

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON MAY 23, 2022

The Regular Meeting of the Board of Trustees of CPS Energy for the month of May was held on Monday, May 23, 2022 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 1:05 p.m.

Present were Board members:

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

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, EVP
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. Debra Wainscott, Vice President, People & Culture.

III. PUBLIC COMMENT

Cyrus Reed, Member of Sierra Club, resident of Austin, stated he supports Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He believes CPS Energy needs to save energy because costs will continue to increase, and customers ultimately save money whether or not they utilize the program.

Mike Weining, Self Reliant Solar, stated his customers, who are locally owned small businesses, will save a significant amount of money over the next four decades due to their solar installation. He encouraged the Board of Trustees to adopt Option 2 (funding \$70M/year) for the proposed energy efficiency & conservation program. He further urged for gradual changes to the solar programs to allow the industry to transition.

Henrietta LaGrange, resident of San Antonio, stated CPS Energy should employ a scientist that studies electricity. She also expressed her support for Mr. Rudy Garza to be the permanent President & CEO of CPS Energy.

Shannon Mills, BLCCS, stated that STEP (Save for Tomorrow Energy Plan) has assisted her customers in improving their workspaces. She stated that STEP has helped non-profit organizations, school districts and other customers to save \$8M in energy costs and 3 megawatts through demand response. STEP has assisted her in growing her business. She expressed her support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Aaron Stein, Director of Energy & Sustainability for SAISD, expressed his support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated that energy efficiency is important for schools as it allows them to focus funds on their primary objective of education. STEP has assisted SAISD in reducing energy costs by \$6M since 2017 and providing \$1.7M in rebates.

Christopher Mayorga, Rewiring America, expressed his support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated that energy efficiency is the cheapest and most climate effective technology. He further stated that he would like for electrification to be included in the next iteration of the program and disagreed with the current rebates for natural gas appliances.

Dennis Roberts, Energy Efficiency Done Right; Andrew Bertreaux, San Antonio Smart Solutions; and Dennis Sullivan, San Antonio Smart Solutions; stated that energy efficiency and conservation programs pay for themselves and are needed to combat climate change. He recommended that the program include home window and roof insulation and other self-perpetuating projects.

Guy McKeon, Regional Manager of Facilities and Construction for IDEA Public Schools, expressed his support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated that three scholarships were created for students from the money saved through the STEP commercial program.

Lexi Garcia, Texas Rising Organizer, expressed her appreciation of the registration process. She stated her concern that the Board of Trustees does not have the appropriate concern for climate change if an energy efficiency & conservation program could be discontinued. She expressed her support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Dr. Terry Burns expressed his support in writing for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated energy conserved is the cheapest form of energy, and the program will benefit thousands of low-income customers.

Bridget Butterworth expressed her support in writing for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Dr. Meredith Maguire expressed her support in writing for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Councilmember Clayton Perry, District 10, submitted a written letter. The letter addressed generation planning, including an energy efficiency & conservation program. It was printed and provided to the Board of Trustees.

IV. CHAIR'S REMARKS.

Chair Dr. Mackey informed the Board that he had directed Mr. Rudy Garza to draft a strategic plan for the Board of Trustees. He stated his appreciation at the quality, thoroughness and direction provided for in the draft plan. He provided asked the Board members to review and provide comments to Mr. Garza.

Chair Dr. Mackey also noted he read the audit and is pleased about the results.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza stated customer scams are increasing. CPS Energy is investigating these scams with the intent to prosecute. CPS Energy will not call a customer and demand immediate payment, and if a customer receives such a call, they should hang-up and call CPS Energy at 210-353-2222.

Mr. Garza then noted that Mr. Cory Kuchinsky will present details on financial metrics, but overall, the financial performance is favorable year-to-date.

Mr. Garza reiterated that rising natural gas costs are impacting customer bills, and that CPS Energy is working to inform customers on these rising costs. Customers also received a letter stating the annual amount of their bill that funds STEP.

