERM Program procedures, assessing Risk Responses, monitoring, and reporting to PEC’s Board of Directors and staff.
- 3.2.3. The ERM Committee is comprised of the Executive Leadership Team. The Chief Executive Officer is the Chair.
- 3.2.4. The ERM Committee has the authority to:
 - 3.2.4.1. Assign roles and responsibilities as they relate to ERM.
 - 3.2.4.2. Delegate any roles to other employees of the Cooperative, as appropriate.
 - 3.2.4.3. Approve changes to the ERM Program.
- 3.2.5. The responsibilities of the ERM Committee are to:
 - 3.2.5.1. Set, approve, and amend the ERM Program.
 - 3.2.5.2. Guide and oversee implementation of the ERM Program.
 - 3.2.5.3. Evaluate PEC’s overall Risks in the context of meeting short-term and long-term business and strategic objectives.
 - 3.2.5.4. Develop the PEC Risk Profile.
 - 3.2.5.5. Approve the assessment criteria, Risk assessments and interactions, and prioritization of identified Risks.
 - 3.2.5.6. Approve Risk Response strategies and mitigation plans.
 - 3.2.5.7. Oversee the performance of Risk Management and Risk Response plans as implemented by the corresponding Risk Owners.
 - 3.2.5.8. Oversee and direct the development and maintenance of PEC’s Risk Register.
 - 3.2.5.9. Guide integration of ERM with other business planning and management activities.
 - 3.2.5.10. Review audit reports of PEC’s ERM Program and monitor improvements and corrective actions.
 - 3.2.5.11. Ensure a thorough understanding of Risks and Risk Responses.
 - 3.2.5.12. Ensure the ERM Program Lead and Risk Owners have the necessary resources to fulfill their duties.
- 3.2.6. ERM Committee Meetings will be held at a minimum on a quarterly basis or as may otherwise be called by the Chair to address Risks.
- 3.2.7. The ERM Committee shall prepare a report and present to the PEC Board of Directors on an an-semiannual basis, and shall include the PEC Risk Register and Risk Profile.
- 3.2.7-3.2.8. At least once a year the ERM Committee shall review the effectiveness of the PEC ERM Program and report the results and any recommended Policy or program changes to the PEC Board of Directors. As needed, the ERM Committee shall report any emerging Risks or changes to PEC’s Risk Profile to the PEC Board of Directors.

3.3. ERM Program Lead

- 3.3.1. The ERM Program Lead shall administer this Policy and report to the ERM Committee for implementation of the ERM Program.



3.3.2. The ERM Committee relies on the ERM Program Lead to coordinate the ongoing implementation of PEC's ERM Program.

3.3.3. The ERM Program Lead has the authority to:

3.3.3.1. Coordinate all ERM activities.

3.3.3.2. Develop and implement an integrated Risk Management framework, including methodology and tools.

3.3.3.3. Determine appropriate timing and communication of Risk information.

3.4. Risk Owners ~~and Risk Subtype Owners~~

3.4.1. The Risk Owners collect, consolidate, and analyze threat and opportunity related data from various inputs for their assigned Risks ~~and Risk Subtypes~~.

3.4.2. The Risk Owners have the authority to:

3.4.2.1. Delegate and assign responsibilities ~~to Risk Subtype Owners~~ within the corresponding business units or departments, if necessary.

3.4.2.2. Recommend Risk Responses to the ERM Program Lead subject to review by the ERM Committee.

3.4.2.3. Implement approved Risk Response strategies.

3.4.3. Meetings of Risk Owners with the ERM Program Lead will be held at a minimum on a quarterly basis or as otherwise called by the ERM Program Lead, as necessary.

3.5. Risk Types and Categorization

3.5.1. PEC's Risk Profile consists of both threats and opportunities and includes both internal and external sources.

3.5.2. For reporting and analysis purposes, Risks will be organized into Risk Types ~~and Risk Subtypes~~. These groupings may change at the discretion of the ERM Committee to accommodate new or emerging Risks as well as to include pertinent Risk information. More detailed sub-categorization of Risk may occur ~~within each Risk Subtype~~ to efficiently and consistently compare Risks across the business.

3.6. Risk Profile and Risk Tolerance

3.6.1. The PEC Board of Directors shall establish PEC's Risk Tolerance. The Risk Profile is determined by the Risk Tolerance of the Cooperative.

3.6.2. The ERM Committee shall develop PEC's Risk Profile according to PEC's Risk Tolerances and by implementing the objectives established in PEC's strategic plan, business plan, key performance indicators, and PEC Board policies. In addition, the Impact ~~and~~ Likelihood, ~~Vulnerability, and Speed of Onset Scales~~ shall be used to define Risk Tolerance. These ~~scales~~ are subject to modification by the ERM Committee.

3.6.3. For guidance on maintaining PEC's Risk Tolerance the following Impact limits shall apply. Any Risk identified, assessed, and determined by the ERM Committee to exceed these Impact limits with a probability of occurrence greater than 50% shall be reported to the PEC Board of Directors along with a proposed plan for Risk Response:



- 3.6.3.1. Potential safety and/or personal health impact that results in significant injuries or fatalities to employees or third parties, such as the public, Members, or vendors.
- 3.6.3.2. Potential Member service impact that results in a direct impact to PEC Members through a loss or disruption of PEC's services to more than 5% of the Membership for more than a 24-hour period.
- 3.6.3.3. Potential financial loss greater than 5% of the total revenue as established in the current fiscal year approved budget or results in PEC not maintaining the minimum Debt Service Coverage ratio.
- 3.6.3.4. Potential events or conditions that constitute events of default or that, with the giving of any notice, the passage of time, or both, would be an event of default under PEC's financial covenants with its lenders.
- 3.6.3.5. Potential compliance impacts that could result in significant prosecution and fines, litigation including class actions, or incarceration of PEC employees.
- 3.6.3.6. Potential reputational impacts that result in long-term negative media coverage.
- 3.6.3.7. Potential employee staffing impacts that result in high turnover of staff and loss of critical positions, and discontinuity of service.

4. DEFINITIONS

- 4.1. **ERM** – Enterprise Risk Management, which is the PEC-wide process of planning, organizing, leading, and controlling the activities of the Cooperative in order to minimize the effects of Risk (financial, strategic, operational, compliance or otherwise) on the Cooperative.
- 4.2. **ERM Committee** – The PEC Executive Leadership Team who have primary oversight of the implementation of PEC's ERM Program.
- 4.3. **ERM Program** – The program, including this Policy and procedures to address Risk Management for the Cooperative.
- 4.4. **ERM Program Lead** – The participant primarily responsible to the ERM Committee for coordination of implementation activities for the ERM Program. The ERM Program Lead is designated by the ERM Committee.
- 4.5. **Impact** – The effect a Risk will have on the electric business, program, project, or Cooperative if it does occur.
- 4.6. **Likelihood** – The probability of an event occurring.
- 4.7. **Risk** – An uncertain event or condition that, if it occurs, presents a threat to the electric business, programs, projects, or Cooperative's objectives or presents an opportunity to address efficiency for the electric business, programs, projects, or Cooperative's objectives.
- 4.8. **Risk Management** – The process of systematically identifying, quantifying, treating, monitoring and reporting on critical Risks.
- 4.9. **Risk Owner** – Person responsible for developing and implementing the specific treatment plans for their department's Risks on the Risk Register and for updating the ERM Committee on the Risk Response.



- 4.10. Risk Profile** – The matrix for Risk Tolerance for the Cooperative.
- 4.11. Risk Register** – A repository containing the results of the qualitative risk analysis, quantitative risk analysis and risk response planning. The Risk Register details all identified threats and opportunities, including description, Risk Type, Risk Subtype, cause, probability of occurring, Impact(s), proposed Risk Responses, owners and current status.
- 4.12. Risk Response** – The establishment of steps or practices to optimize opportunities and minimize threats using a variety of strategies, including acceptance, avoidance, mitigation and transfer for threats/exploitations along with sharing, enhancing and accepting opportunities.
- ~~4.13. Risk Subtype – A logical sub grouping within a Risk Type to facilitate aggregation, reporting and analysis.~~
- ~~4.14. Risk Subtype Owner – A central person(s) that collects, consolidates, and analyzes overall Risk and Risk Subtype data from applicable departments.~~
- 4.15.4.13. Risk Tolerance** – The amount of Risk the Cooperative is willing to undertake.
- ~~4.16.4.14. Risk Type~~ – A logical grouping of Risk Subtypes to facilitate aggregation, reporting, and analysis.
- 4.17.4.15. Stakeholder** – Any individual, group, organization that can affect, be affected by, or perceive itself to be affected by a Risk.

5. POLICY ENFORCEMENT

The Board shall enforce this Policy. Violations of this Policy may result in disciplinary or corrective action, up to and including, termination.

6. REFERENCES AND RELATED DOCUMENTS

[Authority and Responsibilities Policy](#)

[Budget Policy](#)

[Investment Policy](#)

[Power Supply and Energy Management Policy](#)

Date adopted:	October 16, 2017
Last reviewed:	June 18, 2021 <u>September 29, 2022</u>
Review frequency:	Every 5 years
Amendment dates:	June 18, 2021, <u>November 18, 2022</u>
Effective date:	July 1, 2021 <u>November 18, 2022</u>
Approver:	Board of Directors
Applies to:	All PEC Employees
Administrator:	ERM Program Lead
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





ENTERPRISE RISK MANAGEMENT GOVERNANCE POLICY

Effective Date: November 18, 2022

POLICY AT A GLANCE

PEC's Enterprise Risk Management ("ERM") Program has been established to improve the likelihood of achieving strategic and business objectives, and to eliminate or reduce the impact of unplanned events on PEC. All employees have a role to play in the ERM Program, which means understanding the risks facing PEC, assessing exposure, and taking action to effectively respond to preserve and maximize value for the Members. This ERM Governance Policy establishes the parameters for the ERM Program.

RESPONSIBILITY FOR THE ERM PROGRAM



Board of Directors

Establish PEC's Risk Tolerance based on identified Impact limits.



