



Cooperative Update

Julie C. Parsley | Chief Executive Officer

Eddie Dauterive | Chief Strategy Officer

Nathan Fulmer | Chief Operations Officer — Distribution

Randy Kruger | Chief Financial Officer

JP Urban | Chief Administrative Officer



CEO Report

Julie C. Parsley | Chief Executive Officer

Legislative Update

- Speaker Burrows released committee assignments, February 13:
 - Rep. Ken King (R-Canadian) appointed chair of House State Affairs
 - Rep. Drew Darby (R-San Angelo) appointed chair of House Energy Resources
 - Subcommittee on Telecommunications & Broadband created
- Key electric issues: large load planning, pole standards, joint use agreements, wildfire mitigation
- Staff participated in TEC Austin Legislative Rally held February 17-18, 2025
- House and Senate bills filed: 4205
- Days until Sine Die: 101



Rep. Ken King
District 88
House State Affairs Chair

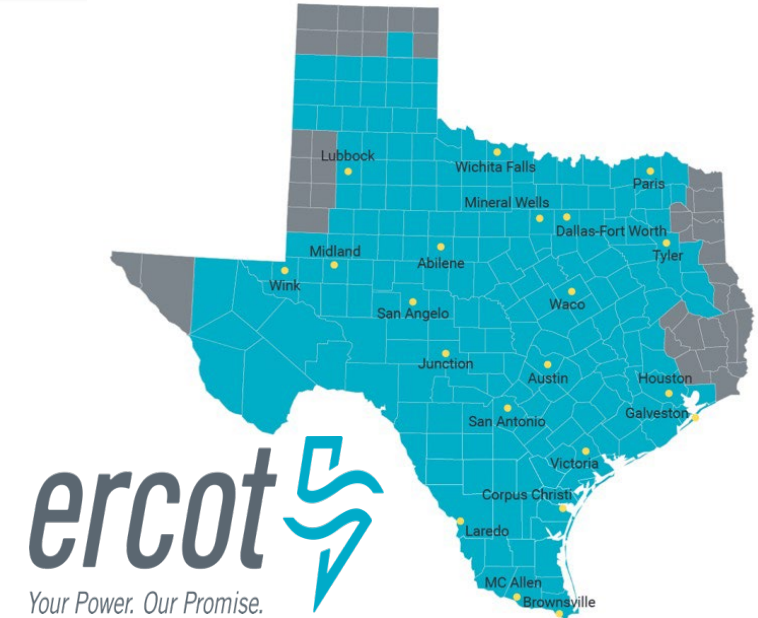


Rep. Drew Darby
District 72
House Energy Resources Chair

Regulatory Update: ERCOT

ERCOT Names New Board Members

- The ERCOT Board Selection Committee announced the selection of Alejandro “Alex” Hernandez and Sigmund “Sig” Cornelius, to serve on the Board of Directors for three-year terms
- They succeed Directors Paul Foster and Bob Flexon, who stepped down from the ERCOT Board in 2024
- The now full 12-member board consists of eight directors who are appointed by the State of Texas’ ERCOT Board Selection Committee and four ex officio members



Alejandro Hernandez
Director

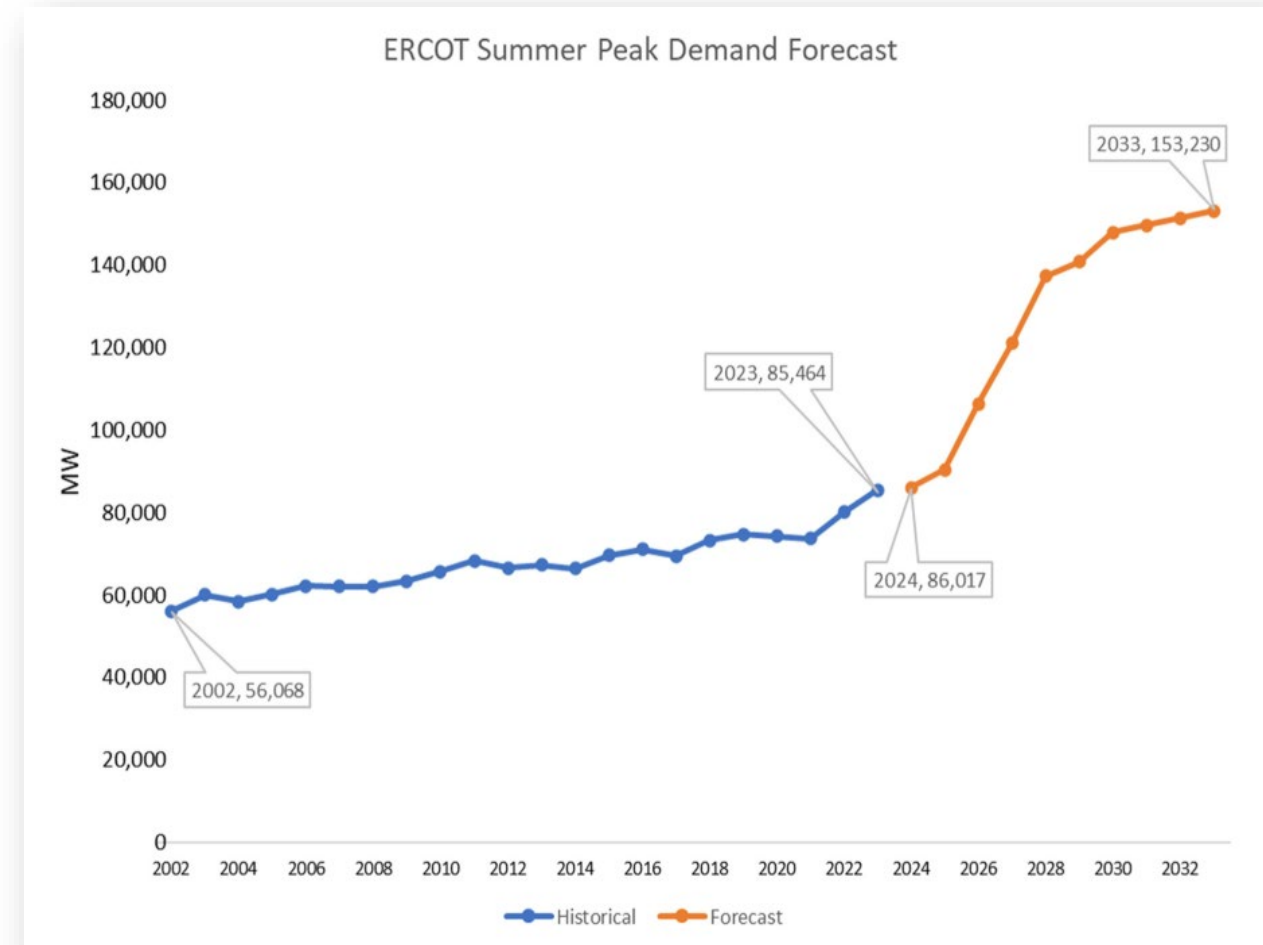


Sigmund Cornelius
Director

Regulatory Update: ERCOT

ERCOT Releases Capacity, Demand, and Reserves Report (CDR)

- The annual CDR provides a deterministic view of forecasted resource adequacy in ERCOT for the next five years
- This CDR indicates that estimated supply reserves decrease significantly from year to year
- The most significant impacts to the outlook result from the tentative forecasts of new large loads developing in the region



* Chart depicts ERCOT forecasted peak load increase

Regulatory Update: PUC

Update on New Generation from the Texas Energy Fund (TEF)

- The TEF was established by state law and voters in 2023 and offers a low-interest loan and grant program for new dispatchable, thermal generation
- In December, Commissioners approved 9,720 MW of new loan projects for review and potential funding
- Last month the PUC approved of an additional 342 MW project added to the portfolio of approved projects
- Recently suppliers withdrew proposed bids of approximately 1,500 MW due to equipment procurement delays. The PUC is likely to consider previously submitted projects as replacements



Rolling Across the Cooperative

- PEC's Fleet Maintenance team services more than 500 vehicles
- Last year alone, our fleet vehicles drove 6.3 million miles
- In 2024, Fleet Maintenance completed 9,979 vehicle service orders in-house
- Our team is comprised of certified Ford Technicians utilizing STARS/Oasis platforms
- In addition, they are all IFPS certified to work on our aerial equipment in-house
- Thank you for keeping us rolling!



