

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON SEPTEMBER 27, 2021

The Regular Meeting of the Board of Trustees of CPS Energy for the month of September was held on Monday, September 27, 2021 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

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 (arrived at 1:09 p.m.)

Also present were:

Ms. Paula Gold-Williams, President & CEO
 Mr. Fred Bonewell, Chief Operating Officer
 Ms. Shanna M. Ramirez, 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. Rudy Garza, Chief Customer & Stakeholder 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

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Julia Haynes, Manager, Local Government Relations.

III. 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. Jaime A. Martinez, Sr. Project Manager, UTSA SBDC COVID Business Recovery Accelerator, spoke on the collaboration between UTSA and CPS Energy's Energy to Business program.

2. Ms. Lillian White, teacher and HUB coordinator for Sunrise Movement, spoke on CPS Energy's resumption of disconnects and the Spruce coal plant effects on the health of her students. She expressed support of the application by Dr. Adelita Cantu to the Board of Trustees.
3. Ms. Laura Richards, San Antonio Museum of Art (SAMA) supporter, yielded her time to Ms. Cecilia Herrera.
4. Mr. Brian C. Sparks, Network Director, NEISD, yielded his time to Ms. Cecilia Herrera.
5. Ms. Cecilia Herrera, retired Foreign Officer with the U. S. State Department and Board Member of SAMA, spoke on agenda item 11, Jones Avenue Property Use, supporting continued discussions with SAMA on CPS Energy's conveyance of the property to SAMA.
6. Mr. Joe Linson spoke on agenda item 11, Jones Avenue Property Use, in support of SAMA and requested that CPS Energy continue a dialogue with the museum regarding conveyance of the property to SAMA.
7. Mr. John Coleman, artist, spoke on agenda item 11, Jones Avenue Property Use, in support of continued discussions with SAMA on the conveyance of the property to SAMA.
8. Mr. Ed Hart, President, Sendero Wealth Management and Board Chairman of SAMA, spoke on agenda item 11, Jones Avenue Property Use, in support of continued discussions with SAMA on CPS Energy's conveyance of the property to SAMA.
9. Ms. DeeDee Belmares, Climate Justice, spoke in support for the application by Dr. Adelita Cantu to the Board of Trustees. In addition, Ms. Belmares spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, regarding an e-mail from Mr. Rudy Garza inviting the environmental stakeholders to discuss CPS Energy's **Flexible Path**SM Resource Plan. Ms. Belmares looks forward to the meeting.
10. Dr. Meredith McGuire, Trinity University Professor Emerita and Conservation Co-Chair, Sierra Club, San Antonio, Texas, spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, requesting a halt of consideration of rate increases until after residential rates are restructured.
11. Ms. Valerie Morales, Community Organizer and member of Climate Collectiva, spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, opposing the rate increase for those residents not able to pay their bills.
12. Mr. Terry Burns, Former Chair, Alamo Sierra Club, spoke in support of the application by Dr. Adelita Cantu to the Board of Trustees.
13. Ms. Isabella Nieto, Texas Rising and Student at UTSA, spoke in support of the application by Dr. Adelita Cantu to the Board of Trustees. Ms. Nieto also spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, against any rate increase and disconnection of accounts.

14. Ms. Lexy Garcia, Texas Rising Regional Field Coordinator, spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, against disconnections and any rate increase. In addition, Ms. Garcia also spoke in support of the application by Dr. Adelita Cantu to the Board of Trustees.

IV. CEO'S REPORT

Ms. Gold-Williams provided an overview of her written report to the Board beginning with a discussion on CPS Energy's generating plants. We are entering a period where we typically do maintenance on the plants. Our high impact months are from June to September. During Winter Storm Uri, there were plants across the state doing maintenance. Typically, the industry has not had a winter peaking period that was substantial. As a result, generators usually take the months of October to May to perform maintenance. We inform ERCOT when we plan outages for maintenance. During Winter Storm Uri, we had one plant out for maintenance. However, eighty-five percent (85%) of CPS Energy's capacity was operational. There have been discussions in the industry, and at the Texas Legislature, about plants needing maintenance, planning for a winter peak, and evaluating an exclusion of planned maintenance during that time. CPS Energy has embraced that discussion. After Winter Storm Uri (Uri), we determined the need to plan for winter peaks and change the traditional outage schedule. Mr. Almaraz and his team have come up with a plan to help eliminate planned maintenance during the months of January and February. This will result in increased labor and power purchase costs.

