



2019 Year in Review

Julie C. Parsley, Chief Executive Officer

December 13, 2019

Board Meeting | Open Session

An aerial photograph of a suburban neighborhood, overlaid with a semi-transparent blue filter. The image shows a mix of single-family homes with gabled roofs, many with swimming pools, and a large multi-story apartment complex in the upper center. A winding road cuts through the middle of the neighborhood, and a large green field is visible in the upper left. The text "Managing Record Growth" is centered in a white, sans-serif font.

Managing Record Growth

Managing Record Growth

Record-breaking growth across the cooperative:

- **328,360** active accounts*
- **1,228** average monthly account net growth*
- **28,000** new member applications processed*
- Anticipating ~**15,000** new accounts and ~**13,500** new net meters by EOY
- July set new records for net meter growth in nearly every district
- October set a record for new line extensions at **1,664**

**As of Nov. 30, 2019*



A Focus on Member Satisfaction



Dripping Springs open house, January 2019

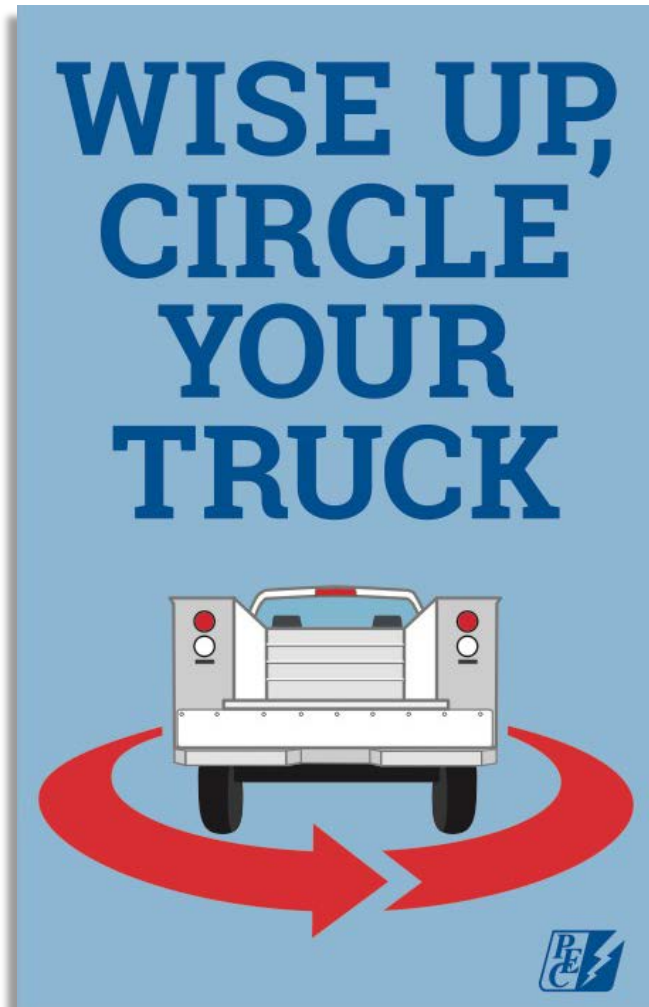
- TSE Services' most recent overall satisfaction rating of **9.08** is the **highest** score on record, going back to 2011
- **J.D. Power** ranked PEC among the **top 10** of all cooperatives for customer satisfaction in its 2019 syndicated survey
- Completed major security upgrades at **4 district offices**
 - New kiosks were installed at Bertram, Oak Hill, Dripping Springs and Cedar Park
- Introduced **new virtual hold callback** technology





Raising the Bar on Safety

Raising the Bar on Safety



- Realigned safety function with district operations
- **Surpassed 1.4 million hours** – and counting – without a lost-time safety incident; first time in recent history of the co-op
- **Launched “Wise Up” safety campaign** encouraging employees to circle their truck and slow down
- Strategic campaign aimed at **preventable backing accidents**
- Hosted 2019 SWESE Conference in April



