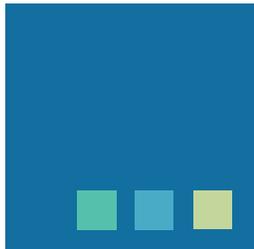
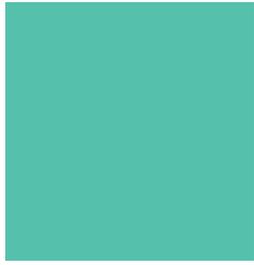




2020

**ENVIRONMENTAL SUSTAINABILITY,
COMMUNITY IMPACT & FINANCIAL
HIGHLIGHTS REPORT**

DECEMBER 2021



RELIABILITY | CUSTOMER AFFORDABILITY | SAFETY | SECURITY | ENVIRONMENTAL RESPONSIBILITY | RESILIENCY
FINANCIALLY RESPONSIBLE

SOME OF OUR SUCCESSFUL SUSTAINABILITY & COMMUNITY IMPACT ACTIONS TO DATE!

Our Board of Trustees endorsed the City of San Antonio's Climate Action & Adaptation Plan (CAAP) with a resolution on August 26, 2019, and we are working toward full carbon neutrality by 2050 in support of the community-wide plan.

We are also actively executing our **Flexible Path** strategy to meet our foundational commitment to reduce our net emissions profile by 80% by 2040.

We are further considering additional meaningful actions we can take to improve the environment by 2030. For example, we announced our **FlexPOWER Bundle** Request for Proposal (RFP) globally in 10 languages on December 1, 2020, to nearly triple solar capacity to replace some aging generation capacity and introduce new technologies as firming capacity to provide around-the-clock energy **Reliability** for our San Antonio community.

Our Save for Tomorrow Energy Plan (**STEP**) achieved 926 MW of cumulative demand reduction through energy efficiency programs since 2009. **FlexSTEP** programs are under review to potentially continue tried & true programs and add innovative & new energy management solutions.

During the COVID-19 pandemic, we suspended disconnections and waived late fees for past due customers on payment plans. We formed the Customer Outreach Resource Effort (CORE) to proactively reach out to our customers and check on their well-being while making them aware of available resources, resulting in connecting customers with more than \$39 million in assistance funds over CORE's first 15 months.



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A LETTER FROM OUR INTERIM PRESIDENT & CEO



I echo our Past President & CEO Paula Gold-Williams when she said, "I am so appreciative of how all our employees work collaboratively 24/7/365 to serve, while leading innovative initiatives like our **Flexible Path** strategy that will have tremendous benefits for our community for years to come."

We are engaged in every aspect of the energy industry. We generate electricity. We buy renewable electricity. We transmit power over our transmission lines, and we deliver energy to our customers over our distribution grid. We directly serve and care for our customers, who we also consider our owners. Our employees are leaders in the community where they give their time to volunteer and to serve. Through this report, we again seek to share some of our sustainability and stewardship actions thus far. Thank you for taking time to read it. Your interest inspires us in every way to continue our community contributions and make further progress on our **Flexible Path** journey to a cleaner and reliable energy future.

Rudy Garza
Interim President & CEO

BOARD OF TRUSTEES ■ ■ ■

(Effective 2021)

Our Board of Trustees, along with our Interim President & CEO Rudy Garza and his Senior Leadership Team, are committed to operating one of the best-managed and most **Financially Responsible** utilities in the nation. The Board's careful guidance helps ensure our business decisions are based on our **Guiding Pillars of Reliability, Customer Affordability, Security, Safety, Environmental Responsibility, and Resiliency.**

Our diligent 5-member Board serves all CPS Energy customers. Thoughtful and passionate civic leaders, they provide strategic oversight of the nation's largest municipally-owned electric and gas utility, which has served this community for more than 161 years.

Each Board Member brings their own unique mix of experience, skills, and expertise to help guide our utility, as the management team evaluates and implements opportunities that will revolutionize the way we produce and deliver energy to your homes and businesses. With more than \$11.5 billion in assets and over \$2.5 billion in revenues in Fiscal Year 2021, being a Board Trustee is a huge responsibility, and it is an honorable one.



Dr. Willis Mackey
Southeast Quadrant,
Board Chair



Janie Gonzalez
Southwest Quadrant,
Vice Chair



John Steen
Northeast Quadrant,
Trustee



Edward Kelley
Northwest Quadrant,
Trustee



Ron Nirenberg
Mayor &
Ex-Officio Member

TONE FROM THE TOP-SENIOR CHIEFS ■ ■ ■

(December 2021)

CPS Energy has a talented and experienced team of Senior Chiefs who work together in support of our **People First** culture and remain focused on customers, employees, and community. The **Guiding Pillars of Reliability, Customer Affordability, Environmental Responsibility, Safety, Security, and Resiliency** and our **Foundation of Financial Responsibility**, are the lenses the Senior Chiefs and their teams apply to every business decision and each opportunity we encounter.



Rudy Garza
Interim President & Chief Executive
Officer (CEO)



Paula Gold-Williams
Past President & Chief Executive
Officer (Past CEO)



Frank Almaraz
Chief Power, Sustainability, & Business
Development Officer (CPSBDO)



Paul S. Barham, P.E.
Chief Grid Optimization & Resiliency
Officer (CGORO)



Vivian Bouet
Chief Information Officer
(CIO)



Cory Kuchinsky, CPA
Chief Financial Officer & Treasurer
(CFO)



Lisa Lewis
Chief Administrative Officer
(CAO)



Shanna Ramirez, J.D., CISM
Chief Legal & Ethics Officer, General
Counsel, & Board Secretary (CLEO)

OUR GUIDING PILLARS ■ ■ ■

We use our balanced **Guiding Pillars & Foundation**, as shown below, to vet all major strategies and initiatives, including the **Flexible Path** strategy. Our ability to supply **Reliable, Affordable, Environmentally Responsible**, and **Resilient** power, including new solutions, is vital to our mission to serve San Antonio and the State of Texas, 24/7/365.



We ask our community through market research studies to tell us what they feel are the most important energy considerations using these definitions:

Customer Affordability means utility costs are well controlled to keep customer bills affordable.

Reliability means that when you, our customer, flips the switch, your lights come on.

Resiliency means energy systems are designed to be effective & diverse, while proactively reducing power outages.

Environmental Responsibility means power is increasingly produced from cleaner energy sources.

Safety means you and your community, as well as CPS Energy employees, are protected from the hazards inherent in working with electricity and natural gas.

Security means protection from cyber & physical attacks.

Our ongoing customer survey results continue to indicate **Affordability** and **Reliability** are most important for consumers. However, when we talk about how power is generated, the **Environmental Responsibility** lens becomes important. While **Affordability** and **Reliability** are deemed very important, these **Guiding Pillars** rest upon the expectation of **Safety**. The events during the winter storm in February 2021 have also resulted in a greater understanding and appreciation of the importance of **Resiliency**.



CLIMATE ADAPTATION AND RESILIENCY ■ ■ ■

Our Board of Trustees endorsed the City of San Antonio Climate Action & Adaptation Plan (CAAP) through the continued implementation of our **Flexible Path** strategy. We are working toward full carbon neutrality by 2050 in support of the community-wide plan.

The CAAP, with its 28 mitigation strategies and 45 adaptation strategies, acts as a guide as we prepare for a changing climate and associated impacts. Mitigation strategies are ways to reduce greenhouse gases. Adaptation strategies address resiliency in the face of a changing climate. Our **Flexible Path** strategy initiatives align directly to mitigation strategies. The work we do to prepare for emergencies, optimize the grid, and make it more resilient align with adaptation strategies.

Adapting to a changing climate will make our community more resilient and help us bounce back quickly from emergencies. The focus of many community conversations before Winter Storm Uri in February of 2021 was about strategies that CPS Energy employs to reduce or mitigate emissions. Customer surveys ranked **Affordability, Reliability, and Environmental Responsibility** as their top three priorities. Winter Storm Uri directed focus toward the second "A" in the CAAP; now more than ever it is important to understand how adaptation relates to **Resiliency**.

The CAAP defines adaptation as the process of adjustment to actual or expected climate and its effects, and organizes adaptation strategies in seven broad categories, such as increased infrastructure **Resilience** and enhanced emergency management and community preparedness. Many action and adaptation strategies that apply directly to CPS Energy are topics we have addressed for decades as we keep our infrastructure maintained and our operations ready for emergencies. Other adaptation strategies are city-led initiatives or initiatives led by agencies such as San Antonio Water System (SAWS) or San Antonio River Authority (SARA), among others, and we will partner on these other initiatives.

Winter Storm Uri Response

This 2020 Environmental Sustainability, Community Impact & Financial Highlights Report primarily covers calendar year 2020, but we are including information related to the February 2021 Winter Storm Uri to ensure our customers are aware of our efforts to improve our operations for future emergencies. Preparing for a broader spectrum of temperature and weather impacts and making our systems and community more resilient are just as crucial as reducing our emissions and the effects on the environment. The storm is an example of why adaptation and **Resiliency** are connected focal points for us.

In February of 2021, as Texas experienced extreme cold temperatures and dangerous conditions, the Electric Reliability Council of Texas (ERCOT) reported record-breaking electric demand, higher-than-normal generation outages, and limited natural gas supplies. ERCOT instructed utilities to shed load and implement controlled outages to ensure electric demand did not exceed the generation supply, with a goal of preventing a statewide blackout. CPS Energy and other utilities were limited in our ability to rotate outages due to the magnitude of generation unavailability and the number of circuits with critical load.

The City of San Antonio's Committee on Emergency Preparedness (CEP) was formed after Winter Storm Uri to report to the community on emergency operations and public utilities performance during the storm. CPS Energy is addressing the recommendations of the CEP and improving preparedness and the **Resiliency** of our system and operations. Some of these actions include improving communication, improving the load shed process, and increasing winterization of our power plants.

Progress on our list of CEP recommended actions and formal reports to the Municipal Utilities Committee can be found on our website by visiting cpsenergy.com/storm.



