



CEO'S REPORT

BOARD PUBLIC INPUT MEETING

PRESENTED BY:

Paula Gold-Williams

President & Chief Executive Officer (CEO)

November 16, 2020

Informational Update

Please note the disclaimer at the end of this presentation.

OBJECTIVES & TAKEAWAYS



- **EXPLAIN HOW OUR VALUE PILLARS GUIDE US**
- **HIGHLIGHT AFFORDABILITY & RELIABILITY**
- **COVER SUSTAINABILITY SUCCESSES**
- **SHOW HOW OUR RESIDENTIAL RATES COMPARE WELL TO COMPETITIVE TEXAS MARKETS**
- **COVER COMPLEXITIES, INCLUDING:**
 - ❑ **WHOLESALES SALES, RENEWABLES, ETC.**
- **SHOW HOW BUSINESSES HELP RESIDENTS**
- **AGAIN DEMONSTRATE HOW VELOCITY MATTERS**

- **COVID-19 CHALLENGES**
- **VALUE PILLARS – AFFORDABILITY & RELIABILITY**
- **S.A. RESIDENTIAL BILL FAVORABILITY**
- **MANY ENVIRONMENTAL SUCCESSES**
- **UTILITY ENERGY BUSINESS COMPLEXITIES**
 - ❑ **RELIABILITY, OTHERS ARE AVOIDING FLEXIBILITY**
- **VELOCITY MATTERS**

COVID-19 PANDEMIC HAS AFFECTED EVERYONE



CUSTOMERS

COMMUNITY

EMPLOYEES

Keeping **PEOPLE FIRST** remains our focus!

**We suspended
disconnects
early in 2020!**

**Late Fees are
waived when
on a Payment
Plan!**

WE ARE HERE FOR YOU

SAVING ENERGY ALWAYS MATTERS



**Conserving
Energy helps
the
environment
&
saves you
money!**



News Releases

**CPS ENERGY GIVES CUSTOMERS MORE OPTIONS
FOR ALERTS ON POWER OUTAGES AND MONTHLY
ENERGY BILLS**

WE ARE HERE FOR YOU

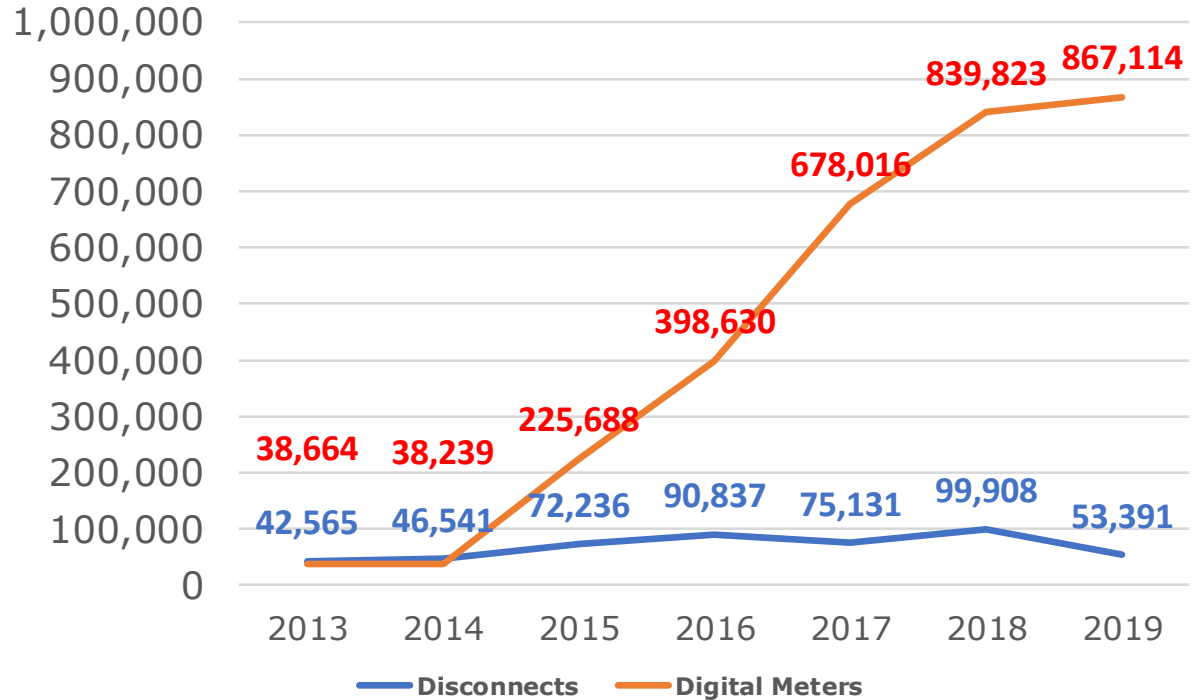
WE ARE REACHING OUT EVERY DAY



FACTS:

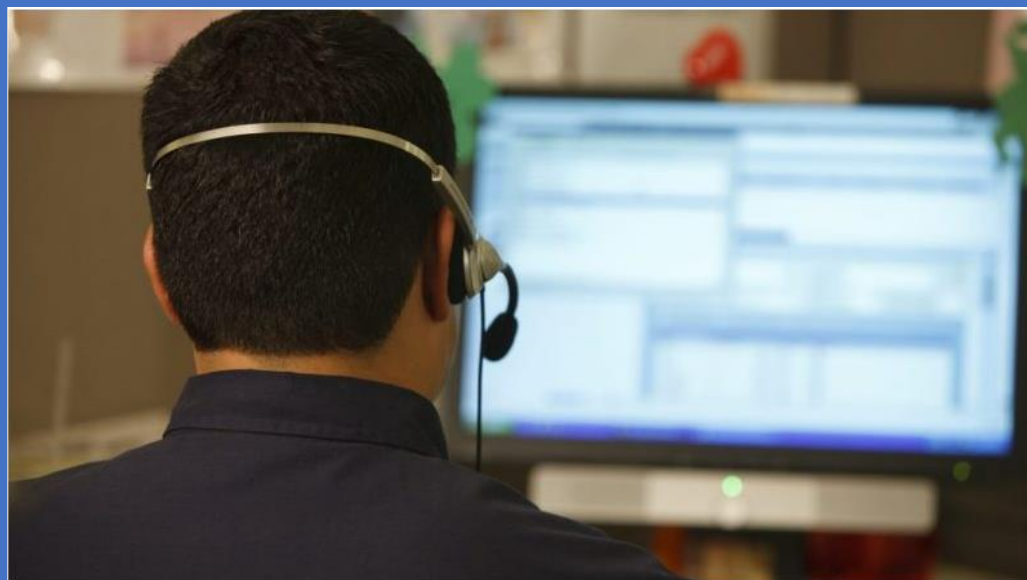
- **DISCONNECTS:**
Rose from 2015 - 2018 due to
 - ❑ **AUTOMATION:**
Increased process efficiency.
 - ❑ **POPULATION:**
Growth since 2013 was 182,226 or 10%.

NEW DIGITAL METERS & DISCONNECTS



WE ARE HERE FOR YOU

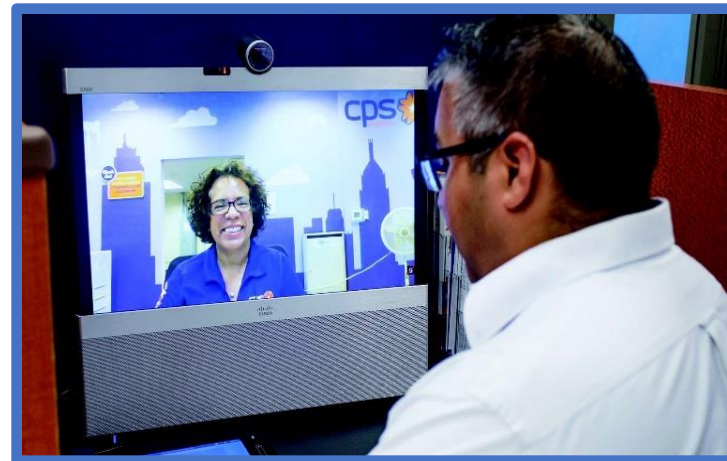
ASSISTANCE PROGRAMS ARE AVAILABLE



News Releases

CPS ENERGY NOW CALLING TO PROVIDE CUSTOMERS HELPFUL INFORMATION ABOUT VARIOUS ASSISTANCE PROGRAMS

June 15, 2020 · Nora Castro · 11961 Views · 0 Comments · assistance programs, COVID-19, CPS Energy, scammers



You can contact us @
(210) 353-2222 OR
www.cpsenergy.com

WE ARE HERE FOR YOU

WE ARE REACHING OUT EVERYDAY



Customer Outreach Resource Effort Campaign Summary (updated November 7th, 2020)

Total Customers Called	A	37,840	100%
# of Customers Reached	B	10,057	27%
# of Customers Returned Our Call	C	11,087	29%
Total # of Contacted Customers (calls answered & returned)	D=B+C	21,144	56%
Total # of Customers Not Reached	E=A-D	16,696	44%
Total # of Arrangements Contacted Customers have Committed To	F	14,345	38%
Total # of Assistance Contacted Customers have Received	G	4,335	11%
Total # of Contacted Customers with Arrangements/Assistance	H=F+G	18,680	49%

