



Cooperative Update

Julie C. Parsley | Chief Executive Officer

Andrea Stover | General Counsel

Nathan Fulmer | Chief Operations Officer — Distribution

Randy Kruger | Chief Financial Officer

JP Urban | Chief Administrative Officer



CEO Report

Julie C. Parsley | Chief Executive Officer

2025 Highlights

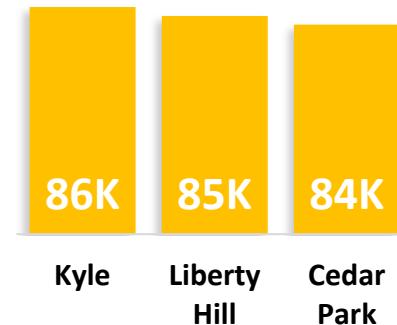
2026-2030 Strategic Plan

Board of Directors established new Strategic Goals and Objectives to guide the cooperative over the next five years



Leaders in District Growth

Kyle and Liberty Hill surpass Cedar Park in total meters



Texas Reliability Entity Audit

PEC successfully completed a full audit with the Texas RE, the first for PEC as a Transmission Operator. Preparation began months in advance including teams across the cooperative



2025 Highlights

Lineworker Advancement

PEC's Apprenticeship Program reported an impressive 89% completion rate, outperforming the national average of 51%



Reliability

PEC's 2025 SAIDI performance of 74.9 minutes is half of the 153-minute average for Texas utilities. This includes the summer floods and tornado events



New Board Director

Seated the first new Board Director since 2020



Director Alice Price

2026 Cooperative Plans

Transmission Cost of Service Rate Case

Preparing for full filing in Q2 of 2026 which will initiate a PUCT review and approval process

Building Scale

New initiatives focused on leveraging PEC's resources for cost advantages

ERP Roadmap

Examine the effectiveness of our current systems and understand potential improvements available.

Warehousing Technology

Implement systems to support logistical and cost-carrying efficiencies

Sectionalizing

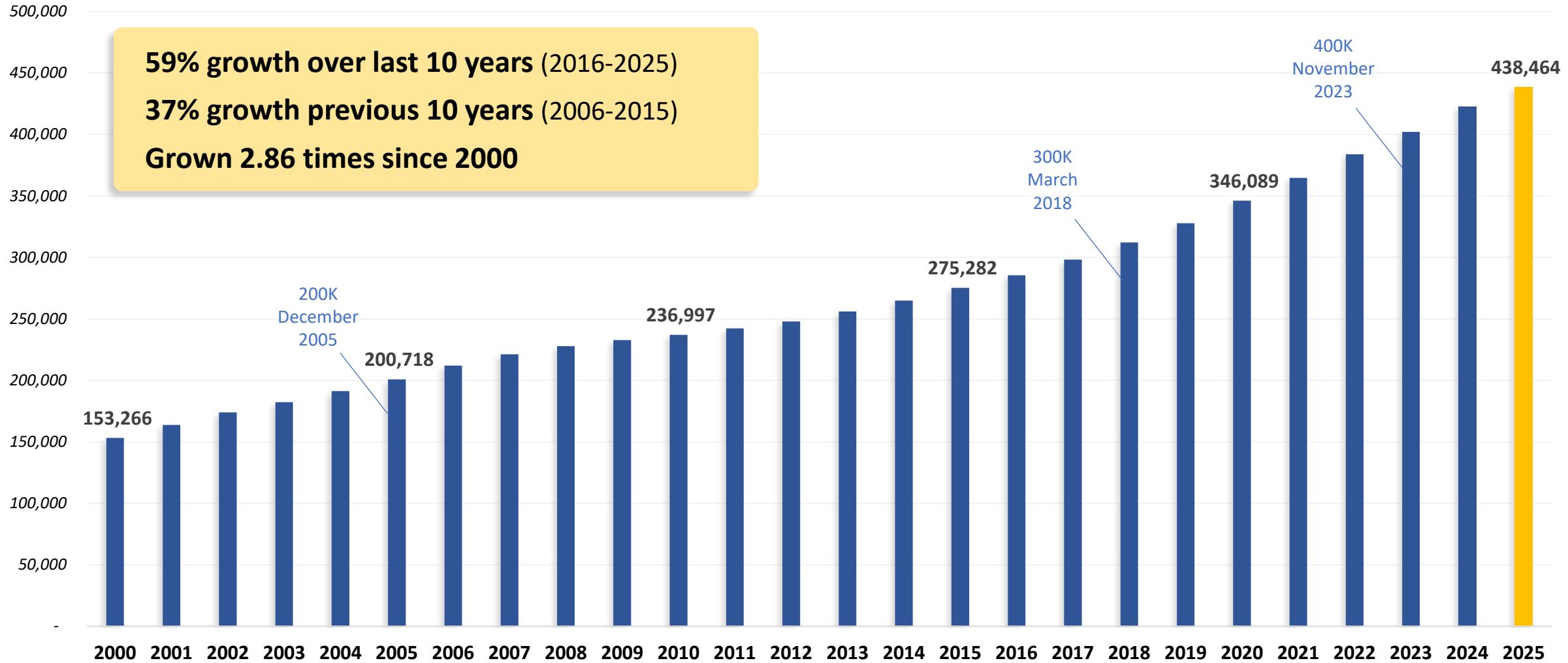
Continue developing capabilities through systems and field coordination

Design & Planning

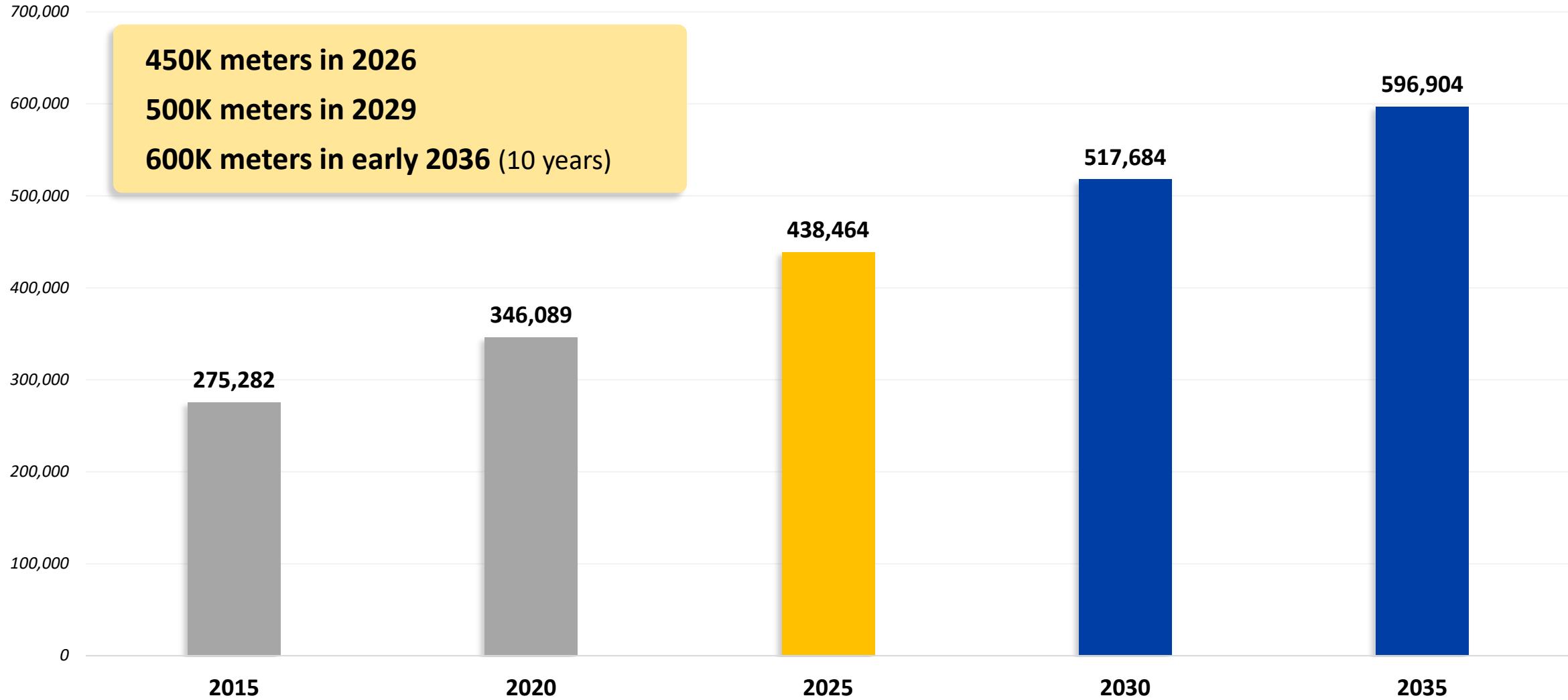
Develop a member portal for centralized project coordination and communications