Power restoration during February 2021 Winter Storm Uri

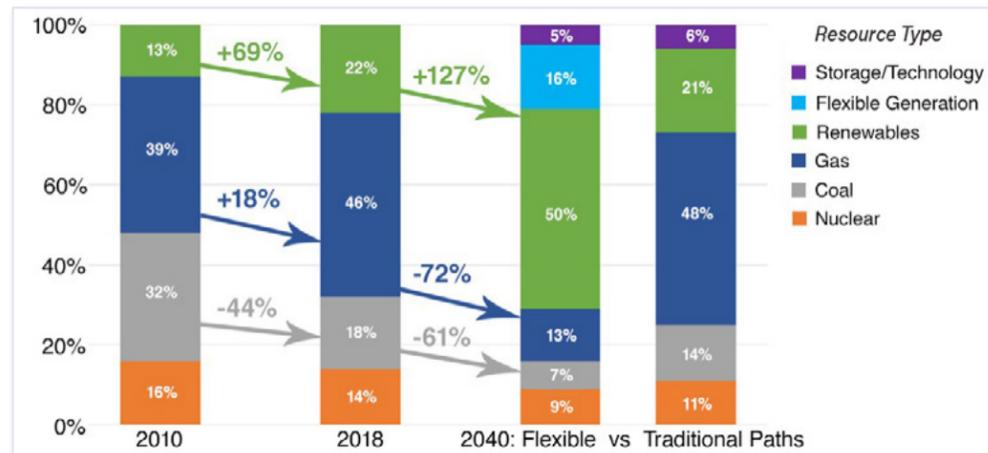
Flexible Path STRATEGY

Our **Flexible Path** strategy was introduced in 2018 to guide us to a cleaner energy future for San Antonio. Our team brought this strategy to life, in part, by taking steps to blend our tried and true generation sources with new and innovative technologies.

There is also a focus on diversifying our energy sources, which helps us lower Greater San Antonio's operational, financial, regulatory, and legislative risks over time. The **Flexible Path** strategy is an innovative concept and pathway to move responsibly and objectively to cleaner energy solutions while continuing to operate proven technologies that San Antonio relies on to generate power around the clock, day after day and month after month.

Through this solid conceptual strategy, we leverage our proven generation units, including existing nuclear, gas, and coal units. Collectively, we have a fleet of existing **Reliable** baseload units, which means they can operate 24/7/365.

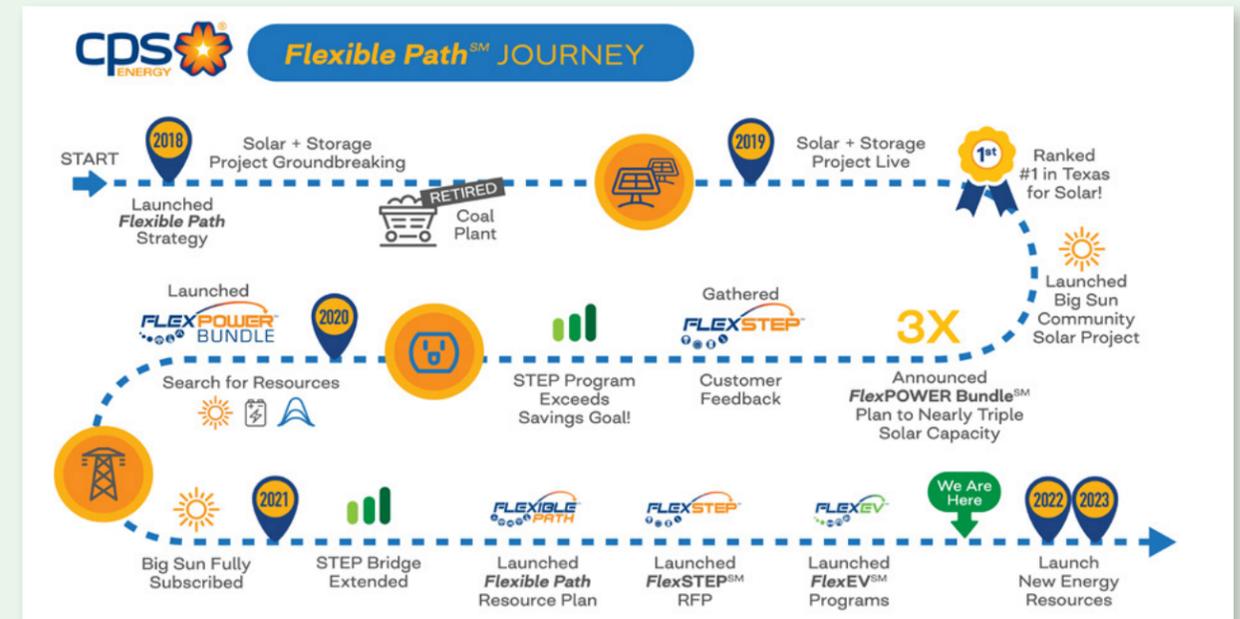
Our CPS Energy team works to seamlessly layer in new technologies, as they become more effective and affordable. Visually, our current **Flexible Path** journey through 2040 is depicted as follows:



The **Flexible Path** strategy is supported by strategic initiatives designed to optimize our cleaner energy future.

- The **FlexPOWER Bundle** will replace a portion of our existing aging power generation capacity. The **FlexPOWER Bundle** is broadly designed to add up to 900 MW of solar resources, 50 MW of energy storage, and up to 500 MW of reliable all-source firming capacity.
- The **Flexible Path** Resource Plan was shared publicly in January 2021 to invite the community to learn about our current fleet of power generating resources, along with new opportunities, and to engage in community-wide discussions about our resource planning process. The plan document, with information about our generation scenarios, is available on our website.
- Our vision for **FlexSTEP** is to combine the proven and tested, award-winning **STEP** energy efficiency and conservation programs with the forward-focused, low-carbon vision of the **Flexible Path** strategy. We are identifying desired programs and technologies by seeking out a broad range of stakeholder and community feedback from multiple points of view and diverse objectives.
- **FlexEVSM** initiatives recognize electric vehicles (EV) are now another avenue for us to help reduce the community's carbon footprint by reducing air emissions from transportation. We offer education and evaluation tools on our website cpsenergy.com/flexev for those considering an EV purchase. We power EV charging stations in our service area. We offer solutions to incentivize EV charging during off-peak energy demand hours and to help EV owners overcome range anxiety, the fear of running out of power while en route.

Here is an illustration of some important milestones and initiatives of our **Flexible Path** journey.



AIR QUALITY

Emissions Reduction

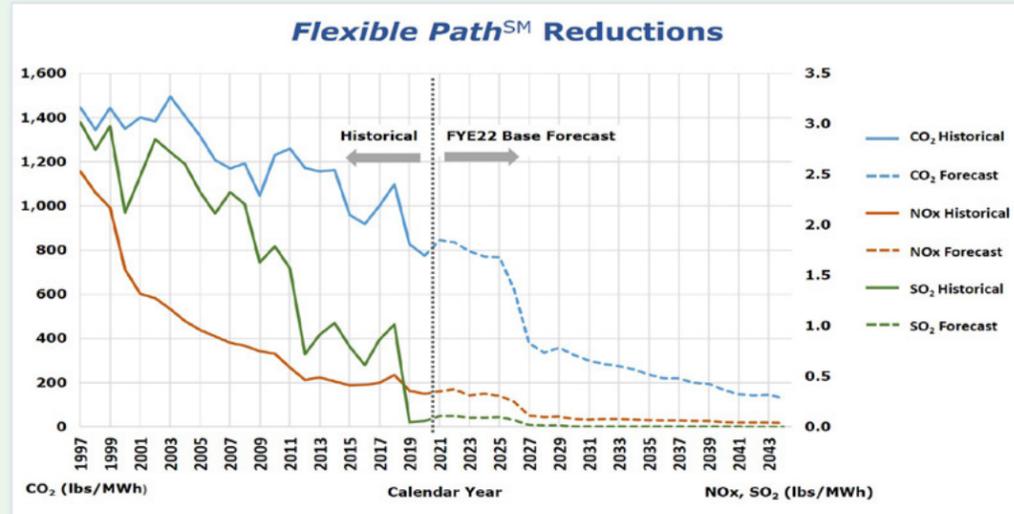
We have made significant reductions in our emissions over time. The reductions are across the entire emissions landscape, including steep reductions in greenhouse gases like carbon dioxide (CO₂) that contributes to climate change, and also ozone contributing nitrogen oxide (NO_x), and other emissions such as sulfur dioxides (SO₂), mercury (Hg) and particulate matter (PM).

Some of the ways we have reduced emissions through careful implementation of new technology and effective management of our community's current energy resources include:

- Implemented emission controls on our plants for NO_x, SO₂, Hg, and PM reduction;
- Continued use of low sulfur coal in our coal units;
- Closed the Deely coal units 15 years ahead of their retirement date, reducing annual emissions compared to the last five years the units operated, on average, by 5 million tons CO₂, 2,000 tons NO_x, and 12,000 tons SO₂;
- Replaced the Deely plant with a higher efficiency natural gas-fired combined-cycle plant;
- Launched and managed our highly successful Save for Tomorrow Energy Plan (**STEP**) to motivate customers to practice energy conservation and use energy-efficient technologies;
- Became industry leaders in the addition of renewables like wind and solar;
- Began installing battery storage that can enable more renewable additions; and
- Energized our Solar + Battery Energy Storage facility located at the Southwest Research Institute with power from our grid;
- Retained a 40 percent share of the South Texas Project (STP) Electric Generating Station, the largest nuclear plant in the state and a long-term, emissions-free resource that can provide uninterrupted power for a cleaner grid.

Our efforts have resulted in significant emissions reductions over time.

- We reduced NOx emissions by over 81% since 1997, which is an 87% reduction in the NOx rate.
- We reduced SO₂ emissions by over 97% since 1997, which is a 98% reduction in the SO₂ rate.
- We reduced CO₂ intensity by 59% since 1980, meaning we are emitting 59% less CO₂ per megawatt-hour (MWh) of energy generated. The CO₂ intensity reduction since 1997 is 46%.
- Sparked by great progress, through our **Flexible Path** strategy we project a continued reduction in the intensity of CO₂, NOx, and SO₂ emissions through 2040.



As part of our programs and our **Flexible Path** strategy, we have reduced our annual air emissions. Our annual air emission reductions are equivalent to removing more than 1 million cars from the road.

