



2021-2026 Strategic Plan



Pedernales Electric
Cooperative



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Letter from the **Board President**

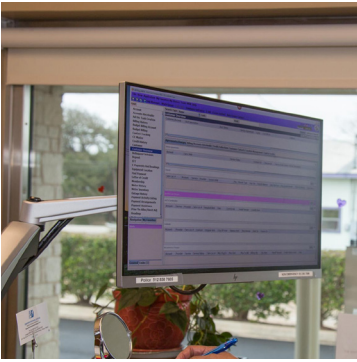
Pedernales Electric Cooperative has been in the business of delivering electric power to the Texas Hill Country for 82 years. During that time, we have grown in tandem with our membership, building our infrastructure and learning how best to meet the changing needs of the people and communities we serve. Our mission has always been and will always be to provide safe, reliable power at an affordable price. Accomplishing that mission year in and year out requires dutiful examination of our operations and deliberate decision making to ensure a healthy and prosperous future for our cooperative.

The PEC Board of Directors has employed strategic planning over the course of the last decade to ensure our unyielding commitment to our mission in the face of exponential changes in the electric power industry. Today's planning will build our resiliency and allow us to support our membership for years to come.

We developed the accompanying strategic plan in order to safeguard PEC's strong financial and organizational health with sound business decisions that will guide the cooperative through 2026. The plan provides a clear outline of our goals and the steps we will take to meet them. It will facilitate our main objective, which is the continuance of the exceptional service and value that you, our PEC members, have come to know and trust.

It is an honor to serve our fellow members and our keenly-felt responsibility to lead PEC's staff toward successfully accomplishing this plan. We look forward to keeping you informed on our progress over the next five years. I have full confidence in PEC's ability to meet the goals of this plan with direction and decisions that put the best interest of all members first.

Emily Pataki
District 2 Director/President



Introduction

At Pedernales Electric Cooperative (PEC), we aim to be a premier electric utility that prizes customer satisfaction and delivers maximum value to our members. Like other leading utilities in Texas, PEC must continuously study and assess its operations, the changing needs of the membership, and the electric power industry in order to achieve optimum performance. The PEC Board and staff periodically engage in strategic planning, reviewing the cooperative goals and initiatives and incorporating new objectives to keep us oriented towards our mission. The accompanying updated five-year plan is the product of our planning efforts. It outlines PEC's mission, vision, values, and strategic initiatives and provides our valued employee team with the measures it needs to successfully achieve them. We carefully reviewed the cooperative's overall operations and departments to ensure consistency and considered the most pressing challenges and questions we face today and could face in the future.

The PEC strategic plan balances our efforts to hold true to our founding purpose with the need to address the challenges of tremendous growth and changing industry standards. PEC's service territory, roughly 8,100 square miles of the Texas Hill Country, continues its rapid pace of growth and includes some of the nation's fastest-growing cities. Over the past few years we have annually added an average of 18,000 new accounts – more accounts than

exist in an average-sized electric cooperative. Economic forecasts demonstrate a continuance of this growth, and we are focused on meeting that demand with infrastructure additions, facility upgrades, and talent recruitment while maintaining safety, service levels and competitive rates for our members. In addition to growth considerations, we are committing to decisions that prioritize our core mission and safeguard the financial health of the cooperative. A solid financial position provides security for PEC's future and protects our members' assets. This strategic plan has been created with these elements in mind, methodically outlining our future plans while always preserving the high-quality electric service that we were originally constituted to provide. Our primary goals over the next five years will be to:

- **Maximize Value to Our Membership**
- **Achieve Operational Excellence**
- **Protect the Financial Health of the Cooperative**
- **Pursue Workforce Optimization**
- **Advance Tactical Safety and Security**

PEC's 2021-2026 strategic plan, along with its predecessors, seeks to live up to our reputation of providing excellent electric service to our membership. We will periodically provide updates on our progress and look forward to achieving these goals for the benefit of the cooperative.

