

CPS ENERGY BOARD OF TRUSTEES

NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, April 25, 2022 at 1:00 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, April 22, 2022, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at **publiccommentregistration@cpsenergy.com** or by phone at **(210) 353-4662**. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Designate whether public comment will be provided in person or virtually
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

In-person commenters, followed by virtual commenters, will be called to speak in the order that each registers.

Written comments may be sent to **publiccommentregistration@cpsenergy.com**. Note that written comments will not be read during the Board meeting.

The agenda packet is attached. It and other informational material may be found at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.html>

A recording of the meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
April 20, 2022

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2022 APR 20 PM 2:12



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON APRIL 25, 2022 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning:

- attorney-client matters under Section 551.071;
- deliberations and other authorized action on real property under Section 551.072;
- prospective gifts or donations under Section 551.073;
- personnel under Section 551.074;
- security personnel or devices under Section 551.076;
- economic development negotiations under Section 551.087;
- deliberations, voting or taking final action on competitive matters under Section 551.086;
- deliberations regarding security audits and devices under Section 551.089; or
- deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Geronimo Gonzalez
3	PUBLIC COMMENT Pre-Registration on Friday, April 22, 2022 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	CHAIR'S REMARKS	Discuss	Dr. Willis Mackey
5	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
6	MONTHLY PERFORMANCE UPDATE	Discuss	Dr. John Soltau
CONVENE TO EXECUTIVE SESSION			
7	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
8	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on 02/28/22 B. Payment to the City of San Antonio for March 2022 C. Procurement Items 1. General Services: New Electric and Gas Infrastructure Installation Services (Mr. Richard Medina) 2. General Services: Joint Trench Gas and Electric Service Installation (Mr. Richard Medina)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
9	ENERGY EFFICIENCY & CONSERVATION PROGRAM	Discuss	Mr. Rick Luna
10	APPOINTMENT & NOMINATION OF VICE-CHAIR FOR THE RATE ADVISORY COMMITTEE (RAC)	Vote	Ms. Ann Kinnard
11	FY2023 FINANCING TRANSACTIONS	Vote	Mr. Geronimo Gonzalez
12	ADJOURNMENT	Execute	Dr. Willis Mackey
If the Board meeting has not adjourned by 3:50 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.			

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Draft for review and approval at the
April 25, 2022 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON FEBRUARY 28, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of February was held on Monday, February 28, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Dr. Mackey called the meeting to order at 1:00 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg (arrived at 1:03 p.m.)

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
CPS Energy staff members
City of San Antonio officials
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Andrew Higgins, Senior Director.

III. PUBLIC COMMENT

1. Henrietta Legrange expressed concerns about safety in the community, including the number and condition of lights, and the need for additional tree trimming to prevent outages.
2. Anacua Garcia, Community Organizer, Southwest Workers Union, stated the recent rate increase disproportionately impacts low income residents. Families that received utility assistance still have utility debt and need additional assistance. She requested CPS Energy prioritize these working families.
3. DeeDee Belmares, Climate Justice Organizer for Public Citizen, urged clean energy sources instead of lower emitting sources. She further requested the Board of Trustees act on the FlexPOWER Bundle. She requested an open and public process to the discuss closure of the

Draft for review and approval at the
April 25, 2022 meeting

Spruce Power Plants. She finally noted STEP is popular and effective, and requested the Board make the solar program more effective.

4. Jake Tucker stated he assisted community members in obtaining utility assistance through EHAP, and he believes utility rates are unaffordable when combined with other expenditures that are rising. He requested a more equitable rate structure, debt dismissal, and an end to household disconnections. He finally urged for the immediate closure of the Spruce Power Plant.
5. Isabel Nineto, Texas Rising and student at UTSA, stated that CPS Energy should close the Spruce Power Plant earlier than 2030 and replace it with clean energy.
6. Christopher Majorca, resident and researcher at Rewiring America, stated all utility companies need to transition away from coal and natural gas to cleaner sources. He stated CPS Energy should close the Spruce Power Plant not later than 2030 and replace it with a renewable energy source.
7. Julian Villareal, resident, stated there is an urgent need to act on climate change as evidenced by the report from the Intergovernmental Panel on Climate Change (IPCC) released today. He also stated that STEP needs to be enhanced and expanded to low-income residents. Mr. Villareal also provided his comments in Spanish.
8. Lexi Garcia, Texas Rising, expressed difficulties in signing-up for public comment. She stated there is an urgent need to act on climate change and must move to clean energy by closing the Spruce Power Plant by 2030 and replacing it with clean energy.
9. Emma Pabst, Sierra Club, stated she opposed the \$50M investment for new drainage ponds at the Spruce Power Plant. She stated the community has not had time to review and analyze the proposal to determine if it is the right option.
10. Terry Burns, former chair of Sierra Club, stated the expenditure for new drainage ponds at the Spruce Power Plant was not included in the previous budget discussion. He urged the Board to reject the approval and close the Spruce Power Plant.
11. Russel Seal, Sierra Club member and member of many other environmental organizations, stated natural gas is a problem. He stated CPS Energy should immediately close Spruce I and convert Spruce II to an intermediate plant utilizing cleaner fuel.
12. Dr. Meredith Maguire, Sierra Club, stated that distributed energy resources such as solar panels and battery storage are important to address climate change and would build micro grids to have greater demand management. She further stated CPS Energy must develop rate incentives to reduce usage and develop an advanced rate design.

IV. CEROMONIAL INSTALLATION OF DR. FRANCINE ROMERO

Chair Dr. Mackey welcomed Trustee Dr. Romero to the Board of Trustees. He noted that Trustee Dr. Romero has been sworn-in by the City Clerk, and due to COVID-19 precautions the regular ceremony activities would not occur. The Board of Trustees took photographs and welcomed her to the Board.

Draft for review and approval at the
April 25, 2022 meeting

V. INTERIM CEO'S REPORT

Mr. Rudy Garza began by congratulating Trustee Dr. Romero on her joining the Board.

Mr. Garza stated CPS Energy's refunding transaction was very successful. The high demand of debt sold at a significant premium which reduced our debt by \$50M and achieved interest savings of nearly \$5M. This success signifies confidence in our credit.

Mr. Garza then gave an after-action report on Winter Storm Landon, noting outages were primarily from ice and trees. Longer outages were limited to four neighborhoods, and he noted that CPS Energy is increasing the Vegetation Management budget by 70% to address these harder to reach areas. He concluded by sharing information on efforts to inform the community on being prepared for winter weather.

Mr. Garza then stated that CPS Energy has ongoing supply chain constraints. He sent a letter to PUC in response to their request to coordinate with them on supply chain challenges. CPS Energy is implementing medium and long-range actions to limit negative impacts, including refurbishing transformers.

Mr. Garza concluded with recognizing Ms. Teresa Green, Manager of Procurement for Commodities. Ms. Green stated that her team purchases all of the goods that CPS Energy crews and contractors use on a day-to-day basis, and that their hard work made this recognition possible.

Trustee Steen noted Trustee Kelley drafted his parting comments on his 11 years as a CPS Energy Trustee and his thoughts on the road ahead. Trustee Steen shared copies of Mr. Kelley's comments and asked that the comments be included in the minutes.¹

VI. RESOLUTION ON GENERATION PLANNING

Chair Dr. Mackey asked Ms. Shanna Ramirez to read the proposed resolution aloud.

Chair Dr. Mackey introduced and read a potential amendment. In discussion, Mayor Nirenberg suggested a friendly amendment. Following discussion, Chair Dr. Mackey made a motion to adopt the resolution as amended and read his proposal. The motion was seconded by Vice Chair Gonzalez, and upon a 4-1 vote, the resolution was approved as amended. Trustee Steen voted against the adoption of the resolution.

RESOLUTION REGARDING CPS ENERGY'S REMAINING COAL UNITS AND GENERATION PORTFOLIO STRATEGY

WHEREAS, CPS Energy continually strives to be financially responsible and a strong steward of the community's assets while effectively balancing Security, Safety, Reliability, Resilience, Customer Affordability and Environmental Responsibility; and

WHEREAS, CPS Energy and this Board of Trustees are constantly exploring new technologies, considering ways to innovate, and improving operations; and

¹ The Statement of Ed Kelley, CPS Energy Board of Trustees is attached as Attachment A.

