



Approval to Amend Tariff and Business Rules – Winter Storm Cost Recovery

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Winter Storm Cost Recovery

Background

- As discussed in the Chief Financial Officer (CFO) updates at the May and June Board meetings, the financial impacts to the Cooperative from Winter Storm Uri that occurred in February 2021 have become clearer. Currently, the storm's financial impact to the Cooperative is approximately \$160M broken down as follows:
 - \$10 M related to storm response (crews, infrastructure and restoration resources, staff overtime, fuel, and other similar costs)
 - \$150 M is the amount PEC paid to its primary power supplier the Lower Colorado River Authority (LCRA) for energy, ancillary services, and expenses for the LCRA generation fleet during Winter Storm

Winter Storm Cost Recovery

Background (cont.)

- Although the storm cost to PEC is \$160 M, the Cooperative does not intend to recover the full amount from the membership through these increases for the following reasons:
 - PEC will recover a portion of the \$10 M related to storm response from Federal Emergency Management Agency (FEMA) claims.
 - PEC will reduce budgeted expenses where possible while fulfilling its mission to deliver low-cost, reliable, and safe energy for its members.
 - PEC on an ongoing basis will identify additional budgeted expenses that may be reduced or eliminated where possible.
- The costs collected through the Delivery Charge have experienced a continuing trend of significant cost increases for materials, trucks and equipment, labor, and contractor expenses

Winter Storm Cost Recovery

Proposal

- Additional line item to recover cost of storm: Temporary Winter Storm Surcharge
 - Applicable to all members not on direct cost pass-through: \$0.007 per kWh
 - Effective starting October 1, 2021 to September 30, 2023 (24 months)
 - Place expiration date in Tariff and Business Rules to ensure this charge is temporary
- Delivery Charge increase
 - Applicable to all members not on direct cost pass-through: ~\$0.001 per kWh
 - Effective October 1, 2021

Winter Storm Cost Recovery

Rate Change Impact

For the average PEC member (Residential, Farm and Ranch)

- Winter Storm Power Cost Surcharge
 $1,250 \text{ kWh} \times \$0.007 \text{ per kWh} = \$8.75 \text{ per month for 24 months}$
- Delivery Charge increase
 $1,250 \text{ kWh} \times \$0.001285 \text{ per kWh} = \1.61 per month

Total bill impact = \$10.36 per month

Winter Storm Cost Recovery

Tariff Amendments – Effective October 1, 2021

- Temporary Winter Storm Surcharge, Section 500.1.21 (New Section) – Effective October 1, 2021 through September 30, 2023
- Residential, Farm and Ranch Service, Section 500.2.1 - Effective October 1, 2021
- Small Power Service, Section 500.2.2.1 – Effective October 1, 2021
- Large Power Service, Section 500.2.2.2 – Effective October 1, 2021
- Electric Vehicle Public Charge Station Rate, Section 500.2.2.5 – Effective October 1, 2021
- Interconnect Net Metering Rate, Section 500.3.1 – Effective October 1, 2021
- Interconnect Wholesale Energy Rate, Section 500.3.2 – Effective October 1, 2021
- Cooperative Solar Rate, Section 500.3.3 – Effective October 1, 2021
- Unmetered Device Service, Section 500.3.6 – Effective October 1, 2021

Winter Storm Cost Recovery

Communications Plan

- Send notice by letter to all affected members during the week of August 23rd providing information on the approved rate changes
- Provide press release for local news organizations with information to share on the rate changes
- Update website rate language to reflect rate changes with effective dates shown
- Provide information via social media platforms on the upcoming rate changes



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