



2026 Key Performance Indicators

Pedernales Electric Cooperative

December 2025

Purpose and Structure

The purpose of Key Performance Indicators (KPIs) is to provide an objective method for evaluating the degree of success with which PEC achieves organizational performance targets. A performance-based financial distribution is calculated for eligible employees who contribute to the advancement of the goals and initiatives outlined in the approved PEC Strategic Plan as approved by the Board of Directors.

PEC's Board of Directors approves PEC's annual KPI Plan and is notified of the subsequent performance-based financial distributions for eligible employees.

KPI Plan Year

The KPI Plan year coincides with the calendar year (January 1 to December 31) to align with the cooperative's fiscal year. The KPI financial distribution occurs biannually with two equal periods of 6 months. The first measurement period (KPI-P1) is Jan. 1 to Jun. 30, and the second period (KPI-P2) is Jul. 1 to Dec. 31.

Employee Eligibility Requirements

The KPI distribution percentage will be applied to total wages, which includes base pay, overtime and double time that were paid for each of the equal measurement periods (KPI-P1 and KPI-P2). To be eligible for a KPI distribution for a particular measurement period, an employee must meet each of the following requirements:

- Have worked any time during the KPI measurement period
- Be employed by PEC on the day the KPI is distributed

KPI Distribution Payout

The KPI distribution will be issued on the Friday that is not a pay-period following the July board meeting for KPI-P1 and the February board meeting for KPI-P2.

KPI Communication

KPI data is updated on the 26th of each month, with performance through the end of the previous month. Employees may view the performance dashboard through the KPI link on PEC's intranet.

Methodology

The KPI plan is designed to align with Board Goals and Objectives identified in PEC's Strategic Plan that is drafted by the Board of Directors every five years. The primary categories are weighted evenly as shown on Table 1 below:

Table 1: KPI Categories

KPI Categories	Weight
Maximize Value to Our Membership	20%
Achieve Operational Excellence	20%
Protect the Financial Health of the Cooperative	20%
Advance Workforce Continuity, Safety, and Security	20%
Pursue Enterprise Optimization	20%

Performance Calculation

Each category contains individual performance metrics that apply to the Strategic Plan Objectives provided by the Board of Directors. Specific goals are set each year for each metric, and as goals are met, the performance calculation will apply a measurement distribution percentage for each metric using the following calculation:

$$\text{Measurement Distribution} = \text{Performance Level Percentage} \times \text{Measurement Weight}$$

Performance Level Percentage is defined in Table 2 below:

Table 2: Performance Level Payout Structure

Performance Level	Payout
Silver	5%
Gold	7%
Platinum	10%

Through this methodology, the maximum possible KPI distribution payout percentage, based on category performance metrics, is 10%.

Distribution Adder

In addition to the category distributions, there is an opportunity for an additional 1%, or “adder,” to the distribution payout if PEC reaches the following conditions:

- 2026 P1 & P2 Adder: 1% adder, per period, if PEC reaches Platinum-level goals for three selected metrics in the 2026 KPI Plan:
 - Employee Compliance Training
 - Days Away Restricted Duty (DART)
 - Cyber Engagement

PEC Strategic Plan Objectives and 2026 KPI Metric Definitions

Board of Directors’ Goal #1: Maximize Value to Our Membership

- **Objective 1 – Communications:** Deliver member messaging campaigns that regularly distribute compelling and educational cooperative information in order to surpass the American Customer Satisfaction Index (ASCI) industry benchmark for member satisfaction.
- **Objective 2 – Community Partnerships:** Establish enhanced partnerships with municipalities and local governments to bolster project planning and emergency operation preparedness for optimized system resiliency that benefits members.
- **Objective 3 – Member Experience:** Enrich the member experience by aligning business processes, technologies, and systems to support members, including preferences for self-service and modernized interactions.

