

FY 2027



# INTERIM REPORT

First Quarter Ended April 30, 2026



Participants in the 2026 FORE REAP Golf Classic helped raise more than \$360,000 to support the Residential Energy Assistance Partnership (REAP) Fund, which provides utility assistance to customers in need.

# Management Report for the First Quarter Ended April 30, 2026

## **Community solar program expands through new request for proposal for up to 50 MW**

A new request for proposal (RFP) will support the expansion of the community solar program by seeking up to 50 MW of new solar capacity, enough to power approximately 10,000 homes during periods of peak demand. The initiative supports the utility's Sustainable Tomorrow Energy Plan (STEP) and its commitment to providing reliable, affordable, and sustainable energy.

## **2027 budget approved by Board of Trustees to support reliable service and infrastructure investments**

The CPS Energy Board of Trustees approved a \$2.8 billion budget focused on maintaining reliable service and supporting critical infrastructure. The budget is dedicated to essential needs, including power generation, customer growth, regulatory compliance, workforce support, gas system safety, and cybersecurity.

## **2026 FORE REAP Golf Classic hosted by CPS Energy and IBEW Local 500**

More than \$360,000 was raised during the 2026 FORE REAP Golf Classic, hosted by CPS Energy and IBEW Local 500 in support of the Residential Energy Assistance Partnership (REAP) Fund. The event brought together employees, ComuniTEE partners, and community supporters to help provide utility assistance to customers facing financial hardship.

## **Reliable Public Power Provider designation awarded to CPS Energy**

Recognition for excellence in reliability, safety, workforce development, and system improvement was awarded through the Reliable Public Power Provider (RP3) Diamond designation from the American Public Power Association. The three-year designation places CPS Energy among more than 250 public power utilities nationwide that have earned this distinction.



Frank Almaraz

Interim President & CEO, appointed by CPS Energy Board of Trustees as of June 4, 2026

# Financial Review for the First Quarter Ended April 30, 2026

**Total operating revenues** of \$880.3 million for the first quarter of fiscal year 2027 increased by \$25.1 million, or 2.9%, compared to the same period last year.

- Electric operating revenue was \$765.1 million, which was \$6.2 million, or 0.8%, lower than the same quarter last year. Primarily contributing to the slight decrease were lower electric retail and wholesale nonfuel recoveries due to a lower unit cost of fuel compared to the same quarter last year and flat sales due to mild weather.
- Gas operating revenue of \$113.1 million was \$30.6 million, or 37.1%, higher than the same quarter last year primarily due to an increase in gas fuel recoveries resulting from higher natural gas prices.
- Other operating revenue of \$2.1 million was comparable to prior year, which was \$1.4 million.

**Total operating expenses** of \$844.5 million were \$97.1 million, or 13.0%, higher than last year.

- Comprising 40.0% of total expenses, fuel, purchased power, and distribution gas costs increased by \$29.3 million, or 9.5%, to \$337.7 million. Primary contributions to the increase were higher distribution gas costs associated with fuel hedges compared to last year, planned and unplanned plant outages resulting in higher power purchases, and associated fuel costs due to the acquisition of the East Texas Peaks last year.
- Operation and maintenance expenses of \$310.0 million for the quarter were \$45.0 million, or 17.0%, higher than last year primarily due to planned plant outages, spend related to unplanned plant outages, and overall increasing demand resulting in higher maintenance costs in the current year.
- Decommissioning expense of \$7.2 million was comparable to prior year, which was \$6.5 million.
- Regulatory assessments, including those charged by the Public Utility Commission of Texas (PUCT) and Electric Reliability Council of Texas (ERCOT), of \$34.5 million were higher than last year's \$29.3 million due to higher transmission cost of service in the current year.
- Depreciation and amortization expense of \$155.1 million was higher than last year by \$16.9 million, or 12.2%, primarily due to normal increases in plant-in-service as well as the addition of the East Texas Peaking Units purchased last year.

**Total noncapital subsidies** of \$15.5 million were \$48.5 million, or 75.8%, lower than the same quarter last year; primarily due to higher payments to the City of San Antonio of \$68.6 million to \$132.6 million, offset by federal subsidies of \$117.1 million, which increased payments to the City of San Antonio.

**Total other nonoperating income (expense)** of \$31.2 million was higher by \$5.7 million, or 22.6% than the same quarter last year, which is mainly due to higher interest and debt-related expenses of \$102.8 million, a rise of \$26.0 million or 33.9%, driven by higher interest costs from the issuance of new bonds. This was also partially offset by an increase in **Capital contributions** of \$47.2 million which were \$19.0 million higher than the same quarter last year primarily due to higher contributions in customer growth projects.

**Income (loss) before other changes in net position** of \$(10.9) million was \$29.2 million lower compared to last year's net income of \$18.3 million. The variance was primarily due to higher operating expenses and other nonoperating expenses, partially offset by higher operating revenues.

