

CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON SEPTEMBER 30, 2019

The Regular Meeting of the Board of Trustees of CPS Energy for the month of September was held in the Board Room at CPS Energy's Main Office, 145 Navarro Street, San Antonio, Texas on Monday, September 30, 2019. Chair John Steen called the meeting to order at 1:00 p.m.

Present were Board members:

Mr. John Steen, Chair
Dr. Willis Mackey, Vice Chair
Mr. Ed Kelley
Ms. Janie Gonzalez

Also present were:

Ms. Paula Gold-Williams, President & CEO
Ms. Carolyn Shellman, Chief Legal Officer & General Counsel and Board Secretary (CLO)
Mr. Fred Bonewell, Chief Security, Safety & Gas Operations Officer (CSSGO)
Ms. Vivian Bouet, Chief Information Officer (CIO)
Ms. Delores Lenzy-Jones, Chief Financial Officer (CFO) & Treasurer
Mr. Frank Almaraz, Chief Administrative & Business Development Officer (CABDO)
CPS Energy Staff Members
City of San Antonio Officials
Interested Citizens

I. SAFETY MESSAGE

The Board meeting began with a safety message delivered by Mr. John Luna, Journeyman Meterman, Electric Operations.

II. PUBLIC COMMENT

Chair Steen announced that public comments would be taken and outlined the guidelines for making public comment. The following people made comments:

1. Mr. Cyrus Reed: Sierra Club, spoke regarding item 10, Energy Storage Update. Mr. Reed commented that energy storage is a future path to the clean energy grid. He stated that Austin has a resource planning process that CPS Energy may find helpful. Mr. Reed provided handouts about Austin's process and on Sierra Club's clean energy scorecard to the Board. He reported that CPS Energy scored 65 on the scorecard, the fourth best in Texas, but there remains room for improvement.
2. Mr. Greg Harman, Sierra Club, spoke regarding item 7, Renewable Natural Gas (RNG). He commented that methane is a significant pollutant and mentioned that he is interested to hear what will be said about RNG. Mr. Harman expressed disappointment that San Antonio's Climate Action and Adaptation Plan was modified. He stated that he believes this was at the urging of Ms. Paula Gold-Williams, CPS Energy's President & CEO, and that CPS Energy will continue burning coal into the 2060s. He noted that he is lobbying to undo the modifications.

3. Mr. Russell Seal, Sierra Club, stated that communication via phone is important to inform consumers about their energy usage and ways to conserve. He urged CPS Energy, as it develops an application (app), to look to Bluebonnet Electric Co-op's app as a model. He recommended that community involvement be part of the app development.
4. Mr. Alan Montemayor stated that although he is a member of the Sierra Club, he is also addressing the Board as member of the public. He commented that his solar installation has resulted in zero energy usage at his home, and that offsets CPS Energy's peak load. He stated that he charges his electric vehicle (EV) at night and encouraged the Board to implement policies that facilitate the introduction and adoption of EVs. He also urged CPS Energy to convert its motor vehicle fleet to EVs.

III. INVOCATION AND PLEDGE OF ALLEGIANCE

The Pledge of Allegiance and an invocation were delivered by Mr. Luna.

IV. CHAIRMAN'S REMARKS

Chair Steen acknowledged and welcomed City of San Antonio District 9 Councilmember John Courage, former Councilmember Dr. Robert Marbut, Jr., and honor students from Dr. Marbut's Northwest Vista College class.

V. CEO'S REPORT

Ms. Gold-Williams began her report by providing insights and context to certain items on the agenda.

She also informed the Board of CPS Energy's efforts to gain input on the **Flexible Path's** FlexPower Bundle, reiterating key considerations of the proposal: security; safety; resiliency; reliability; environment; and affordability.

Ms. Gold-Williams mentioned that, in partnership with the Electric Power Research Institute (EPRI), CPS Energy will host the Electrification U.S. Symposium Series on October 2 -3, 2019. Dr. Ernest Moniz, former U.S. Secretary of Energy, is a confirmed speaker.

In conclusion, Ms. Gold-Williams noted topics of upcoming CEO Reports.

VI. ADDITIONAL UPDATES

ERCOT Summer 2019 Update

Ms. Carolyn Shellman, Chief Legal Officer & General Counsel and Board Secretary (CLO&GC), introduced and invited Mr. Bill Magness, President & CEO, Electric Reliability Council of Texas (ERCOT), to provide a Summer 2019 update.