Table 3 below shows the metrics and goals set for this category:

Table 3: Maximize Value to Our Membership Metrics and Weighting

Metric	Silver	Gold	Platinum	Weight
Power of Change Enrollments	≥ 8.6%	≥ 8.8%	≥ 9.0%	25%
Community Outreach	≥ 8	≥ 12	≥ 16	25%
Customer Satisfaction Score	≥ 4.40	≥ 4.45	≥ 4.50	25%
Queries Solved on First Call Contact	≥ 75%	≥ 80%	≥ 85%	25%

Power of Change Enrollments measures the PEC membership’s engagement with its Power of Change Program. This program is part of the cooperative’s commitment to serving the community by providing funding for grants and other resources. This metric is calculated as the number of accounts enrolled as a percentage of all active accounts.

Community Outreach measures community engagement through outreach programs that include member events and system, or emergency preparedness, planning with local municipalities and local governments.

Customer Satisfaction Score measures how well PEC meets membership expectations for customer service through PEC's member surveys. This metric is recorded monthly with an average score provided per KPI period and is based on a 5-point scale.

Queries Solved on First Call Contact identifies the effectiveness of resolving member inquiries upon the first attempt. This metric is recorded monthly through PEC's member surveys with an average score provided per KPI period.

Board of Directors' Goal #2: Achieve Operational Excellence

- **Objective 1 – System Reliability and Resiliency:** Advance proactive and responsive policies and programs to ensure distribution and transmission system reliability and resiliency in order to exceed industry standards in system availability, including the development of a system sectionalization plan.
- **Objective 2 – System Expansion:** Enhance the framework and processes for the acquisition and disposition of real estate and land rights for PEC system expansion to prepare for member growth. Plan and construct a new distribution control center and backup transmission control center.
- **Objective 3 – System Planning:** Optimize resource planning for system efficiencies to include cost control, accessibility, and responsive service. Draft a five-year facility and system plan to address capacity needs.

Table 4 below shows the metrics and goals set for this category:

Table 4: Achieve Operational Excellence Metrics and Weighting

Metric	Silver	Gold	Platinum	Weight
Remediating Worst Performing Feeders	≥ 3	≥ 5	≥ 7	25%
System Average Interruption Duration Index (SAIDI)	P1 ≤ 33 min. P2 ≤ 27 min.	P1 ≤ 30.5 min. P2 ≤ 24.5 min.	P1 ≤ 28 min. P2 ≤ 22 min.	25%
First Step Restoration Duration	≤ 120 min.	≤ 105 min.	≤ 90 min.	25%
Outage Sectionalizing	≥ 32%	≥ 35%	≥ 38%	25%

Remediating Worst Performing Feeders is a program to identify and improve the system's reliability by focusing maintenance and power restoration programs to periodically remove feeders from its Top 10 Worst Performing Feeders List that ranks each feeder based on critical and preventable factors impacting outage frequencies and duration.

System Average Interruption Duration Index (SAIDI) is an indicator of the Cooperative's service reliability as measured by the system's average outage time during the applicable KPI measurement period. This index uses the IEEE Standard that excludes planned, transmission, and major weather outages. This metric is calculated per KPI period which has separate metric goals for each period due to the seasonality of outage events.

First Step Restoration Duration is an indicator of performance in large outage response where partial restoration efforts are initiated as a priority to, or in parallel with, system repair work. This measurement is calculated by the average time it takes to restore partial service in large outages.

Outage Sectionalizing represents the performance impact of sectionalization efforts by measuring the percentage of potential outage minutes saved through sectionalizing practices, and is calculated by totaling the potential minutes against the total of potential and actual outage minutes of all outage events in the KPI period.

Board of Directors' Goal #3: Protect the Financial Health of the Cooperative

- **Objective 1 – Power Supply:** Advance power procurement capabilities and ongoing review and refinement of hedging strategies to maintain competitive power costs while meeting the growing power demand of the membership.

- **Objective 2 – Transmission Investment:** Develop a strategic transmission investment and funding plan to ensure overall system reliability, resiliency, and support timely recovery of transmission investment implemented through an annual capital plan.
- **Objective 3 – Controls and Processes:** Review and enhance financial metrics and control processes to ensure they adequately protect cooperative resources while maximizing efficiencies.

