CEO's Report for June 22, 2021

Board of Trustees Meeting

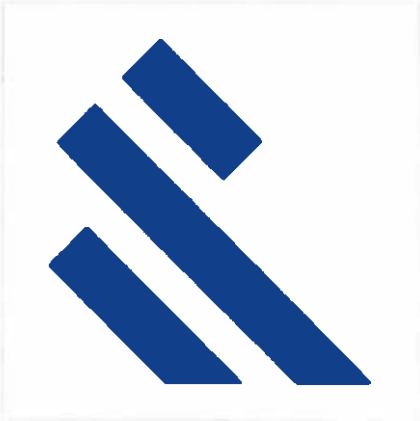
- **REVIEW OF TODAY'S AGENDA:**
  - **ITEM 5 – Board Secretary:**
    - Ms. Shanna Ramirez has been promoted to become our new Chief Legal & Ethics Officer (CLEO).
    - Today we will ask of the Board is to name her the Board Secretary.
  - **We want your additional input about the other items:**
    - **ITEM 6 – Supply & Demand:**
      - Will cover the key drivers of customer demand.
      - We will review major expected changes in our supply position – about 3,000 MW of generation will potentially be replaced by 2030.
      - We will cover some environmental & timing considerations.
      - ***Flex Power℠ Bundles*** are the pathway to 2-Peak seasons.
      - Relates to the ***Flexible Path℠ Resource Plan***.
      - Need to consistently push viable options through the ***Value Pillars***.

- **ITEM 6 - SUMMER & WINTER PEAK PLANNING:**
  - Will discuss the nuances of:
    - Summer Peaks – in the Afternoon & Evening
    - Winter Peaks – in the Late Evening & Early Morning
  - Reserve Margin remains important for S.A. & Texas.
  - The industry is trying to find a better way to decarbonize.
  - Partnerships – EPRI & LCRI

- **ITEM 7 - A COMPARISON OF SOLAR & NATURAL GAS:**
  - Every technology has its BENEFITS & CHALLENGES

- **ITEMS ON THE HORIZON - RESOURCES ARE A CHALLENGES:**
  - **People:**
    - We have a tight labor market here in Greater San Antonio.
    - More people are choosing to retire.
    - Retention & recruitment are increasingly tougher at all levels of our organization.
    - More to come...
  - **New Infrastructure - Grid Modernization Project (Article attached):**
    - We will also be share with CoSA's Committee on Emergency Preparedness (CEP)
    - In February of 2021, the BOT approved the selection of Burns & McDonnell to help us with this.
    - 4-Year Program, starting in mid-July
      - Reclosers:
        - It helps us sectionalize our circuits for better control and focus.
        - We can test whether faults on the grid are temporary. If so, restoration can be automated, which is great for our customers.
        - The device first automatically opens, which interrupts the electrical current. Then it closes to see if the fault is present.
        - This is part of our Smart Grid Efforts. It will help us accommodate Distributed Energy Resources (DERs).
        - Will give us more flexibility to manage outages.
        - Will help ***Reliability*** & ***Resilience***.
  - **Infrastructure - Refresh of Critical Circuit List:**
    - We believe this process will help us streamline the list & lead to better outage management flexibility.
  - **Customers - Energy Awareness Campaign:**
    - We are exploring how to help customers to be better prepared for extreme energy conditions.
    - Committed to more coordination with the City, County, SAWS, etc.
    - We will help drive better coordination of the CRITICAL CARE CUSTOMERS:
      - Will further partner with the S.A. Fire Department.

UTILITY DIVE
PRESS RELEASES



CPS Energy Selects Burns & McDonnell as Contractor for Multi-Year Turnkey Grid Modernization Program

PRESS RELEASE FROM BURNS & MCDONNELL

Jun 21, 2021

KANSAS CITY, Mo. —

FOR IMMEDIATE RELEASE

CPS Energy Selects Burns & McDonnell as Contractor for Multi-Year Turnkey Grid Modernization Program

100% Employee-Owned Engineering and Construction Firm Chosen to Lead Program Improving Service Quality for 850,000 Utility Customers in San Antonio

SAN ANTONIO, Texas (June 21, 2021) — CPS Energy has selected 100% employee-owned engineering, construction and architecture firm Burns & McDonnell as program manager for a state-of-the-art grid modernization program to improve service quality for the utility's nearly 850,000 electricity customers.

The cutting-edge grid modernization initiative will utilize

state-of-the-art equipment and technologies to help reduce the frequency and duration of power outages, reduce storm impacts and restore service faster when outages occur. Burns & McDonnell will serve as engineer and construction manager over the next four years as CPS Energy launches its Accelerated Recloser Deployment Program.

In executing this four-year program, CPS Energy is leveraging the skillset of Burns & McDonnell from system planning to final equipment commissioning. The firm will provide planning, engineering design, testing, installation/construction and commissioning of the recloser and TripSaver® devices on a turnkey basis. CPS Energy will be responsible for equipment and materials procurement.

The program calls for installation of approximately 144 recloser devices and an additional 300 TripSavers® each year on distribution lines throughout the city. Recloser counts will increase throughout the life of the program.

Often used in place of conventional fuses, reclosers test whether faults are temporary and, if so, can restore power quickly with very little detectible interruption. The devices are designed to automatically open, interrupting electrical current when a fault occurs, and then automatically reclose to detect if the fault is still present.

“We are incredibly excited and humbled by the trust extended to us by CPS Energy,” says Leslie Duke, president and general manager Burns & McDonnell offices in the Houston region. “This is an investment that will pay dividends many times over for the residents of San Antonio, and we are excited to deliver on this groundbreaking opportunity.”

1898 & Co., part of Burns & McDonnell, will perform all planning activities for specific substations where analysis of distribution gird identifies the need and placement for equipment down to the individual circuits.

Once installed, the firm's supervisory control and data acquisition (SCADA) and technical field services (TFS) teams in Houston will be handling the final phase of testing and commissioning of the equipment and bringing it online for CPS Energy. The project is on track to start construction in mid-July with delivery of the first batch of reclosers.

"Automated fault detection devices are among the most important elements of a more reliable and resilient electrical infrastructure," says Don Cannon, distribution engineering manager for the Texas region of Burns & McDonnell. "With the ability to detect everything from minor voltage sags to more serious power events, these system improvements will greatly improve overall service quality and reliability for CPS Energy."

With experienced professionals who have developed some of the largest electrical transmission and distribution projects in North America, Burns & McDonnell leverages its teams in Houston to optimize project delivery and tailor solutions to fit the needs of every utility.

For photos and support materials, please visit our **MEDIA KIT**.

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About Burns & McDonnell

Burns & McDonnell is a family of companies bringing together an unmatched team of 7,600 engineers,

construction professionals, architects, planners, technologists and scientists to design and build our critical infrastructure. With an integrated construction and design mindset, we offer full-service capabilities with more than 60 offices globally. Founded in 1898, Burns & McDonnell is 100% employee-owned. Learn how we are designed to build.