Ms. Gold-Williams informed the Board that CPS Energy will continue to work with the Municipal Utilities Committee (MUC) and has made progress on a number of action items that the Committee on Emergency Preparedness (CEP) assigned us. We will attend monthly meetings and a City desktop exercise to improve communication processes among the City, SAWS and CPS Energy.

Ms. Gold-Williams highlighted supply chain challenges, specifically getting certain equipment and materials needed to operate our system. We, along with the industry, are having trouble obtaining transformers. Transformers are needed to support new growth and regular system maintenance. We have been utilizing proactive maintenance practices to extend the existing inventory's life.

In response to the Board's request for updates on CPS Energy's plans to solve energy challenges and the plan for utility scale projects, she also gave an update on the **FlexPOWER Bundle**SM. We believe there is a lot of benefit from distributed generation. We have a target of 900 MW of solar, and carved out about 50 MW to help with distributed solar locally. We have a distributed solar campaign running in both our **STEP** program and **FlexPOWER Bundle**SM. We continue to update the community and obtain feedback. A sample from our customer survey indicates that **Reliability** and **Affordability** are the primary concerns for our customers.

Ms. Gold-Williams also gave a preview of agenda items 5 A. and B, Pre-Rate Increase Consideration Period Updates. We are committed to better communication to the public. We gave a media update on today's presentation before the Board meeting. We are going to continue to give the community information about why we are here after 8 years without a rate increase and get feedback. We will not ask for more than is needed. We have financial pressures due to the pandemic, Uri, necessary investment in our infrastructure, the need to keep our equipment well maintained and the need to keep our employees well trained to continue to serve our community. We have saved over \$900 million since 2010. Although the rate increase is projected to be around ten percent (10%), we continue to fine tune the numbers to try and reduce.

Ms. Gold-Williams informed the Board about agenda item 6, Proactive Transformer Replacements. A CPS Energy study was shared that showed the cost of failing transformers, which was over \$300,000 per unit. In 2009, we implemented a program that reduced transformers failures by sixty-eight percent (68%) with preventative maintenance and proactive replacement. We have avoided approximately \$6 million in hard costs under this program.

Ms. Gold-Williams also informed the Board that there will be a discussion about the use of the Jones Avenue property. A prior agreement made between SAMA and CPS Energy to convey the property expired in 2019. She is requesting the Board's approval for next steps on the future handling of this property, either to continue negotiations with SAMA and enter into a new agreement, or market the entire property and use the proceeds to help our customers.

Trustee Steen noted a recent panel for the North Chamber of Commerce called the State of Utilities, during which Mr. Robert Puente stated that SAWS has a list of action items from Uri and progress reports are provided at every SAWS Board Meeting. Trustee Steen asked for CPS Energy to do the same. Ms. Gold-Williams responded that we are working on a consolidated list of action items. We utilize the CEP for a comprehensive overview of all activities and have created a dashboard. Chair Dr. Mackey agreed with Trustee Steen's request and asked that a plan be provided by December 15, 2021. In addition, Chair Dr. Mackey asked Mr. Bonewell about the engagement of Black & Veatch. Mr. Bonewell responded that Black & Veatch was retained to consult on load shed. Chair Dr. Mackey asked when the status report will be provided to the Board. Ms. Gold-Williams responded that it will be delivered prior to the October 2021 Board meeting. Chair Dr. Mackey also requested that the report indicate money spent to remediate winter storm issues.

Mayor Nirenberg asked what the response data indicated about the **FlexPOWER Bundle**SM Tele-Townhalls. Ms. Gold-Williams responded that over a thousand people called in, and committed to providing more specific information. Vice Chair Gonzalez requested that the data be divided by zip codes or by council district, whichever is easier, and by priority.

Vice Chair Gonzalez also requested an update on decisions being made by the MUC.

Chair Dr. Mackey asked the Mayor if the City of San Antonio Chief Financial Officer (CFO) can meet with him, Mr. Cory Kuchinsky, and Ms. Shannon Albert. The Mayor responded that the City CFO has been regularly meeting with Mr. Kuchinsky and Ms. Gold-Williams.

Vice Chair Gonzalez inquired about the cost of environmental cleanup if the Jones Avenue property was sold. Ms. Gold-Williams responded that CPS Energy has already done environmental cleanup and added that we monitor water from the property and are working with the Texas Commission on Environmental Quality (TCEQ) on this matter.