Apply for a PEC Scholarship

- Application deadline is March 12
- Open to graduating seniors and adults continuing their education
- Scholarships can be used toward a university, tech, or trade school degree
- PEC has proudly provided scholarships since 1999
- Scholarships funded 100% through unclaimed property returned to PEC by the state





February Special Report

Eddie Dauterive | Chief Strategy Officer

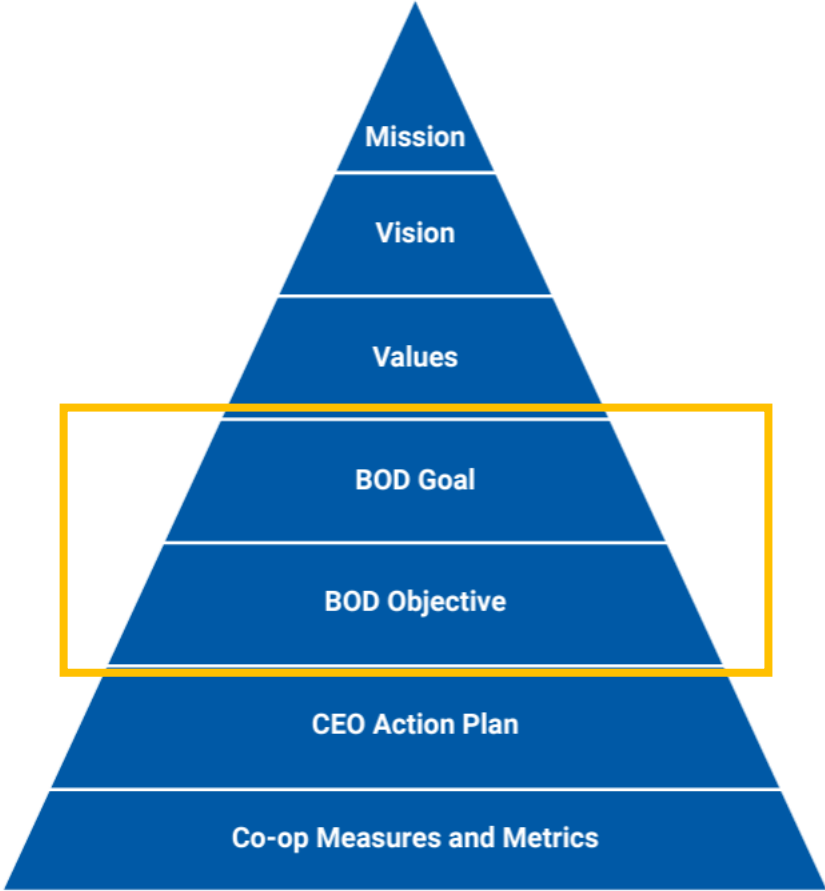
Updating PEC’s 5-Year Strategic Plan

PEC’s Mission: “We are committed to delivering low-cost, reliable, and safe energy for our members.”

2021-2026 Plan Goals & Objectives

| Goals | Objective Topics |
|---|---|
| Maximize Value to Our Membership | <div>1. Member Engagement</div> <div>2. Community Partnerships</div> <div>3. Customer Service</div> |
| Achieve Operational Excellence | <div>1. System Maintenance</div> <div>2. SCADA, Control Centers & Technology Systems</div> <div>3. Engineering Design Standards</div> <div>4. Facilities and Real Estate Planning</div> |
| Protect the Financial Health of the Cooperative | <div>1. Financial Management</div> <div>2. Rate Stability</div> <div>3. Capital Spending</div> |
| Pursue Workforce Optimization | <div>1. Technical Training</div> <div>2. Workforce Development</div> |
| Advance Tactical Security & Safety | <div>1. Safety and Security Culture</div> <div>2. Cyber Security</div> <div>3. Work Environments</div> |

Strategic Hierarchy



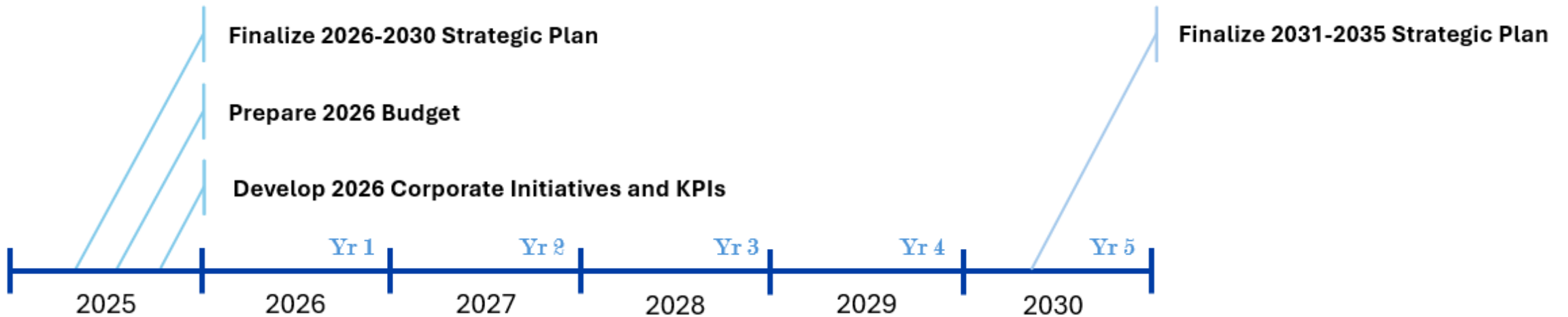
Drafting New Objectives

Leadership Discussions

- Gather and consolidate insights to inform the development of the new strategic plan.
- Meet with each Executive and their department leaders.
- Capture need-based initiatives that align with established strategic goals.
- Identify new areas to address since the last strategic planning sessions, examples:
 - Distribution system resilience with rapid growth demand
 - Development of transmission operations
 - Technology advancements and security readiness

Timeframe for Development

Plan Finalization Ahead of 2026 Budget and Initiative Preparation



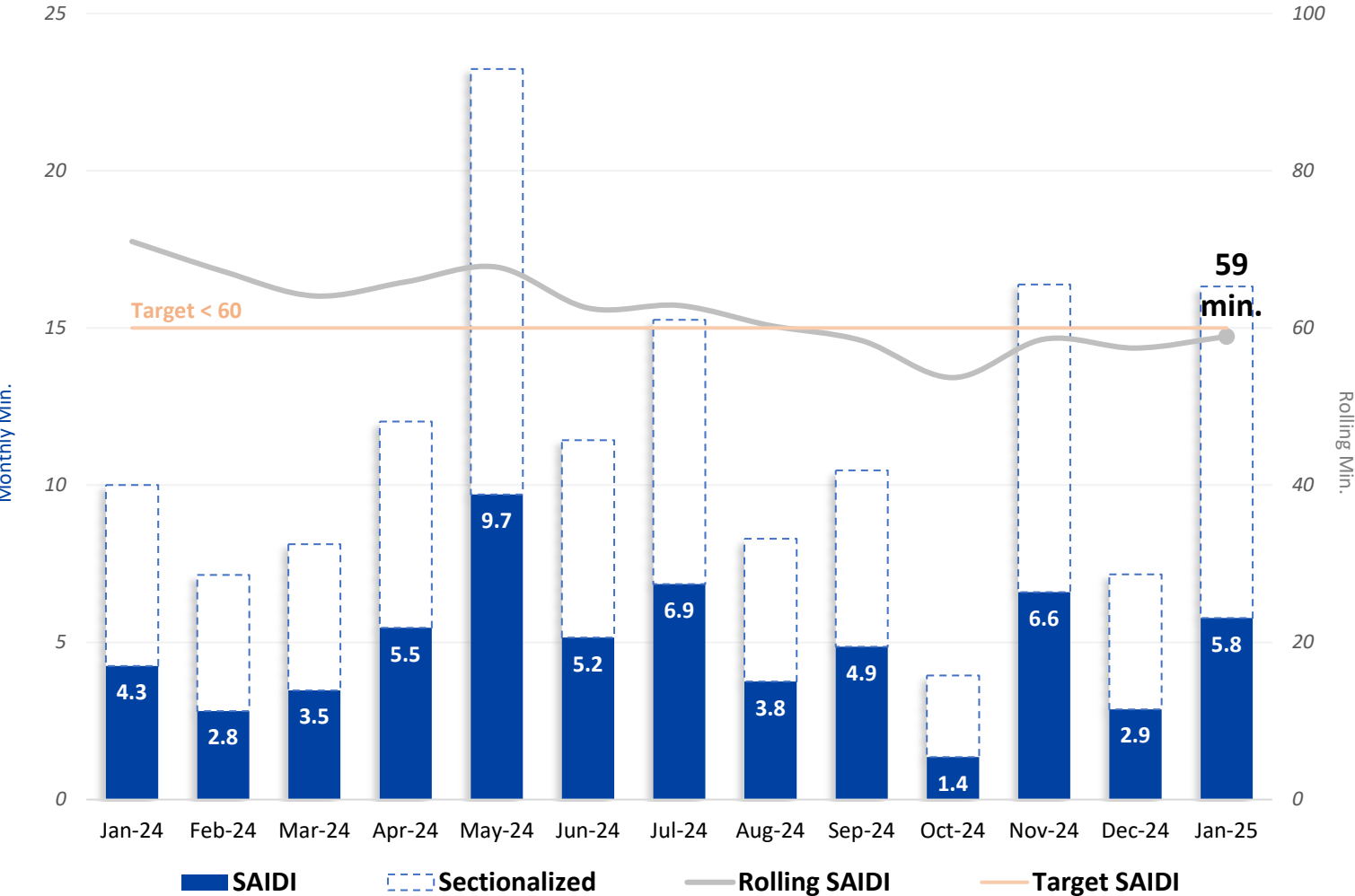
- | | |
|----------------|--|
| February 2025: | Leadership discussions and preparation of draft objectives |
| March 2025: | Board of Directors Review |
| April 2025: | Draft Resolution for PEC's 2026-2030 Strategic Plan |
| May 2025: | Final Resolution for PEC's 2026-2030 Strategic Plan |
| June 2025: | Begin 2026 budgeting preparation |