Draft for review and approval at the
April 25, 2022 meeting

WHEREAS, the Board of Trustees has charged CPS Energy to develop and execute its Flexible PathSM strategy, over the short, mid and long terms; and

WHEREAS, in early February 2021, CPS Energy issued its Flexible PathSM Resource Plan, and will continue to keep this Board of Trustees updated on its execution; and

WHEREAS, the impacts of the 2021 winter storm on CPS Energy and the entire ERCOT grid demonstrated the importance of reliability and resiliency through weatherization; and

WHEREAS, CPS Energy is committed to continually seeking public input about its generation strategy from all customer groups and stakeholders including the Rate Advisory Committee and Citizens Advisory Committee; and

WHEREAS, this generation strategy needs to consider a wide range of technologies, that creates a balanced generation portfolio to ensure high levels of Reliability and Resilience even during peak events; and

WHEREAS, this Board of Trustees directs CPS Energy management and our Rate Advisory Committee to consider the costs, timeline and generation alternatives necessary to transition from coal to lower emission cleaner alternatives by the 2030 timeframe; and

WHEREAS, the recommendations made after such considerations will be brought to the Board for oversight and consideration, and be shared publicly; and

WHEREAS, CPS Energy has over a team of over 3,000 talented and dedicated individuals whose mission it is to serve its customers with gas and electric utility service; and

WHEREAS, the generation planning shall consider retaining impacted employees, as well as hiring for the competencies and skills needed to operate, manage, and optimize new and evolving generation technologies.

WHEREAS, in 2019, the CPS Energy Board of Trustees adopted a resolution affirming its support for the City of San Antonio's Climate Action and Adaptation Plan, its goal to become carbon neutral by 2050, and its interim goals of reducing greenhouse gas emissions 41% from 2016 levels by 2030 and 71% by 2040;

NOW, THEREFORE, BE IT RESOLVED, CPS Energy Board of Trustees hereby directs CPS Energy to update and present its Flexible PathSM Resource Plan to this Board annually; and

BE IT FURTHER RESOLVED, CPS Energy Board of Trustees hereby directs CPS Energy to provide to the Rate Advisory Committee, to the extent allowed by law, contractual obligation, security and confidentiality limitations, the assumptions and information utilized in the generation planning model. This will allow the Rate Advisory Committee to evaluate and have informed discussions on costs, risks, timeline, and generation alternatives available to lower emission alternatives while maintaining reliability. As requested, the Rate Advisory Committee will report their findings and make its recommendation to this Board.

Draft for review and approval at the
April 25, 2022 meeting

VII. PROCUREMENT PREVIEW

A. General Services – Context for item 10 F1: Spruce Plant Drains Pond Project

Mr. Rudy Garza introduced Mr. Benny Etheridge and noted that the item has been included in the CPS Energy budget since 2014 to ensure compliance with federal regulation as the EPA went through its rulemaking process.

Mr. Benny Etheridge provided a presentation on the EPA's Coal Combustion Residual Rule, and the resulting requirement that CPS Energy construct new drainage ponds at the Spruce Power Plant. Mr. Etheridge also requested board approval for the construction contract.

VIII. COMMITTEE ASSIGNMENTS

Chair Dr. Mackey stated the proposed committee assignments, and confirmed the discontinuation of the Master Planning Oversight Committee (MPOC). Mr. Garza responded that the work of the MPOC was largely complete, and that former Trustee Kelley suggested concluding the MPOC. On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the committee appointments were approved.

IX. EXECUTIVE SESSION

At approximately 2:41 p.m., Ms. Shanna Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Attorney-Client Matters (§551.071)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 3:55 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

X. APPROVAL OF CONSENT ITEMS

On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved.

Draft for review and approval at the
April 25, 2022 meeting

A. Approval of Payment to the City of San Antonio for January 2022 & Additional Transfer to the City of San Antonio for FY2022

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of January 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$200,143,984.93, less applicable exclusions. The revenue for the month of January 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$201,682,501.59
Gas revenue	45,111,627.77
Interest and other income	2,495,225.43
Gross revenue per CPS Energy financial statements	<u>249,289,354.79</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,087,562.61)
LVG revenue per City Ordinance 100709	(54,630.19)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(25,511,771.85)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	<u>(17,491,405.21)</u>
Total excluded revenue	<u>(49,145,369.86)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$200,143,984.93</u>
City payment per Bond Ordinance for January 2022 based upon January 2022 revenue	\$28,020,157.89
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	322,812.51
Wholesale Special Contract Annual True Up	583,156.67
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True Up/ (Down) per gas customer MOU	<u>(7,555.90)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	28,906,071.17
Utility services provided to the City for January 2022	<u>(2,657,634.81)</u>
Net amount to be paid from January 2022 revenue to the City in February 2022	<u>\$26,248,436.36</u>

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

Draft for review and approval at
the April 25, 2022 meeting

(Dollars in thousands)

January 2022	Actual	Budget	Variance	
Current Month* A	\$28,906	\$31,323	(\$2,417)	-7.7%
Year-to-Date**	\$352,460	\$360,277	(\$7,817)	-2.2%

* This amount does not include any additional funding authorized by the Board of Trustees.

** Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2022 – Additional Transfer per Bond Ordinance

Total \$11,599,665.25 B

Approval of the following resolution is requested:

- A "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$26,248,436.36 representing 14% of applicable system gross revenues for the month of January 2022, such payment being net of City utility services (\$2,657,634.81), is hereby approved."
- B "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$11,599,665.25, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A. The amounts paid routinely during the year, net;
- B. The additional distribution paid once for the year.

B. Approval of Assistant Treasurer Appointee (Ms. Julie Johnson and Ms. San Juanita Loredo)

The following resolution was approved:

**RESOLUTION APPROVING APPOINTMENT OF
ASSISTANT TREASURER FOR THE CPS ENERGY BOARD**

WHEREAS, the CPS Energy Board of Trustees is required to designate and authorize specific officers and staff to conduct financial transactions on behalf of CPS Energy; and

WHEREAS, Cory Kuchinsky serves as Treasurer to the Board of Trustees; and,

WHEREAS, Shannon R. Albert, who serves as an Assistant Treasurer and as the VP Business Excellence will be leaving CPS Energy after more than 22 years of service; and,

Draft for review and approval at the
April 25, 2022 meeting

WHEREAS, effective February 28, 2022, San Juanita Loredo, who currently serves as the Director of Operations Budgeting, will assume responsibilities for managing and directing certain financial transactions that require Board of Trustees approval and will be providing support to the Board related to these financial matters; and,

WHEREAS, Shannon R. Albert will continue to serve as an Assistant Treasurer to the Board of Trustees through March 15, 2022, in order to assist in the transition of San Juanita Loredo as an Assistant Treasurer; and,

WHEREAS, Julie Johnson and Maricela Benavides will continue to serve as Assistant Treasurers to the Board of Trustees; and,

WHEREAS, one Treasurer and three Assistant Treasurers will facilitate effective and timely financial transaction coverage;

NOW, THEREFORE, BE IT RESOLVED that the CPS Energy Board of Trustees hereby approves the appointment of San Juanita Loredo as an Assistant Treasurer to the Board of Trustees, effective February 28, 2022.

C. Approval of Procurement Items:

1. General Services: Spruce Plant Drains Pond Project
Purchase Category: General Services
Supplier: Wood Group USA, Inc.

*The listed Procurement Item to be attached as Attachment "A".

XI. COMMITTEE REPORTS

Chair Dr. Mackey accepted the submission of reports for the record in lieu of having them read during the meeting.

Master Planning & Oversight Committee (MPOC) Meeting held on January 31, 2022

A report of the MPOC meeting, which took place on January 31, 2022, was posted with the public notice of this meeting and will be attached (as Attachment "A") to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) and Audit & Finance (A&F) & Aligned Risk Sub-Committee Meetings held on January 20, 2022

A report of the EBOC, A&F and Aligned Risk Sub-Committee meetings, which took place on January 20, 2022, was posted with the public notice of this meeting and will be attached (as Attachment "B") to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) Meeting held on January 20, 2022

Draft for review and approval at the
April 25, 2022 meeting

A report of the EBOC meeting, which took place on January 20, 2022, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

Audit & Finance (A&F) Meeting held on January 20, 2022

A report of the A&F meeting, which took place on January 20, 2022, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

XII. RATE ADVISORY COMMITTEE UPDATES

A. Amendment of Bylaws

Ms. Ann Kinnard, Director and Chief of Staff, Customer Service, presented the proposed amendment to the Rate Advisory Committee (RAC) Bylaws. The Board discussed the proposed amendment.