COVID-19 PANDEMIC HAS AFFECTED EVERYONE



**TO KEEP YOU SAFE,
we have
continually
re-worked our
processes &
activities!**



COVID-19 Activity

	Positives (running total)	Quarantined (current status)	Hospitalizations (current status)	Deaths (running total)
CPS Energy	136*	113	4	0
Bexar County	68,713**	N/A	353	1,285
Texas	993,841***	N/A	6,925	19,147

*0 new cases since Nov. 12, 2020

**337 new cases since Nov. 12, 2020

***5,756 new cases since Nov. 12, 2020
(includes backlog of cases)

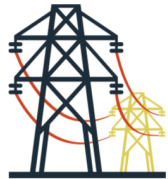
COVID-19 HOTLINE 
PHONE: 210-353-4332
EMAIL: COVIDHealthResponse@CPSEnergy.com

4 team members now hospitalized

GUIDED BY OUR VALUE PILLARS & FOUNDATION



Reliability *Customer
Affordability*



Security



Safety



*Environmental
Responsibility*



Resiliency



***FINANCIALLY
RESPONSIBLE***

**All business decisions are based on our commitment
to being one of the best-managed & most
financially responsible utilities in the nation!**

GUIDED BY OUR VALUE PILLARS

We listen to our customers TO AVOID RISKS



Per frequent surveys, customers tell us that their first priorities are:

Reliability



**We work to prevent
ROLLING BLACKOUTS!**

Customer Affordability



**We work to prevent
BILL SHOCK!**

GUIDED BY OUR VALUE PILLARS

OUR APPROACH IS SUCCESSFUL



RELIABILITY:

- We developed our innovative Flexible PathSM strategy to ensure we incorporate clean energy proactively & carefully.

CUSTOMER AFFORDABILITY:

- We have had ONLY 1 Rate Increase in almost 10 years.
- That 1 Rate Increase was 6 Years ago.
- Our generation portfolio has protected S.A. from energy market PRICE SPIKES.

DRIVING VALUE FOR CUSTOMERS

GET MORE FOR THEIR MONEY – ANNUALLY

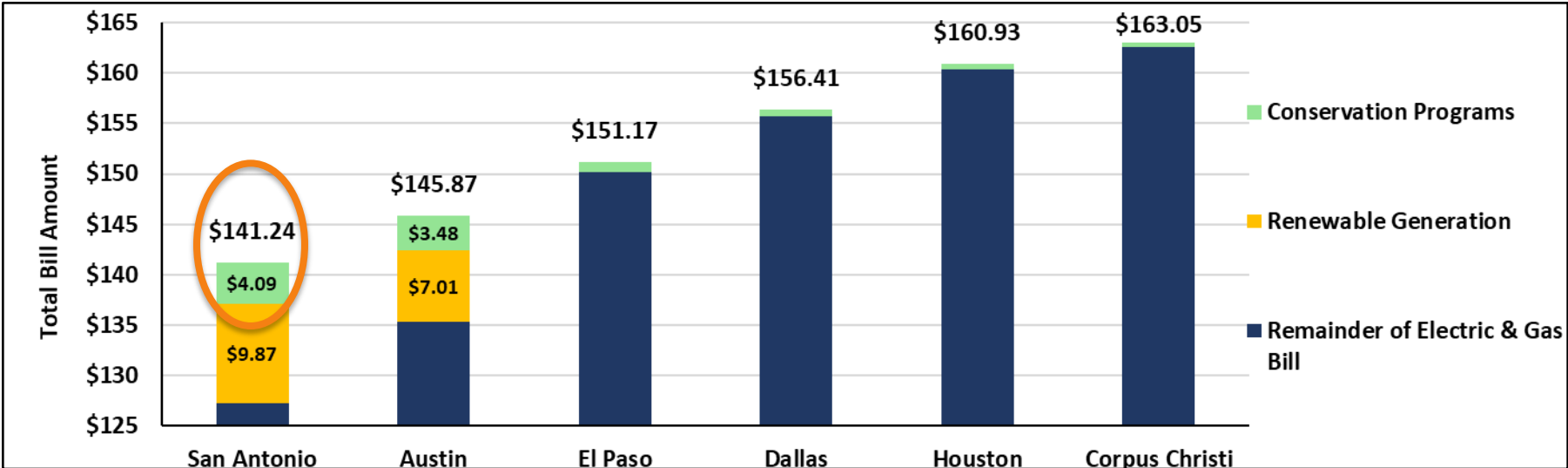


**CONGRATULATIONS
SAN ANTONIO FOR BEING
A SHINING CITY FOR
SOLAR ENERGY!**

*San Antonio Ranks 1st in Texas & 5th in the U.S. for
Solar Energy Within City Limits*