V. PRE-RATE CASE CONSIDERATION PERIOD UPDATES

Enhancing Community Engagement

Mr. Garza's presentation will describe the process of how CPS Energy connects, listens and engages with the community. Our general approach is to meet with customers in the community. During the pandemic,

we were not holding in-person events; however, since February of this year, we have held nearly 600 community events and this fall, we expect our leadership to continue conversations with our community.

Mr. Garza described scheduled customer engagement events regarding our proposed rate increase. In addition, he also displayed a slide previously shown to the Board that describes the engagement process that CPS Energy will follow to inform all stakeholders. Mr. Garza acknowledged that the RAC is performing the work it was charged to do in this process and in addition, the CAC will receive information and decide whether to support the rate increase. The most important aspect of this engagement process is to gather feedback and present it to the Board and City Council.

Mr. Garza described the input process from the Advisory Committees. The RAC met recently for three (3) hours to understand the financial condition of the company, including how costs are allocated among customers. In addition, we plan to go before the CAC to keep them updated on our progress and receive their input.

Mr. Garza detailed several methods we use to connect with the community, including: events with our residential and commercial customers; engagement with local partners such as the real estate council; chambers and social services agencies; the gathering of feedback from customers through phone calls; in-person conversations and surveys; Tele-Townhalls; media partner outreach; and lastly, we educate our employees with the right messaging, so all of our team members can be community ambassadors.

Mr. Garza also described how we engage stakeholders in the community by segments including, the community at large, commercial customers, economic development, and environmental and governmental agencies. We track touchpoints and report out on how many presentations have been delivered on the proposed rate increase, what feedback we have received, and who we have been unable to notify. Mr. Garza also provided a list of several upcoming events that the community can attend. This list is displayed at www.cpsenergy.com/stakeholders. He also described the various assistance programs available to our customers.

We will have a Bill Estimator on our website that assists customers in understanding the impact a potential rate increase may have on their bill. Customers can call (210) 353-2222 for assistance on delinquent bills.

Vice Chair Gonzalez asked when the Board can expect to receive a presentation from the RAC. Mr. Garza responded that although the Committee is not ready to provide a presentation, it is hard at work.

Vice Chair Gonzalez requested that the RAC provide the following information: a breakdown of the rate structure, specifically, both the fixed and O&M costs associated with solar customers; the breakdown of costs for residential and commercial accounts that have solar panels; and the cost to customers. She stressed that continued investment in solar should not burden low income customers. Mr. Garza responded that the Committee will be looking at the proposed rate case, as well as a long-term view on alternative rate-making structures. Vice Chair Gonzalez wants the RAC to provide the financial analysis on this matter.

Vice Chair Gonzalez also shared an experience from a senior citizen customer that received great customer service during a high bill inquiry, including qualification information for an assistance program. She commended the CPS Energy employee who provided that service.

Trustee Steen noted the increased level of customer engagement in this current process and also highlighted the recent bill insert that reminded customers to call us for assistance in lieu of being disconnected.

Mayor Nirenberg asked for an update on our outreach to those eligible for disconnection. Mr. Garza responded that we had approximately 2,000 business accounts past due and only 40 accounts were disconnected. We have made 90,000 calls, reached 70,000 customers and nearly 63,000 customers are on a payment plan. The Mayor asked for a report to be shared with the Board. Mr. Garza stated that we routinely provide disconnection information to the City and other partner agencies. The Mayor asked how much CPS Energy is coordinating with the San Antonio Housing Authority (SAHA) and its tenants. Mr. Garza responded that SAHA is one of our primary partners. The Mayor asked that we continue to work closely with them.

Mayor Nirenberg also asked for information on the selection of focus groups used in the customer engagement process. Mr. Garza stated that we use a local company to assist us in selecting various demographic segments of customers for our focus groups.

Mayor Nirenberg asked about the information that is shared on the proposed rate increase to the various groups and the type of feedback we are looking to receive. Mr. Garza responded that we plan to use a standard stakeholder presentation, the CAC will hear comprehensive information and the RAC will receive the most detailed information. In addition, we anticipate feedback on topics such as **Affordability**, resource planning and other operational matters. We intend to respond to the entities that provide us feedback. Further, Vice Chair Gonzalez requested that the RAC provide financial analysis on the fixed and O&M costs applied to the various rate classes of customers. Ms. Gold-Williams responded that management will create the detailed financial analysis and the RAC will opine on it and provide the Board with recommendations.

