South Texas Electric Cooperative



April 2024 Newsletter

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Newsletter

In 1944, seven cooperatives came together with a unified goal and common vision to collectively control their own destiny. On March 24, 1944, South Texas Electric Cooperative, Inc. was born.

Eighty years ago, a vision was born—a vision to electrify our communities, to empower our members, and to drive progress through innovation and dedication. Today, as we look back on our history, we see the realization of that vision woven into the fabric of our cooperative. From our humble beginnings to becoming a cornerstone of our communities, we have remained steadfast in our commitment to serving our members and advancing the common good.

To each and every member of our cooperative family, thank you for your dedication, your resilience, and your unwavering commitment to our shared mission. Here's to 80 years of powering progress, and to many more years of success ahead.

MANAGER'S MESSAGE By Clif Lange

In thinking about the message for this quarter's newsletter, I thought a bit about our core values and wanted to spend a few moments focusing on communication. It plays a critical role in our cooperative's success and, along with safety, serves as the foundation for all that we do.



Communication is not merely a task to check off our to-do list; it's the heartbeat of our

organization. It's the conduit through which ideas are shared, plans are coordinated, and relationships are nurtured. As we navigate the complexities of our industry and strive to meet the needs of our Members, effective communication becomes more than just a convenience—it's a necessity.

There's obviously a myriad of ways we can communicate within our cooperative and with outside entities. From face-to-face interactions and meetings to emails, newsletters, and digital platforms such as Microsoft Teams, we have a wealth of tools available to us. Each channel serves a unique purpose, allowing us to tailor our message to the audience and convey information with clarity and precision. We've instituted numerous unique opportunities for engagement across the cooperative including our Safety Committee, Employee Standing Committee, staff meetings following Board meetings, HR communication meetings, suggestion boxes, and so many other means including the most recent addition, Watts for Lunch: Current Communications with Clif. As you know, we held our inaugural Watts for Lunch meeting in March with a group of 10 employees and I really enjoyed the opportunity to share what was occurring within STEC and the chance to answer questions and solicit feedback from those in attendance. It was a great inaugural event!



Core Values

Safety

Team Work

Integrity

Communications

MANAGER'S MESSAGE CONTINUED...

However, it's not enough to simply have these channels; we must also use them thoughtfully and intentionally. Clear, transparent communication fosters trust, encourages collaboration, and empowers every member of our family to contribute their best work. Whether you're sharing updates on a project, seeking input from colleagues, or providing feedback on a proposal, I encourage you to embrace open communication as a cornerstone of our cooperative culture.

Moreover, effective communication is a two-way street. It requires not only speaking but also listening actively and empathetically. An environment where every voice is heard, where questions are welcomed, and where feedback is valued serves as a catalyst for growth and improvement.

As we move forward, I urge each of you to prioritize communication in your daily interactions. Let's leverage our communication channels to their fullest potential, ensuring that information flows freely, ideas are exchanged openly, and collaboration flourishes. Together, we can strengthen our cooperative family and achieve our shared goals for the benefit of our Members.

Thank you for your dedication to excellence and your commitment to fostering a culture of communication within our cooperative. Your efforts make a difference, and I am grateful for each and every one of you!



Mission Statement

South Texas Electric Cooperative's mission is to provide the infrastructure and services to deliver reliable and economical electric power to a diversified membership.

SOUTH TEXAS ELECTRIC BOARD OF DIRECTOR NEWS

- STEC reached its 80th Anniversary on March 24, 2024.
- Rumaldo Juarez was nominated as the new Director representing Nueces Electric Cooperative (NEC).
- In March 2024, the Board toured the Pearsall transmission building and power plant and held meetings in Pearsall at La Luna Venue.
- President Barbara Miller attended the 2024 Employee Service Awards Luncheon.
- The Board approved participation in the 2025 NRECA International project in Guatemala. Following reconciliation of the TEC Group 7 2023 NRECA International project in Guatemala, STEC will donate unrestricted and restricted funds to NRECA International.
- STEC's private placement bond issuance was completed.
- Final status reports on the Corporate and Division Goals for 2023 were presented by staff. The Board approved the 2024 Corporate and Division Goals.
- The Board was updated on the Strategic Planning Key Initiatives.
- The Preliminary Year-End Margins & Patronage Capital Allocations were presented to the Board by Tabatha Temple.

BOARD OF DIRECTORS

Barbara S. Miller	President
Ron Hughes	Vice President
Paul T. Brysch, Jr.	Secretary/Treasurer
Larry Huesser	Asst. Secretary/Treasur
Clyde Stewart	Director
Eric Halfmann	Director
James Coleman	Director
Bruce Elliott	Director
Jim Harton	Director
Brian Acosta	Director
Rumaldo Juarez	Director
Varzavand "Avan" Irani	Director
Gary Raybon	Director
Trey Grebe	Director
Blaine Warzecha	Director
Trey Ruschhaupt	Director
Mike Ables	Director
Sammy Condra	Director

- Tabatha presented the CoBank Patronage Capital Allocation and Special Patronage Distribution.
- Tabatha reported that S&P Global Ratings' report was published on January 29, 2024 and affirms STEC's "A" rating with continued "stable" outlook.
- The presentation on STEC's Member Rate Components and Cost Drivers was given by Tabatha and Lucas Turner.

The Board of Directors of South Texas Electric Cooperative, Inc. are rural electric leaders who have either been elected to the Board of their distribution system or are managers of their distribution system. The Board consists of two representatives from each of its nine Member Cooperatives.

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SOUTH TEXAS ELECTRIC BOARD OF DIRECTOR NEWS

- Don Gray provided the Insurance Renewal Indications and Recommendations to the Board.
- The Professional Services Report was presented by Tabatha which included legal, engineering, and other professional services paid for in 2022 and 2023.
- Lucas presented ERCOT's Capacity Demand and Reserves (CDR) report and STEC's analysis of the data.
- The Board reviewed the Penascal PPA Extension and STEC's analysis on the extension offer and those from other entities.
- Cory Allen presented the 2023 Annual Outage Report and the 2024 Transmission Cost of Service Matrix.
- The Board reviewed and approved related revisions to Board Policies No. 109 (Service Awards for Employees and Directors), No. 201 (Personnel – Selection and Dismissal), No. 207 (Whistleblower), No. 228 (Family and Medical Leave), No. 301 (Compensation for Right-Of-Way Easements and Real Property), No. 305 (Relocation of Facilities at the Request of Other Parties), No. 321 (Planned Outages), No. 323 (Emergency Communications), and No. 483 (Parks and Recreation Area).
- The Board approved removal of Board Policy No. 361
 (Environmental Considerations) and Board Policy No. 363 (Substation Spill).
- The Board approved the 2023-2024 Employee Incentive Plan.
- The Board nominated four organizations for the CoBank Sharing Success Program with matching funds from STEC. The organizations are Children's Advocacy Center of Laredo-Webb County, Family Crisis Center, Inc., Helping Hands Ministry, and Hospice of South Texas.