On a motion duly made by Mayor Nirenberg, seconded by Vice Chair Gonzalez, and on a 4-1 vote, the amendment to the bylaws was approved. Trustee Steen voted against the amendment to the RAC Bylaws. He noted that his opposition to the bylaws amendment is because the RAC is an advisory body to the Board of Trustees and its purpose is to provide thoughtful input and perspectives to CPS Energy management and the Board of Trustees on rate structure and rate design for proposed rate increases and generation planning issues, and to allow councilmembers to remove their appointees without cause would not be fair and would prevent thoughtful discussion at the RAC. He stated that RAC members put a tremendous amount of time and effort into learning about CPS Energy and its rate structure and should be able to complete their two-year term.

Chair Dr. Mackey requested that the bylaws be amended in the future to allow Trustees to remove appointees similar to this bylaw change for Councilmembers to ensure fairness.

B. New Appointees

Ms. Ann Kinnard, Director and Chief of Staff, Customer Service, provided a presentation on the nominees to the Rate Advisory Committee (RAC) by Councilmembers to represent two council districts:

- District 3 Nominee: Phyllis Viagran
On a motion duly made by Chair Dr. Mackey, seconded by Mayor Nirenberg, and on a 4-1 vote, the appointment of Councilmember Phyllis Viagran was approved. Trustee Steen voted against the appointment. He stated that he respectfully believes the appointment of a councilmember to the RAC was not contemplated when the RAC was established and created potential for the RAC to no longer be advisory in nature, especially if other councilmembers appointed themselves to the RAC. He also added that he believed this was an example of politization of CPS Energy.
- District 7 Nominee: Dr. Adelita Cantu

Draft for review and approval at
the April 25, 2022 meeting

On a motion duly made by Trustee Steen, seconded by Trustee Dr. Romero, and on a 4-1 vote, the appointment of Dr. Adelita Cantu to the RAC was approved. Vice Chair Gonzalez voted against the appointment.

- C. Nomination of Vice Chair - Chair Dr. Mackey tabled the nomination of the Vice Chair for the Rate Advisory Committee to allow more time for Trustee Dr. Romero to become more familiar with the Committee as its liaison.

XIII. WINTER STORM URI LONG-TERM DEBT APPROVAL

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented on the Winter Storm Uri Long Term Debt Approval and requested Board approval of the resolution. He noted that if the Board approved the long-term debt financing, CPS Energy would present it City Council for approval later in the week.

On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the following resolution was unanimously approved.

A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF TAXABLE OBLIGATIONS DESIGNATED AS "CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS" AS FURTHER DISTINGUISHED BY PURPOSE, SERIES, LIEN PRIORITY, TIME OF ISSUANCE, AND METHOD OF INTEREST RATE CALCULATION (WHETHER FIXED OR VARIABLE); THE APPROVAL OF AN OFFERING DOCUMENT RELATING TO EACH PUBLICLY SOLD SERIES OF OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the City Council) of the City of San Antonio, Texas (the City), authorizing the issuance of the currently outstanding first lien revenue bonds and junior lien revenue bonds, respectively (the Senior Lien Obligations and the Junior Lien Obligations, respectively, and collectively, the Outstanding Obligations), the complete management and control of the electric and gas systems (the Systems) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the Board), during the period of time any of the Outstanding Obligations are outstanding and unpaid; and

WHEREAS, the Board has determined that one or more taxable series of revenue refunding obligations designated as "City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds", as further distinguished by series, year of issuance, purpose of issuance, lien priority, time of issuance, and method of calculating interest rate (whether fixed or variable rate) for distinction in the event of multiple issuances (together, the Obligations), in the aggregate maximum principal amount of \$422,000,000 should now be issued by the City to provide funds for the purposes, as applicable, of (i) refunding the Refunding Candidates (as such term is defined in the hereinafter-defined Ordinance) and (ii) paying costs of issuance of the Obligations; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the

Draft for review and approval at the
April 25, 2022 meeting

issuance of additional obligations secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Ordinance and that will be on parity with or subordinate to certain of the heretofore issued Outstanding Obligations secured by and payable from, on a series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Obligations, consent to the issuance of the same, approve the ordinance authorizing each series of the Obligations (the Ordinance), including the approval and distribution of the disclosure documents relating thereto, as applicable, and agree to comply with all the terms and provisions of the Ordinance, including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Obligations; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. The City Council is hereby formally requested to authorize and sell taxable Obligations in one or more series, and as designated by series, purpose, lien priority, time of issuance, and method of interest calculation, in the manner hereinbefore described, in the aggregate maximum principal amount of \$422,000,000, and the Board by the adoption of this Resolution hereby evidences its consent to the issuance and sale of the Obligations and the payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Ordinance authorizing the issuance of the Obligations (as further designated to distinguish among series in accordance with the Ordinance) if issued in one or more series, substantially in the form attached to this Resolution as Exhibit A, such Ordinance being incorporated herein by reference for all purposes.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions governing the sale of each series of Obligations shall expire not later than the date of expiration that is specified in the Ordinance.

3. Any Preliminary Official Statement relating to each series of Obligations in substantially the form or forms presented at this meeting is hereby approved and deemed final for the purpose of complying with the United States Securities and Exchange Commission's Rule 15c2-12 and the President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer of the Board (whether serving in an interim or acting capacity) (each, an Authorized Official, and together, the Authorized Officials) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to execute each final Official Statement on behalf of the Board.

4. The contract pertaining to the sale of each series of Obligations (collectively, the Purchase Contract), dated as of the date of the sale of the applicable series of Obligations and among the underwriter or underwriters or direct placement purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and any Authorized Official is hereby authorized to execute the Purchase Contract on behalf of the Board and to deliver it to the other parties thereto.

Draft for review and approval at the
April 25, 2022 meeting

5. In lieu of a Purchase Contract for each respective series of Obligations, the Board reserves the right to alter the method of sale for any series of Obligations to a competitively bid sale for such series of Obligations. Such decision by the Board shall include execution of an official bid form (the Official Bid Form) relating to a particular series of Obligations, to be dated as of the date of the sale of the applicable series of Obligations and among the purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and each Authorized Official is hereby authorized to execute the applicable Official Bid Form relating to a particular series of Obligations on behalf of the Board and to deliver it to the other parties thereto.

6. The Board recognizes that provisions of the Ordinance, completed with respect to a series of Obligations, contain representations, covenants, and obligations of the City relating to the Obligations. Since the proceeds of the applicable series of Obligations will be entirely within the control and disposition of the Board, the Board specifically adopts the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

7. The Board recognizes that provisions of the Ordinance relating to "Continuing Disclosure of Information", contains covenants of the City relating to the Obligations that are publicly sold in the capital markets. Since certain financial information, financial status, operating data, and annual audits of the Systems will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the City Council in those provisions of the Ordinance.

8. In order to comply with various provisions of Texas law, various certificates must be provided to co-bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the issuance, sale, and delivery of each series of Obligations.

9. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the sale, issuance, and delivery of each series of Obligations and the funding, as applicable, of the escrow established in connection with the issuance of a series of refunding Obligations, a purpose of which is the refunding of any Refunding Candidates (including engagement of an escrow bidding agent to facilitate the acquisition of eligible securities to fund such escrow). This delegation shall last through the period of expiration as set forth in the Ordinance.

10. The Board hereby authorizes PPM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and another qualified co-bond counsel. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

11. Capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Ordinance.

12. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business

Draft for review and approval at the
April 25, 2022 meeting

to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

13. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

XIV. REQUEST FOR PROPOSAL FOR AN INDEPENDENT OPERATIONAL EFFICIENCY REVIEW

Chair Dr. Mackey stated that he met with Mr. Rudy Garza on what items should be included in the request for proposal (RFP), and requested that Vice Chair Gonzalez be the contact person on behalf of the Board in developing the RFP. He stated his purpose in adding it to the agenda today is to get additional comments from the Board on the RFP. The Board of Trustees discussed the background, timeline and process for releasing the RFP and contracting for an independent operation efficiency review.

