



Cooperative Update

Julie C. Parsley, Chief Executive Officer

February 21, 2020

Board Meeting | Open Session

Fitch Ratings

Reaffirmation of our AA- rating

- Driving factors include: improved operating costs, affordable rates, and restructuring of the capital credits processes
- Provides financial and lending institutions confidence regarding PEC's financial health, making the cooperative more attractive and favorable to lenders
- Demonstrates publicly and objectively our financial responsibility to the membership



Ratings Scale

	Moody's Investors Service	Fitch Ratings	S&P Global Ratings	Rating Grade Description
				Highest credit quality, lowest level of credit risk
	Aaa	AAA	AAA	
	Aa1	AA+	AA+	
	Aa2	AA	AA	Very high credit quality with very low credit risk
→	Aa3	AA-	AA-	
	A1	A+	A+	
	A2	A	A	High credit quality with low credit risk
	A3	A-	A-	
	Baa1	BBB+	BBB+	
	Baa2	BBB	BBB	Good credit quality with moderate credit risk
	Baa3	BBB-	BBB-	
	Ba1	BB+	BB+	
	Ba2	BB	BB	Speculative with substantial credit risk
	Ba3	BB-	BB-	
	B1	B+	B+	
	B2	B	B	Highly speculative with high credit risk
	B3	B-	B-	
	Caa1	CCC+	CCC+	
	Caa2	CCC	CCC	
	Caa3	CCC-	CCC-	
	Ca	CC	CC	Substantial credit risk to default
	C	C	C	
	SD		RD	
	D		D	

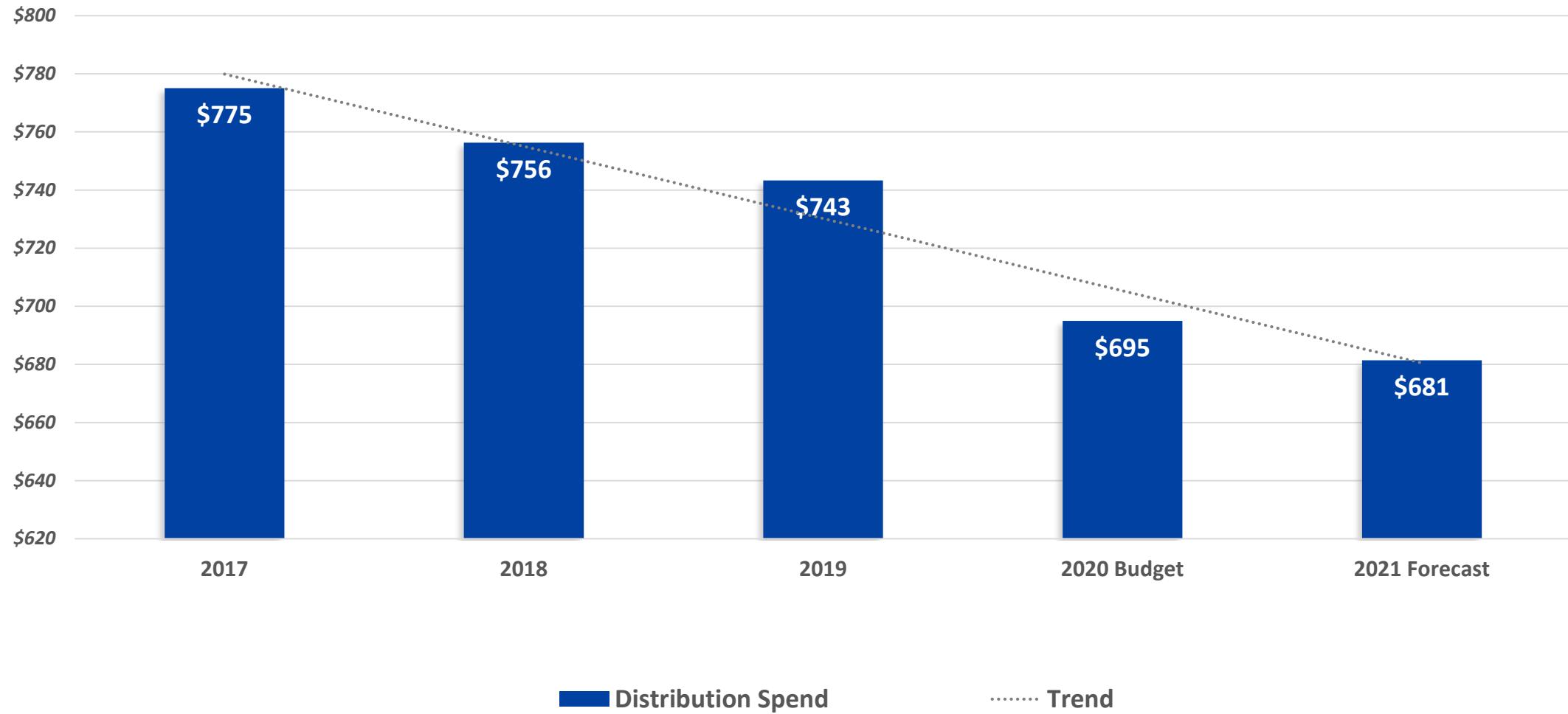
2019 Accounting Changes Improve Financial Forecast

