



Meeting Minutes - Final

Board of Directors

Friday, December 15, 2023

09:00

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting was held in the PEC Auditorium and was recorded in accordance with Board Meetings Policy. Members may watch this recording from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:03 a.m., on December 15, 2023, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 7 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, Vice President Paul Graf, and Director Amy Akers

Safety Briefing

At 9:03 a.m., President Mark Ekrut provided the Safety Briefing.

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

1. [2023-360](#) **Friday, November 17, 2023 - Regular Meeting Minutes**

Attachments: [2023-11-17 OS Meeting Minutes](#)

Without objection the items listed under Consent Items were approved by general consent.

Cooperative Monthly Report

2. [2023-361](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [December Cooperative Update FINAL 2023-361](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Officer (CFO), Mr. Don Ballard, General Counsel, and Mr. JP Urban, Executive Vice President, External Relations, presented a collaborative Cooperative Update. Ms. Parsley discussed the legislative and regulatory update, PEC's 400,000th meter

installed at Buda Fire Station #1 on November 28, 2023, community grant recipients, the PEC toy drive, and employee kudos, Mr. Dauterive discussed reliability, system growth, and AMI meter deployment, and distribution maintenance. Mr. Kruger discussed the November 2023 financial report, power market fundamentals, inflation, interest rates, and the financing strategy. Mr. Ballard discussed the workforce and governance report, employee development, a new program incentivizing reporting observations and safety hazards, and staff participation in the seventh biennial grid security and resilience exercise, GridEx VII. Mr. Urban discussed community and member engagement, the new PEC website, and the nonprofit learning workshop.

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

3. [2023-362](#) Member Comments

Attachments: [Decorum Policy](#)

There were no members present for member comments.

Action Items / Other Items

4. [2023-363](#) Resolution - Approval of 2024 Election Timeline - M Butler

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to Section 3.2 of the Election Procedures of Pedernales Electric Cooperative, Inc., the Election Timeline, in the form presented to the Board, with such changes approved by the Board, is adopted as the 2024 Election Timeline for the election to be held before the 2024 Annual Membership Meeting.

BE IT FURTHER RESOLVED that the General Counsel, or designee, is hereby authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Draft 2024 Election Timeline](#)

[PPT - Election Timeline and Comms Plan 2023-363, 2023-364 Final](#)

Election Timeline

Section 3.2 of the Election Procedures provides that the Board will consider, amend (if desired), and approve an Election Timeline at least 5 months prior to each Annual Membership Meeting. The timeline sets out the key dates relative to the election to be held before the Annual Membership Meeting. The Board may now review and approve the 2024 Election Timeline

Mr. Michael Butler, Corporate Counsel, and Interim Governance Manager presented the resolution and asked the Board for approval.

A motion was made by Director Pataki, seconded by Secretary/Treasurer Cox, that this item be approved. The motion carried by the following vote:

Yes: 7 - Rister, Pataki, Ekrot, Cox, Oakley, Graf, and Akers

5. [2023-364](#) Resolution - Approval of 2024 Election Communications Plan - C Tinsley Porter

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that, pursuant to Section 7.3 of the Election Policy and Procedures of Pedernales Electric Cooperative, Inc., the 2024 Election Communications Plan presented, or as modified by the Board this day, is approved; and

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

Elections Communication Plan

At or before the Regular Board Meeting five (5) months before an election, the PEC Communications Department will present to the Board an Election Communications Plan (“Communications Plan”), outlining the communications efforts that will be employed to inform PEC members of the issues in any Non-Director Election and the Candidates, and the contact information for Members who have questions about the election process. At a minimum, the Communications Plan will include prominent references to the Election on PEC’s Internet site, posting of Candidates’ biographical materials and conflict-of-interest certification and disclosure forms of Candidates, use and distribution of printed materials and information on how to obtain answers to Election-related questions, obtain Ballots (including replacement Ballots), and cast Ballots; and PEC Corporate Statistics in a form approved by the Board in the Communications Plan. PEC Corporate Statistics may be communicated multiple times during the election cycle as approved in the Communications Plan.

