

FY 2026



INTERIM

REPORT

First Quarter Ended April 30, 2025



CPS Energy adds 159 MW of wind power through a new agreement with Avangrid, expanding its renewable energy portfolio and powering approximately 40,000 homes.

Report from Management for the First Quarter Ended April 30, 2025

New leadership on the CPS Energy Board of Trustees

As of February 1, 2025, two members of the CPS Energy Board of Trustees have assumed new leadership roles. Dr. Francine Sanders Romero has been named Board Chair, and Dr. Willis Mackey has been appointed Vice Chair.

Dr. Romero, who has served on the Board since 2021, brings a strong focus on high standards of excellence. Dr. Mackey, a Trustee since 2016, played a pivotal role in shaping CPS Energy's strategic framework, including the development of Vision 2027. Their proven leadership and experience will help guide CPS Energy through continued innovation and service to our growing community.

CPS Energy expands its wind energy portfolio

In April 2025, CPS Energy enhanced its renewable energy capacity by adding 159 megawatts (MW) of wind power through a new agreement with Avangrid. This expansion nearly doubles the utility's contracted capacity from the Peñascal Wind Farm in Kenedy County, increasing total wind generation to 1,067 MW and maintaining CPS Energy's position as the second-largest buyer of wind energy in the state.

The additional capacity is expected to supply power to approximately 40,000 homes during peak summer demand. The new wind power came online on April 1, 2025, supporting San Antonio's growing electricity needs while strengthening grid reliability.

Powering progress in multifamily communities

CPS Energy has launched a new Multifamily Program to deliver energy-efficient upgrades to apartment communities across San Antonio. The program provides low to no-cost improvements to qualifying properties, helping residents lower bills and improve comfort.

The program's launch was marked by a pilot at Gillette Square Apartments on the Southside. In partnership with local property owners, CPS Energy aims to weatherize 20,000 units by 2027. Part of the Sustainable Tomorrow Energy Plan (STEP), the initiative supports energy savings, lower emissions, and improved air quality for more customers.

Funding approval for a new technology platform

The Board of Trustees has approved additional funding to support the next phase of CPS Energy's major Enterprise Resource Planning (ERP) transformation. This initiative will modernize a decades-old business operating system, enhancing internal operations and improving customer service.

To lead this effort, CPS Energy has partnered with Accenture to implement Oracle's Integrated Fusion Platform. Oracle will deliver the cloud-based technology, while Accenture will manage integration, ensuring the system is customized to support key functions such as finance, supply chain, people and culture, and customer strategy. The project began in February 2025 and will roll out in phases through 2028.



Rudy D. Garza
President & CEO

Financial Review for the First Quarter Ended April 30, 2025

Total operating revenues and nonoperating income of \$878.2 million for the first quarter of fiscal year 2026 increased by \$210.5 million, or 31.5%, compared to the same period last year.

- Electric operating revenue was \$771.2 million, which was \$174.0 million, or 29.1%, higher than the same quarter last year. Primarily contributing to the increase were higher retail and wholesale fuel recoveries stemming from the higher unit cost of fuel. Retail nonfuel recoveries increased due to higher retail sales volumes driven by weather conditions. Wholesale nonfuel recoveries increased due to significantly higher sales volumes realized this quarter resulting from increased sales into the wholesale market of excess generation capacity resulting from the acquisition of the Corpus Christi and Laredo (“CCL”) units.
- Gas operating revenue of \$82.5 million was \$26.0 million, or 46.0%, higher than last year primarily due to higher fuel recoveries from higher natural gas prices.
- Nonoperating income of \$24.5 million was higher by \$10.5 million compared to the same quarter last year primarily due to an increase in the fair value of investment holdings in the current year.

Total expenses of \$888.2 million were \$169.4 million, or 23.6%, higher than last year.