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BOARD OF DIRECTORS

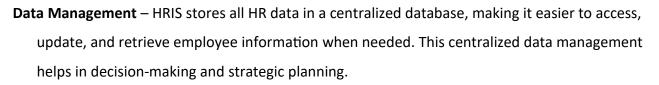
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HUMAN RESOURCES

The Human Resources Department continues to focus on innovation by embracing new technologies and creative solutions to enhance employee engagement and performance through the implementation of UKG, a Human Resources Information System (HRIS). Looking ahead, we are excited to continue our pursuit of innovative Human Resources practices that empower our workforce and contribute to the continued success of STEC. When human resources tasks are streamlined with digital data tools, it allows for information to be stored, monitored and overseen. Here are a few key points highlighting the importance of HRIS.

Why HRIS is Important?

- **Efficiency** HRIS automates and streamlines many HR tasks, reducing time and effort needed to manage various HR processes such as payroll, benefits administration, time and attendance tracking, recruiting, performance management, and training.
- Accuracy The use of HRIS reduces the likelihood of errors that can occur in manual HR processes, leading to more accurate data and ensuring compliance with regulations.



- **Reporting and Analytics** HRIS provides tools for generating reports and analyzing data, allowing HR to track trends, monitor performance metrics, and make informed decisions based on data-driven insights.
- **Employee Self-Service** Employees can manage their personal information, access documents, communicate with HR and Payroll.



Overall, HRIS plays a crucial role in modern HR management by improving efficiency, accuracy, data management, reporting capabilities, employee experience and compliance.



ACCOUNTING & FINANCE

The Accounting Department has new financial auditors this year. Bolinger, Segars, Gilbert & Moss LLP is currently reviewing and collecting information for the 2023 annual financial audit. We expect to have the final report in April 2024, for the Board of Directors' approval. We would like to thank everyone who assisted in the audit and thank you all for following STEC's financial policies and procedures, which helps to ensure the integrity and accuracy of the financial statements.

In January 2024, S&P Global Ratings affirmed STEC's 'A' Issuer Credit Rating and the outlook continued as stable. On February 28, 2024, STEC successfully closed on the \$150 million 2024 bond transaction with an interest rate of 5.68%, which included a spread of 135 bps above the treasury rate. KeyBanc and Cooperative Securities were STEC's placement agents for the transaction.

Year-end activity has been a primary focus for the division. Closing the books for 2023 is just the start of the reporting activities. Once the audit is completed, information needs to be accumulated for the annual Form 12 due to National Rural Utilities Cooperative Finance Corporation the last day of April and the annual report that is issued in May. By the end of April, compliance reporting is due to all the bond holders and lenders.

We are excited to welcome Elizabeth Abrigo to the STEC family and introduce her as the new Accounting Assistant. She joined STEC on March 5, 2024. She will soon become your direct contact for mileage and fuel cards. If you have any questions regarding fuel cards or mileage, please feel free to contact her at ext. 6426.

Clayton and Colten Perry, sons of Kim and Scott Perry, participated in the 2024 Victoria Livestock Show. Clayton placed 11th in the commercial heifer Class 1 division and 30th in the carcass lamb division. Colten placed Grand Champion in the commercial heifer Class 1 division and 25th in the carcass lamb division. The brothers built a wooden playhouse for the ag-mechanics show and received Reserve Grand Champion. Congratulations to both boys on all their hard work and dedication!

We would also like to congratulate Joshua Munoz, son of Mary Jane & Ysi Munoz, for making the Dean's List at University of Texas – San Antonio. Keep up the good work Josh!

RISK DEPARTMENT

Contracts Coordinator

DocuSign is now available to all STEC employees. Visit <u>https://account.docusign.com/</u> to access your account. Log in and give it a try the next time you need to send out a document for signatures.

Staff from Corporate and Member Services and the Power Delivery division represented STEC at the Mission Valley Elementary Career Fair on March 8, 2024. They promoted opportunities in many fields of work at STEC and gave a presentation on safety around electrical lines.



DATES TO REMEMBER

	Employee Hamburger Luncheon	May 24th
\mathbf{O}	Memorial Day Holiday	May 27th
)ERS	Independence Day Holiday	July 4th
	Employee Hamburger Luncheon	Aug. 30th
EM	Labor Day Holiday	Sept. 2nd
æ	Employee Chili Cook Off	Nov. 8th
	Thanksgiving Holiday	Nov. 28-29th
	Employee Christmas Party	Dec. 7th
	Children's Christmas Party (Sam Rayburn)	Dec. 12th
	Christmas Holiday	Dec. 24-25th

CORPORATE & MEMBER SERVICES

Compliance Department

Texas Reliability Entity (TexasRE) has completed the Off-Site Tabletop and the On-site portions of the 2024 Compliance Audit. At the conclusion of the on-site week TexasRE presented their Summary Briefing to STEC.

STEC received positive observations on EOP-011-2 R7 for implementing freeze protection measures based on forecasted conditions and actual conditions. As well as CIP-0014-3 R1 for performing a subsequent risk assessment when stations became applicable before the required 60-month deadline.

TexasRE provided ten recommendations that STEC will review and consider for implementation this year.

Any preliminary findings will be taken to the TexasRE Finding Review Team (FRT) for review and discussion. The FRT will review the findings and ensure consistency and completeness based on other engagements with similar findings. After the FRT meets an exit briefing will be held. The exit briefing will include a summary of the engagement team's conclusions including any positive observations, potential noncompliance, areas of concern, and recommendations.

Effective April 1, 2024, six Reliability Standards were updated by North American Electric Reliability Corporation (NERC) that effect STEC.

