



CORPORATE SUSTAINABILITY REPORT



DECEMBER 22, 2022

ACTIONS IN PROGRESS

We are fully committed to reducing our carbon footprint and transitioning to cleaner energy for climate resiliency. We closed two coal units in 2018, 15-years ahead of their retirement date, as part of that transition. We continue to take actions to reduce emissions and seek new technologies to transform the way we provide power to our community.

Our award-winning energy efficiency and conservation programs received approval for \$350 million in funding over five years from our Board of Trustees and City Council. Sustainable Tomorrow Energy Plan (STEP) goals are 410 megawatts (MW) of demand reduction, 1% energy savings per year, 16,000 weatherized homes, and 1.85 million tons of avoided carbon over five years. We are designing STEP programs with an equity lens to help our customers use less energy and reduce emissions.

We are finalizing the review of proposals received in February 2021 and negotiating partnership opportunities identified from a global request for proposals to add up to 900 megawatts (MW) of solar energy, 50 MW of battery storage, and 500 MW of firming capacity. We awarded the first solar projects in 2022 for 480 MW, and the community will receive \$19 million in economic benefits through a 25-year agreement. Continuing to add carbon-neutral energy sources will decrease emissions further.

We adopted electric vehicles (EVs) in our fleet and support the community's adoption of EVs to reduce vehicle emissions. Our website offers EV tools to help prospective owners compare the cost of ownership, emissions, and model choice. We host an annual Ride and Drive event to encourage people to go electric. We operate a network of public charging stations and provide power for all private and public chargers in our service area.

We work with our Rate Advisory Committee (RAC), Citizens Advisory Committee (CAC), and the City of San Antonio's Municipal Utilities Committee (MUC) to educate them about CPS Energy and the power industry. The RAC provided their recommendation and feedback on future power generation planning to the Board of Trustees as they consider the issue.

These efforts support our commitment to carbon neutrality by 2050 and interim emission reduction targets of 41% reduction (compared to 2016) by 2030 and 71% reduction by 2040.

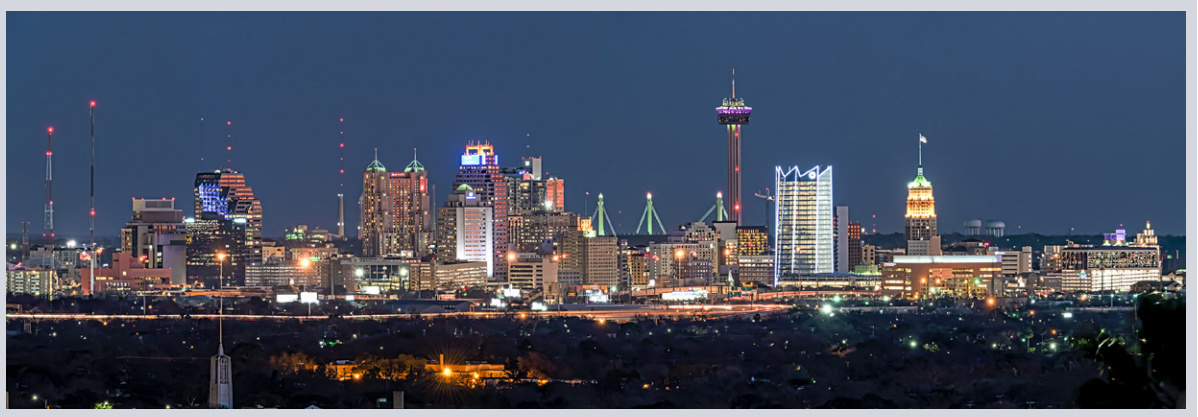


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FROM OUR PRESIDENT & CEO

I have the privilege of working with a team of more than 3,000 employees dedicated to providing reliable, competitively priced, and sustainable energy services to customers across our greater San Antonio service area. We are all members of this community and we share in its successes and struggles. We are One Team.

As the largest municipally owned natural gas and electric utility in the country, CPS Energy takes customer accountability seriously, and we strive to operate transparently, serve our community, and help our community overcome its challenges. San Antonio is the fastest-growing city in the United States. We face critical decisions about how we manage that growth while meeting our commitment to sustainable energy while applying an equity lens.

The latest data from the Census Bureau shows that San Antonio had the largest gain in population of any city in the country between 2020 and 2021. That explosive growth is expected to continue as more people move here, seeking economic opportunity and outstanding quality of life.

This growth is taking place against the backdrop of a recent extreme weather event and an industry that is in a period of transition. While technology and economic forces have driven down the cost of renewable energy, an effective and affordable method of storing energy at grid scale hasn't yet come to market that can deliver energy when the wind doesn't blow and the sun doesn't shine. Emerging technologies are promising, and we continue to focus on participating in the development of new solutions, including energy storage, to expand the adoption of sustainable energy.

System growth, weather extremes, and the pace of technological evolution present significant challenges, but these are challenges CPS Energy has been preparing for and is well-positioned to address.

While our community's growth has increased by 50% since 2019, growth itself is not new. We continue to plan for our city's needs - from the addition of the Rio Nogales gas plant in 2012 to adding almost 500 MW of solar energy this year, CPS Energy is always looking to the future.

As we add generating capacity, we also increase conservation efforts to help reduce demand and energy costs for our customers. In 2009, we launched our Save for Tomorrow Energy Plan (STEP) to reduce energy demand by 771 MW by 2020. We reached that goal a year early, creating more than \$553 million in savings on customers' bills and eliminating the need to add another large power plant to our generation portfolio. The new Sustainable Tomorrow Energy Plan (STEP) includes updated programs with an equity lens to help customers save energy and reduce their costs.

CPS Energy continues to lead in the area of renewable energy. We were an early adopter and remain a national leader in wind energy, accounting for more than 10% of our total energy generation for over a decade. San Antonio is ranked first in Texas and fifth in the nation for total solar power capacity according to the Environment Texas Research and Policy Center's report [Shining Cities: The Top U.S. Cities for Solar Energy](#).

We will continue to expand our renewable energy portfolio and invest in innovative technologies to keep our utility on the cutting edge and maximize benefits for our customers. We have promising pilot programs, including a zero-carbon geothermal project that could lead to large-scale energy generation from the Earth's subsurface heat and a grid-scale, long-duration energy storage system.

As a municipally owned utility, CPS Energy has a special obligation to engage with our community, listen to customer concerns, and communicate clearly and honestly. As we continue to address the challenges of a growing community and an evolving industry, my commitment to our customers is to lead transparently and collaboratively, engaging the community every step of the way.

CONNECTING - LISTENING - ENGAGING - SERVING




Rudy D. Garza
President & CEO

BOARD OF TRUSTEES



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*Southeast Quadrant,
Board Chair*



Janie Martinez Gonzalez
*Southwest Quadrant,
Vice Chair*



Dr. Francine Sanders Romero
*Northwest Quadrant,
Trustee*



John Steen
*Northeast Quadrant,
Trustee*



Mayor Ron Nirenberg
Ex-Officio Member



CPS ENERGY LEADERSHIP TEAM



Rudy D. Garza
*President & Chief Executive
Officer (CEO)*



**Benjamin L. (Benny)
Etheridge, Jr., P.E.**
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Energy Supply*



Kathy Garcia
*Vice President of Government
Relations, Regulatory Affairs &
Public Policy*



DeAnna Hardwick
*Executive Vice President of
Customer Strategy*



Cory Kuchinsky, CPA
*Chief Financial Officer
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Lisa Lewis
*Chief Administrative Officer
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Richard Lujan, P.E.
Vice President, Gas Solutions



Richard Medina, P.E.
*Executive Vice President of
Energy Delivery Services*



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



Melissa Sorola
*Vice President,
Corporate Communications
& Marketing*



VISION 2027

An Evolving Utility

We Deliver on Our Mission:

To serve our community through reliable, competitively priced, and sustainable energy services in an equitable manner.

Our Strategic Objectives:



OPERATIONAL EVOLUTION



FINANCIAL STABILITY



CUSTOMER EXPERIENCE



TEAM CULTURE



COMMUNITY PARTNERSHIP & GROWTH

Living Our Core Values:



SAFETY & WELLBEING



TRANSPARENCY



ONE TEAM



ACCOUNTABILITY



INTEGRITY



EXCELLENCE

Measuring Performance Through Our Metrics:



OPERATIONAL EXCELLENCE



FINANCIAL PERFORMANCE



CUSTOMER EXPERIENCE



EMPLOYEE ENGAGEMENT & RECRUITMENT

Community Conversations and Key Results:



Strengthen Generation Capabilities to Meet Extreme Conditions



Enhance Communication & Grid Management in Major Events



Support Community Growth



Digital Enterprise Resource Planning (ERP)



IT Systems Modernization



Connecting Customers with Support



Safety Culture Fundamentals



Retain & Attract Talent



Energy Efficiency & Conservation Program Decision



Generation Resource Planning Public Input



Rate Design Public Input

CONNECTING • LISTENING • ENGAGING • SERVING

The City of San Antonio (CoSA) set climate goals for the community in its 2019 Climate Action and Adaptation Plan (CAAP). CPS Energy remains focused on the CAAP, reporting progress annually, and working to achieve the CAAP's objectives. The CPS Energy Board of Trustees' commitment to the CAAP includes a resolution to support the CAAP's goal to become carbon neutral by 2050 and interim goals of reducing greenhouse gas (GHG) emissions by 41% by 2030 and 71% by 2040 from 2016 levels.

The CAAP is a guide created to address the changing climate and its associated risks and impacts. It contains 28 mitigation strategies and 45 adaptation strategies. Mitigation strategies are ways to reduce GHG. Adaptation strategies are ways to evolve and become more resilient. Adaption also includes strategies to mitigate the impacts of weather extremes and outages for our most vulnerable customers. Preparing for emergencies and making our infrastructure more resilient are parts of CPS Energy's daily operations that align with and support the adaptation strategies.

The CAAP also includes a community-wide GHG Inventory conducted every two years. The primary way CPS Energy's emissions appear in the CoSA CAAP GHG Inventory is through energy consumption in the Buildings and Energy Use sector. The GHG Inventory also includes methane emissions from natural gas piping distribution. The methane emitted from the piping system is very small compared to other emissions, but it is still important to reduce it as part of the overall plan.

CPS Energy will play a primary role in some mitigation strategies and has an indirect role in others. Adding renewable energy to reduce carbon intensity is a strategy that directly impacts CPS Energy, as does helping customers reduce energy use through energy efficiency and conservation programs. The CAAP's mitigation strategies cover these six areas:

- Increase carbon-free energy.
- Reduce building energy consumption.
- Reduce transportation energy consumption.
- Advance the circular economy.
- Promote biodiversity and healthy ecosystems.
- Educate and empower.