Executive Leadership - ERM Committee

Guide and oversee implementation of the ERM Program, develop PEC's Risk Profile, and approve Risk Response strategies and mitigation plans.



ERM Program Lead

Coordinate and implement activities of the ERM Program.



Risk Owners

Responsible for developing and implementing specific treatment plans for Risks and for updating the ERM Committee on the Risk Response.



1. PURPOSE

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2. SCOPE

This Policy applies to all employees.

3. POLICY AND IMPLEMENTATION

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3.1. ERM Program

3.1.1. The ERM Program standardizes the process of identifying, assessing, mitigating, and managing all Risks across PEC.

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3.1.2.5. Minimize losses by uncovering sources of Risk and making them visible to Stakeholders.

3.1.3. The ERM Program is responsible for:

3.1.3.1. Identifying Risks inherent to PEC and the control processes with respect to such Risks.

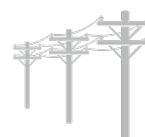
3.1.3.2. Evaluating other sources of Risks related to financial, strategic, operational, compliance, or any others that may arise.

3.1.3.3. Determining PEC’s Risk Responses.

3.1.3.4. Managing and monitoring PEC’s Risks.

3.2. ERM Committee

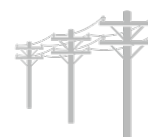
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 - 3.2.5.8. Oversee and direct the development and maintenance of PEC’s Risk Register.
 - 3.2.5.9. Guide integration of ERM with other business planning and management activities.
 - 3.2.5.10. Review audit reports of PEC’s ERM Program and monitor improvements and corrective actions.
 - 3.2.5.11. Ensure a thorough understanding of Risks and Risk Responses.
 - 3.2.5.12. Ensure the ERM Program Lead and Risk Owners have the necessary resources to fulfill their duties.
- 3.2.6. ERM Committee Meetings will be held at a minimum on a quarterly basis or as may otherwise be called by the Chair to address Risks.
- 3.2.7. The ERM Committee shall prepare a report and present to the PEC Board of Directors on an annual basis, and shall include the PEC Risk Register and Risk Profile.
- 3.2.8. At least once a year the ERM Committee shall review the effectiveness of the PEC ERM Program and report the results and any recommended Policy or program changes to the PEC Board of Directors. As needed, the ERM Committee shall report any emerging Risks or changes to PEC’s Risk Profile to the PEC Board of Directors.

3.3. ERM Program Lead

- 3.3.1. The ERM Program Lead shall administer this Policy and report to the ERM Committee for implementation of the ERM Program.



- 3.3.2. The ERM Committee relies on the ERM Program Lead to coordinate the ongoing implementation of PEC's ERM Program.
- 3.3.3. The ERM Program Lead has the authority to:
 - 3.3.3.1. Coordinate all ERM activities.
 - 3.3.3.2. Develop and implement an integrated Risk Management framework, including methodology and tools.
 - 3.3.3.3. Determine appropriate timing and communication of Risk information.

3.4. Risk Owners

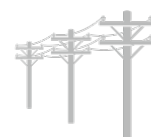
- 3.4.1. The Risk Owners collect, consolidate, and analyze threat and opportunity related data from various inputs for their assigned Risks.
- 3.4.2. The Risk Owners have the authority to:
 - 3.4.2.1. Delegate and assign responsibilities within the corresponding business units or departments, if necessary.
 - 3.4.2.2. Recommend Risk Responses to the ERM Program Lead subject to review by the ERM Committee.
 - 3.4.2.3. Implement approved Risk Response strategies.
- 3.4.3. Meetings of Risk Owners with the ERM Program Lead will be held at a minimum on a quarterly basis or as otherwise called by the ERM Program Lead, as necessary.

3.5. Risk Types and Categorization

- 3.5.1. PEC's Risk Profile consists of both threats and opportunities and includes both internal and external sources.
- 3.5.2. For reporting and analysis purposes, Risks will be organized into Risk Types. These groupings may change at the discretion of the ERM Committee to accommodate new or emerging Risks as well as to include pertinent Risk information. More detailed sub-categorization of Risk may occur to efficiently and consistently compare Risks across the business.

3.6. Risk Profile and Risk Tolerance

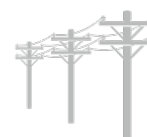
- 3.6.1. The PEC Board of Directors shall establish PEC's Risk Tolerance. The Risk Profile is determined by the Risk Tolerance of the Cooperative.
- 3.6.2. The ERM Committee shall develop PEC's Risk Profile according to PEC's Risk Tolerances and by implementing the objectives established in PEC's strategic plan, business plan, key performance indicators, and PEC Board policies. In addition, the Impact and Likelihood shall be used to define Risk Tolerance. These are subject to modification by the ERM Committee.
- 3.6.3. For guidance on maintaining PEC's Risk Tolerance the following Impact limits shall apply. Any Risk identified, assessed, and determined by the ERM Committee to exceed these Impact limits with a probability of occurrence greater than 50% shall be reported to the PEC Board of Directors along with a proposed plan for Risk Response:



- 3.6.3.1. Potential safety and/or personal health impact that results in significant injuries or fatalities to employees or third parties, such as the public, Members, or vendors.
- 3.6.3.2. Potential Member service impact that results in a direct impact to PEC Members through a loss or disruption of PEC's services to more than 5% of the Membership for more than a 24-hour period.
- 3.6.3.3. Potential financial loss greater than 5% of the total revenue as established in the current fiscal year approved budget or results in PEC not maintaining the minimum Debt Service Coverage ratio.
- 3.6.3.4. Potential events or conditions that constitute events of default or that, with the giving of any notice, the passage of time, or both, would be an event of default under PEC's financial covenants with its lenders.
- 3.6.3.5. Potential compliance impacts that could result in significant prosecution and fines, litigation including class actions, or incarceration of PEC employees.
- 3.6.3.6. Potential reputational impacts that result in long-term negative media coverage.
- 3.6.3.7. Potential employee staffing impacts that result in high turnover of staff and loss of critical positions, and discontinuity of service.

4. DEFINITIONS

- 4.1. **ERM** – Enterprise Risk Management, which is the PEC-wide process of planning, organizing, leading, and controlling the activities of the Cooperative in order to minimize the effects of Risk (financial, strategic, operational, compliance or otherwise) on the Cooperative.
- 4.2. **ERM Committee** – The PEC Executive Leadership Team who have primary oversight of the implementation of PEC's ERM Program.
- 4.3. **ERM Program** – The program, including this Policy and procedures to address Risk Management for the Cooperative.
- 4.4. **ERM Program Lead** – The participant primarily responsible to the ERM Committee for coordination of implementation activities for the ERM Program. The ERM Program Lead is designated by the ERM Committee.
- 4.5. **Impact** – The effect a Risk will have on the electric business, program, project, or Cooperative if it does occur.
- 4.6. **Likelihood** – The probability of an event occurring.
- 4.7. **Risk** – An uncertain event or condition that, if it occurs, presents a threat to the electric business, programs, projects, or Cooperative's objectives or presents an opportunity to address efficiency for the electric business, programs, projects, or Cooperative's objectives.
- 4.8. **Risk Management** – The process of systematically identifying, quantifying, treating, monitoring and reporting on critical Risks.
- 4.9. **Risk Owner** – Person responsible for developing and implementing the specific treatment plans for their department's Risks on the Risk Register and for updating the ERM Committee on the Risk Response.



- 4.10. **Risk Profile** – The matrix for Risk Tolerance for the Cooperative.
- 4.11. **Risk Register** – A repository containing the results of the qualitative risk analysis, quantitative risk analysis and risk response planning. The Risk Register details all identified threats and opportunities, including description, Risk Type, Risk Subtype, cause, probability of occurring, Impact(s), proposed Risk Responses, owners and current status.
- 4.12. **Risk Response** – The establishment of steps or practices to optimize opportunities and minimize threats using a variety of strategies, including acceptance, avoidance, mitigation and transfer for threats/exploitations along with sharing, enhancing and accepting opportunities.
- 4.13. **Risk Tolerance** – The amount of Risk the Cooperative is willing to undertake.
- 4.14. **Risk Type** – A logical grouping of Risk Subtypes to facilitate aggregation, reporting, and analysis.
- 4.15. **Stakeholder** – Any individual, group, organization that can affect, be affected by, or perceive itself to be affected by a Risk.

5. POLICY ENFORCEMENT

The Board shall enforce this Policy. Violations of this Policy may result in disciplinary or corrective action, up to and including, termination.

6. REFERENCES AND RELATED DOCUMENTS

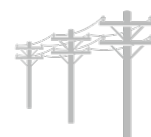
[Authority and Responsibilities Policy](#)

[Budget Policy](#)

[Investment Policy](#)

[Power Supply and Energy Management Policy](#)

Date adopted:	October 16, 2017
Last reviewed:	September 29, 2022
Review frequency:	Every 5 years
Amendment dates:	June 18, 2021, November 18, 2022
Effective date:	November 18, 2022
Approver:	Board of Directors
Applies to:	All PEC Employees
Administrator:	ERM Program Lead
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





File #: 2022-321, **Version:** 1

Plan Administration Committee (PAC) Update - Michael Hansen, Drew McCorkle, CAPTRUST Advisors

Submitted By: Ericca Klein on behalf of Michael Hansen

Department: Human Resources

Financial Impact and Cost/Benefit Considerations: N/A

Pursuant to Board resolutions (December 2015 and May 2020) delegating fiduciary authority and approving the Composition and Roles in the *Responsibilities of and Guidelines for Appointment of Members of the Pedernales Electric Cooperative, Inc. Plan Administration Committee* ("PAC"), the PAC "report[s] annually to the Board on its work for the Board's overall monitoring of the operation of the PAC" and employee benefit plans.

The PAC administers the fiduciary administrative and investment decisions for PEC plans, including implementation, strategies and objectives of the PEC plans' investments, providers and operations.