- FAC-003-5 Transmission Vegetation Management
- FAC-014-3 Establish and Communicate System Operating Limits
- PRC-002-4 Disturbance Monitoring and Reporting Requirements
- PRC-023-6 Transmission Relay Loadability
- PRC-026-2 Relay Performance During Stable Power Swings
- TOP-001-6 Transmission Operations

STEC's policy and procedure documents were updated to reflect these changes:

FAC-003-CMP-02 Transmission Vegetation Management Policy

- FAC-003-PLN-02 Transmission Line Right-of-way Vegetation Management Plan
- FAC-014-CMP-01 Establish & Communicate System Operating Limits Policy
- PRC-002-CMP-02 STEC Disturbance Monitoring and Reporting Policy
- PRC-023-CMP-02 Transmission Relay Loadability
- PRC-026-CMP-02 Relay Performance Policy
- TOP-001-CMP-02 Transmission Operation Policy

Environmental Department

The first quarter has been busy in the Environmental Department. Data for the annual 2023 air inventory was compiled for all three of South Texas Electric Cooperative power plants. Annual emissions inventories are required by National Ambient Air Quality Standard implementation rules and the Clean Air Act. All facilities must report regulated pollutants from point sources by the end of March, which was completed successfully. Air quality is important to everyone, as it can affect our health in many ways. That's why South Texas Electric Cooperative strives to comply with our permits and reduce emissions where possible.

One of the many reports that is submitted by the Environmental Department during this quarter is the Industrial and Hazardous Waste Annual Waste Summary. However, many people aren't aware that many of the products we use at home can also be classified as hazardous waste. Things like pesticides, fluorescent light bulbs, certain corrosive cleaners, and fuels are considered household hazardous waste. If generated by a household, they are not required to be handled as hazardous waste and can be thrown away with general trash. However, there are ways to dispose of this waste in a more protective manner and be more environmentally friendly. If you are interested in finding better ways to dispose of household hazardous waste, you can visit <u>www.tceq.texas.gov</u> and find Household Hazardous Waste Collection Programs in your area as well as additional information on how to dispose of this waste properly.

Safety Department

Training Task Force:

A main building block to understanding how to complete a job safely is training. Training comes in many different forms. Training may be instructor-led. Training may be conducted online through a webinar or Computer-Based Training (CBT). Training may be classroom-based. Training may be instructor-led. Training may be a combination of either of these that includes a hands-on element. Training may be on-the-job while being observed by a competent person. Training can take on many different forms.

STEC employees are encouraged to discuss any safety concerns or suggestions with any Safety Committee Member, and the members will update their departments in a timely manner of what the Safety Committee discussed in the past meetings. All STEC employees can also use the suggestion boxes around each facility and email concerns and suggestions to safety@stec.org.

Safety Department Continued...

The intent of training, from a safety standpoint, is to help you understand hazards associated with your job and give you the tools you need to safeguard against those hazards. Positive effects of safety training include a lower risk of injury or illness, better productivity, improved morale, and compliance with the law – just to name a few.



Over the past few years, the Safety Department has brought in instructors for Boom/Digger Truck, Confined Space Rescue, Defensive Driving, Excavation Competent Person, Grounding Safety, Level 2 DOT Inspection (State Troopers), Pole Top/Bucket Rescue, Rigging, and Stop the Bleed. I'm sure there are others I am just not thinking of, but the point is that there is a great focus on getting you the information necessary to help you be safe and successful in your respective role.

This year, STEC has formed a Training Task Force made up of representatives from the Power Delivery and Power Supply Divisions as well as from each STEC facility with the purpose of further enhancing our training efforts. This group will identify high risk jobs/tasks, the tools required to complete

those tasks, and further determine what competencies need to be met to ensure our personnel continue their success now, and into the future. These competencies will be job-centered with an element of safety built-in, like the already existing Lineman Apprenticeship Program.

It is a major undertaking; however, we will be able to leverage the new Learning Management System (LMS), powered by UKG, to build and track the competencies to completion. New and experienced employees alike will find value in the training plans put together by this Task Force, because there will be refresher-type training to allow for you to stay in tune with new technologies or industry best practices.

I am excited to see how it all ends up and encourage you to seek out who your representative is. If you ever participated in training at STEC in the past or while at a different organization and thought, "Hmm. That was great training. It really helped me to understand this aspect of my job better," then let your representative know about it. It will be considered as the training plans are built out.

Technical Services Department

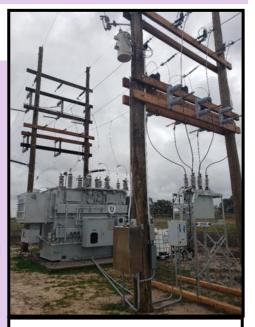
POWER DELIVERY



El Campo to Ricebird Communications: As a part of a LCRA line reconductoring project, the Ricebird to El Campo optical ground static wire was detached from the transmission poles and temporarily lowered and reattached. This fiber carries multiple station RTU communication links. As a precaution, a temporary wireless link was installed between the stations. Once the line work was completed, technicians tested each fiber pair between the stations and verified that the fiber was not damaged.

Jeff Carpenter installing an antenna at El Campo

Rio Colorado Temporary Station: The installation of the SCADA, metering and communications equipment at the Rio Colorado temporary station was completed while the permanent Jackson Electric Cooperative (JEC) delivery station is being constructed. A metering cabinet was wired, and a temporary meter was programmed, tested, and installed at the site. A Remote Terminal Unit (RTU) device was installed to monitor the transformer, the distribution feeder control, and the station transformer meter. A cellular radio was installed to provide the communications link for real time RTU data and meter billing data collection.



Rio Colorado temporary equipment installation



San Miguel to Fowlerton 345kV Line: SCADA alarm commissioning was completed at both the Fowlerton and San Miguel stations in preparation for the energization of a second 345kV line between the stations. The Fowlerton RTU required the installation of an expansion chassis to accommodate additional alarms. Coaxial cabling for the pilot channel carrier equipment was installed and terminated into the line tuning devices at both sites. Station to station signal checks for the primary fiber and secondary power line carrier systems were completed. These systems

Gary Cowey wiring a line tuner cabinet

provide a communications link for the protective relaying systems.

Technical Service Departments Continued...

Mathis Station Upgrades: The device configurations for the Mathis station were updated in preparation for the RTU replacement and breaker upgrades. A brief SCADA outage allowed the physical RTU to be swapped; once online, the distribution reclosers were function tested to System Operations and placed back in service. Additional station upgrades were completed to place new 69kV breakers in service.



