

COSA - CITY CLERK
2021 SEP 22 PM01:09:19

CPS ENERGY BOARD OF TRUSTEES

NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its Regular Monthly Meeting **on Monday, September 27, 2021 at 1:00 p.m.**, in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

The meeting will be audio-streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, September 24, 2021, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at **publiccommentregistration@cpsenergy.com** or by phone at **(210) 353-4662**. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Designate whether public comment will be provided in person or virtually
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

In-person commenters, followed by virtual commenters, will be called to speak in the order that each registers.

Written comments may be sent to **publiccommentregistration@cpsenergy.com**. Note that written comments will not be read during the Board meeting.

The agenda packet is attached. It and other informational material may be found at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.html>

A recording of the meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
September 22, 2021



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON SEPTEMBER 27, 2021 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

COSA - CITY CLERK
2021 SEP 22 PM 01:03:24

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning:

- attorney-client matters under Section 551.071;
- deliberations and other authorized action on real property under Section 551.072;
- prospective gifts or donations under Section 551.073;
- personnel under Section 551.074;
- security personnel or devices under Section 551.076;
- economic development negotiations under Section 551.087;
- deliberations, voting or taking final action on competitive matters under Section 551.086;
- deliberations regarding security audits and devices under Section 551.089; or
- deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Julia Haynes
3	PUBLIC COMMENT Pre-Registration on Friday, September 24, 2021 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	CEO'S REPORT	Discuss	Ms. Paula Gold-Williams
5	PRE-RATE INCREASE CONSIDERATION PERIOD UPDATES: A. Enhancing Community Engagement (Mr. Rudy Garza) B. Drivers for a Potential Increase (Mr. Cory Kuchinsky)	Discuss	Ms. Paula Gold-Williams
6	COST SAVINGS: PROACTIVE TRANSFORMER REPLACEMENTS (Mr. Paul Barham introducing Mr. Lee Byrd)	Discuss	Mr. Paul Barham
7	PROCUREMENT PREVIEW: A. General Services – Context for item 9C1: Underground Infrastructure Installation Services	Discuss	Mr. Darrell Clifton
CONVENE TO EXECUTIVE SESSION			
8	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
9	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for August 2021 B. Appointment to the Rate Advisory Committee (RAC) from District 3 (Mr. Rudy Garza) C. Procurement Items: 1. General Services: Underground Infrastructure Installation Services (Mr. Paul Barham)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
10	COMMITTEE REPORTS: A. Operations Oversight Committee (OOC) Meeting held on 08/17/2021 (Chair Dr. Mackey) B. OOC Aligned Risk Sub-Committee Meeting held on 08/17/2021 (Chair Dr. Mackey) C. Nominations Committee Meeting held on 08/26/2021 (Mr. Ed Kelley) D. Technology & Resilience (T&R) Committee Meeting held on 08/26/2021 (Ms. Janie Gonzalez) E. T&R Aligned Risk Sub-Committee Meeting held on 08/26/2021 (Ms. Janie Gonzalez) F. Master Planning Oversight Committee Meeting held on 08/30/2021 (Mr. Ed Kelley) G. Nominations Committee Meeting held on 09/08/2021 (Mr. Ed Kelley)	Discuss	Dr. Willis Mackey

11	JONES AVENUE PROPERTY USE	Discuss & Possible Vote	Mr. Curt Brockmann
12	APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC) FOR DISTRICT 9 (Mr. Rudy Garza introducing Ms. Julia Haynes)	Discuss & Possible Vote	Mr. Rudy Garza
13	ADJOURNMENT	Execute	Dr. Willis Mackey
<p>If the Board meeting has not adjourned by 5:00 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.</p>			

COSA - CITY CLERK
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ENHANCING COMMUNITY ENGAGEMENT

CONNECT. LISTEN. ENGAGE.

PRESENTED BY:

Rudy Garza

Chief Customer & Stakeholder Engagement Officer (CC&SEO)

September 27, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **SHARE OUR APPROACH TO RAMPING UP COMMUNITY ENGAGEMENT ACTIVITIES**



AGENDA



- **ENHANCED ENGAGEMENT PROCESS**
- **OUR ACTIVE LISTENING APPROACH**
- **TARGETED ACTIVITIES & EVENTS**
- **PROVIDING ASSISTANCE WHERE NEEDED**





CURRENT COMMUNICATION RAMPING UP ENGAGEMENT FOR PRE-RATE INCREASE CONSIDERATION PERIOD



We are constantly engaging with our customers & community; as we enter this new period we look to take it to a new level.

ENGAGING OUR COMMUNITY



**WE ARE
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TO POWER
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PRESENT, &
FUTURE OF
SAN
ANTONIO**



**RELIABILITY
& RESILIENCY**



**GROWTH &
IMPROVEMENT**



**DRIVE
EFFICIENCY**



**FINANCIAL
STABILITY**



**IMPROVE
TECHNOLOGY**



**PROTECT
CUSTOMERS**

Next Step: Ramp up our existing community engagement processes & discuss our financial needs with customers & our community.

Our rate increase has not begun, but is imminent.