XV. ENERGY EFFICIENCY & CONSERVATION PROGRAM UPDATE

Mr. Rick Luna, Director, Technology & Product Innovation, stated the purpose in the program update was to be responsive to questions made by the Board in August 2021 and provide a timeline on the future of the energy efficiency & conservation program. Mr. Luna introduced Dr. Sanem Sergici of the Battle Group to present their assessment and recommendations for the STEP Program.

XVI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Gonzalez, and seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:14 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting April 25, 2022

Approval of Payment to the City of San Antonio for March 2022

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of March 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$212,035,775.55, less applicable exclusions. The revenue for the month of March 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$198,342,666.73
Gas revenue	27,683,066.00
Interest and other income	(11,142,943.37)
Gross revenue per CPS Energy financial statements	<u>214,882,789.36</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,583,866.07)
LVG revenue per City Ordinance 100709	(108,597.97)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(18,657,966.66)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>22,503,416.89</u>
Total excluded revenue	<u>(2,847,013.81)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u><u>\$212,035,775.55</u></u>
City payment per Bond Ordinance for March 2022 based upon March 2022 revenue	\$29,685,008.58
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	808,412.66
City Payment reduction per gas customer billing adjustment MOU	<u>(25,000.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	30,468,421.24 A
Utility services provided to the City for March 2022	<u>(2,781,402.53)</u>
Net amount to be paid from March 2022 revenue to the City in April 2022	<u><u>\$27,687,018.71</u></u>

CPS Energy Board of Trustees Meeting April 25, 2022

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

March 2022	Actual	Budget	Variance	
Current Month* A	\$30,468	\$26,911	\$3,557	13.2%
Year-to-Date*	\$61,832	\$53,201	\$8,631	16.2%

* This amount does not include any additional funding authorized by the Board of Trustees.

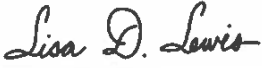
Approval of the following resolution is requested:

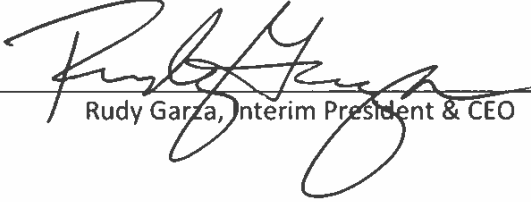
"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$27,687,018.71 representing 14% of applicable system gross revenues for the month of March 2022, such payment being net of City utility services (\$2,781,402.53), is hereby approved." The Board ratifies that March 2022 revenue was sufficient to recover \$9,895,556.85 in funds that were advanced to the City in prior fiscal months. The total amount to be recovered from future months' revenues for fiscal year 2023 is \$7,728,650.43.



CPS Energy Board of Trustees Meeting
April 25, 2022
APPROVAL of PROCUREMENT ITEMS
Table of Contents

<p>1. Item Description: Purchase Category: Suppliers:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td><u>New Electric and Gas Infrastructure Installation Services</u></td></tr> <tr><td>General Services</td></tr> <tr><td>Badeco, Inc.</td></tr> <tr><td>Benton-Georgia, LLC</td></tr> <tr><td>MasTec North America, Inc.</td></tr> <tr><td>Mears Installation, LLC</td></tr> <tr><td>Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.</td></tr> </table>	<u>New Electric and Gas Infrastructure Installation Services</u>	General Services	Badeco, Inc.	Benton-Georgia, LLC	MasTec North America, Inc.	Mears Installation, LLC	Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.
<u>New Electric and Gas Infrastructure Installation Services</u>								
General Services								
Badeco, Inc.								
Benton-Georgia, LLC								
MasTec North America, Inc.								
Mears Installation, LLC								
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.								
<p>2. Item Description: Purchase Category: Supplier:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td><u>Joint Trench Gas and Electric Service Installation</u></td></tr> <tr><td>General Services</td></tr> <tr><td>Greenstone Electric Services, LLC</td></tr> <tr><td>Mears Installation, LLC</td></tr> <tr><td>Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.</td></tr> </table>	<u>Joint Trench Gas and Electric Service Installation</u>	General Services	Greenstone Electric Services, LLC	Mears Installation, LLC	Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.		
<u>Joint Trench Gas and Electric Service Installation</u>								
General Services								
Greenstone Electric Services, LLC								
Mears Installation, LLC								
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.								

Approval: 
 Lisa Lewis, Chief Administrative Officer

Approval: 
 Rudy Garza, Interim President & CEO



CPS Energy Board of Trustees Meeting
April 25, 2022
Procurement Form 1

Item Description	New Electric and Gas Infrastructure Installation Services
Purchase Order Value	\$81,000,000
Purchase Category	General Services
Department	Construction and Maintenance Services
VP Construction & Maintenance Services	Darrell Clifton
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that contracts be awarded to Badeco, Inc.; Benton-Georgia, LLC; and MasTec North American, Inc., all three of which are local, diverse firms, and Mears Installation, LLC; and Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.; both of which are local, non-diverse firms, as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the installation of new electric and gas distribution lines within new subdivisions and apartment complexes, typically before the homes/apartments are constructed. These contracts help to meet the demand from builders and developers within the community. These contracts will expire on April 30, 2025.

Subcontracting Opportunities

Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc. has committed to subcontracting 20% of overall spend to the following diverse businesses:

- Madden Materials is a local, small, woman-owned firm providing sand and stone materials.
- Guzman Paving is a local, small, Hispanic American-owned firm providing asphalt and paving services.
- JARCO Transport, LLC is a local, small, Hispanic American-owned firm providing transportation services.

Mears Installation, LLC has committed to subcontracting 20% of overall spend to the following diverse businesses:

- Madden Materials is a local, small, woman-owned firm providing sand and stone materials.
- Freddie E Harris Sand & Clay is a local, small, woman-owned firm providing sand and stone materials.
- MK1 Construction Services is a local, small firm providing flowable fill.
- Suncoast Resources, Inc. is a small, woman-owned firm providing on- and off-road fuel.

An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	35
The overall cost	25
Safety records and training program	20
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	10
TOTAL	100



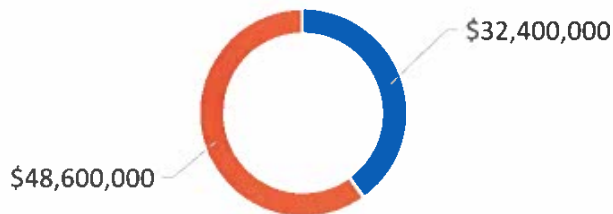
CPS Energy Board of Trustees Meeting
April 25, 2022
Procurement Form 1

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Mears Installation, LLC	Local/Non-Diverse	90%	\$16,200,000	2200770	
Benton-Georgia, LLC	Local/Diverse (African American-Owned)	89%	\$16,200,000	2200772	
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.	Local/Non-Diverse	89%	\$16,200,000	2200771	
Badeco, Inc.	Local/Diverse (Small)	83%	\$16,200,000	2200773	Corporate headquarters based in San Antonio Metropolitan Area
MasTec North America, Inc.	Local/Diverse (Hispanic American-Owned)	79%	\$16,200,000	2200774	
TOTAL			\$81,000,000		

Three (3) additional respondents were not recommended for award: Bartek Construction Co.; Bexar Pipeline & Utilities, Inc.; HMI Utilities, LLC.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$13,500,000	1.6%	\$27,000,000	\$27,000,000	\$13,500,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting

April 25, 2022

Procurement Form 2

Item Description	Joint Trench Gas and Electric Service Installation
Purchase Order Value	\$40,500,000
Purchase Category	General Services
Department	Construction and Maintenance Services
VP Construction & Maintenance Services	Darrell Clifton
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that contracts be awarded to Greenstone Electric Services, LLC, a local, diverse firm, and Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc. and Mears Installation, LLC, both local, non-diverse firms as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the installation of new gas and electric underground service from the main distribution lines, typically from the edge of the street, to new residential homes. These contracts help to meet the demand from builders and developers within the community. These contracts will expire on April 30, 2025.

Subcontracting Opportunities

Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc. has committed to subcontracting 15% of overall spend to the following diverse businesses:

- Madden Materials is a local, small, woman-owned firm providing sand and stone materials.
- Guzman Paving is a local, small, Hispanic American-owned firm providing asphalt and paving services.

