



2024 Interim TCOS Filing

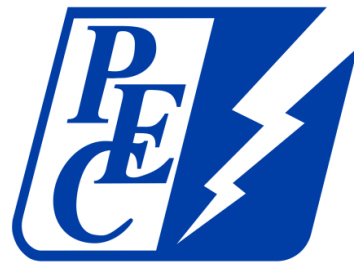
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Transmission Cost of Service (TCOS) Overview

- TCOS filings are governed by Public Utility Commission of Texas (PUCT) Substantive Rule §25.192
 - PEC's last full TCOS case was approved in 2001 (Docket No. 22533)
 - PEC's first interim update with 20 years of transmission capital investment was approved in July 2019 (Docket No. 49584) (interim filings do not adjust transmission O&M expense)
 - PEC has filed four subsequent interim updates
 - 2020 (Docket No. 51375)
 - 2021 (Docket No. 52884)
 - 2022 (Docket No. 54305)
 - 2023 (Docket No. 55927)
- TCOS includes the return *of* and *on* investment in the transmission system
- TCOS for all ERCOT transmission utilities is paid by all distribution providers in ERCOT based on 4CP load ratio share (PEC is 2.34% of the 4CP load in ERCOT)

Overview of PEC 2024 TCOS Interim Update

- Seeks inclusion of actual capital investment made as of September 30, 2024 and since the amounts approved in PEC's 2023 interim TCOS update
 - Details transmission capital projects placed into service between September 1, 2023 through September 30, 2024 that are "used and useful"
 - Reflects changes in transmission invested capital, appropriate depreciation, associated taxes, the PUCT-authorized rate of return (PEC ROR is 9.6%), and changes in loads
- Filing supported by written testimony from PEC witnesses
- Board approval requested to file application at the PUCT
- Prudence of transmission investment since PEC's first full TCOS will be reviewed during PEC's next full TCOS filing



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