**EDUCATE
EMPLOYEES**



**CONNECT
W/COMMUNITY**



**ENGAGE W/
PARTNERS**



**SHARE
MESSAGING**



**OUTREACH
TO MEDIA**



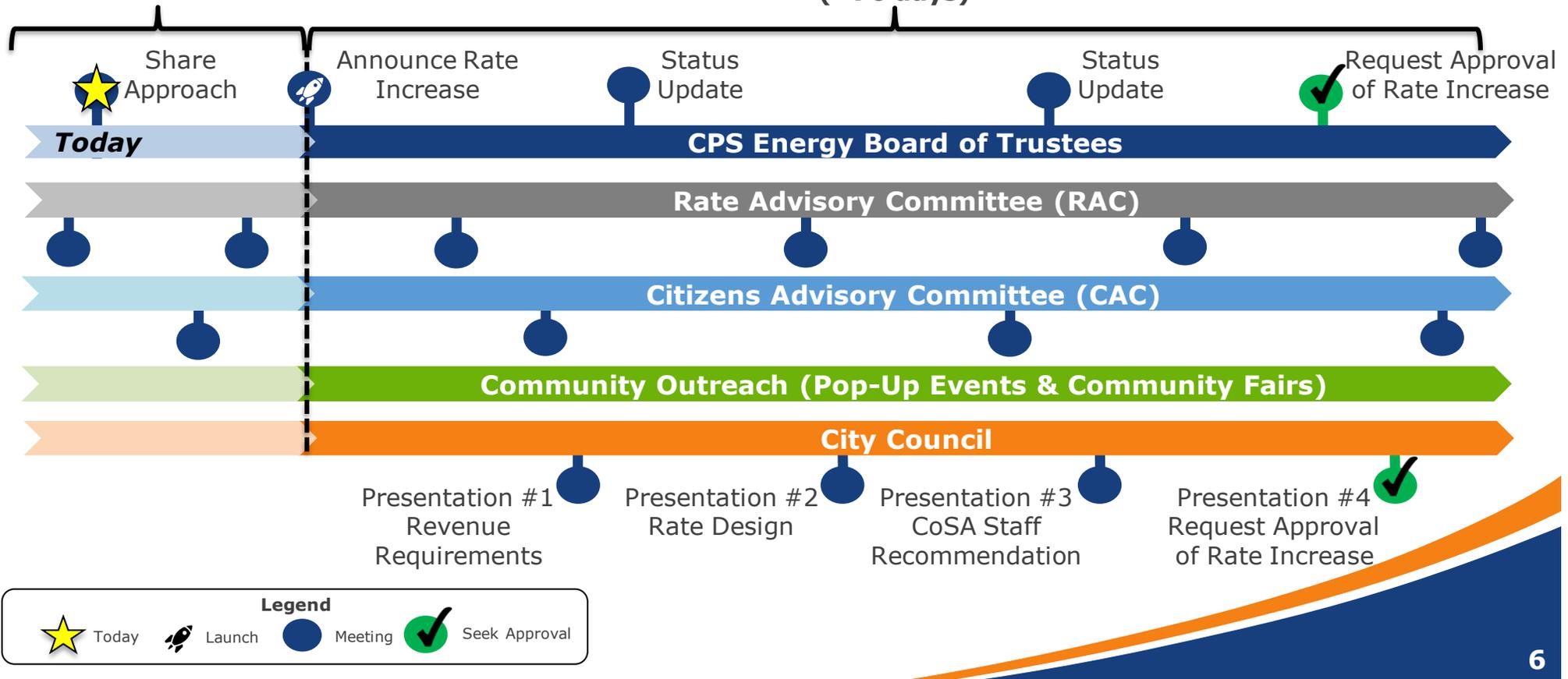
**GATHER
FEEDBACK**

THE ENGAGEMENT PROCESS



Pre-Rate Increase Period

Rate Increase Process → fall 2021
(~70 days)



CUSTOMER ENGAGEMENT SUMMARY



We are ramping up our engagement processes to:

- **Connect;**
- **Engage;**
- **Listen; &**
- **Help.**

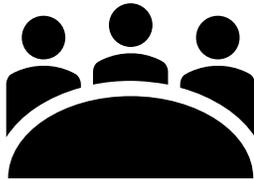


www.cpsenergy.com/poweringsa

ADVISORY COMMITTEE INPUT



Rate Advisory Committee (RAC)



- June – August → Intensive educational sessions
- Now focused entirely on the potential rate request
- Will meet several times in the coming months to fully evaluate the rate request

Citizens Advisory Committee (CAC)



- Tenured volunteers that continue to meet on a monthly basis
- Provided a rate request preview on September 8
- Will evaluate rate request details during next several meetings

The RAC & CAC will both provide feedback before we ask you to approve new rates.

PEOPLE FIRST COMMUNICATION (1 OF 2)

WE USE MULTIPLE METHODS TO LISTEN TO OUR CUSTOMERS & COMMUNITY



CONNECT WITH OUR COMMUNITY

Community Pop-Up Event

- Share information with residential, small & medium businesses, & commercial customers through numerous engagement channels
- Facilitate & participate in community events for utility assistance & awareness



ENGAGE WITH OUR PARTNERS

Partnership Events

- Create two-way communication opportunities with community leaders
- Use transparent, constant & consistent messaging utilizing opportunities for education & engagement with our partners to secure their feedback



GATHER FEEDBACK

Direct Customer Feedback

- Measure groups reached, sentiment, social share of news, & website data
- Obtain, track, respond, incorporate, & report feedback gathered through surveys, focus groups, & engagement

PEOPLE FIRST COMMUNICATION (2 OF 2)

WE USE MULTIPLE METHODS TO LISTEN TO OUR CUSTOMERS & COMMUNITY



SHARE MESSAGING

Community Outreach

- Use most cost-effective outlets & channels to reach all customer segments
- Develop & share brochures & infographics
- Use cost-effective English & Spanish channels with broad reach



MEDIA PARTNER OUTREACH

CFO Media Interview

- Outreach & communication of our **People First** focus & education
- Transparent & responsive approach to media, customers, & social media inquiries