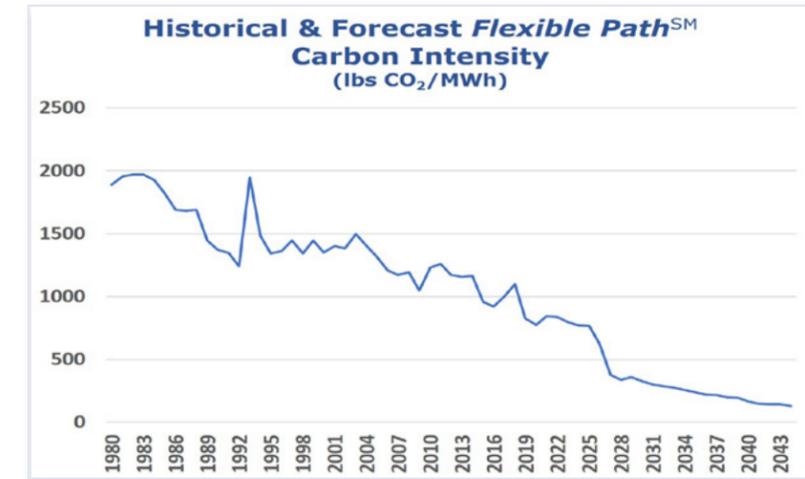
Technology	CO ₂ Reductions (tons per year)	NOx Reductions (tons per year)	SO ₂ Reductions (tons per year)	Equivalent Number of Cars Removed
Wind	2,121,960	880	208	166,448
Closed Deely Coal Plant Early (871 MW)	2,242,831	729	11,506	487,572
Save for Tomorrow Energy Plan (STEP)	1,015,972	419	97	220,863
Solar (rooftop and utility scale)	765,662	249	0	166,448
LED Streetlights	11,684	6	2	2,540
TOTALS	6,158,109	2,283	11,813	1,043,871

Closing the Deely coal units 15 years ahead of their scheduled retirement date was not the only contributor to the outstanding emissions reduction results we have obtained thus far as we journey down a path to a cleaner and low-emitting future. Embracing renewable generation solutions and working with our customers on energy efficiency solutions are also contributors to greenhouse gas reductions, and we will continue to realize their lasting environmental benefits.

These efforts, combined with implementing NOx emission controls on our power plants, including low NOx burners, Separated Overfire Air (SOFA), and Selective Catalytic Reactors (SCRs), have reduced our NOx emissions by 81% since 1997.

We reduced emissions of SO₂ by 97% since 1997. SO₂ is formed when sulfur-containing fuels, such as coal are utilized for energy production. We use low sulfur coal in our Spruce Power Plant. Both of the Spruce coal units also have highly efficient Sulfur Dioxide Scrubbers. These two units emit minimal amounts of SO₂, and their emissions are lower than the average coal unit in the United States.

Our greenhouse gas emission rates continue to decline, even as our generation increases to support our growing population. Our carbon intensity has been on a beneficial downward trend since 1980. Decreasing carbon intensity means less CO₂ is emitted for every megawatt-hour (MWh) of energy generated. Carbon intensity is the total amount of CO₂ emitted by fossil fuel (coal and natural gas) generation units in pounds divided by the total power generation from all generation sources, including coal, natural gas, nuclear, and renewables.



CPS Energy has reduced CO₂ intensity by 59% since 1980

Particulate matter is a mixture of solid particles and liquid droplets found in the air. Particulate matter and mercury emissions have also seen significant reductions over time. We replaced Deely's older electrostatic precipitator (ESP) control technology in 2007 and 2008 with newer, more effective baghouse particulate removal systems, resulting in our most significant drop in particulate matter emissions. Baghouse systems have the capability of removing over 99% of particulate matter. Both Spruce units were built with the more effective baghouse systems.

In partnership with industry stakeholders, the Alamo Area Council of Governments (AACOG) helps track ozone levels and conducts air quality modeling using Continuous Air Monitoring Stations (CAMS) data. We maintain and monitor nine ozone air quality monitors, including the newest monitor located at the Government Canyon State Natural Area. We are also working with the City of San Antonio and businesses to reduce ozone emissions community-wide.

We invested in an advanced technology tool, Gaston, the "Smart Sniffer" vehicle, to improve natural gas **Safety, Reliability**, and air quality (see the picture to the right.) The vehicle patrols our 1,500 square miles service territory to detect the presence of natural gas in the air, helping us identify when we need to perform maintenance or repairs on gas pipelines. The environmental impact is lessened because an employee operating the Smart Sniffer can cover a very large area, reducing the need for additional vehicles and employees in the field.

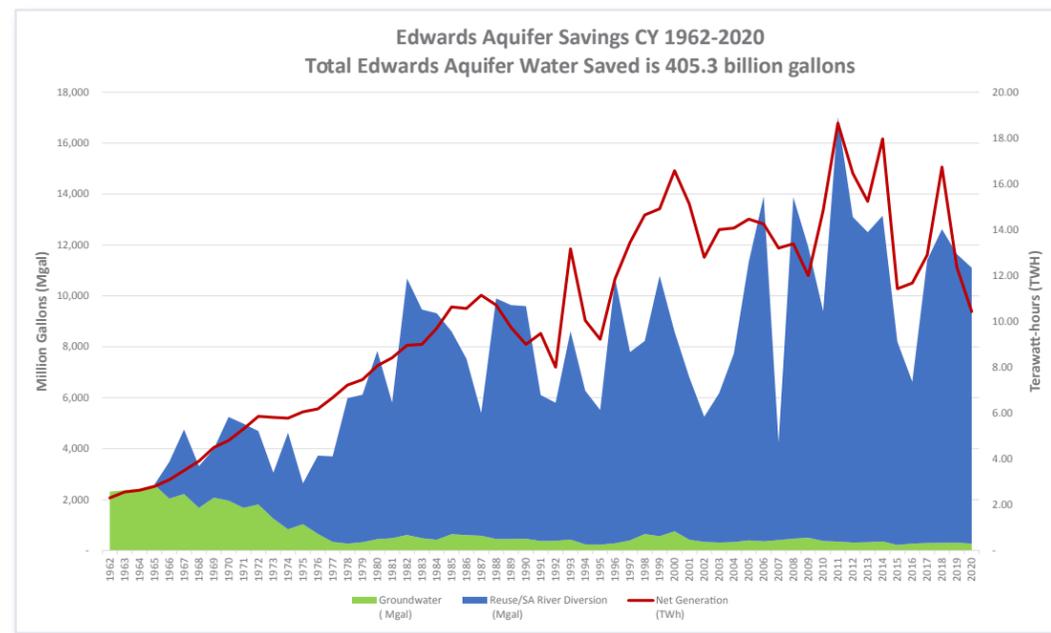
Early detection of natural gas in the air minimizes the amount of methane released in our environment. Methane is considered a greenhouse gas because its presence in the atmosphere affects the Earth's temperature and climate system.



WATER USE ■ ■ ■

Thoughtful planning has saved billions of gallons of precious water from the Edwards Aquifer, a unique groundwater system and one of the most prolific artesian aquifers in the world. We built Braunig and Calaveras lakes in the 1960's as cooling reservoirs for our power plants. SAWS supplies water for the lakes with recycled wastewater from its treatment plants. The use of recycled wastewater for cooling purposes saves our community billions of gallons of Edwards Aquifer water annually, because it allows us to limit the use of the aquifer's water to power generation, which is a much smaller percentage of water use in the power plant cooling cycle.

We were the first in the country to use treated wastewater for power plant cooling on a large scale. By using treated wastewater instead of fresh water, we save about 11 billion gallons of valuable drinking water every year. Our water conservation efforts have saved 405 billion gallons of Edwards Aquifer Water since the 1960's. Over the past 60 years, that's enough water to fill Canyon Lake three times over.



We expect to save even more water as we introduce more renewables into our generation mix since wind and solar power generation don't require water.

Calaveras and Braunig lakes serve as recreational resources for Bexar County and the surrounding area. We monitor the water quality and aquatic environment of Calaveras and Braunig lakes and contribute to projects and studies that protect and enhance the fisheries, to provide a safe environment for recreation and wildlife. Texas Parks & Wildlife Department (TPWD) manages the recreational aspects of the parks surrounding the lakes. The lakes are highly prolific fisheries, supported by our collaborative efforts with the TPWD to stock them with game fish. Some of the species are of special interest to anglers such as the salt water species Red Drum and freshwater species Hybrid Striped Bass. The lakes provide wetlands and nesting areas for migratory birds and are a draw for birding enthusiasts. The environments are also prime habitat for other wildlife, such as white-tailed deer and wild turkeys. You may even spot a reclusive alligator at Calaveras Lake!

Zebra mussels, an invasive species that can have devastating economic, recreational, and environmental impacts, were recently found in area lakes. We expanded our monitoring and sampling plan at both Braunig and Calaveras lakes and there has been no detection of zebra mussels in the lakes to date. We collaborate with TPWD and

San Antonio River Authority on the emerging zebra mussels issue. We support the "Clean, Drain and Dry" campaign, which asks boaters to properly clean, drain, and dry their boats before moving to another lake. Signs encouraging the cleaning of boats are posted near the boat ramps at both Braunig and Calaveras lakes.

We support multiple clean waterway initiatives in our community. We sponsor, and our employees volunteer their time, to help clean area waterways during the annual Basura Bash Waterways Cleanup. Volunteers remove trash and materials from streams that provide precious water to downstream users. We also participate on the Edwards Aquifer Habitat Conservation Plan Stakeholder Committee tasked with protecting endangered species in Comal and San Marcos springs.

We help prepare for the future and participate on the San Antonio Regional Flood Planning group working on a comprehensive regional flood plan that will become part of the first statewide flood plan projected for release in 2024.

