

Power Supply and Energy Services Report

Ingmar Sterzing, VP, Power Supply and Energy Services

October 16, 2017

Summer 2017 PEC/ERCOT 4CP Preliminary Results

	June	July	August	September	Average
Date and Time	June 23 16:45	July 28 17:00	Aug 16 17:00	Sep 20 16:45	-
ERCOT Peak (MWs)	67,759	69,647	68,106	63,772	67,321
PEC Peak (MWs)*	1,369	1,333	1,193	1,206	1,275
PEC Peak of ERCOT Peak (%)	2.02%	1.91%	1.75%	1.89%	1.89%
PEC 4CP Peak Demand Mitigation Measures					
Active and Deemed Reductions (MWs)	25.6	24.9	28.3	22.6	25.4
PEC Adjusted Peak of ERCOT Peak (%)	2.06%	1.95%	1.79%	1.93%	1.93%
Peak Demand Reduction (%)	1.84%	1.83%	2.32%	1.84%	1.95%

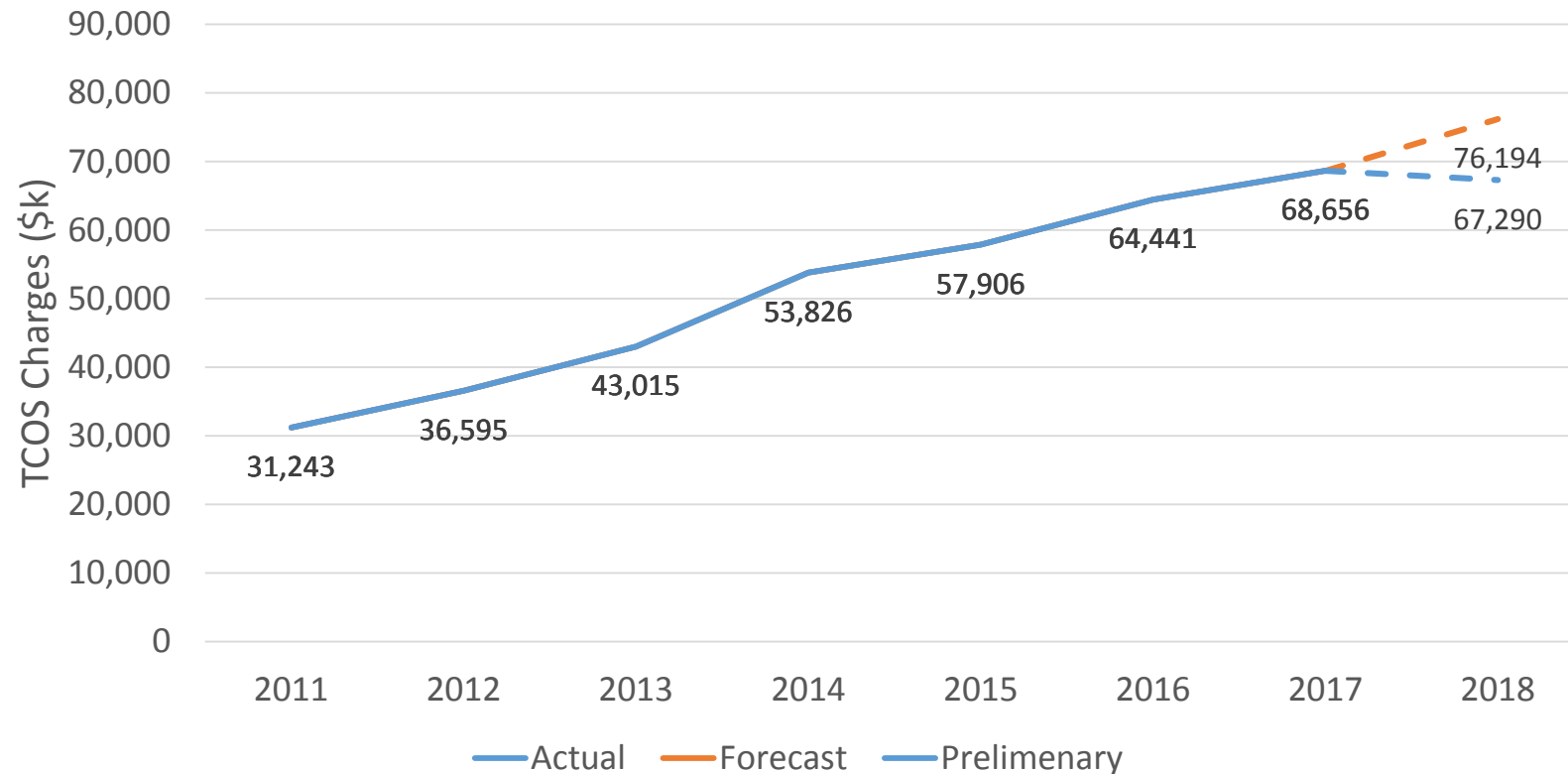
*Does not include 4CP results for Non-LCRA delivery points Friess, New Barksdale, and Rock Springs)



