



Cooperative Update

Julie C. Parsley, Chief Executive Officer

January 18, 2019

Board Meeting | Open Session

Welcome to the Oak Hill District Office!



Oak Hill District – Established 2007



Oak Hill staff who worked at the office on its opening day hold up a staff portrait taken at the office in 2007 (Nov. 2017)

Nov. 12, 2007 - PEC's Oak Hill district office opened

- Serving ~31,800 meters
- 1 traffic light between Oak Hill and Johnson City on Hwy 290
- Employees joined from many different offices to build the district
- Two lineworker crews

Oak Hill District – Today

Jan. 1, 2019

- Serving 51,176 meters
 - 1,813 net meter additions in 2018
 - 1,971 line extensions in 2018
- 16 traffic lights between Oak Hill and Johnson City on Hwy 290
- 57 employees
- Three six-man lineworker crews



86th Texas Legislative Session Began Jan. 8!

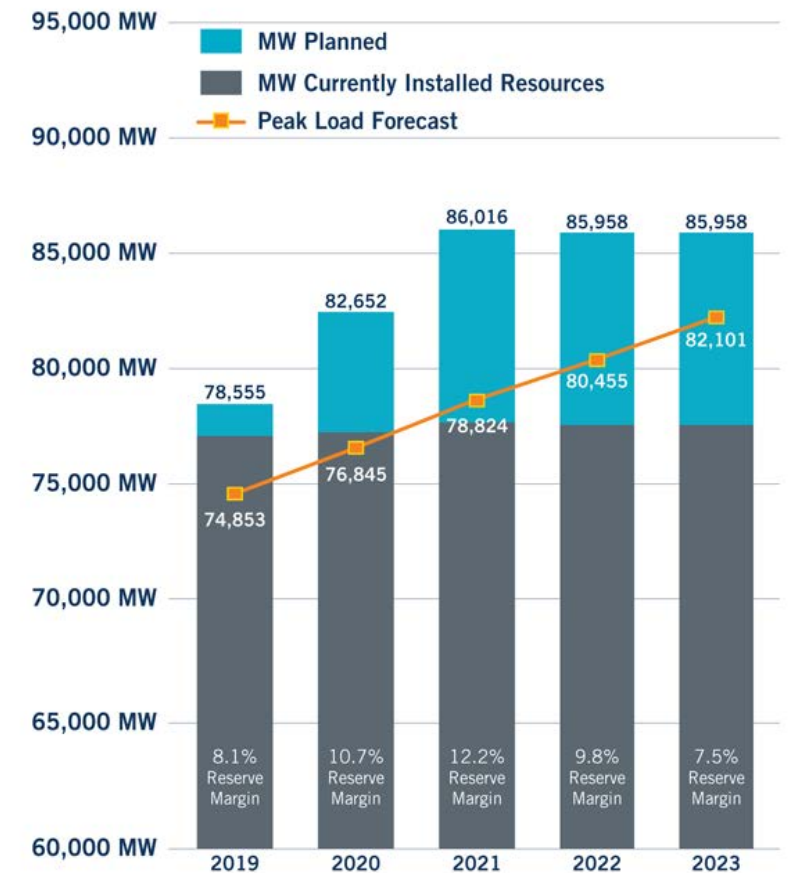


PUCT Scope of Competition Report - PUCT requested Legislative clarification on several items, including battery storage issues and cooperative ownership of battery storage

- Representative Dennis Bonnen unanimously elected Speaker of the House
- Bills of interest filed to date:
 - **Cyber Security** - SB 64 by Sen. Jane Nelson to create a Cybersecurity Coordination Program for Utilities, including electric cooperatives, and an approved cybersecurity vendor list
 - **Grid Security** - SB 76 by Sen. Bob Hall and HB 400 by Rep. Tony Tinderholt to create a Grid Security Council
 - **Siting within Municipalities** - HB 795 by Rep. Patterson allows a municipality to enforce zoning or land use restrictions against cooperatives

ERCOT Anticipates Another Tight Summer

- ERCOT released Capacity, Demand, and Reserves (CDR) Report on Dec. 4
 - Forecasted 8.1% planning reserve margin for summer 2019, down from 11% in summer 2018
 - Decrease driven by higher load forecast and generation delays or cancellations
 - Minimum Target Reserve Margin is 13.75%
- ERCOT system peak is 73,473 MW (set 7/19/18)
 - Expected to be 74,853 MW in Summer 2019
- ERCOT will release next assessment in March, and next CDR Report in May



Source: ERCOT News Release (Dec.4, 2018)



