

**CPS ENERGY BOARD OF TRUSTEES**  
**NOTICE OF REGULAR MEETING**

CPS - CITY CLERK  
2022 NOV 21 PM 4:09:55

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Tuesday, November 29, 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](https://cpsenergy.com).**

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register between Monday, November 21, 2022 at 5:00 p.m. and Monday, November 28, 2022 at 1:00 p.m. CT. Registration may be made by email at [publiccommentregistration@cpsenergy.com](mailto: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
- Group for which the individual is speaking, if applicable
- Agenda item # listed on the Agenda (any item other than #1, 2 or 3) about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

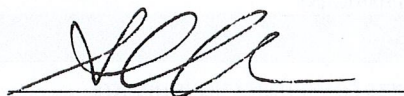
Written comments may be sent to [publiccommentregistration@cpsenergy.com](mailto:publiccommentregistration@cpsenergy.com) and will be shared with the Board prior to the start of the meeting.

The agenda packet is attached and can be found with other related informational material at:

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

A recording of the meeting 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  
November 21, 2022





**CPS ENERGY BOARD OF TRUSTEES MEETING  
TO BE HELD ON NOVEMBER 29, 2022 AT 1:00 PM  
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

CPS - CTR  
2022 NOV 21 PM 09:40

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

**AGENDA**

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Julius Moore
3	<b>PUBLIC COMMENT</b> Pre-Registration is from Monday, November 21, 2022 5:00 PM – Monday, November 28, 2022 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
<b>UPDATE ON CHAIR'S PRIORITIES</b>			
4	CHAIR'S REMARKS	Discuss	Dr. Willis Mackey
5	CEO'S REPORT	Discuss	Mr. Rudy Garza
6	RATE ADVISORY COMMITTEE (RAC) UPDATE	Discuss	Dr. Francine Romero
7	MONTHLY PERFORMANCE UPDATE	Discuss	Mr. Cory Kuchinsky
<b>CONVENE TO EXECUTIVE SESSION</b>			
8	<b>EXECUTIVE SESSION:</b> Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
<b>RECONVENE TO OPEN SESSION</b>			
<b>CONSENT AGENDA</b>			
9	<b>APPROVAL OF CONSENT ITEMS:</b> A. Minutes of the Special Board meeting held on 09/21/2022 B. Minutes of the Regular Board meeting held on 09/26/2022 C. Payment to the City of San Antonio for October 2022 D. Employee Benefit Trust Statement of Governance (Ms. Debra Wainscott) E. Procurements Items: 1. <b>General Services:</b> 138kV and 345kV Overhead Transmission Line Construction Services (Mr. Richard Medina) 2. <b>Commodity &amp; Material Goods:</b> Electric Meters– Additional Funding Request (Ms. DeAnna Hardwick)	Vote	Dr. Willis Mackey
<b>REGULAR AGENDA</b>			
10	WINTER PREPAREDNESS COMMUNICATIONS UPDATE	Discuss	Ms. Melissa Sorola
11	GAS SOLUTIONS WINTER PREPARATION UPDATE (Gas Solutions Leadership)	Discuss	Mr. Richard Lujan
12	ADJOURNMENT	Execute	Dr. Willis Mackey
If the Board meeting has not adjourned by 3:30 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.			

Draft for review and approval  
at the November 29, 2022 meeting

**CPS ENERGY  
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES  
HELD ON SEPTEMBER 21, 2022**

The Joint Special Meeting of the CPS Energy Board of Trustees and San Antonio Water System (SAWS) Board of Trustees was held on Wednesday, September 21, 2022 in the Grid Rooms 1-3 on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

**I. CALL TO ORDER**

CPS Energy Board Chair Dr. Mackey called the meeting to order at 2 p.m. SAWS Board Chair Ms. LeBlanc Jamison called the meeting to order at 2:01 p.m.

Present were CPS Energy Board members:

Dr. Willis Mackey, Chair  
Ms. Janie Gonzalez, Vice Chair  
Dr. Francine Romero  
Mr. John Steen  
Mayor Ron Nirenberg

Present were SAWS Board members:

Ms. Jelynn LeBlanc Jamison, Chair  
Mr. David McGee  
Ms. Marilu Reyna  
Mr. Eduardo Parra  
Mr. Ed Balmores  
Mayor Nirenberg

Also present were:

Mr. Rudy Garza, 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  
Mr. Benny Ethridge, EVP  
CPS Energy staff members  
SAWS staff members  
City of San Antonio staff  
Interested Citizens

**II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE**

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Simon Castillo, Business & Economic Development Manager.

Draft for review and approval  
at the November 29, 2022 meeting

### **III. PUBLIC COMMENT**

Mr. John Courage, City Council Member for District 9, noted his appreciation for the coordination and communication for emergency preparedness. He appreciated the work of both SAWS and CPS Energy in protecting our community and commends their actions.

Ms. Henrietta LaGrange, member of our community, thanked CPS Energy and SAWS for taking steps to address the issues that arose from Winter Storm Uri.

### **IV. MAYOR'S OPENING REMARKS**

Mayor Nirenberg acknowledged the impact of COVID-19 and Winter Storm Uri, but noted that we, as a community, have risen to meet those challenges. He thanked Mr. Rudy Garza, Mr. Robert Puente (Chief Executive Officer for SAWS), and the employees of CPS Energy and SAWS for their work in enabling our community to overcome challenges. Finally, he thanked the public utilities for their tireless work in service to our community, and ability to coordinate and build a more resilient future.

### **V. CHAIR OPENING REMARKS**

Chair Dr. Mackey stated that we value our community and thanked the CPS Energy and SAWS employees for making the community better.

Chair Ms. LeBlanc Jamison noted the nexus between water and energy, stating the water cycle consumes energy and likewise harnessing energy requires water. However, historically, the link between the two has not been considered as decisions are made. Viewing both holistically provides tremendous value for saving water and energy and planning for the future. She thanked the employees of SAWS and CPS Energy for making this opportunity happen.

### **VI. THE WATER AND ENERGY NEXUS – A COMMUNITY OPPORTUNITY**

Mr. Rudy Garza thanked everyone for their work. He noted the amount of work required for the Resiliency Agreement and appreciates the partnership between CPS and SAWS. Finally, he noted that this agreement will benefit the community, and will provide the improved of resiliency going forward.

Mr. Robert Puente thanked everyone for their work. He noted that the San Antonio community is ahead of other communities in preparation and resiliency. He appreciates the partnership and ability to reach this agreement that will be beneficial to SAWS and CPS Energy and our shared customers.

Mr. Jonathan Tijerina, Vice President for Enterprise Risk & Development and Mr. Steven Clouse, Senior Vice President & Chief Operating Officer, presented information on the nexus between water and energy and the community opportunity for partnership. The support for the partnership between CPS Energy and SAWS allows us to move forward as community partners. The Boards of Trustees asked questions and discussed the presentation.

Draft for review and approval  
at the November 29, 2022 meeting

**VII. RESILIENCY INITIATIVE**

Mr. Clouse and Mr. Tijerina presented information on the proposed Resiliency Agreement, and SAWS efforts in implementing Senate Bill 3 requirements for emergency planning. They also provided an overview of the benefits and responsibilities for each utility, and noted that the agreement will result in a win-win arrangement. Finally, they recommended and requested approval of the resolutions by each Board of Trustees.

**VIII. APPROVAL OF RESOLUTIONS RELATED TO RESILIENCY AGREEMENT**

The Boards of Trustees asked questions and discussed the resolutions related to the resiliency agreement.