- Comprising 34.7% of total expenses, fuel, purchased power and distribution gas costs increased \$120.3 million, or 64.0%, to \$308.3 million. Primarily contributing to the increase were higher sales and associated fuel costs due to the acquisition of the CCL units.
- Operation and maintenance expenses of \$265.0 million for the quarter were \$16.5 million, or 6.6%, higher than last year due to increased labor and outside services.
- Decommissioning expense of \$6.5 million was comparable to prior year, which was \$6.0 million.
- Regulatory assessments, including those charged by the Public Utility Commission of Texas and Electric Reliability Council of Texas, of \$29.3 million were higher than last year's \$25.4 million due to higher transmission cost of service in the current year.
- Depreciation and amortization expense of \$138.2 million was higher than last year by \$10.2 million, or 8.0%, primarily due to normal increases in plant-in-service as well as the acquisition of the CCL plant assets.
- Interest and debt-related expenses of \$76.7 million were higher than last year by \$11.8 million or 18.2%, primarily due to a greater outstanding debt balance in the current year, partially offset by bonds that have matured or were refunded, along with lower interest on our commercial paper.
- The recorded payments to the City of San Antonio totaled \$64.0 million and were higher than the same period last year by \$6.2 million, or 10.7%, primarily due to increased electric and gas revenues.

Income (loss) before other changes in net position of \$(10.0) million was \$41.1 million favorable compared to last year's net loss of \$(51.0) million. The variance was primarily due to higher operating revenues and nonoperating income offset by higher operating expenses compared to prior year.

Capital contributions of \$28.3 million was \$3.7 million higher than the previous year's first quarter primarily due to higher contributions for customer growth projects. The **change in net position** was an increase of \$18.3 million compared to a decrease of \$26.5 million for the same quarter last year, reflecting a change of \$44.8 million resulting from the net income drivers explained above.

CPS Energy remains focused on delivering on its mission of serving our community through **reliable, competitively priced, and sustainable energy services** in an equitable manner.



Cory Kuchinsky, CPA
CFO & Treasurer

Summary of Revenues, Expenses and Changes in Net Position Information - Unaudited

	Quarter Ended		Twelve Months Ended	
	April 2025	April 2024	April 2025	April 2024
	<i>(In thousands)</i>			
Revenues				
Electric	\$ 771,215	\$ 597,207	\$ 3,533,972	\$ 3,145,278
Gas	82,505	56,527	241,898	213,723
Total operating revenues	853,720	653,734	3,775,870	3,359,001
Nonoperating income (expense), net	24,495	13,999	114,073	88,758
Total revenues and nonoperating revenues	878,215	667,733	3,889,943	3,447,759
Expenses				
Fuel, purchased power and distribution gas	308,333	188,050	1,202,256	992,881
Operation and maintenance ¹	265,005	248,509	1,005,694	883,202
Decommissioning	6,543	5,968	24,447	21,030
Regulatory assessments	29,314	25,425	116,597	99,523
Depreciation and amortization	138,249	128,043	527,235	513,855
Interest and debt-related	76,745	64,943	304,217	258,793
Effect of defined benefit plan funding obligations - STP	—	—	(6,451)	7,287
Payments to the City of San Antonio	64,005	57,841	462,524	450,547
Total expenses	888,194	718,779	3,636,519	3,227,118
Income (loss) before other changes in net position	(9,979)	(51,046)	253,424	220,641
Other payments to the City of San Antonio	—	—	(13,031)	(12,853)
Capital contributions	28,264	24,576	166,517	108,815
Change in net position	18,285	(26,470)	406,910	316,603
Net position - beginning	4,726,210	4,364,055	4,337,585	4,020,982
Net position - ending	\$ 4,744,495	\$ 4,337,585	\$ 4,744,495	\$ 4,337,585

¹Includes STP O&M costs, other post employment benefits costs, pension costs, and Sustainable Tomorrow Energy Plan expenses.