Mears Installation, LLC has committed to subcontracting 20% of overall spend to the following diverse businesses:

- Madden Materials is a local, small, woman-owned firm providing sand and stone materials.
- Freddie E Harris Sand & Clay is a local, small, woman-owned firm providing sand and stone materials.
- MK1 Construction Services is a local, small firm providing flowable fill.
- Suncoast Resources, Inc. is a small, woman-owned firm providing on- and off-road fuel.

An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	30
The overall cost	20
Safety records and training program	20
The ability to meet CPS Energy's requirements	15
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	5
TOTAL	100



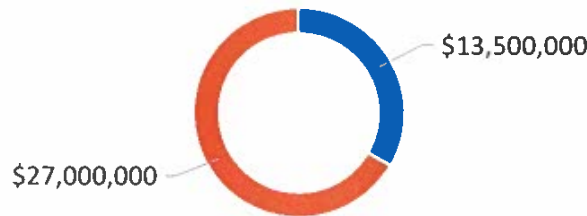
CPS Energy Board of Trustees Meeting
April 25, 2022
Procurement Form 2

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Greenstone Electrical Services, LLC	Local / Diverse (Small)	92%	\$13,500,000	2200767	Corporate headquarters based in San Antonio Metropolitan Area
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.	Local / Non-Diverse	86%	\$13,500,000	2200769	
Mears Installation, LLC	Local / Non-Diverse	85%	\$13,500,000	2200768	
TOTAL			\$40,500,000		

Eight (8) additional respondents were not recommended for award: Bartek Construction Co, LLC; Benton-Georgia, LLC; BorePro; Dimension Energy; HJD Capital Electric, Inc.; HMI Services, Inc.; Primoris T&D, LLC; Zachry Underground & Utility Services, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$6,750,000	0.8%	\$13,500,000	\$13,500,000	\$6,750,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



ENERGY EFFICIENCY & CONSERVATION PROGRAM

PRESENTED BY:

Rick Luna

Director, Technology & Product Innovation

April 25, 2022

Informational Update



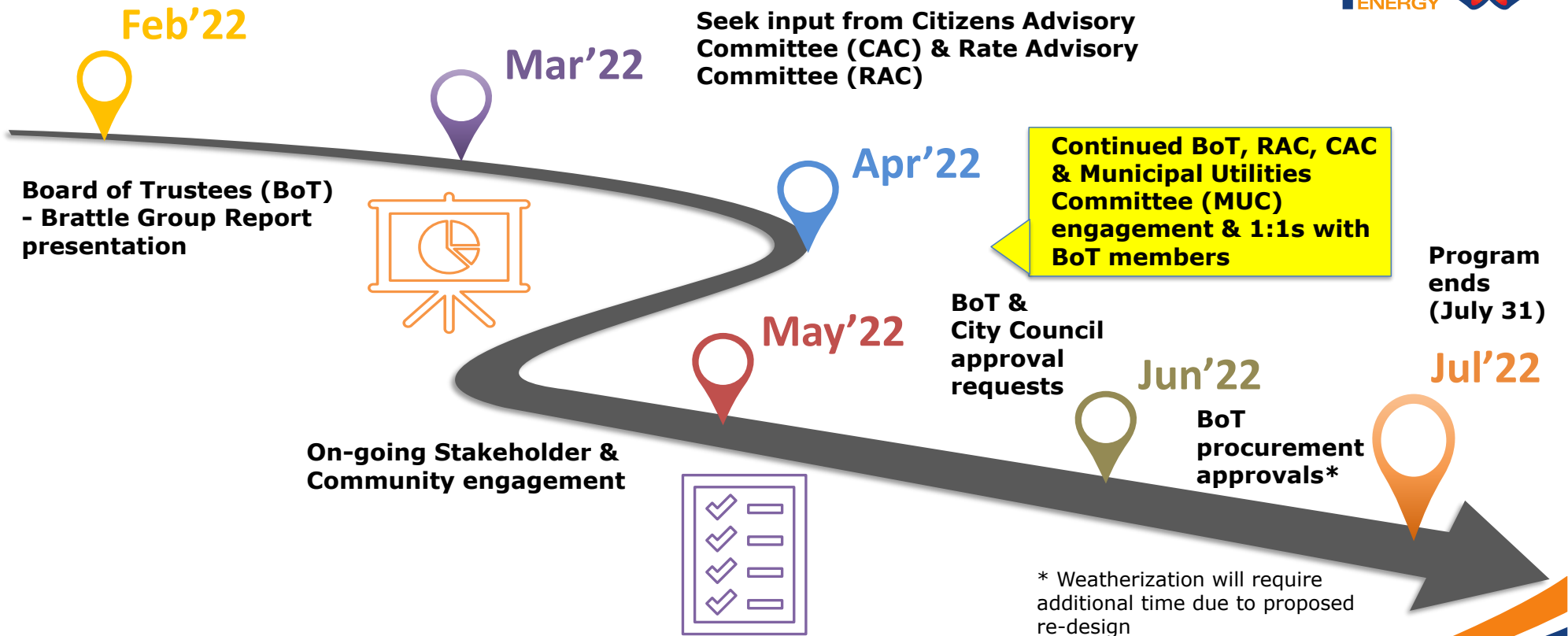
AGENDA



- **TIMELINE**
- **KEY DECISION POINTS**
- **PRESENT OPTIONS FOR CONSIDERATION**
- **DISCUSSION & FEEDBACK**

**Our objective today is to present options
for a new Energy Efficiency & Conservation program.**

WORKSTREAMS IN-FLIGHT



Workstreams are building toward a summer decision on the future of our Energy Efficiency & Conservation program.

KEY DECISION POINTS

FEEDBACK RECEIVED



- Over the last month, we've received feedback from engagements with our:
 - Board of Trustees
 - RAC
 - CAC
- Based on this feedback, we created two options to guide the decision on building an aligned, comprehensive program.

Do we continue with a new program?



Overarching goals & priorities



Program length



Budget



While ending the program is an option, we believe based on feedback so far that the Board is supportive of a program of some scale moving forward.

PROGRAM GOALS

RECAP OF POTENTIAL FOCUS AREAS



Assist limited income customers



Reduce emissions & align w/ CAAP



Reduce need for new generation & enhance resiliency



Help customers save energy & money



Focus on new strategic directions



Smaller or no program

The goals are important in driving the design, metrics & outcomes for the overall program.

PROGRAM OPTIONS

FUNDING LEVELS



Option 1
Comprehensive, but at smaller scale & limited new programs

\$50M/yr.
\$250M total

Option 2
Comprehensive program with significant investment in new programs

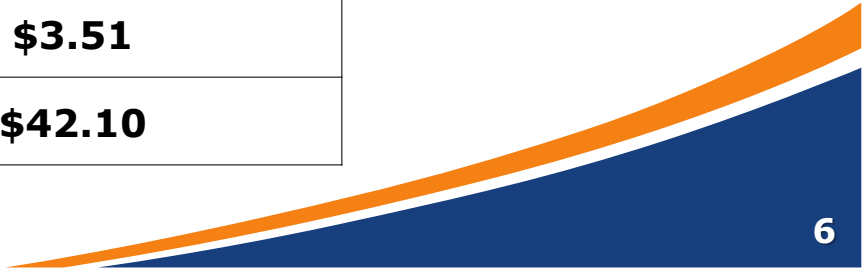
\$70M/yr.
\$350M total

These scenarios are based on a 5-year program term.

Avg. Monthly Bill Impact*	\$2.50	\$3.51
Annual Customer Bill Impact	\$30.06	\$42.10

Based on estimated bill impact from average residential bill of 1,048 kWh per month.

* Bill impact projections are based on the FY2023 budget & subject to change.



