



Approval to Amend Tariff and Business Rules – Transmission Cost of Service (TCOS) Charge

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Transmission Cost of Service Pass-Through

BACKGROUND

- PEC incurs \$90+ M in charges from all Transmission owners in ERCOT to access the ERCOT Transmission system
 - This expense is charged to PEC in a fairly stable monthly dollar amount
- TCOS expense is projected to continue to increase at a rate faster than our kWh growth
- Currently, TCOS expense is recovered from our members via a charge per kWh of energy consumed for all but the direct pass-through members (Industrial and Transmission level)
 - The current charge does not vary month to month but a member's usage (kWhs) vary greatly month to month
- In addition, unlike the distribution charge on a member's bill PEC has very little control over the amount PEC is charged for access to the Transmission system

Transmission Cost of Service Pass-Through

PROPOSED RATE CHANGE

- Adjust the Transmission Cost of Service Charge to members twice a year, June 1st and October 1st
- Adjust the Transmission Cost of Service Charge to fully collect budgeted costs
- Change the name of the Transmission Cost of Service charge for clarity to TCOS Pass-Through Charge
- Update the messaging on the bill to ensure clarity that this is a pass-through charge with the charges being set by the Public Utility Commission of Texas

Transmission Cost of Service Pass-Through

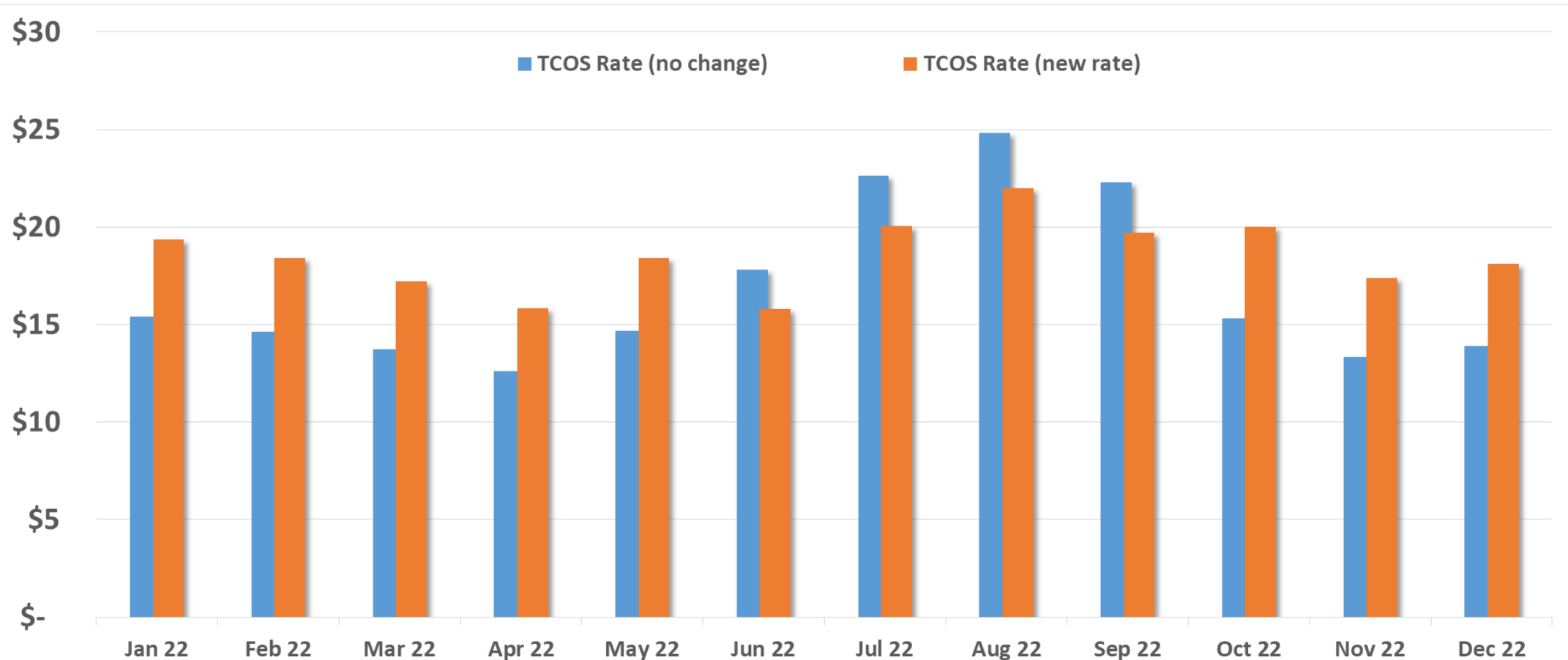
IMPACT (AVERAGE RESIDENTIAL MEMBER)

	2019	2020	2021	2022
Member Revenue (Current Rate)	\$ 186	\$ 186	\$ 199	\$ 201
Member Revenue (Pass-Through)	NA	NA	NA	\$ 222
Delta per year				\$ 21
Delta per month				\$ 1.77

Note: Increase shown due to cost increase not due to proposed change in design

Transmission Cost of Service Pass-Through

IMPACT (AVERAGE RESIDENTIAL MEMBER)



Note: Change in design increases charge amount in non-summer months and reduces charge amount in summer months to align with how PEC incurs charges to access the ERCOT Transmission system

Transmission Cost of Service Pass-Through

TARIFF AMENDMENTS

- 500.1.9 – Transmission Cost of Service (TCOS) Charge
- 500.1.9.1 - Transmission Cost of Service (TCOS) Charge, Per kWh
- 500.1.9.2 - Transmission Cost of Service (TCOS) Charge, Per kW
- Corresponding changes throughout Section 500 to reflect name changes

PROPOSED IMPLEMENTATION TIMELINE

- November/December 2021 - Tariff language for consideration and approval
- Effective date: March 1, 2022
- Every 1st of June and October, the Tariff and Business Rules will be updated to reflect the current rate



PEDERNALES ELECTRIC COOPERATIVE