Chair Dr. Mackey requested that Ms. Shanna Ramirez to read the following resolution:

**RESOLUTION SUPPORTING A RESILIENCY AGREEMENT  
WITH THE SAN ANTONIO WATER SYSTEM (“SAWS”)**

**WHEREAS**, CPS Energy and SAWS, being municipally-owned utilities of the City of San Antonio, desire to enter a Resiliency (Tolling) Agreement (“Agreement”) for the mutual benefit of their respective customers and to mitigate the adverse impacts of extended power and water outages on their customers and the community; and

**WHEREAS**, in order for SAWS to comply with Texas Water Code Section 13.1394, SAWS must adopt and implement a plan to ensure the emergency operation of its water system during an extended power outage;

**WHEREAS**, as part of SAWS’ plan, SAWS will procure and install generators at designated SAWS facilities located in CPS Energy’s service territory;

**WHEREAS**, under the Agreement, CPS Energy will operate and maintain these generators as part of a strategic partnership by providing electricity to the designated SAWS facilities during system outages and will otherwise operate and maintain the generators for its benefit; and

**WHEREAS**, CPS Energy, its customers and the community will benefit from the greater resiliency of SAWS’s facilities; NOW, THEREFORE;

**BE IT RESOLVED**, the CPS Energy Board of Trustees hereby expresses its support of the Resiliency (Tolling) Agreement with SAWS and recognizes its benefit to our community.

I, Shanna M. Ramirez, Secretary of the Board of Trustees of CPS Energy, do hereby certify that the foregoing is a true and exact copy of a resolution which was unanimously

Draft for review and approval  
at the November 29, 2022 meeting

passed and approved at the Joint SAWS/CPS Energy Board of Trustees Meeting, held on September 21, 2022, at which a quorum was present.

Trustee Dr Romero made a motion to approve the CPS Energy resolution, it was seconded by Vice Chair Gonzalez, and unanimously approved by all members present.

Chair Ms. LeBlanc Jamison requested that Ms. Nancy Belinsky, Senior Vice President and Chief Legal & Ethics Officer, read the SAWS resolution, and it was read into the record. Trustee Parra made a motion to approve the SAWS resolution, it was seconded by Vice Chair McGee, and it was unanimously approved by all members present.

**IX. ADJOURNMENT**

There being no further business to come before the CPS Energy Board, upon a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:44 p.m. by Chair Dr. Mackey.

There being no further business to come before SAWS Board, upon a motion duly made by Trustee Parra, seconded by Trustee Belmares, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:44 p.m. by Chair LeBlanc Jamison.

---

Shanna M. Ramirez  
Secretary of the CPS Energy Board



Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

**CPS ENERGY**  
**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON SEPTEMBER 26, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of September was held on Monday, September 26, 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 p.m.

Present were Board members:

Dr. Willis Mackey, Chair  
Ms. Janie Gonzalez, Vice Chair (arrived at 1:04 p.m.)  
Mr. John Steen  
Dr. Francine Romero  
Mayor Ron Nirenberg (arrived at 1:01 p.m.)

Also present were:

Mr. Rudy Garza, 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  
Mr. Benny Ethridge, EVP  
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 Ms. Yvonne Pelayo, Senior Director Local Government Relations.

**III. PUBLIC COMMENT**

Dr. Eva Galvan, radiation oncologist and faculty member, stated she is familiar with the long-term effects of environmental exposures on carcinogenesis, specifically data on the association between lung cancer and coal power generation. She stated the Inflation Reduction Act will allow us to move towards clean energy sources. She urged the Board of Trustees to close the Spruce power plants by 2030 or sooner, if possible.

Ms. Henrietta LaGrange, member of our community, thanked the Board of Trustees and Mr. Rudy Garza. She stated that CPS Energy employees are happy and feel better about CPS Energy because the organization is more open to input and conversation.

Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

Mr. Arthur Rakowitz stated that he believed the Board of Trustees should be researching information on health hazards and energy loss from solar panels. He also noted concerns about vegetation management at his property.

Mr. Alan Montemayor, Chairman Alamo Group of Sierra Club, stated he appreciated CPS Energy entering into the resiliency agreement with SAWS and for planning the upcoming EV Day. He stated his hope that the Board of Trustees would expeditiously close the Spruce power plant, and that they take steps to move away from natural gas use. Finally, he urged that CPS Energy increase its electric vehicle fleet, decrease use of single use of plastic, and incentivize nighttime charging of electric vehicles.

#### **IV. CHAIR'S REMARKS.**

Chair Dr. Mackey did not have any remarks at this meeting.

#### **V. CEO'S REPORT**

Mr. Rudy Garza updated the Board of Trustees on the City of San Antonio credit to CPS Energy customers approved in the City of San Antonio's budget. A total of \$42.5M will be provided to customers through a bill credit and \$7.5M will be provided to REAP. CPS Energy is in the process of executing the City of San Antonio's plan and delivering needed assistance to vulnerable customers.

Mr. Garza then noted the record growth for San Antonio and explained that the procurement items on the consent agenda reflect the need for increased funding for multiple materials and services to meet the continued demands and growth and our community.

The American Gas Association held an Incident Management Exercise on September 8. There were 280+ industry participants. The exercise successfully evaluated our business continuity plan readiness, including our cyber response and operational mutual aid capabilities.

Mr. Garza gave an overview of the Monthly Performance Update and noted that all key results are on-track to hit year-end targets based on our updated plans.

He stated that CPS Energy held a successful joint meeting with SAWS which resulted in execution of a Resiliency Agreement, and he recognized the employees that worked on the project.

Finally, Mr. Garza stated that CPS Energy is readying a mutual assistance team for Jacksonville Electric Authority to provide support to Florida if Hurricane Ian hits the coast.

#### **VI. RATE ADVISORY COMMITTEE (RAC) UPDATE & RECOGNITIONS**

Dr. Romero gave an update on the RAC. She noted that under the leadership of Chair Reed Williams and Vice Chair Adelita Cantu, the RAC is aligned on its purpose and what needs to be accomplished. She further noted that the RAC is engaged in very complex work and analysis on generation planning. She also thanked CPS Energy employees for organizing meetings and answering questions.



Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

Mr. Reed Williams, RAC Chair, recognized four previous members for their service to the RAC:

- Mr. Seymour Battle
- Ms. Brenda Pacheco
- Mr. Norman Dugas
- Ms. Eloisa Portillo-Morales

Mr. Williams presented certificates of appreciation.

## **VII. CITIZENS ADVISORY COMMITTEE (CAC) NOMINATIONS & RECOGNITIONS**

Ms. Yvonne Pelayo reviewed the composition and appointment process to the CAC. She then presented three nominees for approval by the Board of Trustees: Mr. Cliff Soloway, District 5, Ms. Vanessa Alvarado, District 10, and Mr. Bob Zapata, At-Large. The nominees addressed the Board of Trustees, providing information about themselves and thanking them for the opportunity to serve.

On a motion duly made by Trustee Steen, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the appointments were unanimously approved.

Mr. Rudy Garza and Mr. Bill Day, CAC Chair, recognized five previous members for their service to the CAC:

- Mr. Andy Castillo
- Mr. David Walter
- Ms. Luisa Casso
- Ms. Allie Watters
- Ms. MaryEllen Veliz

Mr. Garza presented "One Team" CPS Energy coins and certificates of appreciation.

## **VIII. MONTHLY PERFORMANCE UPDATE**

Ms. DeAnna Hardwick, Executive Vice President for Customer Strategy, presented the Key Results Dashboard and reiterated that we are on-track to hit year-end targets based on updated plans. She highlighted work in strengthening generation capabilities to handle extreme weather, and work on connecting customers with support for customers in need. Finally, she specifically addressed support for our expanding community and customer growth.

## **IX. EXECUTIVE SESSION**

At approximately 1:58 p.m., Ms. 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)

Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

- 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 2:59 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 Trustee Romero, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

**A. Approval of Payment to the City of San Antonio for August 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 August 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$335,257,976.42, less applicable exclusions. The revenue for the month of August 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$356,109,257.77
Gas revenue	18,760,208.71
Interest and other income	(2,784,390.91)
Gross revenue per CPS Energy financial statements	<u>372,085,075.57</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(10,543,821.62)
LVG revenue per City Ordinance 100709	(92,051.62)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(21,628,531.52)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(4,562,694.39)</u>
Total excluded revenue	<u>(36,827,099.15)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$335,257,976.42</u>
City payment per Bond Ordinance for August 2022	

Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

based upon August 2022 revenue	\$46,936,116.70	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	1,525,036.90	
Wholesale Special Contract Annual True Up	0.00	
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	48,448,653.60	<b>A</b>
Utility services provided to the City for August 2022	<u>(3,324,875.24)</u>	
Net amount to be paid from August 2022 revenue to the City in September 2022	<u>\$45,123,778.36</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:

(Dollars in thousands)

August 2022	Actual	Budget	Variance	
Current Month* <b>A</b>	\$48,449	\$41,418	\$7,031	17.0%
Year-to-Date	\$267,472	\$230,704	\$36,768	15.9%

\* 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 \$45,123,778.36 representing 14% of applicable system gross revenues for the month of August 2022, such payment being net of City utility services (\$3,324,875.24), is hereby approved."