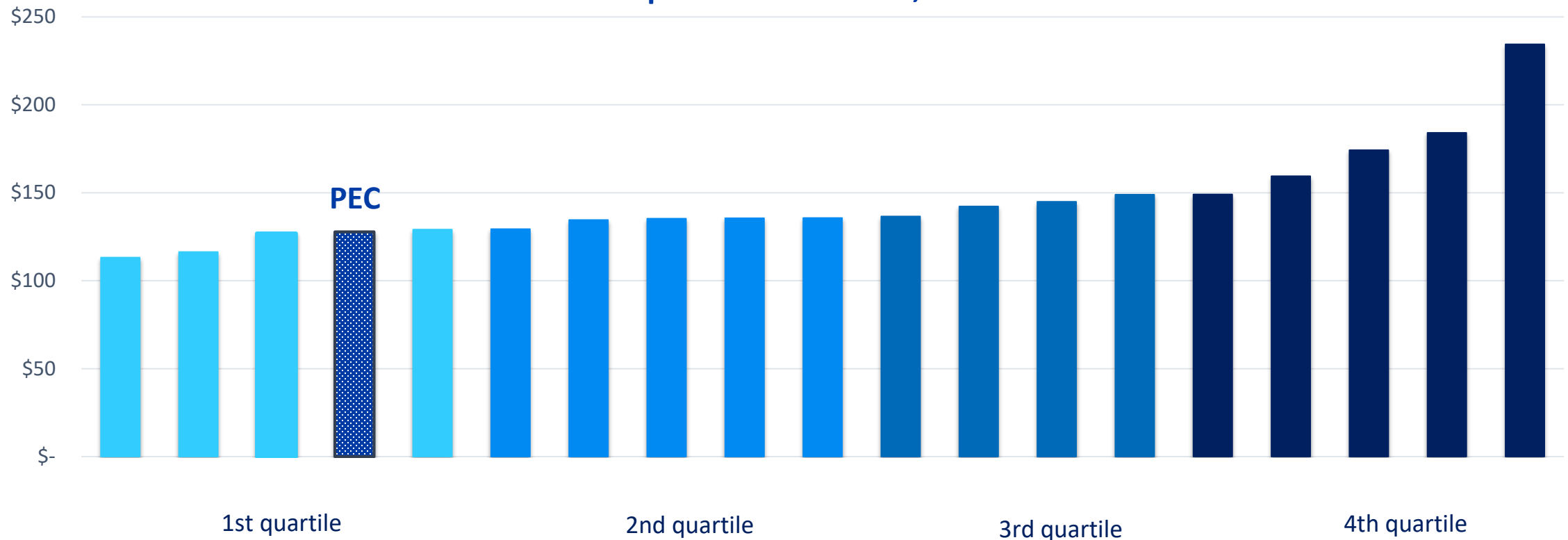
Maintaining Stability

Maintaining Financial Stability

- Returned **\$12.3 million** in capital credits
- Secured favorable, competitive power supply contracts for a portion of our energy portfolio; **realizing millions in savings**
- Revised commercial line extension policy, realigning using cost-causation principles, and **potentially saving members \$8M+**
- Reviewed and revised substantive financial policies to better align processes and improve cash flow