Pedernales Electric Cooperative
Employees' 401(k) Savings Plan
Employees' Defined Benefit Retirement Plan
Activity Report
of
PEC Plan Administration Committee
to
Board of Directors
October 21, 2022

The PEC Plan Administration Committee (“Committee”) was appointed by the Board of Directors of Pedernales Electric Cooperative to be the fiduciary committee for the Pedernales Electric Cooperative Employees’ 401(k) Savings Plan (“401(k) Plan”) and the Pedernales Electric Cooperative Employees’ Defined Benefit Retirement Plan (“Pension Plan”) (collectively “Plans”). This report is provided periodically to inform the Board of Directors, at a high level, of the fiduciary activities of the Committee.

The Committee actively carried out its responsibilities during the 12-month period from July 1, 2021 to June 30, 2022 (Reporting Period), taking the following actions, among others:

1. The Committee met 4 times—quarterly—during the Reporting Period.
2. Bernie Dawson continued to be the Committee chairperson during the Reporting Period.
3. At each regular quarterly meeting, the Committee’s independent investment advisor, and investment co-fiduciary, provided detailed reporting on the investments offered in the Plans. This reporting included a review of the following elements, among others: (a) any matters affecting the Plans’ investment firms, (b) any matters affecting the investment managers and their staff, (c) any variance from the investment manager’s stated investment style, (d) performance of the investments relative to peers and an appropriate benchmark, (e) risk and (f) costs.
4. Working with its independent investment advisor, the Committee replaced one investment in the 401(k) Plan with a stronger alternative with the same investment style.
5. Working with its independent investment advisor, the Committee reviewed the underlying investments that make up the age-based target retirement funds used in the 401(k) Plan.

6. Working with its independent investment advisor, the Committee considered less expensive alternate share classes of the investments offered in the 401(k) Plan. The Committee moved to a less expensive collective trust of the Plan's target date fund array.
7. The Committee received a report on the amount of revenue sharing received by Milliman the plan recordkeeper and allocated back to plan participants' accounts, confirming that the amounts matched.
8. The Committee reviewed and adjusted the asset allocation of the pension plan consistent with that plan's investment policy statement.
9. The Committee received fiduciary training.
10. The Committee received a report on the results of the most recent financial statement audits of the Plans, which are filed with the annual Forms 5500.
11. The Committee received periodic reports from the Plan recordkeeper on plan administration operations and participant behavior and communications.
12. The Committee received reporting from the 401(k) Plan recordkeeper on the recordkeeper's cybersecurity program.
13. At each meeting the Committee received an update on legal and regulatory developments that affect ERISA, the law covering the Committee and the Plans.
14. Minutes were kept of each meeting along with all materials reviewed at the meeting.

Bernard W Dawson

Bernie Dawson, Committee Chair

10/6/2022

Date signed



PEDERNALES ELECTRIC COOPERATIVE

ERISA Fiduciary Highlights For Boards that Appoint Fiduciary Committees

October 21, 2022
Johnson City, Texas

CAPTRUST

Drew McCorkle

Senior Vice President | Financial Advisor
drew.mccorkle@captrustadvisors.com



ERISA FIDUCIARY ISSUES

Plan Fiduciary Issues: Scope

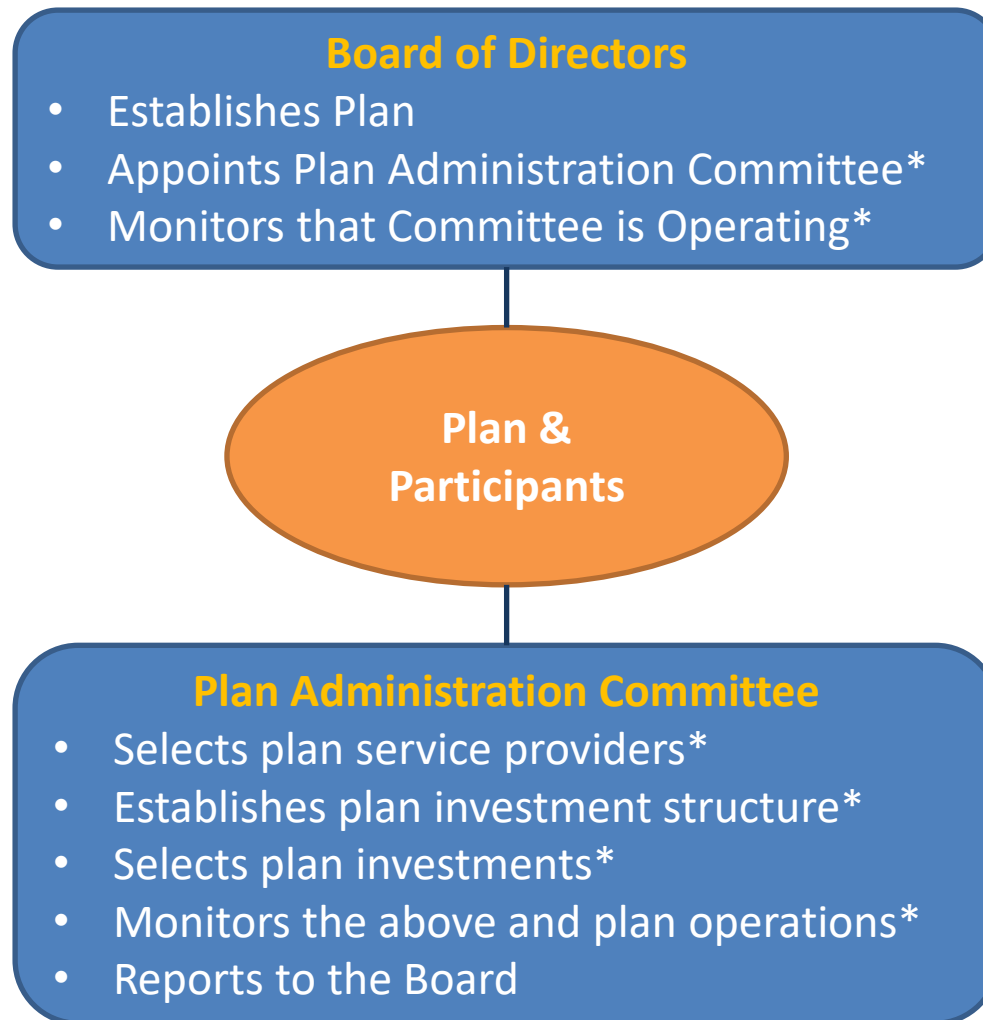
- Cliff Notes Version....
- Background
 - What plans are Covered
 - Who is a Fiduciary
- Basic Fiduciary Responsibilities
- Fiduciary Governance and Process

ERISA FIDUCIARY ISSUES

“Cliff Notes” Version: There are 4 rules....

1. *ERISA (law that covers retirement plans) cannot be avoided.*
2. *Anything you put in place you have to monitor.*
3. *Have a good governance process and follow it.*
4. *Always have a thoughtful answer to the question, “Why did you take the fiduciary actions you took, including decisions to not act?”*

PEDERNALES ELECTRIC COOPERATIVE – GOVERNANCE STRUCTURE



* Fiduciary functions

— ALIGNED INTERESTS | SPECIALIZED FOCUS | PROVEN RESULTS —

WHO IS A FIDUCIARY? (ERISA § 3(21))

- Functional Definition (what did they do?) *to the extent that* he/she:
 - Exercises any discretionary authority or control respecting management of the plan or disposition of its assets
 - Renders investment advice for a fee or other direct or indirect compensation
 - Has any discretionary authority or discretionary responsibility for the administration of the plan

BASIC FIDUCIARY RESPONSIBILITIES

- Core Standards of Conduct
 - Duty of loyalty (exclusive benefit rule)
 - Duty of prudence (higher standard than traditional prudence)
 - Duty to diversify investments
 - Duty to follow the plan document—so long as it would not violate ERISA to do so

FIDUCIARY STANDARDS

- Exclusive Benefit Rule
 - Fundamental Underpinning of fiduciary duty
 - Fiduciaries must execute their responsibilities to only:
 - *Provide benefits to participants and beneficiaries, and*
 - *Pay the reasonable expenses of operating the plan.*

FIDUCIARY STANDARDS

○ Prudent Man (person) Rule

- Not traditional reasonable man rule (car accidents) or business judgment rule (boards of directors)
- Prudent *professional* under similar circumstances
- Process is *more important* than results
- 20/20 hindsight standard for process
- ALWAYS be able to answer the question:

“Why did you or didn’t you do what you did or didn’t do?”

FIDUCIARY STANDARDS

- Diversification
 - If prudent to diversify
 - To protect the principal of the trust
 - To earn a reasonable rate of return.... not the largest return
 - When is it imprudent to diversify?
- Follow the Plan Document?
 - “Plan Document” can include several documents
 - Only to the extent that it would not violate ERISA to do so
 - Caution: Employer stock issues

FIDUCIARY STANDARDS

- Co-fiduciary Liability
 - Fiduciary who errs is always liable
 - Other fiduciaries are also liable if they:
 - *Knowingly participate in the breach*
 - *Knowingly conceal the breach*
 - *Permit the breach*
 - *Have knowledge of the breach and do not make reasonable efforts to remedy the breach*
 - Limited if fiduciaries have agreed in writing on allocation of responsibilities as “named fiduciaries” – but still exposed to co-fiduciary liability

FIDUCIARY COMMITTEE FORMATION

- Corporate Governance Documentation
 - Are Board delegations up to date?
 - *Board to Executive Committee*
 - *Executive Committee to Finance Committee*
 - *Finance Committee to Fiduciary Committee*
 - Delegation of responsibilities in plan document
 - Minutes and documentation of authority grant
 - Minutes and documentation of monitoring







Drew McCorkle
Senior Vice President, Financial Advisor

Drew McCorkle is a Financial Advisor and Vice President based in CAPTRUST's Atlanta office. He is a senior investment and fiduciary consultant and also supports the firm's ERISA fiduciary efforts. He has worked in this area since 1983, and provides consulting services to employers and plan fiduciaries on investment issues and the design and operation of retirement fiduciary committees.

