

CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JUNE 28, 2021

The Regular Meeting of the Board of Trustees of CPS Energy for the month of June was held on Monday, June 28, 2021 in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. In order to protect the health of the public and limit the potential spread of the Coronavirus (COVID-19), limited in-person attendance was enforced. Chair Dr. Mackey called the meeting to order at 1:00 p.m.

Present were Board members:

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

Also present were:

Ms. Paula Gold-Williams, President & CEO
 Mr. Fred Bonewell, Chief Operations Officer
 Ms. Shanna M. Ramirez, Interim Chief Legal & Ethics Officer, General Counsel & Board Secretary
 Mr. Frank Almaraz, Chief Power, Sustainability & Business Development Officer
 Mr. Paul Barham, Chief Grid Optimization & Resiliency Officer
 Ms. Vivian Bouet, Chief Information Officer
 Mr. Gary Gold, Chief Business Excellence Officer
 Mr. Rudy Garza, Chief Customer Engagement Officer
 Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
 Ms. Lisa Lewis, Chief Administrative Officer
 CPS Energy Staff Members
 City of San Antonio officials
 Interested Citizens

I. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, the invocation and the Pledge of Allegiance were delivered by Ms. Denae Myers, Manager, Board Relations.

II. PUBLIC COMMENT

Chair Dr. Mackey announced that public comments would be taken, and Ms. Loretta Kerner, Director, Board Relations & Chief of Staff to the CEO, outlined the guidelines for doing so. The following persons made comments:

1. Mr. Richard Perez, President & CEO, San Antonio Chamber of Commerce, brought a message of appreciation and hope to the Board and staff. He commented that CPS Energy continues to be focused on the needs of the community and that the business community understands, appreciates, and wants to continue to partner in the work ahead and stands with CPS Energy in solidarity.

III. CEO'S REPORT

Ms. Gold-Williams provided an overview of her written report. She began her comments by providing the Board with an update on COVID-19. She reported there had been a slow-down in the COVID-19 infection rate among employees; eight persons were currently in quarantine and no one was currently hospitalized, which was a major improvement from previous trends. Overall 512 employees total have tested positive for COVID- 19 since the beginning of the pandemic. Ms. Gold- Williams also reported that CPS Energy had completed an Actively Caring Stand Down this morning with a focus on safety and staying hydrated during the summer.

Ms. Gold-Williams announced that the City of San Antonio's Committee on Emergency Preparedness (CEP) completed its review of Winter Storm Uri (Uri) and had released its report during the previous week. She commented that CPS Energy has already begun an extensive review of the substance of the report and its recommendations, which would be discussed during the Board meeting.

Ms. Gold-Williams highlighted that there are stakeholders outside of San Antonio that are paying attention to the effect of Uri. She mentioned that CPS Energy has been working with the Credit Ratings Agencies and responding to questions about mitigating risk associated with Uri, including through the **FlexPOWER BundleSM** and **FlexSTEPSM**. She mentioned that CPS Energy had provided a presentation to the agencies earlier this morning.

Ms. Gold Williams also reported there would be an item on the agenda to reassign members to the Nominations Committee so that they can make a recommendation to the full Board for a replacement for outgoing Trustee Kelley, whose second term ends on January 31, 2022.

Ms. Gold-Williams provided a preview of what will be covered during the July 2021 Regular Board Meeting. She confirmed that the FY2022 budget will be submitted to the Board for a vote. She stressed that there will be discussion of a potential gap in the budget plan, but no vote on a rate increase would occur during that meeting. She emphasized that CPS Energy will do everything it can to close the revenue gap before asking the Board for any rate increase. She also mentioned that the Board will be provided an update concerning **FlexPOWER Bundle** and **FlexSTEP**.

Ms. Gold Williams also reported on the Tezel Substation Community Dialog & Public Input Session that was held on the evening of June 24, 2021. She noted that Vice Chair Gonzalez led the session and that Chair Dr. Mackey and Councilmember Ana Sandoval also participated. Ms. Gold-Williams mentioned that CPS Energy is reviewing the proposed Site in light of feedback recently received, and in consideration of community dialogue and public comments that were provided to the Board. She also announced that there would be a presentation addressing the Board's requested financial audit. She commented that an Auditor Selection Team from Audit Services and the Financials Services groups did a good job in putting out a Request for Proposal (RFP). She noted that they received more responses than usual and are looking at a July timeframe to announce a selection.