Drivers for a Potential Increase

Mr. Kuchinsky began his presentation by highlighting that since the last rate increase, the complexity of providing service has increased significantly, and our over \$900 million of savings over that time has allowed CPS Energy to operate without a rate increase. Mr. Kuchinsky acknowledged the great efforts by our employees to achieve this result. We have been investing in our community and assets at today's costs, but our rates reflect 2013 pricing. In addition, we require improvements and upgrades to our technology to better serve the community. Moreover, we have achieved these results with three hundred fewer employees than we had eight years ago.

Mr. Kuchinsky stated that the themes of **Resiliency**, **Reliability**, technology/**Security**, and employees are the drivers for a potential rate increase. We will invest in resiliency of our grid, such as enhanced freeze protection and improved load shed capabilities, as well as improved outreach and communication to our customers. Our community continues to grow and as assets age, we will also invest in improving the reliability of our system such as pole replacements, new transformers, and underground lines. These investments will result in shorter times for connection of customers and decreased frequency and duration of outages. We need to replace a data center that is near end of life and implement new federal security requirements. Due to growth in the community and the thirty percent of employees who will be eligible to retire in the next 5 years, we will invest in our employees to improve customer service, while offering highly skilled jobs to our community.

Mr. Kuchinsky informed the Board that the prior estimated percentage rate increase is still being reviewed for possible reductions and he further stated that one way to best serve our community is for CPS Energy to remain financially healthy. Customers benefit from an affordability perspective when the company is financially healthy due to lowered borrowing costs. Mr. Kuchinsky showed a table demonstrating what our metrics look like with, and without, a rate increase.

Chair Dr. Mackey requested that slide 12 be used when meeting with the City's CFO. Trustee Kelley remarked that the information on slide 12 is very important. He indicated that a one percent (1%) increase in our interest rates could cost our company \$60 million a year. Trustee Kelley also stated that some of the people he has spoken with are not aware of our company's cost savings efforts, such as the \$900 million in savings. He also added that in twelve (12) years, we have only had one rate increase of four and one-quarter percent (4 ¼%). He encouraged the company to communicate these efforts at community events.

VI. COST SAVINGS: PROACTIVE TRANSFORMER REPLACEMENTS

Mr. Barham introduced Mr. Lee Byrd, Director, Distribution Process & Support Services, who provided the presentation on CPS Energy's Proactive Transformer Replacement Program. From a **Guiding Pillars** perspective, this program ties to **Reliability** and **Resiliency**. We have 253 transformers in our system each serving approximately 3,500 customers. Their average age is under seventeen (17) years and their life expectancy is fifty (50) years.

Mr. Byrd stated that in the early 2000s, we were experiencing high unexpected failures. Failure requires us to immediately replace the transformer, which involves overtime costs, diversion of equipment from other projects and delays planned projects from getting implemented. Overall, it is more expensive to replace unplanned failures.

Mr. Byrd outlined the program solution, which involved a partnership with the Electric Power Research Institute (EPRI) for research, benchmarking against other utilities and our internal generation team for best practices, and implementation of an internally-developed multi-factor algorithm that assessed the risk of the units and prioritized the units from worst to best. The prioritized list became the punch list for replacement of the units. As a result, beginning in 2009, we saw unit failures drop from 1.6 per year to 0.5 per year, which led to savings of \$5.7 million. We have improved the program by adding the monitoring of transformer oil, storing spare units and refining the algorithm.

VII. PROCUREMENT PREVIEW

General Services – Context for Item 9C1 – Underground Infrastructure Installation Services

Mr. Darrell Clifton, Vice President, Construction & Maintenance Services, began his presentation by stating that this request aligns with our **Guiding Pillars** of **Reliability**, **Safety** and **Resiliency**. The scope of the underground construction contracts is a large complex system of customer growth projects and focuses on improving the **Reliability** of our distribution system. Underground projects include large underground systems leaving our substations, converting overhead systems and adjustments for civic improvement projects. The main benefits of using contractors is augmenting our internal staff and the flexibility to complete projects.

Mr. Clifton stated that this procurement went through an RFP process, allowing us to award points to local and diverse businesses. It will help us grow a diverse and qualified vendor pool.

