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CEO

I am really excited about this month's article as it represents the fourth article this year describing PRECorp's Strategy. I started in February with a discussion on our Moonshot and followed up discussion on three of our six strategic initiatives for the year which include our Culture, RAMPP, and Power Pitch initiatives.

This month I want to talk about our Ten-Year Rate Design initiative. You may recall from my February article on the PRECorp Moonshot that we envision a future where the first 1000 kWh of energy usage will be at or near zero cost by 2050. It is important to understand the cost we are hoping to drive to zero, will be the energy component of the bill.

2019 Initiatives:

- MAY 1. RAMPP - Focus on what is important
- MAY 2. Power Pitch - Employee driven improvements to technology or systems
- JUNE 3. Ten-Year Rate Design - Controlling each part of a member's bill
- 4. Ten-Year Digital Strategy - Improve efficiency for members and the cooperative
- 5. Strategic Awareness - Build knowledge of the strategy with employees and members
- APRIL 6. Culture Management - Develop employee leadership and innovation

Go to www.precorp.coop/strategy-map to see past initiative columns.

MOONSHOT:
Drive down costs so that the first megawatt hour of energy usage is at or near zero by 2050.

per-kWh charge in order to recover the costs needed to provide you with safe and reliable electric service.

In this type of rate structure, there is not much visibility into the true aspects of what the costs are and how we recover them. If we realized our Moonshot today, we would not be able to show you on the bill where those savings are really coming from in a clear and transparent manner. Transparency, through providing you greater detail of these costs, is one aspect of the Ten-Year Rate Design strategy. Having this level of detail will allow you, and you cooperative, the ability to better control the costs that are driving these rates. We will do this in very small steps over time so that you are not overwhelmed with information and continue to produce a bill that is easy to read and understand.

Another aspect of the Ten-Year Rate Design strategy is that we will become even more focused on the various costs that go into the rate. That awareness will help us find more efficiencies and opportunities to control and reduce costs. Last month the Board formed a special committee to work with staff on the Ten-Year Rate Design strategy to make certain our focus remains on our member-consumers as we move forward.

As you all know, rates and reliability are where the rubber meets the road. It is really difficult to hold rates when overall sales are in decline. During times of declining sales, it is tempting to relax standards to save costs and unfortunately reliability can erode. PRECorp has been able to keep focused on our standards, and has been improving reliability at the same time that our sales are declining. This is quite unusual. This is one of the benefits of our strategic focus and vision.

We are anticipating a rate increase in mid 2020. The study work we are currently doing and our efforts on the Ten-Year Rate Design strategy will ensure that our rates are the best we can possibly do while keeping the PRECorp system operating efficiently, safely, and with quality of service in mind. I will be keeping you apprised as the numbers develop and our strategy is implemented. Please keep an eye out for next month's article on our remaining Strategic Initiatives for 2019.

I hope you enjoy your summer!

Mike