Table 5 below shows the metrics and goals set for this category:

Table 5: Protect the Financial Health of the Cooperative Metrics and Weighting

Metric	Silver	Gold	Platinum	Weight
Distribution Cost per KWh	≤ 4.25%	≤ 4.20%	≤ 4.15%	40%
Competitively Sourced Spend	≥ 92%	≥ 94%	≥ 96%	30%
Competitive Rates	≥ 5%	≥ 8%	≥ 10%	30%

Distribution Cost per kWh represents the average cost to deliver electricity from the grid to a meter for each kilowatt-hour consumed. It is calculated by dividing the total distribution costs by the total budgeted kilowatt-hours of electricity anticipated to be charged to members. Using budgeted kWh prevents unanticipated extreme weather from impacting the performance metric.

Competitively Sourced Spend measures the percentage of cooperative spend that is competitively sourced for all applicable spend categories. The calculation includes the total spend less sole-sourced spend as a percentage of total spend per KPI period.

Competitive Rates compares the cost of 1,000 kWh paid by PEC residential members against the average Texas residential customer in competitive areas based on Board-approved data sources, per KPI period.

Board of Directors' Goal #4: Advance Workforce Continuity, Safety, and Security

- **Objective 1 – Workforce Development and Stability:** Develop the workforce through tailored training programs, talent acquisition strategies, and effective succession planning to prepare the cooperative through transitions of leadership.
- **Objective 2 – Safety Culture:** Maintain ongoing prioritization of employee safety through fostering proactive hazard identification, reporting, technical training, and employee engagement.
- **Objective 3 – Integrated Security:** Develop effective integrated physical and cyber security programs to protect cooperative assets, data, intellectual property, facilities, and employees.
- **Objective 4 – Business Continuity and Emergency Preparedness:** Implement ongoing enterprise-wide risk mitigation and emergency preparedness initiatives to support crisis avoidance and recovery management from potential operational disruptions.

Table 6 below shows the metrics and goals set for this category:

Table 6: Advance Workforce Continuity, Safety, and Security Metrics and Weighting

Metric	Silver	Gold	Platinum	Weight
Employee Compliance Training	≥ 90%	≥ 95%	≥ 99%	20%
Total Case Incident Rate (TCR)	≤ 3.5	≤ 3.0	≤ 2.5	20%
Days Away Restricted Duty (DART)	≤ 2.0	≤ 1.5	≤ 1.0	20%
Vehicle Accident Rate	≤ 3.0	≤ 2.5	≤ 2.0	20%
Cyber Engagement	≥ 60%	≥ 62%	≥ 64%	20%

Employee Compliance Training measures employee engagement with required compliance training. This metric is calculated as a percentage completed of assigned courses, through each KPI period.

Total Case Incident Rate (TCR) is defined as the total number of OSHA-recordable injuries/illnesses (collectively called “incidents”) that occurred throughout the cooperative during each KPI period. The metric is calculated by applying a factor of 200,000 work hours per each incident as a percentage of total hours worked.

Days Away Restricted Duty (DART) is defined as the total number of recordable injuries and illnesses that required an employee to miss work or perform restricted work during each KPI period. The metric is calculated by applying a factor of 200,000 work hours per each incident as a percentage of total hours worked.

Vehicle Accident Rate captures the vehicle incidents and miles traveled by PEC vehicles as a ratio per KPI period. The calculation applies to a factor of 1,000,000 miles per each incident as a percentage of total miles.

Cyber Engagement represents employee efforts to engage in cyber-security training through cyber activities. This is calculated in the Hoxhunt training software system as its Hoxhunt Security Score for the organization.

Board of Directors’ Goal #5: Pursue Enterprise Optimization

- **Objective 1 – Technology Advancement and System Efficiencies:** Design scalable enterprise technologies to create efficiencies in automation, integration, and operations, including the evaluation and optimization of core systems.
- **Objective 2 – Planning and Analytics:** Execute methodologies for cost-benefit-analysis and organizational scaling, with objective consideration of member value and industry standards in financial and long-term strategic planning.
- **Objective 3 – Process Improvement and Resource Allocation:** Leverage enterprise technologies, optimize workflows, and streamline operations to enhance efficiency, reduce costs, improve quality, and drive organizational success.