Mr. Magness provided a brief background of ERCOT, noting its four primary responsibilities: system reliability; competitive wholesale market; open access to transmission; and competitive retail market. The fundamental concept behind ERCOT's operations is that generation must match load at all times.

Focusing on Summer 2019, Mr. Magness noted that ERCOT began with an 8.6% reserve margin, the lowest it had ever had. June was cool and wet, July was warmer and drier, and August was much hotter and drier, resulting in increased electricity demand. ERCOT issued Energy Emergency Alerts (EEAs) on August 13 and 15, indicating a threat of demand surpassing supply. A new weekend peak record, 71,864 MW, was set on August 11 and a new all-time peak record, 74,531 MW, was set on August 12. Mr. Magness explained that wind and plant outages are key determinants of whether ERCOT issues an EEA. Mr. Magness cautioned that because the generation fleet has been intensely operating during August, maintenance outages during September and October will be necessary, so tight days will continue as long as the weather remains hot.

Mr. Magness also explained that ERCOT operates a scarcity market, meaning that high pricing is intended to send price signals that encourage and incentivize generators to build new energy sources. The ERCOT market experienced record pricing of \$9,000/MWh during August.

ERCOT's annual and peak energy demands generally continue to trend upwards since 2008. Trustee Gonzalez and Mr. Magness discussed how industrial growth related to the oil and gas industry and population growth have impacted demand. He recapped current demand records, noting that the vast majority were set in the last three years.

Mr. Magness provided information on ERCOT's current and planned generating capacity and sources. Generally, coal is significantly decreasing and wind continues to increase; energy storage is also predicted to grow considerably. Mr. Magness also discussed recent and planned transmission system growth.

In conclusion, he noted ERCOT communication channels that are available to the public.

Trustee Kelley compared the past and current control the Federal Reserve has over monetary policy to the changing control ERCOT has over energy supply. He observed that increasing distributed resources have impacted ERCOT's ability to control power and inquired how ERCOT is responding. Mr. Magness acknowledged the challenge associated with distributed resources and noted, while more power is good, ERCOT needs to understand where it is. Market stakeholders, such as CPS Energy, have been providing information to ERCOT about its distributed resources so they can be baked into the forecast. Additionally, recent rule changes make nodal price signals available to distributed resources.

Also, distributed resources pose challenges similar to those of intermittent resources. ERCOT has to learn to do wind and solar forecasting by understanding their characteristics, since they cannot be controlled. Finally, ERCOT must be ready with dispatchable resources ready to firm up the intermittent resources. ERCOT is focusing on these issues.

In response to Chair Steen's inquiry, Mr. Magness stated that ERCOT's biggest challenge is ensuring that, from a technology perspective, its modeling is ready for new kinds of resources and that ERCOT remains a step or two ahead.

Ms. Gold-Williams asked Mr. Magness for more context about outages, noting how they impact ERCOT's ability to adequately supply the grid. Mr. Magness noted that outage scheduling is a large, complicated part of what ERCOT does. The rest of the grid must be ready to respond when one resource is going down for maintenance. In addition to outages on traditional units, natural issues can also wreak havoc on renewable resources. ERCOT must have reserves that can start fast and run on those days when others are not performing. Weather and mechanical issues are other variables that ERCOT must work into the mix.

The Trustees expressed their appreciation for the informative presentation.

Cost Savings: Advanced Cable Testing

Mr. Rick Lopez, Director, Grid Transformation & Engineering, briefed the Board about a proposed new technology for testing underground cable that will improve the way CPS Energy identifies areas in need of replacement. Currently, once underground cable begins to fail, we address it by replacing all the cables in the neighborhood or subdivision because we cannot specifically pinpoint which are about to fail. The proposed testing technology allows us to test sections, target those prone to fail and replace only those identified sections. By using the proposed technology, CPS Energy could realize cost savings of \$183 million. The proposed \$16 million, 5-year max contract for the testing technology is on today's Consent Agenda.

In response to Trustee Gonzalez' questions, Mr. Lopez explained that the largest benefit of the proposed technology is the reduction of outages and large neighborhood cable replacements, which cause inconveniences associated with construction. However, the new technology would likely not reduce repair time. He also stated that since direct buried cable is more prone to failure than cable in conduit, many older neighborhoods in which direct buried cable is typical will benefit from the new method of testing. Ms. Gold-Williams emphasized that customers will see improved service as a result of the new testing technology. She stated that if CPS Energy can realize those improvements, we can address in five years what we would currently address in 16 years.