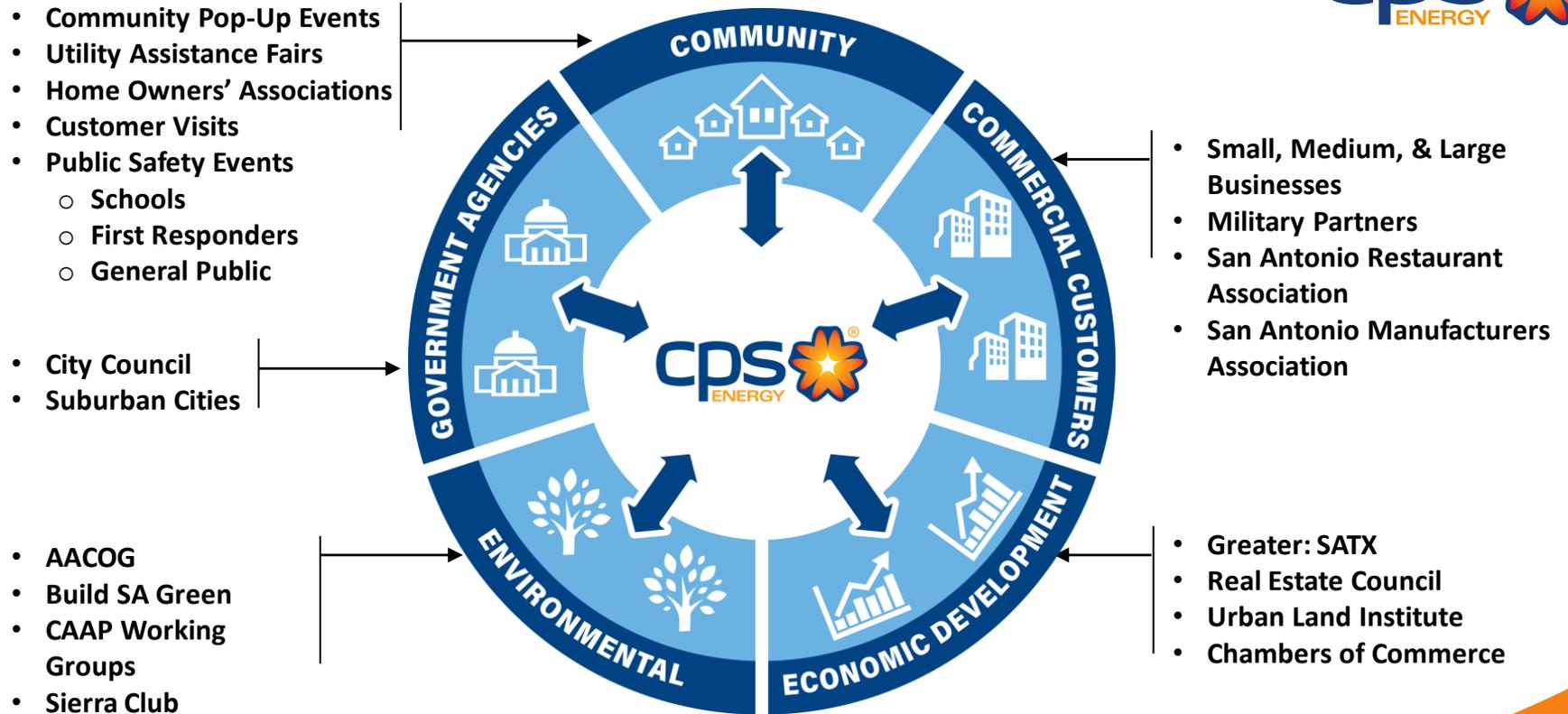


EDUCATE EMPLOYEES

Employee Led WebEx

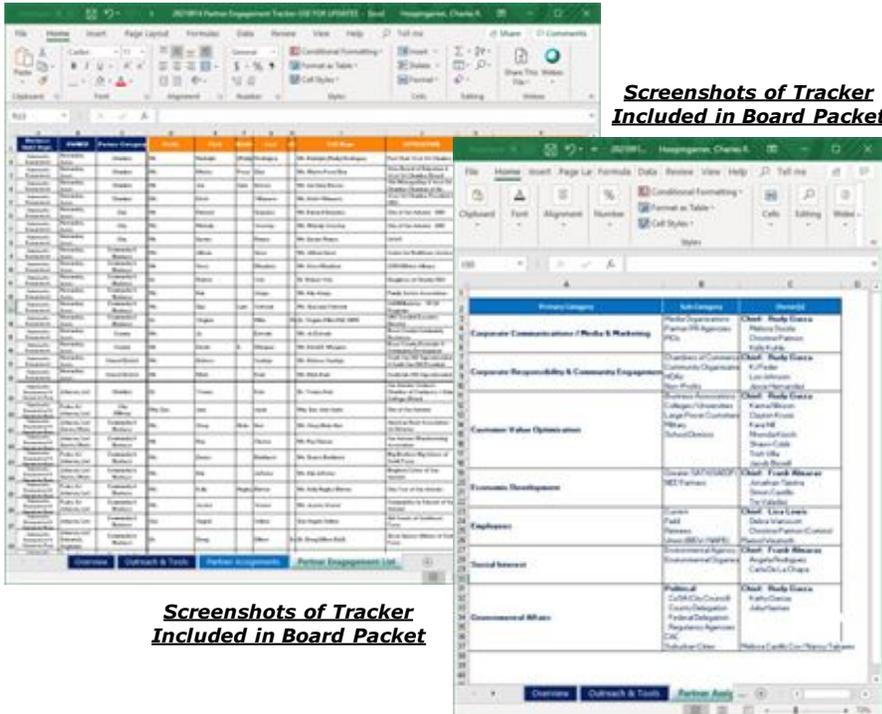
- Empower employees to become company ambassadors
- Encourage employees to provide insight on what they are hearing in the community as part of feedback loop to answer customer questions

SEGMENTED ENGAGEMENT STRATEGY



We will engage with customers & many stakeholder groups through our numerous engagement channels.

IN-DEPTH PROCESS FOR TRACKING COMMUNITY TOUCHPOINTS



- Over 200 affiliate partners & ~400 HOA points of contact
- Messaging tailored to their needs
- Scheduled & tracked through centralized spreadsheets
- Feedback is noted & follow up discussion scheduled, if needed

UPCOMING ACTIVITIES & EVENTS



- 9/27 Focus Groups Begin
- 9/28 SA WIC Clinic Pop-Up Event
- 9/29 Bexar County Tax Office Pop-Up Event
- 9/30 SA Chamber of Commerce Meeting
- 10/2 District 2 Utility Assistance Fair
- 10/5 Virtual Tele-Townhall (Pre-Rate Request Discussion)**
- 10/9 District 4 Utility Assistance Fair
- 10/13 San Antonio Manufacturers Association Webinar
- 10/25 Hybrid Public Input Session (Virtual & In-Person)***

To learn about upcoming engagements, visit
[www.cpsenergy.com/stakeholders!](http://www.cpsenergy.com/stakeholders)

*Tentative

CONNECTING WITH CUSTOMERS THAT NEED ASSISTANCE



We are ramping up our targeted outreach efforts to ensure customers are aware of our assistance programs.

Income Qualified
(At or below federal poverty guidelines)



Affordability Discount Program



Weatherization



Residential Energy Assistance Partnership

Other Assistance Programs

Critical Care Program



Senior Citizen Billing & Late Fee Waiver



Disabled Billing



Burned Veterans & Burned First Responders



Launched in 2021



WE ARE RESPONSIVE TO CUSTOMER NEEDS



- Provide customers with helpful information about our assistance programs
- Developed online bill estimation tool so customers can estimate the impact to their monthly bill
- Monitor customer needs by:
 - Creating a feedback loop for customer questions;
 - Grassroots monitoring of customer sentiment through direct sharing by employees.



We provide helpful information & resources to our customers & community to address their needs.

ENGAGING OUR COMMUNITY



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**SHARE
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**OUTREACH
TO MEDIA**



**GATHER
FEEDBACK**



Thank You





Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition	Acronym or Word	Definition
AACOG	Alamo Area Council of Governments	NA	Neighborhood Association
CAC	Citizens Advisory Committee	PTA	Parent Teacher Association
CAAP	Climate Action & Adaptation Plan	RAC	Rate Advisory Committee
CoSA	City of San Antonio	SA WIC	San Antonio Women, Infants, & Children
CRU	Customer Response Unit	SMB	Small & Medium Businesses
HOA	Home Owner Association		



DRIVERS FOR A POTENTIAL INCREASE

PRESENTED BY:

Cory Kuchinsky

Chief Financial Officer (CFO) & Treasurer

September 27, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **OUTLINE DRIVERS FOR DELIVERING VALUE**
- **PREVIEW BILL IMPACT SCENARIOS & FINANCIAL HEALTH**



AGENDA



- **PROVIDING VALUE TO OUR CUSTOMERS**
- **DRIVERS FOR A POTENTIAL INCREASE**
(RESILIENCY, RELIABILITY, TECHNOLOGY & SECURITY, PEOPLE)
- **BILL IMPACT SCENARIOS & FINANCIAL HEALTH**



CUSTOMER VALUE PILLARS & FOUNDATION



Reliability



Customer Affordability



Security



Safety



Environmental Responsibility



Resiliency



Financially Responsible

We view all decisions through our **Guiding Pillars & Foundation** to drive the most value for our customers.

PROVIDING GREATER VALUE

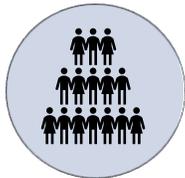
NEARLY 8 YEARS OF INCREASING NEEDS WITHOUT A RATE INCREASE



2014

2021

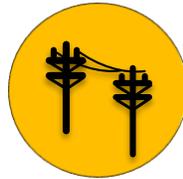
Over \$906M in Cost Savings since 2010!



+125,000 Electric Customers (+17%)
+36,000 Gas Customers (+12%)



+222 MW Peak System Demand



+1,500 Miles of Electric Lines



+1,250 Miles of Gas Lines



+\$1 Billion in Assets



+280,000 Additional Customers Enrolled in Manage My Account



+8,000% Increase in Cyber Data Breaches Worldwide



Aging Technology Platforms



~300 Fewer Employees

Our customers' needs & expectations have evolved over the last 8 years, increasing our obligations to serve them.

DRIVERS FOR A POTENTIAL INCREASE



Resiliency



Reliability



**Technology
& *Security***



People

These themes drive the added need to invest in serving our customers & community.

KEEPING THE LIGHTS ON WE ARE FOCUSED ON RESILIENCY AS WEATHER GETS MORE EXTREME



Impact of Winter Storm Uri:



4:37 minutes away from grid failure

44% electric customers without power for over 24 hrs

Weatherization & Resiliency Benefits:

- Increased alternative fuel sources
- Enhanced freeze protection
- Improved load shed capabilities to reduce customer outage times

Communication:



625,000 calls during Winter Storm Uri

Real-time **personalized communication**

Communication Benefits:

- Timely customer outage communication
- Increased call volume capability
- Enhanced community engagement & *Resiliency*

We will engage our community to discuss *Resiliency*.