Twenty-Five Years of Growth

Year-End Meter Counts



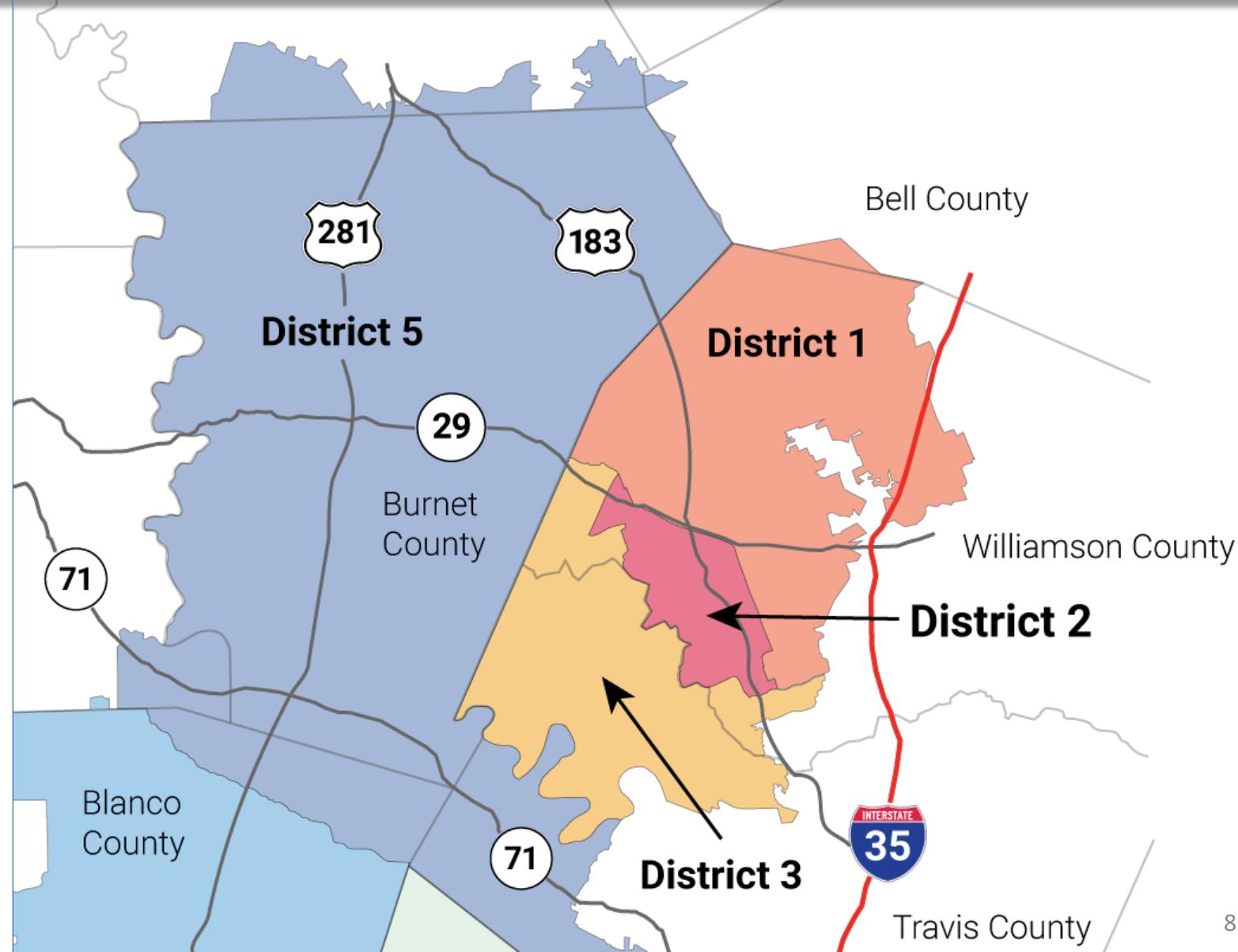
Forecasting Growth



2026 Board Election

This year, members in District 2 and District 3 will elect directors

- Nominations opened January 16 — all materials are available online at mypec.com/election
- Key dates:
 - March 20: Nomination materials due by 5 p.m. at PEC's HQ
 - April 17: Board approves candidates
 - May 19 – June 12: Voting open
 - June 19: Directors seated at Annual Membership Meeting





January Quarterly Report

Andrea Stover | General Counsel

2025 Legal Highlights

Legal Department

- Supported Transmission Group during NERC Audit
- Worked with the Compliance team to facilitate needed Tariff changes
- Reviewed over 500 Contracts and over 230 Easements.
- Supported several Real Estate acquisition projects that included a number of hours of research and meetings, leading to 1 closing for the year.
- Managed 15 Litigation Matters and 7 Regulatory Matters.
- Responded to nearly 250 Legal Inquiries from Departments and over 40 subpoenas.
- Records – Imported more than 1 million documents into DocuVault coop-wide, destroyed over 180,000 records including hard drives and microfilm.
 - October Shred Day totaled over 6,000 pounds of paper and 15 hard-drives with 95 participating members.



2025 HR Highlights

Human Resources Department

- Completed required training under ERISA and HIPAA requirements
- Updated documentation for Health and Welfare Plans and Retirement plans
- Successful audit of retirement plans - completed with zero adverse findings
- Labor law training for all supervisors/managers completed
- Updated Retirement Committee structure
- Completed Employee Engagement Survey
- Completed Payroll Backup process
- Implemented new background check and drug testing vendors
- Onboarded 150 new employees (21 more than in 2024)
- Processed close to 10,000 applications
- Staff training hours: 40,126
- Leadership training hours: 4,905



2026 All-Employee Training Plan

Topic	Format	Department Owner	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Blood Born Pathogens Awareness	CBT	Safety	8											
Privacy and Information Security	CBT	Compliance and Regulatory	20											
NERC Awareness	CBT	Compliance and Regulatory		15										
CIP Physical & Cyber Access & LSIPA	CBT	Compliance and Regulatory		45										
Slips, Trips, & Falls	Short Video	Safety			10									
Preventing Strains/Sprains with Proper Lifting Techniques	Short Video	Safety				8								
Records Management	CBT	Records Retention				15								
Electrical Safety	Short Video	Safety					10				20			
Spill Prevention, Control, and Countermeasures	CBT	Compliance and Regulatory												
OSHA Right to Know/Hazard Communication/Health & Safety Policy	CBT	Safety								20				
Anti-Harassment	CBT	Human Resources									20			
Physical Security	CBT	Security										30		
Emergency Action Plans/Fire Extinguisher Use	CBT	Safety									10			
Cyber Security Awareness	CBT	Cybersecurity										30		
Open Enrollment Training	In-Person	Human Resources										20		
Ethics/Code of Conduct	CBT	Ethics											20	

Blue = Training required for large groups but not all.



= KPI Blackout period.

CBT – Computer Based Training

2026 Leadership Training Plan

Topic	Format	Department Owner	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Law (Operations & Non-Operations)	In-Person	Human Resources	60											
Employee Recognition, Burnout Culture, Insurance, Referral Bonus	In-Person	Human Resources	30											
Drug and Alcohol Reasonable Suspicion	CBT	Human Resources											120	
Employee Leave and Job Protection	In-Person	Human Resources					30							
Bulletproof Documentation	In-person	Human Resources								30				
Performance Appraisals	In-Person	Human Resources									60			
Level Up Workshop	In-Person	Human Resources				3d				3d				

Blue = Training required for large groups but not all.

 = Blackout period.

CBT – Computer Based Training



Operations Report

Nathan Fulmer | Chief Operations Officer -
Distribution

2025 Highlights

Weather Event Response:

 Swift response to weather events occurring in May (microburst), July (floods), and October (tornado).

Safety

 642 Job Site Safety Observations (JSSO) compared to 487 in 2024. A significant 32% increase in field presence.

Traveling Construction Crew Pilot

 New program demonstrated cost savings and improved management of contract crews, will transition into an ongoing function with a rotation of lineworkers.

Technology Improvements Initiated

-  GIS: Improve mapping accuracy and integrations
- Design and planning: Create a member facing portal
- OMS: Critical OSI system upgrade for reliability

Facility Projects Completed



- Johnson City - Haley Road (Phase 1)
- Junction warehouse and fleet building
- Marble Falls perimeter fence and fuel island
- Liberty Hill parking expansion
- Kyle parking expansion
- Spring Branch Service Center improvements

Conversions

Meters:

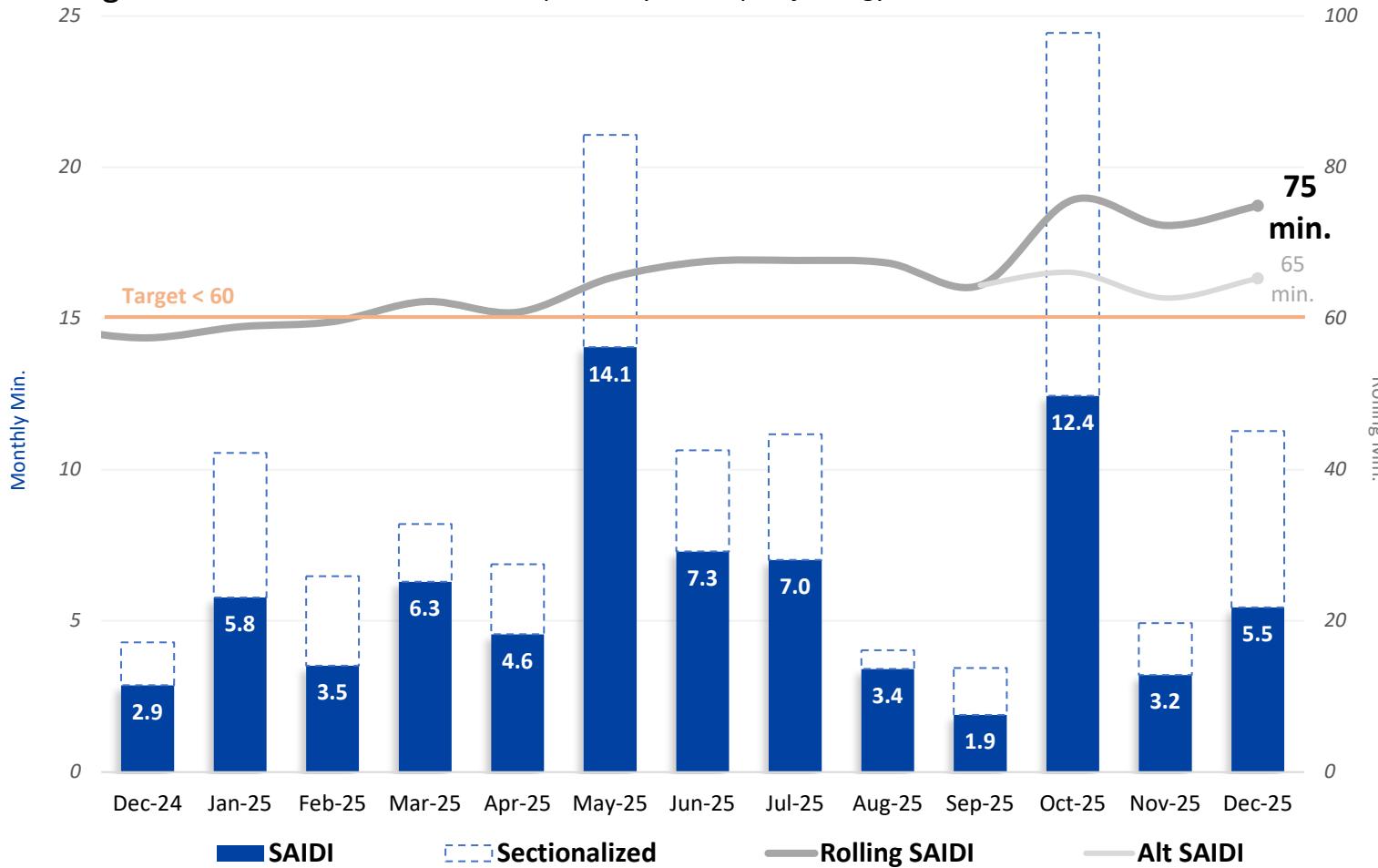


• Burnet Substation (BT):	4,060
• Fairland Substation (MF):	2,560
• Sattler Substation (CL):	3,199
• Johnson City Substation (MF):	4,863

Reliability

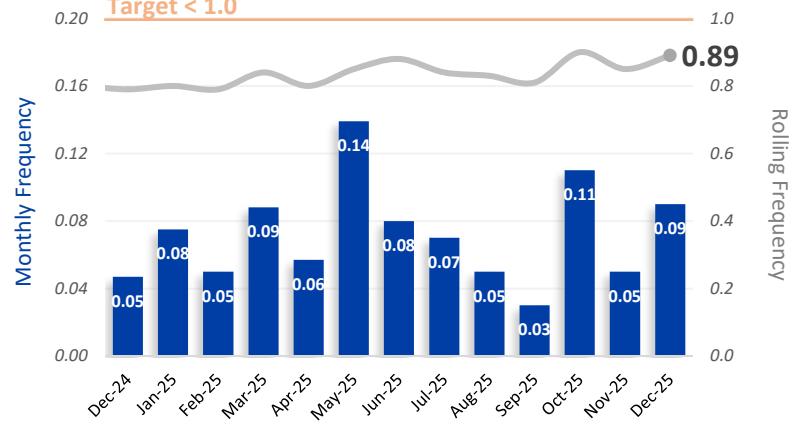
SAIDI System Average Interruption Duration Index

TX Avg SAIDI in 2024 = **153 min.** reported by the Dept. of Energy



SAIFI System Average Interruption Frequency Index

Target < 1.0



CAIDI Customer Average Interruption Duration Index

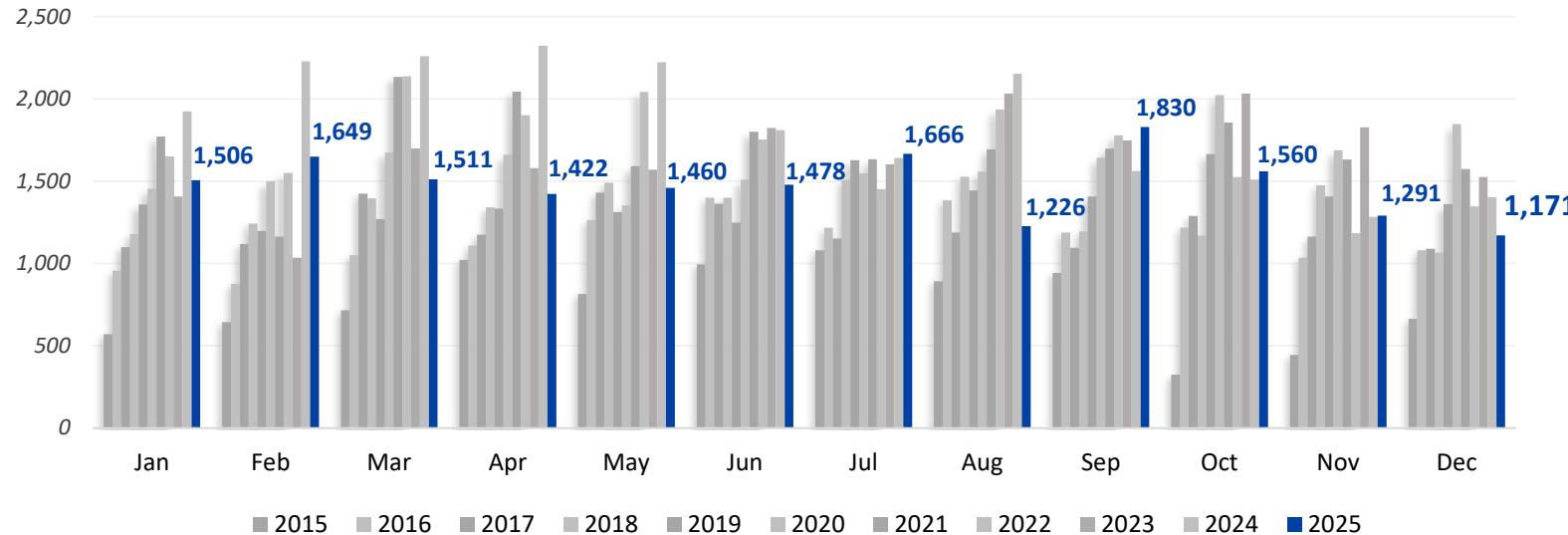
Target < 90



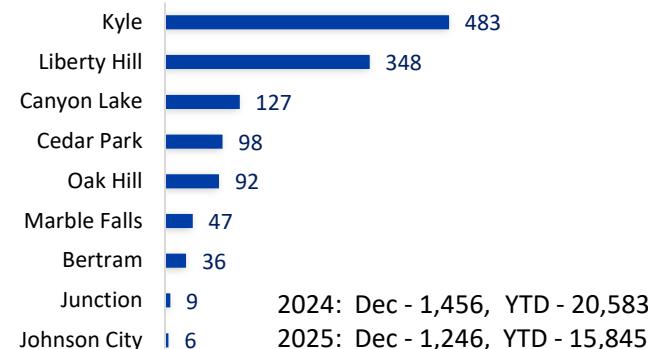
System Growth

To be
updated

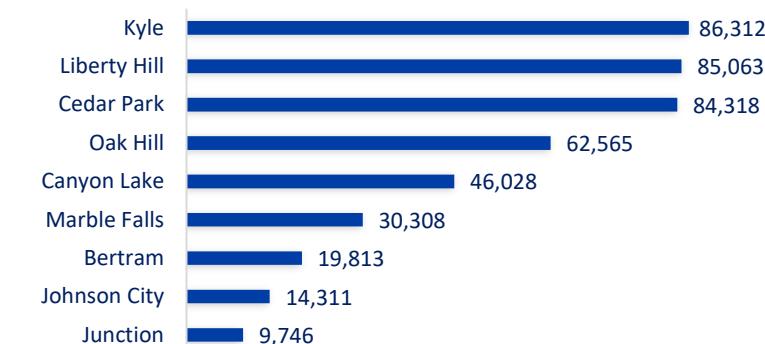
Line Extensions Completed



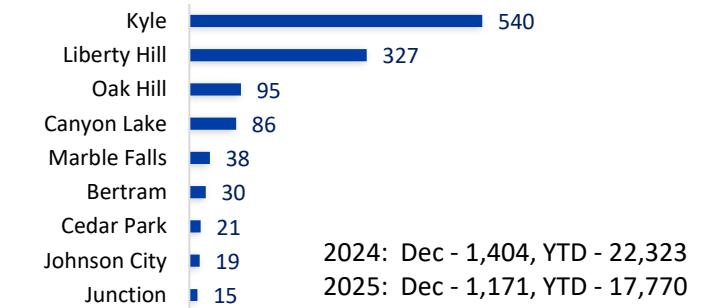
Meter Growth (1,246)



Meter Totals (438,464)



Line Extensions by District

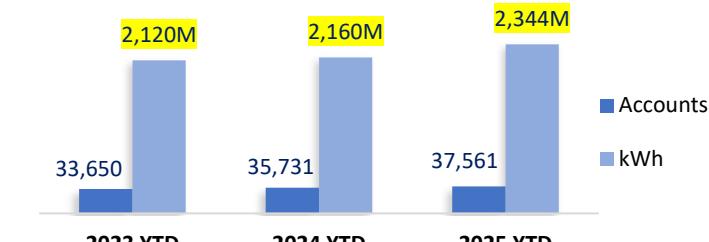


Miles of Distribution Line:

Overhead:	17,855	(69%)
Underground:	8,168	(31%)
Total:	26,023	

Residential & Commercial

Non-Residential Accounts and Consumption YTD



Residential: 91% of Accounts, 70% of kWh
Non-Residential: 9% of Accounts, 30% of kWh

Safety & Technical Training Update

Department Highlights

December Training and Classes

- Held a Journeyworker Continued Education class focused on troubleshooting:
 - 25 Journeyworkers
 - 299 years of experience participated
- Year 2 Apprentice class held over two weeks:
 - 12 Apprentices
 - All completed with high marks

Assessments

- 11 Field assessments completed.