Trustee Gonzalez requested that CPS Energy explore an enhanced warranty under the proposed contract. Mr. Lopez agreed to do so.

Financial Update

Mr. Gary Gold, Vice President, Corporate Services & Assistant Treasurer, provided the Financial Update.

As of August 31, 2019, net income for FY20 is forecasted to be \$110.5 million, approximately \$108 million higher than budget, and Repair & Replacement (R&R) Fund additions for FY20 are projected to be \$333.8 million, 30.7% higher than budget. Both favorable forecasts are due to higher net wholesale margin, lower than planned pension costs, Operations and Maintenance (O&M) mitigations, and lower interest costs.

Capital expenditures for FY20 are forecasted to be \$734 million, \$ 4.7 million lower than budget, due to higher than planned external source funding.

Mr. Gold reported on projections for key financial metrics. Adjusted Debt Service Coverage is currently forecasted to be 1.86, better than the business plan threshold of 1.50 for the year. Days Cash on Hand is currently forecasted to be 275, better than the business plan threshold of 150 for the year. Debt Capitalization is currently forecasted to be 62%, slightly higher than the business plan threshold of 60% for the year.

In conclusion, Mr. Gold noted upcoming financial transactions and the timing of the annual external audit.

Dr. Mackey requested information regarding how FY19 O&M budget mitigations compare with those in FY20. Mr. Gold agreed to provide the information.

Trustee Gonzalez asked whether an additional transfer of money to the City was made and how it was used. Mr. Erik Walsh, City Manager, responded that \$7.8 million more than planned was transferred to the City. He stated that much of it was used for one-time extraordinary expenses benefitting the citizens of San Antonio, that \$2 million was set aside for next summer, and \$1.5 million was set aside in a policy reserve. Trustee Gonzalez commented that it is important for people to understand that when CPS Energy performs well, the citizens of San Antonio, not just the utility, benefit. Ms. Gold-Williams noted our customers are also investors in the utility and our rates cover the general fund transfer to the City. When CPS Energy has net income, it is not distributed outside of our system and community; rather, the monies get reinvested into our \$11 billion portfolio of assets. Mr. Walsh clarified that additional payments to the City from CPS Energy as a result of high ERCOT pricing are unpredictable and cannot be counted on from year to year, so those monies do not pay for standard City budget items, like police and fire protection.

Renewable Natural Gas

Mr. Fred Bonewell, Chief Security, Safety & Gas Solutions Officer (CSSGSO), briefed the Board on renewable natural gas, a new product opportunity for CPS Energy. The opportunity, in the early stages of assessment, offers valuable potential that is aligned with our **Flexible Path** strategies, is environmentally friendly, decarbonizes the gas pipe, leverages our infrastructure, and has economic potential associated with the Renewable Fuel Standard (RFS) Program administered by the Environmental Protection Agency (EPA).

In response to her request, Mr. Bonewell agreed to provide Trustee Gonzalez with the names of other cities and entities offering RNG.

Other

No other updates were provided.

VII. APPROVAL OF CONSENT ITEMS:

Dr. Mackey moved that the Consent Agenda be approved, noting that CPS Energy agreed to ask IMCORP (General Services procurement) about an enhanced warranty. Trustee Kelley seconded the motion and the following items on the Consent Agenda were unanimously approved.

Approval of Minutes

Minutes for the Regular Board Meeting held on August 26, 2019 were approved as submitted.

Approval of Payment to the City of San Antonio for August 2019

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of August 2019 is based on actual gross revenue per the New Series Bond Ordinance of \$322,859,681.05, less applicable exclusions. The revenue for the month of August 2019 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$336,209,820.75
Gas revenue	8,216,768.65
Interest and other income	8,845,145.48
	<hr/>

Gross revenue per CPS Energy financial statements	353,271,734.88	
Excluded revenue		
School and hospital revenue per City Ordinance 55022	(7,706,795.66)	
LVG revenue per City Ordinance 100709	0.00	
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(14,207,761.75)	
Noncash and other income, GASB 31 investment market value change, miscellaneous		
Interest income, gas billing adjustment and unbilled revenue	(8,497,496.42)	
Total excluded Revenue	(30,412,053.83)	
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$322,859,681.05	
City payment per Bond Ordinance for August 2019 based upon August 2019 revenue	\$45,200,355.35	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	968,594.43	
Wholesale Special Contract Annual True Up	0.00	
City Payment reduction per UTSA gas billing adjustment MOU	(12,500.00)	
Annual True Up per UTSA MOU	0.00	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	46,156,449.78	A
Utility services provided to the City for August 2019	(2,685,396.76)	
Net amount to be paid from August 2019 revenue to the City in September 2019	\$43,471,053.02	

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

August 2019	Actual	Budget	Variance	
Current Month* A	\$46,156	\$37,653	\$8,503	22.6%
Year-to-Date*	\$207,695	\$203,884	\$3,811	1.9%

* This amount does not include any additional funding authorized by the Board of Trustees.