Mr. Garza congratulated and expressed his appreciation to Mr. Anthony Moy, Director of Gas Engineering & Planning, Mr. Michael Fuentes, Director of Gas Construction, and the Gas Operations & Construction team for being recognized by the American Public Gas Association with a bronze System Operational Achievement Recognition (SOAR) award.

Mr. Garza recognized employees who helped organize the CPS Energy, IBEW Local 500 United Way Golf Tournament, which netted \$130,000 for REAP. He also recognized Chair Dr. Mackey and his team for playing in the tournament and earning first place.

Finally, Mr. Garza recognized Ms. Steffi Ockenfels, Project/Program Lead, Corporate Responsibility and her work to make the golf tournament and other events successful. Ms. Ockenfels stated that her work at CPS Energy is work in public service and to do fellowship work in community. The Board of Trustees congratulated Ms. Ockenfels.

VI. MONTHLY PERFORMANCE UPDATE

Mr. Cory Kuchinsky presented the monthly performance update with a focus on financial performance. He presented on the FY2023 financial results & projections, and the natural gas cost trend & customer impact.

Mr. Kuchinsky noted that the first quarter results showed a favorable year-to-date result due to high weather-driven sales volume, lower O&M expenditures and interest savings. Looking ahead, the updated forecast shows CPS Energy to be on-target with the original budget forecast.

Mr. Kuchinsky noted natural gas prices have historically been volatile and are influenced by a number of forces in the open market. CPS Energy has taken steps to protect customers and stated that credit agencies have taken note of those efforts. The Board of Trustees asked various follow-up questions, and Mr. Kuchinsky provided responses.

VII. YEAR-END AUDIT

Ms. Carolina Garcia, KPMG and Mr. Chris Carmona, Schriver, Carmona & Co., presented on the year-end audit. Ms. Garcia informed the Board of Trustees that she had no had significant findings to report and that CPS Energy will receive a clean, unmodified opinion.

VIII. EXECUTIVE SESSION

At approximately 3:43 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 4:27 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 a motion duly made by Trustee Dr. Romero, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

- A. Minutes of the Regular Meeting held on February 28, 2022.**
- B. Minutes of the Regular Meeting held on April 04, 2022.**

C. Approval of Payment to the City of San Antonio for April 2022

Approval of Payment to the City of San Antonio for April 2022

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 April 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$201,233,898.56, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$10,952,887.17. Under the previously approved agreement with the City, CPS Energy will advance to the City \$10,952,887.17 against future months' revenues for fiscal year 2023. The revenue for the month of April 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$219,966,796.68
Gas revenue		17,728,007.64
Interest and other income		(5,798,453.08)
Gross revenue per CPS Energy financial statements		<u>231,896,351.24</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(7,882,665.01)
LVG revenue per City Ordinance 100709		(179,576.51)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(18,670,275.19)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>(3,929,935.97)</u>
Total excluded revenue		<u>(30,662,452.68)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$201,233,898.56</u>
City payment per Bond Ordinance for April 2022 based upon April 2022 revenue		\$28,172,745.80
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		770,379.04
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		28,930,624.84
Utility services provided to the City for April 2022		<u>(2,800,363.15)</u>
Net amount to be paid from April 2022 revenue to the City in May 2022		<u>\$26,130,261.69</u>

A

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)

April 2022	Actual	Budget	Variance	
Current Month* A	\$28,931	\$28,003	\$928	3.3%
Year-to-Date*	\$90,763	\$81,204	\$9,559	11.8%

* 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 \$26,130,261.69 representing 14% of applicable system gross revenues for the month of April 2022, such payment being net of City utility services (\$2,800,363.15), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2023 is \$18,681,537.60.

