



Meeting Minutes - Draft

Board of Directors

Friday, January 17, 2020

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting is held in the PEC Auditorium and will be video recorded in accordance with Board Meetings Policy.

Call to Order and Roll Call

The meeting was called to order at 9:08 am. President Graf thanked everyone assisting with today's meeting and hoped that employees and members had a great holiday season.

Present: 6 - Director Milton Rister, Director Randy Klaus, Director Emily Pataki, Director James Oakley, Director Amy Akers, and President Paul Graf

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.

1. [2020-002](#) **Friday, December 13, 2019 - Regular Meeting Minutes**

Attachments: [2019-12-13 Meeting Minutes - Draft v2](#)

Cooperative Monthly Reports

2. [2020-003](#) **Cooperative Update - J Parsley**

Attachments: [2020-1-17 Cooperative Update-FINAL](#)

Chief Operations Officer (COO) Eddie Dauterive presented the Cooperative Update PowerPoint presentation, on behalf of CEO Parsley, and highlighted the following:

1. 2019 by the numbers regarding member accounts,
2. impressive SAIDI numbers,
3. election cycle process began January 15 with Districts 2, 3, and 4 open for election,
4. recognition of employees Chris Wells and Brian Slaton for going above and

beyond,

5. scholarship applications are open,
6. 2020 U.S. Census support,
7. new intranet page called CEO's corner,
8. CEO Parsley recognition in the *Texas Co-op Power* and the *Texas Tech Lawyer* alumni magazine.

President Graf asked for any comments or questions. Director Rister announced his observation that 3,300 members founded PEC, and now the membership has grown 100 times to over 330,000 members.

President Graf congratulated CEO Julie Parsley and employees for all achievements.

Director Emily Pataki arrived at 9:10 am.

3. [2020-004](#) **Financial Services Report - J Davis**

Attachments: [2020-01-17 November 2019 Financial Report to the Board - J Davis](#)
[2020-01-17 November 2019 Financial Statements - J Davis](#)

Chief Financial Officer John Davis provided the November 2019 financials and reported on the following:

1. cost of power is at 76% of 2019 original budget,
2. year to date margins are healthy at 109.6%,
3. 806 more accounts in November 2019,
4. Construction is below budget due to timing and projected to be \$150 - \$159 million by year-end.

CFO Davis mentioned additional details are provided in the board packet material and can answer additional questions.

Director Klaus commented as follows and asked, "What does all this mean?"

"A couple of observations regarding the financial reports and statements. 2019 was a good year with strong meter growth and a very strong balance sheet, with the equity ratio of 41 percent, and strong debt service coverage ratio. Three impressive financial items that stand out in my mind for 2019.

First, PEC sought and PUC authorized a \$5.3M rate increase on PEC's regulated transmission assets, resulting in a much improved recovery of transmission-related costs.

Second, PEC borrowed \$100M precisely when the treasury-bill yield-curve inverted, resulting in the lowest possible interest rate of 3.4 percent. The timing of this borrowing was just priceless.

Third, PEC implemented some very appropriate and innovative accounting changes and Capital Credit policies to greatly improve the administration of the cash flow issues surrounding the payment of capital credits to members

And, last but not least, the aforementioned financial results are predicated on rates that are competitive with the lowest 12-month rate plans available in the deregulated market, stable and predictable. In conclusion, all of the credit for the 2019 financial results go to the efforts and initiatives of PEC employees at every level of the entire organization. On behalf of the membership, thank you for a great 2019."

4. [2020-005](#) **Operations Report - E Dauterive**

Attachments: [2020-005 Operations Report - Final v2](#)

COO Eddie Dauterive provided highlights found in the Operations Report, and noted that the report is included in the Board packet material. COO Dauterive announced that the Cooperative experienced a lost-time accident last month, but the accident was not hazard related.

COO Dauterive announced that our vehicle accidents have improved, and we will continue to raise awareness through our ongoing safety program. He thanked the Operations employees maintaining the system and keeping up with growth. COO Dauterive also announced that PEC energized the Hwy. 32 to Wimberley transmission line.

