



Cooperative Update

Julie C. Parsley | Chief Executive Officer

Wildfire Update



**Committed
to Service
and Safety**



PEC crews have worked diligently to restore power following fires in Buda, Henly, Dripping Springs, and Wimberley

PEC Employees Go Above and Beyond as Volunteer Firefighters and EMS

- **Mark Beyer**, Ethics & Compliance Officer, (**Blanco VFD**)
- **Travis Brown**, Junction Senior Electrical Distribution Designer, (**Junction VFD, plus Kimble County EMS and a reserve for Kimble County Sheriff's Office**)
- **Amy Galvan**, Junction Distribution Planner, (**Kimble County EMS**)
- **Jacob Olive**, Junction Lineworker Apprentice, (**Junction VFD**)
- **Taggert Raffety**, Project Manager, (**Round Mountain VFD**)
- **Thomas Richey**, Security Investigator, (**Hays County EMS**)
- **Jerry Stewart**, Junction Electrical Distribution Designer, (**Junction VFD and Kimble County EMS**)
- **Penny Whisenant**, Vegetation Maintenance Supervisor, (**Johnson City VFD**)



ERCOT Announces New CEO

On August 16, ERCOT named new CEO:

Pablo Vegas

- Executive Vice President, NiSource and Group President, NiSource Utilities
- Former Executive Vice President and President, Columbia Gas Group
- Former Chief Restoration Officer and Chief Customer Officer for NiSource
- Previously with American Electric Power (AEP) in Ohio and Texas



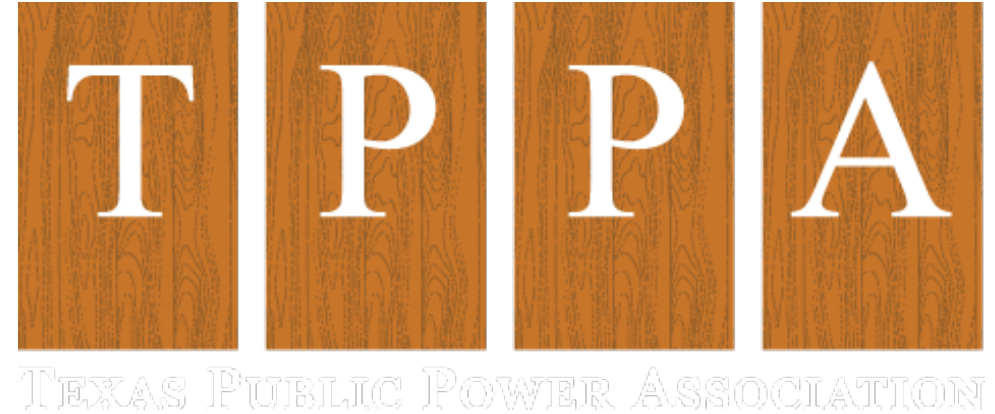
Pablo Vegas
ERCOT CEO

Legislative Update

Texas Public Power Association Annual Meeting (July 25 – 27)

Keynote speakers included:

- Glenn Hegar, Texas Comptroller
- Lori Cobos, PUC Commissioner
- Brad Jones, ERCOT Interim CEO
- Senator Nathan Johnson, Senate Business & Commerce Committee
- “Distributed Energy Resources from All Angles” Panel
 - PEC Vice President, Compliance & Regulatory Christian Powell spoke as part of a panel with other industry experts
- Sessions on EOP lessons learned, federal funding, TxDOT and electric vehicles



Legislative Update (cont'd)

Texas Electric Cooperatives Annual Meeting (July 31 – August 3)

Speakers included:



Texas Electric Cooperatives

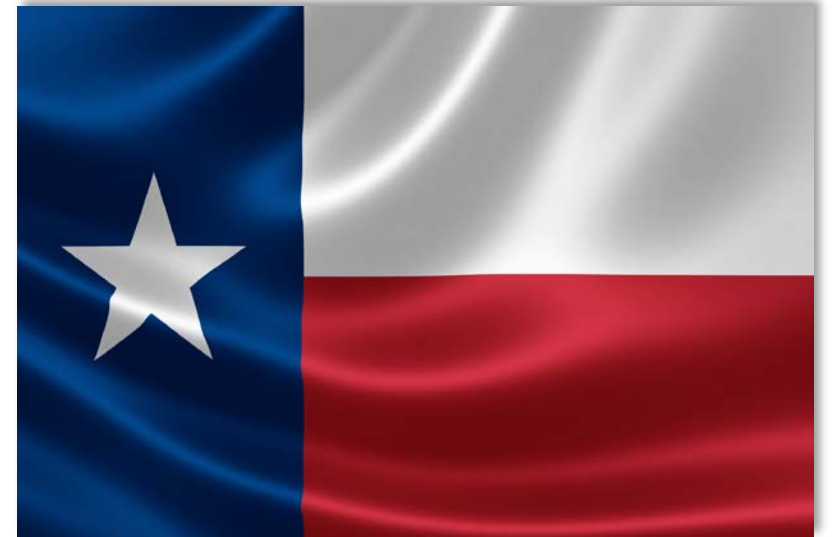


- Jim Matheson, NRECA CEO
 - Reported that NRECA has worked diligently on “Direct Pay” or Comparable Federal Tax Energy Incentives for Non-Profits
 - President Biden signed these provisions as part of the new Inflation Reduction Act bill on August 16
 - Two provisions in the bill that benefit cooperative utilities:
 - Direct-pay tax incentives for tax-exempt entities
 - \$9.7B grant and loan program designed for electric cooperatives that buy or build clean energy systems
- Terry Naulty, Denton Municipal Utility
 - Gave presentation on managing risk and opportunities with Crypto-miners
- Brad Jones, Interim CEO of ERCOT, and Jimmy Glotfelty, PUC Commissioner
 - Provided regulatory and legislative updates from ERCOT and PUC