	2023 Total Debt	2023 DSC	2023 TIER
2018 Forecast	\$968,000,000	1.92x	1.85x
2020 Forecast	\$951,800,000	2.11x	2.10x

- 2018 forecast numbers (used for the 2018 Fitch review) compared with the 2020 forecast numbers used for the 2020 Fitch review
- Shows positive effect of the 2019 accounting changes



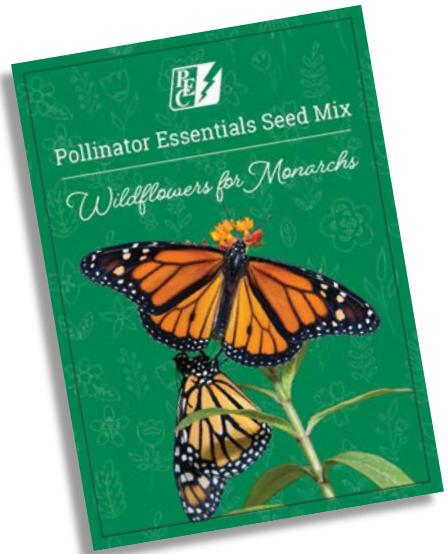
Annual Distribution Spend per Meter



Helping Preserve Wildlife

Monarch way station at headquarters; future locations

Easement planting practices



Free pollinator seed packets at offices and partnering locations



SPOT SCAMS

STOP



Know what to expect from PEC over the phone and in person

If someone claims to work for PEC, call us immediately at 888-554-4732 to confirm their identity



**GIVE
THE
CHANGE
YOU
WANT
TO SEE**



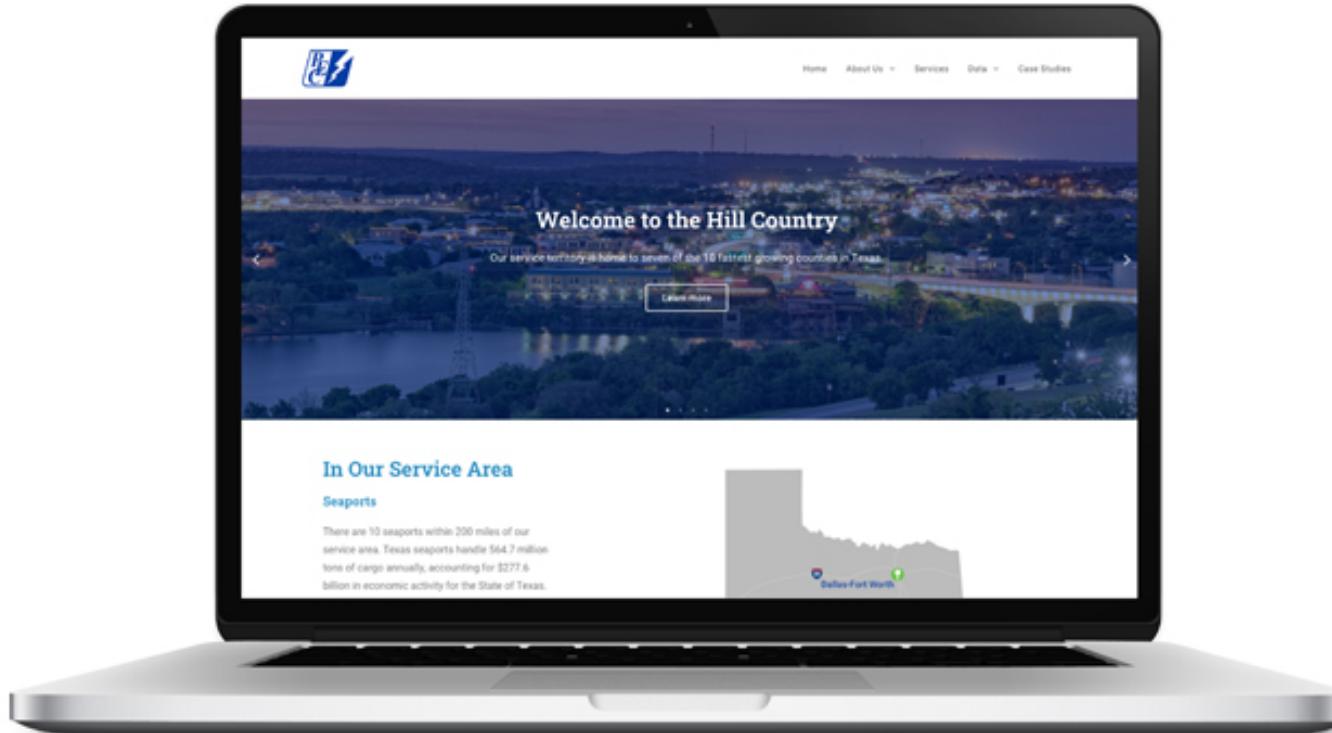
**Power of
Change**

External push
resulted in high
enrollment in
December (250) and
January (369)

New Commercial Website

New site designed to promote commercial development, aid in site selection, and illustrate to economic development professionals the advantages of partnering with PEC as their power provider.

commercial.pec.coop



Employee Recognition

David Mead

Member Relations Control
Center Specialist

“I wanted to thank him for his professionalism and helpfulness, but especially for his kindness... I wanted to let management know that David did a great job and is clearly very knowledgeable.”