The **change in net position** was a decrease of \$10.9 million compared to an increase of \$18.3 million for the same quarter last year, reflecting a change of \$29.2 million due to the net income drivers explained above.

CPS Energy remains focused on delivering its mission to safely power our community with reliable, affordable and cleaner energy.



Cory Kuchinsky, CPA  
CFO & Treasurer

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

|   | Quarter Ended      |                                     | Twelve Months Ended |                                     |
|---|--------------------|-------------------------------------|---------------------|-------------------------------------|
|   | April 2026         | April 2025<br>Restated <sup>1</sup> | April 2026          | April 2025<br>Restated <sup>1</sup> |
|   | (In thousands)     |                                     |                     |                                     |
| <b>Operating Revenues</b>                               |                    |                                     |                     |                                     |
| Electric  | \$ 765,062         | \$ 771,215                          | \$3,798,169         | \$3,533,972                         |
| Gas   | 113,097            | 82,505                              | 316,639             | 241,898                             |
| Other operating revenues                                | 2,123              | 1,448                               | 9,970               | 10,337                              |
| <b>Total operating revenues</b>                         | <b>880,282</b>     | 855,168                             | <b>4,124,778</b>    | 3,786,207                           |
| <b>Operating Expenses</b>                               |                    |                                     |                     |                                     |
| Fuel, purchased power and distribution gas              | 337,660            | 308,333                             | 1,547,203           | 1,202,256                           |
| Operation and maintenance <sup>2</sup>                  | 310,012            | 265,005                             | 1,160,205           | 999,243                             |
| Regulatory assessments                                  | 34,514             | 29,314                              | 136,431             | 116,597                             |
| Decommissioning   | 7,181              | 6,543                               | 26,810              | 24,447                              |
| Depreciation and amortization                           | 155,146            | 138,249                             | 596,626             | 527,235                             |
| <b>Total operating expenses</b>                         | <b>844,513</b>     | 747,444                             | <b>3,467,275</b>    | 2,869,778                           |
| <b>Operating Income</b>                                 | <b>35,769</b>      | 107,724                             | <b>657,503</b>      | 916,429                             |
| <b>Noncapital Subsidies</b>                             |                    |                                     |                     |                                     |
| Payments to the City of San Antonio                     | (132,584)          | (64,005)                            | (579,416)           | (475,555)                           |
| Federal subsidies                                       | 117,072            | —                                   | 117,072             | —                                   |
| <b>Total noncapital subsidies</b>                       | <b>(15,512)</b>    | (64,005)                            | <b>(462,344)</b>    | (475,555)                           |
| <b>Operating income (loss) and noncapital subsidies</b> | <b>20,257</b>      | 43,719                              | <b>195,159</b>      | 440,874                             |
| <b>Other nonoperating income (expense)</b>              |                    |                                     |                     |                                     |
| Interest and other nonoperating income, net             | 24,370             | 23,047                              | 108,704             | 103,736                             |
| Interest and other nonoperating expenses, net           | (102,776)          | (76,745)                            | (372,948)           | (304,217)                           |
| Capital contributions                                   | 47,233             | 28,264                              | 159,495             | 166,517                             |
| <b>Total other nonoperating income (expense)</b>        | <b>(31,173)</b>    | (25,434)                            | <b>(104,749)</b>    | (33,964)                            |
| <b>Income before other changes in net position</b>      | <b>(10,916)</b>    | 18,285                              | <b>90,410</b>       | 406,910                             |
| <b>Change in net position</b>                           | <b>(10,916)</b>    | 18,285                              | <b>90,410</b>       | 406,910                             |
| <b>Net position - beginning</b>                         | <b>4,845,821</b>   | 4,726,210                           | <b>4,744,495</b>    | 4,337,585                           |
| <b>Net position - ending</b>                            | <b>\$4,834,905</b> | \$4,744,495                         | <b>\$4,834,905</b>  | \$4,744,495                         |

<sup>1</sup>Certain amounts have been restated to reflect the adoption of GASB Statement No. 103, Financial Reporting Model Improvements