**B. Approval of Procurement Item:**

**1. Item Description:** **Electrical Substation Civil Site Work & General Civil Construction Services – Additional Funding Request**

**Purchase Category:** General Services

**Supplier:** Allbrite Constructors of Texas, Inc.  
Dorazio Enterprise, Inc.  
E-Z Bel Construction, LLC  
HJD Capital Electric, Inc.  
Paloma Blanca Enterprises, Inc.  
Packet Construction, LLC

**2. Item Description:** **Electric Overhead and Underground Temporary Services and Permanent Underground Electric Services – Additional Funding Request**

**Purchase Category:** General Services

**Supplier:** HJD Capital Electric, Inc.  
Chain Electric Company

Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

- 3. Item Description:** **Exposing and Excavating Underground Utilities – Additional Funding Request**  
**Purchase Category:** General Services  
**Supplier:** Bexar Pipeline & Utilities, Inc.  
Engineered Solutions, Inc.  
Texas ReExcavation, LC DBA T-Rex Services
- 4. Item Description:** **Overhead Electrical Distribution Services – Additional Funding Request**  
**Purchase Category:** General Services  
**Supplier:** Chain Electric Company  
Greenstone Electrical Services LLC  
Pike Electric LLC
- 5. Item Description:** **Actuarial Services – Contract Renewal & Additional Funding Request**  
**Purchase Category:** Professional Services  
**Supplier:** Milliman, Inc.
- 6. Item Description:** **Electric and Gas Distribution Engineering Services – Additional Funding Request**  
**Purchase Category:** Professional Services  
**Supplier:** Atwell, LLC  
Binkley & Barfield, LLC  
C&D Utility Consulting, LLC  
Cobb, Fendley & Associates, Inc.  
EN Engineering, LLC  
HBK Engineering, LLC  
HMI Services, Inc. DBA HMI Technical Solutions, LLC  
Merrick & Company  
Pape-Dawson Engineers, Inc.  
POWER Engineers, Inc.  
Schneider Engineering, LTD.  
Select Power Systems, LLC  
TRC Engineers, Inc.
- 7. Item Description:** **Distribution Transformers – Contract Renewal & Additional Funding Request**  
**Purchase Category:** Commodity & Material Goods  
**Supplier:** Anixter, Inc.  
KBS Electrical Distributors, Inc.  
Techline, Inc.
- 8. Item Description:** **PVC Conduit**  
**Purchase Category:** Commodity & Material Goods  
**Supplier:** Techline, Inc.



Draft for review and approval at the  
November 29, 2022 Board of Trustees Meeting

KBS Electrical Distributors, Inc.  
Wesco Distribution, Inc.

- 9. Item Description:** 345kV Circuit Breakers Procurement – Additional Funding Request  
**Purchase Category:** Commodity & Material Goods  
**Supplier:** Mitsubishi Electric Power
- 10. Item Description:** Substation Power Transformer Procurement – Additional Funding Request  
**Purchase Category:** Commodity & Material Goods  
**Supplier:** E-Flow Electric Inc.  
Fortune Electric Co Ltd.
- 11. Item Description:** Enterprise Fuel – Additional Funding Request  
**Purchase Category:** Commodity & Material Goods  
**Supplier:** Petroleum Traders Corporation

#### XI. WEATHER OUTLOOK & WINTER WEATHERIZATION

Mr. Benny Etheridge, Executive Vice President for Energy Supply, presented on generation facility weatherization. He introduced the Energy Supply Team, noting that additional employees and improvements to the weatherization program have strengthened our generation capabilities to better serve our customers and community.

Mr. Brain Alonzo, Chief Meteorologist, provided information on the record-setting heat in the months of May, June and July, and the below average rainfall during that time. He also provided an outlook for the fall and winter seasons, which are expected to bring above-normal temperatures and below-normal precipitation.

Mr. Rick Urrutia, Interim Vice President for Generation Operations, presented on the weatherization program, and noted that CPS Energy expects to maintain a strong reserve margin to mitigate risk and meet the needs of our community.

#### XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Romero, seconded by Vice Chair Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:32 p.m. by Chair Dr. Mackey.

---

Shanna M. Ramirez  
Secretary of the Board

## CPS Energy Board of Trustees Meeting November 29, 2022

### Approval of Payment to the City of San Antonio for October 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 October 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$239,951,915.19, less applicable exclusions. The revenue for the month of October 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$212,422,521.98
Gas revenue		20,211,189.14
Interest and other income		5,689,390.54
Gross revenue per CPS Energy financial statements		<u>238,323,101.66</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(9,370,290.83)
LVG revenue per City Ordinance 100709		(191,545.89)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(20,350,836.96)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		31,541,487.21
Total excluded revenue		<u>1,628,813.53</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$239,951,915.19</u>
City payment per Bond Ordinance for October 2022 based upon October 2022 revenue		\$33,593,268.13
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		651,380.68
Wholesale Special Contract Annual True Up		182,408.54
City Payment reduction per gas customer billing adjustment MOU		<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding		34,414,557.35 <b>A</b>
Utility services provided to the City for October 2022		<u>(2,928,589.20)</u>
Net amount to be paid from October 2022 revenue to the City in November 2022		<u>\$31,485,968.15</u>

## CPS Energy Board of Trustees Meeting November 29, 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)

October 2022	Actual	Budget	Variance	
Current Month* <b>A</b>	\$34,415	\$30,638	\$3,777	12.3%
Year-to-Date*	\$348,336	\$301,787	\$46,549	15.4%

\* 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 \$31,485,968.15 representing 14% of applicable system gross revenues for the month of October 2022, such payment being net of City utility services (\$2,928,589.20), is hereby approved."



## Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance November 29, 2022, Board Consent Agenda Item

**PURPOSE:**

- Request Board approval of the proposed changes to the CPS Energy Employee Benefit Plans Statement of Governance (SoG).
- Should you have any questions or need any additional information, please contact
  - Debra Wainscott, Administrative Committee (AC) Chair, at 210-353-4740 or
  - Gautam Shringarpure, AC Vice Chair, at 210-353-2710.

**BACKGROUND:**

The following is a high-level summary of the extent of the changes that are being proposed herein:

Administrative	Organizational	Procedural	Substantive
✓	None	None	None

The SoG primarily:

- Ensures that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, and
- Delegates certain activities and responsibilities regarding the Plans.

The SoG is reviewed annually by the AC, which recommends any changes to the EBOC. The EBOC reviews and recommends proposed changes, which are taken to the full Board of Trustees for final approval.

**SUMMARY OF CHANGES:** Most of the updates to this document are to a) clarify training requirements and b) update AC administrative roles. The AC will continue to manage investments with a primary focus on the safety and preservation of principal. These changes have been recommended by the AC (on September 20, 2022) and EBOC (November 17, 2022). Approval of these changes is requested at the November 29, 2022, Board meeting.