Table 7 below shows the metrics and goals set for this category:

Table 7: Pursue Enterprise Optimization Metrics and Weighting

Metric	Silver	Gold	Platinum	Weight
Paperless Billing Enrollments	≥ 50%	≥ 51%	≥ 52%	30%
IT Critical Business Application Availability	≥ 99.0%	≥ 99.5%	≥ 99.9%	30%
Storm Availability	≥ 70%	≥ 75%	≥ 80%	40%

Paperless Billing Enrollments identifies the effectiveness of enrolling member accounts in electronic (paperless) billing. Paperless enrollments offer financial savings for the cooperative and the membership. This metric is calculated by active paperless accounts as a percentage of total active accounts.

IT Critical Business Application Availability is an indicator of IT system continuity and reliability. This metric measures the uptime of specific and critical IT systems as a percentage of the time the applications are operational and accessible to users.

Storm Availability indicates the availability of crews for outage responsiveness during storm events. This index is a key factor in reliability and responsiveness to power interruptions. The metric is recorded post-storm events with outages over 50 meters as the number of lineworkers that made themselves available for support.

Summary of Measures, Targets, and Weights for 2026 KPI Plan

Table 8: Summary of KPI Categories, Metrics, Targets, and Weighting

Metric	Silver	Gold	Platinum	Metric Weight	Overall KPI Weight
1. BOD Goal: Maximize Value to Our Membership					20%
Power of Change Enrollments	≥ 8.6%	≥ 8.8%	≥ 9.0%	25%	5.0%
Community Outreach	≥ 8	≥ 12	≥ 16	25%	5.0%
Customer Satisfaction Score	≥ 4.40	≥ 4.45	≥ 4.50	25%	5.0%
Queries Solved on First Call Contact	≥ 75%	≥ 80%	≥ 85%	25%	5.0%
2. BOD Goal: Achieve Operational Excellence					20%
Remediating Worst Performing Feeders	≥ 3	≥ 5	≥ 7	25%	5.0%
System Average Interruption Duration Index (SAIDI) by Period	P1 ≤ 33 min. P2 ≤ 27 min.	P1 ≤ 30.5 min. P2 ≤ 24.5 min.	P1 ≤ 28 min. P2 ≤ 22 min.	25%	5.0%
First Step Resolution Duration	≤ 120 min.	≤ 105 min.	≤ 90 min.	25%	5.0%
Outage Sectionalizing	≥ 32%	≥ 35%	≥ 38%	25%	5.0%
3. BOD Goal: Protect the Financial Health of the Cooperative					20%
Distribution per kWh	≤ 4.25%	≤ 4.20%	≤ 4.15%	40%	8.0%
Competitively Sourced Spend	≥ 92%	≥ 94%	≥ 96%	30%	6.0%
Competitive Rates	≥ 5%	≥ 8%	≥ 10%	30%	6.0%
4. BOD Goal: Advance Workforce Continuity, Safety, and Security					20%
Employee Compliance Training	≥ 90%	≥ 95%	≥ 99%	20%	4.0%
Total Case Incident Rate (TCR)	≤ 3.5	≤ 3.0	≤ 2.5	20%	4.0%
Days Away Restricted Duty (DART)	≤ 2.0	≤ 1.5	≤ 1.0	20%	4.0%
Vehicle Accident Rate	≤ 3.0	≤ 2.5	≤ 2.0	20%	4.0%
Cyber Engagement	≥ 60%	≥ 62%	≥ 64%	20%	4.0%
5. BOD Goal: Pursue Workforce Optimization					20%
Paperless Billing Enrollments	≥ 50%	≥ 51%	≥ 52%	30%	6.0%
IT Critical Business Application Availability	≥ 99.0%	≥ 99.5%	≥ 99.9%	30%	6.0%
Storm Availability	≥ 60%	≥ 62%	≥ 64%	40%	8.0%