Safety Spotlight

JSSO near Smithson Valley High School on New Year's Eve.

After the tailboard, the crew quickly went to digging holes, setting poles, and stringing in new wire for a 3-phase line around a new building.

All personnel had appropriate PPE and use of rubber gloves when handling the new wire going up to the energized pole. Trucks had their wheel chokes down and barricades were out.



JSSO - Canyon Lake
Job Site Safety Observation

Canyon Lake Crew
Supervisor:
Jacob Cogar

It was a busy work zone with a lot of moving parts and everyone was doing a great job communicating and staying safe.



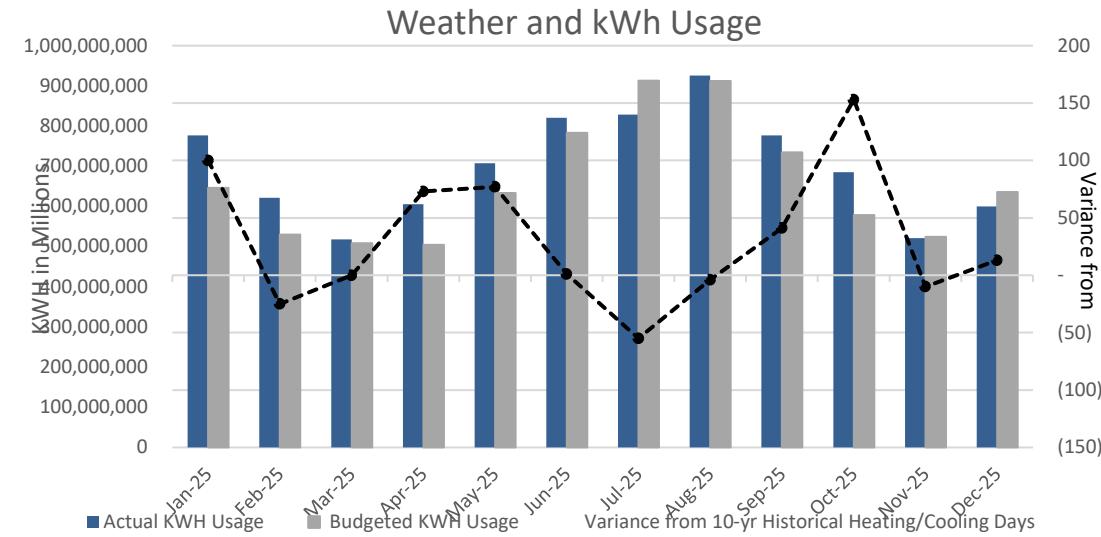
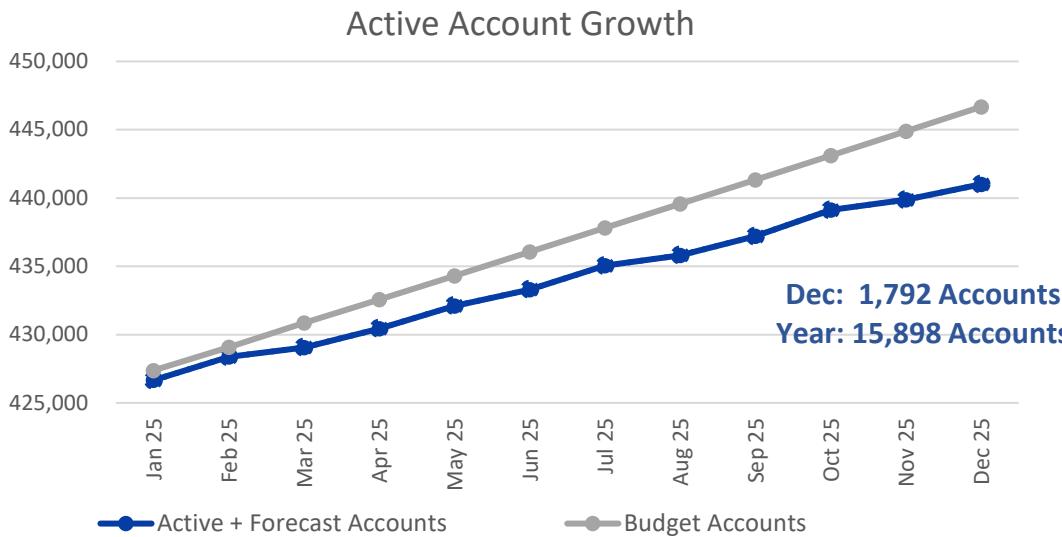
December 2025 Financial Report

Randy Kruger | Chief Financial Officer

Finance at a Glance – December 2025

	YTD (\$ in millions)		
	Actual	Budget	Variance
MWH Sold	8,385,823	7,901,654	484,169
Gross Margins	\$ 408.2	\$ 401.6	6.6
Net Margins	\$ 79.2	\$ 71.1	8.1
EBIDA	\$ 216.7	\$ 210.3	6.4
Revenue O/(U)	\$ 41.1	\$ 5.0	36.1
EBIDA(X)	\$ 257.8	\$ 215.3	42.5

	Liquidity Coverage
Cash & Marketable Securities	\$ 76,524,790
Short Term Facilities	605,000,000
Less: Short Term Borrowings	89,937,750
Available Liquidity	\$ 591,587,040
Liquidity Coverage (Days)	249



Financial Highlights

\$2.6 Billion in Assets

Increased Margins

Majority of the year saw heating and cooling load above the 10-year average leading to increased KWH and Gross Margins

\$1.0 Billion in Revenues

Improved Cash Flows

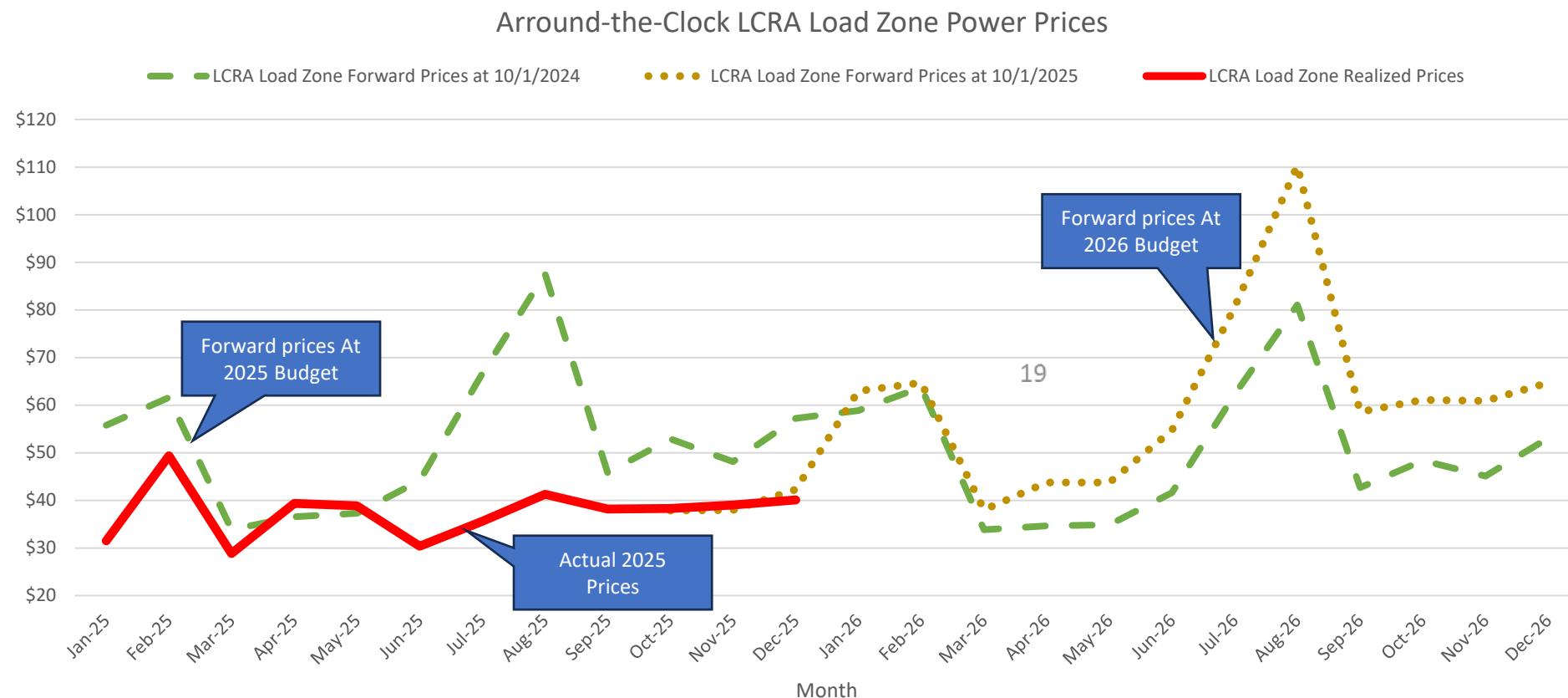
Lower cost to serve load due to soft market prices leading to increased cash flows