	<u>Type of Change</u>	<u>Proposed Change</u>	<u>Reason for Proposed Change</u>	<u>Diligent Redlined Reference</u>
1	<b>A</b>	Clarify that training requirements apply to Ex-Officio members and Observers	To ensure clear understanding of training requirements	Page 8
	<u>Type of Change</u>	<u>Proposed Change</u>	<u>Reason for Proposed Change</u>	<u>Diligent Redlined Reference</u>





## Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance November 29, 2022, Board Consent Agenda Item

2	<b>A</b>	Remove AC administrative roles now performed by third-party administrators	To be consistent with AC's current roles	Page 12
3	<b>A</b>	Other updates and clarifications	To improve clarity and readability	Various pages

**CONTENTS:**

- Updated SoG (w/o Appendices) (Red-lined): CPS Energy's Employee Benefit Plans Statement of Governance
- Updated SoG (w/o Appendices) (Clean): CPS Energy's Employee Benefit Plans Statement of Governance

## CPS Energy Employee Benefit Plans Statement of Governance

### Contents

I.	Overall Philosophy of Governance.....	1
II.	Authority .....	2
A.	Source of Authority .....	2
B.	Duties of the Board Regarding the Plans and Trusts .....	2
C.	Delegation of Authority .....	2
D.	Committee Relationship.....	3
III.	Governance, Roles and Responsibilities.....	3
A.	The Board.....	3
B.	The Employee Benefits Oversight Committee.....	3
C.	The President / CEO.....	6
D.	The Administrative Committee.....	7

To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”) ~~(formerly known as the Oversight Committee)~~, the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, ~~employees of the Plans and / or Trusts~~, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health, Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, the Plan or Trust document shall control.

### I. Overall Philosophy of Governance

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.

The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the Administrative Committee to live by the policies articulated herein and to govern with excellence.

## II. Authority

### A. Source of Authority

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

### B. Duties of the Board Regarding the Plans and Trusts

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

### C. Delegation of Authority

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, ~~and employees of the Plans and / or Trusts,~~ CPS Energy staff, ~~and / or contractors.~~ This legal and fiduciary responsibility, ~~thus,~~ requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. Standard of Care: The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Clarity and Specificity: The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. Formality: The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes

delegation of authority to another must be memorialized in writing (*e.g.*, through minutes, resolution, etc.).

#### **D. Committee Relationship**

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

### **III. Governance, Roles and Responsibilities**

#### **A. The Board**

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopt~~ing~~ and terminat~~ing~~ Plans and / or Trusts;
- approv~~ing~~ annual expense and cash flow funding (employer / employee contributions) related to the Plans through the budget process;
- provid~~ing~~ input, as determined necessary, to the EBOC on changes and / or amendments to the Plans and / or the Trusts;
- approv~~ing~~ this Statement of Governance and revisions made thereto;
- oversee~~ing~~ the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

Board members may request any information they need to make informed decisions related to the Benefit Plans.

#### **B. The Employee Benefits Oversight Committee ~~(formerly known as the Oversight Committee)~~**

##### **1. Membership**

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer ("CFO") and the two Board Audit & Finance Committee members.<sup>1</sup> EBOC members shall include persons duly authorized to hold the named role (*i.e.*, "Interim President / CEO" or "Acting CFO"). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans' participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

<sup>1</sup> The CPS Energy Board Audit & Finance Committee's membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.



- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. All members of the EBOC shall be provided general training and continuing education related to the Committee members' general fiduciary role and standard of care for the Plans and Trusts.

## 2. Standard of Care

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

## 3. Reporting

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
  - i. Review / Approval of Plan Changes / Amendments, and / or
  - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

#### 4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee or may give his / her proxy to another member to vote on his / her behalf.

## 5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve or reject the appointment and / or removal of members to the Administrative Committee (other than the Labor Representative<sup>2</sup>) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- review expense and cash flow funding (employer / employee contributions) related to the Plans after review of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and projected expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

<sup>2</sup> Defined as the President or his/her designee of the labor organization recognized by CPS Energy that comprises the largest membership (Labor Organization).

- on at least an annual basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

### C. The President / CEO

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act as the liaison for communication and information flow between the Board and a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input to the Administrative Committee and EBOC on CPS Energy's budgetary constraints related to cash flow funding (employer / employee contributions) and expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

### D. The Administrative Committee

#### 1. Membership

- Number. The Administrative Committee shall consist of up to nine (9) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of current employees (excluding the President / CEO and the Ex Officio members noted below) to maintain the right balance of skills and experience, including financial expertise.
- Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- Ex Officio, Non-Voting Members. The CPS Energy Vice President of People & Culture (or equivalent role or title or such individual's designee), the CFO, and the Vice President of ~~Capital Markets Finance & Accounting~~ (or equivalent role or title or such individual's designee) and the Administrative Committee Secretary (if not already an Administrative Committee member) shall be *ex officio*, non-voting members of the Administrative Committee. Ex Officio designation does not preclude the individuals noted above from serving as active Administrative Committee Members. In the event



Created: 09/27/04

Last Revised: ~~10/31, 22/10/14/21~~

that an individual holding one of the offices noted as Ex Officio is appointed to serve as an active Administrative Committee Member, their designee, if any, will serve in an Ex Officio status.

- d. Diversification of Members. It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. Chair and Vice Chair. The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. Secretary. The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. Length of Service. Nothing in this Statement of Governance prohibits the same individual(s) from serving unlimited consecutive terms.
  - i. Recognizing and balancing the value of membership continuity and the long-term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed a period of six (6) years, with the intent that the terms of the members shall generally be staggered.
  - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of six (6) years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee.
- h. Attendance and Participation. Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor Organization leadership and the President / CEO, with input from other Administrative Committee members.
- i. Compensation. The Administrative Committee members shall perform their duties without compensation from the Trusts.

- j. Training. Members of the Administrative Committee, Ex Officio members and Observers shall receive all applicable and timely training and continuing education consistent with the Administrative Committee members' role and standard of care, including, but not limited to, Tex. Local Gov't Code section 172.007 risk pool training and Texas Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.
- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any such expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

## 2. Standard of Care

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.<sup>3</sup>

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

---

<sup>3</sup> The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).

### 3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee or may give his / her proxy to another member to vote on his / her behalf.

**4. Responsibilities & Duties**

The Administrative Committee shall be responsible for the following:

**Plan Design and Funding Related Roles:**

- review and provide input to the President / CEO on expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and expenses related to the Plans;
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- order, receive, and review an actuarial valuation at least every year for each Plan;
- analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- select, monitor, and terminate the Plans' and / or Trusts' investment consultants, investment managers, custodial trustee(s), and other service providers;
- appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;

**Financial Responsibilities and Reporting Roles:**

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and review reports of the financial condition and of the receipts and disbursements of the Trusts from the Trustee;
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;

**Investment-Related Roles:**

- recommend an investment policy;
- review the investment policy at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

**Administrative Roles:**

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the ~~Plans and~~ Trusts;
- complete annual declaration process related to Administrative Committee duties (mid-year for existing members & within three months of effective date for new members);
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- administer and interpret ~~the Plans' and~~ the Trusts' provisions;
- establish administrative procedures regarding the Administrative Committee roles under this Statement of Governance;
- monitor ~~employees of the Plans and / or Trusts, and~~ CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- ~~adopt procedures participant(s) must follow to obtain benefits;~~
- ~~decide all questions of eligibility, and determine the amount, manner, and time of payment of any benefits hereunder;~~
- ~~make a determination as to the right of any person to a benefit and to afford any person dissatisfied with such determination the right to a hearing thereon;~~
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and ~~E~~employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the ~~E~~employee's Contribution Accumulation, Benefit Service, and in the case of retired ~~E~~employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and

Created: 09/27/04

Last Revised: ~~10/31/22~~~~10/14/21~~

- any other responsibility that may arise as a result of applicable state or federal law.



Demonstrative Chart of Responsibilities

Responsibilities	Board	EBOC	CEO	Administrative Committee
Adopt or reject Plans / Trust	X			
Approve changes to Plans / Trusts		X		
Approve benefit expenses related to the Plans via Budget Process	X			
Approve cash flow funding (Employer / Employee contributions) via Budget Process	X			
Approve <u>Health</u> Plan premiums		X		
Approve or reject Investment Policies		X		
Approve or reject Funding Policies		X		
Liaison to provide information re Plans / Trusts		X (Board)	X (external)	X (all others)
Appoint and remove Administrative Committee Members (other than the Labor Representative)		X		
Appoint Administrative Committee Observers			X	
Select <u>Plans' Administrators</u>				X
Administer <u>Plans</u>				X
Engage auditor(s)		X		
Engage actuary(s)				X
Engage a qualified firm to evaluate <u>Pension</u> Plan investment practices & performance				X
Engage consultant(s) (investment managers, <del>trustees</del> , Agents, attorneys)				X
<u>Engage trustees / custodians to hold Plan assets</u>	X			

## CPS Energy Employee Benefit Plans Statement of Governance

### Contents

I.	Overall Philosophy of Governance.....	1
II.	Authority .....	2
	A. Source of Authority .....	2
	B. Duties of the Board Regarding the Plans and Trusts .....	2
	C. Delegation of Authority .....	2
	D. Committee Relationship.....	3
III.	Governance, Roles and Responsibilities.....	3
	A. The Board.....	3
	B. The Employee Benefits Oversight Committee.....	3
	C. The President / CEO.....	6
	D. The Administrative Committee.....	7

To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”), the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health, Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, the Plan or Trust document shall control.