The CAAP organizes adaptation strategies in seven broad categories:

- Increase infrastructure resilience.

- Strengthen public health systems.
- Enhance emergency management and community preparedness.
- Promote, restore, and protect green infrastructure and ecosystems.
- Protect local food security.
- Increase resiliency awareness and outreach.
- Ensure equity in adaptation.

Many adaptation strategies that apply directly to CPS Energy are topics the utility has addressed for decades through continually maintaining infrastructure and emergency operational readiness. Other CAAP adaptation strategies are initiatives led by CoSA and are in partnership with other agencies. These adaptation strategies are important because preparing for temperature extremes, weather, and making our system and the community more resilient, is just as crucial as reducing emissions and environmental effects.

Many community conversations before 2021 focused on strategies CPS Energy employs to reduce or mitigate emissions. In early 2021, a historic winter storm highlighted the issue of resiliency.

Adaptation and resiliency are connected focal points. In February 2021, as Texas experienced extreme winter storm conditions, the Electric Reliability Council of Texas (ERCOT), the statewide grid manager, reported record-breaking electric demand, higher-than-normal generation outages, and natural gas supply issues. ERCOT instructed utilities to interrupt the delivery of electricity to maintain the integrity of the overall electric grid and to prevent a catastrophic grid failure. Utilities were required to rotate outages. CPS Energy and other utilities implemented controlled outages to ensure electric demand did not exceed supply.

The City of San Antonio's Committee on Emergency Preparedness (CEP) was formed to report to City Council on emergency operations and public utilities' performance during the storm. CPS Energy participated in these efforts and made a number of improvements. Preparedness and resiliency actions include increasing communication, improving load shed capabilities, and improving the winterization of power plants. The list of CEP recommended actions and formal reports to the CEP can be viewed at cpsenergy.com/storm.



CPS Energy actively sought input from the community on future power generation planning. The utility worked with its RAC and others to identify the best combination of power generation resources over the next several years. The RAC presented their recommendation to the CPS Energy Board of Trustees to assist in their decision making on which generation technologies they believe will provide the best value to the community over the next few years.

The planning process takes into account the age of existing power plants, the future of coal-powered generation units, changing ERCOT market capacity and demand, and the projected load growth expected for Greater San Antonio. The generation plan under development will plan for the replacement of aging assets over the next few years and provide a path to evaluate new technologies such as geothermal energy, small modular nuclear generation, hydrogen storage / generation, and high-capacity / long-term storage technologies as they are ready for commercial use.

Information about powering the future is available at cpsenergy.com/pathforward

**AGING
GAS STEAM UNITS
MUST BE REPLACED &
WE MAY TRANSITION
AWAY FROM COAL
by 2030**

—approximately—
115 MW
—additional—
GENERATING CAPACITY
will be needed each year to
support population growth

115 MW =
Powering
23,000 Homes

Air quality is a significant consideration for the City of San Antonio because air quality impacts public health. The citywide effort to reduce ground-level ozone is a high priority. Bexar County was designated as “Moderate” nonattainment for ground-level ozone by the U.S. Environmental Protection Agency (EPA) on April 13, 2022. To return to attainment status, Bexar County must lower the 8-hour ground-level ozone to 70 parts per billion (ppb) by September 24, 2024.

On days when predicted weather conditions are favorable for forming ozone, the day is considered an Ozone Action Day. Ozone Action Days occur between March and November, when the sunlight tends to be the strongest. CPS Energy has developed an enterprise Ozone Action Day Plan that includes avoiding certain activities, if possible, such as engine idling and filling up vehicles, that can contribute to ozone formation. In addition, CPS Energy is a member of the Ozone Technical Committee formed by the San Antonio Metropolitan Health Department.

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. CPS Energy maintains and monitors nine ozone air quality monitors, including the newest monitor located at the Government Canyon State Natural Area.

CPS Energy has made significant reductions across the entire emissions landscape, including steep declines in GHG such as carbon dioxide (CO₂), which contributes to climate change, and ozone-contributing nitrogen oxide (NO_x), sulfur dioxides (SO₂), mercury (Hg), particulate matter (PM) and others.

Some emission reduction measures include implementation of new technology and effective management of current energy resources, including:

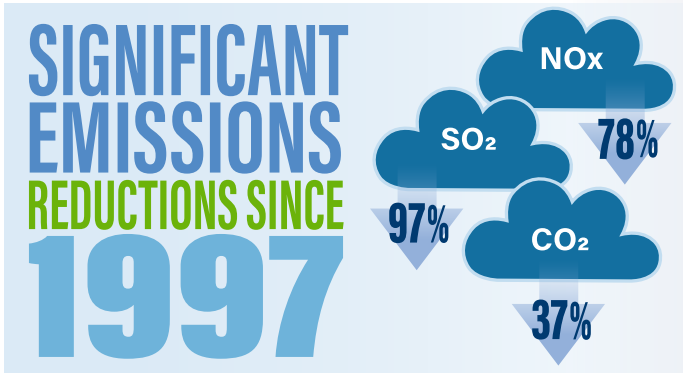
- Implementing emission controls on plants for NO_x, SO₂, Hg, and PM reduction.
- Continued use of low-sulfur coal in coal units.
- Replacement of the Deely plant with a higher-efficiency natural-gas-fired combined-cycle plant.
- Deployment of equitable STEP programs to encourage implementation of energy conservation programs and adoption of energy-efficient technologies.
- Emphasis on renewables, such as wind and solar, reinforcing CPS Energy’s industry leadership in green energy.
- Installation and connection to the grid of a battery storage project in partnership with Southwest Research Institute (SwRI).
- Retention of a 40% share of the South Texas Project (STP) Electric Generating Station, the largest nuclear plant in the state and a long-term resource that can provide uninterrupted power for a cleaner grid.

Targeted NO_x reduction efforts began in 1997 and have resulted in significant emissions reductions since the 1997 baseline year:

- NO_x emissions reduced by over 78%.
- SO₂ reduced by over 97%.
- CO₂ Intensity reduced by 37%.

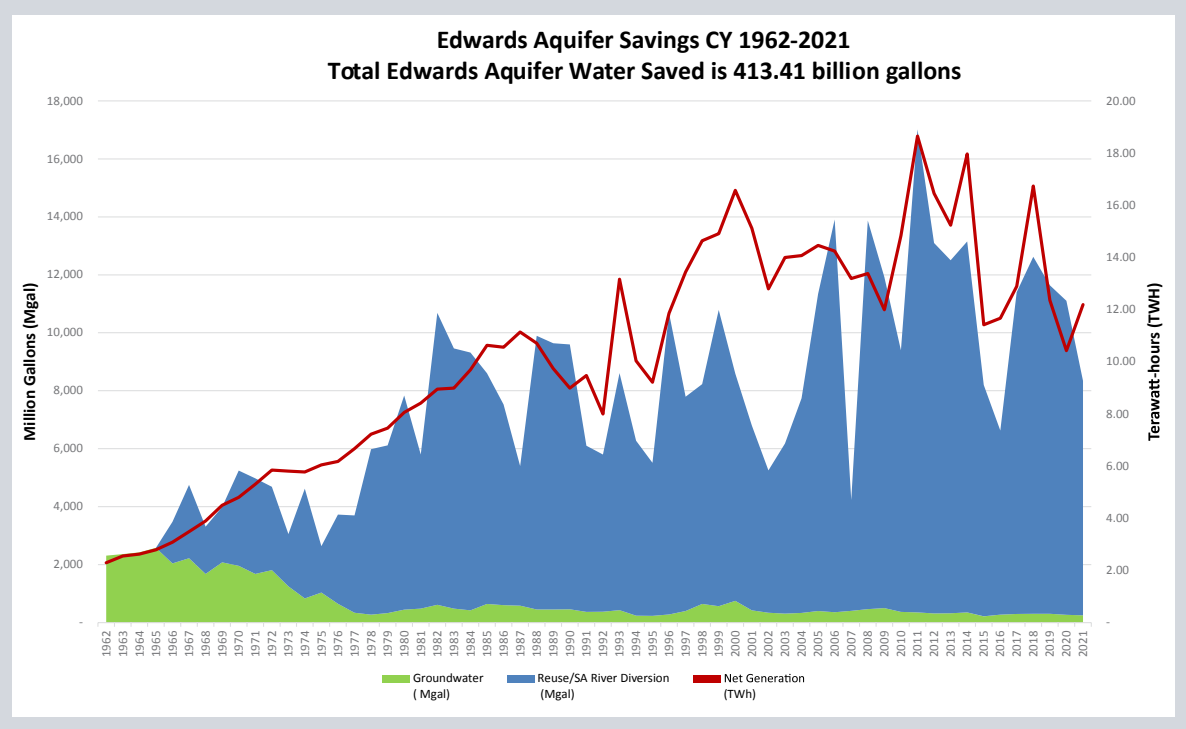
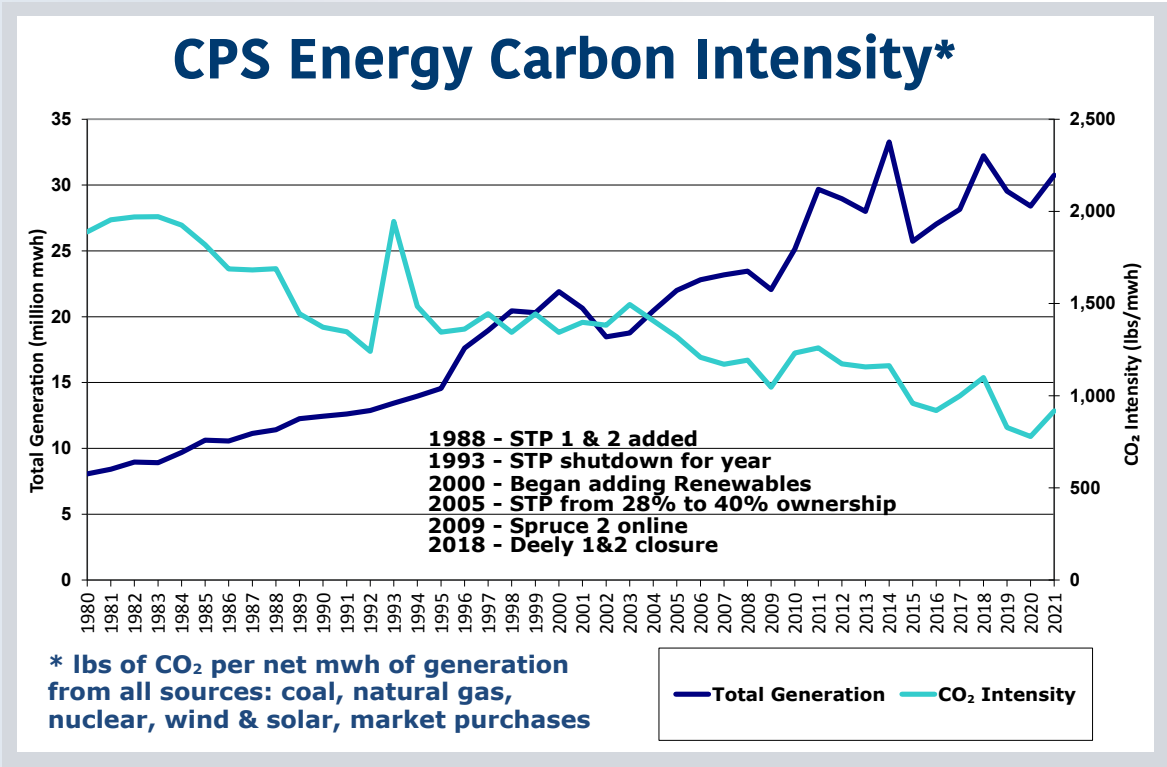
Several efforts have contributed to the outstanding emissions reduction, including implementing NO_x emission controls on power plants, including low NO_x burners, separated overfire air (SOFA), and selective catalytic reactors (SCRs).