PEC Transmission Cost of Service (TCOS) 2017 to 2018 Preliminary Results

PEC Annual TCOS 2011-2018, Actual and Forecast

(2018 Preliminary Results Based on PEC Measured Values*)



- **2018 TCOS charges may be less than 2017**
- TCOS rate recovered at cost from members with TCOS rate \$0.01158 per kWh
- Forecast TCOS for 2018 estimated at \$76.2 Million
- Preliminary results from 2017 4CP indicate 2018 TCOS could be \$67.3 Million
- Results from 2017 4CP will enable PEC to hold or reduce the TCOS rate
- Actual cost will depend on final PUCT 4CP ruling and actual PUCT TCOS rate

*2018 Based on preliminary measurements, final values determined by ERCOT and approved by the Public Utility Commission of Texas (PUCT) in December 2017, Estimated rate for 2017 and 2018. Rate subject to change on a month-to-month basis according to the Public Utility Commission of Texas (PUCT)

PEC Transmission Cost of Service (TCOS) History and Preliminary 2018 Estimate

	2011	2012	2013	2014	2015	2016	2017	2018*
PEC 4CP Peak (MW)	1,097	1,221	1,238	1,214	1,192	1,255	1,306	1,280
Percent Change (%)		11.3%	1.4%	-1.9%	-1.8%	5.3%	4.1%	-2.0%
ERCOT 4CP Peak (MW)	61,369	64,992	66,014	65,250	63,681	66,036	67,763	67,321
Percent Change (%)		5.9%	1.6%	-1.2%	-2.4%	3.7%	2.6%	-0.7%
PEC % of ERCOT Peak	1.79%	1.88%	1.88%	1.86%	1.87%	1.90%	1.93%	1.90%
Percent Change (%)		5.0%	0.0%	-1.1%	0.5%	1.6%	1.6%	-1.6%
ERCOT TCOS Rate** (\$/kW-Yr.)	28.49	29.97	34.74	44.34	48.56	51.31	52.57	52.57
Percent Change (%)		5.2%	15.9%	27.6%	9.5%	5.7%	2.5%	0.0%
PEC Annual TCOS	31,243	36,595	43,015	53,826	57,906	64,441	68,656	67,290
Percent Change (%)		17.1%	17.5%	15.1%	7.6%	11.3%	6.6%	-2.0%

*Based on preliminary measurements, final values determined by ERCOT and approved by the Public Utility Commission of Texas (PUCT) in December 2017

** Estimated rate for 2017 and 2018. Rate subject to change on a month-to-month basis according to the Public Utility Commission of Texas (PUCT)