Dwain Garber and Ben Ramsey at Mathis



SBEC Meter Transition: Substation meter transitions for San Bernard Electric Cooperative (SBEC) were completed at several substations. This project is associated with an asset transfer with LCRA. Work included terminating communications cabling, programming the cellular radios, downloading a standardized configuration template to the transformer meters, verifying real time SCADA values, and performing interval data collections with the MV-90 system. Once completed, the meter billing data will be retrieved directly by STEC, allowing Member billing to be completed in a timelier manner.

Josh Kovar updating the Colorado meter

Substation Department

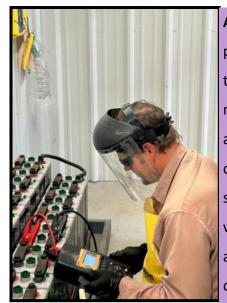
Fowlerton to San Miguel Project: Logan Johnson is performing end to end testing on the Fowlerton #2 to San Miguel #2 line at the Fowlerton substation. The testing is across the fiber path which includes the POTT (Permissive Overreaching Transfer Trip) and DTT (Direct Transfer Trip) schemes. These paths are communication trip paths between the two substations. Technician's setup test sets on both ends and synchronize them together using GPS satellites, which allows the test sets to run fault currents on both ends at the same exact time.



Substation Department Continued..

Jose Ramirez is working on control circuitry sheets from the trip tests that were performed for the Fowlerton #2 line breaker additions. Control Circuitry sheets are done on equipment that is greater than 100kV for NERC. Control Circuitry tests are one of the checks in of the PRC-005-6.





Annual Battery Maintenance: Jason West performs annual battery maintenance at the Botines substation. Annual maintenance tests gather information such

as internal resistance, strap resistance, individual cell voltage and overall battery voltage. Battery charger maintenance is done at the same time, which includes checking battery charger alarms, float voltage and equalize voltage. Eye solutions are verified to ensure they are up to date. Techs also verify that all battery maintenance PPE is onsite and in working condition.

Rio Colorado Substation: Bryce Byars and Klayton Pavliska are assembling a 69kV 15 MVA transformer at the Rio Colorado temporary substation. Setting a 69kV high side bushing, boom truck in the background, is helping lower the bushing in place along with the technician at the bottom guiding the bushing to attach the lead from the inside of the transformer.



Damaged CT wiring was found during the CT testing while the substation technicians were performing a ration test on the new 69kV 15MVA transformer at the Rio Colorado



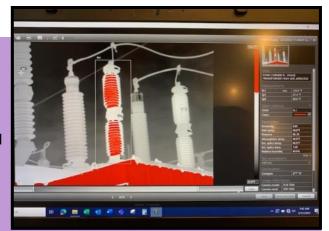
substation. Incorrect data showed a failed CT ratio test, the techs found in the damaged wires, made the proper repairs and data was shown to be corrected.



Substation Department Continued..

Mathis New GCB Installs: Jaydon Neito is landing field wiring inside one of the three newly installed GCBs at the Mathis 69kV substation. Substation technicians removed the old OCBs and field wiring, assisted Construction crew on pulling in new cable. Once the breakers were installed, the wiring and commissioning of the breakers started to take place with an in-service date of March 28, 2024.

Biannual Infrared Inspections: Substation technicians perform Biannual Infrared Inspections on all system equipment inside the substations. This is performed to identify hotspots on equipment that could potentially lead to substation outages. Once hot spots are identified, outages are scheduled, and repairs are made. The above image shows a 138kV high side lightning arrestor on the



138kV transformer at the Four Corners substation. With the assistance of VEC, we were able to back feed the Four Corners substation, allowing technicians to take an outage on the transformer to replace the lightning arrestor.



Taft Rehab Project: High Voltage technicians are hot sticking 69kV jumpers on a switch at the Taft substation. This is all part of the Taft rehab project due to the last extended outage in that area where several switches were unable to be operated.

Line Crew

Traylor's crew performed pole top rehab on one structure on the Rayburn to Highlands 69kV line. Replaced one broken pole on the Round Mott 69kV tap line. Performed comprehensive line patrol on twenty-four structures on the Carbide to 511, 138kV line. Assisted contractors with installing a three-way GOAB switch on the Bay City to Tin Top 69kV line to accommodate the temporary Rio Colorado 69kV line. They repaired a broken insulator on the Rayburn to Highlands 69kV line. Repaired a burned switch at the Olivia GOAB. The switch was on the Olivia GOAB to Carancahua 69kV line. Installed the high side switch, fuse assembly, and buss work of the Rio Colorado temporary substation. Performed comprehensive pole inspection on forty-three poles on the Central Avenue to 511, 138kV line. Replaced four structures on the Placedo to Vanderbilt 69kV line to raise the phase to ground vertical clearance. Replaced four helix anchors and eight guy wires on a double dead-end structure on the Nada to El Campo line that was damaged by a vehicle. Completed a comprehensive line inspection of twenty-three remaining structures on the Highway 511 to AEP Coffeeport 138kV line. Performed aerial patrol on the Port Lavaca to Port O'Connor 69kV line after multiple trips with the same target. The crew replaced one flashed insulator. Replaced two condemned poles on the Rayburn to Highlands 69kV line.

Andrew's crew repaired broken insulators on a double dead-end structure at the Central 69kV substation. Replaced one condemned pole on the Ricardo to Riviera 69kV line. Performed pole top rehab on thirtytwo structures on the Weser to Charco 69kV line. Repaired a broken-down guy on the Van Hum GOAB to Olivia GOAB 69kV line. Replaced three condemned poles on the Weser to Charco 69kV line. Performed annual hot stick and ground jumper testing and truck inventory. Replaced one storm damaged pole on the Olivia GOAB to Carancahua 69kV line. Installed low side switches, OCR, PT's and buss work on the Colorado temporary substation. Repaired a broken insulator on the Tin Top to Bay City 69kV line. Replaced one storm damaged pole on the El Toro to Inez 69kV line. Replaced three condemned poles on the Weser to Charco 69kV line. Replaced twelve condemned poles on the Weser to Charco 69kV line. Performed pole top rehab on thirty-two structures on the Weser to Charco 69kV line. This completed the rehab on this line section.

Line Crew Continued...