Director Pataki asked questions on increased December SAIDI numbers for restricted duty. Director of Safety Brian Magott responded that the reporting numbers were stated incorrectly, as Texas Mutual gave an ending reporting date that covered through the end of January.

Director Pataki thanked the Engineering team for their monthly reporting numbers.

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

5. [2020-006](#) **Member Comments**

Attachments: [2015-09-21 Decorum Policy \(reference material\)](#)

President Paul Graf reminded all present of the Decorum Policy and three minute time limit. The following members spoke on topics including but not limited to:

1. Purly Rae Gates - this member encouraged the Cooperative to restate the information on the PEC website related to renewable energy. Her interpretation of the language implies that PEC will issue 100% renewable energy to members. She also stated that the 2019 word of the year according to the Oxford dictionary is "climate emergency." And finally, she requested consideration of other services that PEC should provide to members:

- a. Offer solar panels and equipment at wholesale costs to all members to encourage renewable energy.
- b. Offer workshops at every district and at every meeting on installing solar panels.

- c. PEC should offer solar farms in every town.
- d. The TX Co-op magazine should introduce a column on climate emergency and what PEC is doing especially with carbon footprint.
- e. Offer interactive videos for board meetings so more members can participate during the meeting.
- f. Offer broadband services to all members.

President Graf announced that the next speaker, Member Kathi Thomas, is live streaming to her Face Book page.

2. Kathi Thomas - Ms. Thomas asked the Board to consider moving the Annual Meeting date/time so that the members who work during normal business hours are given the opportunity to attend and participate. Ms. Thomas proposed moving the date to Saturday, June 20, or Friday, June 19 from 5-8pm.

Action Items / Other Items

6. [2020-032](#) **Resolution - Approval of Contract Extension for Verizon - L Parnell**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a Verizon contract extension through December 2024; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer, or designee, is authorized to take all such actions needed to implement this resolution.

A motion was made by Director Oakley, seconded by Director Akers, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

7. [2020-024](#) **Resolution - Approval of Second Amendment to Insurance Continuation Program - W Burns**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the second amendment to the Pedernales Electric Cooperative, Inc. Insurance Continuation Program (the "ICP") presented this day is approved and that the Chief Executive Officer of the Cooperative, or designees, be authorized to execute such amendment and to take all other actions necessary to implement this resolution and to maintain the ICP's compliance with any applicable federal or state legal requirements; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that all actions taken prior to the effective date hereof by the officers and duly authorized agents of the Cooperative in connection with the subject of the foregoing resolutions be and are hereby ratified, confirmed, and approved.

Attachments: [2020-01-17 Second Amendment to the PEC Insurance Continuation Program](#)
[2020-01-17 Presentation on Insurance Continuation Program](#)

Vice President of Human Resources Wes Burns presented a resolution and asked for the Board's consideration to approve the second amendment to

PEC's current Insurance Continuation Program (ICP). Burns stated that this program involves continuation of medical insurance and medicare supplements for eligible retirees and their dependents. Burns stated that due to federal law changes eliminating the Medicare Part F Plan as an option for newly eligible participants, amendments to PEC's ICP document were necessary to include the new Part G Plan. The newly amended language will reference the correct Plan G and will give flexibility should the Plan need to be amended in the future. Burns stated that there will be no additional expense to PEC.

A motion was made by Director Oakley, seconded by Director Pataki, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

8. [2020-016](#) Resolution - Approval of 2020 NRECA Annual Membership Dues - J Parsley

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Membership dues to the National Rural Electric Cooperative Association for 2020 in the amount of \$182,228 are approved; and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoice duly presented to the Cooperative.

Attachments: [2020 - 016 - NRECA Dues-Invoice-2020](#)

During presentation of this resolution, Director Pataki inquired as to the 3% increase in the membership dues. Director Akers asked COO Eddie Dauterive to give an explanation for members as to what these dues entail. COO Dauterive commented that NRECA dues are based on membership count. NRECA provides educational programs for cooperative employees, youth tour organization, community involvement programs, and sponsors the electric lineworker international program. COO Dauterive stated that we will request that NRECA provide information on the dues increase.