SO₂ is formed when sulfur-containing fuels, such as coal, are used for energy production. Low sulfur coal is used at the Spruce Power Plant, along with highly efficient Sulfur Dioxide Scrubbers. The result is SO₂ emissions are minimized and are lower compared to the average coal unit in the U.S.



Weather, outages, and natural gas price all influence carbon intensity, which 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, renewables, and market purchases. Even though carbon intensity went up in 2021 compared to 2020, GHG emission rates over time

continue to decline, even as power generation increases to support community growth. Despite an occasional increase year like 2021, 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.



of water to create power. Producing water — and conveying water and wastewater — consumes a lot of energy. Reducing the consumption of electricity saves water and vice versa. CPS Energy's conservation programs promote energy efficiency, reducing water use.

CPS Energy educates the community on the importance of the energy-water relationship. Ongoing conversations and educational initiatives instill the concepts of conservation and energy efficiency among the general public and younger generations. Examples include the Thirst for Power screening event and the Mayor's K-12 Smart City Challenge hosted at CPS Energy's headquarters and recognizing a local high school team that developed a community-wide water conservation proposal.

Calaveras and Braunig Lakes serve as recreational resources for Bexar County and the surrounding area. CPS Energy monitors the water quality and aquatic environment of the lakes and contributes to projects and studies that protect and enhance the fisheries to provide a safe environment for recreation and wildlife.

Texas Parks and Wildlife Department (TPWD) manages the recreational aspects of the lakes' parks and partners with

CPS Energy to keep the lakes stocked with various species of game fish, including angler favorites red drum and hybrid striped bass, providing ample opportunity for fishing. The lakes provide wetlands and nesting areas for migratory birds, attracting birding enthusiasts to their shores. The environments are prime habitats for other wildlife, such as white-tailed deer and wild turkeys. Visitors may even spot an elusive alligator at Calaveras Lake!

CPS Energy carefully monitors threats to biodiversity, which is the variety of life in an ecosystem. Biodiversity is a sustainability topic of expanding interest and importance. For example, zebra mussels are an invasive species that can have devastating economic, recreational, and environmental impacts and were recently found in area lakes. As a result, CPS Energy expanded monitoring and sampling activities at Braunig and Calaveras Lakes and collaborated with TPWD and San Antonio River Authority on the emerging zebra mussel issue. The "Clean, Drain and Dry" campaign asks boaters to properly clean, drain, and dry their boats before moving to another lake, which helps prevent the emergence of zebra mussels. Signs encouraging the cleaning of boats are posted near the boat ramps at both Braunig and Calaveras lakes. The zebra mussels have not been detected in either body of water.

WATER USE

Thoughtful planning by CPS Energy has preserved billions of gallons of water from the Edwards Aquifer, a unique groundwater system and one of the most prolific artesian aquifers in the world. The utility built Braunig and Calaveras Lakes in the 1960s as cooling reservoirs for power plants.

The San Antonio River supplies water for the lakes and includes recycled wastewater from SAWS treatment plants. The recycled wastewater is used for cooling power plants. Edwards Aquifer water is used solely for power generation, which requires a much smaller amount of water than power plant cooling. CPS Energy was the first utility in the country to

use treated wastewater for large-scale power plant cooling. Over the past 60 years, the wastewater used instead of water from the aquifer would fill Canyon Lake three times over.

CPS Energy continues to focus on generation sources such as wind and solar, that do not use water. Newer power generation technologies, such as combined-cycle gas turbines, also use less water than traditional power plants to generate electricity.

The interrelationship between energy and water is known as "the energy-water nexus," which describes the necessary use

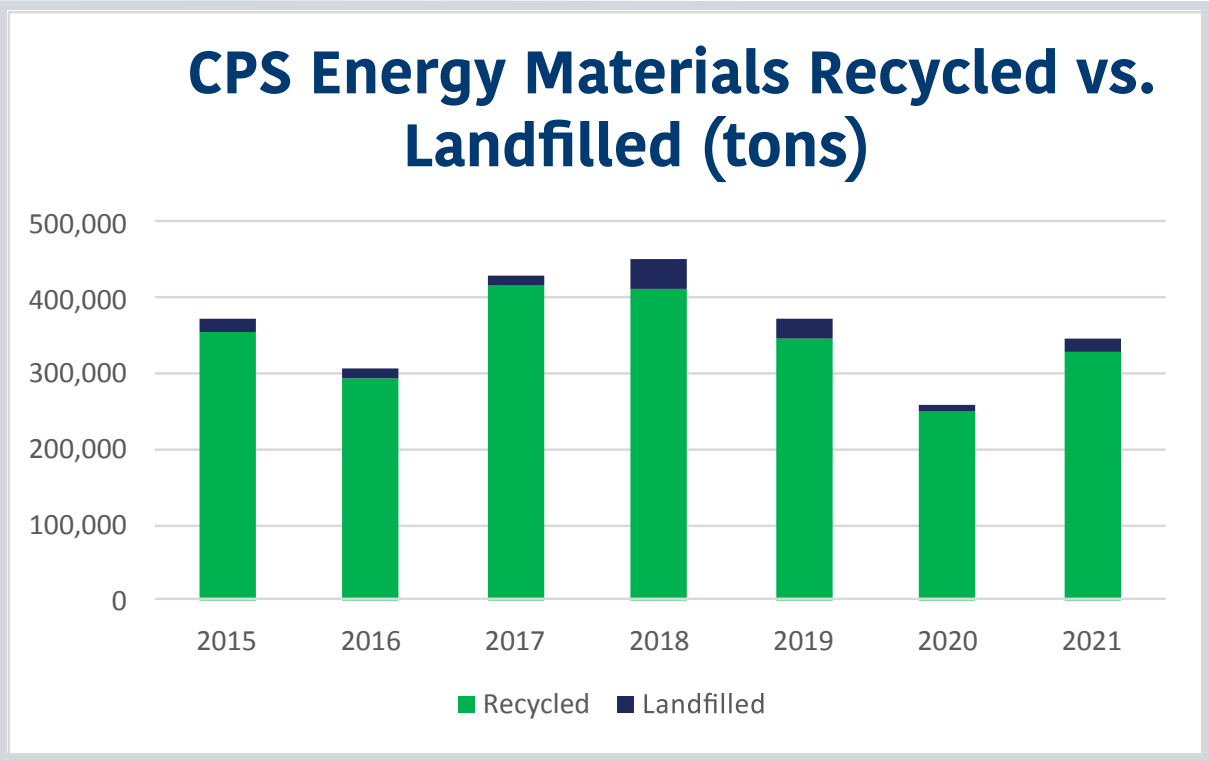
CPS Energy’s environmental specialists participate in regional water planning groups with other stakeholders. The groups benefit from the contributions of employee representatives who help ensure all community water needs are considered. For example, the Edwards Aquifer Habitat Conservation Committee Stakeholder Planning Committee, tasked with protecting endangered species in Comal Springs and San Marcos Springs, and the San Antonio Regional Flood Planning group both include employee members helping the committees develop a comprehensive regional flood plan that will become part of the first statewide flood plan projected for release in 2024.



RECYCLING

CPS Energy has been recycling for decades, and in 2021, about 98% of all waste was recycled. The utility recycles several thousand tons of coal combustion by-products, metals, tree trimmings, transformers, and polychlorinated biphenyl-free (PCB-free) transformer oils annually. Waste recycling is in addition to the several hundred tons of

traditional recyclables, such as aluminum cans, plastic bottles, cardboard, and office paper recycled annually. Fleet garages recycle everything from oil, filters, antifreeze, tires, brake pads, batteries, cleaning solvents, and empty plastic containers.



Each year, most waste materials are recycled, rather than disposed of in landfills.

CPS Energy continues its critical mission of helping customers reduce energy use and save money on utility bills while reducing carbon emissions through energy efficiency and conservation programs. In June 2022, the San Antonio City Council approved the Sustainable Tomorrow Energy Plan, a \$350 million initiative over the next five years.

The plan continues the mission of reducing demand and includes more programs to incentivize participation and assist customers, including broad access for low- to moderate- income customers. It aligns with the CAAP by reducing emissions equitably. The STEP goals are 410 megawatts (MW) of demand reduction, 1% system-wide energy savings per year, 16,000 weatherized homes for low-income customers, and 1.85 million tons of avoided carbon emissions. The plan cost to the average residential customer is estimated at \$3.50 per month. The funds support a broad portfolio of programs, including energy efficiency, demand response, solar, and weatherization. Over its lifetime, STEP will save \$665 million in avoided fuel and capacity costs.

A third-party consultant evaluated and assisted with determining the feasibility of new targets, programs, and performance for the enhanced plan. Community stakeholders were engaged through a dozen collaborative sessions with participation from the Board of Trustees, RAC, CAC, MUC, and others through public comment during the Board of Trustees meetings and RAC meetings.