E. Approval of Procurement Items:

1. **General Services:** Managed Service Provider – Staff Augmentation
Purchase Category: General Services
Supplier: Broadleaf Results, Inc.
2. **General Services:** Vegetation Management and Right-of-Way Maintenance Services
Purchase Category: General Services
Supplier: Asplundh Tree Expert, LLC
 Chemical Weed Control, Inc.
 Davey Tree Surgery Co.
 McCoy Tree Surgery Co.
 Paloma Balance Enterprises, Inc.
 Pannell Contracting LLC dba Pannell Co.
 Pozzi Enterprises, Inc. dba Border Construction Services
 The Arbor Experts, LLC
3. **General Services:** Substation 345kV Autotransformer Supply – Additional Funding Requested
Purchase Category: Commodity & Material Goods
Supplier: Royal Smit Transformers BV dba Smit Transformatoren BV
4. **General Services:** Substation Transmission Engineering Services – Additional Funding Requested
Purchase Category: Professional Services
Supplier: M&S Engineering, LLC
 Schneider Engineering, LLC

- 5. General Services:** Milwright Maintenance Services
Purchase Category: General Services
Supplier: Alin Machining Co dba Power Plant Services
 Mechanical Dynamics & Analysis LLC
 Power Services group, LLC
 Reliable Turbine Services, LLC
 ST Cotter Turbine Services, LLC
 TurbinePROS, LLC
 Universal Plant Services Inc.
- 6. General Services:** Streetlight Maintenance Services
Purchase Category: General Services
Supplier: Chain Electric Company
 HJD Capital Electric, Inc.
 The L.E. Myers Company

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

X. PROCUREMENT PREVIEW: MANAGED SERVICE PROVIDER – STAFF AUGMENTATION

Ms. Debra Wainscott, Vice President, People & Culture, provided information on the proposed Managed Service Provider contract. Ms. Wainscott requested approval to award the contract to Broadleaf Results, Inc. in the amount of \$70 million over three years. On a motion duly made by Mayor Nirenberg, seconded by Trustee Dr. Romero, and upon affirmative vote of all members present, the contract was unanimously approved.

XI. COMMITTEE REPORTS

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

Technology and Resilience Committee (T&R) Meeting held on April 12, 2022

A report of the T&R meeting, which took place on April 12, 2022, will be attached (as Attachment "B") to the meeting minutes.

XII. INTERIM CEO ANNUAL INCREASE

Vice Chair Gonzalez noted that the Board of Trustees discussed Mr. Rudy Garza's performance in Executive Session. The review period was Fiscal Year 2022, which included Mr. Garza's service as Chief Customer Engagement Officer from February 1, 2021 through October 31, 2021, and his service as Interim President & CEO from November 1, 2021 through January 31, 2022. She recommended an increase of 3% to Mr. Garza's base salary due to his accomplishments and satisfactory performance against many odds. She noted the recommended increase is in line with the average pay increase received by CPS employees. On a motion duly made by Vice Chair Gonzalez, seconded by Trustee Dr. Romero, and upon affirmative vote of all members present, the salary increase was unanimously approved.

XIII. ENERGY EFFICIENCY AND CONSERVATION PROGRAM¹

Mr. Garza stated that CPS Energy has worked with stakeholders and community partners to receive feedback to develop information for the Board of Trustees. He stated that the ordinance authorizing funding expires on July 31, and his request to the Board is to make a decision to end the program outright or to continue the program at determined level of funding.

Mr. Rick Luna, Director of Technology & Product Innovation, presented on the proposed energy efficiency and conservation program. Mr. Luna noted that if Board approval is received, CPS Energy will seek approval of a new ordinance from the City of San Antonio. Mr. Luna presented three options for a 5-year program based on feedback from the Board of Trustees and other stakeholders. The options would vary in annual spending level and scope of program categories: Option 1 = \$50M/year, Option 2 = \$70M/year, and Option 3 = \$100M/year. Options 2 and 3 would provide new program categories.

Mr. Bill Day, Chair of the Citizens Advisory Committee (CAC), reported CAC voted on two issues at its May 11 meeting: 1) continuation of a program, and 2) if so, which option. There was not any sentiment at the CAC to end the program, and it would like for the program to continue. The CAC voted as follows:

Option 1	Option 2	Option 3
0	3	7

Mr. Day stated those that voted for Option 3 appreciated the benefits in demand reduction, energy savings and expansion to multi-family units. Those that voted for Option 2 were concerned about costs and believed this is not the time to increase funding for the program.