A motion was made by Director Oakley, seconded by Director Rister, that this item be adopted. The motion failed by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

9. [2020-019](#) Resolution - Approval of TEC 2020 Annual Membership Dues - J Parsley

Body: RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that Texas Electric Cooperatives (TEC) membership and associated membership dues, including ERCOT and Legal, for 2020 in the amount of \$167,686.08 are approved, and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoices duly presented to the Cooperative.

Attachments: [9 - TEC Invoice 2019 INVTEC14619](#)

COO Eddie Dauterive presented the 2020 TEC Annual Membership Dues in the amount of \$167,686.08 and asked for the Board's consideration in approving stated amount.

COO Dauterive stated that the fee structure was based on PEC's membership

and plant size. TEC also offers education for employees, lobbying services, and offers materials and supply services. COO Dauterive stated that PEC receives substantial patronage capital from TEC that offsets membership dues, due to our utilization of TEC's materials and supply products.

While at a TEC Directors Conference, Director Klaus stated that other cooperatives in Texas are grateful for PEC leading efforts in the current property tax valuation matters in the State.

A motion was made by Director Pataki, seconded by Director Akers, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

10. [2020-018](#) Resolution - Approval of 2020 NRECA Annual Meeting Voting Delegates, 2020 CFC District Voting Delegates, and 2020 NRTC Voting Delegates - P Graf

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2020 NRECA Annual Meeting, until successors are duly appointed and designated: Amy Akers, Voting Delegate; and James Oakley, Alternate Delegate; and

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2020 NRTC Annual Meeting, until successors are duly appointed and designated: Amy Akers, Voting Delegate; and James Oakley, Alternate Delegate; and

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the following persons are hereby appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2020 District 10 Meeting of CFC, until successors are duly appointed and designated: Amy Akers, Voting Delegate; and James Oakley, Alternate Delegate; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take all such actions necessary to implement this resolution.

Attachments: [10 - NRECA Voting-Delegate-Form](#)
[10 - 2020 NRTC Voting Delegate Form](#)
[10 - CFC Delegate Cards 2020_FINAL](#)

The Board approved Amy Akers as the Voting Delegate and James Oakley as the Alternate Voting Delegate for the 2020 NRECA Annual Meeting, 2020 CFC District meeting, and 2020 NRTC Annual Meeting.

A motion was made by Director Pataki, seconded by Director Klaus, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

11. [2020-027](#) **Resolution - Approval of Directive for Delegates Regarding Upcoming National Meetings - M Viesca**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that PEC's voting delegate and alternate voting delegate are directed to vote as discussed by the Board this day:

In Favor Of:

2020 Proposed Resolutions

- 1-C: Urges NRECA to support necessary actions by Congress to require the U.S. Army Corps of Engineers to maintain flood risk management as a top priority in the 7 management guidelines aimed at controlling the Missouri River and the Mississippi River.
- 2: Urges NRECA to provide assistance and support to communities and organizations in Puerto Rico that are exploring the creation of electric cooperatives.
- 3: Urges NRECA to advocate for the passage of Federal legislation, such as the RURAL Act of 2019, that excludes Federal and State grants for purposes of determining the 8 tax-exempt status of rural electric cooperatives pursuant to Section 501(c)(12) of the Internal Revenue Code.

Amendments to Existing Resolutions (changes indicated in bold font and strikethrough)

- 4-C: Urges NRECA to take a prominent leadership and advocacy role in the U.S. Congress, with the Administration, and at the Federal Communications Commission (FCC) **by advocating for reforms to the FCC National Broadband Map and Census Block reporting. These changes will ensure more accurate broadband service coverage and speed information for cooperatives that** *(to ensure cooperatives)* have the ability to provide broadband voluntarily, on their own or in partnership with other local providers, in rural America. **We also encourage NRECA to assist its members with efforts that remove state statutory or regulatory barriers for cooperatives that wish to provide broadband services.**
- 5-C: Urges NRECA to support policies and investments that **encourage** *(incent)* production and deployment of electric vehicles and charging infrastructure, encourage transportation electrification that can optimize electric grid infrastructure, improve management of electric loads, and integrate renewable energy resources. ~~**(Specifically, we urge NRECA to advocate for federal legislation to remove the 200,000-vehicle limitation and phase out of Section 30D the Electric Vehicle Tax Credit, and seek an extension of current tax credits.)**~~
- 6: urges NRECA to seek legislation to prevent electric cooperatives and their members from subsidizing commercial and industrial members that file for bankruptcy by strengthening Bankruptcy Code Section 366(c)