Ms. Caroline Tinsley Porter, External Relations Director, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

6. [2023-365](#) Resolution - Approval to Amend Tariff and Business Rules - Annual Interconnect Rate Update - W Syman/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 hereto with such changes, if any, as were approved by the Board, to become effective upon Board approval, 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: [PPT - Approval to Amend Tariff and Business Rules - Annual Interconnect Rate Update - 2023-365-FINAL](#)
[Tariff Language Redline - Tariff and Business Rules - Annual Interconnect Rate Update - 2023-365-FINAL](#)
[Tariff Language Clean - Tariff and Business Rules - Annual Interconnect Rate Update - 2023-365-FINAL](#)

Sustainable Power Credit

The Cooperative’s Rate Policy requires a Cost-of-Service Study to be

conducted at regular intervals to guide rate design and as an input to the Rate Plan. The Rate Plan defines how the Cooperative anticipates recovering its costs from members for services provided during the upcoming year. The proposed 2024 Rate Plan references review of the Sustainable Power Credit - Interconnect Rate.

As a component of the Interconnect Rate, the Sustainable Power Credit is designed to pay solar members for their excess power at the market value of power plus any system benefit. The Sustainable Power Credit is updated annually to ensure that this credit that compensates Members, with an active interconnect agreement and not on the Interconnect Wholesale Energy Rate, for received energy, closely aligns with the benefit to the Cooperative. After review, the recommendation is to adjust the Tariff and Business Rules (the "Tariff") as to "Sustainable Power Credit" Section 500.1.12 by increasing the Sustainable Power Credit from: - \$0.060005 to - \$0.069554 per kWh.

Tariff amendment and effective date is shown below:

Sustainable Power Credit, Section 500.1.12 - Effective for all bills issued on and after March 1, 2024.

Mr. Wesley Symank, Rates Manager, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

7. [2023-366](#) **Resolution - Approval of Capital Credits Distribution during Calendar Year 2024 - J Smith**

Body: NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Board of Directors after its review, discussion and evaluation of the Capital Credits Policy and the financial state of the Cooperative and fairness to its members and former members, with input from the Cooperative's Chief Financial Officer, has determined that capital credit retirements as described herein will not result in any adverse impact to the Cooperative.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative distribute and pay out General Capital Credit Retirements and Special Capital Credits Retirements in an amount not to exceed \$12,300,000 on or prior to January 31, 2024 as described herein to its eligible members as credits on electric bills, and to any former members or deceased estates who are entitled to a distribution of at least \$10.00 by check.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer of the Cooperative, or any person designated by the CFO for such purpose, is authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to take actions necessary or appropriate in the best interests of the Cooperative to implement these resolutions.

Attachments: [Presentation - 2024 Capital Credits Distribution - J Smith - 2023-366-Final](#)

Capital Credits Distribution

The Cooperative's Capital Credits Policy outlines the process for both General Capital Credits Retirements and Special Capital Credits Retirements including the payment of capital credits to members, former members, and deceased members' estates, and permits the discounting of capital credits.

This is an annual review and discussion of the Capital Credits distribution and payment by the Board of Directors. Pursuant to its Policy, the Cooperative will retire capital credits in a manner that permits the Cooperative to comply with all applicable laws, all restrictions imposed by its debt financing covenants, the Cooperative Articles of Incorporation and Bylaws, is fair to the Cooperative's members and former members, and is reasonable to maintain a healthy financial state.

The Policy also requires the Cooperative to implement its retirement strategy with certain principles considering retirements to deceased estates, special retirements, and distributions and payments to the oldest outstanding year(s) for which allocations have been made and distributions and payments to the most recent year(s) with discounting for which allocations have been made. The Board may consider General Capital Credits Retirements (distribution and payments) and Special Capital Credits Retirements under the Policy in an amount not to exceed \$12,300,000.