Mayor Nirenberg asked whether there had been any guidance from the state on the emergency fund eligibility for emergency assistance and commented that we would need an opinion from the state. Ms. Gold- Williams responded that there had not been a response from the state, but indicated we would follow up on the matter.

IV. APPROVAL OF CONSENT AGENDA ITEMS

On motion duly made by Trustee Kelley, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, with the exception of the Integrated Security Threat Mitigation Policy, all other items on the Consent Agenda, were unanimously approved.

Approval of Minutes

Minutes of the Regular Board Meeting held on April 26, 2021, the minutes of the Regular Board Meeting held on May 24, 2021, and the Special Board Meeting held on June 8, 2021, were approved as presented.

Approval of Payment to the City of San Antonio for May 2021

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 May 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$180,827,381.66, less applicable exclusions. The revenue for the month of May 2021 is calculated as follows:

| | |
|---|-------------------------|
| Gross revenue per CPS Energy financial statements | |
| Electric revenue | \$205,393,398.91 |
| Gas revenue | 12,287,219.55 |
| Interest and other income | 1,375,231.52 |
| Gross revenue per CPS Energy financial statements | <u>219,055,849.98</u> |
| Excluded revenue | |
| School and hospital revenue per City Ordinance 55022 | (7,130,812.95) |
| LVG revenue per City Ordinance 100709 | 0.00 |
| Fuel cost component of off-system nonfarm energy sales per City Ordinance 61794 and revenue for wholesale special contracts | (16,296,555.81) |
| Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue | <u>(14,801,099.56)</u> |
| Total excluded revenue | <u>(38,228,468.32)</u> |
| Gross revenue per New Series Bond Ordinance subject to 14% payment to the City | <u>\$180,827,381.66</u> |
| City payment per Bond Ordinance for May 2021 based upon May 2021 revenue | \$25,315,833.43 |
| City payment per memorandum of understanding (MOU) regarding wholesale special contracts | 524,812.28 |
| City Payment reduction per gas customer billing adjustment MOU | <u>(12,500.00)</u> |
| City payment per Bond Ordinance plus adjustments for memorandums of understanding | 25,828,145.71 A |

| | |
|--|------------------------|
| Utility services provided to the City for May 2021 | (2,596,734.10) |
| Net amount to be paid from May 2021 revenue to the City in June 2021 | <u>\$23,231,411.61</u> |

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)

| May 2021 | Actual | Budget | Variance | |
|-------------------------|-----------|------------|----------|-------|
| Current Month* A | \$25,828 | \$25,946** | (\$118) | -0.5% |
| Year-to-Date* | \$100,776 | \$99,076 | \$1,700 | 1.7% |

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

**Includes an adjustment of \$1,233K from the March 2021 budgeted city payment amount.

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 \$23,231,411.61 representing 14% of applicable system gross revenues for the month of May 2021, such payment being net of City utility services (\$2,596,734.10), is hereby approved." The Board ratifies that May 2021 revenue was sufficient to recover \$15,983,651.70 in funds that were advanced to the City in the prior fiscal months. The total amount to be recovered from future months' revenues for fiscal year 2022 is \$33,435,430.65.

Approval of Procurement Items - June 2021

(3 Non-Competitively Sensitive Items)

Item Description: Welding and Mechanical Services
Purchase Category: General Services
Supplier: BCAD ZION Corporation dba Quality Welding & Fabrication
Supplier: CCC Group, Inc.
Supplier: Mechanical Construction Services, Inc.
Supplier: Pro Serv Industrial Contractors, LLC
Supplier: Scope Services, Inc.
Supplier: TEi Construction Services, Inc.
Supplier: Thielsch Engineering, Inc.
Supplier: Zachry Industrial, Inc.

Item Description: Engineering Services for Communication Systems
Purchase Category: Professional Services
Supplier: Aeparmia Engineering, PLLC
Supplier: Burns & McDonnell Engineering CO, Inc.
Supplier: EN Engineering LLC
Supplier: HMI Technical Solutions, LLC
Supplier: M&S Engineering, LLC
Supplier: PhaseLink Utility Solutions, LLC

Supplier: TOP Engineers Plus PLLC
Supplier: TRC Engineers, Inc.

Item Description: Electrical Engineering Services for Natural Gas Infrastructure
Purchase Category: Professional Services
Supplier: EN Engineering, Inc.
Supplier: HMI Technical Solutions, LLC

*The listed Procurement Items to be attached as Attachment "A".

V. COMMITTEE REPORTS

In the interest of time, Chair Dr. Mackey accepted the submission of reports for the record in lieu of having them read during the meeting.