Before joining CAPTRUST Drew was a partner with Hewitt EnnisKnupp for 14 years. Prior to that he was a partner in a Big-5 accounting firm and a law partner and trial attorney in a Washington, DC, law firm where he handled cases involving tax and ERISA issues arising with retirement plans.

Drew received his law degree from the George Washington University Law School, and he is a graduate of Davis & Elkins College where he received a B.S. degree in Economics and Management. He has been admitted to practice law in Washington, DC and a number of other jurisdictions.

Drew is involved in volunteer activities with Pace Academy and the Cathedral of St. Philip.



As retirement specialists, we welcome the opportunity to design a customized program to ensure that you effectively meet your fiduciary obligations, efficiently manage your corporate assets, and successfully prepare your loyal employees for a comfortable retirement.

Drew McCorkle
Vice President | Financial Advisor
3348 Peachtree Road, Suite 1420
Atlanta, Georgia 30326

For more information about our firm, please visit our website for plan sponsors, www.captrustadvisors.com. Our website for participants, www.captrustadvice.com. Or, contact us toll-free at 800.216.0645 for plan sponsors, and 800.967.9948 for participants.

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ALIGNED INTERESTS | SPECIALIZED FOCUS | PROVEN RESULTS



File #: 2022-338, Version: 1

List of Board Approved Future Meetings

Submitted By: Sylvia Romero
Department: General Counsel
Financial Impact and Cost/Benefit Considerations: N/A

From time to time, the Board may set the annual Board meetings schedule as attached to this agenda item. Further, the Cooperative's Bylaws describe the types of meetings, notice requirements, and Board quorum as outlined below.

BYLAWS ARTICLE IV - Meetings of Directors Section 1. Regular Board Meetings: A regular meeting of the Board of Directors shall be held on the third Monday of each month at the E. Babe Smith Headquarters Building of the Cooperative in Blanco County, Texas, unless another meeting location, time and/or date is set by the Board of Directors ("Regular Board Meeting").

Section 2. Special Board Meetings: Special meetings of the Board of Directors ("Special Board Meetings") may be called by the President or any four (4) Directors. The person or persons authorized to call a Special Board Meeting may fix the time and place for the holding of any Special Board Meeting called by them.

Section 3. Telephonic or Electronic Participation in Board Meetings: For good cause and with approval of the Board of Directors, a Regular Board Meeting or Special Board Meeting (each a "Board Meeting") may be conducted with Directors participating but not physically present but deemed present in person through a means of communication by which all Directors participating in the Board Meeting may simultaneously hear, reasonably and verifiably identify themselves, and generally simultaneously and instantaneously communicate with each other during the Board Meeting. Directors that are not physically present may deliberate and vote on the question of approving telephonic or electronic participation. A vote to approve telephonic or electronic participation in any Board Meeting is exempt from the notice requirements herein specified. Such Board Meeting shall be compliant with the Cooperative's Open Meetings Policy, and Members shall have the opportunity to monitor the Board Meeting electronically or in person. A Director may be compensated for a Board Meeting at which that Director participated but was not physically present only with Board approval.

Section 4. Notice: Notice of the time, place and purpose of any Regular Board Meeting shall be given at least seventy-two (72) hours previous thereto, by written notice, delivered personally, electronically, or by mail, to each Director at the Director's last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. Meeting notices and agendas will be posted on the Cooperative's website at least seventy-two (72) hours before each Regular Board Meeting. In an emergency or when there is an urgent necessity, the notice of a Board Meeting or the supplemental notice of a subject added as an item to the agenda for a Board Meeting for which notice has been posted in accordance with this Section is sufficient if it is posted for at least two (2) hours before the Board Meeting is convened. An emergency or an urgent necessity exists only if immediate action is required because of a reasonably unforeseeable situation. The Board of Directors shall clearly identify the emergency or urgent necessity in the notice or supplemental notice under this Section.

Section 5. Board Quorum: Four (4) or more Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, except in the case when four (4) or more vacancies exist on the Board, in which case a majority of the Board shall constitute a quorum ("Board Quorum").

2022 Board Meeting Calendar

(Previously Approved: 12/17/21, 1/21/22, and 2/18/22)

- January 21, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- February 18, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- March 22 – 23, 2022 Special Meeting at 9:00 am on Tuesday and Wednesday at Horseshoe Bay
- March 24, 2022 Regular Meeting at 9:00 am on Thursday at the PEC Headquarters
- *** • April 14, 2022 Regular Meeting at 9:00 am on Thursday at the PEC Headquarters
- May 20, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- June 17, 2022 Annual Membership Meeting at 9:00 am on Friday at the PEC Headquarters
- June 17, 2022 Regular Meeting immediately following the conclusion of the 2022 Annual Membership Meeting, on Friday at the PEC Headquarters
- July 15, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- August 19, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- August 30, 2022 Special Meeting at 9:30 a.m. on Tuesday at the PEC Headquarters
- September 16, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- October 21, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- November 18, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- December 16, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters

*** Note: April 15 is Good Friday and a PEC holiday.



File #: 2022-339, **Version:** 1

Board Planning Calendar (Written Report in Materials)

Submitted By: Sylvia Romero

Department: General Counsel

Financial Impact and Cost/Benefit Considerations: N/A

In connection with agenda planning and strategy, the Cooperative provides an annual calendar of all agenda items to ensure compliance and governance matters. The annual calendar also includes ad hoc items.

3-Month Outlook Planning Calendar - November 2022 through January 2023

Item #	Month	Item	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
NOV						
1	11	2023 Legislative Positions	General Counsel	November Regular BOD Meeting	Strategic	Reoccurring
2	11	Approval Resolution – Approval of 2023 Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts, and Real Estate	Chief Financial Officer	November Regular BOD Meeting	Compliance	Reoccurring
3	11	Approval Resolution - Approval of 2023 Rate Plan	VP, Markets	November Regular BOD Meeting	Strategic	Reoccurring
4	11	Approval Resolution - Approval of Fuel Related Service Provider	Chief Operations Officer	November Regular BOD Meeting	Strategic	Ad-hoc
5	11	Approval Resolution - Power Supply Transaction Delegation of Authority	VP, Markets	November Regular BOD Meeting	Strategic	Ad-hoc
6	11	Approval Resolution - Review and Approval of the Enterprise Risk Management (ERM) Policy	Compliance & Regulatory	November Regular BOD Meeting	Compliance	Reoccurring
7	11	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
8	11	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
9	11	CFC Independent Borrowers Executive Summit (IBES) - Huntington Beach, CA	General Counsel	NOV 7-9, 2022	Informational	Reoccurring
10	11	Cooperative Financial Update	Chief Financial Officer	November Regular BOD Meeting	Strategic	Reoccurring
11	11	Cooperative Operations Update	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
12	11	Cooperative Update	Chief Executive Officer	November Regular BOD Meeting	Strategic	Reoccurring
13	11	Draft Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings	Board President	November Regular BOD Meeting	Compliance	Reoccurring
14	11	Draft Resolution – Approval of 2023 Election Communications Plan	External Relations	November Regular BOD Meeting	Compliance	Reoccurring
15	11	Draft Resolution – Approval of 2023 Election Timeline	General Counsel	November Regular BOD Meeting	Compliance	Reoccurring
16	11	Draft Resolution - Approval of Construction Contract for Junction Substation	Engineering	November Regular BOD Meeting	Strategic	Ad-hoc
17	11	Draft Resolution - Approval of Power Supply Contractual Resources	VP, Markets	November Regular BOD Meeting	Strategic	Ad-hoc
18	11	Ethics and Compliance Update	Ethics and Compliance Officer	November Regular BOD Meeting	Compliance	Biannual
19	11	Markets Monthly Report	VP, Markets	November Regular BOD Meeting	Strategic	Reoccurring
20	11	Personnel Matters	Human Resources	November Regular BOD Meeting	Strategic	Reoccurring
21	11	Recognition of Veterans Day	Board President	November Regular BOD Meeting	Compliance	Reoccurring
22	11	Safety and Security Matters	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
23	11	Transmission Operations and Control Center Update	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
DEC						
24	12	Approval Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings	Board President	December Regular BOD Meeting	Compliance	Reoccurring
25	12	Approval Resolution – Approval of 2023 Election Communications Plan	Chief Executive Officer	December Regular BOD Meeting	Strategic	Reoccurring
26	12	Approval Resolution – Approval of 2023 Election Timeline	General Counsel	December Regular BOD Meeting	Compliance	Reoccurring
27	12	Approval Resolution – Approval of Appointment of Members to PEC Plan Administration Committee (PAC)	VP, Human Resources	December Regular BOD Meeting	Strategic	Reoccurring

3-Month Outlook Planning Calendar - November 2022 through January 2023

Item #	Month	Item	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
DEC						
28	12	Approval Resolution – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
29	12	Approval Resolution - Review and Approval of 2022 CEO Action Items and Performance Evaluation	Chief Executive Officer	December Regular BOD Meeting	Strategic	Reoccurring
30	12	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
31	12	Cooperative Financial Update	Chief Financial Officer	December Regular BOD Meeting	Strategic	Reoccurring
32	12	Cooperative Operations Update	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
33	12	Cooperative Update	Chief Executive Officer	December Regular BOD Meeting	Strategic	Reoccurring
34	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Reserve Capacity Charge	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
35	12	Draft Resolution – Approval of 2023 Key Performance Indicators Plan Methodology	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
36	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Industrial Rate annual update	VP, Markets	December Regular BOD Meeting	Strategic	Reoccurring
37	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Interconnect Rate annual update	VP, Markets	December Regular BOD Meeting	Strategic	Reoccurring
38	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Solar Renewable Energy Rider	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
39	12	Draft Resolution - Approval of Construction Contract for Relocation of Transmission Underground	Engineering	December Regular BOD Meeting	Strategic	Ad-hoc
40	12	Draft Resolution – Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings	External Relations	December Regular BOD Meeting	Strategic	Reoccurring
41	12	Draft Resolution - Approval of Power Supply Contractual Resources	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
42	12	Draft Resolution - Approval to Amend Tariff and Business Rules - Rate Plan Annual Items	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
43	12	Markets Monthly Report	VP, Markets	December Regular BOD Meeting	Strategic	Reoccurring
44	12	NRECA Winter School for Directors	General Counsel	TBD	Informational	Reoccurring
45	12	Personnel Matters	Human Resources	December Regular BOD Meeting	Strategic	Reoccurring
46	12	Resolution - Approval of Construction Contract for Junction Substation	Engineering	December Regular BOD Meeting	Strategic	Ad-hoc
47	12	Safety and Security Matters	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
48	12	Transmission Operations and Control Center Update	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
JAN						
49	1	2023 Election Timeline Update	General Counsel	January Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
50	1	Approval Resolution – Approval of 2023 Key Performance Indicators Plan Methodology	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
51	1	Approval Resolution – Approval of 2023 NRECA Annual Membership Dues	Chief Executive Officer	January Regular BOD Meeting	Compliance	Reoccurring
52	1	Approval Resolution – Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings	External Relations	January Regular BOD Meeting	Strategic	Reoccurring
53	1	Approval Resolution – Approval of TEC Annual Membership Dues	Chief Executive Officer	January Regular BOD Meeting	Strategic	Reoccurring