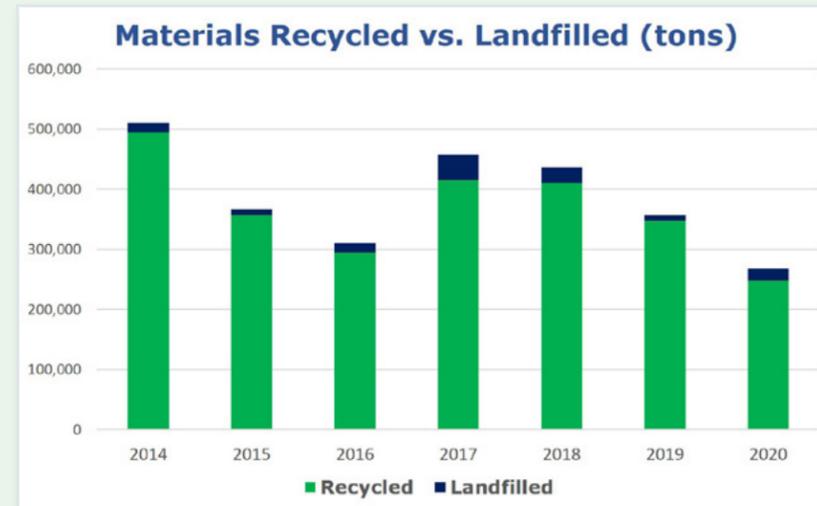


An angler enjoys freshwater fishing in Lake Calaveras, one of our power plant cooling lakes

RECYCLING

Our company has been recycling for decades. Over 92% of waste we generated in 2020 was recycled. Several thousand tons of coal combustion by-products, various metals, tree trimmings, transformers, and PCB-free transformer oils are recycled annually. This is in addition to several hundred tons of traditional recyclables like aluminum cans, plastic bottles, cardboard, and office paper.

Our fleet garages recycle everything from used oil, filters, antifreeze, tires, brake pads, batteries, cleaning solvent, and empty plastic containers. In 2020, our Salado Garage was awarded the ReWorks SA Gold Certification – the highest award available from ReWorks SA, a branch of the City of San Antonio Solid Waste Management Department, recognizing recycling practices. We were the first public organization to be presented their Gold Award.



Each year, we recycle most of our waste material rather than disposing of it in landfills

SAVE FOR TOMORROW ENERGY PLAN (STEP)

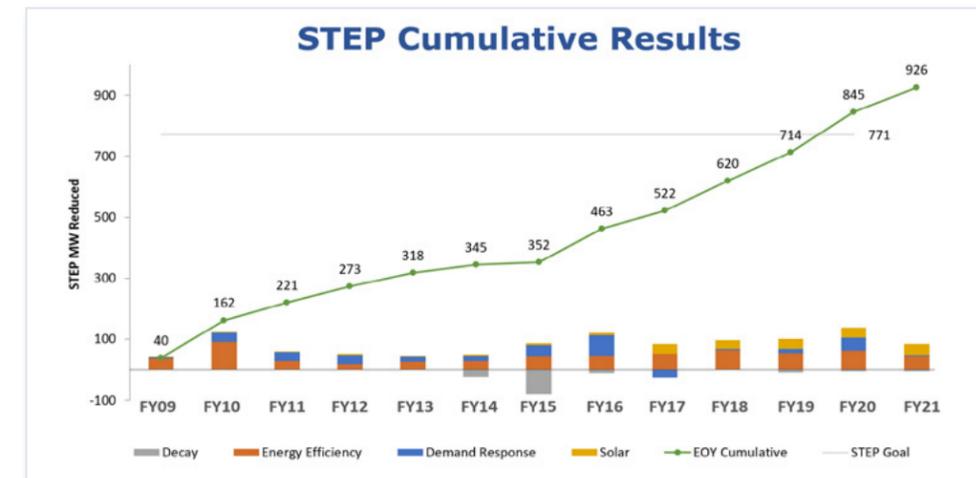
The CPS Energy Board of Trustees and City of San Antonio City Council approved our Save for Tomorrow Energy Plan (STEP) and created an ordinance supporting the program. We developed STEP to reduce the growth in the community's demand for electricity by 771 MW of electricity between 2009 and 2020 and to deliver the following benefits:

- Delay or avoid the need for new generation capacity and transmission structure
- Leverage emerging technologies
- Help customers manage their energy consumption
- Support job creation and economic growth
- Reduce carbon and other air emissions

The goal of reducing electricity demand by 771 MW is equivalent to the energy production of a large power plant. Our customers' participation in the programs we developed helped us reach the 771 MW goal a year ahead of schedule, achieving 845 MW of cumulative demand reduction through 2020. The budget for the program was \$849

million, and actual costs were \$126 million under budget. We are proud of our community for helping us exceed the STEP goal early and under budget.

On January 14, 2021, City Council approved our request to extend a STEP Bridge program through July 31, 2022, with \$70 million of additional funding. The extension has allowed us to continue this successful program, which has already reached more than 520,000 homes and 2,800 businesses, including 1,726 homes weatherized, 4,416 solar systems installed on homes and businesses, and 55,781 customers having received an energy efficiency rebate from us. The extension to the program resulted in 81 MW of additional demand reduction for 926 MW of cumulative demand reduction through STEP as of FY2021.



The programs we offer to customers frequently introduce them to new technologies. Rebates incent adoption of home efficiency products such as light-emitting diode (LED) lighting, smart thermostats, and solar energy.

An example of a significant LED lighting project is replacing streetlights with LED street lighting and installing new LED streetlights. About 57% of the streetlights lighting San Antonio are LED. We've used replacement and new installations to put 71,000 LED streetlights in service.

Our innovative solar programs provide Solar Photovoltaic (PV) Rebates for rooftop solar panel purchase and installation. We also offer community solar solutions that allow a customer to receive financial benefits of solar ownership without having panels on their rooftop.

- 24,200 customers have installed their own solar system with a capacity of about 201 MW-AC using our Solar PV Rebates.
- We have 6 MW of Community Solar generation capacity. Customers own solar panels at a solar farm, and they receive a credit on their bills in return.
- About 600 customers rent their roof space to a developer who installs and maintains a solar system at no cost to them. We buy the 5 MW of power produced by this program, and participating customers receive a credit on their bill.

As new energy efficiency technologies become available, we evaluate them for inclusion in our FlexSTEP plan, which will continue to deliver the tried and true programs our customers value and will also introduce innovative and new offerings supporting energy efficiency and conservation.

The sustainability vision of STEP placed us at the forefront of a new energy era. It brought economic development to San Antonio by creating green jobs locally with new skills. Our STEP partnerships with New Energy Economy (NEE) businesses have made an economic impact of more than \$5 billion cumulatively since the NEE's inception in 2013. Each year NEE businesses have provided an average of 600 local jobs.

Over the life of **STEP**, customers' actions motivated by the programs reduced 3.3 million tons of CO₂ emissions. The CO₂ emission reduction of 3.3 million tons is equivalent to the carbon sequestered by 3.6 million acres of forest for one year. Carbon sequestration is capturing and storing atmospheric carbon dioxide and is one method to reduce the amount of CO₂ in the air.

Environmental Incentives

Our **STEP** programs aim to reduce the demand for energy by offering incentives for energy efficiency and energy conservation. We also have rebate programs to motivate customers to make purchases that are good for the environment.

Green Shade Tree Rebates are provided in partnership with the City of San Antonio to customers to create shade, which keeps homes cooler and reduces energy use. In 2020, customers earned 331 tree rebates by purchasing and planting qualified trees. Qualifying trees are drought-resistant, canopy shade tree species.

We give away trees to customers at various community events. Each year we distribute more than 1,200 trees at events. We give about 75 trees each year to Habitat for Humanity for planting at homes.

Over the past 10 years, we've helped customers add more than 20,000 trees through our rebates and at community events. These trees are creating shade, resulting in cooler homes and lowering energy usage.

We also offer our customers rebates for purchasing electric and battery-operated lawn equipment instead of gasoline-powered lawn equipment. Replacing a gasoline-powered mower with an electric or person-powered mower avoids the emittance of around 120 pounds of the greenhouse gas CO₂. Mow Down Smog rebates are available seasonally from March 1 to August 31. Customers earned 299 Mow Down Smog Rebates during 2020. Customers received over 11,900 rebates since the program began in 1998.



Transportation

Transportation is one of the most significant contributors to greenhouse gas emissions. We are taking steps to reduce emissions from transportation and to advocate the widespread adoption of electric vehicles. Internally, we focus on our vehicle fleet. Externally, we are continually supporting EV adoption with charging solutions and education.

On multiple occasions, the fleet industry has recognized us for operations, maintenance, and vehicle options. Vehicles within our fleet are right-sized for appropriate tasks. We provide regular maintenance on fleet vehicles, including maintaining properly inflated tires for maximum fuel efficiency. Our operations policies direct drivers to



ensure their fleet vehicles don't carry extra weight when on the roads. Our company-wide policy minimizes the amount of idling and requires our fleet vehicles to be shut off when not actively used for transportation or other job functions.

Our vehicle fleet has become a driving force in low-emission transportation. We made the largest purchase of any utility or private company when we acquired 34 XLP Plug-In Hybrid Electric Ford F-150 pickup trucks in 2018 to gain 50% better fuel economy and a comparable reduction in emissions over similar vehicles.

Our fleet operation is award-winning. Fleet composition, fuel and emissions, policy and planning, fleet utilization, education, executive and employee involvement, and supporting programs determine fleet industry awards. The 100 Best Fleets in the Americas™ has recognized us as a Green Fleet winner every year since 2013, and we were ranked #12 in the 2020 awards. We were #77 overall best fleet in the 100 Best Fleets in the Americas for 2020. We have appeared on the 100 Best Fleets recognition list since 2013.

We stay apprised of vehicle manufacturing plans and evaluate our fleet to identify our roadmap to utilize electric vehicles when their chassis become capable of supporting our heavy equipment and other needs.

We started our EV journey in 2011 when we educated and encouraged early EV adopters to install charging technology in their homes. In 2012 we installed a network of public charging stations at more than 30 locations throughout the community. As of the end of 2020, we are powering 175 networked public charging stations within our service area, providing 318 Level 2 public plugs and 38 Fast DC charging plugs. We operate 42 public stations with 62 plugs, and we provide power to them all. In addition, we operate 25 stations with 50 plugs that our fleet and employee EV drivers use.

We have a partnership with VIA, San Antonio's local public transportation company, and installed charging stations at their largest Park and Ride facilities. EV drivers can charge on an unlimited basis for an annual fee of \$96 at the VIA charging stations and other locations in the network of public chargers we operate when they participate in our **FlexEV** Public Charging Program.