Operations Oversight Committee (OCC) Meeting held on May 10, 2021

A report of the OCC meeting, which took place on May 10, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "B") to the meeting minutes.

OOC Aligned Risk Sub-Committee Meeting held on May 10, 2021

A report of the OOC Aligned Risk Sub-Committee meeting, which took place on May 10, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

Master Planning Oversight Committee (MPOC) Meeting held on May 24, 2021

A report of the Master Planning Oversight Committee meeting, which took place on May 24, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

Technology & Resilience Committee (T&R) Meeting held on June 2, 2021

A report of the T&R Committee meeting, which took place on June 2, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "E") to the meeting minutes.

T&R Aligned Risk Sub-Committee Meeting held on June 2, 2021

A report of the T&R Aligned Risk Sub-Committee meeting, which took place on June 2, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "F") to the meeting minutes.

NOMINATIONS COMMITTEE ASSIGNMENT

On motion duly made by Trustee Steen, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the assignments of Trustee Ed Kelley as Chair and Dr. Willis Mackey as member of the Nominations Committee were unanimously approved.

VI. REVIEW OF COMMITTEE ON EMERGENCY PREPAREDNESS (CEP) FINDINGS

The Board was provided a report covering an update on the CEP in. Ms. Gold-Williams covered highlights of the report and Mr. Bonewell provided additional perspective. Ms. Gold-Williams acknowledged her appreciation to CEP members for their efforts on the project. She noted that there has been dialogue with San Antonio City Council and community members concerning the report and that CPS Energy will also offer individual sessions to each council member to provide an opportunity for them to ask additional questions.

Ms. Gold-Williams provided takeaways from the CEP's findings. She noted there has been little incentive in the Electric Reliability Council of Texas (ERCOT) market for adding firming capacity and increasing baseload generation onto the grid. Currently, there is limited battery capacity and the portfolio of generation inside of ERCOT is getting older. She noted that there are significant risks and opportunity costs when CPS Energy cannot self-produce power and therefore cannot cover power costs for the community. She commented that hedging availability is limited during severe price spikes and CPS Energy's portfolio is getting older. She advised that CPS Energy can increase and improve its existing portfolio, but it will require major decisions from the Board and CPS Energy over the next decade.

Ms. Gold Williams reported that CPS Energy has already started working on addressing lessons from Uri, including improvements regarding weatherization, hedging, storage, and dual fuel capacity. She announced that desktop exercise planning has begun, and that CPS Energy is working on establishing a tighter emergency management network with the City and San Antonio Water System (SAWS). She also explained that CPS Energy is looking at ways to improve the outage management process through technological solutions and is reevaluating how it designates critical circuits. She emphasized that CPS Energy is committed to improving its communication strategy, finding new solutions, making necessary improvements, and keeping the Board informed of the process.

Ms. Gold-Williams also provided an overview of the results from the recent legislative session, noting that the session did produce some beneficial legislation, but that important issues such as the need for increased grid capacity and the lack of grid interconnectivity were not addressed. She noted that legacy plants are getting older across the grid and legislative action this session did not go far enough to fix systemic issues. She commented that Texas will need a program to address the limited addition of firming capacity and noted that repricing and financial assistance gaps remain. CPS Energy will need to weigh financing options created by the legislature during the session with CPS Energy's own existing options. Ms. Gold-Williams also noted that going forward, CPS Energy is hopeful for additional legislation to address some of the systemic grid issues we faced during Uri. CPS Energy is engaged in discussions with regulators on these issues and is negotiating solutions where possible, but also continues to press on with its own litigation against ERCOT.

Ms. Gold-Williams introduced Mr. Bonewell, who thanked the Board for entrusting him with his new role as Chief Operating Officer. He also thanked Reed Williams and the CEP team for putting together a comprehensive report on Uri. Mr. Bonewell emphasized that his mission is to develop the safest, most **Reliable**, **Affordable**, and **Resilient** portfolio in the country. He explained this would be done by adopting company-wide analytics and a data-driven approach to operations with a focus on continuous improvement. He explained that Operations team members take their responsibilities very seriously and know how to operate effectively. He added that under the leadership of Mr. Barham and Mr. Almaraz, teams have already been addressing recommendations on how to improve operations.

Mayor Nirenberg thanked Ms. Gold-Williams and Mr. Bonewell for their comments. He stated that the CEP discussion at City Council was a good starting point and that COSA expects implementation of the CEP's recommendations. The Mayor announced that he has asked the City Manager to work with Ms. Gold-Williams and Mr. Bonewell to come up with an implementation strategy to provide to City Council that will be available to the public. Mayor Nirenberg encouraged others to read the CEP report, and noted it was available for review at www.sanantonio.gov/emergency-preparedness.