Pyramid of Strategy Terms

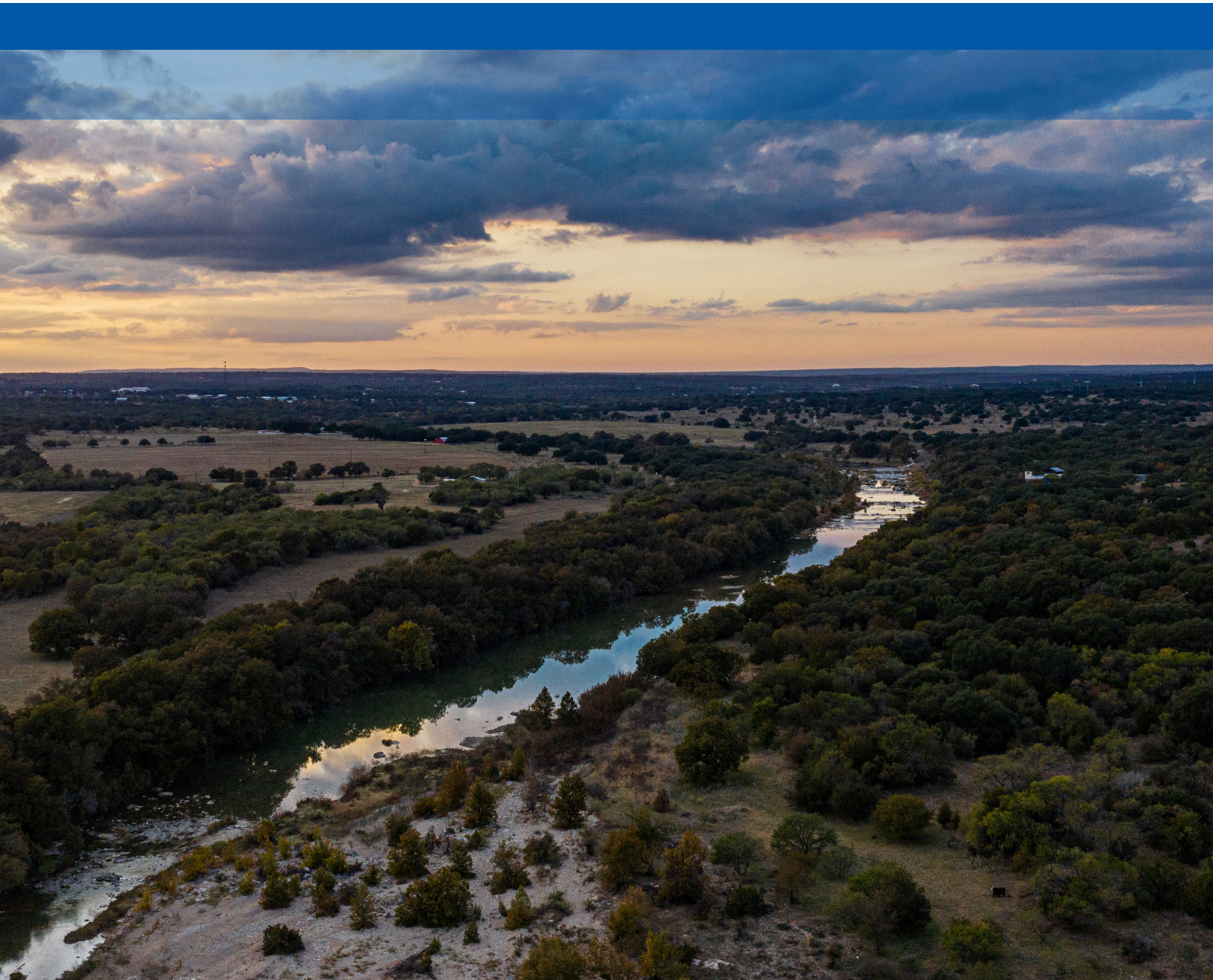


Mission

We are committed to delivering low-cost, reliable, and safe energy for our members.

Vision

PEC is recognized as a high performance organization, providing exceptional customer service and value to our members and communities.





Values

These values guide our decisions and direction to benefit our membership. Our core values are:

- **Integrity** - Through transparent business and operational practices, we are dedicated to earning and maintaining the trust of our membership.
- **Safety** - We are committed to ensuring the personal and information safety and security of our members and employees.
- **Service** - We are committed to delivering safe, reliable energy and services to our membership.
- **Accountability** - We strive to be good and responsible managers of the cooperative's resources for the benefit of our membership.