– PEC member



Employee Recognition



John Ramon

Journeyworker, Cedar Park



Chance Runnels

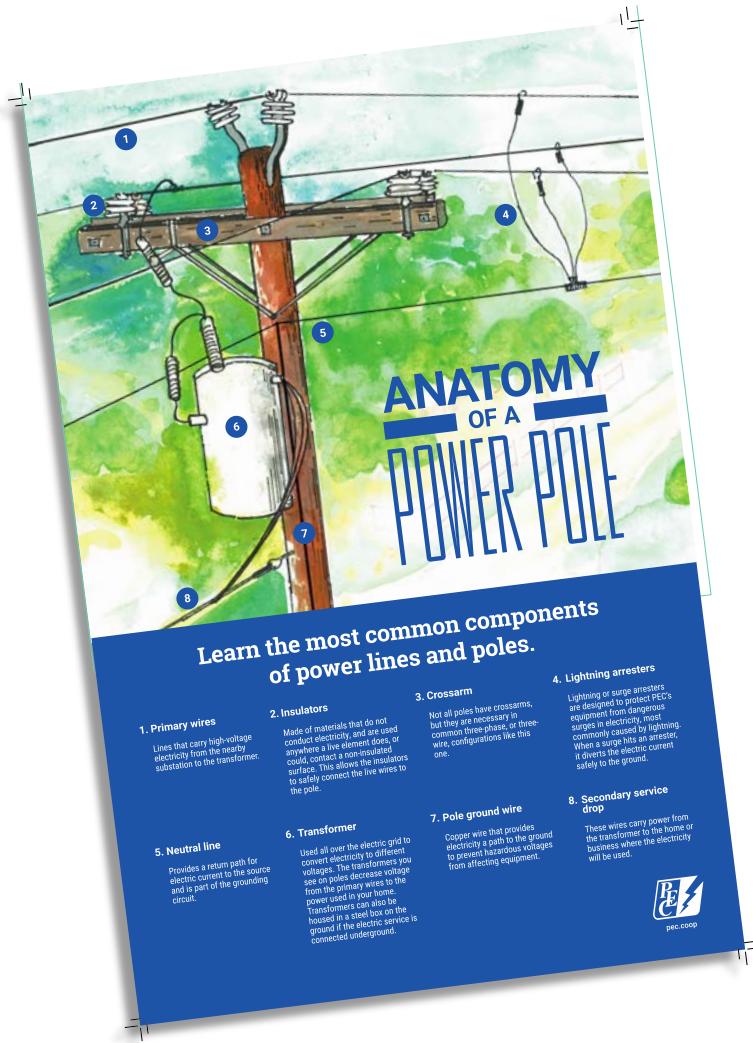
Lineworker Apprentice, Cedar Park

“I was sooo thankful for their prompt professional and empathetic [help with] my outage that left me in the dark with no heat... I called [John] my hero and angel since I have no help and live alone these days.”

– PEC member



Employee Recognition



“My dad is the sort of person who is interested in just about everything. He liked liked the watercolor painting of the “Anatomy of a Power Pole” a lot and was joking about getting it framed. So I did! Under the Christmas tree, sure enough, it was there.”

*– Daughter of PEC member,
Buda, TX*



D'Ann Ross
Graphics Designer, Sr.

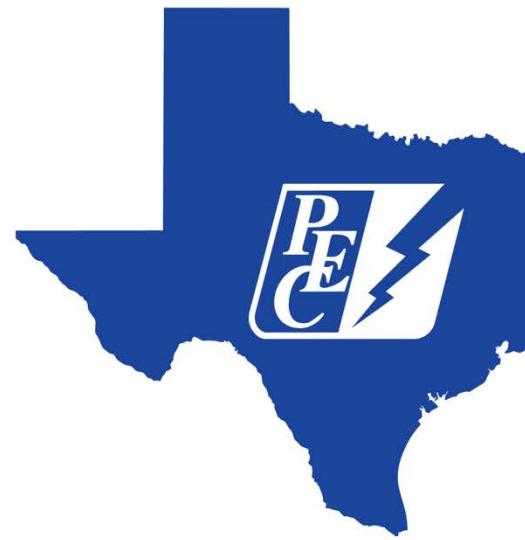


Canyon Lake Office Reopening



Reopening to the
public Monday,
March 2





STRONG