Vice Chair Gonzalez thanked Ms. Gold-Williams and Mr. Bonewell for their input and noted that she has also participated in various public input sessions addressing Uri. She commented that CPS Energy needs to focus on strengthening external **Resiliency**. She stressed the importance of CPS Energy communicating effectively with the community and assured the Board that she would be working with CPS Energy leadership in that endeavor. She added that emphasis must be placed on the education component of conservation with the public, and that CPS Energy must consider **Affordability** and **Reliability** as part of its decision-making process going forward.

Trustee Steen raised questions as to whether the state grid will have sufficient power during the summer months and as to the underlying assumptions of performance of thermal generation in ERCOT's model. He asked Ms. Gold-Williams if one could realistically expect 95 percent performance from aging plants, as predicted by ERCOT. She responded that one could expect such performance, but that it will require extra effort and involvement by customers. She stressed that conservation is a critical piece that will help during times when renewables are not producing.

Ms. Gold-Williams also expressed agreement with Trustee Steen that the state should aim for a higher reserve margin, but emphasized it must be obtained in a balanced way that includes intermittent renewables and other types of added capacity. She noted that 20 or 30 percent reserve capacity is a best-case scenario for CPS Energy, but would be expensive.

Trustee Steen also asked whether the state should be considering connecting to other grids outside of Texas. Ms. Gold-Williams said that the state should be discussing grid interconnection as an added-value option but that it would not alone correct all issues that currently exist with our grid. She also stressed that better ERCOT market design is as important, if not more important, than interconnection.

Trustee Steen asked Ms. Gold-Williams how CPS Energy has been involved in statewide discussions after Uri. She responded that CPS Energy has reached out to the Bexar County delegation and elected officials, and has participated in group meetings to provide suggestions to legislation.

Trustee Kelley commented that the CEP team led by Reed Williams did an excellent job on its report and asked for a cost/benefit analysis for implementation of the ideas proposed under the CEP, particularly as to the costs of moving from an energy-only market to a market-capacity market. Ms. Gold-Williams responded that CPS Energy would look at all the options proposed and would bring those options to the Board for discussion.

Trustee Steen asked Mayor Nirenberg about specifics on a Black & Veatch report addressing the cost of connecting critical pumping stations to backup generators. Mayor Nirenberg responded that the report made a broad estimate of cost to put each of the critical pumping stations onto generators, but that it did not consider other power generation alternatives or specifics as to which stations actually required backup generation. Mayor Nirenberg noted that the SAWS board has not yet decided how to proceed with that matter. He cautioned that there are risks in solely focusing on return-on-investment when addressing **Resiliency**. He also advised the

Board and staff of CPS Energy to focus on what they can control and advocate where they can as the largest municipally-owned utility in the country.

Chair Dr. Mackey asked that his colleagues and Mr. Bonewell review a previous Black & Veatch report addressing plant operations which he found to be informative. Ms. Gold-Williams confirmed that there had been reports addressing weatherization and that CPS Energy did review and execute on those recommendations.

VII. EXECUTIVE SESSION

At approximately 2:09 p.m., at that request of Chair Dr. Mackey, Ms. Ramirez 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 a number of posted items, including the following:


- Security personnel or devices (§551.076)
- Personnel Matters (§551.074)
- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 4:07 p.m. The quorum was re-established. Ms. Ramirez asked City Attorney Andy Segovia, who was present in the Executive Session, to confirm that only the matters cited above, and no others, were discussed and no votes were taken in Executive Session. Mr. Segovia confirmed the accuracy of that statement.

After returning from Executive Session, on motion duly made by Trustee Kelley, seconded by Trustee Steen, and upon affirmative vote by all members present, the Board voted to approve changes to the Integrated Security Threat Mitigation Policy as submitted.

VIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice-Chair Gonzalez, and seconded by Trustee Kelley, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:09 p.m. by Chair Dr. Mackey.