KEEPING UP WITH GROWTH

WE ARE FOCUSED ON *RELIABILITY*

AS OUR COMMUNITY GROWS & ASSETS AGE



Reliability



Since Last Rate Increase:

+17% Electric Customers

+12% Gas Customers

Infrastructure & Growth Benefits:

- Improved community *Reliability*
- Decreased time to connection
- Increased economic development



Impact of Aging Assets:

63% of wooden poles are >40 years old

100% increase in storm-related costs since 2015

Maintenance & Upgrade Benefits:

- Decreased frequency & duration of customer outages
- Improved customer *Reliability* during storms
- Increased customer *Safety*

We will engage our community to discuss *Reliability*.

KEEPING UP WITH TECHNOLOGY

WE ARE FOCUSED ON
TECHNOLOGY & SECURITY AS OUR
SYSTEMS REACH END OF LIFE



Current Infrastructure:
Protects & Serves all
Operations & Customers
2023 End of Life

Data Center Benefits:

- Increased flexibility to serve customers
- Improved *Reliability & Resiliency*
- Enhanced *Security* of customer assets



Current System:
22+ Years Old
2027 End of Life

Enterprise Resource Planning Benefits:

- Enhanced customer products & services
- Improved customer experience
- Increased *Security* measures

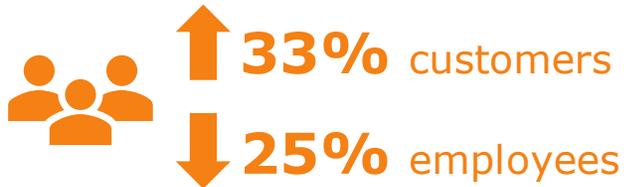
We will engage our community to discuss **Technology & Security**.

KEEPING UP WITH PEOPLE

WE ARE FOCUSED ON PEOPLE AS THE LABOR MARKET EVOLVES



Shifts Since 2006:



Stabilize Staffing Benefits:

- Improved *Reliability*
- Increased operational efficiencies
- Strengthened protection of community's assets

Changing Workforce:



~**30%** of our workforce is eligible to retire in the next 5 years
~**16%** of our workforce has joined us in the last 3 years

Skilled Workforce Benefits:

- Increased customer service
- Reduced customer request backlogs
- Invested, highly-skilled, local jobs in our community

We will engage our community to discuss **People**.

BILL IMPACT SCENARIOS

WE ARE FOCUSED ON *AFFORDABILITY* WHILE SERVING OUR CUSTOMERS



Description	General Scenarios	
General Estimate of an Average Monthly Bill	\$100.00	\$150.00
Estimated Percentage of Rate to be Fine Tuned	10%	10%
Estimated Dollar Increase	\$10.00	\$15.00

We will engage our community to discuss delivering value & *affordability*.

REMAINING FINANCIALLY HEALTHY

RESPONSIBLE FINANCIAL MANAGEMENT HELPS KEEP OUR COSTS AFFORDABLE

Preliminary View

Metric	Accountability Plans Threshold	FY2023 Estimate With 9.6-10.6% Rate Increase	FY2023 Estimate Without Increase
Adjusted Debt Service Coverage (ADSC)	1.50 ¹	1.88	1.41
Days Cash on Hand (DCOH)	150 ¹	185	141
Debt Capitalization (DC)	63.4%	64.6%	66.0%
Net Income (in Millions \$)	N/A	\$76.0 ²	(\$81.9)

- Outside of Credit Ratings Agency Guidance
- On Target with Credit Ratings Agency Guidance

¹ Aligned to Credit Ratings Agency Guidance.
² Forecasted Net Income equal to or greater than \$76.0M.

ENGAGING OUR COMMUNITY



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**GATHER
FEEDBACK**



Thank You





Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition
Enterprise Resource Planning (ERP)	Integrated management of main business processes, often in real time & mediated by software & technology.



COST SAVINGS: PROACTIVE TRANSFORMER REPLACEMENTS

INTRODUCTION BY:

Paul Barham

Chief Grid Optimization & Resiliency Officer (CGORO)

PRESENTED BY:

Davis L. (Lee) Byrd

Director, Distribution Process & Support Services

September 27, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **OUR EXISTING EFFORTS ARE RESULTING IN COST SAVINGS ASSOCIATED WITH THE AVOIDANCE OF UNEXPECTED EQUIPMENT FAILURES**
- **WE PERFORM ANNUAL ANALYSIS & REPLACEMENT PLANNING TO IDENTIFY & REFRESH EQUIPMENT NEAR END OF LIFE**

AGENDA



- *GUIDING PILLARS*
- **BACKGROUND INFORMATION**
- **CHALLENGE**
- **SOLUTION**
- **SAVINGS**



OUR GUIDING PILLARS & FOUNDATION



Our proactive equipment replacement activities are focused on maintaining *Reliability* & *Resiliency*.

BACKGROUND INFORMATION



- Substation transformers are located inside the fence
- Each transformer serves approximately 3,500 customers
- System quantity: 253 units
- Average age: 16.6 years
- Total asset value: \$318M
- Life expectancy: 50 years
- Delivery lead time: 12 months