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$43,471,053.02, representing 14% of applicable system gross revenues for the month of August 2019, such payment being net of City utility services (\$2,685,396.76), is hereby approved."

Procurement Items – August

Two (2) Non-Competitive Sensitive Items

Purchase Category: General Services
Supplier: Instrument Manufacturing Company (IMCORP)

Purchase Category: Professional Services
Supplier: Corgan Associate Inc.

*Attached are the listed Procurement Items

Technology & Innovation Charter

The attached Technology & Innovation Charter was approved.

VIII. COMMITTEE REPORTS

After a short break, the Board meeting continued.

Operations Oversight Committee Meeting

Dr. Mackey reported on the Operations Oversight Committee (OOC) meeting, which took place on August 20, 2019. Among other things, the OOC received updates on: June storm activity; routing and siting details of the Midtown and Scenic Loop projects; specifics about the new Public Utility Commission (PUC) bill related to PUC approval of transmission routes; and the *FlexPower* Bundle.

OOC Aligned Risk Sub-Committee Meeting

Dr. Mackey reported on the OOC Aligned Risk Sub-Committee meeting, which took place on August 20, 2019. Among other things, the Sub-Committee received presentations on the *FlexPower* Bundle risk assessment and evolving operational risks and mitigations related to new generation technology and vendor cybersecurity.

Technology & Innovation Committee Meeting

Trustee Gonzalez reported on the Technology & Innovation (T&I) Committee meeting, which took place on September 5, 2019. The T&I Committee reviewed, discussed, and approved its charter, and received an update on strategic security partnerships.

In response to Trustee Gonzalez' inquiry, Ms. Gold-Williams clarified that cybersecurity was included in the T&I Committee charter.

T&I Aligned Risk Sub-Committee Meeting

Trustee Gonzalez reported on the T&I Aligned Risk Sub-Committee meeting, which took place on September 5, 2019. The Sub-Committee received presentations on technology and innovation risks and related mitigations.

IX. ENERGY STORAGE UPDATE

Ms. Shellman introduced Ms. Judy McElroy, CEO, Fractal Energy Storage Consultants, who provided an update on energy storage.

Ms. McElroy identified Fractal Energy Storage Consultants as consultants who strive to be a neutral, third-party voice on storage. She explained the current state of storage in America, stating that nationally, the cumulative energy storage total is 1,966 MWh. She identified the drivers for the varying numbers of energy storage projects from state to state: (1) access to wholesale markets for fair and just compensation with the right economic drivers; (2) incentives - many states have powerful incentives for pure standalone energy storage (currently absent in Texas) and federal investment tax credits; and (3) the biggest reason, favorable policy and regulatory landscapes.

Ms. McElroy reviewed the state of energy storage in Texas, noting that there are 99 unique energy storage projects currently across the state. The projects are of different types, such as battery, thermal, and ice, and serve different functions in the ERCOT market, such as fast responding regulation service (FRRS), load shifting, and voltage support. She stated that, due to price signals in ERCOT, there are over 4,200 MWh of planned energy storage projects, although none are financially secured and only one has a completed interconnection study.

Ms. McElroy also explained the energy storage technology landscape. She identified lithium ion batteries as the primary type of energy storage and briefly discussed flow batteries, as well as pumped hydro and flywheels.

In conclusion, Ms. McElroy identified pros and cons of energy storage. Cons include high costs, short duration, and fire incidents. Pros include decreased costs, increased revenues, and increased reliability. In connection with the pros of energy storage, Ms. McElroy mentioned current ancillary services opportunities in Texas.

Trustee Gonzalez asked how energy storage could factor into CPS Energy's *Flexible Path*. Ms. Gold-Williams responded that she believes that storage is needed to make renewables work, but because the market is complicated, undeveloped and was not designed to account for storage being both a generator and a load, much work remains to be done. At this time, CPS Energy continues to learn from its storage projects and remains interested in working with large tech companies that are interested in pairing renewables with storage.