to better protect electric cooperatives. **We further urge NRECA to pursue clarification of federal bankruptcy laws to define utilities that provide mutual aid as “critical vendors” in order that they are qualified for prompt reimbursement by the bankruptcy trustee.**

- 7: (Previously, *urged NRECA to work with its members and other appropriate stakeholders to address stranded assets such as power generation, transmission and distribution facilities, and oppose initiatives that would result in significant stranded assets and have negative economic impacts on rural communities.*)
NEW LANGUAGE: We urge NRECA to work with its members and other appropriate stakeholders to support recovery efforts by rural communities that are significantly and economically impacted by federal policies that result in the stranding of electric generation, transmission and distribution assets built to serve those rural communities.
- 8-C: Urges NRECA to **identify and provide education regarding best practices in areas of cooperative governance, financial planning, bylaws, policies and surveys that would prepare and strengthen cooperatives against threats of territorial invasion and hostile takeover and to support vigorously the defense efforts of the board of directors, management, or members of any threatened cooperative.** (*Removes lengthy bullets regarding prevention of hostile takeovers.*) **We urge NRECA to support legislation prohibiting use of federally subsidized tax-exempt securities to finance acquisition of rural electric system facilities and prohibiting non-RE Act preference borrowers, such as investor-owned power companies, the privilege of assuming RUS loans. We urge NRECA to encourage participation by cooperatives in National Rural Utilities Cooperative Finance Corporation “System Integrity Fund” which may provide financial support for legal defense costs by threatened cooperatives.**
- 9-B: urges NRECA to oppose dam breaching proposals for congressionally authorized federal multipurpose dams, or efforts to involuntarily breach other hydroelectric dams, which may impact **access to carbon-free energy**, the reliability as well as the economic and environmental benefits of the nation’s hydropower system.

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take all actions necessary to implement this resolution.

Attachments: [2020 - 027 - 2019 NRECA Compendium of Proposed Resolutions for consideration by NRECA Member Standing Committees](#)

Executive Vice President of Public Affairs Mike Viesca recommended that PEC vote on all of the NRECA proposed resolutions. During the discussion, Director Pataki inquired as to the status of the resolution related to renewable energy for cars. Executive Vice President Viesca mentioned that the national association

(NRECA) does not advocate for a subsidy related to this resolution.

A motion was made by Director Pataki, seconded by Director Oakley, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

12. [2020-029](#) Resolution - Approval for Directing the General Counsel to Prepare 2020 Proposed Non-Director Election Ballot Item(s) - D Ballard

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the General Counsel, or designee, of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures):

A.) that language be provided on the 2020 ballot to provide for members an opportunity to opt into the Power of Change program which allows a member's bill to be rounded up to the nearest dollar for charitable giving; and

BE IT FURTHER RESOLVED that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

BE IT FURTHER RESOLVED that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

General Counsel Don Ballard presented the resolution directing the General Counsel to prepare 2020 proposed non-director election ballot items. During the discussion, Director Pataki stated that she would like the Power of Change Program printed along with the ballot and all directors agreed.

General Counsel Ballard stated that the Election Policy and Procedures and the Bylaws provide the Board an opportunity to place an item on the ballot, if they choose to do so. The specific language for Power of Change will be presented with the ballot to the Board for approval in April 2020.