Pearsall's crew repaired a broken 138kV switch at Moore 138kV substation. Removed an old MOD at the Freer substation. Installed jumpers from the line to the 138kV buss at the Pearsall substation on the Pearsall to Moore 138kV line. Performed pole top rehab on thirty-one structures on the Holland to Freer 69kV line. Replaced two poles on the Batesville 138 to Crystal City Switch 69kV line to accommodate for a new MEC service crossing underneath. Replaced three poles on the Hondo to D'Hanis 69kV line to accommodate for a new MEC three phase under build. Completed annual hot stick and personal protective ground testing. Replaced three condemned poles on the Holland to Freer 69kV line. Replaced a damaged low side post insulator on an OCR bypass switch at Laredo substation. Repaired a broken guy wire on the Big Wells to Brundage 69kV line.

System Operations

System Operations has started 2024 busy, making sure all contractors and cooperatives have the holds necessary to complete their work. The new 345kV circuit from Cedar Canyon to Noelke was energized in February 2024 and the new 345kV circuit San Miguel to Fowlerton was energized in early March 2024. All the operators were glad to see these two major projects completed.

STEC service territory experienced a winter storm event January 15, 2024 through January 17, 2024. System Operation activated our Emergency Operations Plan by restoring planned outages on the transmission system, reviewing Load Shed procedures, and modifying work schedules to prepare for a possible Energy Emergency Alert (EEA) event. Fortunately, the ERCOT system did not have any issues meeting demand during the cold weather.

All System Operators are attending the Operators Training Seminar and EEA Load Shed Training at ERCOT in Taylor, Texas. The training lasts four days covering various topics related to ERCOT and daily operations. The training started the week of March 18, 2024, and runs for six weeks. This training is part of our continuing education program. Each system operator must acquire 200 hours of continuing education every three years per the North American Electric Reliability Corporation (NERC).

Engineering

The Engineering Department welcomes our new Planning Engineer, Kristian Norderhaug.

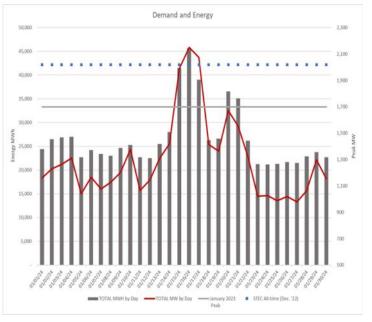
Congratulations to our Distribution Engineer Blake Daniel and his wife, Lauren, on the birth of their first child. Tatum Mae Daniel was born on January 23, 2024 at 9:39 AM. She weighed 6 pounds 6 ounces and was 19 inches.



POWER SUPPLY—Wholesale / Marketing

The QSE Department

STEC QSE made it through Quarter 1 in good shape. The winter season was mostly mild for the ERCOT market. The one key winter event occurred with Winter Storm Heather in mid-January. Winter Storm Heather arrived to the STEC Member footprint on January 12, 2024. Much of the preparations had been performed ahead of time, as the weather event was well forecasted in the meteorological world. The impact on our peak demand was uncertain due to some of the growth that had been seen last summer, but we were able to secure power to supply any



imbalance in forecast and actual load. STEC ended up setting a new peak load during Winter Storm Heather as seen in the graphic above. ERCOT, too, set a new peak demand record on January 16, 2024 at 78,496 MW.

With March comes the time of year in ERCOT known as 'outage season.' This is due to the number of resources taking outages coinciding with the time of year of less demand. For ERCOT, we have seen up to 28,000 MW of thermal conventional Resources not operating on any one day. This represents approximately 35-40% of the thermal capacity in the ERCOT region. This is very significant as demand is more at the whim of the renewable capacity as supply. So, even on relatively low demand days for ERCOT, there can be significant stress on the grid along with high prices. Fortunately, thus far in the outage season, the demand has been mild, and no significant heat has occurred to drive significant stress.

POWER SUPPLY

Wholesale/Marketing Continued...

In continuation of our QSE Department employee introductions, Jessica Schwab is the QSE featured employee for 2024 Quarter 1.



Name: Jessica Schwab

Title: System Analyst

What I do at STEC: I utilize simulation software for short- and longterm planning to assist the QSE Department in portfolio strategic planning efforts. I model ERCOT generation dispatch for use in Real-Time and Day-Ahead markets and Congestion Revenue Rights auctions, evaluate potential power supply resource acquisitions or retirement by running market simulations and sensitivities, and analyze impacts of generation and transmission outages on resource commitment and utilization. I additionally provide Congestion Revenue Rights bid strategies to mitigate congestion costs or to

increase revenue opportunities. I also participate in ERCOT working groups and meetings to provide updates on upcoming rule changes and market reform.

How long have I been at STEC: 9.5 years

Previous roles: Environmental Coordinator at STEC; Intern at TCEQ

Alma Mater: Texas State University - Go Bobcats!

Hobbies/Interests: Over the years, I have explored many hobbies and interests, including painting, reading, crafting, gardening, and cooking to name a few. I also enjoy staying active and love to participate in 5ks. I have run over fifteen 5ks and have placed first in my age group in several running events.

Pets: I have one feisty Corgi and six chickens!

Random thing about me: I grew up in Shiner, TX and graduated from a class of sixteen students. I still value the memories of growing up in a small rural community and the way people show up for each other. Being in a close-knit community means that everyone feels and supports the trials and tribulations everyone is going through. Whether it's raising money for someone's medical treatment, giving to fill a need, or stopping to put a spare tire on for a neighbor, everyone helps.

Pearsall Power Plant

Pearsall Power Plant Staff has successfully completed the second 32K maintenance for engine 22 and is currently working on completing the 32K maintenance for engine 6. The 32,000-hour maintenance is considered a major maintenance interval and includes the following activities. Renewing all main bearings,

renewing big and small end connecting rod bearings, renewing camshaft bearings, piston overhauls, cylinder head overhauls, renewing vibration damper, renewing gas admission valves, and completing the generator maintenance & testing. The 32,000-hour maintenance for engine 22 started December 15, 2023 and was completed February 2, 2024. The 32K maintenance for engine 6 started on February 22, 2024 with an expected completion date of April 5, 2024.

Plant Staff are continuing preventative maintenance outside the 32K major maintenance schedule. Pearsall Power Plant has been experiencing exhaust bellow failures on several engines. Exhaust bellow inspections are ongoing with multiple bellows changed out during the 32K maintenance.