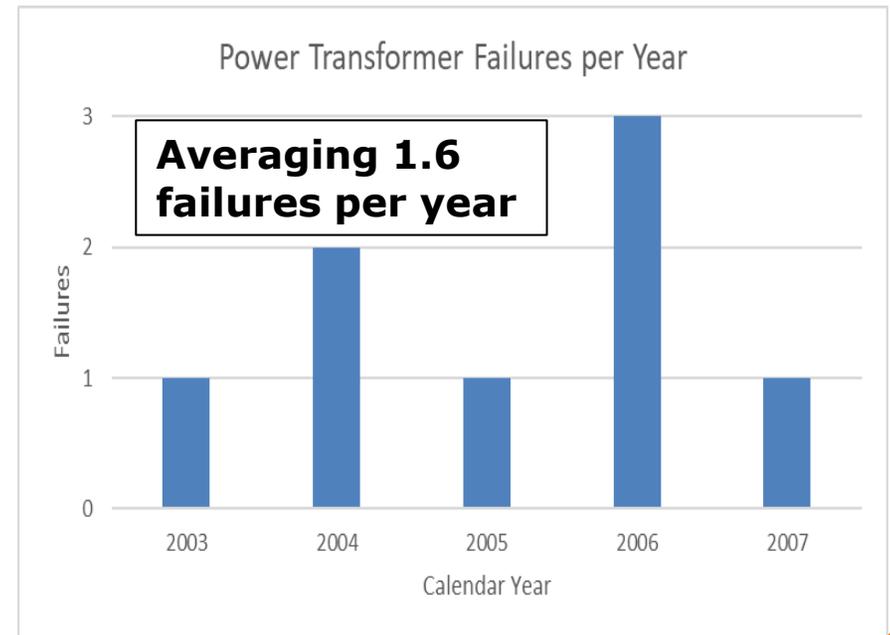


Substation Transformer

CHALLENGE

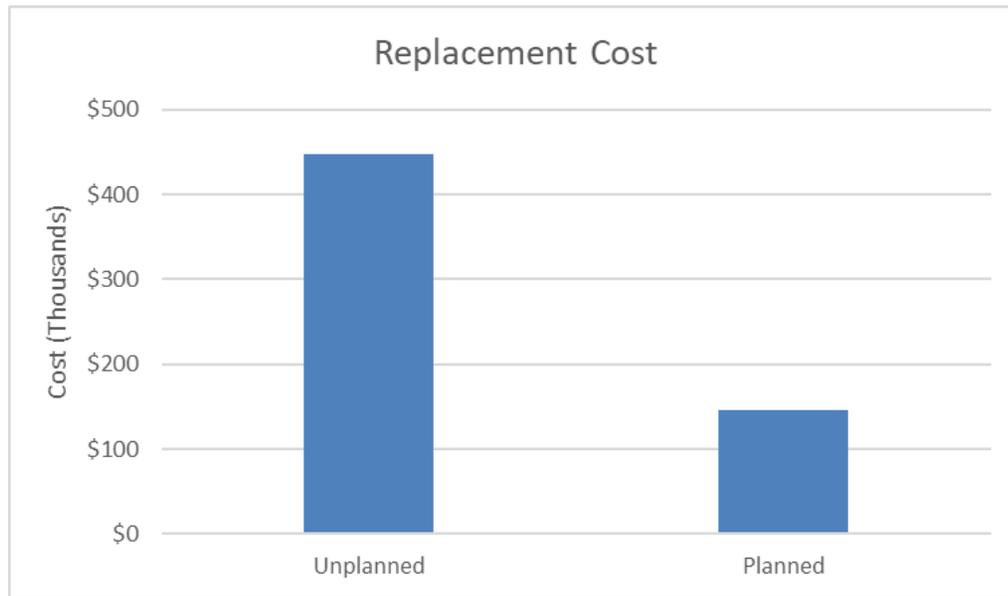


- Unexpected substation transformer failures
- Immediate replacement needed
- Each failure creates internal inefficiencies
 - Additional overtime costs
 - Equipment diverted from existing jobs to cover failure
 - Delays to planned projects



Failures prompted an organizational push to create programs for mitigation.

IMPACT OF FAILURE



- Reaction to & resolution of unplanned failures is more expensive
- Each planned replacement saves approximately \$301K

Reactionary activities associated with unanticipated failure escalate the price of repair.

SOLUTION



Technician gathering transformer health data

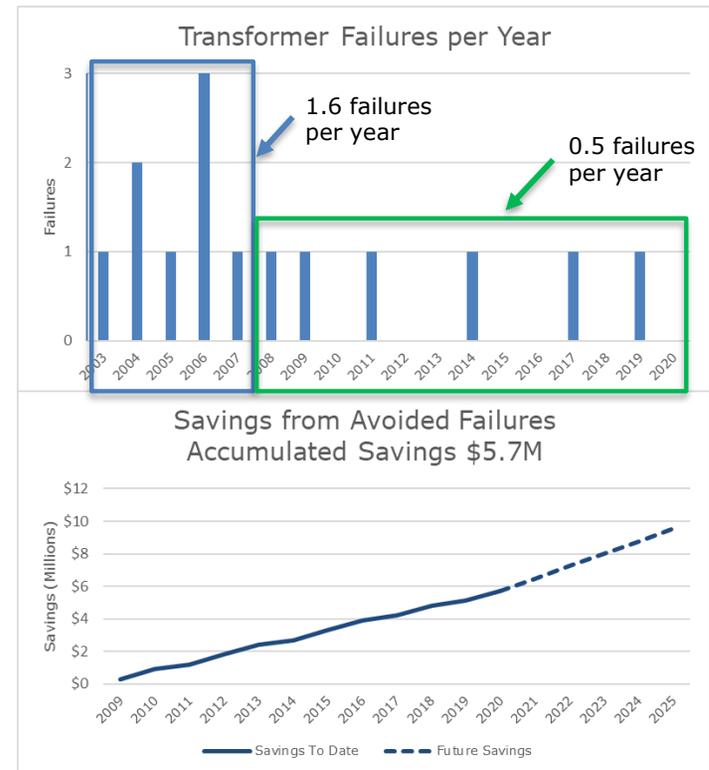
- Partnered with EPRI for research
- Benchmarked other utilities for best practices
- Implemented a multi-factor Transformer Health Algorithm to rank equipment from worst, to best
- Prioritized equipment at highest risk of failure for replacement

Our long-range equipment replacement plan is based on equipment health algorithms.

SAVINGS ONGOING



- \$301K savings per avoided emergency replacement
- 68% improvement in failure rate
- Additional improvements
 - Online oil monitoring
 - Spare units as a contingency
 - Health algorithm refinements



Operational improvements positively impact *Reliability* & add value to our customers.



Thank You





Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition
Substation Transformer	Substation class transformer serving ~3,500 customers
EPRI	Electric Power Research Institute
Transformer Health Algorithm	Formula used to calculate likelihood of failure based on available data (age, load, test results, etc.)



PROCUREMENT PREVIEW: *UNDERGROUND INFRASTRUCTURE INSTALLATION SERVICES*

PRESENTED BY:

Darrell Clifton

Vice President, Construction & Maintenance Services

September 27, 2021

*Approval Requested
on Consent Agenda*

OBJECTIVES & TAKEAWAYS



- **PROVIDE AN OVERVIEW OF UNDERGROUND INFRASTRUCTURE CONTRACTOR WORK**
- **SEEK APPROVAL ON THE CONSENT AGENDA FOR CONTINUING USE OF CONTRACT CONSTRUCTION FIRMS FOR UNDERGROUND INFRASTRUCTURE**

AGENDA



- ***GUIDING PILLARS***
- **CONTRACT SCOPE**
- **USE OF CONTRACT CONSTRUCTION FIRMS**
- **REQUEST FOR APPROVAL ON THE CONSENT AGENDA**

OUR GUIDING PILLARS & FOUNDATION



Our contract construction activities are focused on maintaining *Reliability*, *Resiliency*, & *Safety* while supporting customer growth.

CONTRACT SCOPE

UNDERGROUND CONSTRUCTION



- Primary focus:
 - Large, complex system growth & system upgrade projects
 - Customer Growth projects
 - **Reliability** improvement projects
- Pre-construction meeting to construction completion



Underground Ductbank

We are responsible for turning designs into reality & delivering a **safe & reliable** electric distribution system.

RESPONSIBILITIES

TYPES OF PROJECTS



- Large underground systems at substation exits
- Converting existing overhead lines to underground
- Complex utility adjustments for civic improvement projects



Suspended Ductbank

Our contractors support our customers' needs by providing construction services & ensuring *reliable* electric service.

USE OF CONTRACT CONSTRUCTION FIRMS

BENEFITS

- Provide additional resources to augment internal construction staff
- Additional support for storm restoration, as needed
- Multiple construction firms utilized for flexibility & continuity



Underground Trench
& Conduit

Construction contractors support us in building a **safe & reliable** electric distribution system.