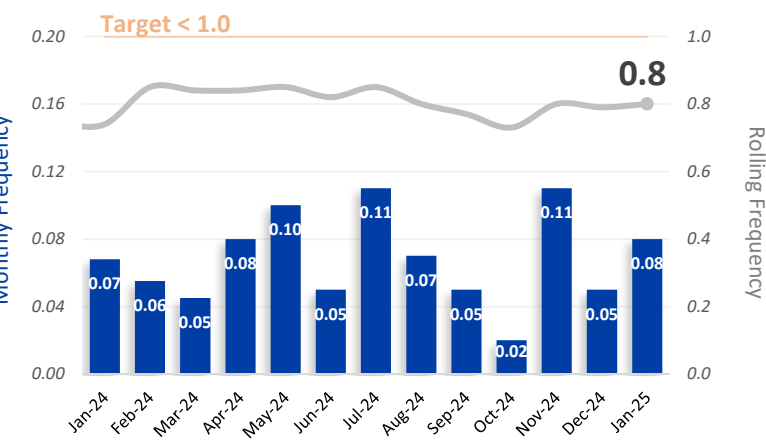
Operations Report

Nathan Fulmer | Chief Operations Officer -
Distribution

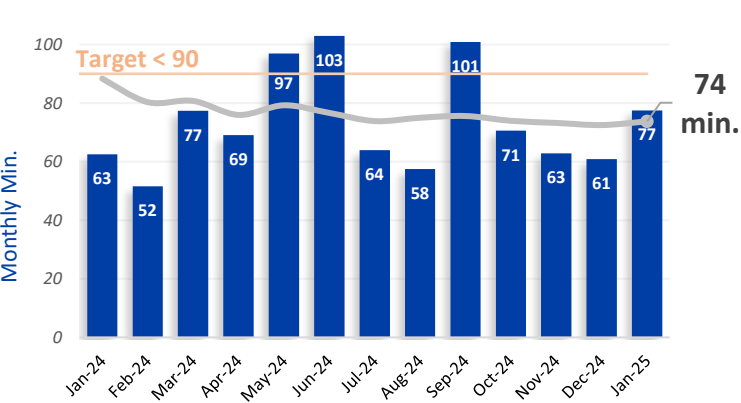
SAIDI System Average Interruption Duration Index



SAIFI System Average Interruption Frequency Index

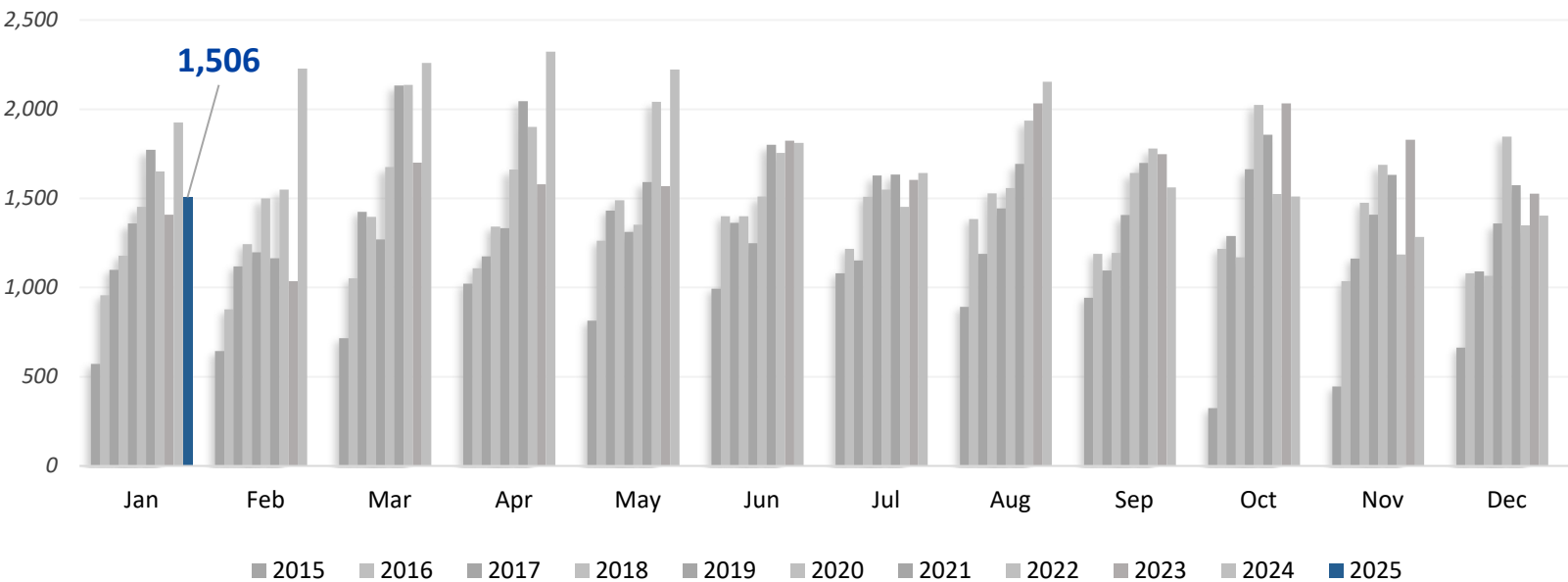


CAIDI Customer Average Interruption Duration Index



System Growth

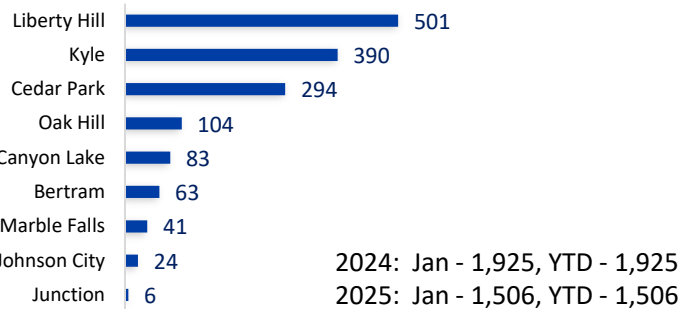
Line Extensions Completed



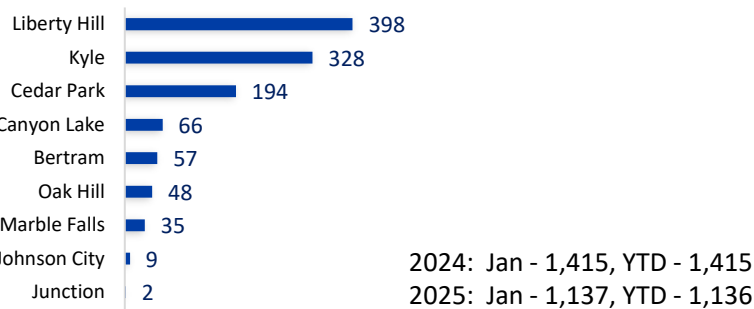
Miles of Distribution Line:

| | | |
|--------------|--------|-------|
| Overhead: | 17,800 | (70%) |
| Underground: | 7,798 | (30%) |
| Total: | 25,598 | |

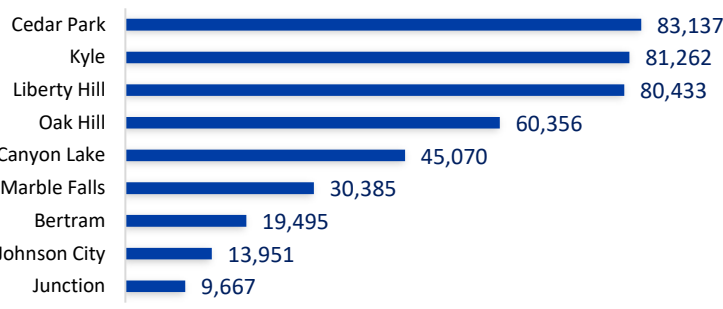
Line Extensions (1,506)



Meter Growth (1,137)



Meter Totals (423,756)



Pole-Top Fires

A common risk for utilities during Spring season, the combination of drought conditions, high pollen levels, and heavy humidity can disrupt operations.

- When heavy moisture from fog or very light rain mixes with dirt and pollen that has built up on insulators, it can create a “slush” on the equipment that conducts electricity and can start fires.
- When these occur, they typically do not damage the lines but will destroy cross-arms and equipment, causing circuits to be closed for repair.
- On January 26, these conditions struck, and PEC responded to 19 separate instances across its territory where pole-top fires were determined to have caused damage and outages.



Safety + Technical Training Update

Department Highlights

Safety Training

- Instructor-led Field Safety Training
 - Competent Person/Job Briefings - 472 Employees
- On-line Field Safety Training
 - Cold Stress - 514 Employees
 - Winter Weather Driving - 515 Employees
- On-line All Employees
 - Cuts & Lacerations
 - Blood Borne Pathogens - 913 Employees

Safety Initiatives

- CPR & First Aid Certifications – 25
- Job Site Safety Observations
 - Safety Advisors – 39, Operations Management – 3

Safety Spotlight



Thomas Castillo
Operations Supervisor
Bertram

Thomas has been recognized for his proactive approach to safety and is a strong advocate of following all applicable safety rules, guidelines, best work practices and procedures. He is a supervisor who leads by example and values safety over production pressures. Thomas fosters open communication with his team about safety and the sharing of important safety-related information.