A motion was made by Director Pataki, seconded by Director Oakley, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

13. [2020-013](#) Draft Resolution - Approval of Appointments to 2020 Qualifications and Elections Committee - S Romero

Body: WHEREAS, the Bylaws of the Cooperative require the Board to appoint a Qualifications and Elections Committee ("the Committee") to review and determine the qualifications of applicants who wish to be candidates for election to the Board, and in accordance with the Cooperative's Election Policy and Procedures;

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2020 Election:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____; and

BE IT FURTHER RESOLVED, that the following individuals are appointed as alternates to serve on the Qualifications and Elections Committee for the 2020 Election should an appointed member be unable to serve:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____; and

BE IT FURTHER RESOLVED, that the Committee will elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Candidates themselves, public records, and the Cooperative; and

BE IT FURTHER RESOLVED, that the Cooperative will provide legal counsel and staff support; and

BE IT FURTHER RESOLVED, that the Committee should conduct Meetings as often as the Committee determines that they are needed to perform the review of Candidate applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

BE IT FURTHER RESOLVED, that Committee members are paid \$100 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Committee members in the course of their service; and provide indemnification and protection from liability for Committee Members serving in that capacity as provided for in the PEC Bylaws; and

BE IT FURTHER RESOLVED, that the General Counsel, or designee, is authorized and directed to take all actions necessary to implement this resolution.

Governance Manager Sylvia Romero reviewed the appointments to the 2020 Qualifications and Elections Committee and presented a draft resolution for consideration of approval at the February Board meeting. Ms. Romero provided

specifics on the Qualifications and Elections Committee and asked directors to submit their respective choices for appointment prior to the February Board meeting.

14. [2020-020](#) **Draft Resolution - Approval of 2020 Key Performance Indicators Plan Methodology - E Dauterive**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2020 Key Performance Indicator Plan Methodology presented to the Board this day is hereby approved and adopted; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take all actions necessary to implement this resolution.

Attachments: [2020-020 2020 KPI Plan Proposal Presentation](#)
[2020-020 2020 KPI Plan Proposal](#)

COO Eddie Dauterive presented a draft of the 2020 Key Performance Indicators Plan Methodology that will be presented for approval at the February Board meeting. COO Dauterive also discussed the summary of changes and recommendations listed in the report. The Power of Change indicator will be revised.

15. [2020-023](#) **Draft Resolution - Approval of Tariff and Business Rules - Restructure and Business Practices Amendments - N Mack | D Thompson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the restructure and the amendments to the Tariff and Business Rules as attached and presented this day, with such changes, if any, as were approved by the Board, to become February 22, 2020, unless otherwise specified in the Tariff and Business Rules; 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.

Attachments: [2020-01-17 - Current PEC Tariff-and-Business-Rules](#)
[2020-01-17 Draft Tariff and Business Rules - N Mack and D Thompson v2](#)
[2020-01-17 Tariff Amendments and Restructure Presentation - N Mack and D Thompson v2](#)
[2020-01-17 Tariff Restructure Mapping Document - N Mack and D Thompson v2](#)

Rates Manager Natalia Mack reviewed the proposed amendments of the Tariff and Business Rules restructure and business practices as provided in the Board packet material. The restructure changes include additions of the following: consolidated definitions, descriptions of PEC service area, language on the critical load program, payment deadline extension, sales tax, power of change, capital credits, and forms.

Rates Manager Natalia Mack stated that a resolution for consideration of approval will be presented at the February Board meeting.

16. [2020-001](#)

Draft Resolution - Approval to Amend Tariff and Business Rules - Line Extension Policy - N Mack | D Thompson

Body:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative approves the amendments to the Tariff and Business Rules as attached and presented this day with such changes, if any, as were approved by the Board to become effective on June 1, 2020, as specified in the Tariff and Business Rules; 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.

Attachments: [2020-01-17 - Current PEC Tariff-and-Business-Rules](#)

[2020-01-17 Draft Tariff and Business Rules - N Mack and D Thompson v2](#)

[2020-01-17 Tariff Amendments and Restructure Presentation - N Mack and D Thompson v2](#)

[2020-01-17 Tariff Restructure Mapping Document - N Mack and D Thompson v2](#)

Rates Manager Natalia Mack continued her review of the proposed amendments to the Line Extension Policy as part of the Tariff and Business Rules. The amendments include the following: clarifying the language that residential line extensions are applicable to the members' primary residences, the Cooperative's allowance for non-residential "other" is being reduced to zero, and clarifying that service upgrades will be at the members' expense.