Legislative Update (cont'd)

State Energy Plan Advisory Committee —SEPAC (August 10)

- SEPAC created by Senate Bill 3 during 87th Texas Legislature
- Tasked with preparing a state energy plan that includes recommendations on improving reliability, stability, and affordability
- Aug 10: Second (last) committee meeting – reviewed and approved the draft report and voted on suggested changes from committee members
- Committee will submit recommendations to the Legislature by September 1



Capital Credits Allocations

- Capital credits are an essential part of the Cooperative Difference
- Capital credits are funds members invest (through monthly bill payment) in PEC for capital improvements to ensure reliability and to meet growth demands. Capital credits are based on the amount of electricity each member uses and vary from member to member and year to year.
- More than \$35 million in capital credits allocated for electricity used in 2021
- Members receiving communications and allocations with bills this month

Capital credits
The cooperative difference

At the July 2022 board meeting, the PEC Board of Directors (Board) approved the allocation of capital credits totaling more than \$35 million to current and former PEC members. If your account earned an allocation for electricity used during 2021, the allocation amount will appear on your August bill.

What are capital credits?
At PEC, we are more than just an electric provider, and you're more than just a customer. Our members are owners with a financial interest in the cooperative. When you make a payment to PEC, a portion of that money goes toward strengthening the operations that power your life. Those funds are called capital credits, and they are used to invest in capital additions and improvements to ensure system reliability and meet the growth demand PEC is experiencing.

Each year, any funds remaining after expenses have been paid (margins) are allocated to your capital credits account. Capital credits, which are based on the amount of electricity each member uses, vary from member to member and year to year. Capital credits reflect a member's ownership in PEC but are not immediately returned to the member. Capital credits are used to fund operating activities and reduce borrowing, with the intent of returning the funds to members in later years.

What's the difference between allocated and retired (returned) capital credits?
Allocated capital credits are simply a record of your investment/ownership in the cooperative. Each year, any funds remaining after expenses have been paid (margins) are allocated to your capital credits account.

Retired capital credits represent a return of capital credits allocated to members in prior years. When the cooperative retires capital credits, the amount returned to its members will appear as a reduction on the member's electric bill, reducing the member's allocated capital credits balance. A check will be mailed to former members who receive retired capital credits.

When will my capital credits be retired?
Because the capital is reinvested to support the cooperative's operating activities, the entire balance allocated to its members cannot be retired at once. Allocations act as a record of the member's ownership in the cooperative and are currently distributed on an approximate 30-year rotation. To the extent the PEC Board approves the return of capital credits earlier than the 30-year rotation to the benefit of its members, the capital credits will be retired at a discounted rate. After reviewing the cooperative's financial condition annually, the board will determine the method, basis, priority, and timing of all capital credit retirements.

For more information on capital credits, read the policy online at pec.coop/capital-credits.

Pedernales Electric Cooperative
pec.coop



Stronger Together Featuring HR

The August feature is an internal podcast diving into PEC's strong workforce and how we invest in our employees:

- **On-the-job training and development opportunities**
- **Financial planning**
- **Employee Assistance Program**
- **Tuition reimbursement**
- **Cariloop**





Camp Save-a-Watt: Meet a Lineworker!

- Hosted July 27
- Blanco, Buda, Dripping Springs, Liberty Hill, and Marble Falls
- More than 40 campers met our crews

Apply Now for a PEC Community Grant!

- Local nonprofits are encouraged to apply for PEC Community Grants
- Deadline to apply is Friday, September 30
- Grants of up to \$5,000 available
- More than \$305,000 invested in our communities
- Funded through voluntary Power of Change program

THE POWER OF A MEAL

OPERATION LIBERTY HILL: POWER OF CHANGE GRANT RECIPIENT



PEC Employees Brighten School Year!

Fill the
BUCKET



- Benefitting regional CASA programs
- Challenged to “Fill the Bucket” with supplies
- Third year to donate
- PEC employees donated thousands of school supplies

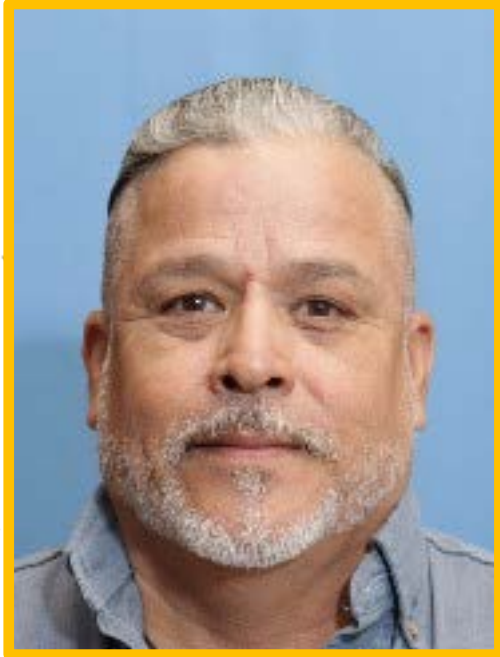
Procurement Receives Award from Bonfire



Bonfire **PROCUREMENT AWARDS**

- Bonfire is a strategic sourcing software platform that digitizes the bid and RFP process to make them more efficient, compliant, and transparent
- PEC went live with Bonfire in March 2020; the same time the pandemic began
- PEC grew volume of RFPs by over 150%
- First time this award has been given

Employee Kudos



Pete Zepeda
Journeyworker
Oak Hill



Lori Hartsfield
Distribution Planner 1
Cedar Park



Debbie Martinez
Member Relations
Analyst
Dripping Springs



Kimberly Thigpen
Member Relations
Agent
Marble Falls