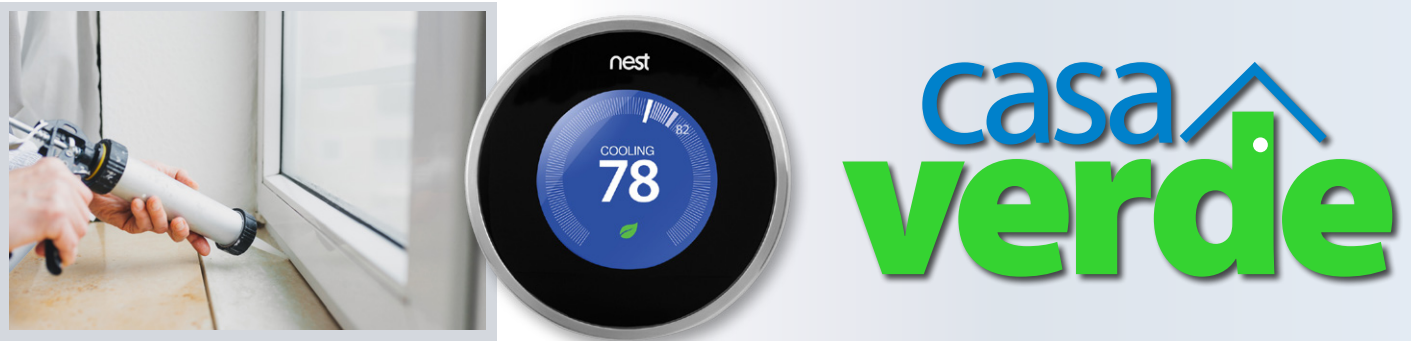
CPS Energy will launch new low-income programs, including a multi-family weatherization program to address the needs of income-eligible customers who live in rental housing. Additional solar programs to address low-income customer barriers to solar adoption will be offered. The guidelines for participation in low-income programs have also been expanded in the new plan to include more customers.

Through the original Save for Tomorrow Energy Plan, CPS Energy implemented more than 20 energy efficiency and conservation products and services that provided financial incentives, rebates, and programs to residential and commercial customers for energy-saving enhancements, delivering significant community benefits, including:

- 980 MW of demand savings from energy behavior modification and efficiency improvements to homes and businesses.
- Weatherization of nearly 30,000 homes through the Casa Verde program, helping families save approximately \$450 on their electric bills every year.
- 150,000 smart thermostats have been installed in customer homes, helping reduce energy consumption during peak demand.
- 29,000 solar systems installed on homes and businesses supporting a solar industry that has grown to 100 installers employing 1,000 local workers.
- Enhanced air quality through emissions reductions.

CPS Energy customers benefit from STEP programs by offsetting the need for additional generation capacity. Reduced emissions also convey environmental benefits. Those participating proactively in programs lower their energy use and monthly bills.

CPS Energy will provide a formal evaluation of STEP to the Board of Trustees in the third year of plan implementation, the summer of 2025, updating the Trustees on the plan performance and proposing any recommended changes. CPS Energy’s Board of Trustees will reassess the plan in 2026 to determine if continuing beyond 2027 is viable, based on projected annual reductions in future energy consumption and the costs incurred to achieve such reductions.



ENVIRONMENTAL INCENTIVES

CPS Energy offers rebate programs that encourage customers to make purchases that are environmentally friendly. Two incentive programs, Green Shade Tree and Mow Down Smog, encourage community members to reduce CO₂ to help with climate change and NO_x to help reduce ozone formation.

The Green Shade Tree Rebate program is a partnership with the City of San Antonio that incentivizes customers to create shade, which keeps homes cooler and reduces energy use. In 2021, customers received 446 tree rebates. Qualifying trees are drought-resistant, canopy shade tree species.

CPS Energy supports many community events where complimentary trees are offered. Each year, employee teams distribute more than 1,200 trees at events. Additionally, CPS Energy donates approximately 75 to 100 trees annually to Habitat for Humanity for planting at new home sites. Over the past ten years, customers and communities planted more than 20,000 trees supported through the rebate program and community event giveaways.

Trees are a natural way to store CO₂. In addition to storing carbon, trees provide shade, help with the urban heat island effect, mitigate stormwater runoff, boost energy efficiency, reduce energy costs, and promote overall health and wellness in the community. Planting trees also aligns with the CoSA CAAP, promoting biodiversity and healthy ecosystems.

CPS Energy also offers customers rebates for purchasing electric and battery-operated lawn equipment instead of gasoline-powered lawn equipment. The Mow Down Smog Rebate program is available seasonally from March 1 to August 31. According to an EPA study, replacing a gasoline-powered mower with an electric or person-powered mower avoids emitting approximately 120 pounds of CO₂. Customers were granted 350 Mow Down Smog Rebates during 2021, a 17% increase from the previous year. Since the program started in 1998, customers have received over 12,250 rebates.



TRANSPORTATION

Transportation is the largest single contributor to GHG emissions and contributes about 40% of the GHG emissions in the San Antonio area, according to the CoSA CAAP GHG Inventory. CPS Energy is working to reduce transportation emissions and enables the adoption of EVs.

The fleet industry recognizes CPS Energy for its best practices in operations, maintenance, and vehicle options. Vehicles within the utility's fleet are right-sized for appropriate tasks. CPS Energy provides regular fleet vehicle maintenance, including properly inflated tires, for maximum fuel efficiency. CPS Energy's operations policies direct drivers to ensure their fleet vehicles don't carry extra weight on the roads. The company-wide policy also minimizes the amount of idling.

The CPS Energy vehicle fleet has become a driving force in low-emission transportation, staying abreast of vehicle manufacturing plans and evaluating the fleet to optimize the use of EVs when they become capable of supporting heavy equipment and other needs. The utility made the most significant purchase of any utility or private company when it acquired 34 XLPTM Plug-In Hybrid Electric Upfit Ford F-150 trucks in 2018 to gain 50% better fuel economy and a comparable reduction in emissions over similar vehicles. Recent additions of full-electric models will be active in the fleet soon, continuing the transformation of the existing fleet of vehicles and equipment to electric. The most recent additions are:

- 5 Mustang Mach E Cars,
- 4 Ford Lightning Trucks,
- 2 Chevy Bolt Cars,
- 1 55-foot Bucket Truck, and
- 3 Electric Forklifts.

CPS Energy is striving to convert all fleet vehicles to electric by 2030.

CPS Energy's fleet operation is award-winning and has been recognized by the 100 Best Fleets in the Americas™ as a Green Fleet winner every year since 2013 and received a No. 34 ranking in the 2021 awards. The utility was the 23rd overall best fleet in the 100 Best Fleets in the Americas for 2022 and has appeared on the 100 Best Fleets recognition list since 2013.

EV adoption is likely to grow with expanded charging solutions. As of August 2022, there were 310 Level 2 public plugs and 39 Fast DC charging stations in the service area, and CPS Energy provides electricity to them all. CPS Energy



operates 34 public stations with 57 plugs at 20 publicly accessible locations. For a flat-rate annual fee of \$96, an EV owner can charge without limit at locations in the network of public chargers operated by CPS Energy.

CPS Energy has 25 Level 2 chargers with 50 ports at headquarters for fleet and employees' EVs. The utility partners with multiple municipal organizations to enable their ambitions to electrify their fleets or provide support for their employees. CPS Energy provides VIA Metropolitan Transport (VIA) with charging stations at its largest Park and Ride facilities. The utility also works with the San Antonio International Airport (SAT) to power charging for rental car companies rapidly electrifying their fleets. By the end of the year, there are expected to be over 600 EVs in rental car fleets at SAT that will support both customers and ride-share drivers.

Programs for charging their EV at home reward drivers with rebates in the form of bill credits for charging outside the hours when energy demand is at its highest. Customers with eligible charges receive a bill credit upon enrollment and monthly bill credits for ongoing participation in one of two programs. FlexEV Smart Rewards program allows CPS Energy to make remote adjustments to charging during peak energy demand. Customers who prefer to maintain control of their charging earn FlexEV Off-Peak Rewards rebates for voluntarily limiting their charging during peak hours to no more than two times monthly.

CPS Energy customers continue to be early adopters of EVs. According to the Electric Power Research Institute's (EPRI) analysis of state vehicle registration data, there were more than 10,000 non-commercial EVs in San Antonio as of August 2022, with over 3,500 EVs forecasted to be purchased by the end of the year. San Antonio is forecasted to have over 25,000 all-electric vehicles by 2025.

There are valuable tools on the CPS Energy website at cpsenergy.com/flexev to help drivers understand EV benefits, including potential fuel savings and carbon emissions reductions. The utility also works with small and medium

businesses to support their ambitions of electrifying their fleets. CPS Energy's charging solutions will continue to expand to help drive the shift to transportation electrification.

CPS Energy continues to enable customer participation in the utility's holistic energy conservation and grid modernization approach. The utility will continue to demonstrate leadership in transportation electrification, and support customers who seek to take advantage of all the benefits that electrification provides. The future of transportation is electric!

CPS Energy takes pride in the reliability of utility services. To deliver on that reliability, safety is at the forefront, whether in a power plant, ditch, bucket truck, or desk. Nothing is more important than getting employees home in the same condition they came to work – maybe just a little tired and dirty. When CPS Energy team members go home safe, they enrich the community.

CPS Energy has a dedicated safety team with varied medical, military, training, and safety backgrounds. The team partners with employees across the organization to enable safe working conditions and encourage proactive behaviors and a positive safety culture.

- A positive safety culture is critical for involvement, ownership, and leadership, understanding the safety culture affects safety performance across the company at all organizational levels.
- Consistent culture of early reporting for accidents and incidents allows the utility's team of occupational health nurses to provide early care and help prevent an injury from worsening.
- Driver training specifically designed to boost safe driving skills for commercial driver's license (CDL) drivers.

Safety is not just the job of the safety department. Every employee has a responsibility to get themselves home safe and look out for their teammates. CPS Energy provides all the necessary tools and training to perform the job safely. Most importantly, it empowers every employee to stop the job if there might be a hazard that needs to be addressed because the entire team knows safety starts with each employee making smart, responsible decisions.

Some safety initiatives incorporated this year include:

- Focus on preventative efforts, such as behavior-based safety observations, which result in a proactive approach to improving work practices and reducing risks.
- Increased support from safety circuit teams in ground-up safety efforts.

INNOVATION

Innovation is top of mind at CPS Energy because of rapidly changing industry technology and the need for robust services for customers. CPS Energy's strategic approach to innovation includes evaluating new technologies and promoting small-scale deployments to gain experience with the technologies and partners. The utility's approach is designed to propel energy innovation forward for the ultimate benefit of the community.

CPS Energy wants to enable solutions that increase value to customers and the community. Years ago, the utility strategically installed a communication network for two-way communications between the utility and the customer meter. This communication gives customers more control of their usage as they can track it at various intervals. In 2021, CPS Energy partnered with Itron to enable the same two-way communication for the local water utility, SAWS. In 2022, new water meter installation began that will enable a similar customer experience for power and water.