### I. Overall Philosophy of Governance

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.

The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the Administrative Committee to live by the policies articulated herein and to govern with excellence.

## **II. Authority**

### **A. Source of Authority**

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

### **B. Duties of the Board Regarding the Plans and Trusts**

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

### **C. Delegation of Authority**

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, and CPS Energy staff. This legal and fiduciary responsibility requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. Standard of Care: The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Clarity and Specificity: The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. Formality: The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes delegation of authority to another must be memorialized in writing (*e.g.*, through minutes, *Employee Benefit Plans Statement of Governance*

resolution, etc.).

#### **D. Committee Relationship**

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

### **III. Governance, Roles and Responsibilities**

#### **A. The Board**

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopt and terminate Plans and / or Trusts;
- approve annual expense and cash flow funding (employer / employee contributions) related to the Plans through the budget process;
- provide input, as determined necessary, to the EBOC on changes and / or amendments to the Plans and / or the Trusts;
- approve this Statement of Governance and revisions made thereto;
- oversee the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

Board members may request any information they need to make informed decisions related to the Benefit Plans.

#### **B. The Employee Benefits Oversight Committee**

##### **1. Membership**

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer ("CFO") and the two Board Audit & Finance Committee members.<sup>1</sup> EBOC members shall include persons duly authorized to hold the named role (*i.e.*, "Interim President / CEO" or "Acting CFO"). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans' participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

---

<sup>1</sup> The CPS Energy Board Audit & Finance Committee's membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.

- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. All members of the EBOC shall be provided general training and continuing education related to the Committee members' general fiduciary role and standard of care for the Plans and Trusts.

## 2. Standard of Care

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

## 3. Reporting

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
  - i. Review / Approval of Plan Changes / Amendments, and / or
  - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

#### 4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee or may give his / her proxy to another member to vote on his / her behalf.



## 5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve or reject the appointment and / or removal of members to the Administrative Committee (other than the Labor Representative<sup>2</sup>) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- review expense and cash flow funding (employer / employee contributions) related to the Plans after review of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and projected expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

<sup>2</sup> Defined as the President or his/her designee of the labor organization recognized by CPS Energy that comprises the largest membership (Labor Organization).

- on at least an annual basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

### C. The President / CEO

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act as the liaison for communication and information flow between the Board and a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input to the Administrative Committee and EBOC on CPS Energy's budgetary constraints related to cash flow funding (employer / employee contributions) and expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

### D. The Administrative Committee

#### 1. Membership

- Number. The Administrative Committee shall consist of up to nine (9) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of current employees (excluding the President / CEO and the Ex Officio members noted below) to maintain the right balance of skills and experience, including financial expertise.
- Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- Ex Officio, Non-Voting Members. The CPS Energy Vice President of People & Culture (or equivalent role or title or such individual's designee), the CFO, and the Vice President of Finance & Accounting (or equivalent role or title or such individual's designee) and the Administrative Committee Secretary (if not already an Administrative Committee member) shall be *ex officio*, non-voting members of the Administrative Committee. Ex Officio designation does not preclude the individuals noted above from serving as active Administrative Committee Members. In the event that an

Created: 09/27/04

Last Revised: 10/31.22

individual holding one of the offices noted as Ex Officio is appointed to serve as an active Administrative Committee Member, their designee, if any, will serve in an Ex Officio status.

- d. Diversification of Members. It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. Chair and Vice Chair. The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. Secretary. The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. Length of Service. Nothing in this Statement of Governance prohibits the same individual(s) from serving unlimited consecutive terms.
  - i. Recognizing and balancing the value of membership continuity and the long-term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed a period of six (6) years, with the intent that the terms of the members shall generally be staggered.
  - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of six (6) years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee.
- h. Attendance and Participation. Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor Organization leadership and the President / CEO, with input from other Administrative Committee members.
- i. Compensation. The Administrative Committee members shall perform their duties without compensation from the Trusts.

- j. Training. Members of the Administrative Committee, Ex Officio members and Observers shall receive all applicable and timely training and continuing education consistent with the Administrative Committee members' role and standard of care, including, but not limited to, Tex. Local Gov't Code section 172.007 risk pool training and Texas Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.
- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any such expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

## 2. Standard of Care

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.<sup>3</sup>

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

---

<sup>3</sup> The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).

### 3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee or may give his / her proxy to another member to vote on his / her behalf.

**4. Responsibilities & Duties**

The Administrative Committee shall be responsible for the following:

**Plan Design and Funding Related Roles:**

- review and provide input to the President / CEO on expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and expenses related to the Plans;
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- order, receive, and review an actuarial valuation at least every year for each Plan;
- analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- select, monitor, and terminate the Plans' and / or Trusts' investment consultants, investment managers, custodial trustee(s), and other service providers;
- appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;

**Financial Responsibilities and Reporting Roles:**

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and review reports of the financial condition and of the receipts and disbursements of the Trusts from the Trustee;
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;



**Investment-Related Roles:**

- recommend an investment policy;
- review the investment policy at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

**Administrative Roles:**

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the Trusts;
- complete annual declaration process related to Administrative Committee duties (mid-year for existing members & within three months of effective date for new members);
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- administer and interpret the Trusts' provisions;
- establish administrative procedures regarding the Administrative Committee roles under this Statement of Governance;
- monitor CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- 
- 
- 
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the employee's Contribution Accumulation, Benefit Service, and in the case of retired employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and
- any other responsibility that may arise as a result of applicable state or federal law.

Demonstrative Chart of Responsibilities

Responsibilities	Board	EBOC	CEO	Administrative Committee
Adopt or reject Plans / Trust	X			
Approve changes to Plans / Trusts		X		
Approve benefit expenses related to the Plans via Budget Process	X			
Approve cash flow funding (Employer / Employee contributions) via Budget Process	X			
Approve Health Plan premiums		X		
Approve or reject Investment Policies		X		
Approve or reject Funding Policies		X		
Liaison to provide information re Plans / Trusts		X (Board)	X (external)	X (all others)
Appoint and remove Administrative Committee Members (other than the Labor Representative)		X		
Appoint Administrative Committee Observers			X	
Select Plans' Administrators				X
Administer Plans				X
Engage auditor(s)		X		
Engage actuary(s)				X
Engage a qualified firm to evaluate Pension Plan investment practices & performance				X
Engage consultant(s) (investment managers, Agents, attorneys)				X
Engage trustees / custodians to hold Plan assets	X			



**CPS Energy Board of Trustees Meeting  
November 29, 2022  
APPROVAL of PROCUREMENT ITEMS  
Table of Contents**

1.	<b>Item Description:</b>	<b><u>138 kV and 345 kV Overhead Transmission Line Construction Services</u></b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	Axis Power, LLC
		Chain Electric Company
		Source Power, LLC
		Southeast Power Corporation
		The L.E. Myers Company
		Utility Construction Services, LLC

2.	<b>Item Description:</b>	<b><u>Electric Meters – Additional Funding Request</u></b>
	<b>Purchase Category:</b>	<b>Commodity &amp; Material Goods</b>
	<b>Supplier:</b>	Landis+Gyr Technology, Inc.