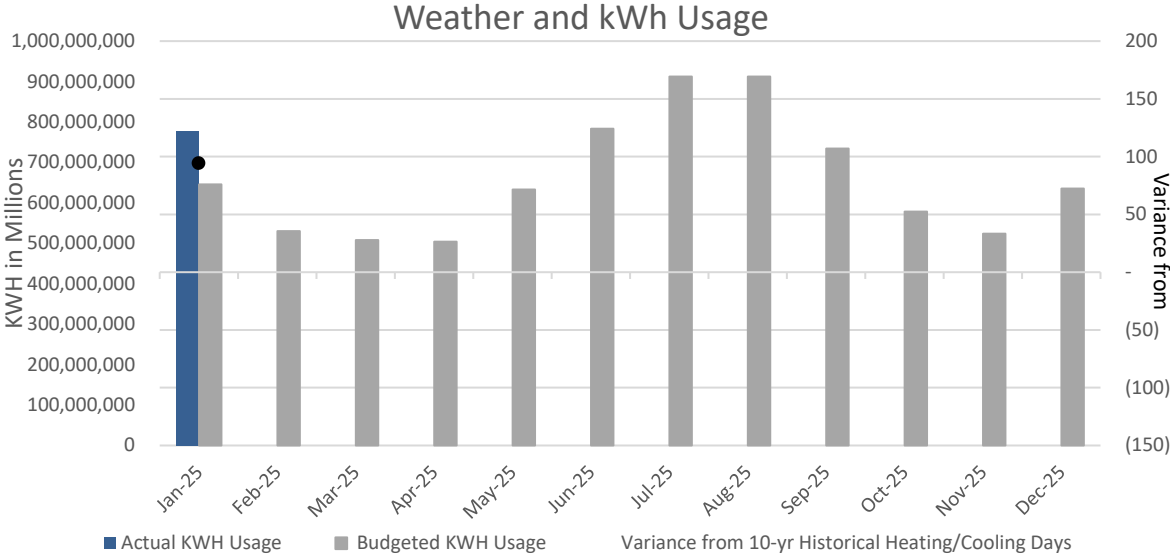
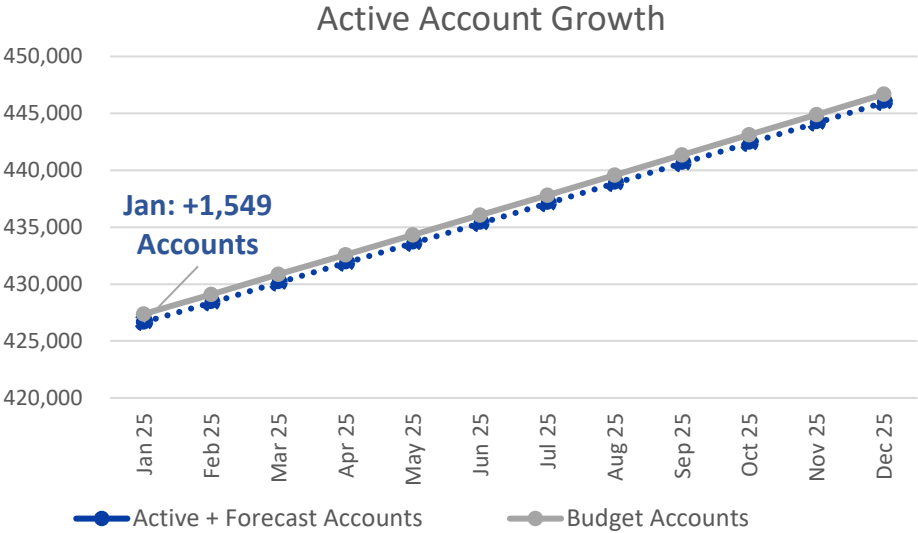
January 2025 Financial Report

Randy Kruger | Chief Financial Officer

Finance at a Glance – January 2025

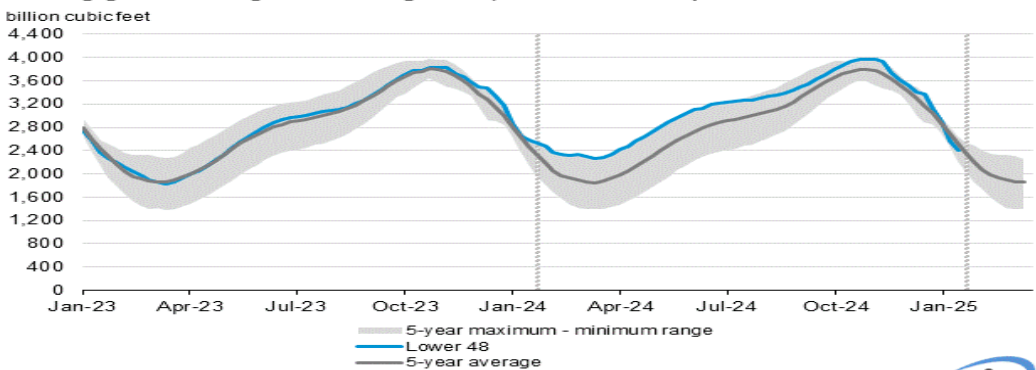
| | MTD (\$ in millions) | | | YTD (\$ in millions) | | |
|---------------|----------------------|----------|----------|----------------------|----------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| MWH Sold | 776,876 | 645,786 | 131,090 | 776,876 | 645,786 | 131,090 |
| Gross Margins | \$ 34.3 | \$ 32.0 | \$ 2.3 | \$ 34.3 | \$ 32.0 | \$ 2.3 |
| Net Margins | \$ 8.5 | \$ 4.7 | \$ 3.8 | \$ 8.5 | \$ 4.7 | \$ 3.8 |
| EBIDA | \$ 19.5 | \$ 15.9 | \$ 3.6 | \$ 19.5 | \$ 15.9 | \$ 3.6 |
| Revenue O/(U) | \$ 4.3 | \$ (8.7) | \$ 13.0 | \$ 4.3 | \$ (8.7) | \$ 13.0 |
| EBIDA(X) | \$ 23.8 | \$ 7.2 | \$ 16.6 | \$ 23.8 | \$ 7.2 | \$ 16.6 |

| | Liquidity Coverage |
|------------------------------|--------------------|
| Cash & Marketable Securities | \$ 16,048,964 |
| Short Term Facilities | 605,000,000 |
| Less: Short Term Borrowings | 129,945,958 |
| Available Liquidity | \$ 491,103,006 |
| Liquidity Coverage (Days) | 207 |



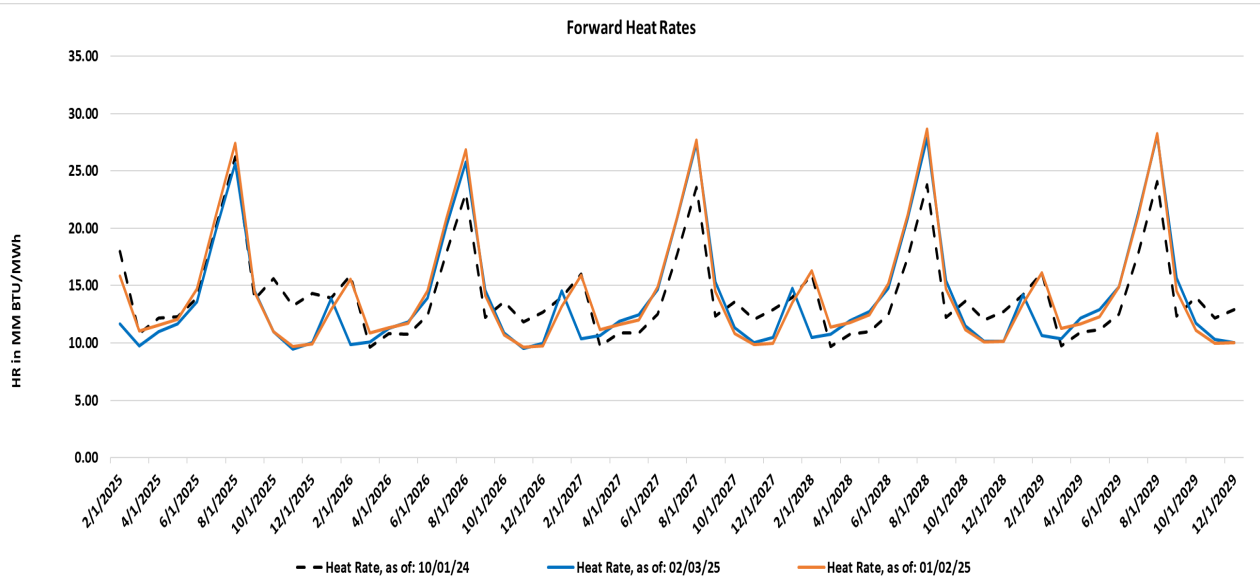
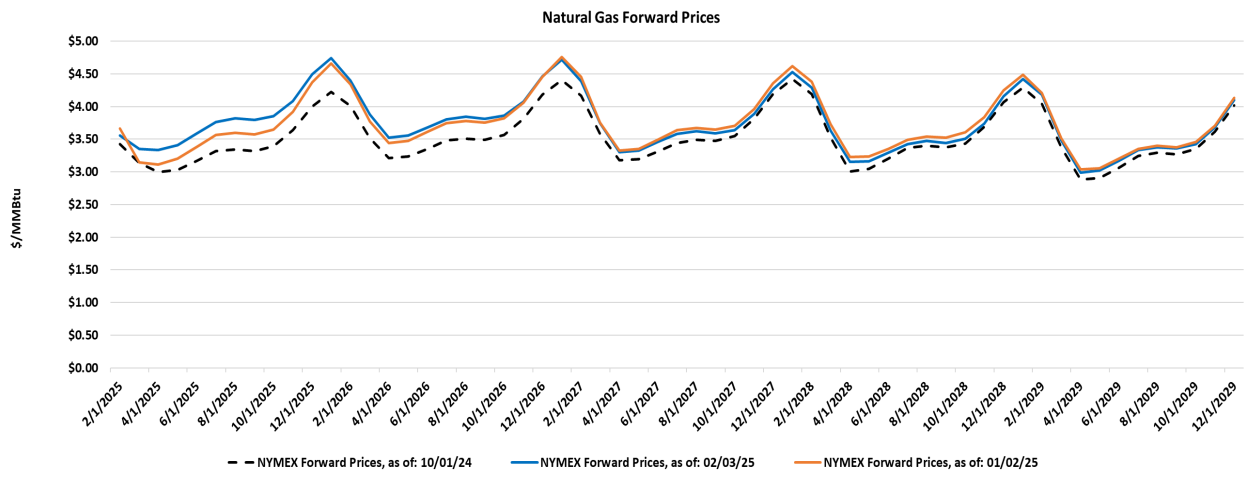
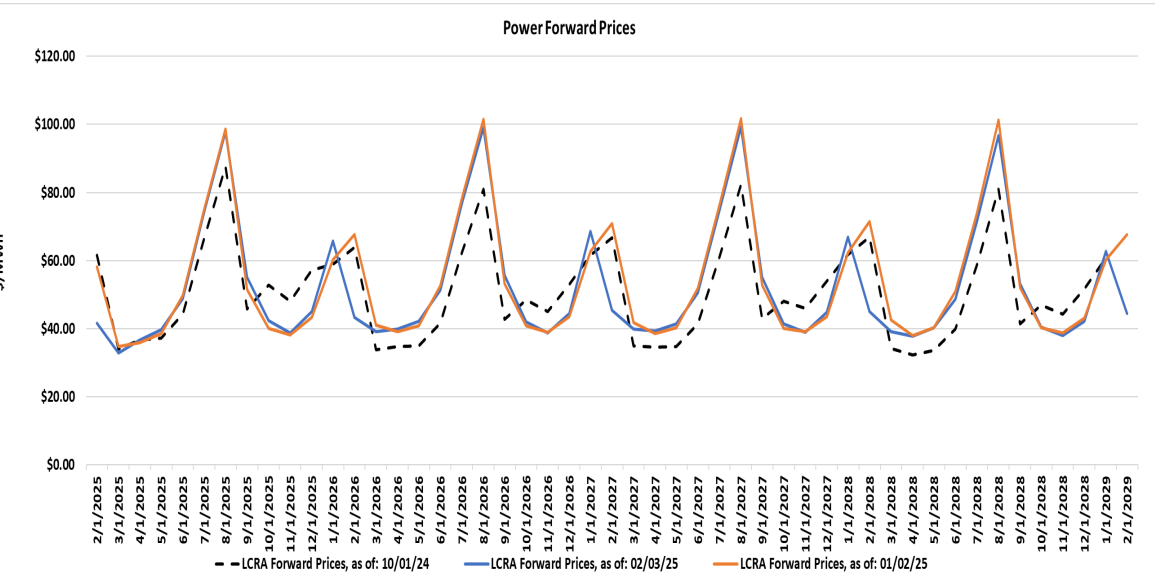
Power Market Fundamentals