Mr. Reed Williams, Chair of the Rate Advisory Committee (RAC), reported RAC considered multiple options including a pause in the program or an extension of the current program. The RAC voted as follows:

End Program	Pause	Extend	Option 1	Option 2	Option 3
0	8	2	0	4	4

*There was one abstention, one absence, and one vacancy.

Mr. Williams noted that all RAC members wished for there be a program, but that not all members agreed on which programs are the most effective and which customers should be able to participate.

Chair Dr. Mackey moved for the adoption of a 5-year energy efficiency and conservation program with the Option 2 funding level, which is recommended by CPS Energy staff. The program would include annual reports to the Board of Trustees and a 3-year check-in to evaluate the program. Chair Dr. Mackey noted he would entertain amendments for the Option 1 or Option 3 spending levels. Mayor Nirenberg seconded the motion. The Board of Trustees discussed the motion and asked questions of CPS Energy staff. Trustee Steen requested his statement, asking the Board of Trustees to pause the energy efficiency & conservation program, be included in the minutes. Trustee Steen's comments are attached as Attachment "C".

¹ Chair Dr. Mackey took up Item XIII before Item VIII.

Trustee Dr. Romero made a motion to amend the motion to approve Option 3. Mayor Nirenberg seconded the motion. On a 2-3 vote, the motion to amend failed adoption. Trustee Dr. Romero and Mayor Nirenberg vote for the motion to amend. Chair Dr. Mackey, Vice Chair Gonzalez, and Trustee Steen voted against the motion to amend.

Chair Dr. Mackey re-opened discussion on the motion to approve Option 2, and there were additional questions and discussion by the Board.

Chair Dr. Mackey concluded discussion, and on a 4-1 vote, the motion was approved. Chair Dr. Mackey, Vice Chair Gonzalez, Trustee Dr. Romero, and Mayor Nirenberg voted for the motion. Trustee Steen voted against the motion.

XIV. NOMINATION FOR THE RATE ADVISORY COMMITTEE (RAC)

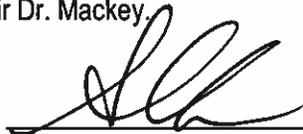
Ms. Ann Kinnard, Director, Chief of Staff for Customer Strategy, provided information on a nomination for the RAC. Trustee Dr. Romero nominated Mr. Christopher T. Fullerton for approval by the Board of Trustees. On a motion duly made by Trustee Steen, seconded by Mayor Nirenberg, and upon affirmative vote of all members present, the appointment was unanimously confirmed.

XV. APPOINTMENT FOR THE CITIZENS ADVISORY COMMITTEE (CAC)

Ms. Yvonne Pelayo, Senior Director for Local Government Relations, provided information on nominations for two at-large positions for the CAC, including an overview on the nomination and appointment process. The CAC nominated Ms. Andra Clapsaddle and Mr. Stephen Bonnette for approval by the Board of Trustees. On a motion made by Trustee Steen, seconded by Mayor Nirenberg, and upon the affirmative vote of all members present, the appointments were unanimously confirmed.

XVI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Mayor Nirenberg, seconded by Trustee Dr. Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:56 p.m. by Chair Dr. Mackey.



Shanna M. Ramirez
Secretary of the Board



CPS Energy Board of Trustees Meeting
May 23, 2022
APPROVAL of PROCUREMENT ITEMS
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		Chemical Weed Control, Inc.
		Davey Tree Surgery Company
		McCoy Tree Surgery Co.
		Paloma Blanca Enterprises, Inc.
		Pannell Contracting LLC dba Pannell Co.
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3.	Item Description:	<u>Substation 345kV Autotransformer Supply – Additional Funding Request</u>
	Purchase Category:	Commodity & Material Goods
	Supplier:	Royal Smit Transformers BV dba Smit Transformatoren BV

4.