**Approval:**   
 \_\_\_\_\_  
 Cory Kuchinsky, Chief Financial Officer

**Approval:**   
 \_\_\_\_\_  
 Rudy Garza, President & CEO



**CPS Energy Board of Trustees Meeting  
November 29, 2022  
Procurement Form 1**

<b>Item Description</b>	<b>138 kV and 345 kV Overhead Transmission Line Construction Services</b>
<b>Purchase Order Value</b>	<b>\$137,000,000</b>
<b>Purchase Category</b>	General Services
<b>Department</b>	Energy Delivery Services
VP T&D Engineering & Grid Transformation	Ricardo Maldonado
EVP Energy Delivery Services	Richard Medina

**Detailed Description**

CPS Energy staff recommend that a contract be awarded to Axis Power, LLC and Source Power, LLC, both of which are local, diverse firms; Utility Construction Services, LLC, a non-local, diverse firm; Chain Electric Company and The L.E. Myers Company, both of which are local, non-diverse firms; and Southeast Power Corporation, a non-local, non-diverse firm, as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This is a recurring contract for the construction of new 138kV and 345kV overhead transmission line infrastructure. This contract will expire on November 30, 2027.

**Subcontracting Opportunities**

Chain Electric Company, Southeast Power Corporation, and The L.E. Myers Company have all committed to subcontract 20% of overall spend to diverse businesses.

**The solicitation method for this procurement was a Request for Proposals.** An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

<b>Evaluation Criteria</b>	<b>Points</b>
Experience and qualifications to perform the Services	40
Safety records and training program	20
The overall cost	10
The ability to meet CPS Energy's requirements	10
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
<b>TOTAL</b>	<b>100</b>



**CPS Energy Board of Trustees Meeting  
November 29, 2022  
Procurement Form 1**

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Utility Construction Services, LLC	Non-Local / Diverse (Small)	82%	\$22,833,333.34	2204311	
Southeast Power Corporation	Non-Local / Non-Diverse	71%	\$22,833,333.34	2204312	
The L.E. Myers Company	Local / Non-Diverse	71%	\$22,833,333.33	2204310	
Axis Power, LLC	Local / Diverse (Small, Woman-owned, Hispanic American-owned)	70%	\$22,833,333.33	2204307	
Source Power, LLC	Local / Diverse (Small, Woman-owned)	67%	\$22,833,333.33	2204309	<b>Corporate headquarters based in San Antonio Metropolitan Area</b>
Chain Electric Company	Local / Non-Diverse	65%	\$22,833,333.33	2204308	
<b>TOTAL</b>			<b>\$137,000,000</b>		

Ten (10) additional respondents were not recommended for award: Bird Electric Enterprises, LLC; Higher Power Electrical LLC dba 5 Star Electric West LLC; JRD Texas, LLC dba Maslonka Powerline Services, LLC; Kiewit Infrastructure South Co.; Power Standard, LLC; Linetec Services LLC; North Houston Pole Line, LP; NorthStar Energy Solutions, LLC; Pike Electric, LLC; and Primoris T&D Services, 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	\$0	0%	\$21,000,000	\$37,000,000	\$30,000,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.



CPS Energy Board of Trustees Meeting  
November 29, 2022  
Procurement Form 1

Procurement Item: General Services



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





**CPS Energy Board of Trustees Meeting  
November 29, 2022  
Procurement Form 2**

Item Description		Electric Meters - Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$7,293,927.36
Previously Added Funds	(B)	\$2,206,072.64
<b>Additional Funds Requested</b>	<b>(C)</b>	<b>\$5,000,000.00</b>
<b>Projected Cumulative Purchase Order Value</b>	<b>(D)</b>	<b>\$14,500,000.00</b>
Purchase Category		Commodity & Material Goods
Department		Metering Services
VP Customer Experience Operations		Christen Waggoner
EVP Customer Strategy		DeAnna Hardwick

**Detailed Description**

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for the supply and delivery of electric meters. This contract was previously awarded to Landis+Gyr Technology, Inc., a non-local, non-diverse firm, as the respondent who provided the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of electric meters that primarily serve residential and small commercial customers for maintenance and new construction purposes. This additional funding request will support the growth of the CPS Energy service territory and will ensure supply continuity for the remainder of FY24 and into FY25, as lead times have increased for this material to 50+ weeks. This funding will be added to our existing meter contract which is valid until November 13, 2023.

**Subcontracting Opportunities**

There are no subcontracting opportunities associated with this contract, as Landis+Gyr Technology, Inc. is the sole supplier of the residential electric meter approved and set forth in the contract.

The solicitation method for this procurement was an Invitation for Bid. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Overall cost	90
Economic Development (local & diverse consideration)	10
<b>TOTAL</b>	<b>100</b>



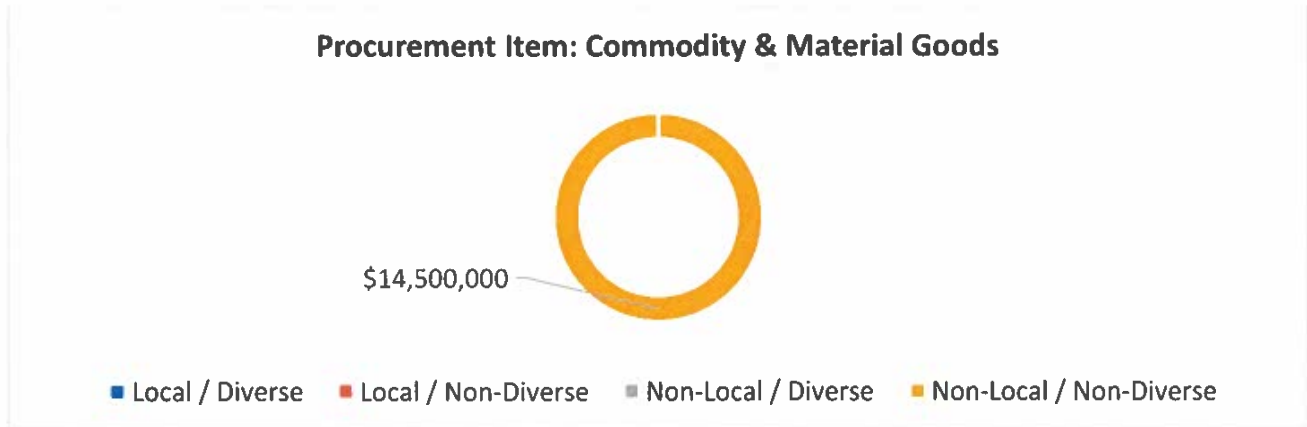
**CPS Energy Board of Trustees Meeting**  
**November 29, 2022**  
**Procurement Form 2**

Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added Funds	Additional Funds Requested	PO#
Landis+Gyr Technology, Inc.	Non-Local/Non-Diverse	\$7,293,927.36	\$2,206,072.64	\$5,000,000.00	3071178
		(A)	(B)	(C)	
<b>Totals</b>		<b>\$7,293,927.36</b>	<b>\$2,206,072.64</b>	<b>\$5,000,000.00</b>	
<b>Projected Cumulative Purchase Order Value (D)</b>				<b>\$14,500,000.00</b>	

One (1) additional respondent was not recommended for award: Anixter, 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	\$7,513,400	0.9%	\$3,400,700	\$3,585,900	\$0
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.





# ***WINTER PREPAREDNESS COMMUNICATIONS UPDATE***

*PRESENTED BY:*

**Melissa C. Sorola**

VP, Corporate Communications & Marketing

November 29, 2022

*Informational Update*



# AGENDA



- **COMMUNICATIONS & MARKETING TEAM OVERVIEW**
- **WINTER COMMUNICATIONS OBJECTIVES**
- **WINTER PREPAREDNESS COMMUNICATIONS**

**The Corporate Communications & Marketing Department will share its current & upcoming efforts to support our community & highlight how we are preparing to keep our customers informed for upcoming winter weather conditions.**

# WINTER PREPAREDNESS UPDATE

## COMMUNICATIONS & MARKETING TEAM






# SUMMER CAMPAIGN RECOGNITION




## American Public Power Association (APPA) Excellence in Public Power Communications Award – Web/Social Media





We were recognized by APPA for our summer campaign, which utilized a new color-coded conservation notification program to inform the community on energy & money-saving tips.