**~10% of customers' bills goes to funding
our commitment to sustainability
(vs. <1% in some Texas cities).**

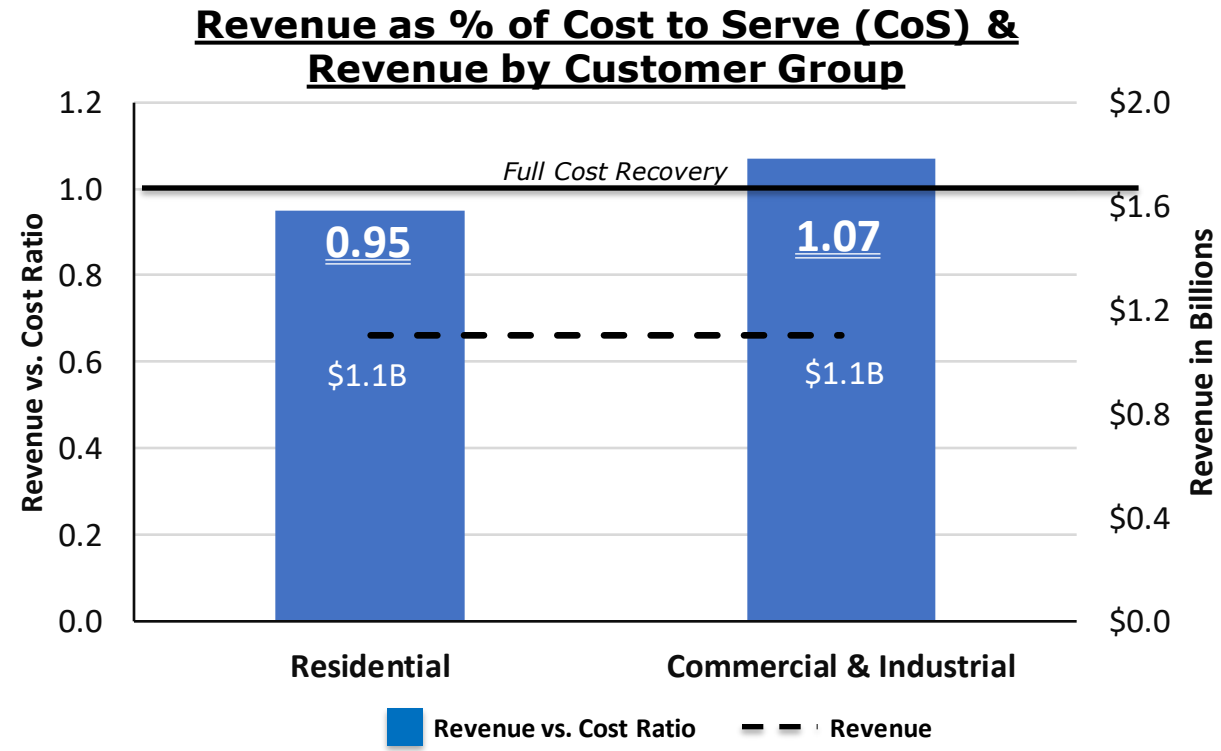
Texas Cities Residential Monthly Bill Comparison



Note: Bills reflect 12-month average pricing through August 2020; shown at average monthly usage of 1,000kWh & 5MCF. This data represents standard, non-promotional rates.

BUSINESSES HELP RESIDENTS

HISTORICAL & CURRENT STATE



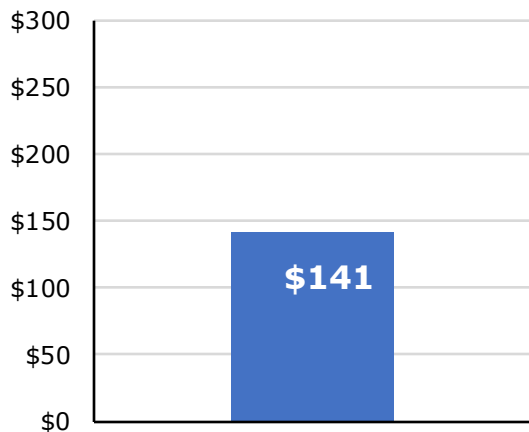
- While Business (e.g., C&I) customers pay a lower effective price per unit, they are actually contributing more than their CoS, **107%**.
- As a regulatory standard, no Customer Group should pay more than **110%** of their CoS.

Note: Based on FY2017 Cost of Service Model; Residential includes RE, RA, & RCE; Commercial & Industrial (C&I) includes PL, LLP, ELP, LPT & SLP (including Public Authorities); Excludes all lighting groups

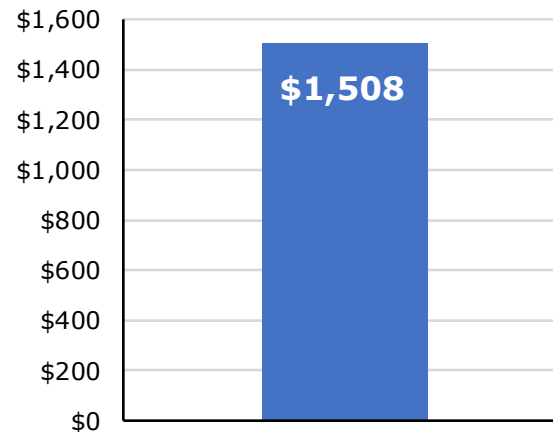
C&I BILLS > 10+ TIMES HIGHER THAN RESIDENTIAL BILLS



Average Monthly Bill by Customer Group



Residential



Commercial & Industrial

**On average, businesses pay a much higher monthly bill
(10 times more) than Residential customers.**

ENVIRONMENTAL RESPONSIBILITY



KEY SUCCESSFUL ENVIRONMENTAL COMMITMENTS TO DATE!

