



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, October 20, 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 October 20, 2023 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

Cooperative Recognitions

1. [2023-130](#) **Recognition of PEC True Blue Recipients and Member Service Appreciation Week - J Urban**

Mr. JP Urban, Executive Vice President announced the names of the PEC True Blue Recipients for Member Service Appreciation Week. The Board recessed the meeting from 9:07 a.m. to 9:12 a.m. for a photo opportunity with the recipients.

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.

2. [2023-297](#) **Friday, September 15, 2023 - Regular Meeting Minutes**

Attachments: [2023-09-15 OS Meeting Minutes](#)

Cooperative Monthly Report

3. [2023-298](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [October Cooperative Update FINAL 2023-298](#)
[Financial Statements Final 2023-298](#)

Ms. Julie Parsley, Chief Executive Officer, was not present at the meeting. Mr. JP Urban, Executive Vice President, External Relations, Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Officer (CFO), and Mr. Don Ballard, General Counsel, presented a collaborative Cooperative Update. Mr. Urban discussed the legislative and regulatory update, the visit to PEC from Public Utility Commission, Interim Chair, Ms. Kathleen Jackson, the visit to PEC from Ms. Courtney Hjaltman, Chief Executive and Public Counsel Office of the Public Utility Counsel (OPUC), and Mr. Matthew Cooksey, GR Specialist, the annual Fall conference of the Gulf Coast Power Association, National Cooperative Month, the Community Development Partnership Program (CDPP), the Member Relations new hybrid work from home schedule, employees celebrated the cooperative's 85th anniversary including the "Bake Your Best" bake-off competition, and employee kudos. Mr. Dauterive discussed reliability, system growth, and AMI meter deployment. Mr. Kruger discussed the September 2023 financial report, power market fundamentals, the ERCOT Contingency Reserve Service (ECRS), inflation, and interest rates. Mr. Ballard discussed the workforce and governance report, employee development, cybersecurity awareness month, and PEC's participation in the NERC Electricity Information Sharing and Analysis Center (E-ISAC) "GridEx" grid security and resilience exercise.

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

4. [2023-299](#) Member Comments

Attachments: [Decorum Policy](#)

There were no members present for member comments.

Action Items / Other Items

5. [2023-268](#) Resolution - Approval of Construction Contract for Yarrington Substation - J Treviño

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve an agreement to construct the Yarrington Substation as described herein; 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.

Mr. Jose Treviño, Vice President, Engineering, 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

6. [2023-301](#) **Resolution - Approval of Election Policy and Procedures Amendments Related to 2023 Annual Director Post-Election Analysis - M Butler/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: [Election Policy and Procedures - 2023-301 - Redline](#)
[Election Policy and Procedures - 2023-301 - Clean](#)

Mr. Michael Butler, Interim Governance Manager and Corporate Counsel, presented the resolution and asked the Board for approval.

A motion was made by Director Pataki, 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. [2023-302](#) **Resolution - Approval to Establish 2024 Annual Membership Meeting Date and Location - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2024 Annual 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 21, 2024, 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 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

8. [2023-303](#) **Resolution - Approval of 2024 Rate Plan - D Thompson/W Symank**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative approves the 2024 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.

Attachments: [PPT - Approval of 2024 Rate Plan - 2023-303-Final](#)

Mr. David Thompson, Vice President, Markets, presented the resolution and asked the Board for approval.

A motion was made by Director Akers, 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. [2023-306](#) **Resolution - Consideration of Public Utility Regulatory Policies Act (PURPA) Amendments - D Thompson**

Body: now, therefore, be it **RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative acknowledges that it has considered all components of PURPA, as amended (including, 16 USC Sections 2621(d)(20) and (d)(21);

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE after provision of notice and consideration at an open meeting, consistent with the requirements of 16 USC Section 2621, 2622, and 2631, the Cooperative has considered and determined it is appropriate to implement or not implement the following PURPA standards:

- The Cooperative has considered and determined it is appropriate to continue with already implemented programs that promote **demand response practices** in the standard established in PURPA (16 U.S.C. § 2621(d)(20)) as it is in alignment with the Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **electric vehicle charging programs** standard established in PURPA 16 USC § 2621(d)(21) as the State is directed to consider measures to promote greater electrification of the transportation sector.