Shanna M. Ramirez
Secretary of the Board



CPS Energy Board of Trustees Meeting

June 28, 2021

APPROVAL of PROCUREMENT ITEMS

Table of Contents

1. **Item Description:** **Welding and Mechanical Services**
 Purchase Category: **General Services**
 Supplier: BCAD ZION Corporation dba Quality Welding & Fabrication
 Supplier: CCC Group, Inc.
 Supplier: Mechanical Construction Services, Inc.
 Supplier: Pro Serv Industrial Contractors, LLC
 Supplier: Scope Services, Inc.
 Supplier: TEi Construction Services, Inc.
 Supplier: Thielsch Engineering, Inc.
 Supplier: Zachry Industrial, Inc.
2. **Item Description:** **Engineering Services for Communication Systems**
 Purchase Category: **Professional Services**
 Supplier: Aeparmia Engineering, PLLC
 Supplier: Burns & McDonnell Engineering CO. Inc.
 Supplier: EN Engineering LLC
 Supplier: HMI Technical Solutions, LLC
 Supplier: M&S Engineering, LLC
 Supplier: PhaseLink Utility Solutions, LLC
 Supplier: TOP Engineers Plus PLLC
 Supplier: TRC Engineers, Inc.
3. **Item Description:** **Electrical Engineering Services for Natural Gas Infrastructure**
 Purchase Category: **Professional Services**
 Supplier: EN Engineering, Inc.
 Supplier: HMI Technical Solutions, LLC

Approval: 
Lisa Lewis, Chief Administrative Officer

Approval: 
Paula Gold-Williams, President & CEO



CPS Energy Board of Trustees Meeting
June 28, 2021
PROCUREMENT FORM 1

| | |
|---|---------------------------------|
| Item Description | Welding and Mechanical Services |
| Purchase Order Value | \$30,000,000 |
| Purchase Category | General Services |
| Department | Power Generation |
| Senior Vice President | Benjamin Ethridge |
| Chief Power, Sustainability, & Business Development Officer | Frank Almaraz |

What we plan to do & why it is of value to our customers & company

These contracts are required to provide on site mechanical and welding support for our generating fleet and will allow CPS Energy to execute generation facility projects to maintain reliability. The current contracts have experienced more demand than anticipated thus necessitating this requisition. This is a recurring procurement item; however, the current contract structure was debundled by removing the code welding portion allowing opportunity for additional smaller contractors to provide services. These contracts are for a three-year term and will expire on 6/27/2024.

Subcontracting opportunities associated with the contracts

CCC Group, Inc., TEI Construction Services, Inc., Thielsch Engineering, Inc., and Zachry Industrial, Inc. have all committed to subcontracting a portion of the work to diverse businesses.

Recommended Supplier(s) & Spend

| Supplier Name | SBA Classification | SBA Classification Details | PO Term | PO Value | PO # | Comments |
|---|---------------------|--|-----------------|--------------|---------|---|
| NEW B.C.A.D. ZION Corporation dba Quality Welding & Fabrication | Local / Diverse | Woman, Small, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196915 | Corporate headquarters based in San Antonio Metropolitan Area |
| NEW CCC Group, Inc. | Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196916 | |
| Mechanical Construction Services, Inc. | Non-Local / Diverse | Male, Small, Veteran, Non-Minority | Three (3) years | \$ 3,750,000 | 2196914 | |
| NEW Pro Serv Industrial Contractors, LLC | Non-Local / Diverse | Male, Small, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196918 | |



CPS Energy Board of Trustees Meeting
June 28, 2021
PROCUREMENT FORM 1 (continued)

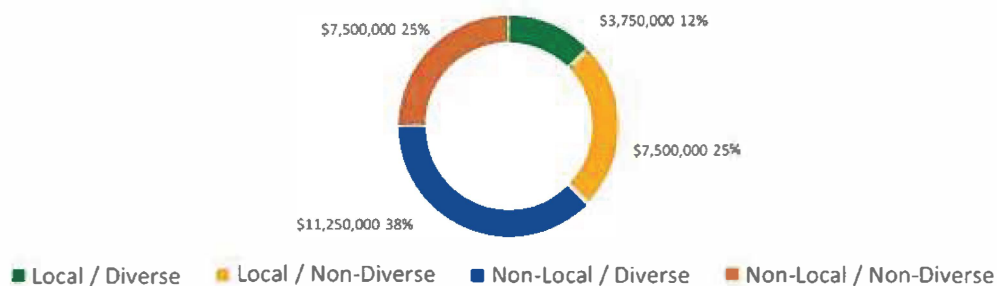
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|--|-------------------------|--|-----------------|----------------------|---------|--|
| NEW Scope Services, Inc. | Non-Local / Diverse | Woman, Large, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196920 | |
| TEi Construction Services, Inc. | Non-Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196919 | |
| NEW Thielsch Engineering, Inc. | Non-Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196921 | |
| Zachry Industrial, Inc. | Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) years | \$ 3,750,000 | 2196917 | Corporate headquarters based in San Antonio Metropolitan Area |
| Total | | | | \$ 30,000,000 | | |