- 2000 → We started investing in wind.
- 2012 → We started investing in solar.
- 2017 → I created the *Flexible Path* SM.
- 2018 → We closed OLDER Coal units.
- 2019 → Via our *Flexible Path* SM, we are focused on 80% reductions in carbon emissions by 2040.
- 2019 → Board of Trustees endorsed the CAAP & we are now working toward full carbon neutrality by 2050.
- 2019 → STEP successfully completed.



IMPROVING FOR 20+ YEARS

MAKING REAL CHANGE IS OUR FOCUS



**I Created this
in 2017**

**Publicly Shared
in 2018**

**Aligned to the
CAAP in 2019**

You're flexible. So are we!

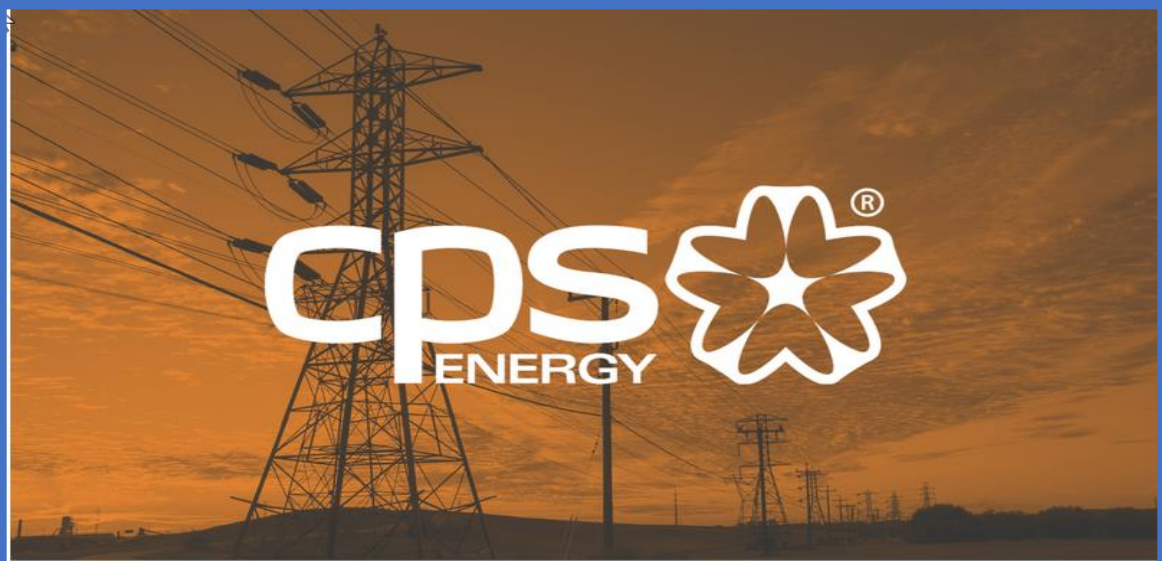


BALANCING THE TRIED & TRUE WITH THE NEW

FLEXIBLE PATH ALIGNMENT & VELOCITY MATTER



Blending
the
TRIED & TRUE
with the
NEW!