3-Month Outlook Planning Calendar - November 2022 through January 2023

Item #	Month	Item	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
JAN						
54	1	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
55	1	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
56	1	Cooperative Financial Update	Chief Financial Officer	January Regular BOD Meeting	Strategic	Reoccurring
57	1	Cooperative Operations Update	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
58	1	Cooperative Update	Chief Executive Officer	January Regular BOD Meeting	Strategic	Reoccurring
59	1	Draft Resolution – Approval of 2023 NRECA Annual Meeting Voting Delegates, 2023 CFC District Voting Delegates, and 2023 NRTC Voting Delegates	General Counsel	January Regular BOD Meeting	Strategic	Reoccurring
60	1	Draft Resolution – Approval for Directing the General Counsel to Prepare 2023 Proposed Non-Director Election Ballot Item(s)	General Counsel	January Regular BOD Meeting	Strategic	Reoccurring
61	1	Draft Resolution – Approval of Appointments to 2023 Qualifications and Elections Committee	General Counsel	January Regular BOD Meeting	Compliance	Reoccurring
62	1	Markets Monthly Report	VP, Markets	January Regular BOD Meeting	Strategic	Reoccurring
63	1	Personnel Matters	Human Resources	January Regular BOD Meeting	Strategic	Reoccurring
64	1	Resolution - Approval of Construction Contract for Relocation of Transmission Underground	Engineering	January Regular BOD Meeting	Strategic	Ad-hoc
65	1	Review of 2023 CEO Action Items	Chief Executive Officer	January Regular BOD Meeting	Strategic	Reoccurring
66	1	Safety and Security Matters	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
67	1	Transmission Operations and Control Center Update	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
1	1	2023 Election Timeline Update	General Counsel	January Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
2	1	Approval Resolution – Approval of 2023 Key Performance Indicators Plan Methodology	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
3	1	Approval Resolution – Approval of 2023 NRECA Annual Membership Dues	Chief Executive Officer	January Regular BOD Meeting	Compliance	Reoccurring
4	1	Approval Resolution – Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings	External Relations	January Regular BOD Meeting	Strategic	Reoccurring
5	1	Approval Resolution – Approval of TEC Annual Membership Dues	Chief Executive Officer	January Regular BOD Meeting	Strategic	Reoccurring
6	1	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
7	1	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
8	1	Cooperative Financial Update	Chief Financial Officer	January Regular BOD Meeting	Strategic	Reoccurring
9	1	Cooperative Operations Update	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
10	1	Cooperative Update	Chief Executive Officer	January Regular BOD Meeting	Strategic	Reoccurring
11	1	Draft Resolution – Approval of 2023 NRECA Annual Meeting Voting Delegates, 2023 CFC District Voting Delegates, and 2023 NRTC Voting Delegates	General Counsel	January Regular BOD Meeting	Strategic	Reoccurring
12	1	Draft Resolution – Approval for Directing the General Counsel to Prepare 2023 Proposed Non-Director Election Ballot Item(s)	General Counsel	January Regular BOD Meeting	Strategic	Reoccurring
13	1	Draft Resolution – Approval of Appointments to 2023 Qualifications and Elections Committee	General Counsel	January Regular BOD Meeting	Compliance	Reoccurring
14	1	Markets Monthly Report	VP, Markets	January Regular BOD Meeting	Strategic	Reoccurring
15	1	Personnel Matters	Human Resources	January Regular BOD Meeting	Strategic	Reoccurring
16	1	Resolution - Approval of Construction Contract for Relocation of Transmission Underground	Engineering	January Regular BOD Meeting	Strategic	Ad-hoc
17	1	Review of 2023 CEO Action Items	Chief Executive Officer	January Regular BOD Meeting	Strategic	Reoccurring
18	1	Safety and Security Matters	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
19	1	Transmission Operations and Control Center Update	Chief Operations Officer	January Regular BOD Meeting	Strategic	Reoccurring
20	2	2023 Election Timeline Update	General Counsel	February Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
21	2	2023 Financial and Risk Outlook	Chief Financial Officer	February Regular BOD Meeting	Strategic	Ad-Hoc
22	2	Approval Resolution – Approval for Directing the General Counsel to Prepare 2023 Proposed Non-Director Election Ballot Item(s)	General Counsel	February Regular BOD Meeting	Strategic	Reoccurring
23	2	Approval Resolution – Approval of Appointments to 2023 Qualifications and Elections Committee	General Counsel	February Regular BOD Meeting	Compliance	Reoccurring
24	2	Approval Resolution - Approval to Amend 2023 Board of Directors List of Proposed Future Meetings	Board of Directors	February Regular BOD Meeting	Compliance	Ad-Hoc
25	2	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	February Regular BOD Meeting	Strategic	Reoccurring
26	2	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	February Regular BOD Meeting	Strategic	Reoccurring
27	2	Cooperative Financial Update	Chief Financial Officer	February Regular BOD Meeting	Strategic	Reoccurring
28	2	Cooperative Operations Update	Chief Operations Officer	February Regular BOD Meeting	Compliance	Reoccurring
29	2	Cooperative Transmission Operations Growth Strategy	Chief Executive Officer	February Regular BOD Meeting	Strategic	Ad-Hoc
30	2	Cooperative Update	Chief Executive Officer	February Regular BOD Meeting	Strategic	Reoccurring
31	2	Cyber Security Biannual Update	Compliance & Regulatory	February Regular BOD Meeting	Strategic	Biannual
32	2	Draft Resolution - Review and Approval of the Budget Policy	Controller	February Regular BOD Meeting	Compliance	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
33	2	Key Performance Indicator (KPI) of 2022 Period 2 Results	Chief Operations Officer	February Regular BOD Meeting	Strategic	Reoccurring
34	2	Markets Monthly Report	VP, Markets	February Regular BOD Meeting	Strategic	Reoccurring
35	2	Personnel Matters	Human Resources	February Regular BOD Meeting	Strategic	Reoccurring
36	2	Review of 2023 Chief Executive Officer (CEO) Action Items	Chief Executive Officer	February Regular BOD Meeting	Strategic	Ad-Hoc
37	2	Safety and Security Matters	Chief Operations Officer	February Regular BOD Meeting	Strategic	Reoccurring
38	3	2023 Election Timeline Update	General Counsel	March Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
39	3	Approval Resolution - Review and Approval of the Budget Policy	Chief Financial Officer	March Regular BOD Meeting	Compliance	Reoccurring
40	3	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	March Regular BOD Meeting	Strategic	Reoccurring
41	3	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	March Regular BOD Meeting	Strategic	Reoccurring
42	3	Cooperative Financial Update	Chief Financial Officer	March Regular BOD Meeting	Strategic	Reoccurring
43	3	Cooperative Operations Update	Chief Operations Officer	March Regular BOD Meeting	Strategic	Reoccurring
44	3	Cooperative Update	Chief Executive Officer	March Regular BOD Meeting	Strategic	Reoccurring
45	3	Draft Resolution – Approval and Certification of 2023 Election Ballot	General Counsel	March Regular BOD Meeting	Compliance	Reoccurring
46	3	Draft Resolution – Approval of 2023 Annual Meeting Agenda	General Counsel	March Regular BOD Meeting	Compliance	Reoccurring
47	3	Draft Resolution - Approval of 2023 Annual Membership Meeting Agenda	General Counsel	March Regular BOD Meeting	Compliance	Reoccurring
48	3	Draft Resolution – Approval of 2023 Cooperative Response Center (CRC) Voting Delegates	Chief Operations Officer	March Regular BOD Meeting	Compliance	Reoccurring
49	3	Draft Resolution - Review and Approval of the Capitalization Policy	Chief Financial Officer	March Regular BOD Meeting	Compliance	Reoccurring
50	3	Markets Monthly Report	VP, Markets	March Regular BOD Meeting	Strategic	Reoccurring
51	3	Personnel Matters	Human Resources	March Regular BOD Meeting	Strategic	Reoccurring
52	3	Real Estate Update	Chief Operations Officer	March Regular BOD Meeting	Strategic	Bi-Annual
53	3	Safety and Security Matters	Chief Operations Officer	March Regular BOD Meeting	Strategic	Reoccurring
54	3	Transmission Operations and Control Center Update	Chief Operations Officer	March Regular BOD Meeting	Strategic	Reoccurring
55	4	2023 Election Timeline Update	General Counsel	April Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
56	4	Approval Resolution – Approval and Certification of 2023 Election Ballot	General Counsel	April Regular BOD Meeting	Compliance	Reoccurring
57	4	Approval Resolution – Approval of 2022 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)	Chief Financial Officer	April Regular BOD Meeting	Compliance	Reoccurring
58	4	Approval Resolution – Approval of 2023 Annual Meeting Agenda	General Counsel	April Regular BOD Meeting	Strategic	Reoccurring
59	4	Approval Resolution – Approval of 2023 Cooperative Response Center (CRC) Voting Delegates	Chief Operations Officer	April Regular BOD Meeting	Compliance	Reoccurring
60	4	Approval Resolution – Approval of Director Candidates for 2023 Pedernales Electric Cooperative Board of Director's Election Ballot	General Counsel	April Regular BOD Meeting	Compliance	Reoccurring
61	4	Approval Resolution - Review and Approval of the Capitalization Policy	Chief Financial Officer	April Regular BOD Meeting	Compliance	Reoccurring
62	4	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	April Regular BOD Meeting	Strategic	Reoccurring
63	4	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	April Regular BOD Meeting	Strategic	Reoccurring
64	4	Audit Committee Meeting – 2022 Financial Audit	Chief Financial Officer	April Audit Committee Meeting	Compliance	Reoccurring
65	4	Audit Plan Report 2023	Chief Financial Officer	April Regular BOD Meeting	Strategic	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
66	4	Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update	Board of Directors	April Regular BOD Meeting	Compliance	Quarterly
67	4	Cooperative Financial Update	Chief Financial Officer	April Regular BOD Meeting	Strategic	Reoccurring
68	4	Cooperative Operations Update	Chief Operations Officer	April Regular BOD Meeting	Strategic	Reoccurring