Item Description:

**Substation and Transmission Engineering Services –
Additional Funding Request**

Purchase Category:

Professional Services

Supplier:

M&S Engineering, LLC

Schneider Engineering, LLC

5.

Item Description:

Millwright Maintenance Services

Purchase Category:

General Services

Supplier:

Alin Machining Co dba Power Plant Services

Mechanical Dynamics & Analysis LLC

Power Services Group, Inc.

Reliable Turbine Services, LLC

ST Cotter Turbine Services, Inc.

TurbinePROS, LLC

Universal Plant Services Inc.

6.

Item Description:

Streetlight Maintenance Services

Purchase Category:

General Services

Supplier:

Chain Electric Company

HJD Capital Electric, Inc.

The L. E. Myers Company

Approval:



Lisa Lewis, Chief Administrative Officer

Approval:



Rudy Garza, Interim President & CEO



CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 1

Item Description	Managed Service Provider - Staff Augmentation
Purchase Order Value	\$70,000,000
Purchase Category	General Services
Department	People & Culture
VP People & Culture	Debra Wainscott
Chief Administrative Officer	Lisa Lewis

Detailed Description

CPS Energy staff recommend that a contract be awarded to Broadleaf Results, Inc. a local, diverse firm as the respondent who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract will allow CPS Energy to procure contractors at market rates to fill short-term needs for critical business functions, ultimately helping to ensure customer reliability and affordability. Through this contract, the vendor manages staff augmentation services, allowing streamlined invoicing, work time approval, reporting under one umbrella, and consistency of rates for role types. This contract will expire on August 31, 2025.

Subcontracting Opportunities

Broadleaf Results, Inc. has committed to subcontracting 30% of overall spend to the following diverse businesses providing labor services:

- ACS Group is an Asian American-owned business
- Bridgewater Consulting Group Inc. is a local, African American-owned business
- Icon Information Consultants is a local, woman-owned business
- Intigrow is a small, Asian American-owned business
- Labor On Demand is a local, small, woman-owned business
- NCR Solutions is a local, small business
- Preferred Counsel is a local, small business
- Smartsoft International Inc. is a small business
- Vaco San Antonio LLC is a local, small business

The solicitation method for this procurement was a Request for Proposal. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	30
The ability to meet CPS Energy's requirements	30
The overall cost	20
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
TOTAL	100



CPS Energy Board of Trustees Meeting

May 23, 2022

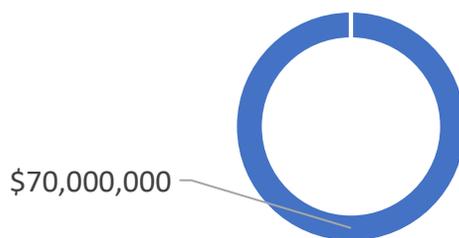
Procurement Form 1

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Broadleaf Results, Inc.	Local / Diverse (Woman-owned)	87	\$70,000,000	2200455	
TOTAL			70,000,000		

Ten (10) additional respondents were not recommended for award: Acro Service Corporation; Industrial Staffing Services Incorporated dba Evaluent Talent Solutions; InGenesis, Inc.; iSymphony LLC dba iSymphony; Metasys Technologies, Inc. dba MetaProcure; Peak Technical Services, Inc. dba Peak Technical Staffing USA; Rose International, Inc.; System One Holdings, LLC; The Act 1 Group, Inc. dba AgileOne; and Workspend, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$5,833,334	0.8%	\$23,333,333	\$23,333,333	\$17,500,000

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting

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Procurement Form 2

Item Description	Vegetation Management and Right-of-Way Maintenance Services
Purchase Order Value	\$55,000,000
Purchase Category	General Services
Department	Technical Services Distribution
VP System Operations & Customer Reliability	LeeRoy Perez
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to McCoy Tree Surgery Co.; Paloma Blanca Enterprises, Inc.; Pannell Contracting LLC dba Pannell Co.; Pozzi Enterprises, Inc. dba Border Construction Services; and The Arbor Experts, LLC; all five of which are local, diverse firms, and; Chemical Weed Control, Inc., which is a non-local, diverse firm, and Asplundh Tree Expert, LLC and Davey Tree Surgery Company, both of which are local, non-diverse firms, as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are to provide vegetation management and right-of-way maintenance services as needed and as requested by CPS Energy. This work will be performed on various CPS Energy gas and electric easements located in the San Antonio Metropolitan Area and other remote easements. These contracts will expire on May 31, 2025.