Operations completed all winter weatherization activities and are preparing

for summer weatherization. They will be reviewing the summer weatherization procedures and performing inspections to prepare for the upcoming summer months.

February 20, 2024, Pearsall Staff had the opportunity to use the standby transformer during scheduled transmission work on our 138KV ring bus. The Pearsall Power Plant utilized the standby transformer to power up critical equipment needed to start the plant during the planned outage.

Pearsall plant operators have been reviewing black start procedure in preparedness for Pearsall's upcoming ERCOT black start qualification testing in April 2024.

Valley Office News

Southmost Substation

Commissioning continued at the Southmost substation with the testing of the 138/34.5kV transformer, 138kV breaker, 35kV breaker, Current Transformers (CT) and Potential Transformers (PT). Commissioning will be complete in April 2024.



John Garza leading the inspection for exhaust bellow failures



Valley Office News Continued...

Tres Lagos Substation: Construction is complete of the new 138/12.47kV station. A construction walk-through with the contractor, engineer and Valley Office personnel occurred on March 6, 2024.

Cable was installed between the battery charger, battery and the DC distribution panel to charge the batteries and provide DC power for testing. The assembly of the transformer was kicked off with the installation of the radiators. Transformer assembly, vacuum oil filling and commissioning will continue in April 2024.



Watts For Lunch!

Communication is a core value at STEC and we are continuously looking for opportunities to create new communications channels or enhance those that already exist. We encourage each employee to take the opportunity to engage with those across the organization to ensure that they are successful in their jobs and to ensure that the overall objectives of STEC are achieved. In addition, employees have the opportunity to visit and openly communicate with the General Manager. Encouraging each of these conversations is important and fosters growth across the organization.

With that core value in mind and with the intent of creating a new bi-directional communications channel, I am initiating a quarterly lunch meeting called, "Watts for Lunch – Current Communications with Clif".

Every quarter, 8 to 10 employees will be randomly selected to meet and discuss anything STEC over lunch. To ensure representation from across the company at each lunch, at least one attendee from Pearsall and one from the Valley will be selected for each meeting.



STEC Scholarships

STEC is proud to announce seven students were chosen to receive a 2024 STEC Scholarship. Scholarships provided through STEC are funded by employee contributions.

Congratulations to the following 2024 STEC Scholarship recipients!

Rachel Lange\$2,000Daughter of Clifton Lange

Ingrid Garza \$1,500 Daughter of Baldomero Garza

Vanessa Lange \$1,500 Daughter of Clifton Lange

Rylie Schutz \$1,500

Daughter of Clayton Schutz

Jack Bauer \$1,000

Son of John Bauer

Clint DuBose \$750

Son of JR DuBose

Kamdyn Janak \$750

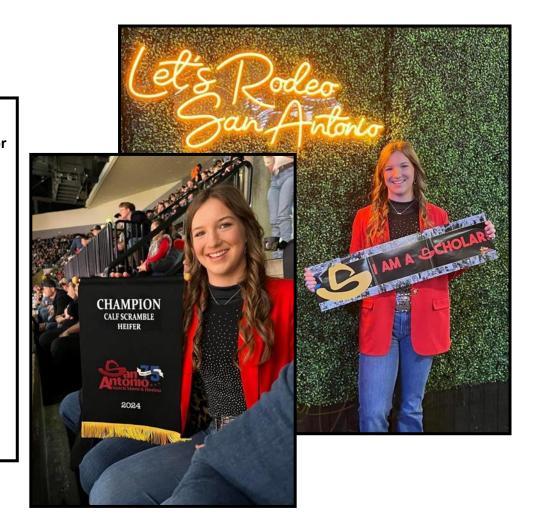
Son of Kyle Janak



Scholarship certificates will be presented to each awardee during their school's Scholarship Awards Ceremony by members of the Scholarship Committee.

Scholarships!

Ella Jander, daughter of Member Services Coordinator Dwight Jander, received a scholarship from the San Antonio Stock Show and Rodeo as the winner of the 2024 Calf Scramble Heifer Record Book.





Natalie Ohrt, daughter of Wendy Ohrt, won the \$10,000 scholarship from the San Antonio Stock Show & Rodeo as well as the All Around Cowgirl.

Easter 2024



STEC 2024 Employee Standing Committee

Power Deli	ivery Division		
First	Last	Office	Job Title
Demetrio	Garza	Donna	Relay Technician
Holly	Gifford	Rayburn	Transmission Project Coordinator
Dave	Gajer	Rayburn	Lead Mechanic
Anthony	Maldonado	Pearsall	Substation Technician
Todd	Utz	Rayburn	Technical Coordinator
Travis	Gillig	Rayburn	SCADA Programmer
Kyler	Dollins	Rayburn	Substation Technician
Melissa	Reynolds	Rayburn	Meter Data Processor
Power Sup	ply Division		
First	Last	Office	Job Title
John	Coyle	Pearsall	Maintenance Technician
Rebecca	Hauboldt	Rayburn	QSE Settlement Agent
Marcos	Banda	Red Gate	Maintenance Technician
Clayton	Schutz	Rayburn	Operator
Corporate	& Member Se	rvices	
First	Last	Office	Job Title
Kayla	Francis	Rayburn	Administrative Assistant
Melissa	Lara	Rayburn	CR Representative
Accounting	g & Finance		
First	Last	Office	Job Title
Christine	Carter	Rayburn	Asset Accountant
Administra	ation		
First	Last	Office	Job Title
Michelle	Gloor	Rayburn	Executive Assistant

Employee Standing Committee

On January 26, 2024, Clif, Andrew, and Brent got on stage before all STEC employees for a town hall style meeting where they shared their personal experiences after volunteering in Guatemala for the NRECA International TEC Group 7 Project.





The Easter bunny made visits to the families of the Sam Rayburn and Pearsall facilities! Thank you for bringing your families and sharing in the joy of Easter.





Employees from the Pearsall facility volunteered at the San Antonio Food Bank in Moore on March 21, 2024, and the Devine Food Panty on April 5, 2024. In addition, Pearsall staff built two front porch ramps through the Texas Ramp Project on March 1, 2024, (Hondo) and March 21, 2024, (Pearsall).

Each employee has 24 hours of paid release time allocated for use in 2024. The lists of approved organizations can be found at X:\4. ESC\6. Volunteer - Paid Release Time LIST and FORM.





