

Member

M1.
Help me realize the greatest value for every kWh purchased.

M2.
Anticipate my needs as an owner and provide me with great service.

M3.
Be my trusted and reliable resource for all my energy questions and cheerfully support my energy decisions.

M4.
Be a good corporate citizen and lead by example.

Financial

F1.
Maintain just and reasonable rates that are fair and equitable.

F2.
Ensure predictability and stability in rates.

F3.
Control expenses and provide a fair return on equity for everyone.



MIKE EASLEY,
CEO

In last month's CEO Straight Talk article, I introduced you to our 2018 Strategy Map by describing PRECorp's Mission, Vision, and our exciting Moonshot. The PRECorp Moonshot is a long-term, aspirational goal which we hope will become a major part of the way we think about our business and how we make decisions. The PRECorp Purpose is the reason for our existence, drawing from our legacy of improving the quality of life for those we serve. The PRECorp Vision provides us guidance and speaks to how we go about fulfilling our Purpose.

This month I wanted to talk about two important categories, or perspectives, of outcomes that we hope to realize as we fulfill our Purpose, while being guided by our Mission: "Member" and "Financial". (Shown above.) Within each of these perspectives are four member-related outcomes and three financial related outcomes which we have identified as being the most important to you, our member-owners.

The four outcomes in the Member perspective are: **M1:** Help me realize the greatest value for every KWH purchased; **M2:** Anticipate my needs as an owner and provide me with great service; **M3:** Be my trusted and reliable resource for all my energy questions and cheerfully support my energy decision; and, **M4:** Be a good corporate citizen and lead by example. Our goal is to align our actions and priorities to deliver these results to you so that you will have a truly cooperative member experience.

In addition to the four outcomes in the Member perspective, there are three outcomes that we are striving for in the Financial perspective. These are: **F1:** Maintain just and reasonable rates that are fair and equitable; **F2:** Ensure predictability and stability in rates; and, **F3:** Control expenses and provide a fair return on investment (equity) for everyone. As we go about the business of running PRECorp and keeping your lights on, we will be measuring our success

by how well we deliver on the outcomes in this Financial Perspective, ultimately demonstrating stewardship and financial strength.

If you take a look at each of these perspectives, it is easy to see that we are looking for great financial outcomes as well as member satisfaction. We understand that you value both quality in how we serve you as well as the costs and financial benefits you experience as a member-owner of PRECorp.

Our focus is on service quality and financial outcomes and how we balance these two are major undertakings of the PRECorp Team. Keeping these two areas in balance is at the heart of the cooperative experience and is the focus of our strategy.

We continue to face many challenges as our largest commercial and industrial members continue to face hardships relating to declining markets and increasing costs. Over the years we have designed rates so that there are virtually no subsidies between classes. This has created a level of financial stability for PRECorp. That does not mean that we all would not feel some impact if a segment of our member base ceased operations. All our members still share in bearing the costs of common facilities and certain fixed costs, and the loss of a segment of our membership will shift costs to the remaining members. Our strategy has been to move our rates to cost of service, and this strategy is important to help us manage the challenges we continue to face.

Organizations must focus on both Strategy and Operations simultaneously - operations preserves value, and strategy creates new value. It is important that we maintain our focus on operations while at the same time leveraging strategy to create new value for you, our member-owners.

Next month I will continue to explain our new Strategy Map and the value that it will bring to you now and in the future.

Mike