\$254 Million in Cash Flow

2-year Bond Offering

Bond offering to align debt with construction spend and current interest rate environment

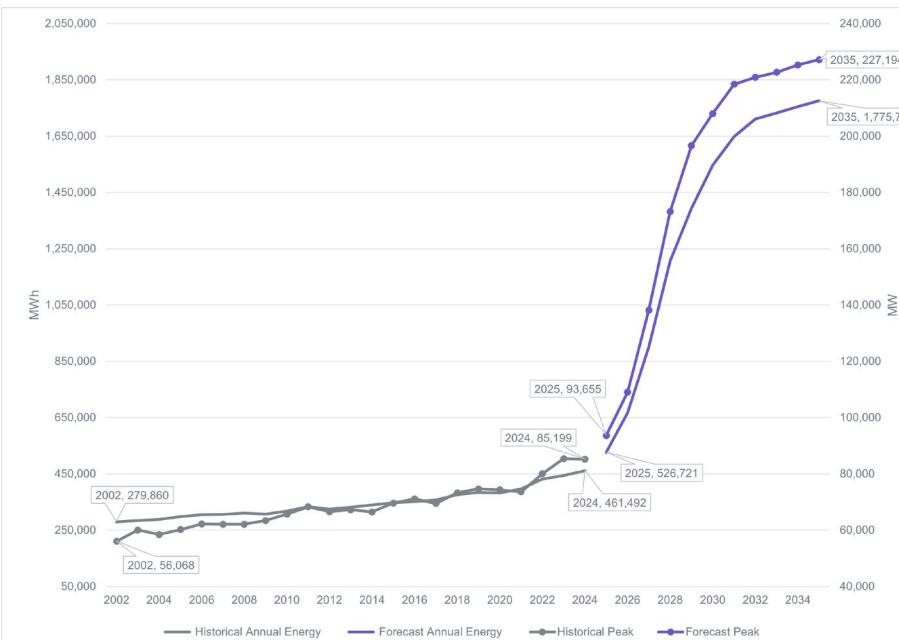
Power Markets Update: Prices Liquidated Well Below Forwards



- 2025 realized LCRA load zone prices came in well below forward prices used in PEC's 2025 budget
- PEC sets rates at the time of budget based on expectations for future power supply costs (forward market prices are an input to those expectations)

Power Markets Update: Price Drivers and Rate Implications

Forward prices up on concerns of demand driven scarcity.



Actual prices kept low by new capacity additions in the face of flat load growth

84 GW actual peak load
--and--
7 GW of new battery + 6 GW of new solar capacity

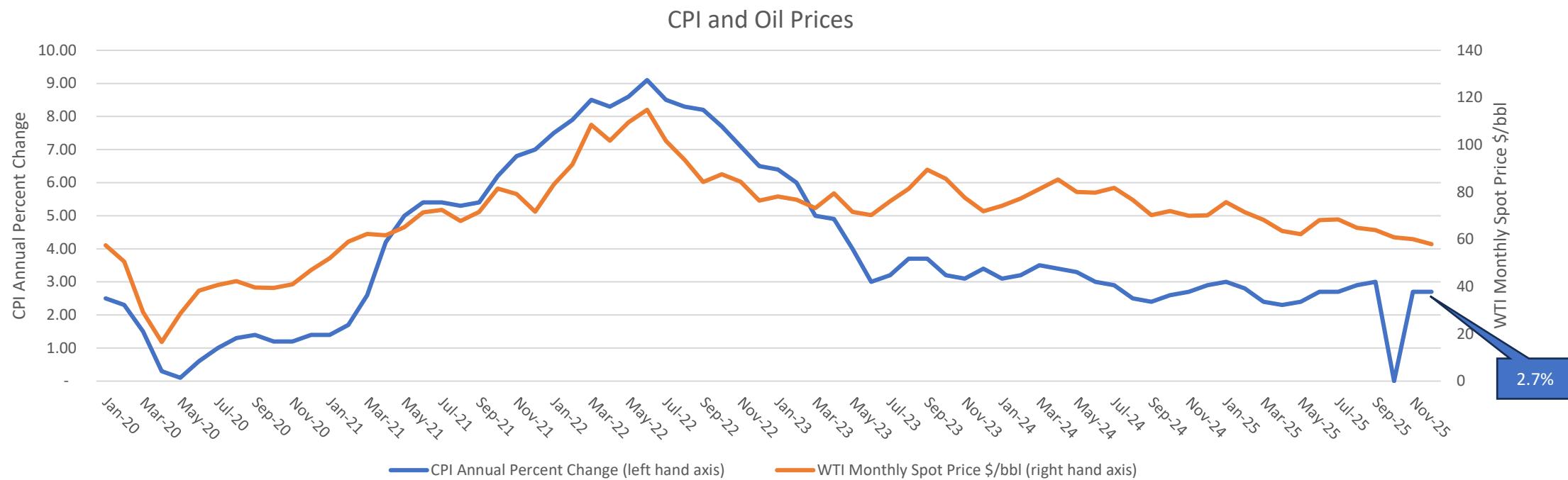
Source: ERCOT Transmission Service Provider forecast from ERCOT website

Rate Implications

- 2025 prices settling below forward prices contributed to revenue collections from PEC members in excess of actual power costs. This lowered the level of prices that would have been required for 2026 absent the over collections
- 2026 forward prices at the time of our 2026 budget were even higher than at the time of the 2025 budget. How actual prices materialize will drive 2026 over/under collections and will ultimately have an impact on 2027 rates

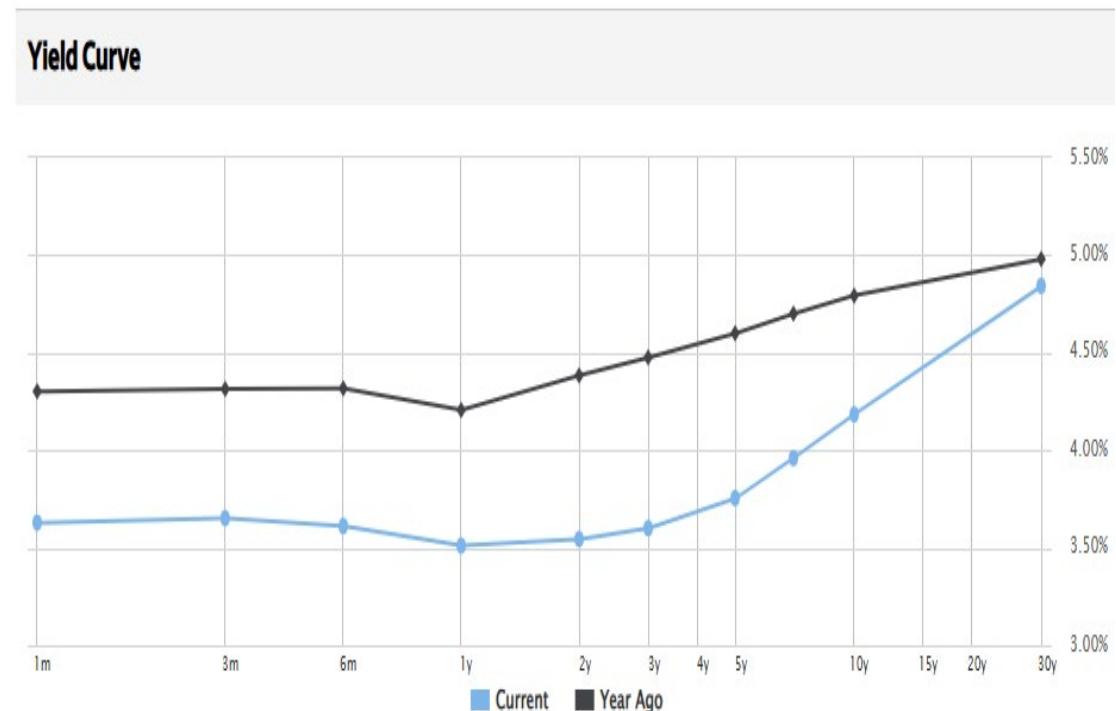
Inflation

- December CPI came in at 2.7% with core CPI bringing a slight downside surprise coming in at 2.6% rather than forecasted 2.8%. Electricity CPI continues to increase at an accelerated pace at 6.7%
- Petroleum and natural gas account for 74% of primary energy consumption in the US economy and as oil and natural gas prices continue to moderate there is reason to believe this trend will translate to lower inflation
- Ultimately lower inflation will help alleviate cost pressures on building and maintaining PEC's electric system as well as provide the Fed room to cut interest rates