69	4	Cooperative Update	Chief Executive Officer	April Regular BOD Meeting	Strategic	Reoccurring
70	4	Distribution System Planning Update	VP, Engineering	April Regular BOD Meeting	Strategic	April/September Reoccurring
71	4	Draft Resolution - Review and Approval of Human Resources Information Systems (HRIS) RFP	Human Resources	April Regular BOD Meeting	Compliance	Reoccurring
72	4	Enterprise Risk Management (ERM) Update	VP, Compliance & Regulatory	April Regular BOD Meeting	Strategic	Biannual
73	4	Markets Monthly Report	VP, Markets	April Regular BOD Meeting	Strategic	Reoccurring
74	4	Personnel Matters	Human Resources	April Regular BOD Meeting	Strategic	Reoccurring
75	4	Presentation of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)	Chief Financial Officer	April Audit Committee Meeting	Strategic	Reoccurring
76	4	Qualifications and Elections Committee (QEC) Recommendation of Qualified Candidates - QEC Representative	General Counsel	April Regular BOD Meeting	Compliance	Reoccurring
77	4	Safety and Security Matters	Chief Operations Officer	April Regular BOD Meeting	Strategic	Reoccurring
78	4	Transmission Operations and Control Center Update	Chief Operations Officer	April Regular BOD Meeting	Strategic	Reoccurring
79	5	2023 Election Timeline Update	General Counsel	May Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
80	5	Approval Resolution - Review and Approval of 2023 CEO Performance Evaluation and Compensation	Board of Directors	May Regular BOD Meeting	Compliance	Reoccurring
81	5	Approval Resolution - Review and Approval of Human Resources Information Systems (HRIS) Software Agreement	Human Resources	May Regular BOD Meeting	Compliance	Reoccurring
82	5	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	May Regular BOD Meeting	Strategic	Reoccurring
83	5	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	May Regular BOD Meeting	Strategic	Reoccurring
84	5	CEO Action Plan Quarterly Update	Chief Executive Officer	May Regular BOD Meeting	Strategic	Reoccurring
85	5	Cooperative Financial Update	Chief Financial Officer	May Regular BOD Meeting	Strategic	Reoccurring
86	5	Cooperative Operations Update	Chief Operations Officer	May Regular BOD Meeting	Strategic	Reoccurring
87	5	Cooperative Update	Chief Executive Officer	May Regular BOD Meeting	Strategic	Reoccurring
88	5	Draft Resolution – Review and Approval of Privacy and Confidentiality Policy and Incorporation of Identity Theft Prevention Policy	General Counsel	May Regular BOD Meeting	Compliance	Reoccurring
89	5	Ethics and Compliance Update	Ethics and Compliance Officer	May Regular BOD Meeting	Strategic	Biannual
90	5	Markets Monthly Report	VP, Markets	May Regular BOD Meeting	Strategic	Reoccurring
91	5	Moment of Silence in Commemoration of Memorial Day	Board President	May Regular BOD Meeting	Strategic	Reoccurring
92	5	Personnel Matters	Human Resources	May Regular BOD Meeting	Strategic	Reoccurring
93	5	Safety and Security Matters	Chief Operations Officer	May Regular BOD Meeting	Strategic	Reoccurring
94	5	Transmission Operations and Control Center Update	Chief Operations Officer	May Regular BOD Meeting	Strategic	Reoccurring
95	6	Acknowledgement and Seating of Directors Elected at Annual Meeting	General Counsel	June Regular BOD Meeting	Compliance - Bylaws	Reoccurring
96	6	Approval Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting	General Counsel	June Regular BOD Meeting	Compliance - TEC	Reoccurring
97	6	Approval Resolution – Review and Approval of Privacy and Confidentiality Policy and Incorporation of Identity Theft Prevention Policy	General Counsel	June Regular BOD Meeting	Compliance	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
98	6	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	June Regular BOD Meeting	Strategic	Reoccurring
99	6	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	June Regular BOD Meeting	Strategic	Reoccurring
100	6	Approval to Review and Reaffirm/Amend Audit Committee Charter	General Counsel	June Regular BOD Meeting	Compliance - Bylaws	Reoccurring
101	6	CFC Forum/Annual Membership Meeting	General Counsel	TBD	Informational	Reoccurring
102	6	Conduct Annual Membership Meeting	Chief Executive Office	During June	Compliance - Bylaws	Reoccurring
103	6	Cooperative Financial Update	Chief Financial Officer	June Regular BOD Meeting	Strategic	Reoccurring
104	6	Cooperative Operations Update	Chief Operations Officer	June Regular BOD Meeting	Strategic	Reoccurring
105	6	Cooperative Update	Chief Executive Office	June Regular BOD Meeting	Strategic	Reoccurring
106	6	Draft Resolution - Approval of Award to Negotiate Contract for Election Services Provider	General Counsel	June Regular BOD Meeting	Compliance	Reoccurring
107	6	Election - Office of President	General Counsel	June Regular BOD Meeting	Compliance	Reoccurring
108	6	Election - Office of Secretary and Treasurer	General Counsel	June Regular BOD Meeting	Compliance	Reoccurring
109	6	Election - Office of Vice President	General Counsel	June Regular BOD Meeting	Compliance	Reoccurring
110	6	Markets Monthly Report	VP, Markets	June Regular BOD Meeting	Strategic	Reoccurring
111	6	NRECA Summer School East	General Counsel	TBD	Informational	Reoccurring
112	6	Personnel Matters	Human Resources	June Regular BOD Meeting	Strategic	Reoccurring
113	6	Receipt of Conflict of Interest Disclosure Form, Director Affirmation and Directors' Code of Conduct Acknowledgement for Directors	General Counsel	At conclusion of Annual Meeting	Compliance - Code of Conduct, Conflict of Interest Policies	Reoccurring
114	6	Resolution – Approval of the Appointment of Audit Committee and Audit Committee Chairperson	General Counsel	June Regular BOD Meeting	Compliance - Bylaws	Reoccurring
115	6	Safety and Security Matters	Chief Operations Officer	June Regular BOD Meeting	Strategic	Reoccurring
116	6	Transmission Operations and Control Center Update	Chief Operations Officer	June Regular BOD Meeting	Strategic	Reoccurring
117	7	Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors	General Counsel	July Regular BOD Meeting	Compliance - Bylaws	Reoccurring
118	7	Approval Resolution - Approval of Award to Negotiate Contract for Election Services Provider	General Counsel	August Regular BOD Meeting	Compliance	Reoccurring
119	7	Approval Resolution - Approval of Written Certification of the Election Results	General Counsel	Annual Meeting Minutes and for first Regular or Special Board Meeting Minutes after Annual Meeting	Compliance – Election Policy and Procedures	Reoccurring
120	7	Approval Resolution – Approval to Appoint CFC Voting Delegates for CFC District Meeting	General Counsel	July Regular BOD Meeting	Compliance - CFC	Reoccurring
121	7	Approval Resolution – Approval to Appoint NRECA Voting Delegates for NRECA Regional Meeting	General Counsel	July Regular BOD Meeting	Compliance - NRECA	Reoccurring
122	7	Approval Resolution – Proposal for Allocation of 2022 Net Margins to Capital Credits	Chief Financial Officer	July Regular BOD Meeting	Strategic	Reoccurring
123	7	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	July Regular BOD Meeting	Strategic	Reoccurring
124	7	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	July Regular BOD Meeting	Strategic	Reoccurring
125	7	Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update	Board of Directors	July Regular BOD Meeting	Compliance	Quarterly
126	7	Cooperative Financial Update	Chief Financial Officer	July Regular BOD Meeting	Strategic	Reoccurring
127	7	Cooperative Operations Update	Chief Operations Officer	July Regular BOD Meeting	Strategic	Reoccurring
128	7	Cooperative Update	Chief Executive Officer	July Regular BOD Meeting	Strategic	Reoccurring
129	7	Draft Resolution - Approval of Amendments to PEC Bylaws	General Counsel	July Regular BOD Meeting	Compliance	Reoccurring
130	7	Election Update - Annual Voter Turnout	General Counsel	July Regular BOD Meeting	Compliance – Election Policy and Procedures	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
131	7	Key Performance Indicator (KPI) Update of 2022 Period 1 Results	Chief Operations Officer	July Regular BOD Meeting	Strategic	Reoccurring
132	7	Markets Monthly Report	VP, Markets	July Regular BOD Meeting	Strategic	Reoccurring
133	7	NRECA Summer School Central/West	General Counsel	TBD	Informational	Reoccurring
134	7	Personnel Matters	Human Resources	July Regular BOD Meeting	Strategic	Reoccurring
135	7	Safety and Security Matters	Chief Operations Officer	July Regular BOD Meeting	Strategic	Reoccurring
136	7	TEC Annual Meeting	General Counsel	TBD	Informational	Reoccurring
137	7	Texas Public Power Association (TPPA) Annual Meeting	General Counsel	TBD	Informational	Reoccurring
138	7	Transmission Operations and Control Center Update	Chief Operations Officer	July Regular BOD Meeting	Strategic	Reoccurring
139	8	2022 Property (Real and Personal) Tax Appraisal and Assessment Update	Controller	August Regular BOD Meeting	Strategic	Reoccurring
140	8	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	August Regular BOD Meeting	Strategic	Reoccurring
141	8	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	August Regular BOD Meeting	Strategic	Reoccurring
142	8	Cooperative Financial Update	Chief Financial Officer	August Regular BOD Meeting	Strategic	Reoccurring
143	8	Cooperative Operations Update	Chief Operations Officer	August Regular BOD Meeting	Strategic	Reoccurring
144	8	Cooperative Update	Chief Executive Officer	August Regular BOD Meeting	Strategic	Reoccurring
145	8	Cyber Security Biannual Update	Compliance & Regulatory	August Regular BOD Meeting	Strategic	Biannual
146	8	Directors’ Conflict of Interest Training and Directors’ Code of Conduct Training	Board Counsel	August Regular BOD Meeting	Compliance	Reoccurring
147	8	Distribution System Planning Update	VP, Engineering	September Regular BOD Meeting	Strategic	April/September Reoccurring
148	8	Draft Resolution - Approval for Renewal of 2023 Medical Insurance Benefits	Human Resources	August Regular BOD Meeting	Compliance	Reoccurring
149	8	Draft Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority	VP, Markets	August Regular BOD Meeting	Strategic	Reoccurring
150	8	Draft Resolution – Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative’s Property	General Counsel	August Regular BOD Meeting	Compliance	Ad-hoc