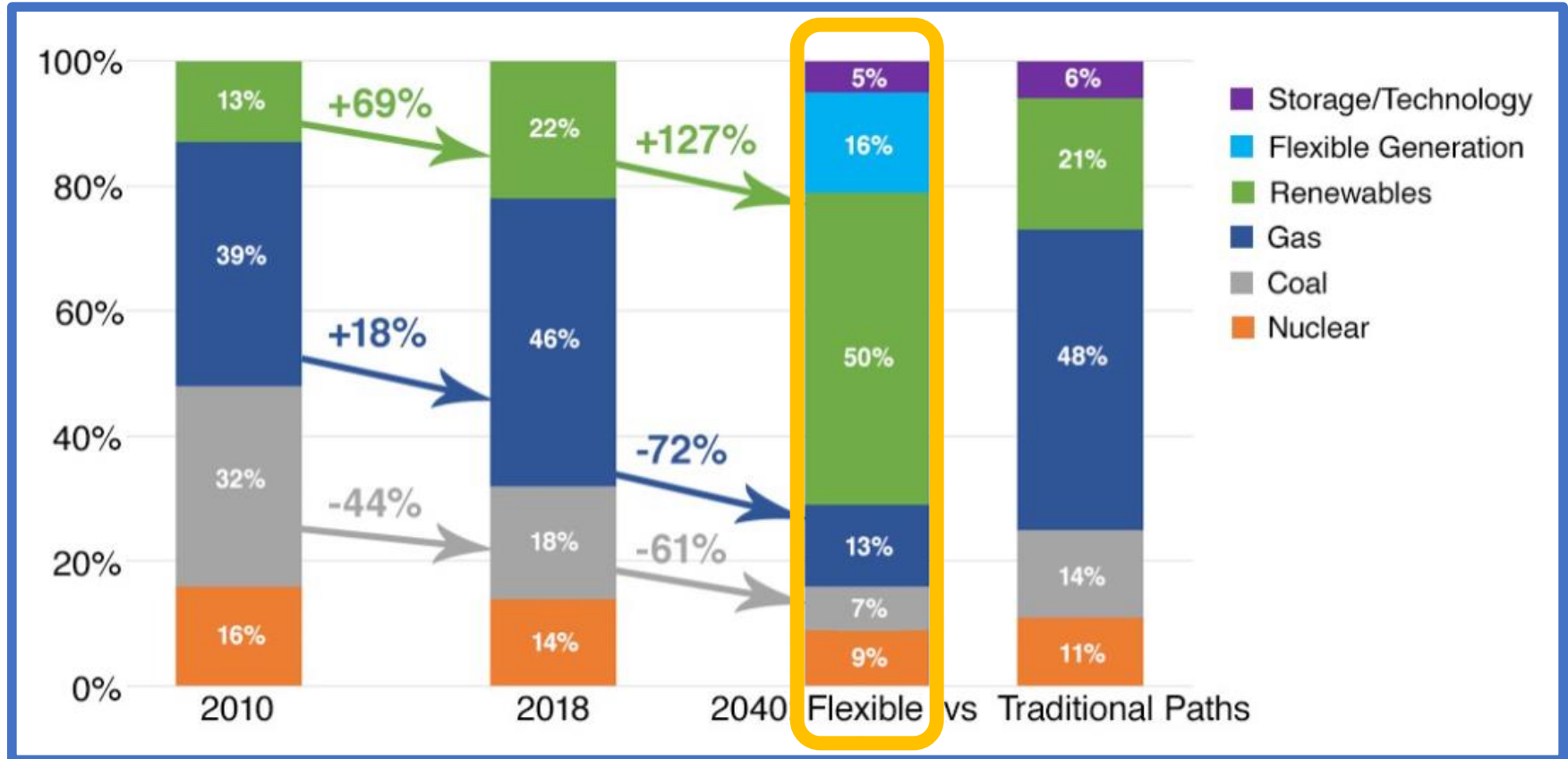


CPS ENERGY WILL CAREFULLY ALIGN ITS FLEXIBLE PATH TO THE CAAP WHILE BALANCING THE TRIED AND TRUE WITH THE NEW FOR SAN ANTONIO'S ENERGY FUTURE

10/17/2019

FLEXIBLE PATH

PROGRESS IS HAPPENING & PROJECTED



SOLAR & WIND SUCCESS!



SOLAR

S.A. is #1 in TX!

WIND

**Contribute to TX
being #1 in the
U.S!!**

STEP

**Award winning
energy efficiency
& conservation
program!!**



**CONGRATULATIONS
SAN ANTONIO FOR BEING
A SHINING CITY FOR
SOLAR ENERGY!**

*San Antonio Ranks 1st in Texas & 5th in the U.S. for
Solar Energy Within City Limits*

Curious – Why no focus on other utilities?

NEWEST EFFORT INTERNATIONAL OUTREACH



Up To:
900MW of Solar + 50MW Storage + 500 MW Firming Capacity



**INNOVATION
IS THE KEY!**

NEW EFFORT INTERNATIONAL INTEREST BUILDING



News Releases

CPS ENERGY TO ADD HISTORIC AMOUNT OF RENEWABLE ENERGY TO PORTFOLIO

July 27, 2020 John Moreno 7804 Views min read

**ISSUED IN
10
LANGUAGES!**

MORE IMPROVEMENTS

RENEWABLE NATURAL GAS (RNG)



Late Breaking

News Releases

CPS ENERGY AND VIA ANNOUNCE RENEWABLE NATURAL GAS PARTNERSHIP

📅 November 8, 2020 👤 John Moreno 👁 1062 Views ⌚ min
read

Biomethane gas created by landfill decomposition would

power local bus fleet CPS Energy and VIA Metropolitan Transit announce details about

WE ACTIVELY MANAGE RISKS



**We work to prevent
ROLLING BLACKOUTS!**

Reliability



PROBLEM:

- **No SOLAR energy when the sun doesn't shine!**
- **No WIND energy when the air doesn't blow strongly!**

**We work to prevent
BILL SHOCK!**

*Customer
Affordability*



EVERYTHING COSTS MONEY!