Subcontracting Opportunities

Asplundh Tree Expert, LLC and Davey Tree Surgery Company have both committed to subcontracting 10% of overall spend to diverse businesses.

The solicitation method for this procurement was a Request for Proposal. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	30
The overall cost	30
Safety records and training program	20
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
TOTAL	100



CPS Energy Board of Trustees Meeting

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Procurement Form 2

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
McCoy Tree Surgery Co.	Local / Diverse (Veteran-Owned)	82%	\$9,200,000	2200459	Corporate headquarters based in San Antonio Metropolitan Area Scope: Tree Trimming
The Arbor Experts, LLC	Local / Diverse (Woman-Small, Hispanic American-Owned)	81%	\$9,200,000	2200462	Scope: Tree Trimming
Davey Tree Surgery Company	Local / Non-Diverse	81%	\$9,200,000	2200458	Scope: Tree Trimming
Asplundh Tree Expert, LLC	Local / Non-Diverse	73%	\$9,200,000	2200456	Scope: Tree Trimming
Pannell Contracting LLC dba Pannell Co.	Local / Diverse (Woman-Small)	71%	\$9,200,000	2200790	Scope: Tree Trimming
Paloma Blanca Enterprises, Inc.	Local / Diverse (Small)	85%	\$3,000,000	2200460	Corporate headquarters based in San Antonio Metropolitan Area Scope: Right-Of-Way Clearing
Pozzi Enterprises, Inc. dba Border Construction Services	Local / Diverse (Small)	69%	\$3,000,000	2200461	Corporate headquarters based in San Antonio Metropolitan Area Scope: Right-Of-Way Clearing
Chemical Weed Control, Inc.	Non-Local / Diverse (Woman-Small)	25%	\$3,000,000	2200457	Scope: Right-Of-Way Clearing & Specialized Chemical Services
TOTAL			\$55,000,000		

There were no additional respondents.



CPS Energy Board of Trustees Meeting

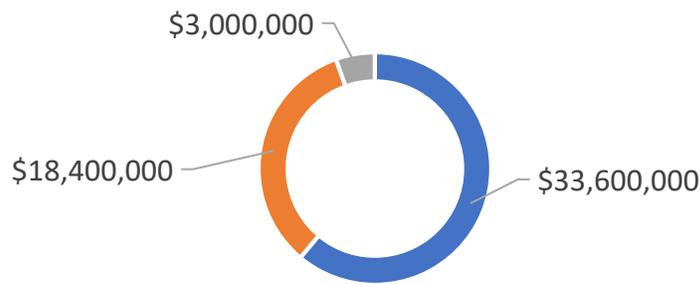
May 23, 2022

Procurement Form 2

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$500,000	0.06%	\$1,100,000	\$1,200,000	\$1,200,000
\$729,676,030	Non-Fuel O&M	\$11,500,000	1.57%	\$13,000,000	\$13,200,000	\$13,300,000

Procurement Item: General Services



■ Local / Diverse
 ■ Local / Non-Diverse
 ■ Non-Local / Diverse
 ■ Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 3

Item Description		Substation 345kV Autotransformer Supply – Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$5,200,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$15,000,000
Projected Cumulative Purchase Order Value	(D)	\$20,200,000
Purchase Category		Commodity and Material Goods
Department		Substation Engineering
Vice President T&D Engineering & Grid Transformation		Ricardo Maldonado
EVP Energy Delivery Services		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for the supply of 345kV substation autotransformers. This contract was previously awarded to Royal Smit Transformers BV dba Smit Transformatoren BV, a non-local, non-diverse firm, as the respondent who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of 345kV substation autotransformers. This additional funding request will allow CPS Energy to provide for an unforeseen influx of projects that requires immediate procurement of substation autotransformers. This contract will expire on 07/31/2023.