EMPLOYEE STANDING COMMITTEE



Are YOU looking to volunteer? Let ESC help you find a qualifying organization in your area.

Contact your ESC Representative for more information.

Each employee has 24 hours of paid release time allocated for use in 2024.

The ESC continues to review applications for the Charitable Giving and Corporate Support program each month.

Approved Organizations for Paid Release Time (PRT)	Area
180 Ranch - Dilley	Pearsall Area
Bluebonnet Children's Center - Hondo	Pearsall Area
Bountiful Blessing Food Pantry - Pleasanton	Pearsall Area
Boys & Girls Club of Laredo	Pearsall Area
CASA of South Texas - Pearsall	Pearsall Area
Children's Advocacy Center of Laredo-Webb County	Pearsall Area
Children's Alliance of South Texas - Jourdanton	Pearsall Area
Community Services Agency of South Texas, Inc Carrizo Springs	Pearsall Area
Courage Ranch - Floresville	Pearsall Area
Cowboys Ranch - Floresville	Pearsall Area
Devine Food Pantry Ministry, Inc.	Pearsall Area
Dream Walkers Equine Therapy Center - Uvalde	Pearsall Area
El Progreso Memorial Library - Uvalde	Pearsall Area
Frio Friends of the Family - Pearsall	Pearsall Area
Habitat for Humanity of Laredo, Inc.	Pearsall Area
Holding Institute, Inc Laredo	Pearsall Area
Jamie's Ranch for Special Kids - McCoy	Pearsall Area
Laredo Regional Food Bank	Pearsall Area
Laredo Stroke Support	Pearsall Area
Medina Children's Home	Pearsall Area
Ruthe B. Cowl Rehabilitation Center - Laredo	Pearsall Area
Safer Path Family Violence Shelter, Inc Pleasanton	Pearsall Area
San Antonio Food Bank - Frio & Pearsall	Pearsall Area
South Texas Advancement Resource - Aguilares	Pearsall Area
Southwest Family Life Centers, Inc Hondo	Pearsall Area
St. Henry de Osso Family Project	Pearsall Area
Texas Ramp Project – San Antonio South Region	Pearsall Area
Volunteers Serving the Need - Laredo	Pearsall Area
Voz de Ninos - CASA - Laredo	Pearsall Area

Please print out the Paid Release Time Verification Form before you volunteer. It will need to be signed by the coordinator of the organization you are volunteering at. You can find the form in the XDrive: X:\4. ESC\6. Volunteer - Paid Release Time LIST and FORM



Approved Organizations for Paid Release Time (PRT)	Area
American Heart Association - Corpus Christi	Sam Rayburn Area
Billy T. Cattan Recovery Center – Victoria	Sam Rayburn Area
Blessing Cup Storehouse, Inc.	Sam Rayburn Area
Bluebonnet Youth Ranch - Yoakum	Sam Rayburn Area
Boys & Girls Club of Cuero	Sam Rayburn Area
Boys & Girls Club of DeWitt County	Sam Rayburn Area
Boys & Girls Club of El Campo	Sam Rayburn Area
Boys & Girls Club of Palacios	Sam Rayburn Area
Children's Discovery Museum of the Golden Crescent - Victoria	Sam Rayburn Area
Christ's Kitchen - Victoria	Sam Rayburn Area
Community Action Committee of Victoria	Sam Rayburn Area
Community Action Corporation of South Texas (CACOST) - Alice	Sam Rayburn Area
Corpus Christi Hope House, Inc.	Sam Rayburn Area
Corpus Christi Pregnancy Center	Sam Rayburn Area
Courage Ranch – Karnes County	Sam Rayburn Area
Crossroads Autism Network - Victoria	Sam Rayburn Area
Crossroads Guardians of Hope - Victoria	Sam Rayburn Area
Educating Children's Future Community Center – Corpus Christi	Sam Rayburn Area
Food Bank of the Golden Crescent - Victoria	Sam Rayburn Area
Golden Crescent CASA - Victoria	Sam Rayburn Area
Goliad County Outreach	Sam Rayburn Area
Gulf Bend Center - Victoria	Sam Rayburn Area
Halo-Flight, Inc Corpus Christi	Sam Rayburn Area
Helping Hands Ministry of El Campo	Sam Rayburn Area
Hospice of South Texas - Victoria	Sam Rayburn Area
Marine's Toys for Tots	Sam Rayburn Area
Mid-Coast Family Services - Victoria	Sam Rayburn Area
Operation Homefront Inc Corpus Christi	Sam Rayburn Area
Pain to Purpose, Inc Victoria	Sam Rayburn Area
Palacios Area Fund of Communities Foundation of Texas	Sam Rayburn Area
Palacios Community Hub	Sam Rayburn Area
Pregnancy Help Center of the Crossroads Area - Port Lavaca	Sam Rayburn Area
Promise Pointe - Victoria	Sam Rayburn Area
Tennis Success, Inc Corpus Christi	Sam Rayburn Area
Texana Center - El Campo	Sam Rayburn Area
Texas Ramp Project - Victoria Region	Sam Rayburn Area
The Ark Assessment Center & Emergency Shelter	Sam Rayburn Area
The Children's Center - Victoria	Sam Rayburn Area
The Nave Museum (Victoria Regional Museum Association)	Sam Rayburn Area
The Riding Therapy Center - Victoria	Sam Rayburn Area
Victoria Ballet Theatre	Sam Rayburn Area
Victoria County Master Gardener Association	Sam Rayburn Area
Warriors Weekend - Victoria	Sam Rayburn Area
West Side Helping Hands – Corpus Christi	Sam Rayburn Area
Women Growing Together Express Network - Victoria	Sam Rayburn Area