Summer Preparedness

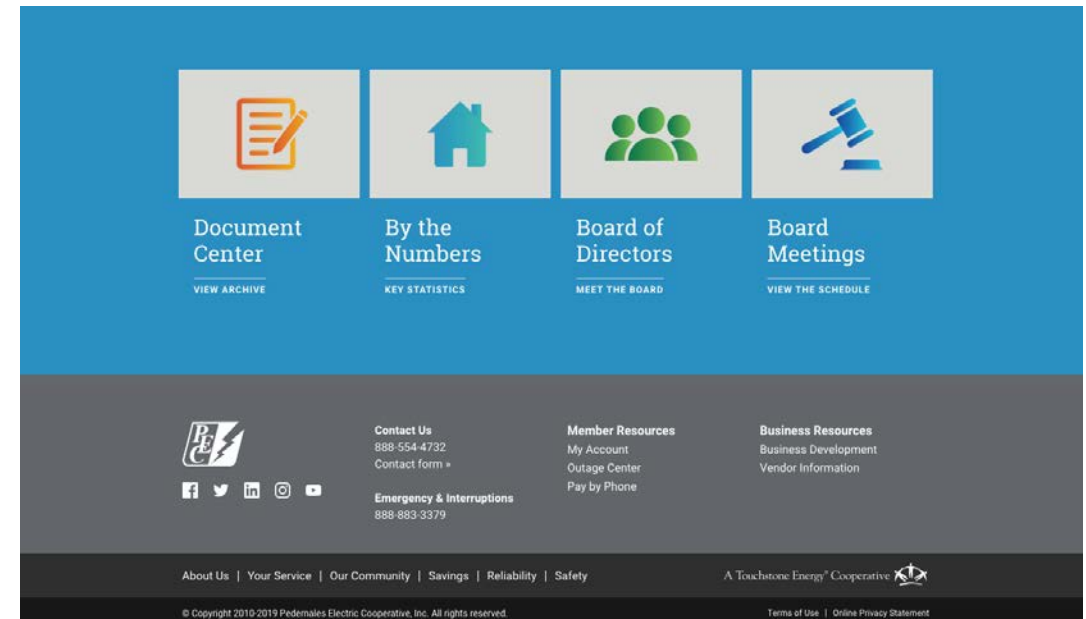
- PEC Staff met with PUCT Chair, ERCOT, and other market participants on Jan. 9 & 10 to discuss summer preparedness
 - Moratorium on planned outages beginning May 15 through summer
 - Train and practice for rolling outage simulations
 - Interest in collecting information on demand response, distributed generation, and voltage reduction
 - Coordinate messaging
- PEC has adequate generation procured through firm contracts to cover the needs of the membership
- If problems occur on the grid, PEC will provide as much notice as possible to members
- Will continue the Power Rush Hour campaign

Cooperative Communications

- Website revisions make PEC site easier to navigate and easier for members to find information
- PEC is finalist to win the 2018 Intranet Award for Design as presented by Ragan Communications for our Intranet Homepage Redesign!



New website homepage component



Other News Around the Cooperative

- Dripping Springs office reopened Jan. 7
- Cedar Park expected to reopen in March
- Petition packets for Board candidates available and posted on Jan. 15



2019 Anticipated Key Initiatives

- **Transmission** - Review transmission structure for future growth potential and successfully complete a transmission regulatory filing with the PUCT
- **Rates** - Conduct a full of cost of service rate review to ensure rates and fees are currently equitable and cost based
- **Procurement of Goods & Services** - Complete review of procurement practices and processes of the cooperative to ensure products and services are procured in the most efficient manner
- **Staffing** - Ongoing evaluation of the use of contractors versus employees to ensure the proper balance for the most cost-effective service to the membership

2019 Anticipated Key Initiatives (cont.)

- **Policies** - Review and revise existing policies, or create new policies, for critical areas such as: rates, power supply and energy management, and social media
- **Employees** - Create and implement an Employee Code of Conduct and an employee handbook to clearly outline duties and responsibilities for employees
- **Training** - Implement new in-house training for new employees, supervisors and management, OSHA compliance, and apprentices, including construction of facilities for the training
- **Facilities** - Upgrade existing offices for security and accessibility, and develop a measured plan for additional facilities to accommodate serving the future growth of PEC's membership

2019 Anticipated Key Initiatives (cont.)

- **Systems** - Upgrade and enhance systems for increased functionality, ease of use, and security, including OMS, mapping, automated vehicle location, iVUE, TWACS, SmartHub, MDM, and L+G Command Center
- **Electric system planning and operations** - Finalize long-range plans for the growth of PEC's transmission and distribution system to accommodate expected needs of the membership up to 20 years in the future, and successfully execute the planned transmission rebuilds/upgrades and distribution system voltage conversions