Financial Markets Update

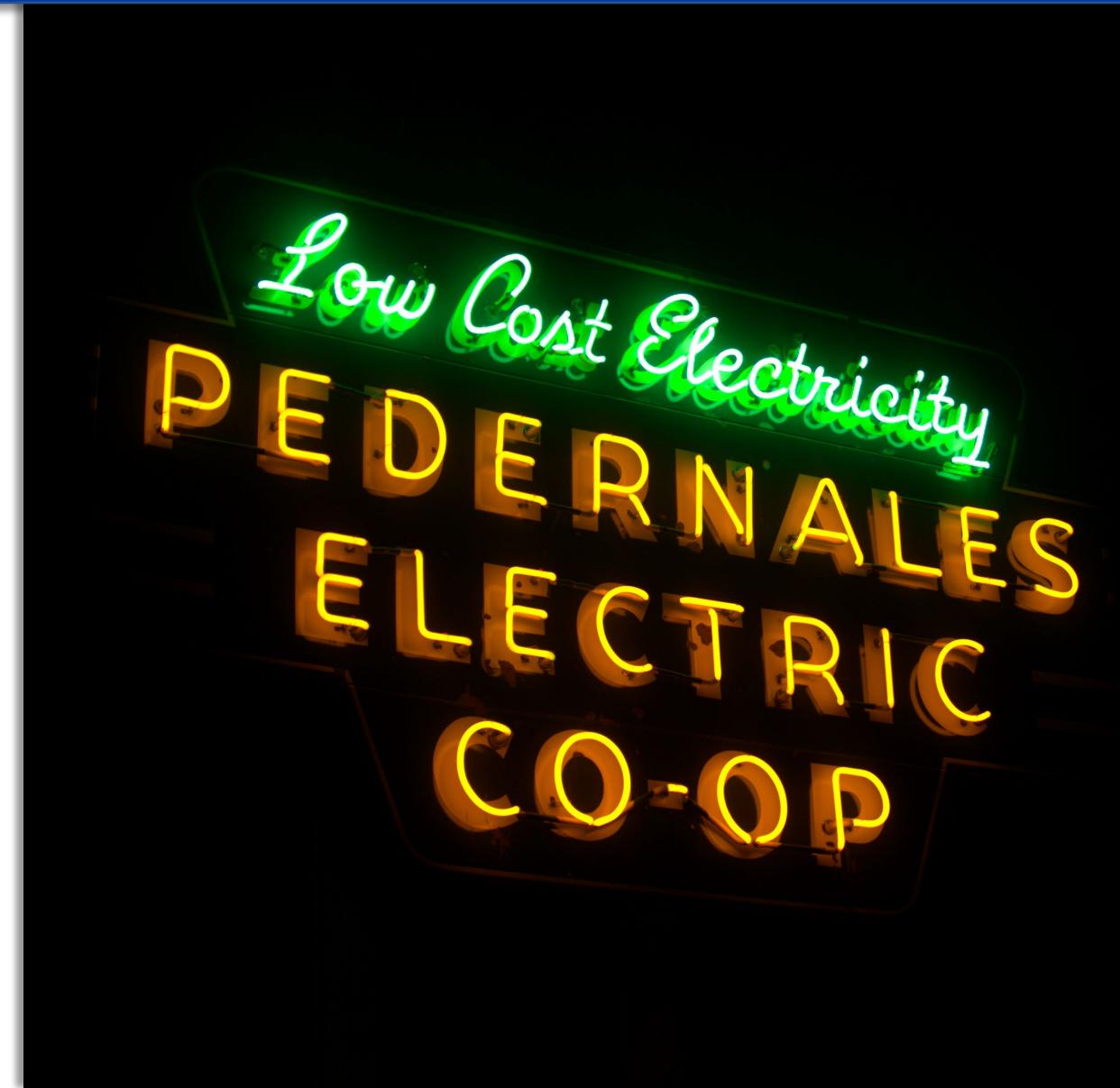
- The Federal Reserve has cut rates by 75 bps since January 2025 as inflation has been moderating.
- Interest rates across the yield curve have trended down which is why we have stayed out of the long-term debt market and instead issued intermediate notes
- Our most recent commercial paper issuance was at 3.89%...a rate we have not seen since 2022 when the Fed began aggressively raising rates.
- If inflation remains at bay, we expect to see further rate declines



Source: *The Wall Street Journal* January 14, 2025

2025 Finance Highlights

- Completed transition to a bank lockbox to strengthen payment security
- Executed new financing strategy to provide flexibility in term-length and take advantage of bond market pricing
- Modernized decision analysis tools for power hedging strategy
- Renegotiated major procurement contracts resulting in costs savings
- Implemented monthly financial forecasting with operations leading to improved cash flow projections
- Fitch reaffirmed AA- credit rating





CAO Report

JP Urban | Chief Administrative Officer

2025 Highlights

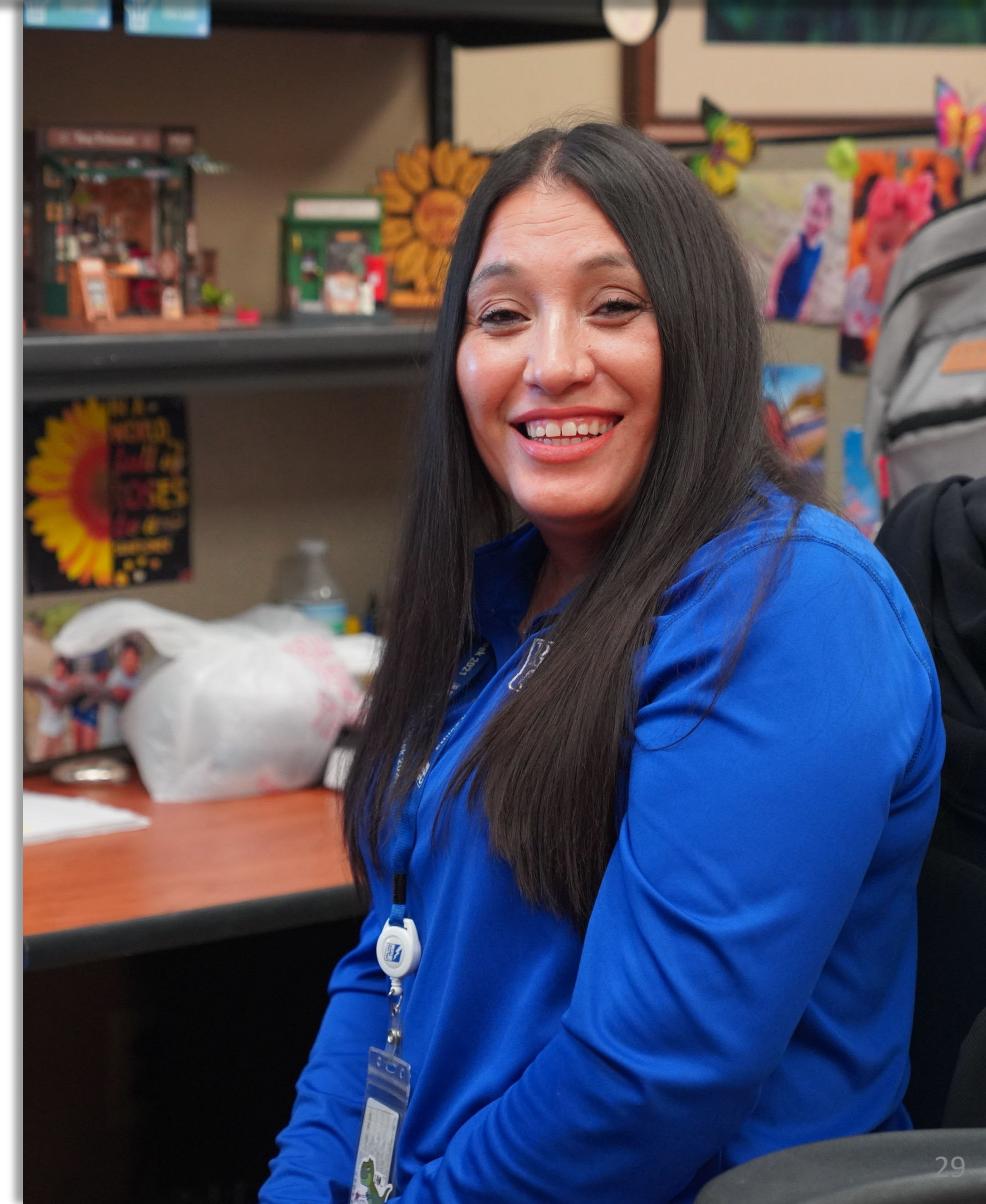
- Reaffirmed commitment to meet members where they are:
 - Six Member Appreciation Events
 - Rates education
 - Promoting self-service tools and money-saving tips
- Increased engagement with local planning and zoning teams
- Introduced enhanced third-party contact center
- Launched new portal for interconnection applications
- Completed data warehouse



Member Relations Report

December Member Relations Metrics

- Calls handled: 19,723
- Chats handled: 1,332
- Applications for existing service
 - Online: 2,204 (26%)
 - Phone: 6,341 (74%)
- Member experience satisfaction rating: 4.6 out of 5
- Member experience first contact resolution: 88.89%
- 95% of members say they would enjoy working with the same agent again



Nearly \$40k in Grants Awarded!