PROGRAM DESIGN

ALIGNING PROGRAMS TO GOALS



Program Categories	Option 1 \$50M	Option 2 \$70M
Weatherization	✓	✓
Energy Efficiency	✓	✓
Demand Response	✓	✓
Traditional Solar Rebates		
Multifamily Weatherization	✓	✓
Targeted Low-Income Programs	✓	✓
Educational/ Behavioral Programs	✓	✓
EV Charging Programs	✓	✓
Non-Traditional Solar Options*		✓
Battery Storage		✓
Electrification		

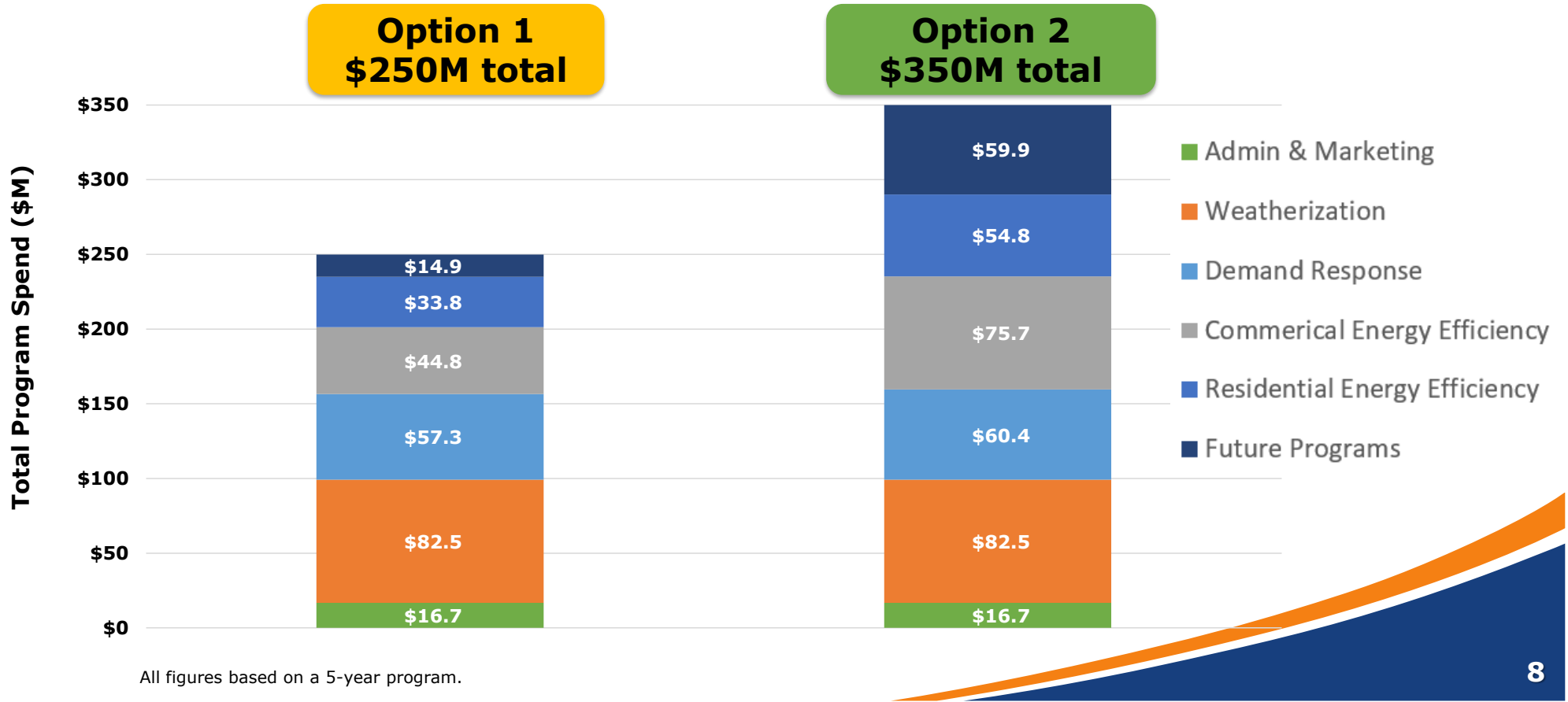
Existing Programs

Potential New Programs

*Non-Traditional Solar Options would include community solar & other programs that lower the barrier for entry to solar.

ESTIMATED BUDGETS

These are estimated budgets by program category over the 5-year term.



PROGRAM OUTCOMES

BENEFITS SUMMARY



		Option 1	Option 2
Demand Reduction		<ul style="list-style-type: none"> • 265 MW of incremental demand reduction 	<ul style="list-style-type: none"> • 410 MW of incremental demand reduction
Energy Savings*		<ul style="list-style-type: none"> • 0.70% of energy savings per year 	<ul style="list-style-type: none"> • 1.00% of energy savings per year
Emissions**		<ul style="list-style-type: none"> • 1.2 million tons of avoided carbon 	<ul style="list-style-type: none"> • 1.85 million tons of avoided carbon
Equity		<ul style="list-style-type: none"> • 16,000 homes & 10,400 multifamily units weatherized 	<ul style="list-style-type: none"> • 16,000 homes & 20,000 multifamily units weatherized
Systems Benefits***		<ul style="list-style-type: none"> • \$475M in lifetime avoided fuel & capacity costs 	<ul style="list-style-type: none"> • \$665M in lifetime avoided fuel & capacity costs

All figures based on a 5-year program.

* Energy savings as a percentage of annual electric sales.

** Emissions are based on FY2022 emissions factors. Avoided figures based on cumulative emission reductions over the 5-year program.

*** Based on achieving a 1.90 Utility Cost Test (UCT) score over the life of the program.

FINAL THOUGHTS



Whichever option we select...

- We are committed to starting fresh & focusing on the future.
- We will increase transparency about the cost of the program by enhancing communication on how much customers are paying.
- Program flexibility is key. A 5-year plan allows us to be nimble as our industry, technology & customer expectations rapidly evolve.
- We will build in a check-in at year 3 to ensure we're on the right path & make adjustments as needed.