Board of Directors **Goals**

1. BOD Goal: Maximize Value to Our Membership

Objective 1 – Member Engagement

Develop a three-year member engagement campaign by 2022 to promote the benefits of cooperative membership.

Objective 2 – Community Partnerships

Establish a plan by 2022 to foster healthy and communicative relationships with state and local officials and authorities to benefit our membership.

Objective 3 – Customer Service

Establish member engagement and satisfaction programs by 2022 to maintain or surpass the American Customer Satisfaction Index (ACSI) benchmark.

2. BOD Goal: Achieve Operational Excellence

Objective 1 – System Maintenance

Establish a systematic and responsive system maintenance program targeting the 35 feeders with the highest SAIDI to improve reliability and lower SAIDI by 2025.

Objective 2 – SCADA, Control Centers & Related Technology Systems

Design and construct operational control centers by 2025 that meet applicable federal and state standards for system stability, and improved operations.

Objective 3 – Engineering Design Standards

Complete a detailed Engineering Standards guide by 2023 for all training, planning, and purchasing purposes across all districts.

Objective 4 – Develop Facilities and Real Estate Plan

Create a data-driven framework for the acquisition and disposition of real estate for facilities and system expansion by 2021.

3. BOD Goal: Protect the Financial Health of the Cooperative

Objective 1 – Financial Management

Develop processes by 2022 to increase individual employee awareness of and participation in the Cooperative's financial health.

Objective 2 – Rate Stability

Implement debt and capital restructuring best practices for rate stability, including the defeasance of 2002 bonds and the implementation of a commercial paper program, by 2022.

Objective 3 – Capital Spending

Create and fully implement a capital allocation model to support long-term capital spending by 2022.

4. BOD Goal: Pursue Workforce Optimization

Objective 1 – Technical Training

Train 80% of employees requiring technical or electrical skills utilizing the new PEC training facility by 2024.

Objective 2 - Workforce Development

Attract, retain, and develop our workforce by increasing employee skills, training, and external recruitment outreach by 20% each by 2023.

5. BOD Goal: Advance Tactical Safety and Security

Objective 1 - Safety and Security Culture

Develop a plan to promote a shared culture of safety, security, and privacy across the cooperative with full compliance by 2024.

Objective 2 - Cyber Security

Enhance systems and practices through 2025 to prevent and mitigate a cyber-incident to ensure business continuity.

Objective 3 - Work Environments

Improve the security of our work environments through completing the implementation of the Security Vulnerability Master Plan by 2024.



Organization and History

In 1938, with the assistance of then Congressman Lyndon B. Johnson, local farmers and ranchers came together to form Pedernales Electric Cooperative to bring electric service to the Texas Hill Country when no other utility would.

Our legacy of fortitude and strength, forged by the first generation of PEC membership, guides our cooperative today and defines how we serve our members and their communities. PEC is guided by seven cooperative principles:

- Voluntary & Open Membership**
- Democratic Member Control**
- Members' Economic Participation**
- Autonomy & Independence**
- Education, Training, & Information**
- Cooperation Among Cooperatives**
- Concern for Community**