Approved Organizations for Paid Release Time (PRT)	Area
Access Esperanza Clinics - McAllen	Valley Area
Affordable Homes of South Texas, Inc McAllen	Valley Area
Alzheimer's Association - RGV Walk to End Alzheimer's	Valley Area
Boys & Girls Club of Harlingen	Valley Area
Boys & Girls Club of Pharr	Valley Area
Boys & Girls Club of San Juan	Valley Area
Boys & Girls Club of Weslaco	Valley Area
Cameron County Children's Advocacy Center's - San Benito	Valley Area
Capable Kids Foundation, Inc.	Valley Area
CASA Hidalgo	Valley Area
Children's Advocacy Center of Hidalgo & Starr Counties	Valley Area
Comfort House Services, Inc McAllen	Valley Area
Community Development Corporation of Brownsville ("cdcb") YouthBuild	Valley Area
Family Crisis Center, Inc.	Valley Area
Food Bank of the Rio Grande Valley, Inc Pharr	Valley Area
Good Neighbor Settlement House - Brownsville	Valley Area
Good Samaritan Community Services	Valley Area
Habitat for Humanity RGV - McAllen	Valley Area
House of Grace Group Home Ministries - Harlingen	Valley Area
La Posada Providencia	Valley Area
Loaves & Fishes of the RGV, Inc Harlingen	Valley Area
Lupus Foundation of America – TX Gulf Coast Chapter (Harlingen)	Valley Area
Make-A-Wish Foundation of the RGV	Valley Area
Nevaeh's Kidz Conquering Cancer - Edinburg	Valley Area
Open Hands Community Charitable Services - Donna	Valley Area
Operation Homefront - Weslaco	Valley Area
Rainbow RGV Community Partners aka McAllen Rainbow Room	Valley Area
Rio Grande Habitat for Humanity - McAllen	Valley Area
Rio Grande Valley Literacy Center - Pharr	Valley Area
Ronald McDonald House Charities of the RGV	Valley Area
Silver Ribbon Community Partners - McAllen	Valley Area
South Texas Empowerment of Women Center (Starr of Hope) - Rio Grande City	Valley Area
South Texas Literacy Coalition - Edinburg	Valley Area
Special Olympics Texas RGV	Valley Area
Texas Ramp Project – McAllen Region	Valley Area
The Salvation Army - McAllen	Valley Area
True Love United - Pharr	Valley Area





ESC Year to Date Donation List



Access Esperanza Clinics, Inc McAllen
Affordable Homes of South Texas, Inc McAllen
AIM Strong, Inc McAllen
Alzheimer's Association – RGV
American Red Cross – Hill Country
Billy T. Cattan Recovery Center – Victoria
Boys & Girls Club of Cuero
Boys & Girls Club of El Campo
Boys & Girls Club of Harlingen
Boys & Girls Club of Palacios
Capable Kids Foundation – McAllen
Children's Advocacy Center of Laredo-Webb County
Children's Alliance of South Texas - Atascosa County
Children's Alliance of South Texas - Frio & LaSalle Counties
Children's Alliance of South Texas - Jourdanton
Children's Alliance of South Texas - Wilson & Karnes Counties
Christ's Kitchen – Victoria
Community Action Committee of Victoria
Corpus Christi Hope House, Inc.
Corpus Christi Pregnancy Center
Courage Ranch
Courage Ranch – Karnes County
Cowboys Ranch - Floresville
Crossroads Guardians of Hope – Victoria
Devine Food Pantry
Donum Dei, Inc. dba The Riding Therapy Center of Victoria

Educating Children's Future Community Center – Corpus Christi
Food Bank of the RGV – McAllen
Gulf Bend Center - Victoria
Hospice of South Texas - Victoria
Jamie's Ranch for Special Kids - McCoy
Loaves & Fishes of the RGV – Harlingen
Make-A-Wish Foundation of the Rio Grande Valley
Open Hands Community Charitable Services
Operation Homefront - Corpus Christi
Operation Homefront - Weslaco
Palacios Community Hub
Pregnancy Help Center of the Crossroads Area – Port Lavaca
Rio Grande Habitat for Humanity
Ruthe B. Cowl Rehabilitation Center
Safer Path Family Violence Shelter, Inc.
South Texas Life Skills – Devine
Special Olympics Texas - Weslaco
Teens Grounded, Inc Victoria
Texas Ramp Project – San Antonio Area
Texas Ramp Project – Victoria Region
The Salvation Army - McAllen
True Love United - Pharr
Victoria County Master Gardener Association
Volunteers Serving the Need – Laredo

Lineman Appreciation Lunch!



2024 SERVICE AWARDS

Power Delivery

Emitt Gomez	5 years
Jason West	5 years
Jeffrey Carpenter	5 years
Andrew Jackson	10 years
Cory Hernandez	10 years
Epimenio Sanchez	10 years
Pablo Carrizales	10 years
Raul Serna, Jr	10 years
Christopher Beard	15 years
Kathryn Ross	15 years
Melissa Reynolds	15 years
Melissa Reynolds David Jaeger	15 years 20 years
David Jaeger	20 years
David Jaeger Jim Smith	20 years 20 years
David Jaeger Jim Smith Robbie Leuschner	20 years 20 years 20 years
David Jaeger Jim Smith Robbie Leuschner Doye Bethke	20 years 20 years 20 years 25 years

Corporate & Member Services

Brenda Svetlik	5 years
Cynthia Brown	5 years
Marvin Franklin	5 years
Darilyn Mueller	15 years
Norman Walters	25 years

Power Supply

Carl Hermes	10 years
Rebecca Hauboldt	10 years
Clayton Rickman	15 years
John Bauer	15 years
Lucas Turner	15 years
Jason Kurtz	20 years





Kristian Norderhaug began working at STEC as the new Transmission Planning Engineer on February 15, 2024.



Elizabeth Abrigo began working at STEC as the new Accounting Assistant on March 7, 2024.



Carlos Rendon began working at STEC as a new Lineman at the Pearsall location on February 27, 2024.



UPCOMING MEETINGS

May 2024

ESC Committee Meeting	2
Safety Committee Meeting	2
Safety Training Meeting (Nursery)	13
Safety Training Meeting (Nursery)	14
Safety Training Meeting (Red Gate / Donna)	15
Safety Training Meeting (Pearsall)	16
Supervisor Training	20
Committee Meeting	22
Board Meeting	23
STEC Annual Meeting	23
Supervisors Meeting	23
Employee Appreciation Lunch	24
Memorial Day Holiday	27



Upcoming



June 2024

ESC Committee Meeting	6
Safety Committee Meeting	6
Safety Training Meeting (Nursery)	17
Safety Training Meeting (Nursery)	18
Safety Training Meeting (Red Gate / Donna)	19
Safety Training Meeting (Pearsall)	20
Committee Meeting	26
Board Meeting	27
Supervisors Meeting	27

South Texas Electric Cooperative

2849 FM 447 P.O. Box 119 Nursery, Texas 77976 361.575.6491 www.stec.org