In response to a question from Chair Steen, Ms. McElroy stated that her main takeaway is that the evaluation of storage projects is deep and nuanced, and must give due focus on the policy landscape, engineering considerations and project economics.

X. EXECUTIVE SESSION

At approximately 3:52 p.m., Chair Steen announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of the following posted items:

- Attorney-Client Matters (§551.071)
- Real Property (§551.072)
- Security Audits and Devices (§551.089)

The Board reconvened in open session at 5:25 p.m. Ms. Shellman reported that all posted matters and no others were discussed, and no votes were taken in Executive Session.

XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Dr. Mackey, seconded by Trustee Gonzalez, and upon affirmative vote by all members present, the meeting was unanimously adjourned at 5:25 p.m. by Chair Steen.



Carolyn E. Shellman
Carolyn E. Shellman
Secretary of the Board

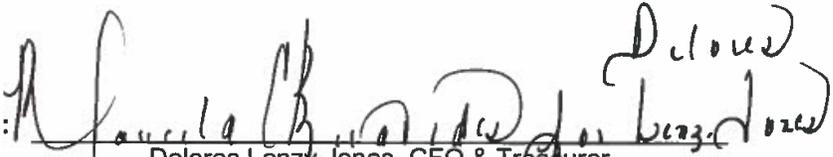


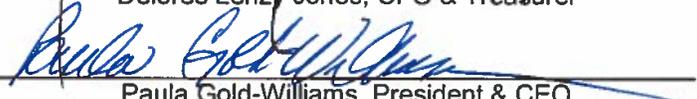
**CPS Energy Board of Trustees Meeting
September 30, 2019
APPROVAL of PROCUREMENT ITEMS
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Two (2) Non-Competitive Sensitive Items

- 1. **Purchase Category:** General Services
Supplier: Instrument Manufacturing Company (IMCORP)

- 2. **Purchase Category:** Professional Services
Supplier: Corgan Associates Inc.

Financial Approval: 
Delores Lenzy-Jones, CFO & Treasurer

Approval: 
Paula Gold-Williams, President & CEO

September 2019 Board Meeting - CONSENT AGENDA



CPS Energy Board of Trustees Meeting
September 30, 2019
PROCUREMENT FORM 1

Originator	Claudia Valles-Tovar
Department	Delivery Engineering Integ. Planning Sub. & Trans.
Division	Grid Transformation & Engineering
Purchase Order Value	\$16,047,252
Purchase Category	General Services
Senior VP Distribution Services & Ops	Paul Barham
Chief Operating Officer	Cris Eugster

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (if applicable)
Instrument Manufacturing Company (IMCORP)	3 Years	\$ 16,047,252	100%	2185197	Non-Local/Large	

Project Description

Distribution Engineering is requesting approval for the procurement of a 3-year service contract which was competitively bid. This contract will allow for partial discharge testing of direct buried underground residential distribution (URD) cable systems to assess the health of these systems.

Value Proposition & Summary

This new cable testing contract will provide a positive impact on reliability by reducing the number of failures that occur each year. The cable testing contract provides a condition based approach for identifying and replacing only those direct buried cables that are at risk of failing as opposed to the current program of replacing all remaining direct buried cables. As a result, we will avoid the unnecessary cost of replacing cables that are still in like new condition thus allowing a significant capital budget cost savings over the life of the program.

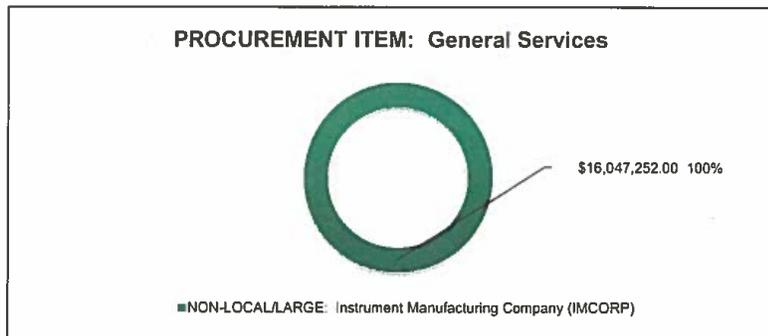
Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
20	\$765,400,000	Capital	\$5,349,084	0.70%
20	\$673,700,000	O&M	\$0	0.00%