Working gas in underground storage compared with the 5-year maximum and minimum



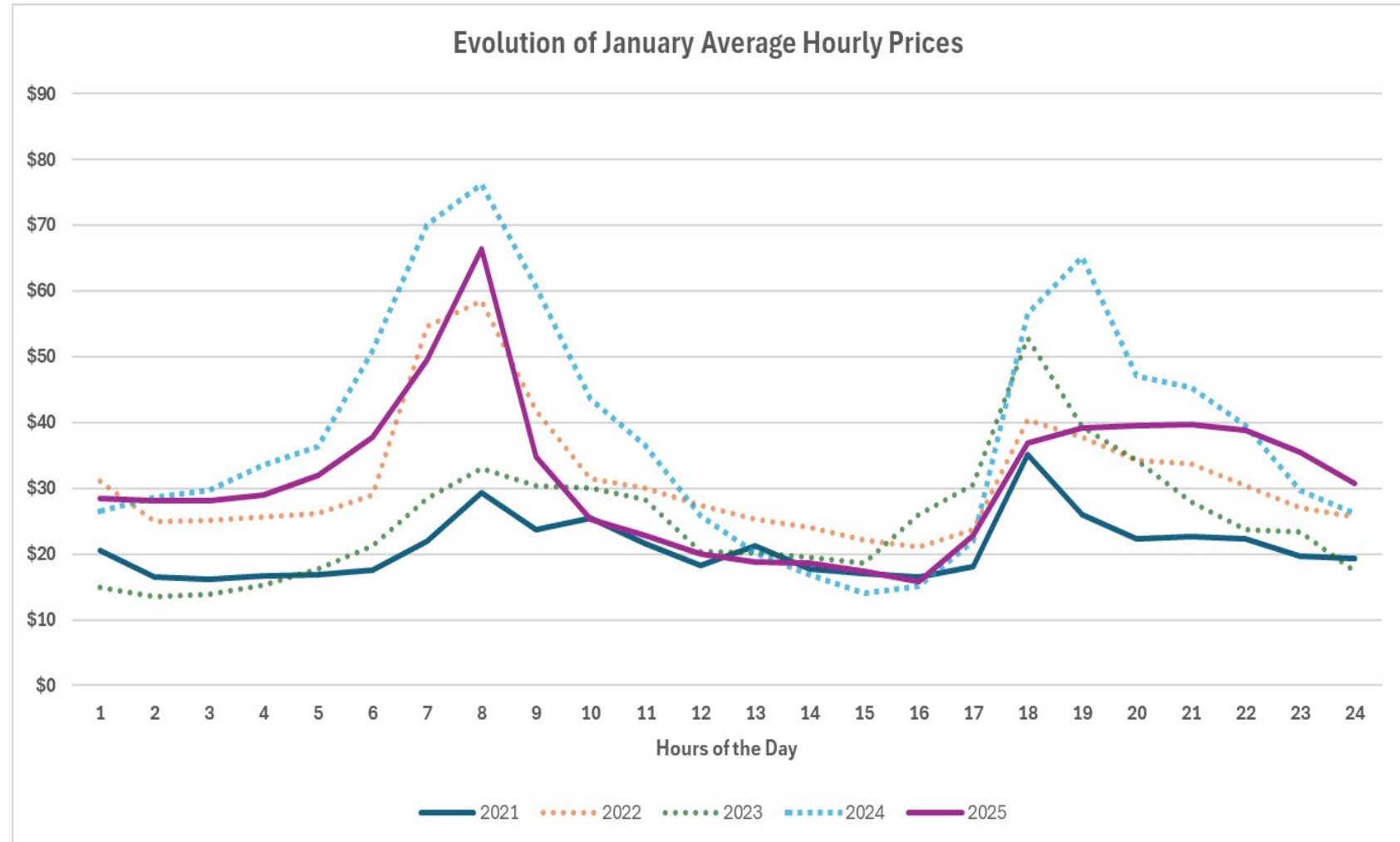
Data source: U.S. Energy Information Administration
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2020 through 2024. The dashed vertical lines indicate current and year-ago weekly periods.

As of January 31, 2025



Real Time January Price Evolution

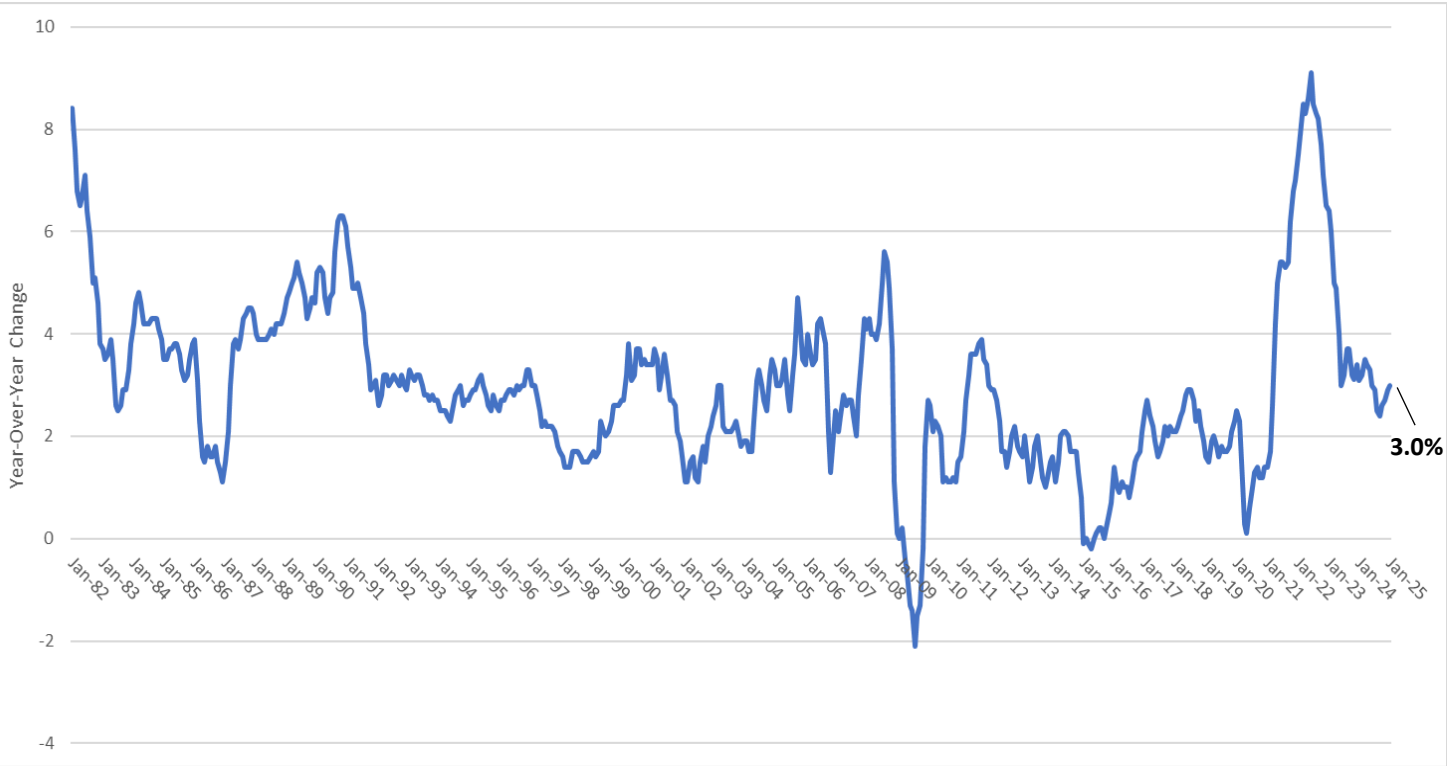
- January peaks:
 - 2021—59GW
 - 2025—78GW
- Capacity additions 2021 to 2025:
 - Solar—24GW
 - Batteries—10GW
 - Nat. Gas—6WG
- The 8:00 a.m. peak growth is not covered by capacity additions, but mid-day load growth is. As a result, prices during solar irradiance remain depressed while the morning and evening hour prices are increasing.
- Over time this will decrease value received by solar generation.