151	8	Markets Monthly Report	VP, Markets	August Regular BOD Meeting	Strategic	Reoccurring
152	8	Personnel Matters	Human Resources	August Regular BOD Meeting	Strategic	Reoccurring
153	8	Post Member-Election Analysis and Annual Review	General Counsel	August Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
154	8	Recognition of PEC Participation at Annual Texas Lineman's Rodeo	Chief Operations Officer	August Regular BOD Meeting	Informational	Reoccurring
155	8	Safety and Security Matters	Chief Operations Officer	August Regular BOD Meeting	Strategic	Reoccurring
156	8	Transmission Operations and Control Center Update	Chief Operations Officer	August Regular BOD Meeting	Strategic	Reoccurring
157	9	Approval Resolution - Approval for Renewal of 2023 Medical Insurance Benefits	Benefits & Compensation Manager	September Regular BOD Meeting	Compliance	Reoccurring
158	9	Approval Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority	VP, Markets	September Regular BOD Meeting	Strategic	Reoccurring
159	9	Approval Resolution – Approval of Directive(s) for Delegates Regarding Upcoming NRECA Regional Meeting	External Relations	September Regular BOD Meeting	Strategic	Ad-hoc
160	9	Approval Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity (CCN) with Public Utility Commission of Texas for Resolution of Service Territory Boundary Change	General Counsel	September Regular BOD Meeting	Compliance	Ad-hoc
161	9	Approval Resolution - Recommend Approval by Board of Directors of 2021 IRS Form 990 - Bollinger, Sears, Gilbert & Moss, LLP (BSGM)	Chief Financial Officer	September Audit Committee Meeting	Compliance	Reoccurring
162	9	Approval Resolution - Recommendation of Acceptance of the Selection of Independent Auditor and Tax Services	Chief Financial Officer	September Audit Committee Meeting	Compliance	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
163	9	Approval Resolution – Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative’s Property	General Counsel	September Regular BOD Meeting	Compliance	Ad-hoc
164	9	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	September Regular BOD Meeting	Strategic	Reoccurring
165	9	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	September Regular BOD Meeting	Strategic	Reoccurring
166	9	Audit Committee Meeting	Chief Financial Officer	September Audit Committee Meeting	Compliance	Reoccurring
167	9	CEO Action Plan Quarterly Update	Chief Executive Officer	September Regular BOD Meeting	Strategic	Reoccurring
168	9	Cooperative Financial Update	Chief Financial Officer	September Regular BOD Meeting	Strategic	Reoccurring
169	9	Cooperative Operations Update	Chief Operations Officer	September Regular BOD Meeting	Strategic	Reoccurring
170	9	Cooperative Update	Chief Executive Officer	September Regular BOD Meeting	Strategic	Reoccurring
171	9	Discussion of Audit Committee Program Functions	General Counsel	September Audit Committee Meeting	Strategic	Ad-hoc
172	9	Discussion of Power Supply Contractual Resources	VP, Markets	September Regular BOD Meeting	Strategic	Ad-hoc
173	9	Draft Resolution – Approval of 2023 Rate Plan	VP, Markets	September Regular BOD Meeting	Strategic	Reoccurring
174	9	Draft Resolution – Approval of Election Policy and Procedures Amendments Related to 2022 Annual Director Post-Election Analysis	General Counsel	September Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
175	9	Draft Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas	Regulatory	September Regular BOD Meeting	Compliance	Ad-hoc
176	9	Draft Resolution - Approval of Fuel Related Service Provider	Chief Operations Officer	September Regular BOD Meeting	Strategic	Ad-hoc
177	9	Draft Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries	General Counsel	September Regular BOD Meeting	Strategic	Ad-hoc
178	9	Draft Resolution - Approval of Review and Amendments to Rate Policy	VP, Markets	September Regular BOD Meeting	Compliance	Every 5-Years
179	9	Draft Resolution - Approval to Establish 2023 Annual Meeting Date and Location	General Counsel	September Regular BOD Meeting	Strategic	Reoccurring
180	9	Markets Monthly Report	VP, Markets	September Regular BOD Meeting	Strategic	Reoccurring
181	9	Personnel Matters	Human Resources	September Regular BOD Meeting	Strategic	Reoccurring
182	9	Safety and Security Matters	Chief Operations Officer	September Regular BOD Meeting	Strategic	Reoccurring
183	9	Transmission Operations and Control Center Update	Chief Operations Officer	September Regular BOD Meeting	Strategic	Reoccurring
184	10	Annual Review of Strategic Plan	Board President	October Regular BOD Meeting	Strategic	Reoccurring
185	10	Approval Resolution - Approval of 2021 IRS Form 990	Tax & Regulatory Accounting Manager	October Regular BOD Meeting	Compliance	Reoccurring
186	10	Approval Resolution - Approval of Acceptance of the Selection of Independent Auditor and Tax Services	Controller	October Regular BOD Meeting	Compliance	Reoccurring
187	10	Approval Resolution – Approval of Election Policy and Procedures Amendments Related to 2022 Annual Director Post-Election Analysis	General Counsel	October Regular BOD Meeting	Compliance - Election Policy and Procedures	Reoccurring
188	10	Approval Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity (CCN) with Public Utility Commission of Texas for Service Territory Boundary Change	General Counsel	October Regular BOD Meeting	Compliance	Ad-hoc
189	10	Approval Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas	Compliance & Regulatory	October Regular BOD Meeting	Compliance	Ad-hoc
190	10	Approval Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries	General Counsel	September Regular BOD Meeting	Strategic	Ad-hoc
191	10	Approval Resolution - Approval of Review and Amendments to Rate Policy	VP, Markets	October Regular BOD Meeting	Compliance	Every 5-Years
192	10	Approval Resolution – Approval to Establish Annual Meeting Date and Location	General Counsel	October Regular BOD Meeting	Compliance	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
193	10	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	October Regular BOD Meeting	Strategic	Reoccurring
194	10	Approval Resolution(s) – Approval Resolution of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	October Regular BOD Meeting	Strategic	Reoccurring
195	10	CFC Districts 8 & 10 Meetings - Little Rock, AR	General Counsel	October 25, 2022	Informational	Reoccurring
196	10	Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update	Board of Directors	October Regular BOD Meeting	Compliance	Quarterly
197	10	Cooperative Financial Update	Chief Financial Officer	October Regular BOD Meeting	Strategic	Reoccurring
198	10	Cooperative Operations Update	Chief Operations Officer	October Regular BOD Meeting	Strategic	Reoccurring
199	10	Cooperative Update	Chief Executive Officer	October Regular BOD Meeting	Strategic	Reoccurring
200	10	Draft Resolution – Approval of 2023 Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts, and Real Estate	Chief Financial Officer	October Regular BOD Meeting	Compliance	Reoccurring
201	10	Draft Resolution – Approval of 2023 Rate Plan	VP, Markets	October Regular BOD Meeting	Strategic	Reoccurring
202	10	Draft Resolution - Approval of Power Supply Contractual Resources	VP, Markets	October Regular BOD Meeting	Strategic	Ad-hoc
203	10	Draft Resolution - Review and Approval of the Enterprise Risk Management (ERM) Policy	Compliance & Regulatory	October Regular BOD Meeting	Compliance	Reoccurring
204	10	Enterprise Risk Management (ERM) Update	VP, Compliance & Regulatory	October Regular BOD Meeting	Strategic	Biannual
205	10	Markets Monthly Report	VP, Markets	October Regular BOD Meeting	Strategic	Reoccurring
206	10	NRECA Pre-Meeting Director Training	General Counsel	TBD	Informational	Reoccurring
207	10	NRECA Regions 8 & 10 Meetings	General Counsel	OCT 24-26, 2022	Informational	Reoccurring
208	10	Personnel Matters	Human Resources	October Regular BOD Meeting	Strategic	Reoccurring
209	10	Plan Administration Committee (PAC) Update - Michael Hansen, Drew McCorkle, CAPTRUST Advisors	General Counsel	October Regular BOD Meeting	Compliance	Reoccurring
210	10	Recognition of PEC Linemen Participation at Annual International Rodeo	Chief Operations Officer	October Regular BOD Meeting	Strategic	Ad-hoc
211	10	Safety and Security Matters	Chief Operations Officer	October Regular BOD Meeting	Strategic	Reoccurring
212	10	Transmission Operations and Control Center Update	Chief Operations Officer	October Regular BOD Meeting	Strategic	Reoccurring
213	11	2023 Legislative Positions	General Counsel	November Regular BOD Meeting	Strategic	Reoccurring
214	11	Approval Resolution – Approval of 2023 Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts, and Real Estate	Chief Financial Officer	November Regular BOD Meeting	Compliance	Reoccurring
215	11	Approval Resolution - Approval of 2023 Rate Plan	VP, Markets	November Regular BOD Meeting	Strategic	Reoccurring
216	11	Approval Resolution - Approval of Fuel Related Service Provider	Chief Operations Officer	November Regular BOD Meeting	Strategic	Ad-hoc
217	11	Approval Resolution - Power Supply Transaction Delegation of Authority	VP, Markets	November Regular BOD Meeting	Strategic	Ad-hoc
218	11	Approval Resolution - Review and Approval of the Enterprise Risk Management (ERM) Policy	Compliance & Regulatory	November Regular BOD Meeting	Compliance	Reoccurring
219	11	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
220	11	Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
221	11	CFC Independent Borrowers Executive Summit (IBES) - Huntington Beach, CA	General Counsel	NOV 7-9, 2022	Informational	Reoccurring
222	11	Cooperative Financial Update	Chief Financial Officer	November Regular BOD Meeting	Strategic	Reoccurring
223	11	Cooperative Operations Update	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
224	11	Cooperative Update	Chief Executive Officer	November Regular BOD Meeting	Strategic	Reoccurring
225	11	Draft Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings	Board President	November Regular BOD Meeting	Compliance	Reoccurring
226	11	Draft Resolution – Approval of 2023 Election Communications Plan	External Relations	November Regular BOD Meeting	Compliance	Reoccurring