| Annual Funds Budgeted | | | | | | |
|------------------------------|----------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------------|
| FY | Funding Method | Corporate Annual Budget* | Projected FY22 PO Spend | % Of Annual Corp Budget* | Projected FY23 PO Spend | Projected FY24 & FY25 PO Spend |
| 21 | Capital | \$684,100,000 | \$6,000,000 | 0.88% | \$10,000,000 | \$8,000,000 |
| 21 | Non-Fuel O&M | \$712,800,000 | \$2,000,000 | 0.28% | \$2,000,000 | \$2,000,000 |

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

This procurement item does not contain competitively sensitive information; therefore, there are no restrictions on disclosure to the public.

Procurement Item: General Services





CPS Energy Board of Trustees Meeting
June 28, 2021
PROCUREMENT FORM 2

| | |
|---------------------------|--|
| Item Description | Engineering Services for Communication Systems |
| Purchase Order Value | \$2,000,000 |
| Purchase Category | Professional Services |
| Department | Technology Services |
| Vice President | Evan O'Mahoney |
| Chief Information Officer | Vivian Bouet |

What we plan to do & why it is of value to our customers & company

These contracts will support CPS Energy to provide communication engineering services for our critical communications infrastructure. The contracts will provide engineering design support for outside plant cable, microwave radio systems, communications systems to CPS Energy sites, and any other form of Operational Technology (OT) communication design needs. These contracts are for a three-year term and will expire on 7/30/2024.

Subcontracting opportunities associated with the contracts

Burns & McDonnell Engineering Co. Inc., EN Engineering LLC, HMI Technical Solutions, LLC, M&S Engineering, LLC, and TRC Engineers, Inc. have all committed to subcontracting to diverse businesses.

Recommended Supplier(s) & Spend

| Supplier Name | SBA Classification | SBA Classification Details | PO Term | PO Value | PO # | Comments |
|--|-------------------------|--|-----------------|------------|---------|---|
| NEW Aeparmia Engineering, PLLC | Local / Diverse | Woman, Small, No Hub/Vet, Asian American | Three (3) Years | \$ 250,000 | 2197102 | |
| NEW Burns & McDonnell Engineering CO. Inc. | Non-Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) Years | \$ 250,000 | 2197096 | |
| EN Engineering LLC | Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) Years | \$ 250,000 | 2197100 | |
| NEW HMI Technical Solutions, LLC | Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) Years | \$ 250,000 | 2197097 | |
| NEW M&S Engineering, LLC | Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) Years | \$ 250,000 | 2197098 | Corporate headquarters based in San Antonio Metropolitan Area |



CPS Energy Board of Trustees Meeting
June 28, 2021
PROCUREMENT FORM 2 (continued)

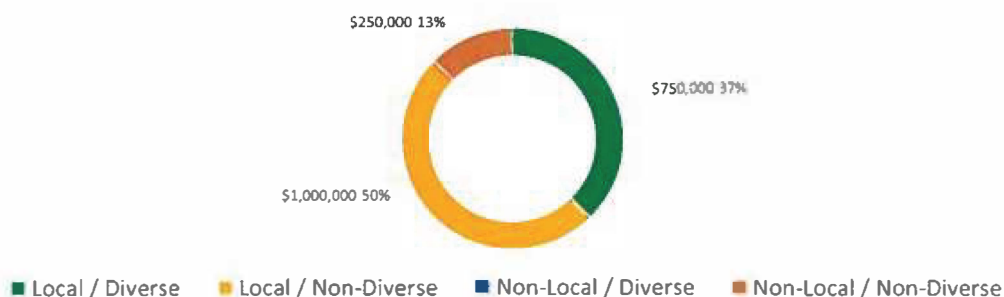
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|--|---------------------|--|-----------------|---------------------|---------|---|
| NEW PhaseLink Utility Solutions, LLC | Local / Diverse | Woman, Small, No Hub/Vet, Asian American | Three (3) Years | \$ 250,000 | 2197099 | Corporate headquarters based in San Antonio Metropolitan Area |
| NEW TOP Engineers Plus PLLC | Local / Diverse | Male, Small, No Hub/Vet, Non-Minority | Three (3) Years | \$ 250,000 | 2197101 | Corporate headquarters based in San Antonio Metropolitan Area |
| TRC Engineers, Inc. | Local / Non-Diverse | Male, Large, No Hub/Vet, Non-Minority | Three (3) Years | \$ 250,000 | 2197095 | |
| Total | | | | \$ 2,000,000 | | |