Inflation

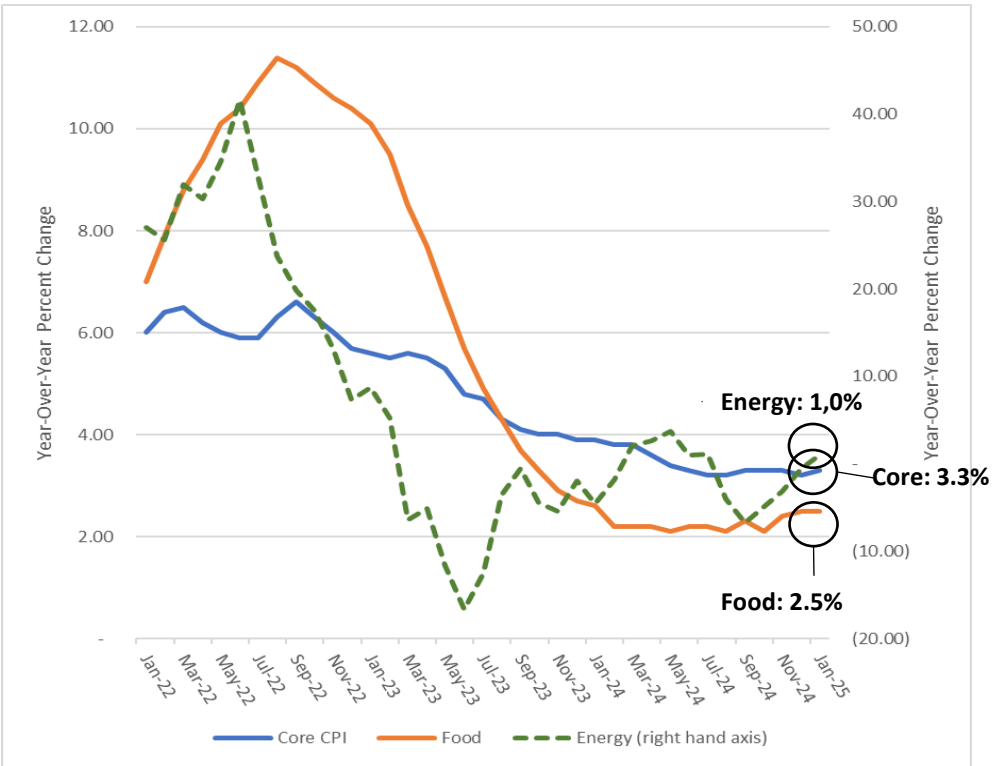
Overall CPI increased to 3.0% YoY from 2.9% YoY in December; Core CPI increased to 3.3% YoY from 3.2% YoY in December. Energy prices up 1.0% YoY driven by utility gas service (+4.9%) and sustained increased to electricity prices (+1.9%); partially offset by fuel oil (-5.3%) and gasoline (-0.5%).

CPI Jan 1982 to January 2025



Source: U.S. Bureau of Labor Statistics

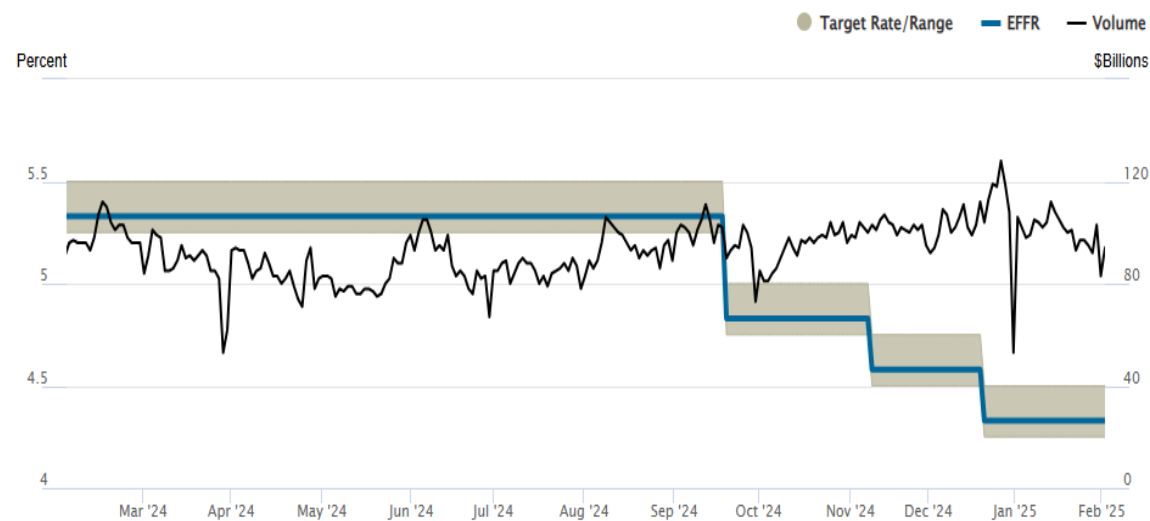
Core CPI, Food and Energy
Jan 2022 to Jan 2025



Source: U.S. Bureau of Labor Statistics

Interest Rates

Federal Funds Rate



Source: Federal Reserve Bank of New York 02/04/2025

10-Year Note



Source: *The Wall Street Journal* 02/12/2025



CAO Report

JP Urban | Chief Administrative Officer

Member Relations Report

January Member Relations Metrics

- Calls Handled: 21,032
- Chats Handled: 1,190
- Member Experience Satisfaction Rating: 4.52 out of 5
- Member Experience First Contact Resolution: 84.5%
- Would member enjoy working with same agent again?: 91.7%
- Applications for Existing Service
 - Online 1,859 (24%)
 - Offline 6,037 (76%)
- Average Performance Score: 83 out of 100



Community Relations

- PEC hosted five Juniors at our Technical Training Center as part of the Marble Falls High School Career Day on January 23, 2025
- The Marble Falls Rotary Club and Marble Falls ISD have worked together on this event for many years. This day allows 11th grade students to engage with local businesses, and to gain knowledge and experience about a future profession of their interest
- Participants spent the day at our Technical Training Center in Marble Falls learning more about the lineworker career, our in-house apprentice program, and received hands-on experience of some of the skills needed for the trade



IT Update

- The IT Team has completed a data migration, bringing co-op information out of separate department systems and into one central location
 - This represents billions of records and years of analytics from across the company
- A central data hub provides more visibility and support for daily operations, plus the flexibility to build dynamic reports and information dashboards
- Enables better real-time, data-informed decisions





Appreciation and Look Ahead

Employee Shoutouts*



Miranda Soto
Member Relations
Agent
Oak Hill



Kathy Aponte
Member Relations
Analyst
Marble Falls



Pat Gumm
Member Relations
Analyst, Senior
Marble Falls



Kim Knipe
Member Relations
Agent
Marble Falls



Zachary McFee
Journeyworker
Canyon Lake

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



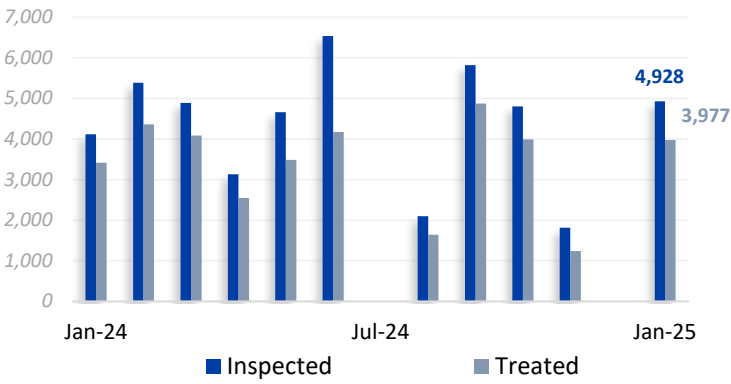
Appendix Pages

Maintenance & Technical Services

Pole Testing & Treatment (PTT)

Poles Inspected & Treated

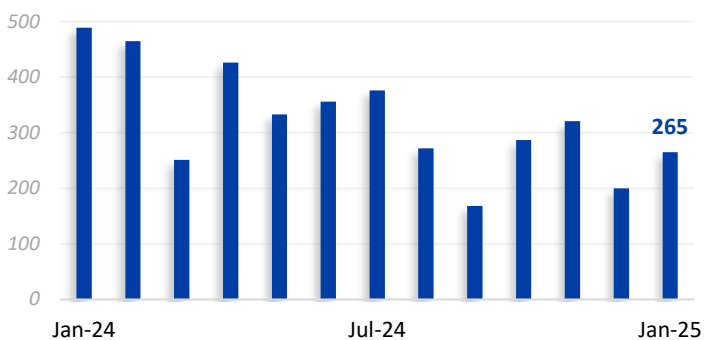
2024 YTD: Inspections - 4,119 Treated - 3,418
2025 YTD: Inspections - 4,928 Treated - 3,977