He displayed a graph showing the need for underground infrastructure. We expect our contract spend to triple over the next three (3) years due to customer growth and our underground strategy.

He stated that we received eight (8) proposals and selected three (3) firms. All three (3) are local, with two (2) being small and diverse firms, and one non-diverse firm that is committed to subcontracting twenty percent (20%) to small and diverse firms. This is a \$72 million contract for a three (3) year term. Mr. Clifton highlighted that one of the selected firms, Bartek Construction, was formerly a subcontractor and is now a prime contractor. Mr. Clifton also stated that the work will be divided evenly among the three (3) firms and requested approval as part of the consent agenda.

Chair Dr. Mackey stated that he watched one of the contractors perform underground work on his property and asked on three (3) separate occasions not to disturb his irrigation system. They damaged his irrigation system at a cost of \$280. He called CPS Energy to report his concern about this company. He further stated that he will not support the competency of this firm and indicated that the work by the firm at his location is a reflection of CPS Energy.

Ms. Gold-Williams stated that we contacted the firm about the substandard work performed at Chair Dr. Mackey's location. We also talked about a higher standard to review their work. The firm has made commitments to us about its improvements.

Trustee Kelley asked if CPS Energy can receive feedback from homeowners about the experience they have with our contractors. Ms. Gold-Williams agreed to close the loop on this matter and other similar matters involving contractors.

Vice Chair Gonzalez asked if the company is working on a proposed vendor rating survey. Ms. Gold Williams responded that our CAO proposed a framework to be reviewed by the Board on our scoring system from a diverse vendor perspective. Vice Chair Gonzalez stated that she appreciates the initiatives on diversification, de-bundling, and subcontracting opportunities contained in today's presentation.

Mayor Nirenberg requested that the company provide the Board with information on vendors being proposed for award of contracts. Mr. Clifton informed the Board that we have scorecards on all selected vendors. Our scorecard considers safety, customer complaints and other information. Contractors must maintain an acceptable level on these items to become and to continue to be a CPS Energy supplier.

VIII. EXECUTIVE SESSION

At approximately 3:19 p.m., 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:

- Attorney-Client Matters (§551.071)
- Real Property (§551.072)

- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 5:04 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

IX. APPROVAL OF CONSENT ITEMS

On motion duly made by Trustee Steen, seconded by Trustee Kelley, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved.

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	(12,500.00)	
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	(2,701,062.35)	
Net amount to be paid from August 2021 revenue to the City in September 2021	<u>\$31,909,246.45</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)

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) from District 3

Mr. Garza introduced Ms. Brenda Pacheco, Retired Contract Administrator – American Mutual Funds, as the District 3 Nominee to the RAC.

Approval of Procurement Items - September 2021

One (1) Non-Competitively Sensitive Item

Item Description: Underground Infrastructure Installation Services
Purchase Category: General Services
Supplier: Bartek Construction
Supplier: HUD Capital Electric, Inc.
Supplier: Zachry Underground Utility Services, Inc.

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

X. COMMITTEE REPORTS

Operations Oversight Committee (OOC) Meeting held on August 17, 2021

A report of the OOC meeting, which took place on August 17, 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 August 17, 2021

A report of the OOC Aligned Risk Sub-Committee meeting, which took place on August 17, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

Nominations Committee (NC) Meeting held on August 26, 2021

A report of the NC meeting, which took place on August 26, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

Technology & Resilience (T&R) Committee Meeting held on August 26, 2021

A report of the T&R Committee meeting, which took place on August 26, 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 August 26, 2021

A report of the T&R Aligned Risk Sub-Committee meeting, which took place on August 26, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "F") to the meeting minutes.

Master Planning Oversight Committee Meeting (MPOC) held on August 30, 2021

A report of the MPOC meeting, which took place on August 30, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "G") to the meeting minutes.

Nominations Committee (NC) Meeting held on September 8, 2021

A report of the NC meeting, which took place on September 8, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "H") to the meeting minutes.

On motion duly made by Trustee Kelley, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, that the Committee Reports be read into the minutes of this meeting was unanimously approved.

XI. JONES AVENUE PROPERTY USE

Mr. Curt Brockmann, Interim VP, Compliance, Ethics & Facility Master Planning, began his presentation by stating that we apply our **Guiding Pillars** when we decide to sell property, such as considering if the property is no longer needed for **Reliability** or **Resiliency** purposes, if the property is **Safe** and meets environmental standards, and if the sale of the property benefits our customers and community.