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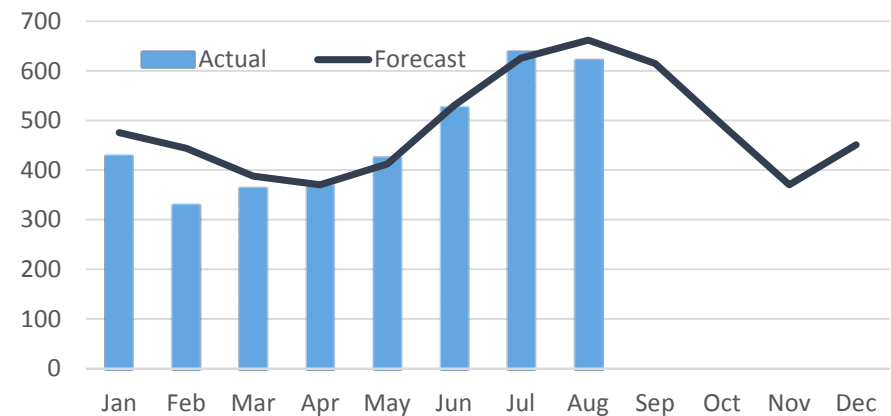
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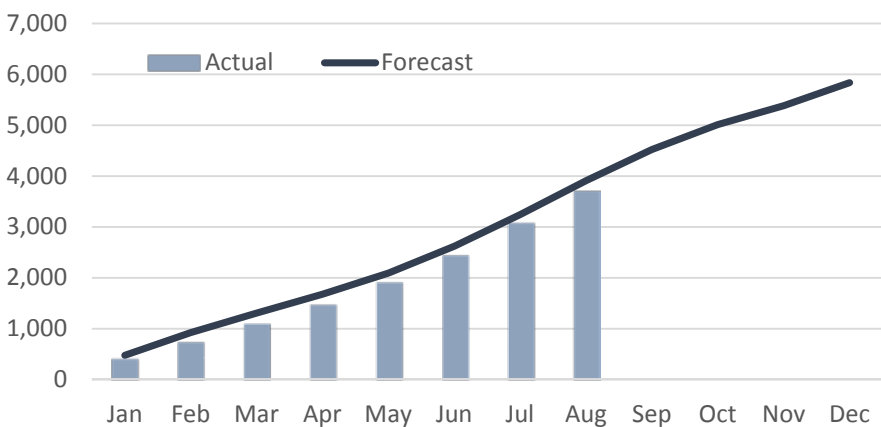


PEC Energy Sales Summary for August 2017

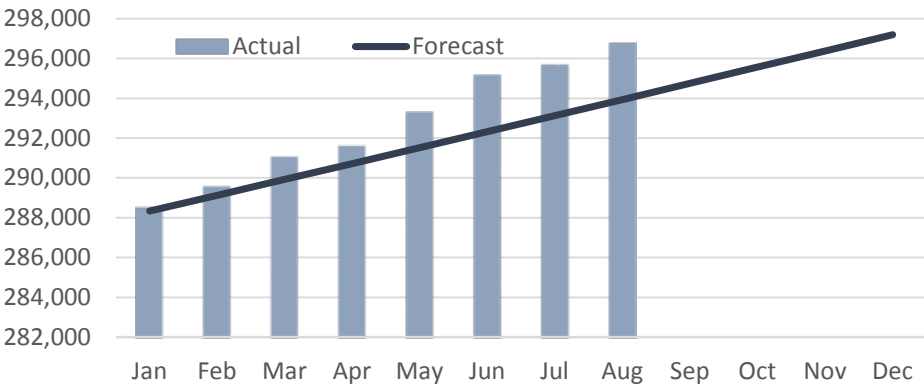
Energy Sales (GWh)