<sup>2</sup>Includes 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

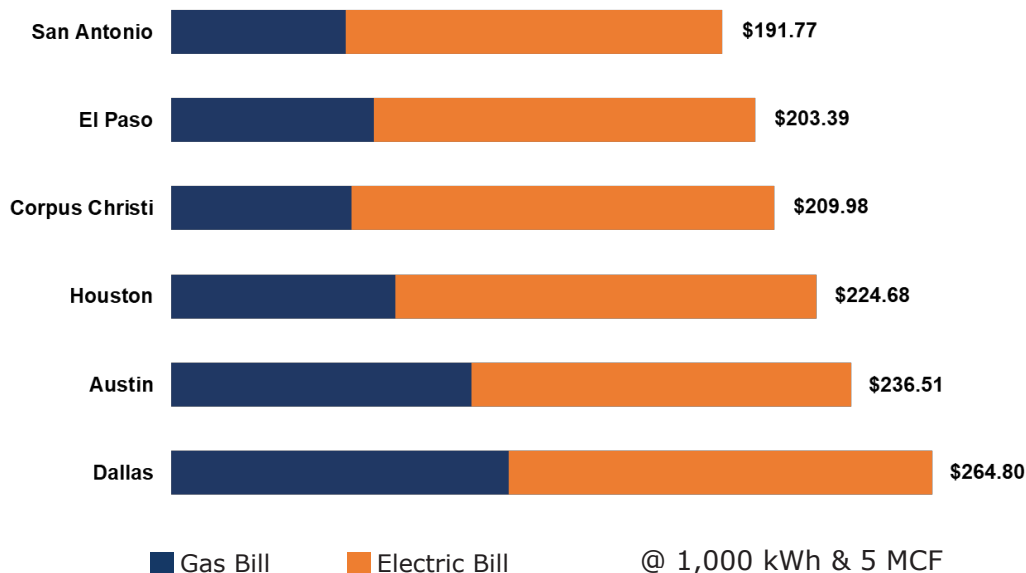
|   | <b>April 30,</b>      |               |
|---|-----------------------|---------------|
|   | <b>2026</b>           | <b>2025</b>   |
|   | <i>(In thousands)</i> |               |
| <b>Assets</b>   |                       |               |
| Current assets  | \$ 1,307,551          | \$ 1,225,460  |
| Noncurrent assets   | 3,262,149             | 3,334,667     |
| Capital assets, net   | 13,366,410            | 11,099,653    |
| Total assets  | 17,936,110            | 15,659,780    |
| <b>Deferred outflows of resources</b>   | <b>1,039,230</b>      | 923,503       |
| <b>Total assets plus deferred outflows<br/>of resources</b>                       | <b>\$ 18,975,340</b>  | \$ 16,583,283 |
| <b>Liabilities</b>  |                       |               |
| Current liabilities   | \$ 1,110,563          | \$ 926,738    |
| Long-term debt, net   | 10,340,867            | 8,450,989     |
| Other noncurrent liabilities  | 2,216,839             | 2,282,181     |
| Total liabilities   | 13,668,269            | 11,659,908    |
| <b>Deferred inflows of resources</b>  | <b>472,166</b>        | 178,880       |
| <b>Total liabilities plus deferred inflows<br/>of resources</b>                   | <b>14,140,435</b>     | 11,838,788    |
| <b>Net position</b>   |                       |               |
| Net investment in capital assets  | 3,137,632             | 2,938,199     |
| Restricted  | 741,102               | 859,890       |
| Unrestricted  | 956,171               | 946,406       |
| Total net position  | 4,834,905             | 4,744,495     |
| <b>Total liabilities plus deferred inflows<br/>of resources plus net position</b> | <b>\$ 18,975,340</b>  | \$ 16,583,283 |

# Statistical Highlights - Unaudited

|  | Quarter Ended |            | Twelve Months Ended |            |
|--|---------------|------------|---------------------|------------|
|  | April 2026    | April 2025 | April 2026          | April 2025 |
| <b>ELECTRIC SYSTEM</b>                           |               |            |                     |            |
| Retail sales (thousands of MWh) . . . . .        | 5,426         | 5,402      | 25,973              | 25,887     |
| Wholesale sales (thousands of MWh) . . . . .     | 3,651         | 3,364      | 16,899              | 13,532     |
| Total sales (thousands of MWh) . . . . .         | 9,077         | 8,766      | 42,872              | 39,419     |
| Customers (average number for period)            | 999,860       | 980,233    | 993,249             | 971,241    |
| Maximum electric demand (MW) . . . . .           | 4,603         | 5,079      | 5,674               | 5,835      |
| <b>GAS SYSTEM</b>                                |               |            |                     |            |
| Sales (MMCF) . . . . .                           | 6,481         | 7,005      | 24,286              | 25,300     |
| Customers (average number for period)            | 399,847       | 395,635    | 398,282             | 393,655    |
| <b>GENERATION BY FUEL SOURCE AND OTHER POWER</b> |               |            |                     |            |
| Gas . . . . .                                    | 28 %          | 31 %       | 37 %                | 42 %       |
| Coal . . . . .                                   | 16 %          | 15 %       | 15 %                | 14 %       |
| Nuclear . . . . .                                | 19 %          | 25 %       | 19 %                | 20 %       |
| Purchased Power <sup>1</sup> . . . . .           | 37 %          | 29 %       | 29 %                | 24 %       |

<sup>1</sup>Purchased Power includes Other Generation & Renewables

## Texas Cities Combined Residential Bill Comparison Trailing Twelve Months Ending April 2026



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.