PROCUREMENT REQUEST FOR PROPOSALS (RFP)



- Evaluation points awarded to SWMV¹ & local businesses
- Focusing on growing a qualified & diverse vendor pool
- Actively recruiting SWMV¹ businesses
- Engaging with partnership agencies²
- Driving opportunities to “debundle”
- Subcontracting plans & vendor mentorship as part of vendor selection



*President & CEO
Paula Gold-Williams speaking
during a CPS Energy Supply
Chain Facebook Live event
August 5th, 2020*

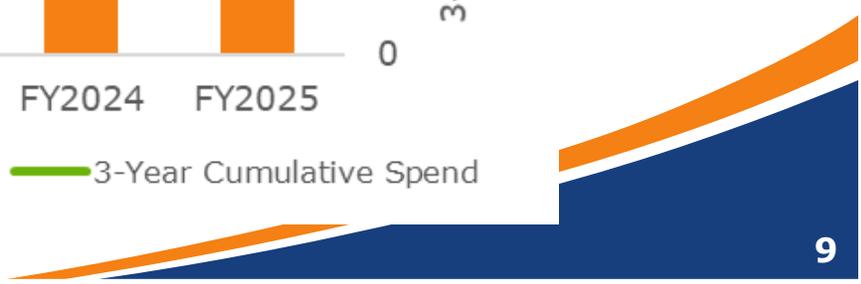
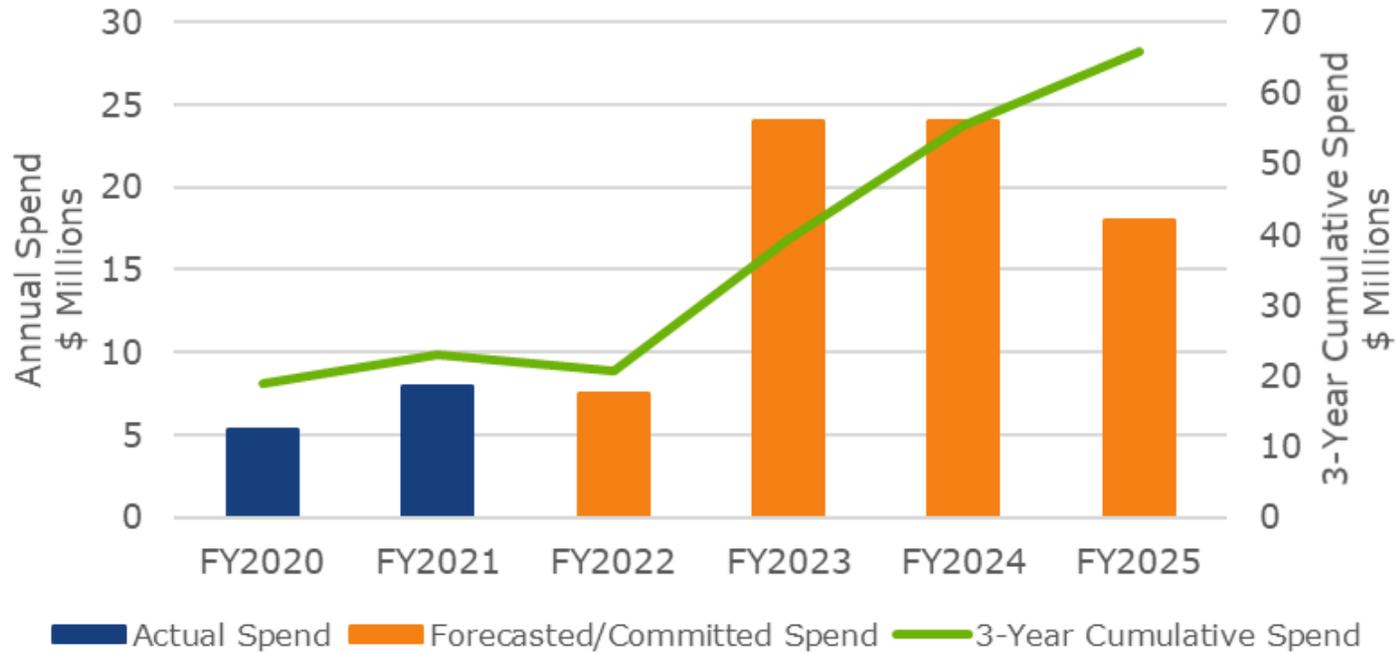
¹ Small / Women / Minority / Veteran Owned

² Fair Contracting Coalition, South Central Texas Regional Certification Agency, ...

CONTRACT SPEND



Grid Optimization UG Infrastructure Contract
Actual & Forecasted Annual Spend



BOARD APPROVAL CONSENT AGENDA



- 8 proposals received
- 3 construction firms selected
 - All headquartered in the San Antonio-metro area
 - Two are small/diverse firms
 - Non-diverse firm committed to subcontracting 20% to small/diverse firms
- Contract Overview
 - Term: 3 years
 - Term value: \$72.0M total



Underground Highway Crossing

RECOMMENDED COMPANIES



Company Name	Small / Diversity Status	Award Amount
Bartek Construction Company*	✓	\$24,000,000
HJD Capital Electric, Inc.	✓	\$24,000,000
Zachry Underground Utility Services, Inc.		\$24,000,000
	Total:	\$72,000,000

* First contract award as prime contractor after serving as a subcontractor on prior contracts



REQUEST FOR APPROVAL



- We request approval as part of the Consent Agenda for award of contracts to the 3 companies listed for Contract Construction Services in the amount of \$72 million over 3 years



Thank You



CPS Energy Board of Trustees Meeting September 27, 2021

Approval of Payment to the City of San Antonio for August 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 August 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$247,108,177.25, less applicable exclusions. The revenue for the month of August 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$291,421,770.54
Gas revenue		12,732,973.14
Interest and other income		(66,472.30)
Gross revenue per CPS Energy financial statements		<u>304,088,271.38</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(7,884,066.64)
LVG revenue per City Ordinance 100709		(1,695.83)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(25,686,967.91)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>(23,407,363.75)</u>
Total excluded revenue		<u>(56,980,094.13)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$247,108,177.25</u>
City payment per Bond Ordinance for August 2021 based upon August 2021 revenue		\$34,595,144.82
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		27,663.98
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		34,610,308.80 A
Utility services provided to the City for August 2021		<u>(2,701,062.35)</u>
Net amount to be paid from August 2021 revenue to the City in September 2021		<u>\$31,909,246.45</u>

CPS Energy Board of Trustees Meeting September 27, 2021

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 2021	Actual	Budget	Variance	
Current Month* A	\$34,610	\$38,710	(\$4,100)	-10.6%
Year-to-Date*	\$205,120	\$211,370	(\$6,250)	-3.0%

* 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 \$31,909,246.45 representing 14% of applicable system gross revenues for the month of August 2021, such payment being net of City utility services (\$2,701,062.35), is hereby approved."