CPS Energy established a pipeline for innovative solutions. In partnership with EPIcenter, the utility created an internal process where new technology can be tested for utility-scale application. CPS Energy signed a 2021 agreement with Leaptran, a San Antonio software startup, for a more integrated and accurate solar forecasting tool and with Quidnet related to its Geomechanically Pumped Storage solution that pumps water underground and stores it between impermeable rock layers. The rock performs like a natural spring and holds the water under pressure. When the

project is called upon to supply electricity, the pressurized water is released to power a hydroelectric turbine that generates emission-free electricity.

CPS Energy is committed to partnering and creating new products and offerings that empower customers. The utility's customers and the community benefit from these efforts as new opportunities bring efficiencies, create resiliency, diversify the generation fleet, and increase energy savings.



Ongoing global supply chain issues have impacted CPS Energy’s operations. In a recent article for CPS Energy’s newsletter, ENGAGE, then Interim-CEO Rudy D. Garza took some time to address how the organization has adapted to the disruption of the global supply chain and material scarcity. “We’ve taken active measures to address shortages. We’ve diversified our suppliers and have more suppliers now than ever before. Our team has developed workarounds for delayed parts and equipment to ensure we can safely continue to serve our customers.”

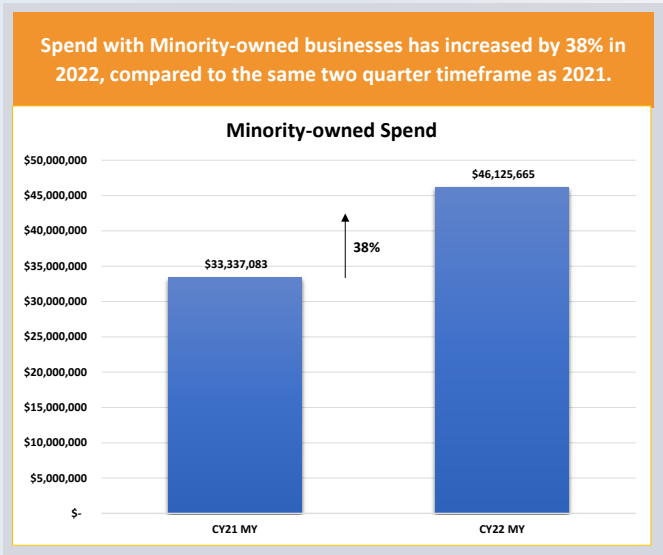
The rapid growth San Antonio is experiencing creates challenges in completing new residential and commercial construction. The availability of materials to build new infrastructure and install meters is impacted by supply chain shortages. Once again, partnerships, collaboration, and communication are key to CPS Energy understanding customers’ needs and maintaining solid relationships with stakeholders.

CPS Energy’s spending best illustrates Supply Chain’s efforts to use local vendors throughout the calendar year. Midway through 2022, CPS Energy spent \$269 million, or 71% of all purchase orders, with businesses located in the San Antonio Metropolitan Statistical Area. In this same timeframe,

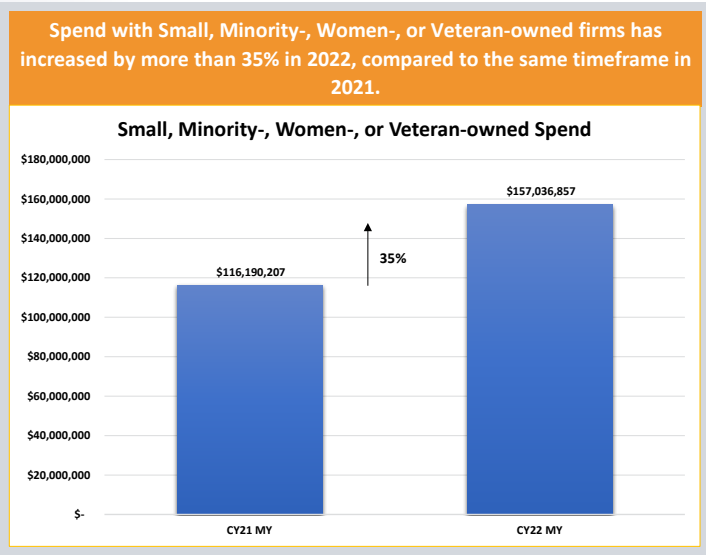
CPS Energy spent more than \$157 million with diverse firms: those certified as Small, Minority-, Women-, or Veteran-owned. Spending with diverse firms has increased by more than 35% in 2022, compared to the same timeframe in 2021. Likewise, over \$46 million has been spent with Minority-owned businesses this year — a 38% increase compared to the first two quarters of the calendar year 2021.

CPS Energy has worked aggressively to bring awareness of vendors in local and diverse categories. Supply Chain leadership continues to leverage strategic partnerships — from the Maestro Entrepreneurship Center and the Center for Government Contracting to the League of United Latin American Citizens (LULAC) and the Fair Contracting Coalition — to speak directly to small-business owners, ensuring that they are aware of and able to bid on CPS Energy projects.

Finally, CPS Energy remains committed to working with the “SupplySA” initiative, collaborating with others to identify diverse suppliers within the service area. CPS Energy’s Supply Chain team continues to engage local, small, and diverse vendors through targeted outreach to ensure contract opportunities are available to all qualified vendors seeking to do business with the organization.



MY indicates spend through mid-year



CPS Energy’s passion for community service dates back to 1942 when the City of San Antonio purchased the utility. CPS Energy’s revenues continue to support vital public services in San Antonio. The utility believes in contributing to the well-being of the community it serves. CPS Energy is committed to investing time, resources, and energy into the programs, projects, and events that make the San Antonio community great.

While CPS Energy works diligently to provide affordable and reliable energy for its customers, there’s also an eagerness to give back to the community through education, environmental stewardship, economic development, and community-service efforts. The utility’s employees donate thousands of hours to local charities, nonprofit organizations, and other community projects each year. CPS Energy employees have delivered meals to seniors, mentored elementary, middle, and high school students, donated school supplies, shopped for holiday gifts for children of families experiencing financial insecurity, participated in walks and charitable events, educated residents about energy conservation, and given generously to annual United Way campaigns.

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

CORPORATE RESPONSIBILITY

Corporate Responsibility programs are designed to make the community a better place for customers and employees to live and do business. The programs are developed to educate and mentor children, encourage employee engagement in the community, and support vital community initiatives.

Education Partnerships and Programs

Education remains one of the utility’s top priorities because the leaders and employees of tomorrow are the result of the educational investments made today. CPS Energy supports educational programs through corporate sponsorships, internship and mentoring programs, scholarships, and employee involvement in vital educational initiatives throughout San Antonio.

Through a unique partnership with private entities, academic institutions, and energy thought leadership, CPS Energy created Smart Energy Education, a robust collection of programs and resources for students, educators, professionals, and communities designed to boost energy

literacy. These free, dual language and Texas Essential Knowledge (TEKS) teaching resources align with the utility’s community investment to advance educational opportunities and Science, Technology, Engineering, the Arts, and Mathematics (STEAM) studies. For younger learners, graduates, and individuals interested in energy careers, CPS Energy remains active in secondary STEAM education with The Tobin Center for the Performing Arts, The DoSeum, CAST Schools (Centers for Applied Science and Technology), and SAMSAT (San Antonio Museum of Science and Technology). The utility’s strategic partnerships with KLRN, Communities in Schools-San Antonio, City Year San Antonio, and area school districts empower student excellence.

Residential Energy Assistance Partnership

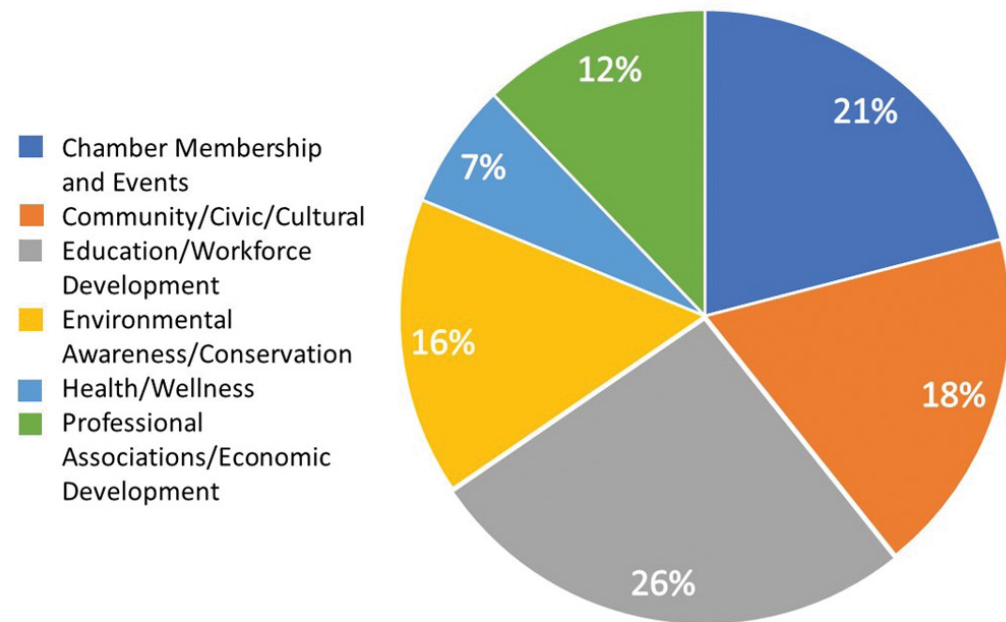
Together with the City of San Antonio and Bexar County, CPS Energy established the Residential Energy Assistance Partnership, Inc. (REAP) in 2002. REAP is a nonprofit foundation that helps families in need pay their utility bills throughout the year while educating them on money-saving conservation measures. The partnership underwrites all administrative costs so that 100% 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, including the annual GrillsGiving competitive barbecue cookoff event. In 2021, CPS Energy raised over \$392,000 through public donations and fundraisers for REAP, and the program helped more than 9,287 customer households with over \$3.3 million in utility assistance.

Corporate Sponsorship Program

CPS Energy has a diversified strategy around corporate sponsorships to remain responsive to the community’s needs. Nearly \$1.3 million each year is given in corporate sponsorships supporting education, environmental awareness, conservation, and economic development.

In 2020, the organization adapted its 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. This focus continued in 2021, increasing commitments to community-focused organizations and participation in events that would enable CPS Energy to share assistance information with customers.

2021 Corporate Sponsorship by Category



EMPLOYEE ENGAGEMENT

United Way

CPS Energy raised more than \$940,000 through employee and retiree donations, agency sponsorships, and company fundraisers. The utility's pledge to United Way includes a charity golf tournament, an employee donation campaign, and numerous volunteer projects.