Subcontracting Opportunities

There are no subcontracting opportunities associated with this contract, as Royal Smit Transformers BV dba Smit Transformatoren BV self-performs all work associated with the supply of these autotransformers in the Netherlands. However, the work associated with the installation of this autotransformer provides opportunity for other CPS Energy construction contractors where prime and subcontracting opportunities to local and diverse companies are available.

The solicitation method for this procurement was a Request for Proposal (RFP). An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Price Schedule	60
Plant locations, Delivery, and Contingencies	14
Manufacturer Past Performance	25
Organization & Manufacturing Capability	1
TOTAL	100



CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 3

Recommended Respondent(s) & Award

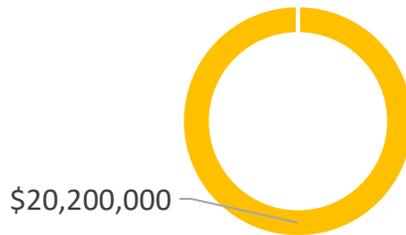
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added Funds	Additional Funds Requested	PO#
Royal Smit Transformers BV dba Smit Transformatoren BV	Non-Local / Non-Diverse	\$5,200,000	\$0	\$15,000,000	3067762
		(A)	(B)	(C)	
Totals		\$5,200,000	\$0	\$15,000,000	
Projected Cumulative Purchase Order Value (D)				\$20,200,000	

Five (5) additional respondents were not recommended for award: HICO, Hyundai, Mitsubishi, SPX Waukesha, and TBEA.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$15,800,000	\$4,400,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: Commodities



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 4

Item Description		Substation & Transmission Engineering Services - Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$15,000,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$12,000,000
Projected Cumulative Purchase Order Value	(D)	\$27,000,000
Purchase Category		Professional Services
Department		Substation and Transmission Engineering
Vice President T&D Engineering & Grid Transformation		Ricardo Maldonado
EVP Energy Delivery Services		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for substation and transmission professional engineering services. This contract was previously awarded to Schneider Engineering, LLC and M&S Engineering, LLC, both local, non-diverse firms, as the respondents who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract supports both the substation and transmission engineering departments with engineered design packages for substations, including power transformation equipment, as well as design packages for transmission lines, which include transmission structures and associated hardware and conductors. Maintaining this contract with this additional funding request will allow CPS Energy to keep pace with a sizable influx of large customer load and generation interconnect projects that were not known at the time the original purchase orders were developed and approved. These contracts expire on July 31, 2024.

Subcontracting Opportunities

The highly technical nature and speed of work associated with these professional engineering service contracts make this work impractical to outsource. No diverse businesses responded to this RFQ.



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 4

The solicitation method for this procurement was a Request for Qualifications (RFQ)¹. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience	24
Key Team Members	24
Past Performance	20
Resources	18
Overall Compatibility	8
Licenses and Certifications	6
TOTAL	100

Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Reallocated Funds	Additional Funds Requested	PO#
Schneider Engineering, LLC	Local / Non-Diverse	\$7,500,000	(\$2,570,379.66)	\$6,000,000	2178026
M&S Engineering, LLC	Local / Non-Diverse	\$7,500,000	\$2,570,379.66	\$6,000,000	2178025
		(A)	(B)	(C)	
Totals		\$15,000,000	\$0	\$12,000,000	
Projected Cumulative Purchase Order Value (D)				\$27,000,000	

Fourteen (14) additional respondents were not recommended for award: Ampirical; Black & Veatch Corporation; Commonwealth; Electrical Consultants, Inc; EN Engineering; Electrical Power Systems International; Kiewit; Power Engineers; Quanta Utility; Saber Power Systems; Sargent and Lundy, LLC; Stanley Consults; TRC Engineers, Inc; and Worley Parsons.