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 - Consideration of Public Utility Regulatory Policies Act \(PURPA\) Amendments - 2023-306-Final](#)

Mr. David Thompson, Vice President, Markets, presented the resolution and asked the Board for approval.

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

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

10. [2023-307](#) **Resolution - Approval of Vegetation Management Master Services Contracts - E Dauterive**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Board approves contracting for vegetation management services with terms through December 31, 2029, and in amounts approved in the annual Capital and Operating Budgets in the categories and accounts referenced, as discussed this day;

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to execute and deliver contracts from time to time for vegetation management services on behalf of the Cooperative as described herein; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take any further actions as may be needed to implement this resolution.

Mr. Eddie Dauterive, Chief Operations Officer (COO), 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

11. [2023-308](#) **Resolution - Approval of 2022 IRS Form 990 - S Houghton**

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

Attachments: [Audit Committee Resolution - Recommendation - 2023-290 Final](#)

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

A motion was made by Vice President Graf, 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

12. [2023-300](#) **Resolution - Review and Approval of Equity Management Plan Policy - K Jones**

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 Equity Management Plan Policy, with such changes, if any, as approved by the Board; and

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

Attachments: [Equity Management Plan Policy Redline - 2023-300](#)
[Equity Management Plan Policy Clean - 2023-300](#)

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

**13. [2023-309](#) Plan Administration Committee (PAC) Report
Bernie Dawson, PAC Chairman, Drew McCorkle, CAPTRUST Advisors**

Attachments: [Plan Administration Committee \(PAC\) Activity Report - 2023-309](#)
[2020-121 Resolution - Approval of Board Delegation of Authority, Composition, and Role of PEC Plan](#)

Mr. Bernie Dawson, Lead Automation Engineer, and chairman of the Plan Administration Committee (PAC) introduced Mr. Drew McCorkle, Senior Vice President and Financial Advisor, CAPTRUST Advisors who presented the PAC report.

Proposed Future Items / Meetings (subject to final posting)

14. [2023-311](#) List of Board Approved Future Meetings

Attachments: [2023 Board Meeting Calendar](#)

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

15. [2023-312](#) 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 10:04 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 16. [2023-313](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
- 17. [2023-314](#) Litigation and Related Legal Matters - D Ballard
- 18. [2023-315](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard
- 19. [2023-316](#) Annual Review of 2021-2026 Strategic Plan - M Ekrut
- 20. [2023-317](#) Annual Enterprise Risk Management (ERM) Update - K Krueger

Executive Session - Contract and Competitive Matters

- [2023-304](#) Resolution - Approval of Authorization to Purchase Power Supply for 2023 - D Thompson
- [2023-305](#) Resolution - Approval of 2024 Power Supply Plan and 2024 Power Supply Plan Delegation of Authority - D Thompson
- 23. [2023-352](#) Draft Resolution - Approval to Amend the 2023 Capital Improvement Plan (CIP) for individually approved Capital Projects - J Smith/K Jones
- 24. [2023-318](#) Draft 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
- 25. [2023-350](#) Draft Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas - Lampasas County - A Hagen/T Whitehead
- 26. [2023-351](#) Draft Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - C Powell
- 27. [2023-310](#) Winter Preparedness Report - E Dauterive
- 28. [2023-320](#) Markets Monthly Report

Executive Session - Real Estate Matters

- 29. [2023-321](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
- 30. [2023-322](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

31. [2023-323](#) Safety and Security Matters**Executive Session - Personnel Matters****32. [2023-324](#) Personnel Matters****Reconvene to Open Session**

At 2:13 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 items were discussed in Executive Session and set for approval in Open Session.

21. [2023-304](#) Resolution - Approval of Authorization to Purchase Power Supply for 2023 - D Thompson

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative authorizes the Chief Executive Officer, or designee, to purchase additional power for its block and shape portfolio necessary or appropriate to acquire electric capacity, energy, and/or other products related thereto as discussed by the Board during Executive Session of this meeting, and subject to the conditions as discussed by the Board during Executive Session of this meeting; and

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

A motion was made by Director Rister, 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

22. [2023-305](#) Resolution - Approval of 2024 Power Supply Plan and 2024 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 2024 Power Supply Plan as discussed by the Board during Executive Session of this meeting, subject to the terms and conditions of the 2024 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.

A motion was made by Vice President Graf, 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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:14 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President