Summary of Statements of Net Position Information - Unaudited

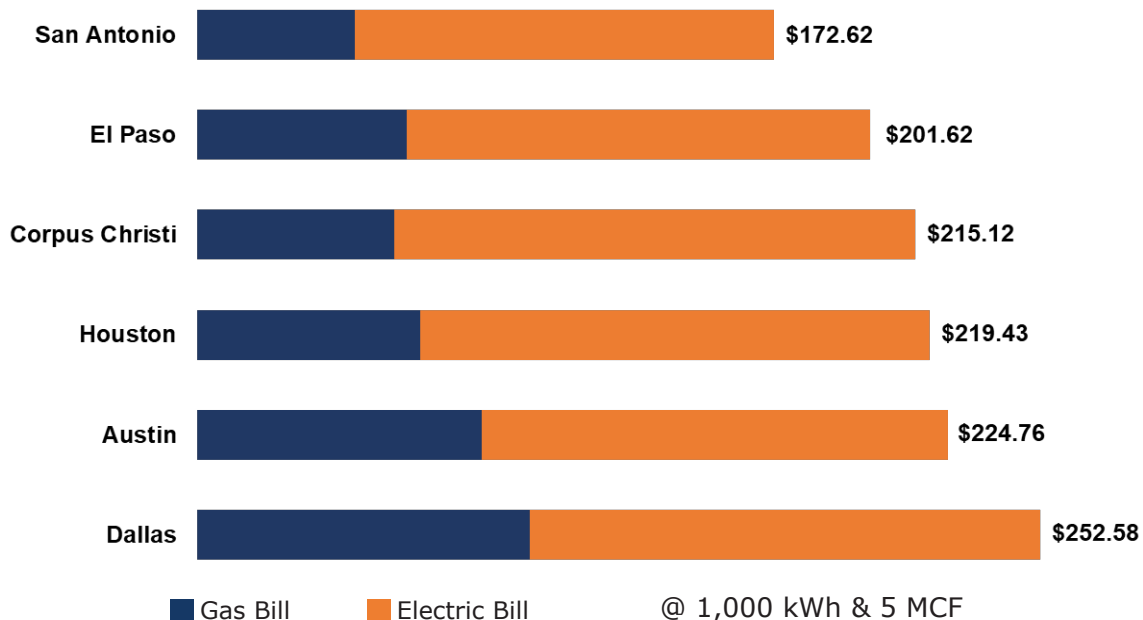
	April 30,	
	2025	2024 ¹
	(In thousands)	
Assets		
Current assets	\$ 1,225,460	\$ 1,864,687
Noncurrent assets	3,334,667	2,854,700
Capital assets, net	11,099,653	9,869,622
Total assets	15,659,780	14,589,009
Deferred outflows of resources	923,503	786,708
Total assets plus deferred outflows of resources	\$ 16,583,283	\$ 15,375,717
Liabilities		
Current liabilities	\$ 926,738	\$ 1,226,457
Long-term debt, net	8,450,989	7,477,606
Other noncurrent liabilities	2,282,181	2,143,057
Total liabilities	11,659,908	10,847,120
Deferred inflows of resources	178,880	191,012
Total liabilities plus deferred inflows of resources	11,838,788	11,038,132
Net position		
Net investment in capital assets	2,938,199	2,291,059
Restricted	859,890	776,798
Unrestricted	946,406	1,269,728
Total net position	4,744,495	4,337,585
Total liabilities plus deferred inflows of resources plus net position	\$ 16,583,283	\$ 15,375,717

¹Certain amounts have been reclassified to conform to current year presentation.

Statistical Highlights - Unaudited

	Quarter Ended		Twelve Months Ended	
	April 2025	April 2024	April 2025	April 2024
ELECTRIC SYSTEM				
Retail sales (thousands of MWh)	5,402	4,899	25,887	24,905
Wholesale sales (thousands of MWh) ..	3,364	1,597	13,532	7,516
Total sales (thousands of MWh)	8,766	6,496	39,419	32,421
Customers (average number for period)	980,233	953,237	971,241	945,563
Maximum electric demand (MW)	5,079	4,220	5,835	5,701
GAS SYSTEM				
Sales (MMCF)	7,005	6,448	25,300	26,494
Customers (average number for period)	395,635	389,957	393,655	387,524
GENERATION BY FUEL SOURCE AND OTHER POWER				
Gas	31 %	29 %	42 %	36 %
Coal	15 %	20 %	14 %	18 %
Nuclear	25 %	25 %	20 %	26 %
Purchased power – Renewables	13 %	14 %	9 %	10 %
Purchased power – Other	16 %	12 %	15 %	10 %

Texas Cities Combined Residential Bill Comparison Trailing Twelve Months Ending April 2025



Note: Deregulated markets electric data from powertochoose.org (Term 12 mos; 4&5 star rated REPs). San Antonio is the only city that has a single electric & gas provider.