He stated that CPS Energy has owned the Jones Avenue property for nearly one hundred (100) years, that it is about seven (7) acres and is located four (4) blocks north of our current location on the San Antonio River. The property served several functions until 2014, such as distribution, system protection and general electric operations. However, in 2015, the Board of Trustees declared this property surplus and the Board at that time directed the CEO to divide the property in half, convey the southern half (also known as south Jones) to the SAMA and market/sell the northern half.

Mr. Brockmann also stated that in support of our **Environmental Responsibility** pillar, we performed clean-up work such as the removal of a communications tower in the summer of 2018, cleaned the soil on the entire tract, managed shallow ground water and monitored the potential impacts to adjacent properties.

He also stated that we were unable to complete the conveyance to SAMA by 2019 and the agreement expired. Considering the changes to our financial landscape and community priorities, CPS Energy is seeking direction from the Board to either resume negotiations with SAMA for the benefit of the arts and education community or market and sell the combined seven (7) acres for the financial benefit of all customers, especially those who need payment support or any other motion the Board deems necessary.

Trustee Steen asked for clarity on the motion. Chair Dr. Mackey responded that the motion authorizes the CEO to explore all marketing options and for continued discussions with SAMA on the highest and best use of the property. Trustee Steen further stated that the motion is ambiguous about what we are doing with SAMA based upon the expired arrangements. Trustee Kelley stated that he interprets the motion to instruct the CEO to discuss with SAMA the highest and best use of the property. We are continuing discussions with SAMA and others who are interested in the property.

Mayor Nirenberg stated that this property is public property and that he interprets the motion to authorize the CEO to have discussions with SAMA and bring resolution. If there is no resolution with SAMA, then we are authorizing the CEO to market the property and to have the Chair be involved in those discussions. Trustee Kelley agreed with the Mayor's interpretation.

On a motion duly made by Chair Dr. Mackey, and seconded by Trustee Kelley, and upon a vote of four (4) members in favor and one (1) dissent by Trustee Steen, the Board authorizes the CEO to explore all marketing options for the sale of the entire property with continued discussions with SAMA on the highest and best use of the property, 6.94 acres, located at 326 Jones Avenue.

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

Mr. Garza introduced Julia Haynes, Manager, Local Government Relations, who informed the Board that District 9 Councilman John Courage has nominated Mr. Tom Corser to the CAC. Mr. Corser is a retired Software and Cloud Transformation Leader.

On motion duly made by Trustee Kelley, and seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the appointment of Mr. Corser to the CAC was approved.

XIII. ADJOURNMENT

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



Shanna M. Ramirez
Secretary of the Board



CPS Energy Board of Trustees Meeting
September 27, 2021
APPROVAL of PROCUREMENT ITEM
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1.	Item Description:	<u>Underground Infrastructure Installation Services</u>
	Purchase Category:	General Services
	Supplier:	Bartek Construction Co.
	Supplier:	HJD Capital Electric, Inc.
	Supplier:	Zachry Underground Utility Services, Inc.

Approval: *Lisa D. Lewis*
Lisa Lewis, Chief Administrative Officer

Approval: *Paula Gold-Williams*
Paula Gold-Williams, President & CEO



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		

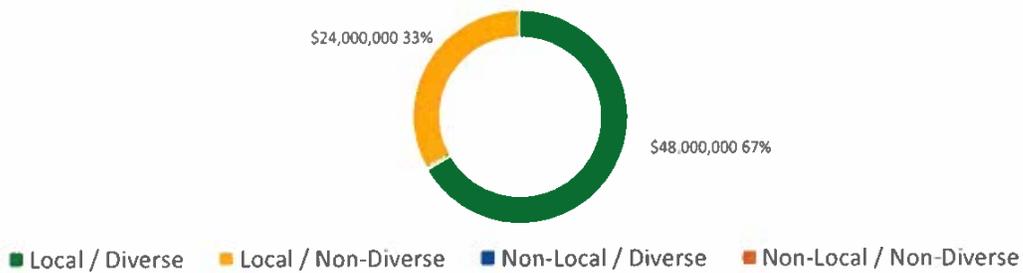


**CPS Energy Board of Trustees Meeting
September 27, 2021
PROCUREMENT FORM 1 (continued)**

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.