Providing Affordable Power

Residential Cost Comparison for 1,250 kWh Oct.-Nov. 2019



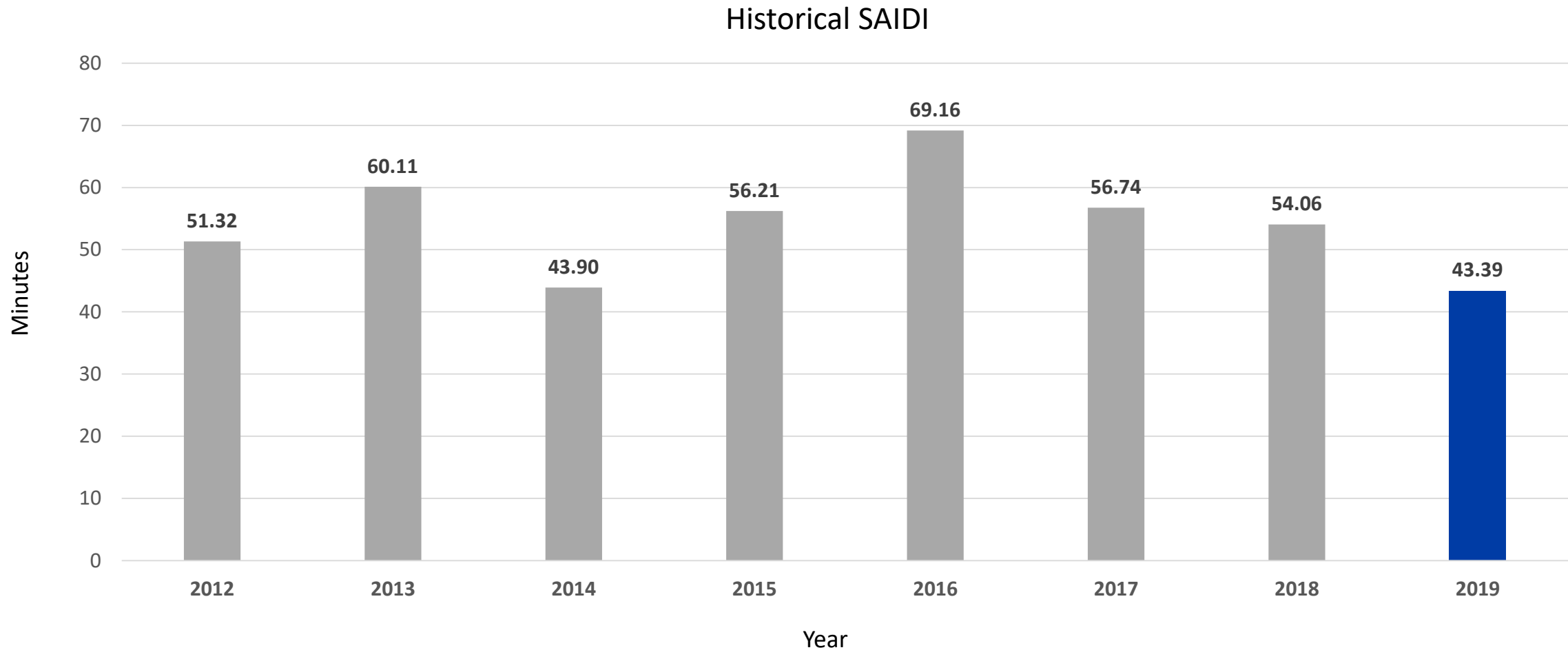


Bee Creek conversion, June 2019


Maintaining Reliability

- SAIDI is currently at **51 minutes** over past 12 months
- Installed and upgraded **5** distribution substations
- Completed **2** voltage conversions and more than **860** substation inspections
- More than **480** miles of distribution line inspected by our UAS program
- Successful peak demand response during one of the hottest summers

Maintaining Reliability



Giving Back To Our Communities

 Charles E. ...
Cooperative Inc.

Pay to the Order of Liberty Hill ISD \$1,000.00

One Thousand and no/100 Dollars

For Supporting Local Youth PEC Inc.

Giving Back To Our Communities

- **\$30,000 awarded to 6 nonprofits**; fully funded by Power of Change contributions
- United Charities gave more than **\$250,000 to 222 nonprofits**
- Continued to support PEC Youth with our educational foundation contributions, annual Youth Tour trip, and scholarships
- Many Hands Program donated more than **240 work hours** (*as of Oct. 2019*)
- **925 volunteer hours** by PEC employees
 - LCRA Steps Forward, Read Across America, Johnson City Lights Spectacular, Burnet County Veterans Day, Central Texas Food Bank





Enhancing the Employee Experience



Enhancing the Employee Experience

- Elevated compliance and ethics throughout cooperative:
 - Launched Code of Conduct; Employee Handbook coming soon
 - Created new VP of Compliance and Regulatory role
- Redesign of PEC careers website to launch before end of year
- Currently undergoing compensation study to ensure PEC salaries are competitive with the market
- Updated employee 401(k) savings plan with significant enhancements
- Conducted employee engagement survey; the results show great improvement



2019 Engagement Survey Results

Comparison to previous surveys – this chart shows how the scores for PEC have changed over time, and demonstrates a positive increase in employee engagement of 30%, moving PEC – for the first time – into the utility benchmark.