- Nine area nonprofits are receiving nearly \$40,000 in support through PEC's Community Grants program
 - Marble Falls EMS: \$4,678
 - Friends of Kimble County Library: \$5,000
 - Highland Lakes Amateur Radio Emergency Service: \$5,000
 - Old Blanco County Courthouse Preservation Society: \$5,000
 - Patriots' Hall of Dripping Springs: \$5,000
 - Friends of Oakalla Public Library: \$3,554
 - Friends of Inks Dam National Fish Hatchery: \$2,000
 - Texas Humane Heroes: \$5,000
 - Westcave Outdoor Discovery Center: \$4,000
- PEC's Community Grants are 100% funded through Power of Change and the generosity of PEC members!



PEC Scholarship Applications are Open!

- Apply today for a PEC Scholarship!
- Application deadline: Wednesday, February 25 – apply online at myPEC.com/scholarships
- Open to graduating seniors pursuing higher education at a four-year university, community college, or trade school
- PEC has proudly provided scholarships for 27 years
- \$100,000 in local scholarships are funded 100% through unclaimed property returned to PEC by the state





Appreciation and Look Ahead

Employee Shoutouts*



Amanda Fowler

Vegetation
Maintenance
Supervisor
Liberty Hill

Justin Donovan

Regional
Operations
Supervisor
Oak Hill

Ted Reyes

Journeyworker
Bertram

Angela Fry

Member Relations
Analyst
Marble Falls

Lisa DiPhillipo

Member Relations
Analyst
Marble Falls

*These were selected from the hundreds of shoutouts PEC receives each month



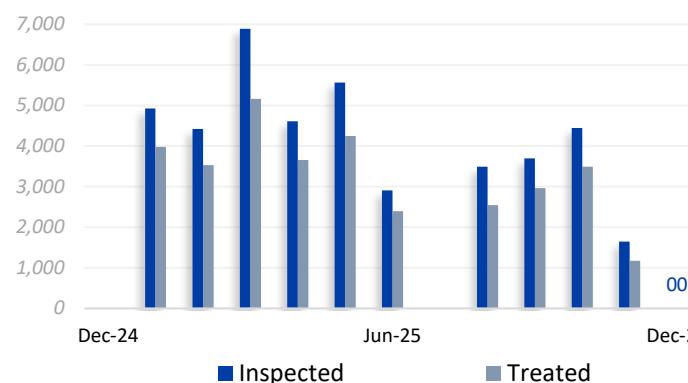
Appendix Pages

Maintenance & Technical Services

Pole Testing & Treatment (PTT)

Poles Inspected & Treated

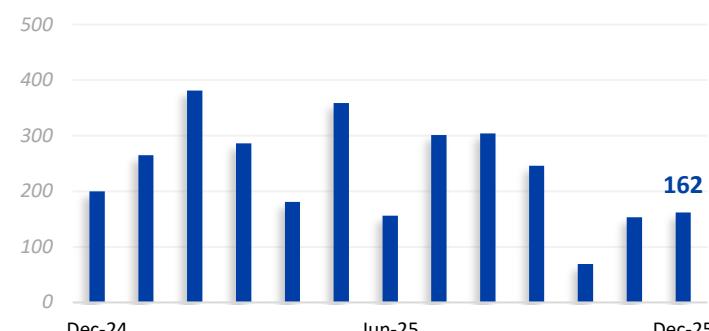
2024 YTD: Inspections - 43,271 Treated - 33,916
2025 YTD: Inspections - 42,589 Treated - 33,144



Underground Equipment

Pad Restorations

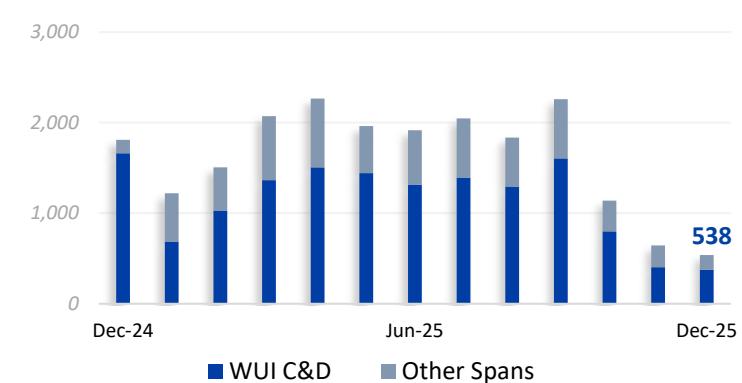
2024 YTD: 3,944
2025 YTD: 2,863



Vegetation Management

Span Clearings

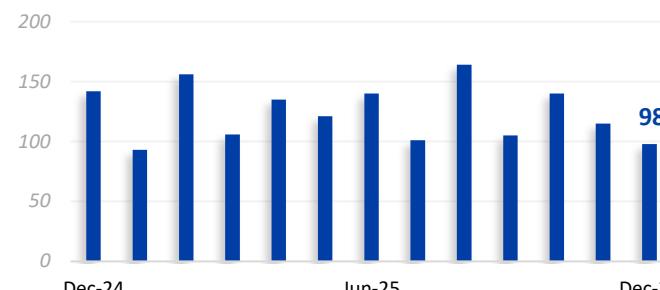
2024 YTD: Encroachments Completed - 23,560
2025 YTD: Encroachments Completed - 19,402



Technical Services

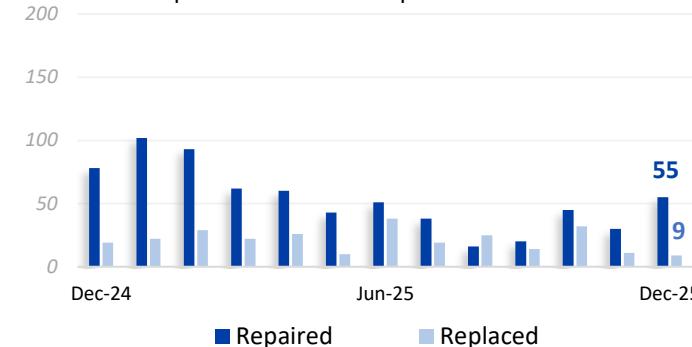
Equipment Inspections

2024 YTD: 1,942
2025 YTD: 1,474



Equipment Repaired or Replaced

2024 YTD: Repaired - 843 Replaced - 245
2025 YTD: Repaired - 615 Replaced - 257



Planning Engineering Projects

Project	Completion	Percent Complete
20-Year Plan Study	Feb 2026	85% 
2025 CIP Project Maps	Feb 2026	5% 
Load Projection Study	Mar 2026	35% 
Capacitor Settings	Mar 2026	0% 
4CP Study	Apr 2026	0% 
Summer Contingency	May 2026	0% 
UFLS Study	Jul 2026	0% 
CIP (1 st Draft) Study	Jul 2026	0% 
CIP (Final Draft) Study	Jul 2026	0% 
Mock UFLS Study	Dec 2026	0% 
Winter Contingency	Dec 2026	0% 

Facilities

Large Project Updates

Johnson City - Haley Road Phase II Yard Expansion

Project pending security cameras and wi-fi installation. Expected Jan. 2026 close out.



Junction Warehouse Expansion and Fleet Building

Facilities complete and turned over to District. Staff occupancy to begin in Jan. 2026.



Liberty Hill Materials Yard Expansion

Construction underway with expected completion Feb. 2026.

Liberty Hill Warehouse Expansion

Design and construct +/- 15k sq. ft. warehouse and convert existing warehouse and training area for staffing. Design consultant chosen, contract pending.



Bertram Yard Expansion

Expand materials yard into adjacent property. Grade and stabilize base. Install perimeter fencing, lighting, and new gate along Hwy. 29. Construction expected to begin in Q2 2026.

Generator Refresh

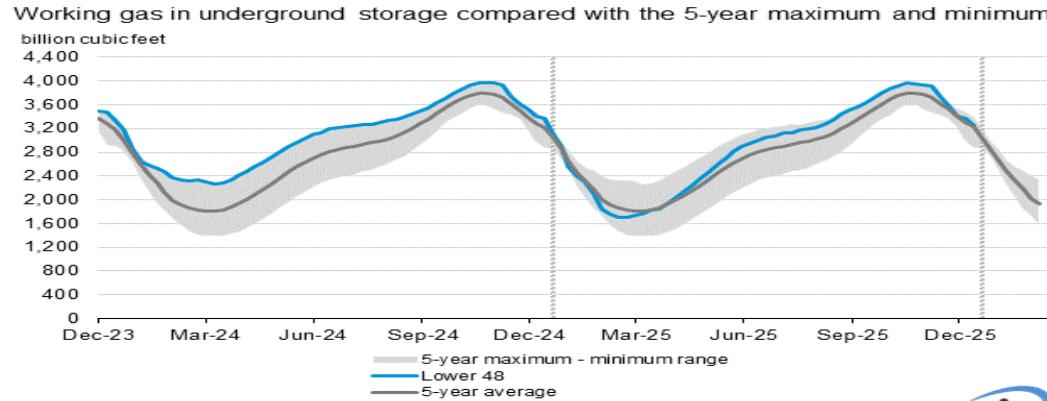
Replacement of end-of-life back-up generators at Kyle, Cedar Park, Bertram, Canyon Lake, and Haley Rd is underway. Design work near completion, generators purchased, construction to begin in Q2 26 after RFP.