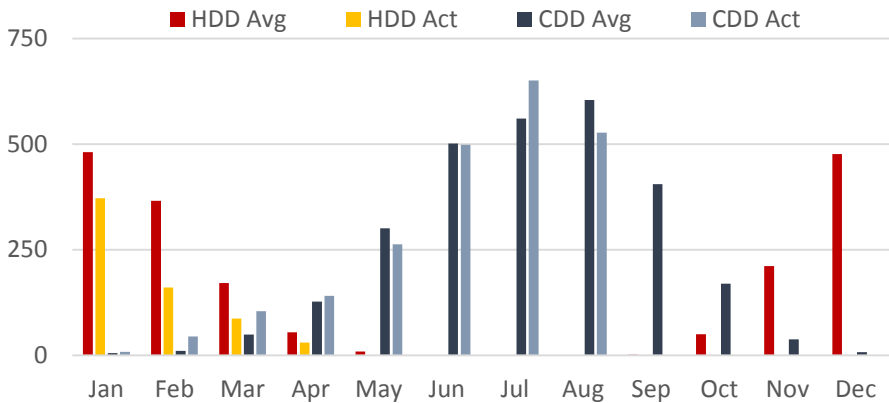
Cumulative Energy Sales (GWh)



Total Account Count



HDD* and CDD* Average vs Actual



Energy Services Update for August 2017

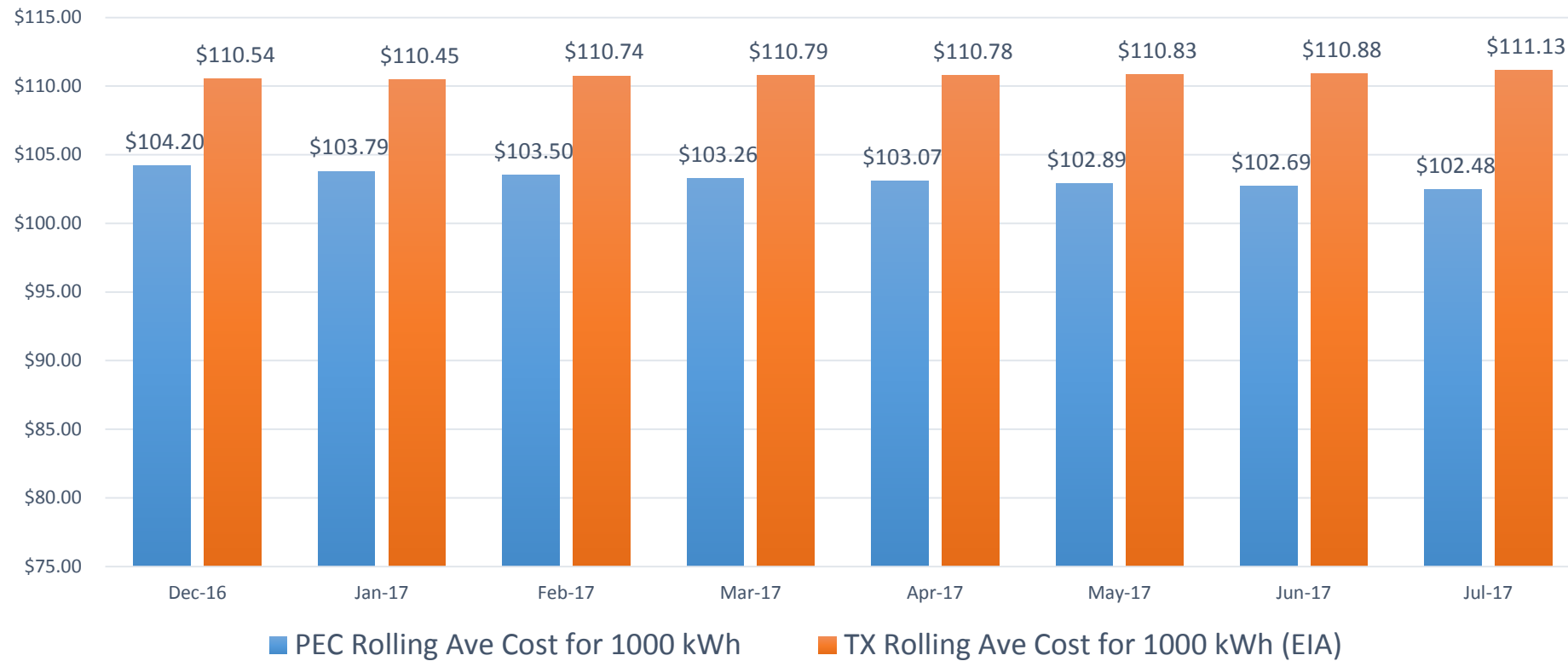
	2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Energy Audits Performed	281	20	21	19	17	38	62	48	52					277
Interconnections Complete	354	36	27	34	46	52	61	33	39					328
Residential Units Installed	1256	0	128	80	156	200	137	200	97					998
Residential Rebates Monthly (\$k)	\$440	0	41	25	49	65	44	63	31					318
Residential Rebate Budget Remaining (\$k)	NA	300	259	234	185	119	76	13	-18					-18
Comm. Rebate Applications Approved	18	0	3	1	3	4	1	1	4					17
Comm. Rebates Monthly (\$k)	\$143	0	24	1	15	5	2	22	26					95
Commercial Rebates Budget Remaining (\$k)	NA	200	176	175	160	155	153	131	105					105
Empower Loan Applications Received	29	0	1	1	0	4	3	4	2					15
*Empower Loans Final Approval Monthly	10	2	0	0	1	2	3	1	1					10