Underground Equipment

Pad Restorations

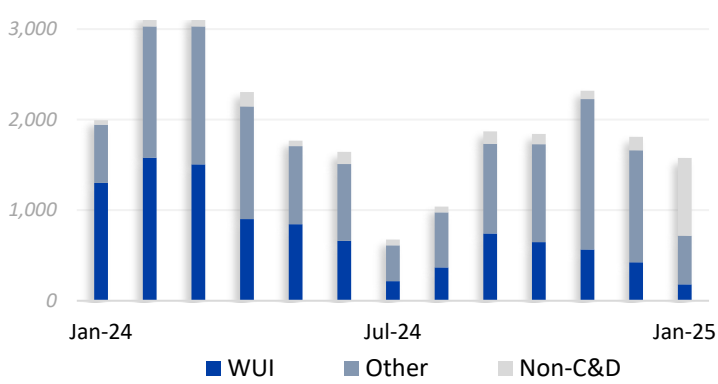
2024 YTD: 3,540
2025 YTD: 3,944



Vegetation Management

Span Clearings

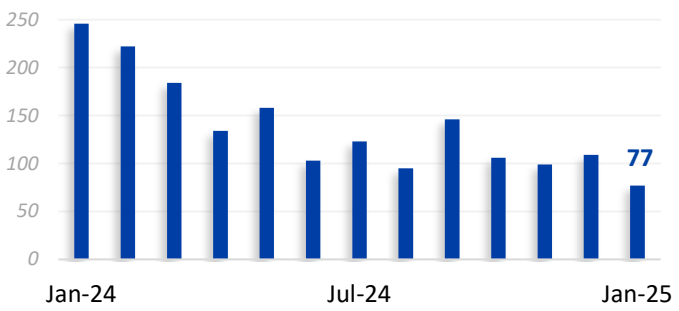
2024 YTD: WUI Spans - 1,300 Other C&D - 645 Non-C&D - 50
2025 YTD: WUI Spans - 181 Other C&D - 538 Non-C&D - 860



Technical Services

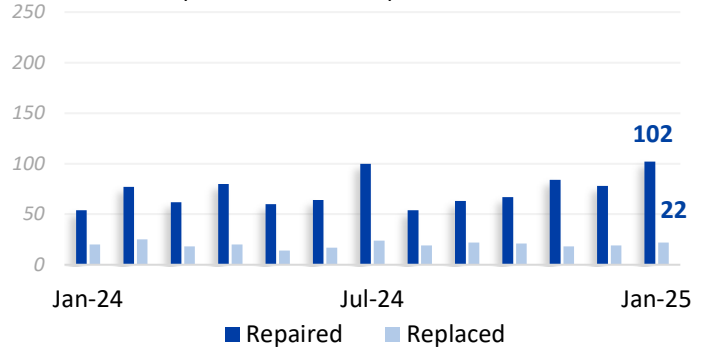
Equipment Inspections

2024 YTD: 246
2025 YTD: 77



Equipment Repaired or Replaced

2024 YTD: Repaired - 54 Replaced - 102
2025 YTD: Repaired - 20 Replaced - 22



Planning Engineering Projects

| Project | Completion | Percent Complete |
|-----------------------------------|------------|------------------|
| Load Projection Study | Feb 2025 | 20% |
| 2025 CIP Project Maps | Feb 2025 | 13% |
| Capacitor Settings | Mar 2025 | 80% |
| 4CP Study | Apr 2025 | 0% |
| Summer Contingency | May 2025 | 0% |
| UFLS Study | Jul 2025 | 0% |
| CIP (1 st Draft) Study | Jul 2025 | 0% |
| CIP (Final Draft) Study | Aug 2025 | 0% |
| Mock UFLS Study | Dec 2025 | 0% |
| 20-Year Plan Study | Dec 2025 | 0% |
| Winter Contingency | Dec 2025 | 0% |

Large Project Updates

Johnson City - Haley Road

Laydown yard and truck canopies completed with electrical, security cameras, and signage. Designing the remaining land for base and infrastructure.

Junction

Contract awarded and work began in late December. Civil work is underway. Project completion forecasted for November 2025.

Marble Falls

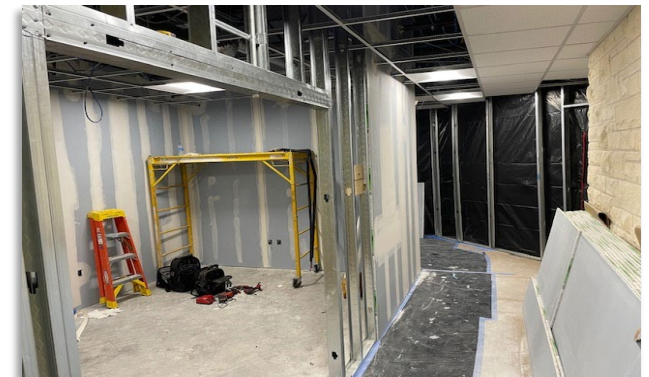
Perimeter fence work is complete. Fuel island project awarded and pending agreement. Work to begin soon with completion forecasted in June 2025.

Liberty Hill Parking

Expanding office parking into adjacent lot with fencing. Awarded contract and equipment is arriving in February to begin construction.

Kyle Parking

Expanding office parking lot into existing yard. Contract awarded and construction started in early February.