APPOINTMENT TO THE RATE ADVISORY COMMITTEE (RAC) FOR DISTRICT 3

September 27, 2021

Approval Requested

DIVERSIFICATION

COUNCIL MEMBER NOMINATIONS



District	Nominee	Zip Code	Race	Gender	Quadrant	Profession
1	John Agather	78212	Hispanic	Male	2	Musician
2	Seymour Battle	78210	African American	Male	3	Real Estate Investor
3	Brenda Pacheco Lulu Avitua	78214 78221	American Indian/Alaska Native Aleutian/Hispanic Hispanic	Female	3	Retired – Contract Administrator Business Owner/Student
4	Peter Onofre	78245	Hispanic	Male	4	Operations Administrator
5	Andy Castillo	78211	Hispanic	Male	4	Designer
6	Alvaro Rodriguez	78250	Hispanic	Male	1	Sales
7	Eloisa Portillo- Morales	78201	Hispanic	Female	1	Climate Equity
8	Michael Kennick	78203	Non-Minority	Male	1	Electric Engineer
9	Ann Marie Nikolich	78230	Non-Minority	Female	1	Exec. Asst.
10	Jack Hebdon	78209	Non-Minority	Male	2	Developer Partner

REQUEST FOR APPROVAL



**Councilwoman
Phyllis Viagran,
District 3**



**RAC Nominee
Brenda Pacheco,
District 3**

Ms. Brenda Pacheco

- Retired, Contract Administrator – American Mutual Funds





Thank You





CPS Energy Board of Trustees Meeting
September 27, 2021
PROCUREMENT FORM 1

Item Description	Underground Infrastructure Installation Services
Purchase Order Value	\$72,000,000
Purchase Category	General Services
Department	Construction and Maintenance Services
Vice President	Darrell Clifton
Chief Grid Optimization & Resiliency Officer	Paul Barham

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

These contracts will provide underground three-phase infrastructure, substation exits, and overhead to underground conversion projects. The contracts will allow CPS Energy to ensure safe and reliable services to our customers and to our system throughout the CPS Energy service territory. These three-year contracts will expire on September 28, 2024.

Subcontracting opportunities associated with the contracts

Zachry Underground Utility Services has committed to subcontracting 20% of overall spend to the following diverse businesses:

- Guerra Underground, LLC is an emerging small, Hispanic American-owned business providing excavating and directional boring services.
- Four B Paving, Inc. is a local, small, woman-owned business providing asphalt paving services.
- Texas Road Boring, Inc. is a local, small, veteran-owned business providing boring services.
- Bartek Construction Co. is a local, small business providing directional boring services.

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
NEW Bartek Construction Co.	Local / Diverse	Male, Small, No HUB/Vet, Non Minority	Three (3) years	\$ 24,000,000	2198439	Corporate headquarters based in San Antonio Metropolitan Area
HJD Capital Electric, Inc.	Local / Diverse	Male, Small, Hubzone, Non Minority	Three (3) years	\$ 24,000,000	2198440	Corporate headquarters based in San Antonio Metropolitan Area
Zachry Underground Utility Services, Inc.	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) years	\$ 24,000,000	2198441	Corporate headquarters based in San Antonio Metropolitan Area
Total				\$ 72,000,000		

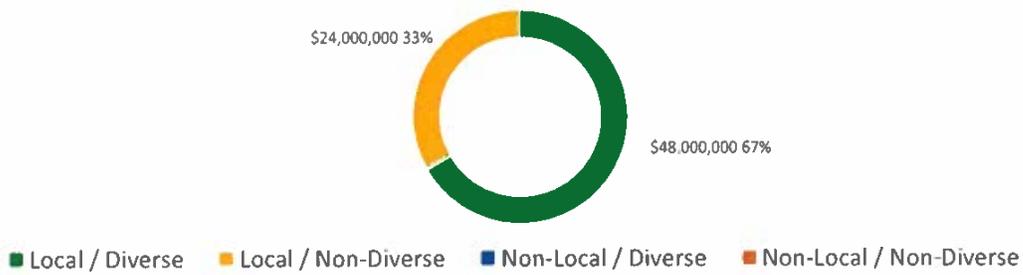


**CPS Energy Board of Trustees Meeting
September 27, 2021
PROCUREMENT FORM 1 (continued)**

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
22	Capital	\$714,300,000	\$6,000,000	0.84%	\$24,000,000	\$42,000,000
22	Non-Fuel O&M	\$687,500,000	\$0	0.00%	\$0	\$0

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

Procurement Item: General Services





OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 17, 2021 MEETING PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on August 17, 2021. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on May 10, 2021.
- B. Received an update on the Committee on Emergency Preparedness (CEP) recommendations: Introduction & General Plan that included:
 - a. An overview of the City of San Antonio CEP process, recommendations and action plan development; and
 - b. CPS Energy's action plan development process.
- C. Received an update on CEP recommendations: SAWS Pump Stations that included:
 - a. An overview of collaboration meetings with SAWS;
 - b. Pump Stations and preliminary improvements; and
 - c. An update on backup generation assessment.
- D. Received an update on Load Shed Management Summer Preparedness that included:
 - a. An outline of the historical context;
 - b. A status update on plan development, load shed improvements and evolution; and
 - c. Future improvements and positive takeaways.
- E. Received an update on the Electric Reliability Council of Texas (ERCOT) Market Redesign Topics that included:
 - a. An overview of Legislative Review and Future Outlook;
 - b. An update on current market changes;
 - c. Key themes from June Public Utility Commission (PUC) workshops; and
 - d. Policy items for future considerations.
- F. Received an update on the Scenic Loop Certificate of Convenience & Necessity (CCN) that included:
 - a. New Public Utility Commission (PUC) requirements for CCN applications;
 - b. Project Summary of the Scenic Loop Substation;
 - c. Approval and Application Processes; and
 - d. Next steps of the Scenic Loop Project.

The next meeting of the Operations Oversight Committee meeting is November 8, 2021.



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

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 17, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY
FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING**

The OOC Aligned Risk Sub-Committee met on August 17, 2021. As part of the agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on May 10, 2021.
- B. Reviewed responses to three action items to:
 - 1. Provide a high-level review of the Power Generation Resource Plan to review employee transition training plan;
 - 2. Change name reference of the Technology & Innovation Committee to the Technology & Resilience Committee; and
 - 3. Provide the current risk register.
- C. Received a presentation on risks and mitigations focused on the following topics:
 - 1. How accelerated customer growth has presented new challenges and amplified risks on our risk landscape;
 - 2. Reviewed our gas supply outlook; and
 - 3. Customer growth risks and the impact on the supply chain.

The next meeting of the Sub-Committee will be held on November 8, 2021.



NOMINATIONS COMMITTEE (NC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 26, 2021 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING

The Nominations Committee met on August 26, 2021. As part of the Nominations Committee agenda, the members:

- A. Reviewed the latest Application Tracking & Summary Matrix, which provides a high-level overview of all the applicants,
- B. Received an update on the number of applications received to date,
- C. Discussed and agreed on a process for background checks and next steps in the selection process, and
- D. Walked through pieces of the Communication & Marketing Plan.

The next meeting of the Nominations Committee is September 8, 2021.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 26, 2021 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING

The Technology & Resilience Committee met on August 26, 2021. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on June 2, 2021.
- B. Received a status update on the Infrastructure Lifecycle Strategy: Hybrid Cloud & SCADA Roadmap Update.
- C. No new action items were generated from this session.

The next meeting of the Technology & Resilience Committee Meeting will be held on December 8, 2021.



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

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 26, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR, MS. JANIE GONZALEZ
FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING**

The T&R Aligned Risk Sub-Committee met on August 26, 2021. As part of the agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on June 2, 2021.
- B. Reviewed responses to two action items to:
 - 1. Consider digital assets and investments in infrastructure through an equity lens; and
 - 2. Provide a list of top risks by impact and likelihood.
- C. Received a presentation focused on the following topics:
 - 1. Enterprise Risk Landscape; and
 - 2. Reviewed Electromagnetic Pulse (EMP) and its mitigations.

The next meeting of the Sub-Committee will be held on December 8, 2021.



MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 30, 2021 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING

The MPOC met on August 30, 2021. As part of the MPOC agenda, the Committee:

- A. Discussed the operation and activities in and around the McCullough Building.
- B. Reviewed the status, current and potential buyers, marketing strategies and/or contract deadlines 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; &
 - 6. Mission Road Power Plant and Gugert Street.
- C. Discussed disposition of Jones North and Jones South and reviewed property features and information.
- D. Discussed strategic property purchase opportunities that support electric and gas system **Reliability**, **Resiliency** and customer growth, as well as potential property sale opportunities.

The next meeting of the MPOC is September 27, 2021.



NOMINATIONS COMMITTEE (NC)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 8, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR ED KELLEY
FOR REPORT AT THE SEPTEMBER 27, 2021 BOARD OF TRUSTEES MEETING**

The Nominations Committee met on September 8, 2021. As part of the Nominations Committee agenda, the members:

- A. Reviewed all 26 eligible applicants from the Northwest Quadrant (1). After review of each of the applications, the NC discussed which applicants they would like to interview in person.
- B. Discussed next steps in the interview process.

The next meeting of the Nominations Committee is scheduled for September 15, 2021.



JONES AVENUE PROPERTY USE

PRESENTED BY:

Curt Brockmann

Interim VP Compliance, Ethics &
Facility Master Planning

September 27, 2021

Approval Requested

OBJECTIVES & TAKEAWAYS



- **PROVIDE A BRIEF REVIEW OF JONES AVE. HISTORY & USE**

- **SEEK BOARD DIRECTION FOR MANAGEMENT ON HOW TO PROCEED WITH ANY PROPERTY DISPOSITION**

AGENDA



- **REVIEW OF PROPERTY HISTORY**
- **REVIEW OF PROPERTY SITE PLAN**
- **REQUEST BOARD DIRECTION/VOTE**

OUR GUIDING 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!

JONES AVE. PROPERTY

SITE HISTORY



Historic photo of Jones Ave. pole yard

- Total 6.94 acres
- Located at 326 W. Jones Ave.
- Purchased in 1925 for an Electrical Distribution Office
- Acquired in 1942 when the City of San Antonio bought Public Service Company
- Supported operations until 2014
- Property declared surplus in 2015

JONES AVE. PROPERTY (1 OF 2)

PROPERTY DISPOSITION



Prior CEO was directed to:

- Divide the 6.94 acres in half;
- Convey 3.47 acres (South) to the San Antonio Museum of Art (SAMA), with restrictions for its use; &
- Market & sell the remaining 3.47 acres (North).



Aerial view of Jones Ave. property

JONES AVE. PROPERTY (2 OF 2)

PROPERTY DISPOSITION



Executed on ***Environmental Stewardship***

- Removed emergency communication tower in the summer 2018
- Cleaned the soil for 6.94 acres
- Continue monitoring shallow ground water in the area
- Continue monitoring potential impacts to properties adjacent to North Jones



Aerial view of Jones Ave. property

JONES AVE. SOUTH PROPERTY REQUEST BOARD DIRECTION



Public Service Co. & Lone Star Brewery

- We were unable to reach an agreement with SAMA on the final documents before the 2019 deadline expired
- Since 2015, community priorities & financial landscape have changed
- Must consider the best value of this property to the community & customers

JONES AVE. SOUTH PROPERTY REQUEST BOARD DIRECTION



- At this time, Board direction is needed to either:
 - Resume transfer negotiations with SAMA for the benefit of community arts & education;
- OR**
- Market & sell the combined 6.94 acres for the financial benefit of all customers, especially those who need payment support

Your direction & vote is requested.



Thank You





APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC) FOR DISTRICT 9

INTRODUCED BY:

Rudy Garza
Chief Customer &
Stakeholder Engagement
Officer, (CC&SEO)

PRESENTED BY:

Julia Carrillo Haynes
Manager, Local
Government Relations

September 27, 2021

Approval Requested

OBJECTIVES & TAKEAWAYS



- **REVIEW OUR EXISTING MEMBERSHIP**
- **PRESENT NEW DISTRICT 9 APPOINTMENT & REQUEST FOR APPROVAL OF MR. TOM CORSER**

AGENDA



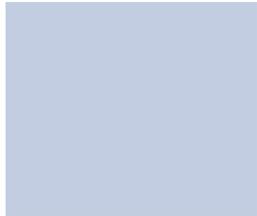
- **APPOINTMENT PROCESS**
- **CURRENT CAC MEMBERS**
- **RECENT APPOINTMENTS**
- **EXPIRING TERMS**
- **REQUEST APPROVAL OF DISTRICT 9 CAC APPOINTMENT**

APPOINTMENT PROCESS



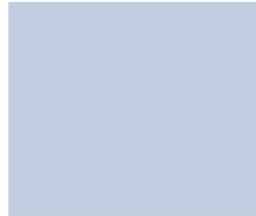
- Two (2) year terms; maximum (3) consecutive terms
- Each City Council member appoints (1) member
- All five (5) At-Large members are nominated by the community & interviewed by the CAC
- All CAC Members are approved by the Board of Trustees

COUNCIL APPOINTEES



(vacant)

DISTRICT 1



(vacant)

DISTRICT 2



DIANA AGUIRRE
MARTINEZ

DISTRICT 3



FRANK GONZALEZ

DISTRICT 4



ANDY CASTILLO

DISTRICT 5



RAQUEL ZAPATA

DISTRICT 6



DR. ADELITA
CANTU

DISTRICT 7



JOHN KELLY

DISTRICT 8



TOM CORSER

DISTRICT 9



ALLIE WATTERS –
Chair Elect

DISTRICT 10

 Appointee being considered today

The Government Relations team continues to engage with City Council offices on vacant & expiring terms & will return to the Board of Trustees regularly with updates on new appointments.

AT-LARGE MEMBERS



Luisa Casso
Chair



Bill Day
Vice Chair



**Mayor Mary
Dennis**



**MaryEllen
Veliz**



David Walter

RECENT CAC APPOINTMENTS



- 2020
 - FEBRUARY
 - MaryEllen Veliz, At-Large
 - Frank Gonzalez, District 4
 - APRIL
 - Raquel Zapata, District 6
 - John Kelly, District 8
 - JUNE
 - Dr. Adelita Cantu, District 7

- 2021
 - SEPTEMBER
 - Tom Corser, District 9

EXPIRED & SOON TO BE EXPIRING TERMS



Council Appointments

- Andy Castillo – Dist. 5
 - 02/21 – Currently serving on Rate Advisory Committee (RAC)

At-Large

- David Walter
 - 01/22
- Chair Luisa Casso
 - 02/22

The Government Relations team will return to the Board of Trustees regularly with updates on any new candidates.

CAC APPOINTMENT

DISTRICT 9



Mr. Tom Corser

- Retired Software & Cloud Transformation Leader
- Over 20 years in the technology industry
- New to San Antonio

REQUEST FOR APPROVAL



- **Mr. Tom Corser**
District 9 appointment to the CAC made by
Councilman John Courage





Thank You





Appendix



CONTINUED OUTREACH & REMOTE MEETINGS



- Meetings continue via WebEx & hybrid (virtual, in-person, or both).
- Despite the challenges of COVID-19, CAC members have stayed engaged & have adjusted to a virtual format.
- Agendas & meeting minutes are posted to our website.