## ENERGY CONSERVATION



	<p><b>GREEN DAY</b> Everyday Conservation</p> <ul style="list-style-type: none"> <li>▶ Set thermostat to 78° in summer, 68° in winter</li> <li>▶ Use fans to feel 4-6 degrees cooler</li> <li>▶ Run ceiling fans counterclockwise in summer &amp; clockwise in winter</li> </ul>	<ul style="list-style-type: none"> <li>▶ Close shades &amp; blinds; turn off unnecessary lights</li> <li>▶ Unplug electronics when not in use</li> <li>▶ Try cooking on a grill &amp; line-drying clothes when possible</li> </ul>
	<p><b>YELLOW DAY</b> Peak Energy Demand</p> <ul style="list-style-type: none"> <li>▶ Continue everyday conservation measures</li> <li>▶ Check our website &amp; social media for times between 2-10PM when increased conservation is needed</li> <li>▶ Adjust thermostats further to minimize A/C &amp; heater use, if health permits</li> </ul>	<ul style="list-style-type: none"> <li>▶ Avoid using large appliances like your oven, washer, dryer, &amp; dishwasher</li> <li>▶ Charge Electric Vehicles (EV) at night, after 10PM</li> </ul>
	<p><b>ORANGE ALERT</b> Energy Grid Reliability Risk</p> <ul style="list-style-type: none"> <li>▶ Limit power usage</li> <li>▶ Prepare for possible loss of power</li> <li>▶ Prepare to implement your household plan for power emergencies</li> </ul>	<ul style="list-style-type: none"> <li>▶ Be ready to initiate plan for alternative operation of medical devices, if needed</li> <li>▶ Turn off pool pumps</li> <li>▶ Avoid charging EV, or charge overnight</li> </ul>
	<p><b>RED ALERT</b> Controlled Outages in Progress</p> <ul style="list-style-type: none"> <li>▶ Implement emergency preparedness measures</li> <li>▶ Turn off all appliances &amp; lights during power outages</li> <li>▶ Turn A/C &amp; heater off until after power is restored</li> <li>▶ Monitor news sources for updates</li> </ul>	<ul style="list-style-type: none"> <li>▶ Implement plan for alternative operation of medical devices</li> <li>▶ Keep refrigerator closed to extend the life of perishable food</li> </ul>

# WINTER PREPAREDNESS UPDATE

## WINTER COMMUNICATIONS OBJECTIVES



- Winter communications will build from lessons learned that came from our summer campaign & customer feedback.
- Keep customers safe during this winter season & beyond.
- Help customers save energy & money through energy efficiency & conservation, especially as natural gas prices remain higher than normal.
- Create ongoing awareness of customer assistance & support for programs & opportunities.
- Encourage interaction with our customers through community engagement & social media presence.

**Communication strategies such as paid, earned, shared & owned are rooted in transparent & proactive communications.**





# WINTER PREPAREDNESS UPDATE

## COMMUNICATING PREPAREDNESS AND SAFETY



KENS 5 News



SA Report



Telemundo 60



SA Report

### Winter Emergency Preparedness

Prepare for winter weather before temperatures drop

- Don't wait for an emergency or power outage, make a family emergency plan now. If you have medical equipment that requires electricity or medicines that need refrigeration, check with your doctor when making your plan. You can find plan ideas at [ready.gov/plan](https://ready.gov/plan).
- Add/Update Emergency Contact Information through CPS Energy's Manage My Account (MMA) portal, or by calling Customer Service at 210-353-2222.
- Also register through MMA to receive energy alerts from CPS Energy. Find out more by visiting: [cpsenergy.com/alerts](https://cpsenergy.com/alerts)
- Follow CPS Energy on social media: Facebook, Twitter, Instagram, and LinkedIn. Also, look for our posts on Nextdoor.
- Sign up for local alerts through the **City of San Antonio: Stay Informed: Get Alerts**
- Create an emergency kit for your family. Be sure to include flashlights, water, and canned and dried foods that don't require refrigeration in your emergency kit. [Ready.gov/kit](https://ready.gov/kit) is a good source for emergency kit information and supply lists.
- Locate your electrical breaker box and main breaker switch(es). Watch our "Check Your Breakers" video at [cpsenergy.com/outagecenter](https://cpsenergy.com/outagecenter)
- Locate your gas and water shutoff valves and know how to use them.

# WINTER PREPAREDNESS UPDATE

## COMMUNICATIONS ENHANCEMENTS

- Developing gas safety videos & additional tips to prepare customers for the winter season & year-round
- Create understanding for the potential for high winter bills
- Engaging influencers to help communicate how customers can be prepared
- Incorporating our Chief Meteorologist & weather-related content
- Enhancing stakeholder communications
  - Dedicated communications person for stakeholder communications
  - Digital toolkits
- Strengthening bilingual communication efforts
- Ongoing calls to action to sign up for mass communications alerts/notifications



# WINTER PREPAREDNESS UPDATE

## TRAINING & PARTNERSHIPS



- Continued partnership with CoSA, County, SAWS & others
- Completed trainings in FY2022:
  - TEEEX Tabletop – Heavy rains/flash flooding - 08/04/22
  - SAOEM Tabletop with CISA – 09/28/22
  - CPS Energy – Oil Spill Management – 11/07/22
  - TEEEX - Joint Natural Disaster Exercise – 11/16/22



**Partnerships & joint exercises are part of our communications preparedness.**



***Thank You***





***Appendix***



# GLOSSARY / DEFINITIONS

Acronym or Word	Definition	Acronym or Word	Definition
APPA	American Public power Association		
CoSA	City of San Antonio		
SAOEM	San Antonio Office of Emergency Management		
CISA	Cybersecurity and Infrastructure Security Agency		
SAWS	San Antonio Water System		
TEEX	Texas A&M Engineering Extension Service		





# ***GAS SOLUTIONS WINTER PREPARATION UPDATE***

*PRESENTED BY:*

**Richard Lujan**

Interim VP, Gas Solutions

**Anthony Moy**  
Director Gas  
Engineering &  
Planning

**&**

**Michael Fuentes**  
Director Gas  
Construction

**&**

**Tom Narendorf**  
Director Gas  
Operations

**&**

**Julius Moore**  
Director Gas Growth  
& Operations  
Compliance

November 29, 2022

*Informational Update*

# AGENDA



- **GAS SOLUTIONS LEADERSHIP TEAM**
- **GAS SYSTEM OVERVIEW**
- **ENGINEERING & PLANNING**
- **DISTRIBUTION SYSTEM**
- **TRANSMISSION & SUPPLY**
- **PUBLIC AWARENESS**

**The Gas Solutions team will share our current efforts to support our community & highlight how we are preparing for upcoming winter conditions.**



# GAS SOLUTIONS



**Richard Lujan**  
Interim VP Gas Solutions



**Anthony Moy**  
Dir Gas Engineering &  
Planning



**Michael Fuentes**  
Dir Gas Construction



**Tom Narendorf**  
Dir Gas Operations



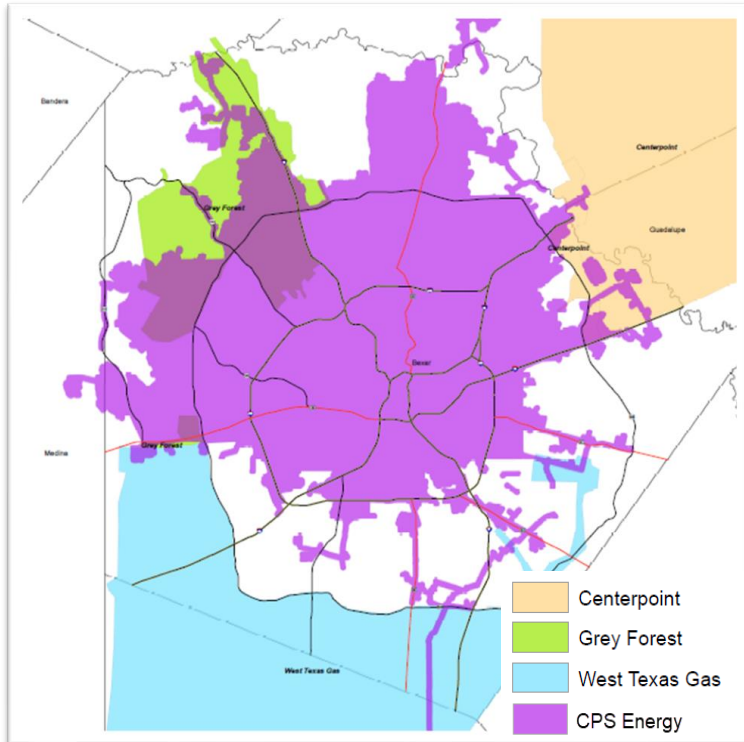
**Julius Moore**  
Dir Gas Growth &  
Operations Compliance

