



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, November 17, 2023

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting was held in the PEC Auditorium and was recorded in accordance with Board Meetings Policy. Members may watch this recording from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:01 a.m. on November 17, 2023, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 7 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, Vice President Paul Graf, and Director Amy Akers

Safety Briefing

At 9:02 a.m., Board President Mark Ekrut provided the Safety Briefing.

Adoption of Agenda

The agenda was adopted as posted and without objection.

Cooperative Recognitions

1. [2023-327](#) **Recognition of Veterans Day - M Ekrut**

President Mark Ekrut recognized and thanked all Veterans, including employees for their service to the country.

2. [2023-328](#) **Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo - B Magott/J Urban**

Mr. Brian Maggot, Director, Safety and Technical Training, announced the PEC award recipients who participated in the 2023 Annual International Lineman's Rodeo, and presented a video from the event. The Board took a break from 9:10 a.m. to 9:21 a.m. for a photo opportunity with the Rodeo Team.

Consent Items

3. [2023-326](#) **Friday, October 20, 2023 - Regular Meeting Minutes**

Attachments: [2023-10-20 OS Meeting Minutes v.2](#)

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

Cooperative Monthly Report

4. [2023-329](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [November Cooperative Update FINAL 2023-329](#)

Mr. Eddie Dauterive, Chief Operations Officer was not present at the meeting. Mr. Jose Treviño, Vice President, Engineering, presented on the behalf of Mr. Dauterive. Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. JP Urban, Executive Vice President, External Relations, Mr. Jose Treviño, Vice President, Engineering, Mr. Randy Kruger, Chief Financial Officer (CFO), and Mr. Don Ballard, General Counsel, presented a collaborative Cooperative Update. Ms. Parsley discussed the legislative and regulatory update, the recognition of National Apprenticeship Week (November 12-19, 2023), the PEC Holiday Lights illumination from November 24, 2023, through January 7, 2024, PEC's Power of Change program, employee kudos, and the PEC office closure November 23-24, 2023, for the Thanksgiving Holiday. Mr. Treviño discussed reliability, system growth, and AMI meter deployment. Mr. Kruger discussed the October 2023 financial report, power market fundamentals, inflation, and interest rates. Mr. Ballard discussed the workforce and governance report, employee development, and shared a short Ethics Week video. Mr. Urban discussed community and member engagement, the PEC holiday lights contest, and the Youth Tour (deadline is January 4, 2024, apply online at pec.coop/youth-tour).

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

5. [2023-330](#) **Member Comments**

Attachments: [Decorum Policy](#)

There were no members present for member comments.

Action Items / Other Items

6. [2023-356](#) **Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - K Jones/A Hagen**

Body: **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.

Interim Transmission Cost of Service

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, Docket 52884 approved on January 19, 2022, and Docket 54305 approved on January 3, 2023. PEC’s transmission cost of service rates established in Docket No. 54305 reflect invested capital through the end of July 2022.

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 August 1, 2022, through August 31, 2023, 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).

Ms. Kat Jones, Controller, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

7. [2023-354](#) **Resolution - Approval to amend 2023 Capital Improvement Plan (CIP) for individually approved Capital Projects - J Smith/K Jones**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative adopt the Amended 2023 Capital Improvement Plan (CIP) Budgets as presented this day; and

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

Attachments: [Presentation - 2023 Amended CIP Budget Individual Projects-2023-354-Final](#)

Capital Projects

The Budget Policy requires amendments for certain levels of variances. Capital spend in category 500 (Substation Change) requires a budget amendment of \$5.4M due to additional costs related to (3) individually approved capital projects. Capital spend in category 800 (Transmission Lines - New) requires a budget amendment of \$1.3M due to additional costs related to (1) individually approved capital project.

Project 501-001-0001: Seward Junction Install 46.7MVA Transformer (\$2.0M)

Project 501-001-002: Lehigh Install 46.7MVA Transformer (\$1.4M)

Project 504-001-0001: SCADA RTUs (\$2.0M)

Project 801-001-0001: EMS Hardware & Software (\$1.3M)

Ms. Janelle Smith, Director of Finance, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

8. [2023-333](#) **Resolution - Approval of 2024 Operating Budget and 2024 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Smith/K Jones**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative adopt the 2024 Operating and Capital Improvement Plan (CIP) Budgets as presented this day; and

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

Attachments: [Presentation-2024 Operating and CIP Budget-2023-333-Final](#)

Budgets

The Board may consider approving the 2024 Operating and Capital Improvement budgets.

Ms. Janelle Smith, Director of Finance, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

9. [2023-335](#) **Draft Resolution - Approval of 2024 Election Timeline - M Butler**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that pursuant to Section 3.2 of the Election Procedures of Pedernales Electric Cooperative, Inc., the Election Timeline, in the form presented to the Board, with such changes approved by the Board, is adopted as the 2024 Election Timeline for the election to be held before the 2024 Annual Membership Meeting.