The Retirements (distribution and payment) of capital credits in an aggregate amount not to exceed \$12,300,000 would consist of approximately 49% to the oldest outstanding year(s) with discounting and approximately 50% to the most recent year(s) with discounting as General Capital Credit Retirements; and approximately 1% of such amount towards deceased members' estates through Special Capital Credits Retirements. The Retirements would consist of credits on electric bills for its current members, and to any former members and deceased members' estates who are entitled to at least \$10.00 by check in 2024.

Ms. Janelle Smith, Director of Finance, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

8. [2023-368](#) **Resolution - Approval of Additional Funds for Wooden Poles Contract - K Jones/V Maldonado**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approves the contract in the amount and terms as described in Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer, or designee, take all such actions as needed to implement this resolution.

Wooden Pole Supply

In November 2020, the Cooperative previously authorized execution of a contract for Wooden Pole Supply not to exceed a five-year term and \$15M. Because the total funds that may be expended for this supply will now exceed \$15M, the contract requires Board approval for such amounts.

Ms. Kat Jones, Controller, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

9. [2023-369](#) **Resolution - Approval of Master Service Agreement for Line Locating Service - K Jones/V Maldonado**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Board approves the contract with the vendor as described in Executive Session in the amount described therein; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, take all such actions as needed to implement this resolution.

Line Location Services

The Cooperative previously entered into a Master Services Agreement from October 2021 through September 2024 for line location services. Because the total funds that may be expended for those services may now exceed \$3M, the contract requires Board approval for the contract and such amounts.

Ms. Kat Jones, Controller, presented the resolution and asked the Board for approval.

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

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

10. [2023-371](#) **Draft Resolution - Approval of 2024 Key Performance Indicators Plan Methodology - E Dauterive**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the 2024 Key Performance Indicator Plan Methodology presented to the Board this day is approved; and

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

Attachments: [PPT - 2024 KPI Plan Revisions 2023-371 Final](#)

Mr. Brady Porter, Director, Operations Program Management, provided a summary presentation of the 2024 Key Performance Indicators (KPIs) Plan Methodology. The purpose of Key Performance Indicators (KPIs) is to provide an objective method for evaluating the degree of success with which PEC achieves identified performance targets. PEC's annual KPI Plan is designed to align with the objectives of PEC's Strategic Plan. Director Pataki asked questions about the changes for SAIDI and reliability. Mr. Dauterive and Mr. Porter stated that they would follow-up with additional research and present revised metrics. Mr. Porter said a final resolution will be presented to the Board for approval in January 2024.

11. [2023-375](#) **Report on NRECA 2023 Compendium of Proposed Resolutions - JP Urban**

Attachments: [Report on NRECA 2023 Compendium of Resolutions - 2023-375 - Final](#)

Mr. J.P. Urban, Executive Vice President, External Communications, presented a summary of the NRECA 2023 Compendium of Proposed Resolutions.

Proposed Future Items / Meetings (subject to final posting)

12. [2023-376](#) **List of Board Approved Future Meetings**

Attachments: [2024 Board Meeting Calendar](#)

President Mark Ekrut stated that the Board approved meeting dates were included in the meeting materials.