**Our 246 Gas Solutions team members serve 378k customers & maintain over 10,000 miles of pipeline!**

# GAS SYSTEM OVERVIEW



- Service area: 863 sq. miles
- Gas customers: 373,998
- Transmission mains: 89 miles
- Distribution mains: 5,869 miles
- Services: 4,350 miles
- Regulated by the Texas Railroad Commission & US Department of Transportation Pipeline & Hazardous Materials Safety Administration



**CPS Energy is the fourth largest gas utility in Texas!**

# ENGINEERING & PLANNING

## WINTER PREPARATION



### Engineering Analysis & Critical Projects

- Model system performance to determine necessary pressure adjustments
- Coordinate planned pipeline outages based on temperature limitations
- Complete strategic pipeline connections & infrastructure upgrades

### System Planning & Pressure Monitoring

- Install & monitor pressure recording devices to ensure optimal system performance
- Coordinate with Energy Supply Market & Operations on system requirements

### Inclement Weather Preparation

- Remote work capabilities
- Gas Operations support
- Coordination with Customer Strategy
- Compressed Natural Gas (CNG) mobile services

# DISTRIBUTION SYSTEM WINTER PREPARATION



## Safety

- Safety messaging includes adverse working & driving conditions
- Personal Protective clothing & equipment checks

## Operational

- System Pressure Adjustments for peak gas load conditions based on engineering analysis
- Continued System monitoring
- Communication with Customer Strategy
- Gas Supply communications with Energy Supply & Market Operations

## Equipment

- Remote work capabilities for dispatch & Managers
- Completion of annual inspections
- Station Backup Power checks
- Vehicle & Equipment cold weather preparation

# TRANSMISSION & SUPPLY WINTER PREPARATION



## Operational

- Third-party Engineering Assessment of Supply & Power Generation facility stations
- Continued System monitoring
- Emergency Tabletop Exercises
- Gas Supply coordination with Energy Supply & Market Operations
- Coordination with Power Generation

## Equipment

- Completed normal station inspection & maintenance
- Cold weather station preparedness inspections
- Station Backup Power checks



# PUBLIC AWARENESS OVERVIEW



- **Texas 811 "Call Before you Dig"**
  - 245,000 locate requests
  - 360 damages to gas facilities
- **Gas Safety Tips**
  - What should you do if you smell Gas?
    - 10,000 odor complaints
  - Carbon Monoxide Awareness
    - 350 carbon monoxide calls this year
  - Gas Leak Messaging
    - 1,000 miles/year leak survey with Smart Sniffer Vehicle

**CPS ENERGY** Committed to Your Safety

**For Gas Emergencies, Call 911 and 210-353-HELP (4357)**

**Protecting Our Communities with Your Help**  
CPS Energy's pipelines provide natural gas safely and reliably to more than 371,000 customers in and around San Antonio. We've been a trusted safety partner for over 162 years, and we're proud of our many initiatives to protect you and your community:

- We continually test, inspect, repair and improve our pipelines, and monitor them 24/7 for potential natural gas leaks.
- We work with emergency responders to train and prepare them to respond to natural gas emergencies.
- We educate excavators and the public about digging safely near gas pipelines, and we provide gas safety education programs to local schools.
- We identify and manage risks to our pipelines, especially those in high-consequence areas.
- We have an Integrity Management Program (IMP), in accordance with rules established by the U.S. Department of Transportation and state regulatory agencies, to improve the safety of our high-pressure transmission pipelines.

Despite our efforts, natural gas leaks may occur that could lead to fires or explosions. We need everyone's help to prevent pipeline damage and reduce the risk of dangerous leaks.

**Dig Safely to Protect Your Community**  
If you have a project that involves digging, be sure to first call 811 or visit [texas811.org](http://texas811.org) to locate natural gas pipelines and other utility lines at no cost to you. You must allow at least two full business days (excluding weekends, federal holidays and Texas state holidays) for a team member to come to your property and mark utility lines before you start digging. It's the law!

Special digging rules apply within the "tolerance zone," which is 18 inches on each side of a utility line, plus half the diameter of the line measured from the edge of the line. If you must dig within this zone, hand dig only using non-mechanized tools or equipment, soft digging or vacuum excavation.

**811 Call Before You Dig**  
Always contact your state 811 center before digging and for the most current requirements.

Call CPS Energy at 210-353-HELP (4357) if you make ANY contact with a natural gas line, even if you just nick the pipeline or damage its coating. If gas is escaping, federal code requires that you call 911 as well. Remember to also notify 811 within one hour of contacting a natural gas line, even if no gas is released.

**Locate Major Pipelines Near You**  
Look for pipeline markers at road crossings, fence lines and street intersections. These high-visibility markers indicate the general location of our natural gas transmission pipelines and some distribution lines. If you suspect a natural gas leak or any suspicious activity near a pipeline marker, immediately call the 24-hour emergency phone number listed on the marker.

© 2022 Culver Media, LLC

**Natural gas pipeline markers are placed near pipelines, but not necessarily directly on top of them. Never use these markers or maps as a substitute for calling 811 to have all utility lines in your dig area located and marked.**

You can also find high-pressure transmission pipelines and the name(s) of the pipeline operator(s) near you through the National Pipeline Mapping System (NPMS) at <https://www.npms.phmsa.dot.gov>.

**Gas Leaks: Recognize, React, Report**

**1. RECOGNIZE THE SIGNS OF A GAS LEAK:**

- **Smell** – A distinctive, sulfur-like odor. Not all gas is odorized, so do not rely on your nose alone to detect a leak.
- **Sight** – Continuous bubbling in water outdoors, dirt spraying or blowing into the air, or dead/dying vegetation in an otherwise moist area. Gas pipelines exposed by earthquakes, fires or floods may also be a source of leaks.
- **Sound** – Hissing, roaring or whistling noises coming from the ground or gas equipment.

**2. REACT IMMEDIATELY IF YOU SUSPECT A LEAK**  
Assume there's a danger. Warn others and leave the area quickly. Do NOT light a match or use electrical appliances, including light switches, garage door openers, doorbells, radios, TVs or any phone. These items can ignite natural gas.

**3. REPORT THE LEAK TO 911 and CPS ENERGY**  
From a safe location, call 911 and CPS Energy's gas emergency number at 210-353-HELP (4357). Do NOT assume someone else will report the leak. Stay far away from the leak area until our personnel say it is safe to return.

**Carbon Monoxide (CO) Cannot Be Seen or Smelled**  
CO is produced by exhaust from improperly maintained or incorrectly vented natural gas-fueled appliances. Exposure symptoms include severe headache or nausea, fatigue, dizziness or feeling faint. If you or someone in your home has these symptoms:

- Get out of your home immediately.
- Call the fire department at 911.
- Call CPS Energy at 210-353-HELP (4357).

**Learn More**  
For additional safety information concerning Public Awareness and Damage Prevention, please visit [cpsenergy.com/safety](http://cpsenergy.com/safety). You may also obtain additional information through the following organizations:

- Pipeline and Hazardous Materials Safety Administration: [phmsa.phmsa.dot.gov/comm/caserepublic.htm](http://phmsa.phmsa.dot.gov/comm/caserepublic.htm)
- Pipeline and Informed Planning Alliance: [pipa.phmsa.dot.gov/comm/pipa/pipa\\_resources.htm](http://pipa.phmsa.dot.gov/comm/pipa/pipa_resources.htm)
- Railroad Commission of Texas: [rrc.state.tx.us](http://rrc.state.tx.us)

#13269 #13270

Gas Safety Bill Insert

**Ensuring public safety, infrastructure reliability & resiliency remain our top priorities.**



***Thank You***