Appendix to December 2025 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

Power Market Fundamentals

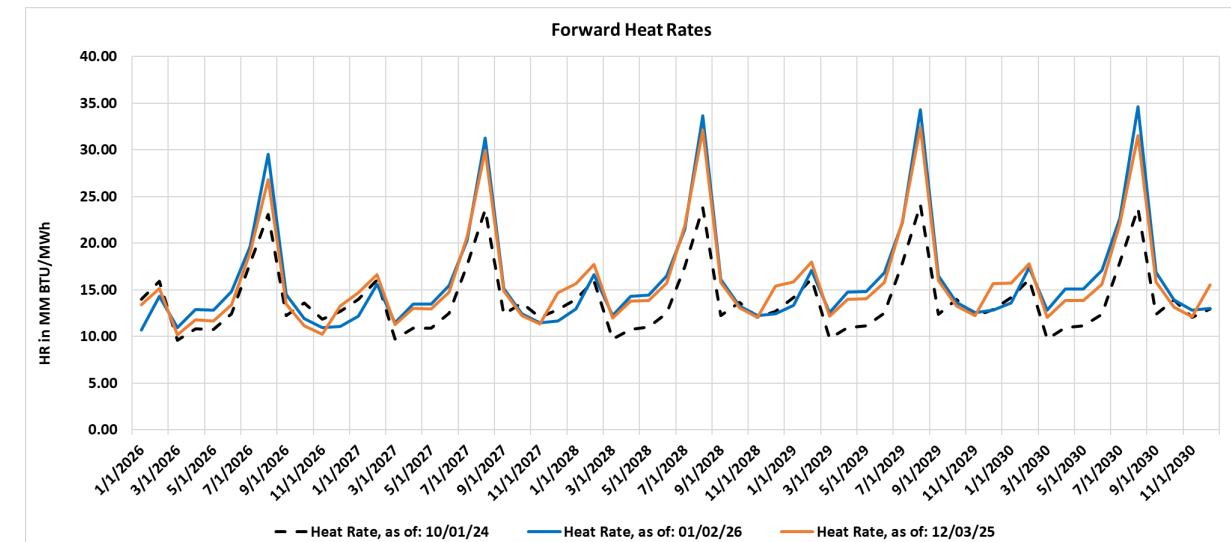
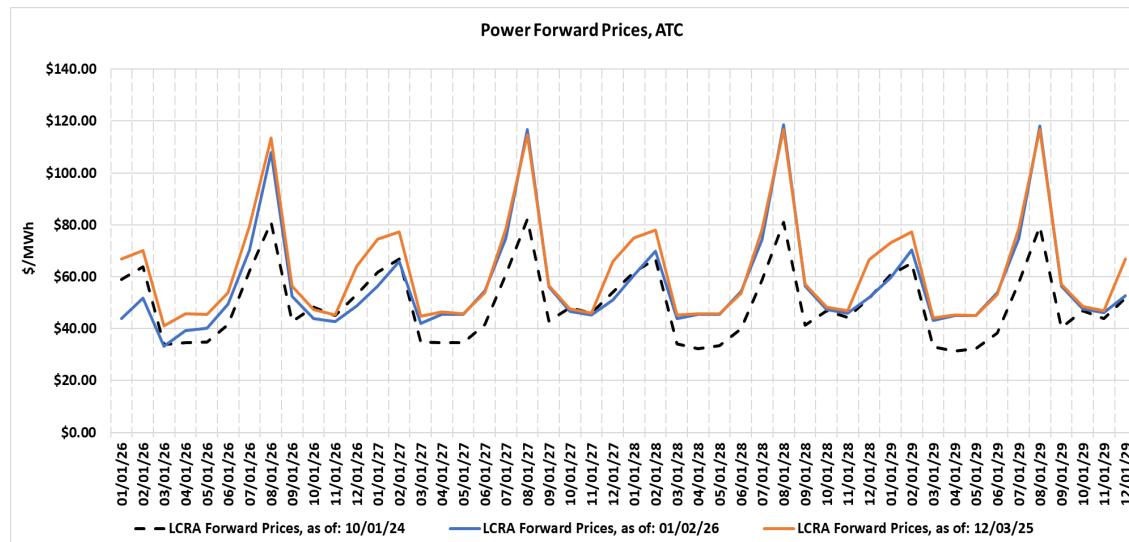
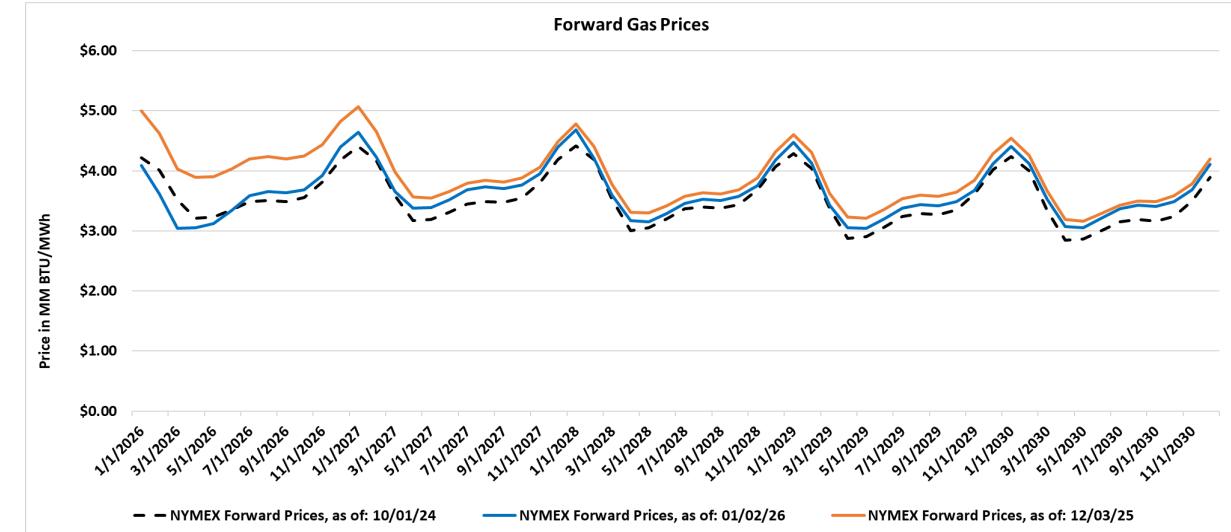


Data source: U.S. Energy Information Administration

Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2021 through 2025. The dashed vertical lines indicate current and year-ago weekly periods.

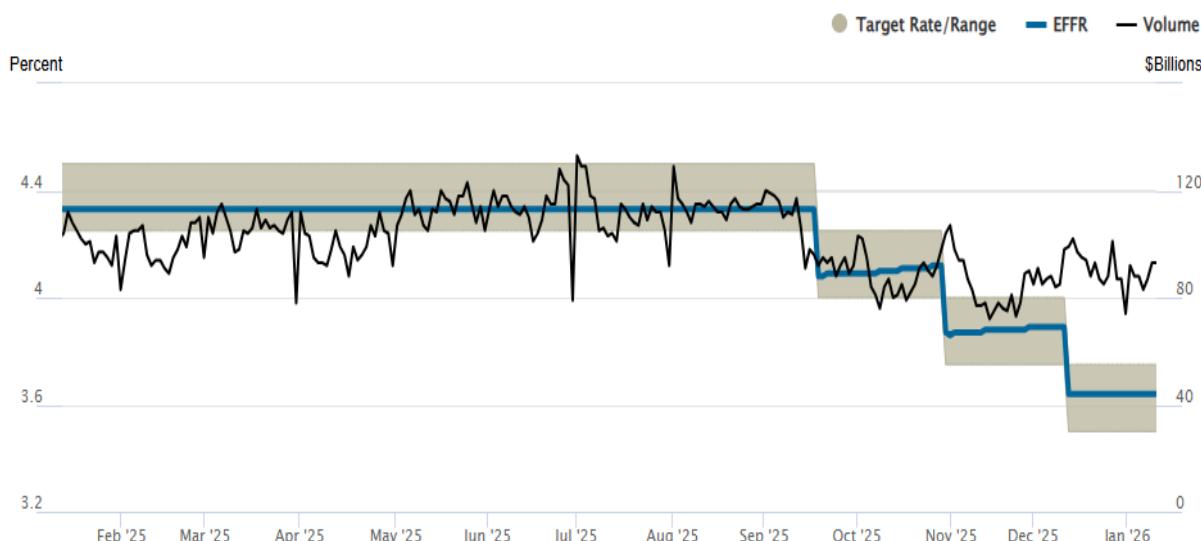


As of January 2, 2026



Interest Rates

Federal Funds Rate



Source: Federal Reserve Bank of New York 01/12/2026

10-Year Note



Source: *The Wall Street Journal* 01/15/2026



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