Our two newest EV charging solutions reward EV drivers for charging outside the hours when energy demand is at its highest. Customers with eligible chargers have two options to earn rewards at program enrollment and for monthly participation. **FlexEV** Smart Rewards allows us to make remote adjustments to charging during peak energy demand. Customers who prefer to maintain control of their charging earn **FlexEV** Off-Peak Rewards for limiting their charging during peak hours to no more than two times monthly.

The charging solutions we offer will continue to expand to help drive the shift to transportation electrification. We have useful tools on cpsenergy.com/flexev to help drivers understand EV benefits, including potential fuel savings and carbon emissions reductions. According to the Electric Power Research Institute's (EPRI) analysis of state vehicle registration data, there were 4,668 EVs in San Antonio as of December 31, 2020, with 1,163 EVs purchased during calendar year 2020.

SMART CITY

We are an integral partner in San Antonio's evolution to becoming a Smart City – a city that leverages new and emerging technologies and data to improve the quality of life for residents. Our partnership with AT&T, Itron®, and the City of San Antonio is an important step on that journey. The partners are conducting a pilot smart streetlight technology project in each of three SmartSA Innovation Zones, using existing lighting infrastructure. AT&T and Itron will install smart streetlight sensors Downtown, at Brooks, and in the Medical Center.

In addition to providing remote lighting control capability, the sensors provide near real-time information on air quality, temperature, ambient noise background sound, parking, and flooding. Analysis of this data will help San Antonio develop practical solutions to improve environmental quality, pedestrian safety, and traffic congestion—all of which are challenges identified by community residents in a 2019 Innovation Zone Survey.

The streetlight pilot program will help shape a path forward toward citywide deployment in support of achieving many of San Antonio's goals, including climate action. The project also aligns with SmartSA, a group of partners, including CPS Energy and the City, seeking ways to leverage data and technology to build a connected, inclusive, and resilient community.

SUPPLIER DIVERSITY AND DEVELOPMENT

The relationship between our Supply Chain business and our customers is unique. Many owners or employees of our suppliers are also our residential customers, and some suppliers are also our business customers. We want our relationship with them to be beneficial, so we are always looking for ways to build the partnerships. We encourage suppliers in our service area to register in our Supplier Management process. We cannot guarantee a contract, but we can guarantee an opportunity.

We work to proactively increase the number of qualified, diverse businesses registered with us to ensure Small-, Minority-, Women-, and Veteran-owned (SMWV) business firms are in the pool of candidates we consider. Over the last 3 years, we spent more than \$606 million with organizations categorized as SMWV businesses, with more than 50% of that amount, or \$346 million, spent locally.

Our Supplier Management System portal simplifies proposal submission and pricing with a one-stop, self-serve portal for supplier registration, supplier profile updates, and access to CPS Energy bid opportunities. Our Supply Chain leaders hold monthly virtual community outreach events on Facebook Live public platform to raise awareness of our procurement process, share current and upcoming contracting opportunities, and answer questions.



Supply Chain leaders inform potential suppliers during Facebook Live events that are also recorded for later viewing

We partner with other local organizations, including the Fair Contracting Coalition (FCC), National Association for the Advancement of Colored People (NAACP), the Hispanic Contractors Association (HCA), the South-Central Texas Regional Certification Agency (SCTRCA), the Southwest Minority Supplier Development Council (SMSDC), Global Chamber, Maestro Entrepreneur Center, local chambers of commerce, and others.

- We collaborate and meet quarterly with the NAACP to help improve business opportunities.
- We share bid opportunities weekly with local chambers and advocacy groups to raise awareness of opportunities to do business with us.
- We hold mentoring sessions on a 1:1 basis with small business owners and referrals who need help in preparing their solicitations or those who want to learn what additional items to include in future bid offerings.
- We collaborate on outreach efforts with our peer organizations and SCTRCA with help from UTSA's Procurement Technical Assistance Center. We are active on the board of SCTRCA, to serve as an advocate for economic opportunities through the power of business certifications.
- We participate in annual conferences, including the Bexar County Business Conference and MEDWeek. The meetings enable us to develop relationships and share knowledge and opportunities with business owners.
- We sponsor the Hispanic Contractors Association de San Antonio's workshop and participate by helping their members understand how to do business with us.

We are proud to be honored with the Diversity Champion of the Year award at the Hispanic Contractors Association de San Antonio 11th Annual Diversity in Construction Awards Gala. The Association awards the Diversity Champion of the Year recognition to a company that has positively influenced diversity and impacted the community with outstanding diversity programs and outreach. Our company was honored for our Supplier Development Program, put in place to support and create economic development by encouraging all segments of the local business community, including diverse businesses, to participate in our procurement process.

The McCullough Buildings



These remodeled buildings earned Gold LEED status

In September 2020, we completed the thoughtful revitalization of a two-tower downtown campus located at 500 McCullough Avenue. Due to the age of our former headquarters buildings, they continually required escalating operating & maintenance costs to keep them safe and secure. Their sale offset the cost of the McCullough project, and the move helps us save money each year.

A 5-acre site in the Museum Reach area of the San Antonio River, between the Tobin Center and the Pearl development, is the home for our new headquarters. The buildings provide a combined total of 25 floors of office and conference space, totaling 493,400 square feet. The adjacent parking garage accommodates over 1,200 vehicles and includes 50 electric vehicle charging ports for our fleet, employees, and visitors.

The buildings we revitalized had been vacant for years. Closely monitored by our Board of Trustees, we took several years to get helpful public input, select a site, and design the project. Demolition and renovation of the old buildings began in 2017, and we completed the physical move by the end of 2020.

Our **People First** commitment to our customers, community, and employees guided all of our headquarters decisions to ensure that:

- The project came in on budget & on time;
- Our employees remain well-positioned across our greater San Antonio community; and
- Our updated buildings are more environmentally responsible. The McCullough buildings were planned and constructed for both our local Build San Antonio Green (BSAG) certification and Leadership in Energy & Environmental Design (LEED) certification and are 60% more efficient than our previous complex.

We obtained Gold LEED certification on the McCullough Buildings. Our more efficient and effective headquarters complex is a worthwhile investment, serving as an example of environmentally responsible office space for the community.

CORPORATE RESPONSIBILITY ■ ■ ■

Our passion for community service dates back to 1942 when the City of San Antonio purchased us. Our revenues continue to support vital public services in Greater San Antonio. We believe in a bright future for the community we serve. We are committed to investing our time, resources, and energy into the programs, projects, and events that make San Antonio a great place to live.

While we work hard to provide **Affordable** and **Reliable** energy for our customers, we are eager to give back to our community through our education, environmental stewardship, economic development, and community service efforts. Each year, our employees donate thousands of hours of their time to local charities, non-profit organizations, and other community projects. We have revitalized neglected parks, mentored students at elementary, middle, and high schools, donated school supplies, shopped for holiday gifts for children in need, participated in walks and charitable events, educated residents about energy issues, and given generously to our annual United Way campaign.

With the dedication and enthusiasm of our 3,000 employees, our retirees, and their families, we will continue this legacy of service well into the future.

CORPORATE RESPONSIBILITY PROGRAMS

Corporate Responsibility programs aim to make the community a better place for our customers and employees to live and do business. We have developed programs to educate and mentor our youth, encourage employee engagement in the community, and support vital community initiatives. We are committed to demonstrating the company's core values and pride in all our activities.

Education Partnerships and Programs

Education remains one of our top priorities because we know that the leaders and employees of tomorrow may very well be the result of educational investments we make today. We support educational programs through corporate sponsorships, internship and mentoring programs, scholarships, and employee involvement in vital

educational initiatives throughout San Antonio. We remain active in community workforce development initiatives through partnerships with SA Works and TXFAME, and support STEM education initiatives and events through partnerships with CAST (Centers for Applied Science and Technology) Schools, FIRST in Texas' Alamo Region, San Antonio Youth Literacy, Communities in Schools, San Antonio Museum of Science and Technology, the DoSeum, the Tobin Center, area school districts, and many more.

Residential Energy Assistance Partnership (REAP)

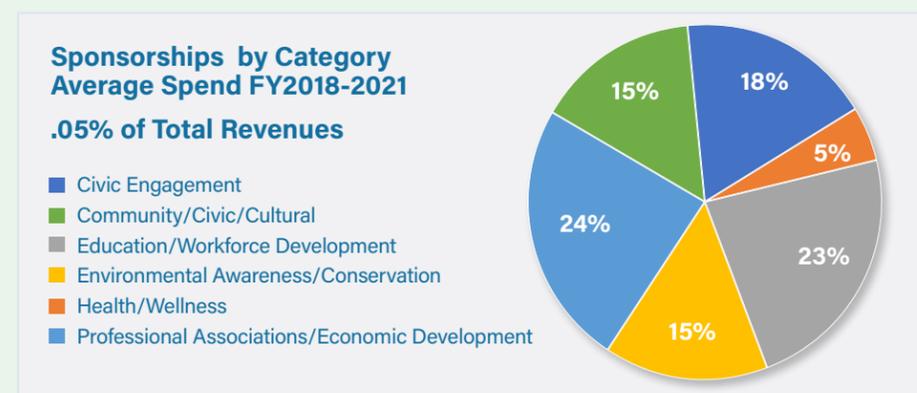
Together with the City of San Antonio and Bexar County, we established the Residential Energy Assistance Partnership, Inc. (REAP) in 2002. REAP is a non-profit foundation that helps families in need pay their utility bills throughout the year while educating them on money-saving conservation measures. The partnership underwrites all administrative costs so that 100 percent of all funds raised go directly to help customers in need. Each year, CPS Energy contributes \$1 million directly to the REAP fund and works throughout the year to raise additional funds for the program. In 2020, CPS Energy raised over \$544,000 through public donations and fundraisers for REAP, and the program helped more than 9,100 customer households with over \$2.9 million in assistance.

SINCE 2002,
CPS ENERGY HAS CONTRIBUTED
MORE THAN \$19 MILLION
AND SECURED AN ADDITIONAL
\$8 MILLION IN FUNDRAISING
AND PUBLIC CONTRIBUTIONS
FOR THE REAP PROGRAM.

Corporate Sponsorship Program

We have a diversified strategy around corporate sponsorships to remain responsive to the community's needs. Our corporate sponsorships support education, environmental awareness, conservation, economic development, and community and civic investments. CPS Energy devotes close to \$1.3 million each year to corporate sponsorships in the community.