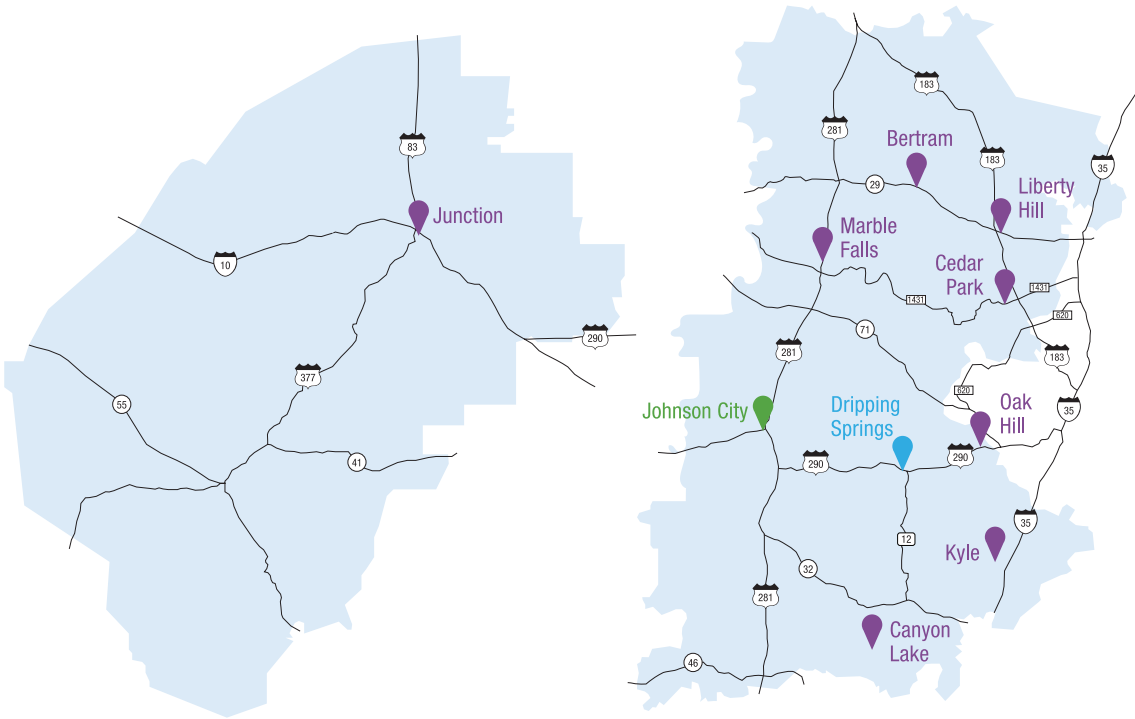
As a nonprofit, member-owned electric distribution cooperative, PEC has experienced

tremendous growth throughout its 83-year history, currently serving more than a million Central Texans in some of the fastest growing regions in the U.S. In 2020, the cooperative distributed over 6.5 billion kWh of electricity and added 18,283 meters.

Despite accelerated growth, PEC continues to set some of the most competitive rates in the state. To achieve this balanced success, constant review of processes, infrastructure, and organizational development is essential.