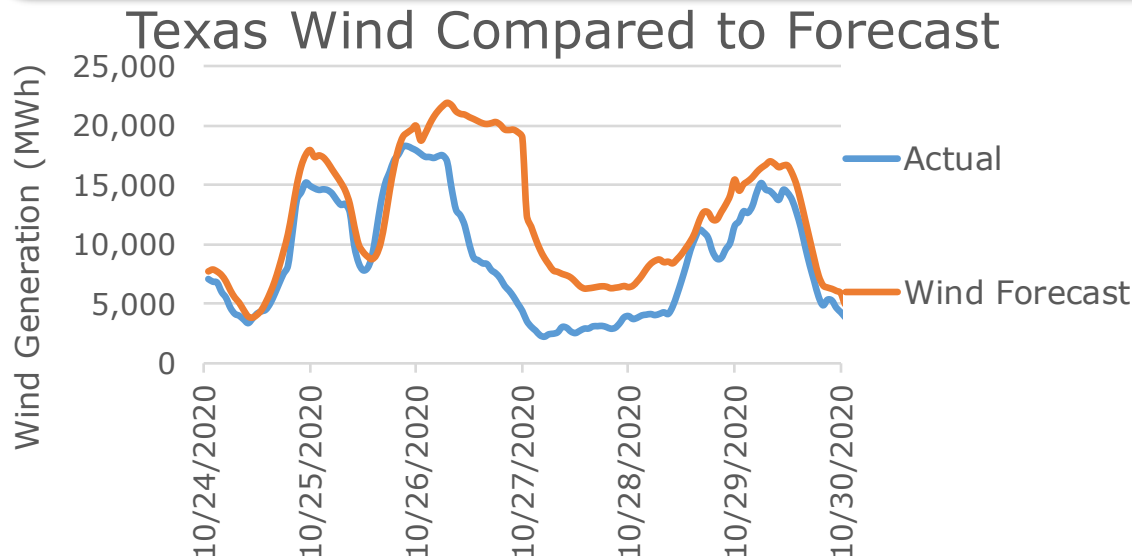
- **COLLABORATION OVER CONFLICT!!**
- **CHOICES must be made!!!**

RELIABILITY CHALLENGE

WIND

Icing conditions in October impacted West Texas/Panhandle wind production:

- We can't expect an all-renewable fleet to maintain reliability.
- Conventional generation fills in the gaps to maintain reliability.
- Renewable intermittency can lead to price spikes.



At peak load hours, wind output was 40% to 60% below forecast due to icing conditions.

ERCOT Wind Performance

	26-Oct	27-Oct	28-Oct
ERCOT Peak Hour	17	20	10
ERCOT Wind Forecast	20,070	6,045	8,126
ERCOT Wind Actual	7,839	2,910	4,780
ERCOT Wind Variance	(12,231)	(3,135)	(3,346)
% Variance	-61%	-52%	-41%

BUSINESS PRESSURE

SA's IMPORTANT CREDIT RATINGS



Ratings Agencies are watching our financial performance & local issues that could impact our governance.



S&P Global
Ratings

Fitch Ratings

CPS Energy Rating:

Aa1

Outlook: Stable

AA

Outlook: Stable

AA+

Outlook: Negative



"The Negative Outlook reflects Fitch's concern that rate increases required to maintain a financial profile consistent with the current rating may not materialize..."