In 2020, we adapted our civic engagement program to focus on the community's response to the COVID-19 pandemic, supporting initiatives with United Way, the San Antonio Food Bank, and the Maestro Entrepreneurship Center.



EMPLOYEE ENGAGEMENT PROGRAMS

United Way

As a United Way Pacesetter organization, we raised more than \$1.04 million through employee and retiree donations, agency sponsorships, and company fundraisers. Our pledge to United Way is year-round and includes a charity golf tournament, an employee donation campaign, and numerous volunteer projects. The 2019 United Way Golf Tournament raised \$109,000 for Brighton Center of San Antonio. Although we couldn't hold a golf tournament in 2020, CPS Energy and our partners raised \$81,000 in direct donations to Haven for Hope.

Blood Drives

Through our partnership with the South Texas Blood and Tissue Center (STBTC), we typically hold close to 50 blood drive events each year at various CPS Energy locations. We collect over 1,000 units of blood annually. During the COVID-19 pandemic, we encouraged employees to donate blood and platelets safely at the STBTC donor rooms.

Angel Tree Toy Drive

The Salvation Army's Angel Tree Drive is a popular initiative with our employees. Each year, we support about 1,000 local children and seniors with gifts and monetary donations to make their holiday season more memorable.

Stuff the Bus School Supply Drive

In 2019, CPS Energy employees donated a record-breaking 4,729 pounds of school supplies and \$900 in cash donations during our annual Stuff the Bus drive. During the COVID-19 pandemic in 2020, we promoted a virtual fundraising drive to our employees and raised \$4,200 in donations for school supplies for local students.

Community Partnerships and Events

Our employees are involved in multiple community events around San Antonio, including the MLK March for Freedom, Cesar Chavez March, and Raul Jimenez Thanksgiving Dinner. Through community partnerships with non-profit organizations like Susan B. Komen, American Heart Association, Juvenile Diabetes Research Foundation, and the South Texas Blood and Tissue Center, we work to raise awareness on community health issues and promote our own employees' wellness.

Board Service

Our employees remain active in the community through service on various community boards and committees like Southwest Research Institute (SwRI), Electric Power Research Institute (EPRI), Greater: SATX Regional Economic Partnership, EPIcenter, Solar Electric Power Association (SEPA), Green Spaces Alliance, San Antonio Chamber-Energy & Sustainability Committee, State of Texas Alliance for Recycling (STAR), and Alamo Area Council of Governments (AACOG).

ENVIRONMENTAL STEWARDSHIP

We work to improve the health of our community, conserve valuable resources, and inspire other companies and individuals through our environmental programs. Through partnerships, like the Girl Scouts of Southwest Texas and Green Spaces Alliance, and community outreach events like Solar Fest, Earth Day, and Basura Bash, we support and invest in programs that improve environmental awareness and conservation. We support these causes to ensure that health and environmental resources are available for future generations.

Girl Scouts of Southwest Texas (GSSWT) Business Partner Patch Program

We are proud to be one of the original GSSWT Business Patch Partners. We have offered the Environmental Awareness/Conservation/Energy Efficiency patch since 2009. More than 6,500 girls each year have achieved their CPS Energy Environmental Awareness & Conservation badge. Our volunteers support GSSWT events, workshops, field trips, and engaging experiences with parents and scouts. We design great patches the girls are proud to wear to demonstrate their achievement.



Green Spaces Alliance Picture Your World Youth Photography Program

We sponsor Green Spaces Alliance's Picture Your World (PYW) Youth Photography Program because it focuses on youth, the environment, and education. Their focuses dovetail with our mission of increasing environmental awareness and conservation, community engagement, and education. PYW encourages a creative approach to photography while promoting environmental stewardship among youth through in-class instruction and weekend workshops at area parks. Over the past eight years, the program has doubled in capacity and serves over 600 students annually.



5th grade students from Lamar Elementary School are pictured enjoying a PYW workshop at Hardberger Park in October of 2019.

COMMUNITY OUTREACH

Our Community Engagement team and Customer Response Unit (CRU), spend many hours in the community, getting to know our customers and helping them find and apply for assistance programs for which they qualify. We host **People First** Community Fairs, Community Pop-up Events, and other venues to raise awareness about our many programs, including assistance programs and **STEP** energy efficiency rebates. Our team members provide customers with tips and information to help them optimize their energy consumption and lower energy bills year-round by adopting energy conservation behaviors based on our advice. Our Public Safety & Education team give demonstrations to the public and educate first responders, contractors, school children, and others about electric and natural gas safety.

Customer Outreach Resource Effort

As our neighbors found their financial situations uncertain because of lost jobs or unstable employment due to the global COVID-19 pandemic, in June of 2020, we formed the Customer Outreach Resource Effort (CORE) to proactively reach out to our customers and check on their well-being while making them aware of available resources. As of the end of October 2021, CORE team members have spoken to 67,739 customers, provided agency referrals or payment arrangements to 65,819 customers, and worked with community partners to connect customers with more than \$39 million in assistance. The financial assistance has come from various funds provided by us, community agencies, and the City of San Antonio and Bexar County via the federal government's CARES Act. Our CORE program recently received top honors from industry organizations for excellence in response to the pandemic and using soft skills and cost-effective approaches to engage customers.

Customer Assistance Programs

We are always ready to help our customers, and we have various programs to assist them with their energy bills. Our CRU team members meet with customers and talk with them about their needs. We recommend programs they are eligible for, help them complete applications, and follow up to see if we can do more for them. A variety of CPS Energy assistance programs and payment plans are available to customers. There are over 52,000 customers enrolled in our Affordability Discount Program (ADP). We have over 57,000 customers enrolled in our Senior Citizen Billing, nearly 3,000 enrolled in Critical Care Billing, 34,000 enrolled in the Budget Payment Plan, nearly 24,000 active in Due Date Extension, and over 35,000 customers signed up for Flexible Installment Plans to help them get current when they are behind on paying their energy bill.

Energy Angels

The Energy Angels program allows an individual to give the gift of energy to a specific individual or business account. This financial gift is not tax deductible, but the recipient is not required to meet an income-qualifying threshold. The gift will appear on the recipient's bill as a credit to their account. "Energy Angels," our term for the passionate and caring gift-givers who have the means and desire to help others, can notify their recipient about the gift or choose to remain anonymous.

Casa Verde

Energy bills can be significantly higher during the summer and winter months because extreme weather often increases energy use. Our Casa Verde whole home weatherization program provides an average of \$5,000 in energy efficiency home upgrades at no cost to qualified customers. Weatherization makes homes in our community more energy-efficient and improves economics and quality of life for the residents of weatherized homes. Program participants experience lower energy bills, and the weatherized homes are more comfortable during extreme summer and winter temperatures. We weatherized 1,170 homes in 2020 through the Casa Verde program. The Casa Verde program has been in place for over 10 years, and we have weatherized a total of 30,378 homes.

Solar Security Lighting

In collaboration with REAP, we provide income qualifying residents that have received REAP assistance a one-time solar security light to increase the safety of their homes. In 2020, 190 families participated in this program, and since its inception in 2019, nearly 600 families have received a solar security light.

Energy2Business (E2B)

We created our Energy2Business (E2B) outreach program based on feedback from our small and medium business owners. E2B's goal is to give businesses a competitive edge by helping them cut expenses with energy efficiency upgrades. Knowledgeable team members meet with and advise business owners about projects beneficial for their organization. We connect them with incentives and rebates designed to save energy and save money. Spending less on energy allows business owners to re-invest savings in their business.

Energy Efficiency Champions

We value our business customer relationships, and we recognize Energy Efficiency Champions to show our appreciation and reinforce participation in our energy efficiency programs. We praise businesses' day-to-day energy efficiency efforts by presenting them with window clings they can display at their place of business. The awards provide us with opportunities to create and share stories about companies and using energy efficiently. In 2020, the E2B team awarded Energy Efficiency Champion awards to 12 small businesses.

CRUsgiving Tradition

Not everyone has the means to enjoy a large, festive meal around a Thanksgiving dinner table. Our community engagement team members working in the community every day to help our customers with resources to stay safe and healthy started a tradition 4 years ago to provide a Thanksgiving meal to families experiencing hardship. The tradition continued even during the global pandemic. We safely provided 40 fully-cooked Thanksgiving meals to customers going through tough financial times. We know we have much to be thankful for, and CRUsgiving is another way we give back to our community.



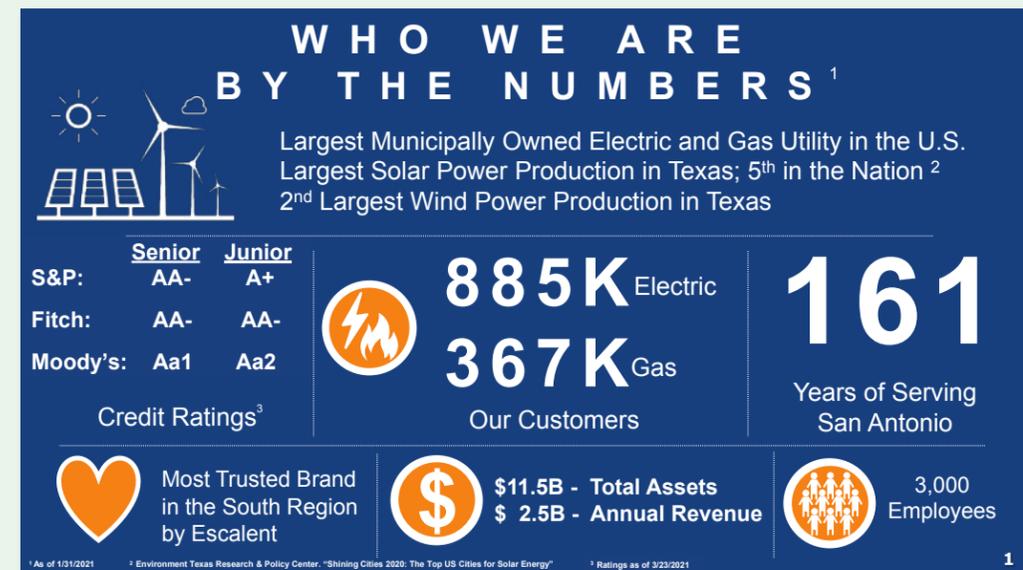
GOVERNANCE

History

Our gas system originated 161 years ago in 1860, making us Texas' oldest utility company. In 1917 we began operating as San Antonio Public Service Company (SAPSCo). American Light and Traction Company was our owner and we ran the City's power plants, gas network, and streetcar lines.

