



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 Ekrut 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, Ekrut, 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