* The Empower Loan Final approval is contingent upon approval of the interconnection and installation



Rate Competitiveness - As of July 2017

PEC vs Texas 12 Month Total Effective Residential Rolling Average Cost at 1000 kWh



Rate Option Participation – August 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Conventional (Res)	166,465	165,993	166,638	166,423	167,192	168,412	169,131	170,532				
Esaver (Res)	18,182	18,545	18,661	18,778	18,882	19,125	19,089	19,101				
Ebilling (Res)	49,400	49,946	50,375	50,575	51,059	50,958	50,309	50,011				
Edraft (Res)	26,001	26,237	26,435	26,720	26,914	27,206	27,616	27,945				
Interconnections (Res)	1,270	1,319	1,355	1,399	1,444	1,501	1,504	1,574				
Water Wells	1,969	1,972	1,968	1,970	1,967	1,968	1,970	1,967				
Renewable Rider	352	352	352	352	352	369	369	371				
Time of Use	-	21	24	38	43	56	99	116				

Project Status August 2017

Project or Initiative	Status
Cost of Service Project	<ul style="list-style-type: none"> Initial cost of service model completed, tested, and verified, 2018 business plan alignment in progress Alternative rate analysis and rate planning underway
Distributed Solar Project	<ul style="list-style-type: none"> Construction has begun at Johnson City and Bertram site Equipment in Houston pending shipment to sites once security fences have been completed
“Cooperative” Solar Rate Option	<ul style="list-style-type: none"> Final Tariff Amendment approved by PEC Board in May 2017, Effective February 2018 Member application and sign up tool developed and in testing Testing of metering and billing system underway
Electric Vehicle (EV) Charging Pilot	<ul style="list-style-type: none"> Initiating first pilot installation in conjunction with Johnson City HQ remodel project Tariff amendment presented to support installation of public charging stations with charging fee
Demand Side Management	<ul style="list-style-type: none"> Strategy and planning in development
Empower Loan Program	<ul style="list-style-type: none"> Revise loan guidelines to adjust requirement for 12 Mo. billing history and add car charging stations as a covered loan item along with other minor adjustments and improvements
Power Supply and Energy Management Initiative	<ul style="list-style-type: none"> Draft policy prepared and implementation plan is underway
Time of Use (TOU) for Interconnected Members	<ul style="list-style-type: none"> Technical and system upgrades are in development
TCEQ Battery Storage Project	<ul style="list-style-type: none"> Turnkey RFP Drafted, with procurement for final sign off with anticipated release date of August 28th
Pre-paid	<ul style="list-style-type: none"> Rate Implementation Team is researching cost and implementation process with NISC. LOA under review for implementation by Q1 2018



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