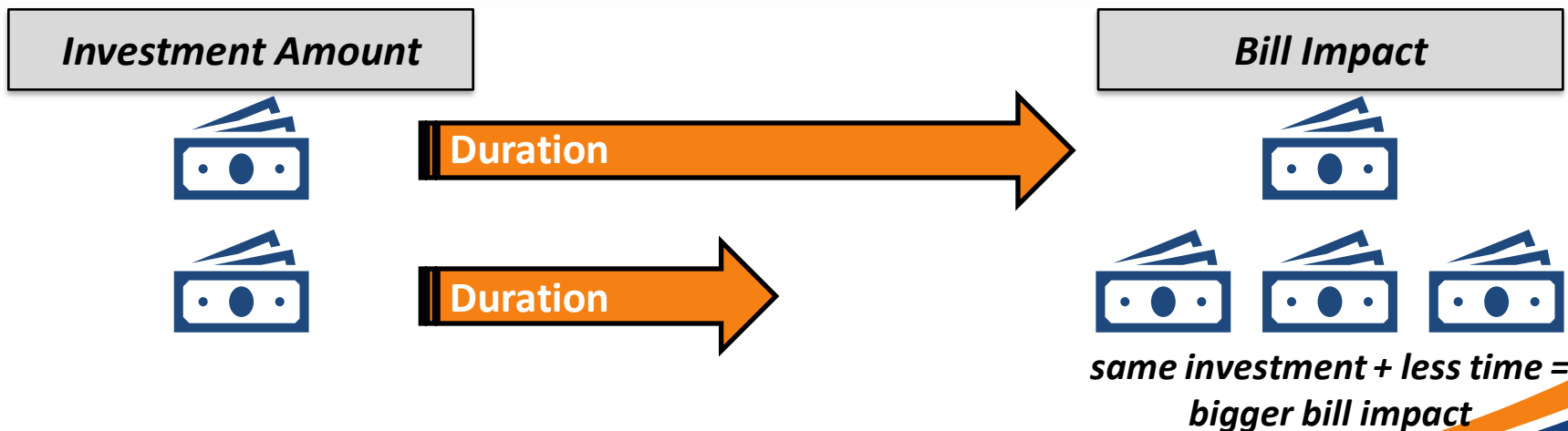
A recent petition was proposed... ..that would revise the governance & management structure of the utility, as well as institute certain carbon reduction & rate policies. Fitch views the proposed governance change as a potential asymmetric additive risk consideration."

OUR CUSTOMERS

THE VELOCITY OF CHANGE MATTERS

TODAY & TOMORROW:

As we design the future of our conservation & renewable energy programs, balancing the sequence & timing of investment is important to ensure bills remain *Affordable*.

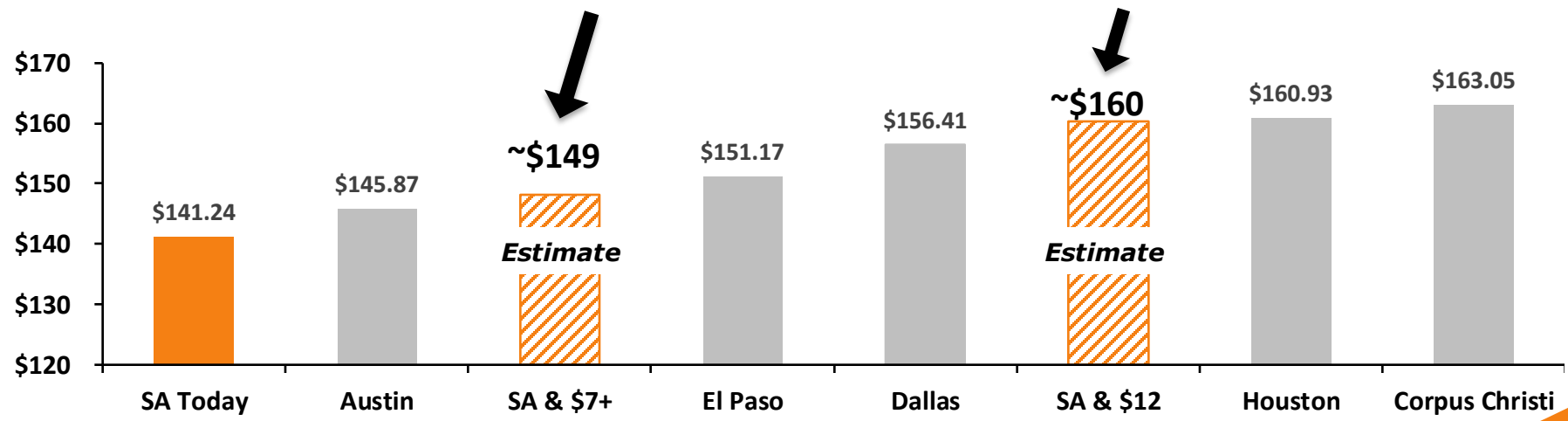


VELOCITY IMPACTS AFFORDABILITY

PRELIMINARY ESTIMATE VIEW



Bill Impact of... **...triple spending on conservation.** **...plus accelerating coal unit retirements.**



Note: Data represents trailing 12 month averages ending August 2020; deregulated markets electric data from powertochoose.org (Terms 12; 4&5 star rated REPs); bills calculated at average monthly usage of 1,000kWh & 5MCF. This data represents standard, non-promotional rates.

WE VALUE PUBLIC INPUT!

THANKS FOR PARTICIPATING TODAY!!



- **Today's Session – Public Input Session**
- ***People First* Community Care Fairs**
- **Surveys**
- **Letters**
- **Board Meetings**
- **Citizen's Advisory Committee (CAC)**

... The Board is also currently considering a Rate Advisory Committee (RAC)

DISCLAIMER

Please be assured that while the CPS Energy team has been thoughtful in the development of the information herein, this presentation includes financial projections & forward-looking statements that are informational & provided for discussion purposes only. As such, these written materials & associated commentary are preliminary & subject to change at any time in the future.



Thank You