Appendix to January 2025 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

4. Financial Report

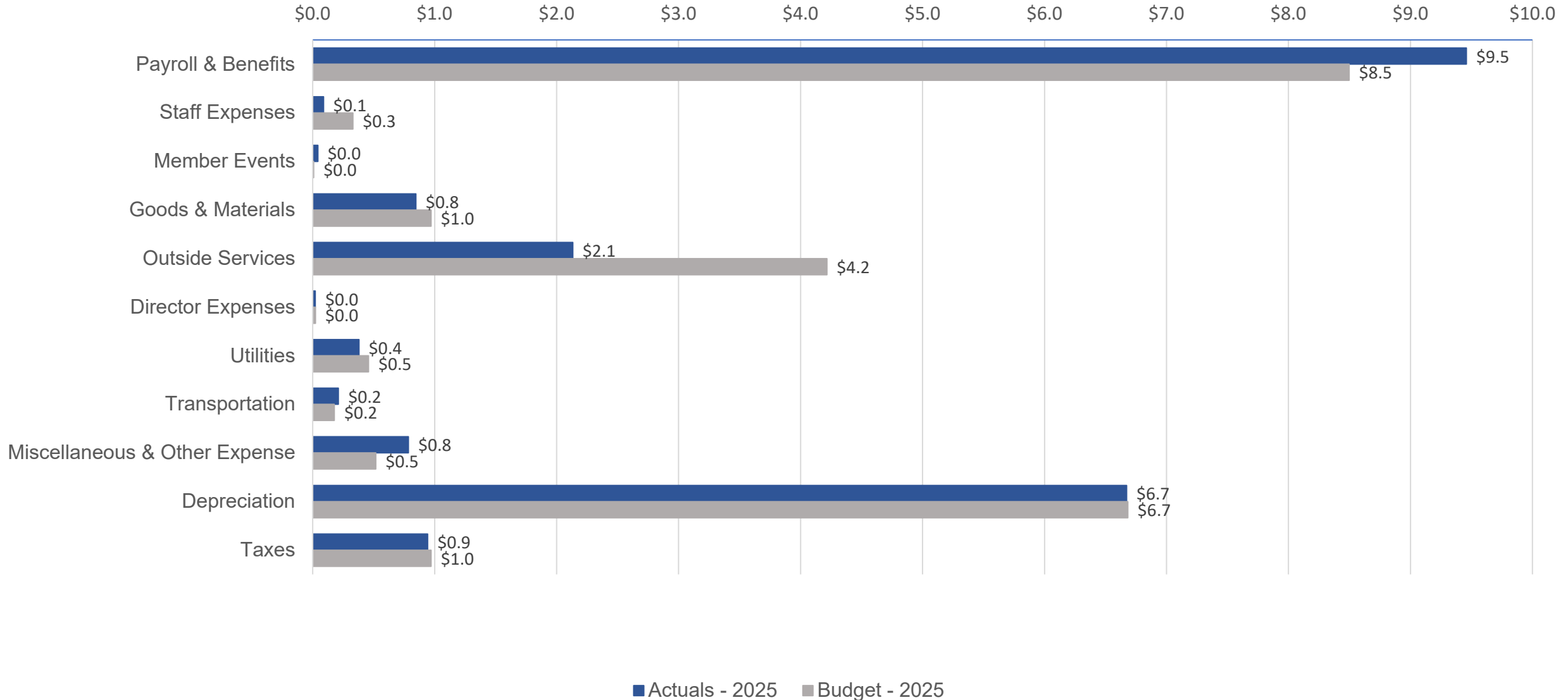
Financial Performance

| | MTD | | | YTD | | | Annual | 2024 to 2025 % Change |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|--------------------------|
| | Actual | Budget | Prior Year | Actual | Budget | Prior Year | Budget | |
| Gross Margins | \$ 34,262,188 | \$ 31,969,181 | \$ 32,693,680 | \$ 34,262,188 | \$ 31,969,181 | \$ 32,693,680 | \$ 400,301,897 | 4.80% |
| Operating Expenses Ex. Depreciation | 14,908,427 | 16,165,914 | 13,440,453 | 14,908,427 | 16,165,914 | 13,440,453 | 193,600,990 | 10.92% |
| Depreciation | 6,672,366 | 6,682,234 | 7,958,726 | 6,672,366 | 6,682,234 | 7,958,726 | 83,735,262 | |
| Interest Expense | 4,331,094 | 4,462,182 | 4,050,497 | 4,331,094 | 4,462,182 | 4,050,497 | 55,458,822 | |
| Other Income | (139,919) | (90,000) | (53,068) | (139,919) | (90,000) | (53,068) | (3,873,000) | |
| Net Margins | \$ 8,490,220 | \$ 4,748,851 | \$ 7,297,072 | \$ 8,490,220 | \$ 4,748,851 | \$ 7,297,072 | \$ 71,379,824 | |
| EBIDA | \$ 19,493,680 | \$ 15,893,267 | \$ 19,306,295 | \$ 19,493,680 | \$ 15,893,267 | \$ 19,306,295 | \$ 210,573,907 | 0.97% |
| Over (Under) Collected Revenues | 4,281,757 | (8,698,815) | (3,002,411) | 4,281,757 | (8,698,815) | (3,002,411) | 4,966,279 | |
| EBIDA(X) | \$ 23,775,437 | \$ 7,194,452 | \$ 16,303,884 | \$ 23,775,437 | \$ 7,194,452 | \$ 16,303,884 | \$ 215,540,186 | |
| Total Long-Term Debt | | | | | | | \$ 1,351,315,034 | |
| Debt Service | | | | | | | 84,882,554 | |
| Debt Service Coverage Ratio | | | | | | | 2.49 | |
| Equity as Percent of Assets | | | | | | | 38.5% | |
| Net Plant in Service | | | | | | | \$ 2,292,525,089 | |
| Capital Improvement Spend | | | | | | | \$ 238,626,599 | |
| Energy Sales kWh | 776,875,883 | 645,785,707 | 706,333,010 | 776,875,883 | 645,785,707 | 706,333,010 | 7,910,451,206 | 9.99% |
| Energy Purchases kWh | 798,600,740 | 687,042,571 | 765,437,952 | 798,600,740 | 687,042,571 | 765,437,952 | 8,415,380,400 | 4.33% |
| Active Accounts | | | | 426,658 | 427,378 | 405,829 | 446,678 | 5.13% |

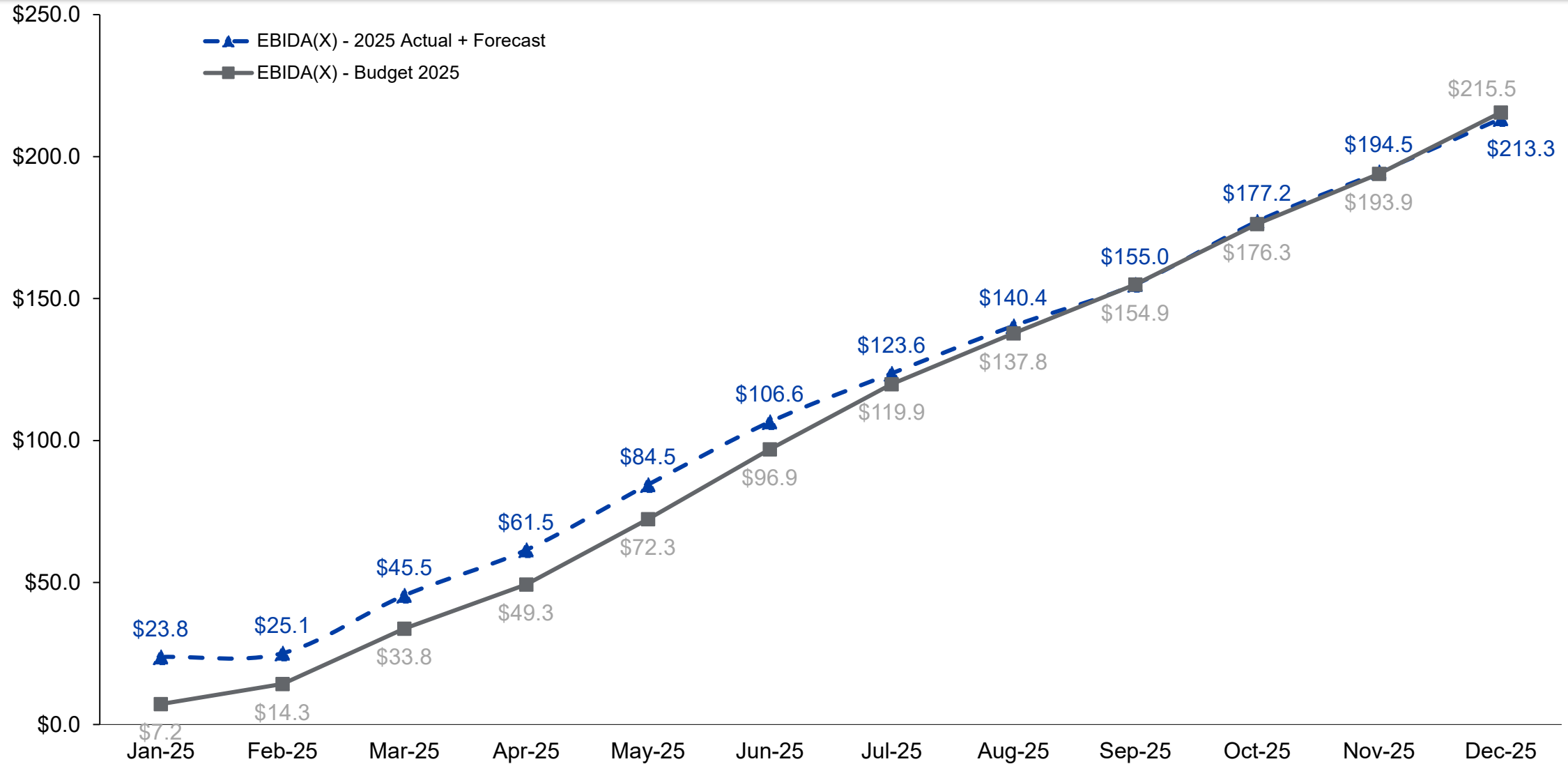
4. Financial Report

Cost of Service (in millions)

YTD Actuals vs Budget through January 2025



EBIDA(X) Year to Date (in millions)



4. Financial Report

CIP Spend

| Construction Category & Description | | YTD Actuals | | YTD Budget | | Variance (Over)/Under Budget | Annual Budget | | |
|---|--|-------------|--------------------|------------|-------------------|------------------------------|--------------------|----|--------------------|
| Distribution | | | | | | | | | |
| 100 | New Lines (Line Extensions for new primary, secondary and service lines) | \$ | (9,665,390) | \$ | - | \$ | 9,665,390 | \$ | - |
| 200 | Tie Lines (new construction between existing lines) | | 312,108 | | 1,876,824 | | 1,564,716 | | 14,793,728 |
| 300 | Conversions or Line Changes | | 1,046,345 | | 2,491,779 | | 1,445,435 | | 25,001,608 |
| 600 | Miscellaneous Distribution Equipment | | 2,327,691 | | 4,468,091 | | 2,140,401 | | 54,370,706 |
| 700 | Other Distribution Items | | 11,721 | | 32,248 | | 20,527 | | 391,422 |
| Distribution Total | | \$ | (5,967,525) | \$ | 8,868,943 | \$ | 14,836,468 | \$ | 94,557,465 |
| Substation | | | | | | | | | |
| 400 | New Substations, Switching Stations and Meter Points | \$ | (649,639) | \$ | 1,324,914 | \$ | 1,974,553 | \$ | 20,969,733 |
| 500 | Substations, Switching Stations and Meter Point changes | | 265,315 | | 4,437,643 | | 4,172,327 | | 42,471,140 |
| Substation Total | | \$ | (384,324) | \$ | 5,762,557 | \$ | 6,146,881 | \$ | 63,440,873 |
| Transmission | | | | | | | | | |
| 800 | New Transmission Lines | \$ | - | \$ | 26,468 | \$ | 26,468 | \$ | 1,125,657 |
| 1000 | Line and Station Changes | | 539,231 | | 1,649,974 | | 1,110,743 | | 49,195,185 |
| Transmission Total | | \$ | 539,231 | \$ | 1,676,442 | \$ | 1,137,211 | \$ | 50,320,843 |
| General Plant | | | | | | | | | |
| 2000 | Facilities | \$ | 34,675 | \$ | 2,001,009 | \$ | 1,966,334 | \$ | 17,789,898 |
| 3000 | Information Technology | | (29,726) | | 741,248 | | 770,974 | | 7,017,520 |
| 4000 | Tools & Equipment | | 3,407 | | 41,667 | | 38,259 | | 500,000 |
| 5000 | Vehicles | | 1,135,063 | | 416,667 | | (718,397) | | 5,000,000 |
| Total General Plant | | \$ | 1,143,419 | \$ | 3,200,590 | \$ | 2,057,171 | \$ | 30,307,418 |
| Accrued WIP | | \$ | 3,721,677 | \$ | - | \$ | (3,721,677) | \$ | - |
| Total Capital Improvement Plan Spend | | \$ | (947,522) | \$ | 19,508,531 | \$ | 20,456,053 | \$ | 238,626,599 |



myPEC.com