

POLICY ON POLICIES

PEDERNALES ELECTRIC COOPERATIVE, INC.

1. Purpose:

The Pedernales Electric Cooperative, Inc. ("PEC") establishes its governing and organizational directives through various policies and procedures. The Board of Directors establishes this Policy to ensure that PEC Policies and Procedures are consistent with legal and internal business requirements by adopting a uniform process to create and maintain such documents. This Policy establishes a policy management process.

2. Scope:

This Policy applies to the creation, revision, application and maintenance of all PEC Policies and Procedures. Such policies and procedures are intended to apply enterprise-wide at the Cooperative after Board or management approval, unless otherwise provided.

3. Definitions:

- 3.1. Administrator - the individual, or individuals, responsible for the implementation and administration of a Policy or Procedure. Responsible for the day-to-day interpretation of a Policy or Procedure. Responsible for ongoing review and applicability of a Policy or Procedure.
- 3.2. Approver - the individual, or individuals, responsible for the subject matter of the Policy or Procedure and whose adoption is required before the Policy or Procedure becomes effective.
- 3.3. Individual Business Unit - an Individual Business Unit may be a department, district, division, business unit, corporate function, or site.
- 3.4. Procedure - a document describing a process or steps necessary to be followed in order to implement a Corporate Policy.
- 3.5. Policies and Procedures Coordinator ("PPC") - The administrative staff responsible for the centralized implementation of the catalogue and maintenance of PEC Policies and Procedures on behalf of the CEO. The PPC oversees the implementation of this Policy and assists with the process of tracking, approval and review of Policies and Procedures.
- 3.6. Policy - a document reflecting standards or rules that regulate or guide organizational actions and employee conduct. May include the Board of Directors, individual units, employees, and contractors or other PEC stakeholders, as specifically applied. A Policy may be a Board Policy or a Management Policy.

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3.6.1. Board Policy - written statements of values and expectations which guide future strategic decisions. They establish and set forth the desired direction of management actions to attain the overall goals and objectives of PEC. Board Policies have enterprise application, broad terms, infrequent changes, and answer major operational issues. Board policies establish strategic plans embracing the overall goals and objectives for management performance.

3.6.2. Management Policy - define and implement the desired directions, goals and objectives of the Board. CEO policies establish the procedures for the overall performance of the organization. CEO policies manage the day-to-day business activities of the organization with a view to the fulfillment of the Board's goals and expectations. CEO Policy is what the Cooperative does, how the Cooperative intends to carry out its operations, and who will complete those objectives.

3.7. Preparer - the individual who is responsible for writing a Policy or Procedure.

4. Policy Statement:

4.1. PEC shall adopt and maintain uniform Policies and Procedures on significant, broad, and recurring subjects. PEC will establish a policy management program to maintain such policies.

4.2. To assure that these Policies and Procedures are consistent with legal and internal business requirements, a centrally administered process will be established and include:

4.2.1. The periodic review of such Policies and Procedures

4.2.2. The elimination of policies which are obsolete or unnecessary.

4.3. Primacy of PEC Policies and Procedures. Individual business units are required to follow PEC Policies and Procedures.

4.3.1. An Individual Business Unit may adopt additional or complementary Policies and Procedures which are not inconsistent with PEC Policies and Procedures for limited use within those units.

4.3.2. All individual Business Unit Policies or Procedures must be reviewed and approved by executive management for consistency with PEC Policies and Procedures and must be revised where any inconsistency is identified.

4.3.3. Only the Approvers may make exceptions to a policy.

4.4. Uniform Standards for Policies and Procedures. Policies and Procedures shall consist of concise, short sentences that can be easily understood. They will be organized in a standard format, assigned a distinctive number and made available through electronic means.

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4.5. Approval authority for PEC Policies and Procedures.

4.2.1. The Board of Directors is the Approver for Board Policies. The Board of Directors may designate policies which have a significant impact on the operations of PEC or its membership as Board Policies.

4.2.1. The CEO, or designee, is the Approver for Management Policies and Procedures.

4.2.2. The Administrator is responsible for ongoing review and applicability of a Policy or Procedure after adoption.

5. Responsibilities for Policy and Procedure:

5.1. Preparer has primary responsibility for the initiation, drafting, and submission for review and adoption of a Policy or Procedure, unless otherwise specified.

5.2. PPC is responsible for assuring that the requirements of this Policy have been met, the electronic maintenance of Policies and Procedures, and interpreting this Policy with Legal Services. The PPC assists with tracking, approval and review of Policies and Procedures.

5.3. Administrator is responsible for ongoing review, update, and applicability of a Policy or Procedure. Administrator is responsible for implementation and enforcement of a Policy or Procedure.

6. References and Related Documents:

Board of Directors' Resolution 2015-69 (August 18, 2015)

Adoption and Revision of Policies & Procedures Policy

Approval Tracking Checklist

Standard Format and Style for Policies & Procedures

~~Assignment of Identification Numbers to Policies & Procedures~~

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7. Superseding Effect:

This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy.

Policy Title:	Policy on Policies
Review Frequency:	Every 2 years
Date Adopted:	August 18, 2015
Effective Date:	August 18, 2015
Amendment Dates:	
Last Reviewed:	<u>September 18, 2017</u>
Adopted by:	Board of Directors
Applies to:	Board of Directors, Individual Business Units, employees, contractors, and other PEC stakeholders as specifically applied.
Administrator:	Policy and Procedures Coordinator
Superseding Effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this