PEC Annual Planning Calendar

Item #	Month	Description	Owner	Due Date Notes	Strategic Item / Compliance Item	Reoccurring / Ad-hoc
227	11	Draft Resolution – Approval of 2023 Election Timeline	General Counsel	November Regular BOD Meeting	Compliance	Reoccurring
228	11	Draft Resolution - Approval of Construction Contract for Junction Substation	Engineering	November Regular BOD Meeting	Strategic	Ad-hoc
229	11	Draft Resolution - Approval of Power Supply Contractual Resources	VP, Markets	November Regular BOD Meeting	Strategic	Ad-hoc
230	11	Ethics and Compliance Update	Ethics and Compliance Officer	November Regular BOD Meeting	Compliance	Biannual
231	11	Markets Monthly Report	VP, Markets	November Regular BOD Meeting	Strategic	Reoccurring
232	11	Personnel Matters	Human Resources	November Regular BOD Meeting	Strategic	Reoccurring
233	11	Recognition of Veterans Day	Board President	November Regular BOD Meeting	Compliance	Reoccurring
234	11	Safety and Security Matters	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
235	11	Transmission Operations and Control Center Update	Chief Operations Officer	November Regular BOD Meeting	Strategic	Reoccurring
236	12	Approval Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings	Board President	December Regular BOD Meeting	Compliance	Reoccurring
237	12	Approval Resolution – Approval of 2023 Election Communications Plan	Chief Executive Officer	December Regular BOD Meeting	Strategic	Reoccurring
238	12	Approval Resolution – Approval of 2023 Election Timeline	General Counsel	December Regular BOD Meeting	Compliance	Reoccurring
239	12	Approval Resolution – Approval of Appointment of Members to PEC Plan Administration Committee (PAC)	VP, Human Resources	December Regular BOD Meeting	Strategic	Reoccurring
240	12	Approval Resolution – Approval of Real Property Acquisitions or Real Property Dispositions	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
241	12	Approval Resolution - Review and Approval of 2022 CEO Action Items and Performance Evaluation	Chief Executive Officer	December Regular BOD Meeting	Strategic	Reoccurring
242	12	Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
243	12	Cooperative Financial Update	Chief Financial Officer	December Regular BOD Meeting	Strategic	Reoccurring
244	12	Cooperative Operations Update	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
245	12	Cooperative Update	Chief Executive Officer	December Regular BOD Meeting	Strategic	Reoccurring
246	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Reserve Capacity Charge	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
247	12	Draft Resolution – Approval of 2023 Key Performance Indicators Plan Methodology	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
248	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Industrial Rate annual update	VP, Markets	December Regular BOD Meeting	Strategic	Reoccurring
249	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Interconnect Rate annual update	VP, Markets	December Regular BOD Meeting	Strategic	Reoccurring
250	12	Draft Resolution - Approval of Amendments to the Tariff and Business Rules - Solar Renewable Energy Rider	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
251	12	Draft Resolution - Approval of Construction Contract for Relocation of Transmission Underground	Engineering	December Regular BOD Meeting	Strategic	Ad-hoc
252	12	Draft Resolution – Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings	External Relations	December Regular BOD Meeting	Strategic	Reoccurring
253	12	Draft Resolution - Approval of Power Supply Contractual Resources	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
254	12	Draft Resolution - Approval to Amend Tariff and Business Rules - Rate Plan Annual Items	VP, Markets	December Regular BOD Meeting	Strategic	Ad-hoc
255	12	Markets Monthly Report	VP, Markets	December Regular BOD Meeting	Strategic	Reoccurring
256	12	NRECA Winter School for Directors	General Counsel	TBD	Informational	Reoccurring
257	12	Personnel Matters	Human Resources	December Regular BOD Meeting	Strategic	Reoccurring
258	12	Resolution - Approval of Construction Contract for Junction Substation	Engineering	December Regular BOD Meeting	Strategic	Ad-hoc
259	12	Safety and Security Matters	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring
260	12	Transmission Operations and Control Center Update	Chief Operations Officer	December Regular BOD Meeting	Strategic	Reoccurring



File #: 2022-340, Version: 1

Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

Submitted By: Susanne Greenseth on behalf of Don Ballard

Department: General Counsel

Financial Impact and Cost/Benefit Considerations: If any, as discussed in executive session.



File #: 2022-341, Version: 1

Litigation and Related Legal Matters - D Ballard

Submitted By: Susanne Greenseth on behalf of Don Ballard
Department: General Counsel
Financial Impact and Cost/Benefit Considerations: N/A



File #: 2022-342, **Version:** 1

**Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) -
D Ballard**

Submitted By: Susanne Greenseth on behalf of Don Ballard

Department: General Counsel

Financial Impact and Cost/Benefit Considerations:



File #: 2022-358, Version: 1

Annual Review of Strategic Plan - M Ekrut

Submitted By: Sylvia Romero on Behalf of Board of Directors

Department: Board of Directors

Financial Impact and Cost/Benefit Considerations:



File #: 2022-361, Version: 1

Enterprise Risk Management (ERM) Update - K Krueger

Submitted By: Susanne Greenseth on behalf of Ken Krueger
Department: Risk & Insurance Program Manager
Financial Impact and Cost/Benefit Considerations:



File #: 2022-365, **Version:** 1

Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity (CCN) with Public Utility Commission of Texas for Service Territory Boundary Change - A Hagen/C Powell

Submitted By: Aisha Hagen/Christian Powell

Department: Compliance & Regulatory

Financial Impact and Cost/Benefit Considerations: As discussed in executive session.



File #: 2022-364, Version: 1

Resolution - Approval of Acceptance of the Selection of Independent Auditor and Tax Services - K Jones

Submitted By: Sylvia Romero on behalf of Financial Services

Department: Chief Financial Officer

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Signature Report

**Executive Session - Contract and Competitive Matters:
2022-326**

File Number: 2022-326

Resolution - Recommendation to Approve the Selection of Independent Auditor and Tax Services

NOW, THEREFORE, BE IT RESOLVED BY THE PEC BOARD OF DIRECTORS (“Board”) AUDIT COMMITTEE (“Committee”), that the Audit Committee recommends to the Board of Directors the selection and retention of Bolinger, Segars, Gilbert & Moss, L.L.P. as the Cooperative’s independent auditor and tax professional for the fiscal year 2022 audit;

BE IT FURTHER RESOLVED that the audit partner of the current audit firm selected serve for up to a five (5) year term, and

BE IT FURTHER RESOLVED that this recommendation be forwarded to the Board for consideration at its next Regular Meeting, and

BE IT FURTHER RESOLVED that the Chief Financial Officer, or designee, is authorized to take all needed actions to implement this resolution.

At a meeting of the Audit Committee on 9/22/2022, a motion was made by Amy Akers, seconded by James Oakley, that this Executive Session - Contract and Competitive Matters be approved. The motion passed.

Yes: 3 Chairperson Pataki, Director Akers, and Director Oakley



File #: 2022-359, Version: 1

Draft Resolution - Approval of 2023 Operating Budget and 2023 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Smith/K Jones

**Submitted By: Janelle Smith/Kat Jones
Department: Chief Financial Officer
Financial Impact and Cost/Benefit Considerations:**



File #: 2022-343, Version: 1

Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño

Submitted By: Sylvia Romero on behalf of Cody Moos/John Warren/Joe Louis/Jose Treviño

Department: Operations

Financial Impact and Cost/Benefit Considerations: As discussed in executive session.



File #: 2022-360, Version: 1

Draft Resolution - Approval of Power Supply Contractual Resources - D Thompson

Submitted By: David Thompson

Department: Markets

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session



File #: 2022-344, Version: 1

Markets Monthly Report - D Thompson

Submitted By: David Thompson

Department: Markets

Financial Impact and Cost/Benefit Considerations:



File #: 2022-345, Version: 1

Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

Submitted By: Renee Oelschleger on behalf of Eddie Dauterive
Department: Chief Operations Officer
Financial Impact and Cost/Benefit Considerations: As discussed in executive session.



File #: 2022-346, Version: 1

Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Submitted By: Renee Oelschleger on behalf of Eddie Dauterive

Department: Chief Operations Officer

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session.



File #: 2022-347, **Version:** 1

Safety and Security Matters

Submitted By: Support Services

Department: Support Services

Financial Impact and Cost/Benefit Considerations: N/A



File #: 2022-348, Version: 1

Personnel Matters

Submitted By: Human Resources

Department: Human Resources

Financial Impact and Cost/Benefit Considerations: N/A