OPEN DISCUSSION & FEEDBACK





Thank You





APPENDIX



ENGAGEMENT UPDATE

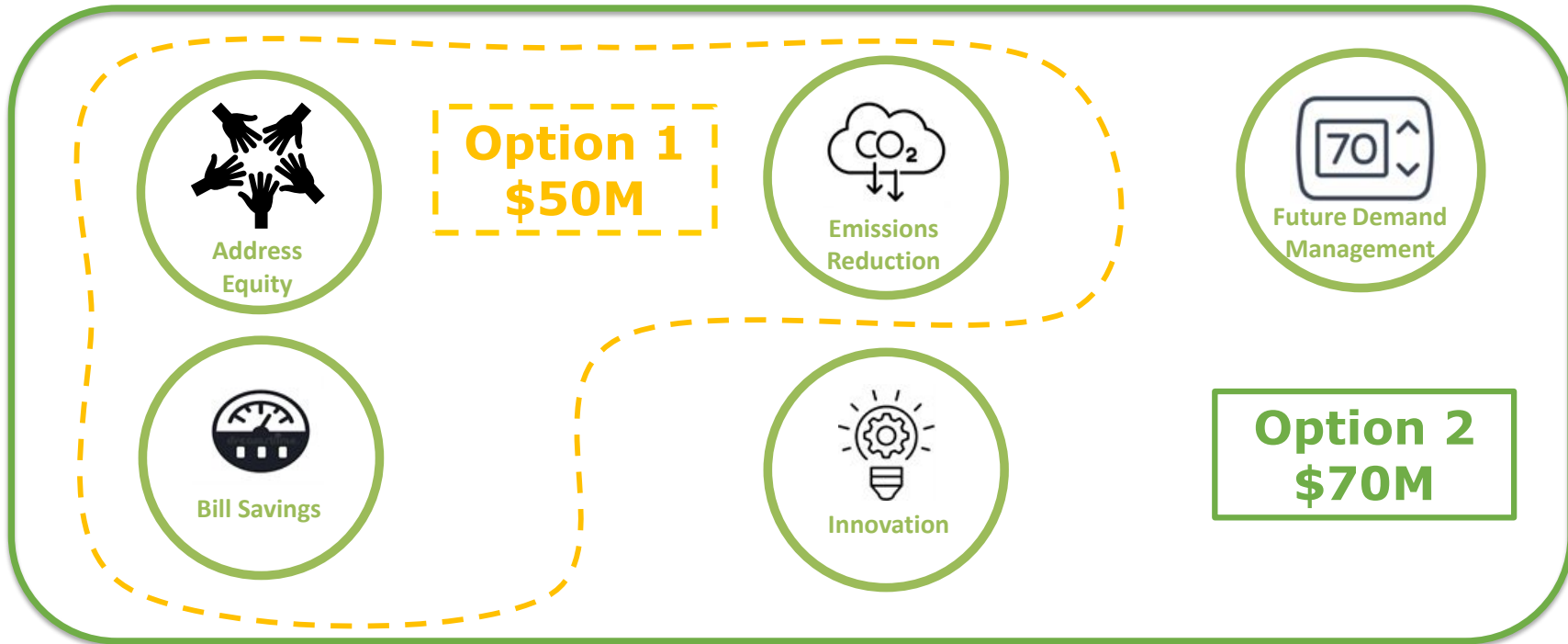
FEEDBACK RECEIVED SO FAR



Date	Group	Feedback
4/2022	Citizens Advisory Committee (CAC)	<ul style="list-style-type: none"> • Supportive of continuing with a new program • Take opportunity to rebrand program as something new and increase awareness • Supportive of weatherization for low income customers
3/2022	Rate Advisory Committee (RAC)	<ul style="list-style-type: none"> • Need additional transparency on program cost • Demonstrate the value of the program with comprehensive metrics • Support for weatherization program for low income customers
3/2022	Citizens Advisory Committee (CAC)	<ul style="list-style-type: none"> • Show customers their savings from adopting efficiency measures • Include renters in weatherization & other programs
8/2020	Environment Texas	<ul style="list-style-type: none"> • Reduce electricity demand by 1.5%/year & reduce peak demand by 940 MWs by 2030 • Generate solar on 100,000 roofs by 2030 & 300,000 by 2050 • Continue to support local solar, including rebates for commercial & industrial properties, the SolarHost leasing program & community solar • Continue & expand traditional energy efficiency programs, including weatherization
6/2020	Sierra Club/ Optimal Energy	<ul style="list-style-type: none"> • Commit to 1.5% annual electric savings, 0.8% annual gas savings, 940 MW of coincident peak savings, & 1.8 million metric tons of CO2 savings over 10 years • Continue traditional EE programs, including weatherization • Expand support for solar programs, including rebates, SolarHostSA, & the additional community solar programs accessible to limited income customers • Invest in control of customer assets and/or energy storage systems (stationary batteries, EVs and thermal storage)

PROGRAM GOALS

TWO SCENARIOS



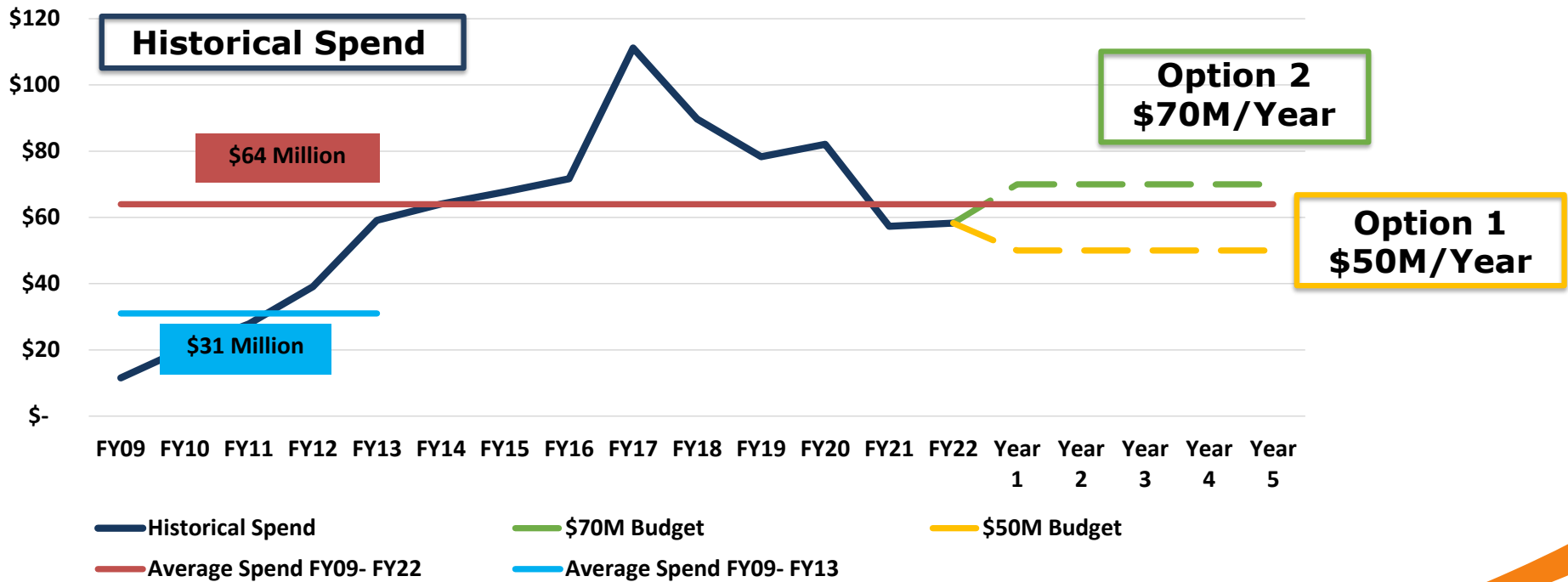
We are presenting two potential scenarios based on overall goals & funding levels.

PROGRAM SCALE

RELATIVE TO HISTORICAL SPEND



\$ in Millions



**Option 1 is comparable to early years of STEP.
Option 2 is 10% higher than STEP over its 12-year life.**



APPOINTMENTS & NOMINATION OF VICE-CHAIR RATE ADVISORY COMMITTEE (RAC)

Ann Kinnard

Director, Chief of Staff Customer Strategy

April 25, 2022

Approval Requested

AGENDA



- **APPROVE NEW RAC MEMBER DISTRICT 2**
- **NOMINATE AND APPROVE VICE CHAIR**

This update will approve new RAC members and elect a new Vice Chair position.

COUNCIL MEMBER NOMINATIONS



District	Nominee	Zip Code	Quadrant	Profession
1	John Agather	78212	2	Musician
2	Anacua Garcia Seymour Battle	78220 78210	3	Community Organizer Real Estate Investor
3	Phyllis Viagran	78214	3	City Councilwoman
4	Peter Onofre	78245	4	Operations Administrator
5	Andy Castillo	78211	4	Designer
6	Alvaro Rodriguez	78250	1	Sales
7	Dr. Adelita Cantu	78228	1	Associate Professor
8	Michael Kennick	78203	1	Electric Engineer
9	Ann Marie Nikolich	78230	1	Exec. Asst.
10	Jack Hebdon	78209	2	Developer Partner

BOARD APPOINTEES



Trustee	Nominee	Zip Code	Quadrant	Profession
Chair Dr. Mackey	Wayne Eddington	78148	3	Civil Engineer
	Anthony Edwards	78258	2	VP Community Prgm
Vice-Chair Gonzalez	Michael Sanchez	78249	1	Real Estate Investor
	DeeDee Belmares	78109	3	Organizer
Trustee Dr. Romero	Curtis Anastasio	78230	1	Public Board Service
	Norman Dugas	78023	±	Residential Real Estate Developer
Trustee Steen	Dana McGinnis	78212	2	Investment Advisor
	Jim Berg	78209	3	Business Owner
Mayor Nirenberg	Reed Williams, Chair	78209	2	Grape Farmer
	Dr. Olufemi Osidele	78253	4	Consultant
All	Anita Ledbetter	78223	3	Executive Director

REQUEST FOR APPROVAL



**Councilman
Jalen McKee-
Rodriguez,
District 2**



**Anacua Garcia,
(she/her/hers)
Nominee District 2**

Anacua Garcia

- Community Organizer
- Member of Southwest Public Workers Union
- Member of Climate Action & Adaptation Plan
- Member of Transgender Education Network of Texas

REQUEST FOR APPROVAL



- **Request approval of new RAC members**

Nominations for Vice-Chair



- **Board nominations to replace Eloisa Portillo-Morales**



REQUEST FOR APPROVAL



- **Request approval of Vice-Chair**



Thank You





FY2023 FINANCING TRANSACTIONS

PRESENTED BY:

Geronimo Gonzalez
Director, Debt Management

April 25, 2022

Approval Requested

AGENDA



- **FINANCING TRANSACTIONS**
 - **REMARKETING OF DEBT**
 - **COMMERCIAL PAPER (CP)**
- **REQUEST FOR APPROVAL**

Our objective today is to request approval to execute proposed FY2023 financing transactions.