The City of San Antonio purchased SAPSCo in 1942 for \$34 million. Revenue bonds financed the transaction. The city sold the transportation division, and we became the City Public Service Board of San Antonio. We operated under other brands over the years, becoming CPS Energy in 2003. We are a business owned by our community for over 78 years. We are a fully integrated utility - we manage and operate power generation facilities and our energy grid, as well as maintaining direct relationships with our customers.

Statistics



City Payment

We transfer 14% of our gross revenues to our owner, the City of San Antonio. Since 1942, we have transferred approximately \$8 billion. Our funds provide about 30% of the city's operating budget to support police, fire, infrastructure, libraries, streets, parks, and more. We provide almost \$1 million every day to the City. Last year, our city payments totaled \$330.6 million.

Governance Structure

The CPS Energy Board of Trustees oversees our management and operations through strategy development and policy guidance. Our five-member independent Board serves all CPS Energy customers. Four members are Bexar County residents, each selected from different geographic quadrants of our service area. Our fifth member is the San Antonio Mayor, who serves in an ex-officio capacity with full voting rights.

The San Antonio City Council must approve four things per our Bond Ordinance. They are: issuing debt, exercising eminent domain, retail rates, and confirming nominees to the Board of Trustees.

A Citizens Advisory Committee (CAC) was established in 1997 and serves as a liaison between CPS Energy and customers, providing input to the Board of Trustees and our staff. There are 15 CAC members, 1 from each San Antonio City Council district and 5 at-large representatives.

FINANCIALS

THREE-YEAR HIGHLIGHTS - UNAUDITED

(Dollars in thousands)

Fiscal Year Ended January 31,

	2021	2020	2019
FINANCIAL SUMMARY			
Revenue			
Electric	\$ 2,359,076	\$ 2,426,396	\$ 2,576,715
Gas	150,704	142,782	167,444
Nonoperating	36,889	72,059	55,914
Total revenue	\$ 2,546,669	\$ 2,641,237	\$ 2,800,073
Operation and maintenance expenses ¹	\$ 1,570,785	\$ 1,513,346	\$ 1,623,409
Total payments to City of San Antonio	342,582	354,967	373,117
OTHER FINANCIAL DATA			
Decommissioning Trusts	\$ 703,409	\$ 646,879	\$ 567,688
Repair and Replacement Account	500,221	532,070	703,423
Total assets	11,529,010	11,220,482	10,961,876
Net position	3,753,933	3,704,505	3,514,027
DEBT			
Outstanding			
Bonds	\$ 5,328,520	\$ 5,446,975	\$ 5,479,405
Commercial paper	420,000	95,000	205,000
Weighted-average interest rate			
Senior lien fixed-rate bonds	3.821%	4.012%	4.042%
Senior and junior lien fixed-rate bonds	3.849%	4.097%	4.146%
Variable-rate instruments ²	1.612%	1.708%	1.811%
Debt service ³			
Senior lien bonds	\$ 327,599	\$ 223,292	\$ 259,726
Junior lien bonds	61,964	148,806	148,179
Other interest and debt-related costs ⁴	3,858	20,635	11,114
Debt service coverage ⁵			
Senior lien bonds	2.92x	4.95x	4.62x
Senior and junior lien bonds	2.45x	2.97x	2.94x
RATINGS - Bonds and Commercial Paper			
Fitch ⁶	- Senior lien bonds	AA+	AA+
	- Junior lien bonds	AA+	AA+
	- Commercial paper	F1+	F1+
Moody's	- Senior lien bonds	Aa1	Aa1
	- Junior lien bonds	Aa2	Aa2
	- Commercial paper	P-1	P-1
S&P ⁶	- Senior lien bonds	AA	AA
	- Junior lien bonds	AA-	AA-
	- Commercial paper	A-1+	A-1+

¹ Excludes depreciation and amortization expenses.

² Variable-rate instruments include commercial paper, flexible rate revolving note and floating rate bonds.

³ Debt service on senior and junior lien bonds is calculated net of the Build America Bonds ("BABs") direct subsidy.

⁴ Other interest and debt-related costs includes interest on commercial paper.

⁵ Debt service coverage is calculated net of the BABs direct subsidy.

⁶ Subsequent to year end, the credit ratings were revised by the rating agency.

The Rate Advisory Committee (RAC) was established in 2021 to provide thoughtful input and perspectives to CPS Energy Management and the Board of Trustees on rate structure, rate design, proposed rate increases, and generation planning issues. The RAC is comprised of 21 members. 11 are appointees of the CPS Energy Board of Trustees, including Mayoral appointees and 10 are San Antonio City Council appointees.

Governance Process

The Board of Trustees has oversight of the components of our planned Uses of Revenue through policy and various other approvals shown here.

Board of Trustees

As our governing body, the Board of Trustees ensures future viability and prosperity, provides proper performance oversight and is authorized to make rules and regulations governing electric and natural gas service, including customer payment requirements. The activities the Board undertakes to fulfill its duties are:

- Lead, in partnership with the President & CEO, in developing and articulating the company's vision and values;
- Review and approve management's strategic and business plans to achieve the vision;
- Establish and affirm policies that promote effective stewardship and allocation of company resources;
- Ensure management succession planning;
- Select, support, and develop performance standards for the President & CEO;
- Understand, provide oversight and monitor the performance of the President & CEO;
- Review and approve large financial transactions;
- Exercise appropriate oversight regarding risk mitigation;
- Set the tone for ethical behavior to preserve public confidence;
- Serve the customer first among various stakeholders;
- Follow all applicable laws; and
- Promote trust within and among stakeholders.

All Board meetings are held in public, and a time is dedicated during Board meetings for members of the public to address the CPS Energy Board of Trustees about posted agenda items for that meeting. Agendas and other Board meeting information can be viewed online at cpsenergy.com/boardmeetings. Regular Board meetings are typically held on the last Monday of the month.



THREE-YEAR HIGHLIGHTS - UNAUDITED

	Fiscal Year Ended January 31,		
	2021	2020	2019
CAPITAL ASSETS (in thousands)			
Capital assets, net	\$ 8,638,055	\$ 8,500,046	\$ 8,154,670
Depreciation and amortization	436,098	421,000	445,227
New construction and net removal costs	630,784	748,858	605,590
FUNDING FOR NEW CONSTRUCTION and NET REMOVAL COSTS (in thousands)			
Debt	\$ 311,082	\$ 317,247	\$ 339,758
Repair and Replacement Account	253,386	376,139	215,978
Contributed capital and other	66,316	55,472	49,854
ELECTRIC GENERATION (MWh)			
Generation	23,612,669	24,939,034	28,068,705
Renewables and other energy purchases	5,171,870	4,940,406	4,488,199
Total generation and other power	28,784,539	29,879,440	32,556,904
Capacity (MW)			
Gas	3,360	3,346	3,339
Coal	1,345	1,345	1,345
Nuclear	1,028	1,036	1,036
Battery	10	10	-
Wind	1,049	1,067	1,069
Solar	550	552	546
Landfill gas	14	14	14
Total capacity	7,356	7,370	7,349
ELECTRIC PEAK DEMAND (MW)	5,080	5,159	5,080
DISTRIBUTION GAS PURCHASES (MMCF)	26,116	27,070	26,349
RESIDENTIAL AVERAGES (unbilled revenue not included)			
Electric			
Revenue per customer	\$ 1,428.46	\$ 1,419.40	\$ 1,489.73
kWh per customer (average)	13,432	13,332	13,464
Revenue per kWh	10.63¢	10.65¢	11.06¢
Gas			
Revenue per customer	\$ 241.78	\$ 246.58	\$ 283.08
MCF per customer	29.3	31.4	31.8
Revenue per MCF	\$ 8.25	\$ 7.85	\$ 8.91
RELIABILITY INDICES			
System Average Interruption Duration Index (SAIDI) (in hours)	0.948	0.914	0.908
System Average Interruption Frequency Index (SAIFI)	0.930	0.790	0.840