Salvation Army Angel Tree Drive

The Salvation Army's Angel Tree Drive is a popular initiative with CPS Energy employees. The utility supports about 1,000 local children and seniors yearly with gifts and monetary donations to brighten their holiday season.

Stuff the Bus School Supply Drive

In 2021, CPS Energy promoted a second virtual fundraising drive to employees and raised over \$4,000 in donations for school supplies for local students. Communities in Schools (CIS) provides free school supplies to students in need at over 160 CIS-SA campuses.

Community Partnerships and Events

CPS Energy employees are involved in multiple community events around San Antonio, including the MLK March

for Freedom, Cesar Chavez March, and Raul Jimenez Thanksgiving Dinner. Community partnerships with nonprofit organizations like Meals on Wheels, the American Heart Association, and the South Texas Blood and Tissue Center raise awareness of community health issues and promote employees' wellness.

Board Service

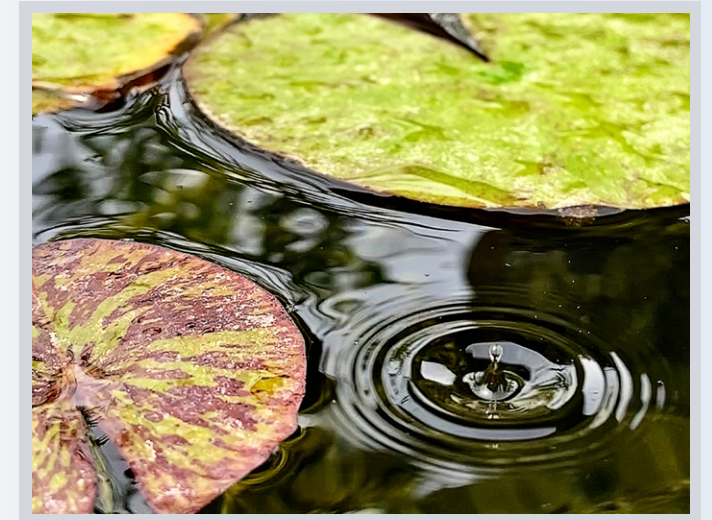
CPS Energy employees remain active in the community through service on various community boards and committees. Board service opportunities are offered to employees who have expressed an interest in community service, plus board service meets the needs of the San Antonio nonprofit community. CPS Energy employees serve on local, state, and national boards such as EPRI, greater: SATX, United Way of San Antonio, San Antonio Manufacturing Association, San Antonio Chamber of Commerce, Texas Public Power Association (TPPA), and Alamo Area Council of Governments, (AACOG), among others.

ENVIRONMENTAL STEWARDSHIP

CPS Energy works to improve the health of the community, conserve valuable resources and inspire other companies and individuals through its environmental programs. Through partnerships with the Girl Scouts of Southwest Texas, Green Spaces Alliance, and Hemisfair, along with community outreach events like the Monarch Butterfly and Pollinator Festival and Run the River, CPS Energy supports and invests in programs that improve environmental awareness and conservation. The utility supports these causes to ensure future generations' health and to protect environmental resources.

Girl Scouts of Southwest Texas Business Partner Patch Program

CPS Energy is proud to be one of the original Girl Scouts of Southwest Texas (GSSWT) Business Patch Partners. The utility has offered the Environmental Awareness/Conservation/Energy Efficiency patch since 2009. More than 6,700 girls earn their CPS Energy Environmental Awareness & Conservation badge each year. CPS Energy volunteers support GSSWT events, workshops, field trips, and engaging experiences with parents and scouts. The utility designs great patches that the girls proudly wear to demonstrate their achievement.



Green Spaces Alliance Picture Your World Youth Photography Program

CPS Energy sponsors Green Spaces Alliance's Picture Your World (PYW) Youth Photography program because it focuses on youth, the environment, and education. PYW's focuses dovetail with the utility's interests in 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 nine years, the program has doubled in capacity and serves more than 600 students annually.

Basura Bash Waterways Cleanup

CPS Energy supports multiple clean waterway community initiatives and sponsors the annual Basura Bash Waterways Cleanup. The Environmental Compliance team calls on employees to volunteer their time to help clean area waterways and remove trash and materials from waterways essential to downstream users.

COMMUNITY ENGAGEMENT

The CPS Energy Community Engagement team, including the organization’s Customer Response Unit (CRU), spends many hours in the community, getting to know customers and helping them find and apply for assistance programs for which they qualify. The utility hosts Community Program Fairs, ARPA (American Rescue Plan Act) events, and other opportunities to raise awareness about many programs, including assistance programs and energy efficiency rebates. Team members provide customers with tips and information to help them optimize their energy consumption and lower their energy bills. The Public Safety and Education team gives demonstrations to the public and educates first responders, contractors, school children, and others about electric and natural gas safety.

Casa Verde

Energy bills can be significantly higher during the summer and winter because extreme temperatures often increase energy use. The 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 the community more energy efficient and improves the 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. In 2021, CPS Energy weatherized 1,649 homes through the Casa Verde program, for a total of 33,124 homes weatherized since the program began more than ten years ago.

Energy2Business (E2B)

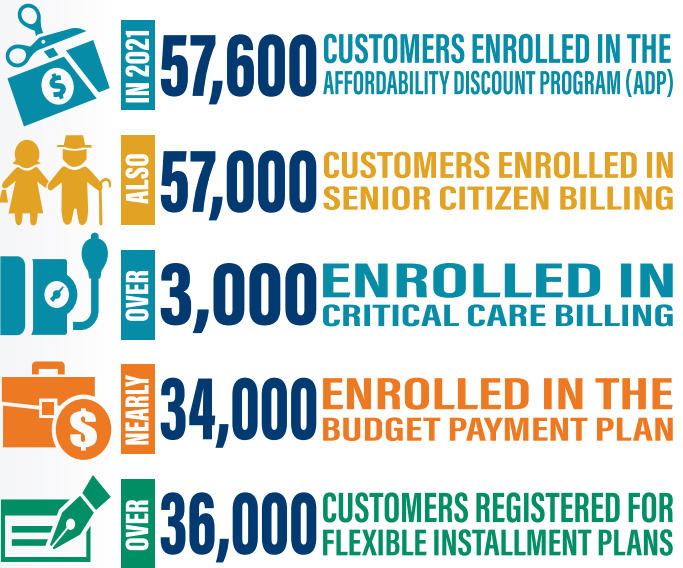
CPS Energy created its Energy2Business (E2B) outreach program based on feedback from small- and medium-sized business owners. E2B’s role is to give businesses a competitive edge by helping them cut expenses with energy-efficiency upgrades. Knowledgeable team members meet with and advise business owners about projects beneficial to their organizations. The utility connects them with incentives and rebates designed to save energy and money. Spending less on energy allows business owners to re-invest their savings in their businesses. In 2021, CPS Energy launched small business resource fairs in partnership with nonprofit agencies to help bring awareness of applicable grants, rebates, and other business support resources to small businesses.

Energy Efficiency Champions

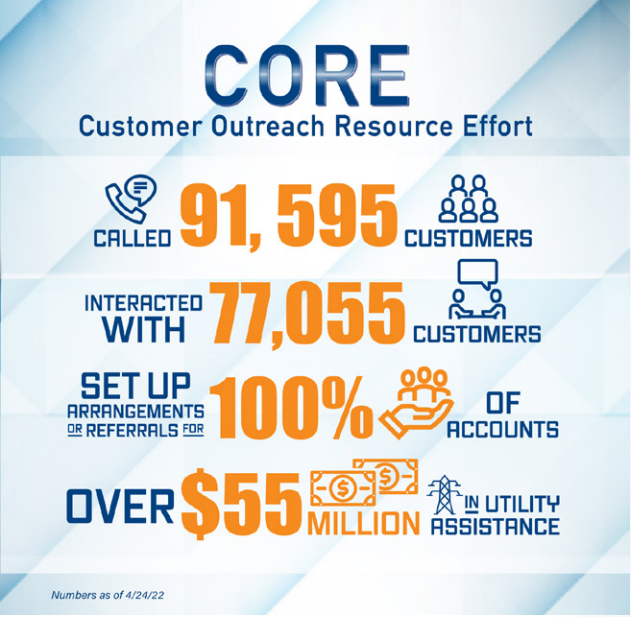
CPS Energy values its business customer relationships and recognizes Energy Efficiency Champions to show the utility’s appreciation and drive participation in energy-efficiency programs. CPS Energy praises businesses’ day-to-day energy efficiency efforts by presenting them with window clings they can display. The awards give CPS Energy opportunities to create and share stories about companies using energy efficiently. In 2021, the E2B team awarded Energy Efficiency Champion awards to 13 small businesses.

Customer Assistance Programs

CPS Energy is always ready to help customers with multiple programs that assist with their energy bills. CRU team members meet with customers and talk about their needs. The team recommends eligible programs, helps customers complete applications, and follows up to identify what additional assistance may be needed. A variety of assistance programs and payment plans are available to eligible customers.



Additionally, in November 2021, the San Antonio City Council approved \$20 million in ARPA funds for CPS Energy customers. The utility immediately began hosting neighborhood ARPA events to provide residential customers with in-person help to apply for those funds. Located in census tracts identified with high energy burdens and cross-referenced with geographical research of neighborhoods with large populations of past-due balances, CPS Energy outreach specialists knocked on doors, talked to customers, and helped them apply for funding.



Energy Angels

The Energy Angels Gift of Energy program allows customers to help others — friends, family members, or neighbors, for example — by making a payment toward the other’s energy bill. Benefactors may make a payment on behalf of a residential or business customer of their choosing. The gift will appear on the recipient’s bill as a credit to their account. “Energy Angels,” the utility’s term for the compassionate and caring gift-givers who have the means and desire to help others, can notify their recipient about the gift or remain anonymous.



Customer Outreach Resource Effort

In June 2020, in response to unemployment caused by the global COVID-19 pandemic, CPS Energy formed the Customer Outreach Resource Effort (CORE) to proactively work with customers, checking on their well-being and ensuring they were aware of available resources, including financial assistance. The financial assistance came from funds CPS Energy provided, community agencies, and the City of San Antonio and Bexar County via the federal Coronavirus Aid, Relief and Economic Security (CARES) Act.

The CORE program received top honors from industry organizations for excellence in response to the pandemic and for using soft skills and cost-effective approaches to engage customers.

CRUsgiving Tradition

Not everyone has the means to enjoy a large festive meal at Thanksgiving. CPS Energy community engagement team members who work in the community every day to help connect customers with resources started a tradition in 2017 to provide a Thanksgiving meal to families experiencing hardship. The tradition continued through the pandemic.