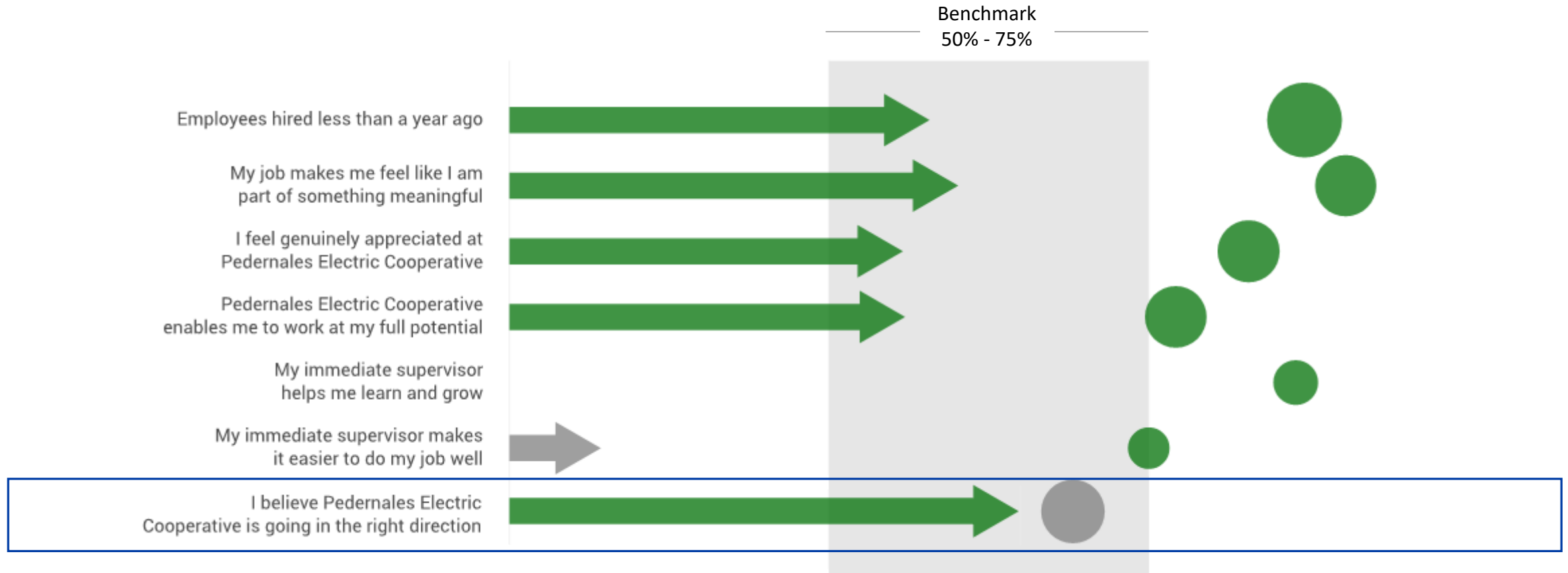


Senior leadership will be meeting with survey consultants in mid-December. Management will meet with their departments after the first of the year to go over their department's results.



2019 Engagement Survey Results – Celebrations

These areas stood out as the strengths for PEC to celebrate:



Largest improvement – the survey statement with the most improvement is, "I believe PEC is going in the right direction" **with an increase of 56 percentage points.**

Accolades for 2019

Large business of the year, Buda Chamber of Commerce

System Achievement Award, Texas Public Power Association

Best Annual Report and Graphic Design, NRECA Spotlight on Excellence Awards

Best Nonprofit CEO, Austin Business Journal

Best-in-Class PTT program, Osmose Utilities

Top 100 Cooperatives (No. 87), National Co-op Bank

Hermes Creative Award for Rural Electric magazine article featuring PEC female lineworker



Looking Forward to 2020

Northwest Lineman College partnership

Broadband feasibility study completion and fiber strategy

Continue system upgrades for increased reliability and outage response

Expand drone reliability program

Prepare for 2021 legislative session

Further strengthen employee engagement

Expand employee recognition program and incentives