| Annual Funds Budgeted | | | | | | |
|-----------------------|----------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------------|
| FY | Funding Method | Corporate Annual Budget* | Projected FY22 PO Spend | % Of Annual Corp Budget* | Projected FY23 PO Spend | Projected FY24 & FY25 PO Spend |
| 21 | Capital | \$684,100,000 | \$400,000 | 0.06% | \$500,000 | \$750,000 |
| 21 | Non-Fuel O&M | \$712,800,000 | \$100,000 | 0.01% | \$100,000 | \$150,000 |

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

This procurement item does not contain competitively sensitive information; therefore, there are no restrictions on disclosure to the public.

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting
June, 28 2021
PROCUREMENT FORM 3

| | |
|-------------------------|--|
| Item Description | Electrical Engineering Services for Natural Gas Infrastructure |
| Purchase Order Value | \$900,000 |
| Purchase Category | Professional Services |
| Department | Gas Solutions |
| Senior Director | Richard Lujan |
| Chief Operating Officer | Fred Bonewell |

What we plan to do & why it is of value to our customers & company

These contracts are for electrical engineering services associated with new gas construction projects and maintenance of existing gas infrastructure. These contracts provide technical support from multi-discipline engineering firms and subject matter experts required to support specialized areas associated with electrical and communication equipment necessary to support our natural gas system and maintain regulatory compliance. These contracts are for a two-year term and will expire on 6/30/23.

Subcontracting opportunities associated with the contracts

EN Engineering, Inc. and HMI Technical Solutions, LLC both have committed to subcontracting a portion of work to diverse businesses.

Recommended Supplier(s) & Spend

| Supplier Name | SBA Classification | SBA Classification Details | PO Term | PO Value | PO # | Comments |
|--|---------------------|---------------------------------------|---------------|-------------------|---------|----------|
| EN Engineering, Inc. | Local / Non-Diverse | Male, Large, No HUB/Vet, Non-Minority | Two (2) years | \$ 450,000 | 2196404 | |
| NEW HMI Technical Solutions, LLC | Local / Non-Diverse | Male, Large, No HUB/Vet, Non-Minority | Two (2) years | \$ 450,000 | 2196405 | |
| Total | | | | \$ 900,000 | | |



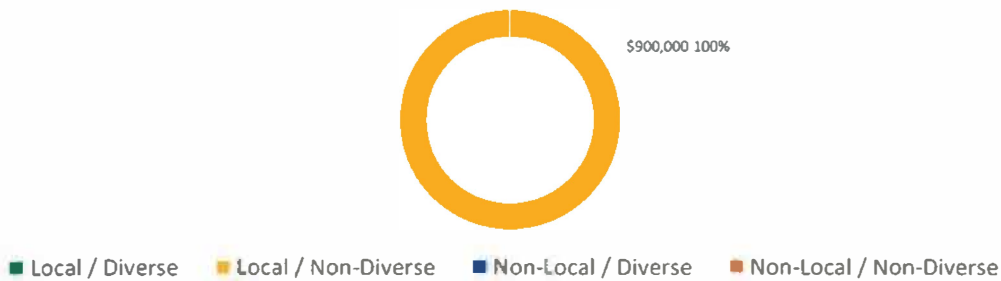
CPS Energy Board of Trustees Meeting
June 28, 2021
PROCUREMENT FORM 3 (continued)

| Annual Funds Budgeted | | | | | | |
|-----------------------|----------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------------|
| FY | Funding Method | Corporate Annual Budget* | Projected FY22 PO Spend | % Of Annual Corp Budget* | Projected FY23 PO Spend | Projected FY24 & FY25 PO Spend |
| 21 | Capital | \$684,100,000 | \$375,000 | 0.05% | \$375,000 | \$0 |
| 21 | Non-Fuel O&M | \$712,800,000 | \$75,000 | 0.01% | \$75,000 | \$0 |

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

This procurement item does not contain competitively sensitive information; therefore, there are no restrictions on disclosure to the public.