In 2021, CPS Energy partnered with Local IBEW 500 to safely deliver more than 80 fully cooked Thanksgiving meals to the homes and families of customers experiencing financial hardship.

GOVERNANCE

History

With its gas system dating back to 1860, CPS Energy is the oldest utility company in Texas. Owned by American Light and Traction Company, in 1917, CPS Energy began operating as San Antonio Public Service Company (SAPSCo). SAPSCo ran the city's power plants, gas network, and streetcar lines.

The City of San Antonio purchased SAPSCo for \$34 million in 1942. Revenue bonds financed the transaction. The city sold the transportation division, and the utility became the City Public Service Board of San Antonio. The organization operated under other brands over the years and became CPS Energy in 2003. As of October 24, 2022, the utility has been a business owned by the City of San Antonio for eighty years. CPS Energy is a fully integrated utility, managing and operating power generation facilities and the local energy grid while maintaining direct relationships with customers.

City Payment

CPS Energy transfers 14% of gross revenues to the City of San Antonio. Since 1942, CPS Energy has transferred approximately \$9 billion. The funds provide more than one-fourth of the city's operating budget to support police, fire, infrastructure, libraries, streets, parks, and more while alleviating the need for a property tax increase. That's almost \$1 million daily provided to the City of San Antonio. For the fiscal year that ended January 31, 2022, payments to the City totaled \$352.5 million.

Governance Structure

Management and control of CPS Energy is vested in an independent Board of Trustees made up of 5 Trustees. The Mayor of San Antonio serves in the ex-officio capacity as a voting member and represents the City Council. The remaining 4 members are selected from each of the 4 quadrants established by City Council.

As CPS Energy's 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:

- In partnership with the President and CEO, lead in developing and articulating the company's vision.
- 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 and CEO.
- Understand, provide oversight and monitor the performance of the President and 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.
- Promote trust within and among stakeholders.

Board of Trustees meetings are public, with time allocated during meetings for the public to address the Trustees about posted agenda items for that meeting. Agendas, presentations, videos of prior meetings, meeting minutes, and other Board meeting information can be viewed online at cpsenergy.com/boardmeetings. Regular Board meetings are generally held on the last Monday of the month.

While the Board serves as the governing authority over CPS Energy, the San Antonio City Council must approve rate adjustments, condemnation proceedings, issuance of bonds, notes, or commercial paper, and Board member appointments.

The CAC was established in 1997 as a liaison between CPS Energy and customers, providing input to company management. There are 15 CAC members, one from each San Antonio City Council district and five at-large representatives.

The RAC was established in 2021 to provide 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 composed of 21 members. Eleven are appointees of the CPS Energy Board, including Mayoral appointees, and ten members are San Antonio City Council appointees.

Electric Reliability Council of Texas (ERCOT)

CPS Energy participates in the ERCOT market. ERCOT manages the statewide grid, comprised of the regional interconnected network of high-voltage transmission lines and power plants, covering about 90% of Texas. ERCOT coordinates maintaining the balance of load and generation for the region, transmission system power flow to serve customers, approximately 20 interconnected transmission operators, about 40 entities scheduling load and generation, the wholesale power market, and planning analysis of the grid.

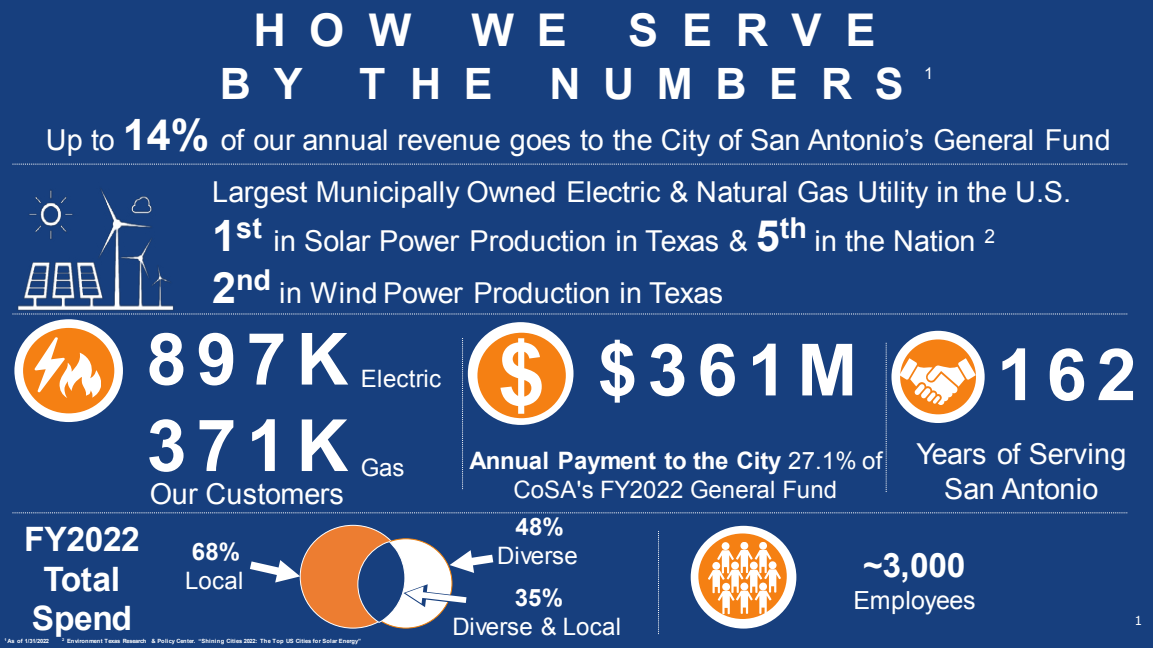
CPS Energy is regulated by numerous federal, state, regional, and local government agencies. The regulatory process provides an opportunity to engage actively and inform stakeholders about public meetings convened by ERCOT, the Public Utilities Commission (PUC), the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC), and other government agencies.

The utility's integrated engagement strategies build strong and trusted connections that result in sustainable and reliable solutions.

Stakeholder Engagement: Community Partners

An essential part of CPS Energy's mission is to connect, listen, and engage with community partners to gather feedback and better understand their interests, concerns, and emerging needs. Community partners stay informed and involved through diverse channels of engagement. Customer engagement teams partner with local community groups, including schools, churches, community centers, and resource centers. Collaboration across many groups is vital to identify and address each specific group's needs.

CPS Energy's commitment to serving the community during the past year has resulted in participating in over 600 community events, hosting 182 partner meetings, visiting 50 neighborhoods, making more than 14,000 calls, distributing nearly 37,000 door hangers, knocking on over 2,500 doors, and making over 725,000 collection touchpoints to inform customers of the status of their account and to connect them to the assistance they need. Through these efforts, the utility connected customers with over \$12.2M in ARPA funds and over \$45M in utility assistance.



The Fiscal Year 2022 (Feb. 1, 2021 through Jan. 31, 2022) financial audit was successful. Our external auditors, KPMG US, LLP, issued an unmodified opinion, indicating that our financial statements were found to be free of reporting deficiencies.

Audited basic financial statements were prepared by our Management Team in conformity with accounting principles generally accepted in the United States of America, and the statements are presented fairly in all material respects.

We maintain accounting, financial reporting and administrative internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that assets are appropriately accounted for and adequately safeguarded. These controls are supported by formal policies and procedures readily communicated throughout our Company. Additionally, CPS Energy has an internal audit function that assists in evaluating the adequacy and effectiveness of our control environment.

CPS Energy’s independent Board of Trustees is responsible for reviewing and accepting both the audited financial statements and Management’s Discussion and Analysis (MD&A). The Board of Trustees, primarily through two of their members who comprise the Audit & Finance Committee, ensures our Management Team fulfills our responsibilities for financial reporting. The Board of Trustees also approves the engagement or reappointment of the external auditors.

The Audit & Finance Committee meets regularly with our Management Team, and with the internal and external auditors, to discuss internal control and financial reporting issues and to ensure each party is properly discharging its responsibilities. The Audit & Finance Committee reviews

the audited financial statements and the external auditors’ report and considers the statements for review and acceptance by all members of the Board.

CPS Energy’s external auditors have audited the financial statements in accordance with auditing standards generally accepted in the United States of America. They performed procedures to obtain audit evidence deemed sufficient and appropriate to provide a basis for their opinion on the fairness of the audited financial statements. In support of the external auditors’ procedures, our Management Team provided them full and free access to our accounting records.


Rudy D. Garza
President & CEO


Cory Kuchinsky
CFO & Treasurer

THREE-YEAR HIGHLIGHTS - UNAUDITED

(Dollars in thousands)		Fiscal Year Ended January 31,		
		2022	2021 ¹	2020 ¹
FINANCIAL SUMMARY			Restated	Restated
Revenue				
Electric	\$	2,544,477	\$ 2,359,076	\$ 2,426,396
Gas		218,071	150,704	142,782
Nonoperating		34,250	34,765	69,940
Total revenue	\$	2,796,798	\$ 2,544,545	\$ 2,639,118
Operation and maintenance expenses ²	\$	1,764,056	\$ 1,568,429	\$ 1,511,954
Total payments to City of San Antonio		364,158	342,606	354,991
OTHER FINANCIAL DATA				
Decommissioning Trusts	\$	761,840	\$ 703,409	\$ 646,879
Repair and Replacement Account		570,322	500,221	532,070
Total assets		12,752,323	11,558,919	11,239,890
Net position		3,880,248	3,740,755	3,691,466
DEBT				
Outstanding				
Bonds	\$	5,475,600	\$ 5,328,520	\$ 5,446,975
Commercial paper		660,000	420,000	95,000
Flexible rate revolving note		100,000	-	-
Weighted-average interest rate				
Senior lien fixed-rate bonds		3.823%	3.821%	4.012%
Senior and junior lien fixed-rate bonds		3.847%	3.849%	4.097%
Variable-rate instruments ³		0.961%	1.612%	1.708%
Debt service ⁴				
Senior lien bonds	\$	331,844	\$ 327,599	\$ 223,292
Junior lien bonds		60,198	61,964	148,806
Other interest and debt-related costs ⁵		3,852	3,858	20,635
Debt service coverage ⁶				
Senior lien bonds		3.05x	2.92x	4.95x
Senior and junior lien bonds		2.58x	2.45x	2.97x
RATINGS - Bonds and Commercial Paper				
Fitch	- Senior lien bonds	AA-	AA+	AA+
	- Junior lien bonds	AA-	AA+	AA+
	- Commercial paper	F1+	F1+	F1+
Moody's	- Senior lien bonds	Aa1	Aa1	Aa1
	- Junior lien bonds	Aa2	Aa2	Aa2
	- Commercial paper	P-1	P-1	P-1
S&P	- Senior lien bonds	AA-	AA	AA
	- Junior lien bonds	A+	AA-	AA-
	- Commercial paper	A-1	A-1+	A-1+

¹ Reflects impact of restatement and implementation of GASB 87, Leases.
² Excludes depreciation and amortization expenses.
³ Variable-rate instruments include commercial paper, flexible rate revolving note and floating rate bonds.
⁴ Debt service on senior and junior lien bonds is calculated net of the Build America Bonds ("BABs") direct subsidy.
⁵ Other interest and debt-related costs includes interest on commercial paper.
⁶ Debt service coverage is calculated net of the BABs direct subsidy.