FINANCING TRANSACTIONS

TODAY'S APPROVAL REQUEST



We are seeking approval for the following:

1. Required remarketing of debt
2. Liquidity Facility Extension - Commercial Paper, Series B & C



(1) REMARKETING OF DEBT

OVERVIEW



Remarketing:

- ✓ Applies to variable rate bonds
- ✓ Provides the opportunity for the debt service to continue with a low, initial fixed rate for another 1-7 year timeframe
- ✓ If not remarketed, the variable rate bond is subject to a "stepped rate" that may range between 7% to 10% for the remainder of the bond's term

(2) COMMERCIAL PAPER

LIQUIDITY FACILITY EXTENSION



Commercial Paper Program - \$700M

Series	Providers	Amount	Expiration	Comments
A	Bank of America Merrill Lynch	\$400M	June 19, 2026	Extension previously approved at the August '21 Board Meeting
B	State Street	\$200M	<u>June 21, 2022</u>	Seeking approval for extension, terms ranging 1 to 3 years & rates pending
C	Wells Fargo	\$100M	<u>June 21, 2022</u>	
Total		\$700M		

A liquidity facility such as Commercial Paper (CP) provides CPS Energy access to short-term lending to fund a portion of capital program, operations, and/or fuel purchases at lower, variable rates. Today's request on our CP Program is to extend 2 of our 3 current providers for continued funding flexibility of our critical operations.

FINANCING TRANSACTIONS

FINANCING & LIQUIDITY – FY2023

Proposed Potential Transactions: Executable before 4/25/2023	Authorization Amount	Reason	Required Approval	
			Board	Council
Supports normal operations				
Jr. Lien Variable 2018 Remarketing	\$135M	Required ⁽¹⁾	Y	N
CP Liquidity Extension, Series B	\$200M	Expiring ⁽²⁾	Y	N
CP Liquidity Extension, Series C	\$100M	Expiring ⁽²⁾	Y	N

These financing transactions are in alignment with our previously presented & approved budget & forecasted plans we shared as part of our approved rate request.

(1) This is a required transaction as the mandatory tender date of 12.1.22 is the date by which the bonds need to be remarketed to current interest rates.
 (2) Series B & C of CP Program (\$300M capacity out of \$700M program capacity) are expiring June 21, 2022.

REQUEST FOR APPROVAL



Authorization, without the obligation, to execute the following transactions by delegating authority to the Chief Executive Officer or Chief Financial Officer over the next 12 months:

- Remarket existing debt (\$135M)
- Extend Commercial Paper Series B
- Extend Commercial Paper Series C

These financing transactions help provide potential savings to our customers & meaningful liquidity flexibility to support our operations.



Thank You





Appendix



GLOSSARY

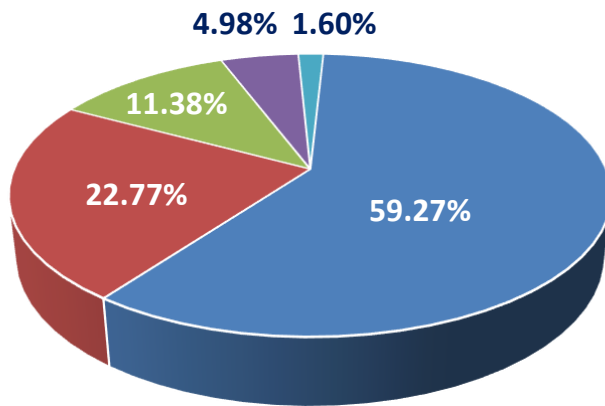


Business Term	Acronym (if applicable)	Definition
Basis Point	bps	Basis point (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as follows: 1% change = 100 basis points, and 0.01% = 1 basis point.
Commercial Paper	CP	An unsecured, short-term debt instrument issued by a corporation, with high quality credit ratings, to meet its funding needs. Maturities typically do not exceed 270 days.
Municipal Market Data	MMD	A proprietary industry benchmark published by Refinitiv (formerly Thomson Reuters) daily which shows the interest rate yield curve on AAA – rated general obligation bonds. Considered a benchmark for long-term debt issuances from maturities from 1 to 30 years.
Stepped Rate	-	The rate for a variable rate bond, if not remarketed, after the specified initial term.

DEBT PORTFOLIO OVERVIEW



Portfolio by Debt Type



Note: Data as of 3/18/2022. Does not reflect recent transactions issued end of March '22.

¹ \$s in thousands.

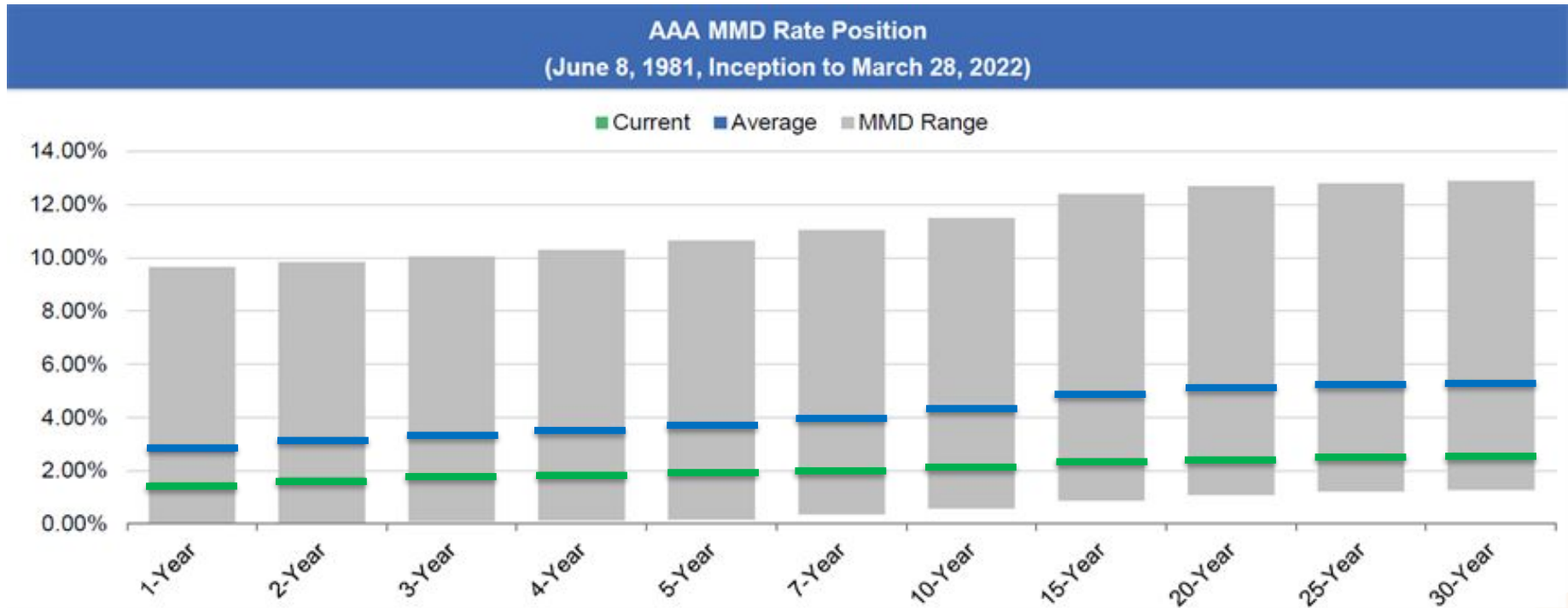
<u>Debt Type</u>	<u>Par Outstanding ⁽¹⁾</u>	<u>% of Total</u>	
Sr. Lien Fixed	\$3,702,075	59.27%	} Long-Term Debt \$5.12B, 82.04% Fixed
Jr. Lien Fixed	1,421,950	22.77%	
<hr style="border-top: 1px dashed green;"/>			
Jr. Lien Variable Rate	711,040	11.38%	} Short-Term Debt \$1.12B, 17.96% Variable
Commercial Paper	310,927	4.98%	
Flex Rate Revolving Note	100,000	1.60%	
Total Portfolio	\$6,245,992	100%	

Financing decisions are made to support the capital program with emphasis on maintaining financial metrics & keeping our debt portfolio appropriately diversified.

INTEREST RATES



LONG-TERM DEBT HISTORICAL AVERAGES



Source: PFM, 3/28/2022

Notwithstanding the recent interest rate volatility, levels are still below long-term averages, potentially providing a good opportunity to issue debt.