Procurement Item: Professional Services





OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MAY 10, 2021 MEETING

PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY

FOR REPORT AT THE JUNE 28, 2021 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on May 10, 2021. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on November 2, 2021.
- B. Received an update on the Tezel Substation Routing & Siting project that included:
 - a. An overview of the project and the governance process;
 - b. An update on public involvement and feedback; and
 - c. The evaluation process of the sites/routes and a site recommendation for approval.
- C. Received an update on Fuel Procurement that included:
 - a. An overview of our fuel procurement strategy and the importance of fuel diversity;
 - b. An update on the current coal and rail statistics;
 - c. Key considerations of coal and rail strategy; and
 - d. The rail procurement timeline.
- D. Received a Summer Readiness Update that included:
 - a. The summer weather outlook and reserve margins for both the ERCOT market and CPS Energy;
 - b. A status update on summer preparations in Energy Supply & Market Operations, and Power Generation including winter weatherization;
 - c. A status update on summer preparations, operational risks, and load shed enhancements in Grid Optimization & Resiliency; and
 - d. An update on Gas Solutions' standard summer preparedness activities and operational highlights including gas system improvements.

The next meeting of the Operations Oversight Committee meeting is to be determined.



OPERATIONS OVERSIGHT COMMITTEE (OOC) ALIGNED RISK SUB-COMMITTEE MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MAY 10, 2021 MEETING

PREPARED FOR COMMITTEE MEMBER, DR. WILLIS MACKEY

FOR REPORT AT THE JUNE 28, 2021 BOARD OF TRUSTEES MEETING

The OOC Aligned Risk Sub-Committee (Sub-Committee) met on May 10, 2021. As part of the agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous OOC & Technology & Innovation Aligned Risk Sub-Committee Meeting held on November 2, 2020.
- B. Reviewed response to action item to provide the sub-committee more detailed analysis of the operating cost associated with the average residential utility bill.
- C. Received a presentation on risks and mitigations focused on the following topics:
 - 1. Highlighted 2020 extreme weather events and reviewed Environmental, Social & Governance Landscape;
 - 2. Explored new generation technologies; and
 - 3. Discussed integration of new technologies on the grid.

The next meeting of the Sub-Committee is to be determined.



MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MAY 24, 2021 MEETING PREPARED FOR COMMITTEE CHAIR TRUSTEE ED KELLEY FOR REPORT AT THE JUNE 28, 2021 BOARD OF TRUSTEES MEETING

The MPOC met on May 24, 2021. As part of the MPOC agenda, the Committee:

- A. Reviewed the award of a LEED Gold certification for the McCullough Building.
- B. Reviewed the status, current and potential buyers, marketing strategies and contract deadlines for the following properties. Discussed marketing strategies for the following properties:
 - 1. Main Office Building;
 - 2. Tower Garage;
 - 3. Villita Assembly Building;
 - 4. Surface Parking Lot #2; &
 - 5. Northside Customer Service Center.
- C. Discussed disposition of Jones North and Jones South and reviewed property features/information.
- D. Discussed strategic property purchase opportunities that support electric and gas system reliability, resiliency and customer growth.

The next meeting of the MPOC is June 28, 2021.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JUNE 02, 2021 MEETING PREPARED FOR COMMITTEE MEMBER, TRUSTEE JANIE GONZALEZ FOR REPORT AT THE JUNE 28, 2021 BOARD OF TRUSTEES MEETING

The Technology & Resilience Committee met on June 2, 2021. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on November 12, 2020.
- B. Received a status update on the Customer & Technology Focus On Resilience, Resiliency Landscape, Resilience Through Legislation, Digital Enterprise Resource Planning (ERP) Transformation, and Digital & Data Transformation Preview.
- C. A new action item was generated from this session.
 - a. Provide stakeholder approach for how we look at cybersecurity as relates to our supply chain processes.

The next meeting of the Technology & Resilience Committee Meeting is to be determined.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) ALIGNED RISK SUB-COMMITTEE MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JUNE 2, 2021 MEETING

PREPARED FOR COMMITTEE MEMBER, MS. JANIE GONZALEZ

FOR REPORT AT THE JUNE 28, 2021 BOARD OF TRUSTEES MEETING

The T&R Aligned Risk Sub-Committee (Sub-Committee) met on June 2, 2021. As part of the agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous Technology & Innovation Aligned Risk Sub-Committee Meeting held on November 12, 2020.
- B. Reviewed response to the action item to assess the accessibility of our digital assets.
- C. Received a presentation focused on the following topics:
 - 1. Provided an overview of the Digital Enterprise Resource Planning (ERP) Transformation;
 - 2. Highlighted the T&R Risk Landscape; and
 - 3. Reviewed ERP / Digital & Data Transformation.

The next meeting of the Sub-Committee is to be determined.