THREE-YEAR HIGHLIGHTS - UNAUDITED

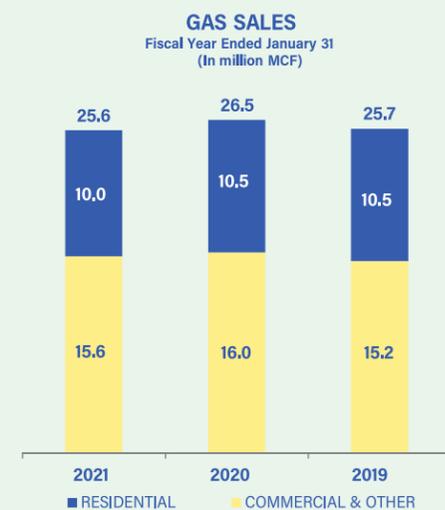
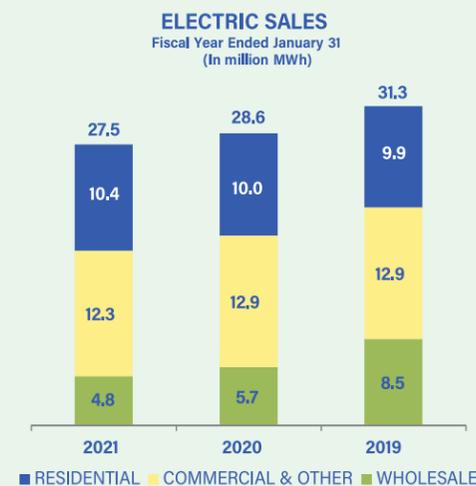
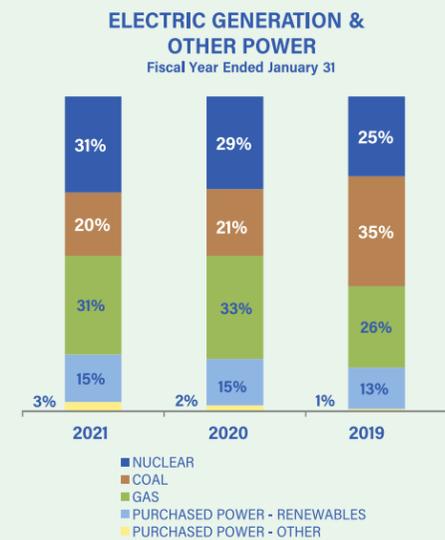
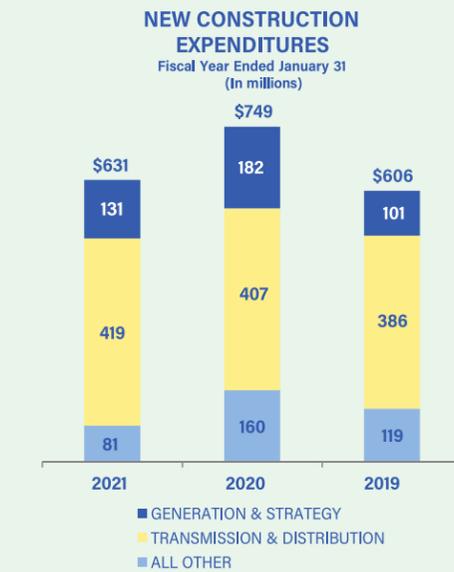
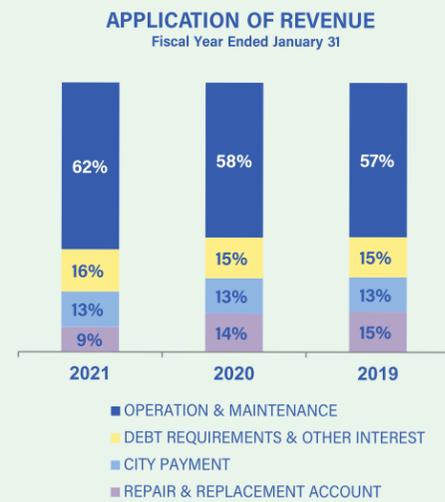
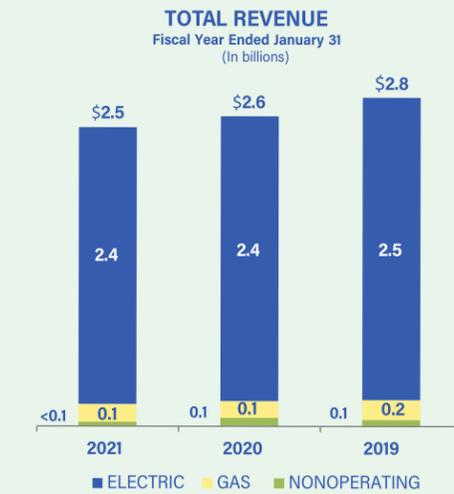
	Fiscal Year Ended January 31,		
	2021	2020	2019 ¹
OPERATING REVENUE² (in thousands)			
Electric			
Residential	\$ 1,105,409	\$ 1,068,738	\$ 1,096,862
Commercial and industrial	834,735	854,608	884,043
Public authorities	208,990	219,310	229,523
Sales for resale	20,590	21,481	27,171
Street lighting and ANSL	22,478	22,127	22,182
Unbilled revenue	10,154	1,481	(25,896)
Other	22,104	20,826	16,653
Subtotal Retail	2,224,460	2,208,571	2,250,538
Wholesale	134,616	217,825	326,177
Total	\$ 2,359,076	\$ 2,426,396	\$ 2,576,715
Gas			
Residential	\$ 82,866	\$ 82,641	\$ 93,398
Commercial and industrial	55,743	47,371	61,288
Public authorities	12,062	10,525	14,519
Unbilled revenue	(2,939)	(158)	(3,295)
Other	2,972	2,403	1,534
Total	\$ 150,704	\$ 142,782	\$ 167,444
SALES			
Electric (MWh)			
Residential	10,394,484	10,038,081	9,913,513
Commercial and industrial	9,228,300	9,714,043	9,584,259
Public authorities	2,571,431	2,781,803	2,792,584
Sales for resale	341,753	370,396	441,601
Street lighting and ANSL	84,615	87,470	90,460
Unbilled	87,911	(75,000)	(37,910)
Subtotal Retail	22,708,494	22,916,793	22,784,507
Wholesale	4,817,862	5,688,461	8,556,100
Total	27,526,356	28,605,254	31,340,607
Gas (thousands of MCF)			
Residential	10,038	10,533	10,488
Commercial and industrial	12,385	13,033	12,218
Public authorities	2,943	3,306	2,885
Unbilled	280	(421)	145
Total	25,646	26,451	25,736
NUMBER OF CUSTOMERS (at year-end)			
Electric	884,811	860,934	840,750
Gas	366,709	358,495	352,585

¹ Certain amounts have been updated to reflect final reported balances.

² Includes unbilled electric and gas revenues.

FISCAL YEAR ENDED - JANUARY 31

GLOSSARY



CO₂ – Carbon dioxide, the most commonly produced greenhouse gas.

Carbon Intensity – CO₂ intensity is the total amount of carbon dioxide (CO₂) emitted by fossil fuel power generation units (coal & natural gas) in pounds (lbs) divided by the total power generation (MWh) from all generation sources including coal, natural gas, nuclear, and renewables.

Carbon Sequestration – The process of capturing and storing atmospheric carbon dioxide. It is one method of reducing the amount of carbon dioxide in the atmosphere.

Calendar Year (CY) – January 1 to December 31

Demand Response (DR) – Demand response is a change in the power consumption of electric customers to better match the demand for power with the supply. Customers may adjust power demand by reducing or shifting tasks that require large amounts of electric power.

Energy Efficiency (EE) – Energy efficiency is using technology or services that requires less energy to perform the same function.

Fiscal Year (FY) – For CPS Energy, February 1 to January 31

Flexible PathSM – CPS Energy's strategic approach to thoughtfully discover, explore, and implement new power generation and demand-side solutions to transform the utility to lower and non-emitting energy resources over the next 20 years and beyond.

FlexPOWER BundleSM – An initiative supporting the **Flexible Path** strategy; envisioning adding less emitting generation capacity by adding up to 900 MW solar, up to 50 MW storage, and up to 500 MW reliable firming capacity to the utility's power generation mix.

FlexSTEPSM – A dynamic, flexible program for promoting energy efficiency, conservation, and new technology that builds on CPS Energy's Save for Tomorrow Energy Plan's (STEP) proven model for delivering energy savings and empowering customer choice.

Greenhouse Gases (GHGs) – Gases that absorb heat in the atmosphere near the Earth's surface, preventing heat from escaping into space. As the atmospheric concentrations of these gases rise, the average temperature of the lower atmosphere gradually increases, a phenomenon known as the greenhouse effect. Greenhouse gases include, for example, carbon dioxide, water vapor, and methane.

Hg – Mercury

Kilowatt-hour (kWh) – A standard unit to measure electricity. One kWh is 1,000 watts of electricity used for 1 hour.

Megawatt (MW) – A measure of capacity to produce electric power. A megawatt equals 1,000 kilowatts or 1,000,000 watts. One megawatt can power about 200 homes on a hot day.

MW-AC – A measure of the power output from a solar installation after the output of PV panels have been converted to alternating current via inverter devices.

NO_x – Nitrogen oxide

NCP – Non-coincidental peak, reducing energy consumption throughout the day.

Particulate Matter (PM) – Solid particles and liquid droplets found in the air.

(Short) Ton – Approximately 2000 pounds

PCB-free – Industrial products that do not contain polychlorinated biphenyls, compounds once used in electrical products, but highly toxic.

SO₂ – Sulfur dioxide

SM – A service mark identifying services owned by CPS Energy.

STEP – CPS Energy's Save for Tomorrow Energy Plan

Terawatt-hour (TWh) – 1 billion kilowatt-hours (kWh)

Utility Cost Test (UCT) – A way to measure the benefits of a program with respect to the cost of achieving those benefits.

2020 AWARDS

CPS Energy

- Most Trusted Brand (5th consecutive year) | Escalent
- Environmental Champion (5th consecutive year) | Escalent
- Customer Champion (4th consecutive year) | Escalent
- Easiest Utilities to Do Business With | Escalent
- Shining City – Top U.S. City for Solar Energy (#5) | Environment Texas Research & Policy Center
- Shining City – San Antonio is #1 in Texas for Solar Capacity | Environment Texas Research & Policy Center
- Environmental Excellence – Stewardship | Southern Gas Association
- Cities “A-List” for Environmental Action (sole Texas city recognized) | Global Carbon Disclosure Project
- Grid Edge Award – Finalist | S&P Global Platts
- Green Fleet Award (#12) | The 100 Best Fleets
- 100 Best Fleets in the Americas (#77) | The 100 Best Fleets
- Sue Kelly Community Service Award | American Public Power Association
- Safety Award of Excellence – Second Place | American Public Power Association
- Excellence in Print & Digital – Annual Report | American Public Power Association
- Merit in Video – Community Assurance Video | American Public Power Association
- System Achievement Award | Texas Public Power Association
- System Operational Achievement Recognition – Bronze | American Public Gas Association
- Public Gas System Achievement Award | American Public Gas Association
- Marketing & Sales Award – 3rd place | American Public Gas Association
- Eagle Ford Excellence Award – Environmental Stewardship | South Texas Energy & Economic Roundtable
- Healthiest Employers of Texas – Finalist | Springbuk Health Intelligence
- Best Innovative Utility Analytics Team – Finalist | Utility Analytics Institute
- North American Excellence in Resourcefulness – Energy Best Practice Award | Frost & Sullivan
- Thought Leader for Public Engagement | Peak Load Management Alliance
- Best of Texas Award – Excellence in Project Management | Government Technology Magazine
- Inspiring Energy Award | KUBRA
- Notable Fleet | Government Fleet Magazine
- Green Cross Award – Semi-Finalist | National Safety Council
- CPS Energy Salado Garage – ReWorksSA Gold Certification | Solid Waste Management Department
- Best Practices Awards – Culture Transformation | Smart Energy Consumer Collaborative
- CSO50 for Security | International Data Group Media – Chief Security Officers
- Utility Industry Spotlight Award – Community Champion | Zpryme