THREE-YEAR HIGHLIGHTS - UNAUDITED

	Fiscal Year Ended January 31,					
	2022		2021 ¹		2020 ¹	
			Restated		Restated	
CAPITAL ASSETS (in thousands)						
Capital assets, net	\$	8,908,861	\$	8,684,540	\$	8,542,200
Depreciation and amortization		443,054		436,899		421,000
New construction and net removal costs		655,681		630,784		748,858
FUNDING FOR NEW CONSTRUCTION and NET REMOVAL COSTS (in thousands)						
Debt	\$	427,100	\$	311,082	\$	317,247
Repair and Replacement Account		163,702		253,386		376,139
Contributed capital and other		64,879		66,316		55,472
ELECTRIC GENERATION (MWh)						
Generation		24,683,368		23,612,669		24,939,034
Renewables and other energy purchases		6,192,428		5,171,870		4,940,406
Total generation and other power		30,875,796		28,784,539		29,879,440
Capacity (MW)						
Gas		3,359		3,360		3,346
Coal		1,345		1,345		1,345
Nuclear		1,029		1,028		1,036
Battery		10		10		10
Wind		944		1,049		1,067
Solar		550		550		552
Landfill gas		14		14		14
Total capacity		7,251		7,356		7,370
ELECTRIC PEAK DEMAND (MW)						
		4,935		5,080		5,159
DISTRIBUTION GAS PURCHASES (MMCF)						
		26,622		26,116		27,070
RESIDENTIAL AVERAGES (unbilled revenue not included)						
Electric						
Revenue per customer	\$	1,400.56	\$	1,428.46	\$	1,419.40
kWh per customer (average)		12,706		13,432		13,332
Revenue per kWh		11.02¢		10.63¢		10.65¢
Gas						
Revenue per customer	\$	280.36	\$	241.78	\$	246.58
MCF per customer		28.6		29.3		31.4
Revenue per MCF	\$	9.82	\$	8.25	\$	7.85
RELIABILITY INDICES						
System Average Interruption Duration Index (SAIDI) (in hours)						
		1.128		0.948		0.914
System Average Interruption Frequency Index (SAIFI)						
		1.010		0.930		0.790

¹Reflects impact of restatement and implementation of GASB 87, *Leases*.

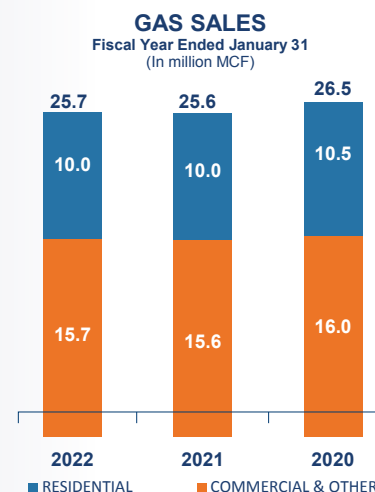
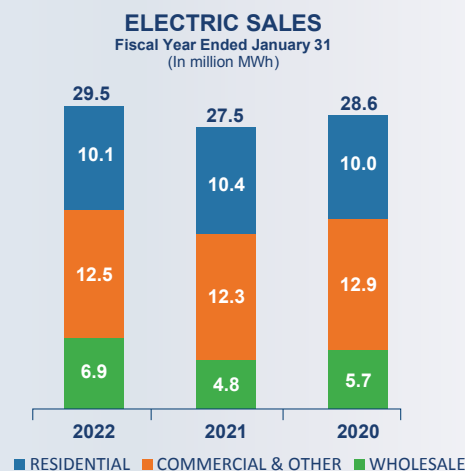
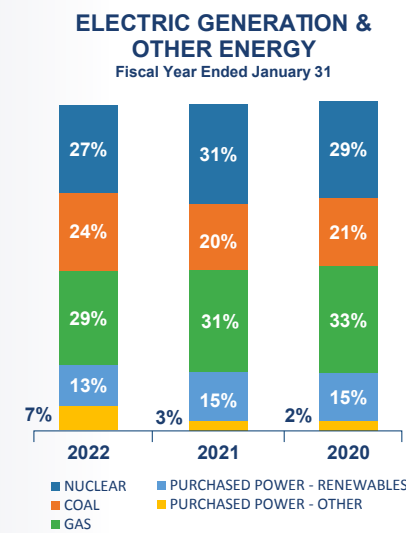
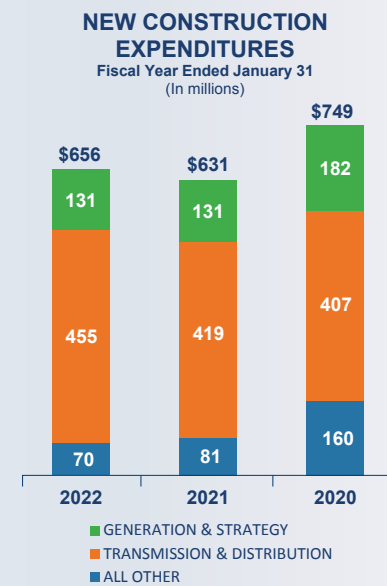
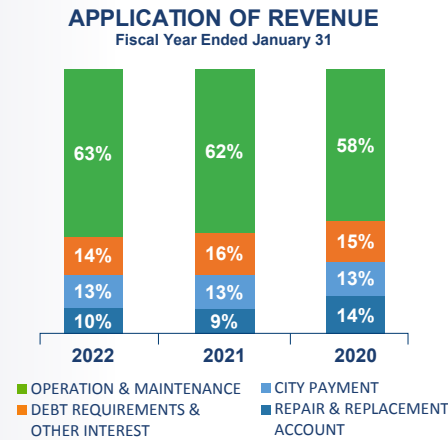
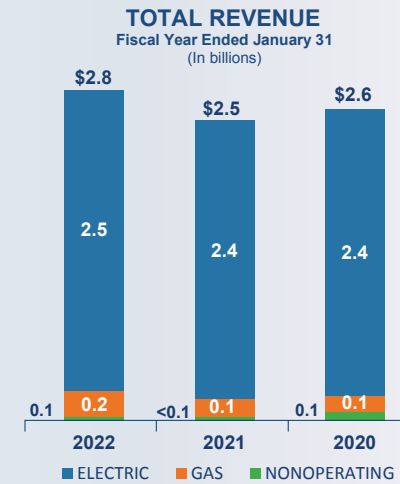
THREE-YEAR HIGHLIGHTS - UNAUDITED

		Fiscal Year Ended January 31,					
		2022		2021		2020	
OPERATING REVENUE ¹ (in thousands)							
Electric							
Residential	\$	1,113,301	\$	1,105,409	\$	1,068,738	
Commercial and industrial		924,935		834,735		854,608	
Public authorities		229,381		208,990		219,310	
Sales for resale ²		-		20,590		21,481	
Street lighting and ANSL		23,154		22,478		22,127	
Unbilled revenue		15,555		10,154		1,481	
Other		21,278		22,104		20,826	
Subtotal Retail		2,327,604		2,224,460		2,208,571	
Wholesale		216,872		134,616		217,825	
Total	\$	2,544,476	\$	2,359,076	\$	2,426,396	
Gas							
Residential	\$	98,238	\$	82,866	\$	82,641	
Commercial and industrial		78,222		55,743		47,371	
Public authorities		18,711		12,062		10,525	
Unbilled revenue		19,972		(2,939)		(158)	
Other		2,928		2,972		2,403	
Total	\$	218,071	\$	150,704	\$	142,782	
SALES							
Electric (MWh)							
Residential		10,100,167		10,394,484		10,038,081	
Commercial and industrial		9,700,764		9,228,300		9,714,043	
Public authorities		2,684,303		2,571,431		2,781,803	
Sales for resale ²		-		341,753		370,396	
Street lighting and ANSL		84,262		84,615		87,470	
Unbilled		12,089		87,911		(75,000)	
Subtotal Retail		22,581,585		22,708,494		22,916,793	
Wholesale		6,874,115		4,817,862		5,688,461	
Total		29,455,700		27,526,356		28,605,254	
Gas (thousands of MCF)							
Residential		10,005		10,038		10,533	
Commercial and industrial		11,803		12,385		13,033	
Public authorities		3,150		2,943		3,306	
Unbilled		700		280		(421)	
Total		25,658		25,646		26,451	
NUMBER OF CUSTOMERS (at year-end)							
Electric		907,526		884,811		860,934	
Gas		373,998		366,709		358,495	

¹Includes unbilled electric and gas revenues.

²Reflects reclassification from municipal to wolesale tariff.

FISCAL YEAR ENDED - JANUARY 31



- Electric Utility Safety Award of Excellence Honorable Mention | American Public Power Association
- 2021 Easiest Utilities to Do Business With | Escalent
- Environmental Champion | Escalent
- 2021 Employee Communications Award - Internal Event Strategy Category | Ragan
- 2021 Building San Antonio Awards - Best Reuse/Rehab Category | San Antonio Business Journal
- 100 Best Fleets in the Americas (#82) | 2021 The 100 Best Fleets
- Customer Service Appreciation - Storm Uri Customer Response | H-E-B
- Most Trusted Brand | Escalent
- Notable Achievement in COVID-19 Efforts - Customer Service Outreach Effort | Chartwell
- Innovation in People & Process - Customer Service Outreach Effort | Customer Service Week
- Diversity Champion of the Year - Supply Chain | Hispanic Contractors Association de San Antonio
- Innovator Award | Itron
- Top Innovator - Supplier Diversity | Public Utilities Fortnightly
- Top Innovator - Enhancing Customer Service (CORE) | Public Utilities Fortnightly
- Corporate Social Responsibility Campaign of the Year (CORE) - Finalist | S&P Global Platts
- Above and Beyond Employer Supporting Military Reservists | Department of Defense - The Employer Support of the Guard and Reserve Program