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

Attachments: [Draft 2024 Election Timeline](#)

[PPT - Election Timeline and Comms Plan 2023-335, 2023-336](#)

Mr. Michael Butler, Corporate Counsel, and Interim Governance Manager, presented a summary of the 2023 Election Timeline.

10. [2023-336](#) **Draft Resolution - Approval of 2024 Election Communications Plan - C Tinsley Porter**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that, pursuant to Section 7.3 of the Election Policy and Procedures of Pedernales Electric Cooperative, Inc., the 2024 Election Communications Plan presented, or as modified by the Board this day, is approved; and

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

Ms. Caroline Tinsley Porter, External Relations Director, presented a summary of the 2023 Cooperative Election Communications Plan, objectives, platform, and timeline.

11. [2023-357](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Annual Interconnect Rate Update - W Symank/D Thompson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the amendments to the Tariff and Business Rules as attached hereto with such changes, if any, as were approved by the Board, to become effective upon Board approval, unless otherwise specified in the Tariff and Business Rules; 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.

Attachments: [PPT - Approval to Amend Tariff and Business Rules - Annual Interconnect Rate Update - 2023-357-FINAL](#)
[Tariff and Business Rules - Redline - Annual Interconnect Rate Update - 2023-357 FINAL](#)
[Tariff and Business Rules - Clean - Annual Interconnect Rate Update - 2023-357 FINAL](#)

Mr. Wesley Symank, Rates Manager, provided a summary presentation of the draft resolution to the Board.

12. [2023-358](#) **Winter Preparedness Report - J Treviño/J Urban**

Attachments: [Winter Preparedness Open 2023-358 Final](#)

Mr. JP Urban, Executive Vice President, External Relations, and Mr. Jose Treviño, Vice President, Engineering provided a collaborative Winter Preparedness Report, which included system improvements, member messaging, and operational and workforce preparedness.

13. [2023-319](#) **PEC Website and SmartHub Redesign - R Verette/K Moritz**

Attachments: [PEC Website & SmartHub Redesign - 2023-319 - Final](#)

Ms. Ruth Verette, Creative Services Manager and Ms. Kristi Moritz, Member Relations Engagement Director, presented a collaborative summary presentation of the PEC Website and SmartHub Redesign.

Proposed Future Items / Meetings (subject to final posting)

14. [2023-337](#) **Resolution - Approval of 2024 Board of Directors List of Proposed Future Meetings - M Ekirut**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the

Cooperative adopt the 2024 List of Proposed Future Meetings that was presented to and 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 may be necessary to implement this resolution.

Attachments: [2024 Proposed Board Meeting Calendar](#)

List of Future Regular Meeting Dates

The Board approves a list of future Regular Meeting dates and locations each year and may now consider the 2024 List of Proposed Future Meetings. Bylaws Article IV, Section 1.

The Board considered the list of 2024 list of proposed future meetings.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

15. [2023-338](#) List of Board Approved Future Meetings

Attachments: [2023 Board Meeting Calendar](#)

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

16. [2023-339](#) Board Planning Calendar (Written Report in Materials)

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

President Mark Ekrut stated that the planning calendars were included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:24 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

17. [2023-340](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

18. [2023-341](#) Litigation and Related Legal Matters - D Ballard

19. [2023-342](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

20. [2023-343](#) Ethics and Compliance Update - M Beyer

Executive Session - Contract and Competitive Matters

- 21. [2023-344](#) Draft Resolution - Approval of Capital Credits Distribution during Calendar Year 2024 - J Smith
- 22. [2023-325](#) Draft Resolution - Approval of the Alliance Materials Contract - K Jones
- 23. [2023-334](#) Draft Resolution - Approval of the Wooden Poles Contract - K Jones
- 24. [2023-353](#) Draft Resolution - Approval of Master Service Agreement for Line Locating Service- K Jones
- 25. [2023-235](#) Technology Update - R Kruger
- 26. [2023-345](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

- 27. [2023-346](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
- 28. [2023-347](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

- 29. [2023-348](#) Safety and Security Matters

Executive Session - Personnel Matters

- 30. [2023-349](#) Personnel Matters
- [2023-355](#) Resolution - Review and Approval of 2023 Corporate Initiatives, CEO Action Items and Performance Bonus Evaluation - P Graf

Reconvene to Open Session

At 1:59 p.m., the Board reconvened to the Open Session meeting.

Present: 7 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, Vice President Paul Graf, and Director Amy Akers

Items from Executive Session

The following agenda item was discussed in Executive Session and set for approval in Open Session.

31. [2023-355](#) Resolution - Review and Approval of 2023 Corporate Initiatives, CEO Action Items and Performance Bonus Evaluation - P Graf

Body: WHEREAS the CEO's performance bonus compensation is based on the current year's goals and objectives; and

WHEREAS the Board of Directors conducted its annual performance bonus compensation evaluation of the CEO this day;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS that the CEO's performance bonus compensation is approved as discussed this day in Executive Session.

Performance, Evaluation, and Compensation

This Board of Directors considers the CEO's performance bonus compensation annually. The Board may consider performance, evaluation, and compensation.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:00 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President