13. [2023-377](#) **Board Planning Calendar (Written Report in Materials)**

Attachments: [3-Month Outlook Calendar](#)
[PEC Annual Board Planning Calendar](#)

President Mark Ekrut stated that the planning calendars were included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 9:49 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

14. [2023-378](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

15. [2023-379](#) **Litigation and Related Legal Matters - D Ballard**

[2023-380](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Executive Session - Contract and Competitive Matters

[2023-367](#) **Resolution - Approval of the Alliance Materials Contract - K Jones/V Maldonado**

18. [2023-374](#) **Draft Resolution - Wholesale Distribution Service Tariff Filing - C Powell/D Thompson**

19. [2023-373](#) **Draft Resolution - Approval of Construction Contract Transmission - Trading Post to Cedar Valley - J Treviño**

20. [2023-286](#) Draft Resolution - Approval of Transmission Easement Acquisition T380 Buda - Turnersville 138kV Line (Eminent Domain) - J Treviño
21. [2023-332](#) Draft Resolution - Approval of Junction Substation Construction Contract Amendment - J Treviño
22. [2023-359](#) Draft Resolution - Approval of Construction Contract for Lago Vista Substation Upgrade - J Treviño
23. [2023-370](#) Draft Resolution - Approval of Substation Equipment Contract (Breakers, Circuit Switchers, 138kV Switches) - J Treviño
24. [2023-381](#) Markets Report - D Thompson/R Kruger

Executive Session - Real Estate Matters

- [2023-382](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
26. [2023-383](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

27. [2023-384](#) Safety and Security Matters

Executive Session - Personnel Matters

28. [2023-385](#) Personnel Matters
29. [2023-387](#) Review of 2024 Corporate Initiatives and CEO Action Items - J Parsley

Reconvene to Open Session

At 2:58 p.m., the Board reconvened to the Open Session meeting. Director James Oakley was not present.

Present: 6 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Vice President Paul Graf, and Director Amy Akers

Absent: 1 - Director James Oakley

Items from Executive Session

The following agenda items were discussed in Executive Session and set for approval in Open Session.

16. [2023-380](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

Body: NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative amend and file its wholesale transmission service rate schedule with the Public Utility Commission of Texas (PUCT) and intervene as necessary in related proceedings at the PUCT.

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

LCRA TSC

PEC seeks approval of filing of PEC's wholesale transmission service rate schedule at Public Utility Commission of Texas (PUCT) and approval of intervention in related proceedings at PUCT, as necessary. PEC's wholesale transmission service rate is currently included in LCRA TSC's Wholesale Transmission Service Rate Schedule WTS as a line item. PEC currently is a transmission owner and transmission service provider and anticipates certification as a transmission operator by Texas Reliability Entity in first quarter of 2024. PEC wishes to amend and file a standalone wholesale transmission service rate schedule with the Public Utility Commission of Texas and if necessary, intervene in any LCRA TSC transmission cost of service proceeding with respect to PEC's wholesale transmission rate.

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

Yes: 6 - Rister, Pataki, Ekrut, Cox, Graf, and Akers

Absent: 1 - Oakley

17. [2023-367](#) Resolution - Approval of the Materials Alliance Contracts - K Jones/V Maldonado

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Chief Executive Officer, or designee, is hereby authorized and directed to negotiate, execute, and deliver a 5-year period contract with the vendors as described in Executive Session in the amount described therein; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer, or designee, is authorized to take all such other actions necessary to implement this resolution.

Alliance Agreements Vendors

The Cooperative previously approved two (2) alliance agreements vendors in January 2017 (2017-9) and executed an additional material alliance contract in December 2021 (2021-460).

A motion was made by Secretary/Treasurer Cox, seconded by Director Pataki, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, Pataki, Ekrut, Cox, Graf, and Akers

Absent: 1 - Oakley

25. [2023-382](#) Resolution - Approval of Purchase of Land and Improvements in Williamson County - E Dauterive

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS

OF THE COOPERATIVE that the Cooperative approve the purchase of real property, subject to satisfaction of any terms as discussed by the Board during Executive Session of this meeting, with certain details of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; 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.

Williamson County

The Cooperative will consider authorizing the purchase of real property and improvements located in Williamson County, Texas on such terms and conditions as further described in Schedule 1 as provided in Executive Session.

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

Yes: 6 - Rister, Pataki, Ekrut, Cox, Graf, and Akers

Absent: 1 - Oakley

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:59 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President