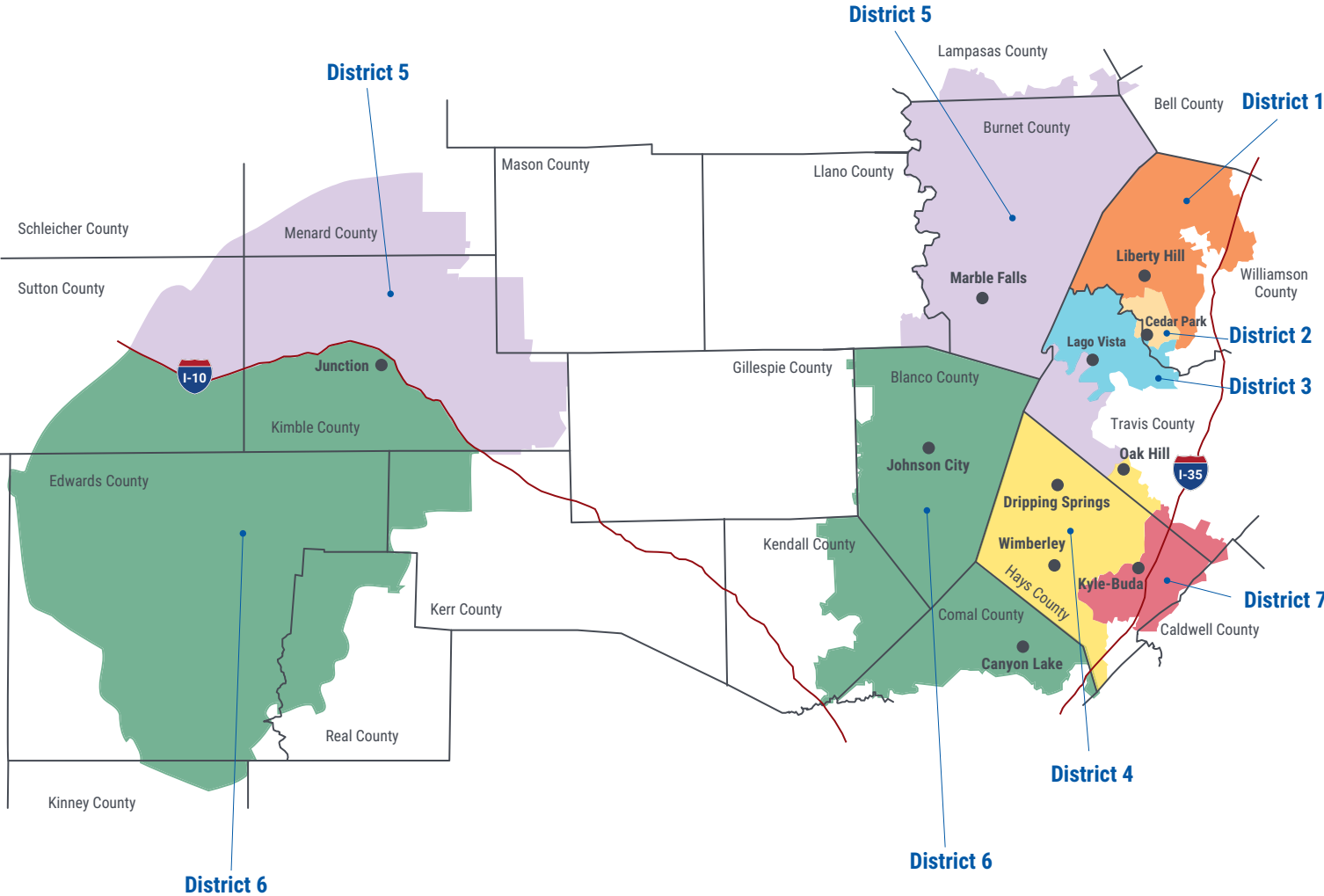
Today, CEO Julie C. Parsley leads a team of more than 870 employees. Ms. Parsley has used her considerable industry experience to realign the cooperative to meet the challenges of the ever-evolving energy sector while preserving our founders' dedication to member service.

PEC Service Territory

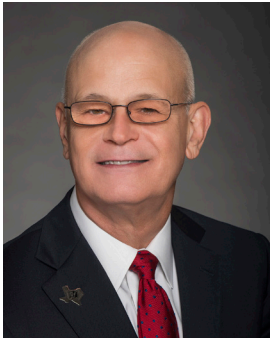


-  District Office
-  Business Office
-  Headquarters

PEC Board of Directors Map



PEC Board of Directors



Milton Rister
District 1 Director
Secretary-Treasurer



Emily Pataki
District 2 Director
President



Mark Ekrut
District 3 Director



Travis Cox
District 4 Director



James Oakley
District 5 Director



Paul Graf
District 6 Director



Amy Lea SJ Akers
District 7 Director
Vice President



PEC Executive Team

Julie C. Parsley
Chief Executive
Officer



Don Ballard
General Counsel



Eddie Dauterive
Chief Operations
Officer



Randy Kruger
Chief Financial
Officer



JP Urban
Executive Vice
President, External
Relations

By the Numbers

as of January 2021

348,280
Active Accounts

23,242
Miles of Line

1+ Million
Central Texans
Served

872
Employees

8,100
Square Miles

24
Counties



PEC will continue to focus on providing members the highest possible service at the best value. This strategic and member-driven plan provides our PEC staff with the direction it needs to serve and support our growing membership. Over the next five years, PEC will work to:

- Maximize our Value to our Membership**
- Achieve Operational Excellence**
- Protect the Financial Health of the Cooperative**
- Pursue Workforce Optimization**
- Advance Tactical Safety and Security**

We will accomplish this plan by aligning initiatives across all business units to collectively achieve our goals. PEC staff will insure accountability by continuously monitoring progress and providing data and regular updates to the Board of Directors, who will work to keep our membership apprised along the way.

Together, we look forward to meeting the goals outlined in this plan to enhance the cooperative experience, benefit all PEC members, and keep the cooperative strong.