Mack stated that a resolution for consideration of approval will be presented at the February Board meeting.

17. [2020-015](#)

Draft Resolution - Approval to Amend Tariff and Business Rules - 2020 Rate Plan - N Mack | D Thompson

Body:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative approves the amendments to the Tariff and Business Rules as attached and presented this day with such changes, if any, as were approved by the Board to become effective on June 1, 2020, as specified in the Tariff and Business Rules; 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.

Attachments: [2020-01-17 - Current PEC Tariff-and-Business-Rules](#)
[2020-01-17 Draft Tariff and Business Rules - N Mack and D Thompson v2](#)
[2020-01-17 Tariff Amendments and Restructure Presentation - N Mack and D Thompson v2](#)
[2020-01-17 Tariff Restructure Mapping Document - N Mack and D Thompson v2](#)

Rates Manager Natalia Mack reviewed the proposed amendments to the 2020 Rate Plan, as part of the Tariff and Business Rules. Director Oakley requested that the revised bill layout with all applicable changes be shown to the Board.

Rates Manager Natalia Mack stated that a resolution for consideration of approval will be presented at the February Board meeting.

A lot of time and consideration has been taken into account with the proposed changes and placing a high priority in serving the PEC membership. All Board members thanked the teams for their time and expertise involved with the Tariff and Business Rules proposed changes.

18. [2020-030](#) 2020 Election Timeline Update - S Romero (written report in materials)

Attachments: [2020 Election Timeline - Board Appvd 2019 12 13 - Update for 2020-01-17](#)

Governance Manager Sylvia Romero highlighted the following 2020 election timeline dates: nominations petitions application deadline is on March 23, voting begins on May 20, and voting ends June 12.

Proposed Future Items / Meetings (subject to final posting)

During this placeholder Director Oakley explained that Power of Change is not a change in power but a program that members can opt-in for charitable giving. If a member participates in the program, their electric bill is rounded up to the next dollar. President Graf stated the math works out to about \$6.00 per year, per member.

19. [2020-007](#) List of Board Approved Future Meetings

Attachments: [2020 Board Meetings - Board Approved 2019 12 13](#)

President Paul Graf stated that the proposed Board meeting dates were included in the meeting materials.

20. [2020-008](#) Board Planning Calendar (Written Report in Materials)

Attachments: [2020-01-17 Board Planning Calendar](#)

President Paul Graf stated that the proposed Board Meeting Planning Calendar was included in the meeting materials.

Recess to Executive Session

President Paul Graf announced the items to be discussed in Executive Session and at 10:10 am stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 21. [2020-009](#) **Litigation and Related Legal Matters**
- 22. [2020-010](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 23. [2020-026](#) **Enterprise Risk Management (ERM) Program Update - B Headrick**
- 24. [2020-028](#) **Ethics and Compliance Quarterly Update - J Burns**

Executive Session - Contract and Competitive Matters

- 25. [2020-021](#) **Discussion of Business Opportunity**
- [2020-017](#) **Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas - W McKee**
- 27. [2020-011](#) **Markets Monthly Report - D Thompson**

Executive Session - Real Estate Matters**Executive Session - Safety and Security Matters****Executive Session - Personnel Matters**

- 28. [2020-012](#) **Personnel Matters**

Reconvene to Open Session

At 3:10 pm the Board reconvened to the open session meeting

Items from Executive Session

The following agenda items were discussed in executive session and set for approval in open session.

- 26. [2020-017](#) **Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas - W McKee**

Body: NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file an appropriate application its Certificate of Convenience and Necessity with the Public Utility Commission

of Texas as discussed in Executive Session; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer or designee is hereby authorized to take such actions as needed to implement this resolution.

A motion was made by Director Akers, seconded by Director Oakley, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:13 pm.

Approved:

Milton Rister, Secretary

Paul Graf, President