Basis for Award: Best Value Procurement Analyst: Patricia Wiatrek

Competitive Information: YES NO Collective #: 7000153375

If yes, reason

PROCUREMENT ITEM: General Services	
NON-LOCAL/LARGE: Instrument Manufacturing Company (IMCORP)	\$ 16,047,252.00
	\$ 16,047,252.00



September 2019 Board Meeting - CONSENT AGENDA



CPS Energy Board of Trustees Meeting
September 30, 2019
PROCUREMENT FORM 1

Originator	John Benedict
Department	Facility & Capital Construction
Division	Real Estate & Master Planning
Purchase Order Value	\$13,200,000 (Original \$1,475,000 + \$9,525,000 + \$2,200,000)
Purchase Category	Professional Services
Interim VP Cmpln Ethics & Facil Mstr Pln	Curt Brockmann
Chief Admin & Business Devel Officer	Frank Almaraz

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (If applicable)
Corgan Associates Inc.	64 months	\$ 13,200,000	100%	2152162	Non-Local/Large	Added Funds \$2,200,000

Project Description

This contract extension request is required to provide engineering and architectural support services to complete the McCullough Headquarters campus. The additional funds will support any required changes in the scope of work for the remaining term of the contract. An architect is required for the commissioning activity following substantial completion. The contract will expire in August 2020.

Value Proposition & Summary

The added funds will be accommodated within the project's \$210M budget, excluding the \$5M CEO contingency. This contract extension is required to meet Corgan's responsibility as the project's Owner's Representative and architect of record. The most significant scope and time increases were due to deferral of the project's initiation date, a redesign caused by an asbestos abatement, additional steel design to address missing, damaged and new structural members, and the retaining wall design to meet code.

Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
20	\$765,400,000	Capital	\$2,555,000	0.33%
20	\$673,700,000	O&M	\$0	0.00%

Basis for Award: Best Value Procurement Analyst: BonnieSue Bray

Competitive Information: YES NO Collective #: 7000128730

If yes, reason

PROCUREMENT ITEM: Professional Services	
NON-LOCAL/LARGE: Corgan Associates Inc.	\$ 13,200,000.00
	\$ 13,200,000.00



CPS Energy Board of Trustees

TECHNOLOGY & INNOVATION COMMITTEE CHARTER

I. Role of the Technology & Innovation Committee

The role of the Technology & Innovation Committee of the CPS Energy Board of Trustees is to oversee information technology, cyber security & innovation matters beyond the scope of the Operations Oversight Committee, by:

- Encouraging thought leadership in the industry;
- Understanding gaps between current technologies and industry trends; and,
- Reviewing strategic direction in relation to technology and innovation.

The role also includes coordination with other Board committees and maintenance of strong positive working relationships with management, external and internal counsel and other Committee advisors.

II. Authority

The authority of the Technology & Innovation Committee is to exercise its business judgment and to report and recommend actions to the Board of Trustees.

III. Committee Membership

The Technology & Innovation Committee shall consist of two (2) Board Members from the CPS Energy Board of Trustees. One should be elected as chair. Committee appointments shall be approved annually by the full Board. Management expertise and knowledge of technology & innovation issues should be required of at least one of the Committee members.

IV. Meeting Frequency

The Technology & Innovation Committee shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or Committee Chair.

V. Responsibilities

Charter Created: 09/05/2019

The Technology & Innovation Committee will carry out the following responsibilities:

A. General

- Review the Company's technology development in support of its overall business strategy.
- Review management's efforts to evaluate existing and future trends in technology that may affect the Company's strategic plans, including monitoring of overall industry trends.
- Provide expertise and direction on such other matters upon which the President & CEO may consult the Committee or its members.

B. Risk Management

- Receive and evaluate risk assessments from management in areas which involve technology issues that are within the oversight of the Technology & Innovation Committee.
- Relative to new and innovative product developments, review management's formal plans to address intellectual property or other business concerns.
- Assess risk mitigation policies and procedures relating to products based on new technology or significant innovations to existing technology.

C. Other

- Review and assess the adequacy of the Technology & Innovation Committee Charter from time-to-time, requesting Board approval for proposed changes.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and its individual members' performance on a regular basis.
- Perform any other activities consistent with this charter as the Committee or the Board may deem necessary or appropriate.
- Report to the Board on the significant items covered at each Committee meeting.
- Invite industry Subject Matter Experts as needed.

This Charter of the Technology & Innovation Committee of the CPS Energy Board of Trustees is hereby approved this 5th day of September 2019.