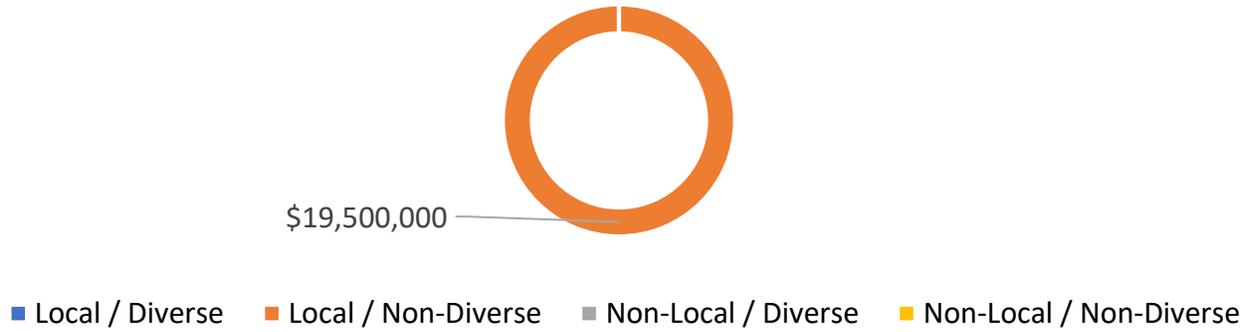
Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$6,000,000	0.7%	\$8,000,000	\$5,000,000	\$0
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

¹ CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting May 23, 2022 Procurement Form 4

Procurement Item: General Services





CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 5

Item Description	Millwright Maintenance Services
Purchase Order Value	\$15,000,000
Purchase Category	General Services
Department	Power Generation
Sr. Director, PG Central Support	Jeffrey Kruse
EVP Energy Supply	Benjamin Ethridge

Detailed Description

CPS Energy staff recommend that contracts be awarded to ST Cotter Turbine Services, Inc., a non-local, woman-owned firm; Mechanical Dynamics & Analysis LLC, a local, non-diverse firm; and Power Services Group, Inc., Turbo PROS, LLC, Reliable Turbine Services, LLC, Alin Machining Co dba Power Plant Services, and Universal Plant Services, all five of which are non-local, non-diverse firms, as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts provide highly specialized support from various millwright maintenance contractors with experience and knowledge of large steam turbine maintenance, high pressure boiler feed pump maintenance, large boiler fan maintenance, and other mechanical machinery in our power plants. This support for our generating fleet allows CPS Energy to execute generation facility maintenance, repairs and upgrades needed to maintain reliability for our customers. These contracts will expire on April 30, 2025.

Subcontracting Opportunities

All awarded companies have committed to subcontract a portion of the work to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	35
The overall cost	20
Safety records and training program	20
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	5
TOTAL	100



CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 5

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
ST Cotter Turbine Services, Inc.	Non-Local / Diverse (Woman Owned)	70%	\$2,142,857.15	2200554	
Mechanical Dynamics & Analysis LLC	Local / Non-Diverse	68%	\$2,142,857.14	2200553	
Power Services Group, Inc.	Non-Local / Non-Diverse	74%	\$2,142,857.15	2200558	
TurbinePROS, LLC	Non-Local / Non-Diverse	69%	\$2,142,857.14	2200557	
Reliable Turbine Services, LLC	Non-Local / Non-Diverse	66%	\$2,142,857.14	2200556	
Alin Machining Co dba Power Plant Services	Non-Local / Non-Diverse	63%	\$2,142,857.14	2200552	
Universal Plant Services Inc.	Non-Local / Non-Diverse	63%	\$2,142,857.14	2200555	
TOTAL			\$15,000,000		

Seven (7) additional respondents were not recommended for award: Pilgrim Construction Co., LLC; Texas Industrial Services Specialties, Inc.; Trinity Services LLC; GE Steam Power, Inc.; TEI Construction Services, Inc.; Revak Keene Turbomachinery; and Texas Compression, LLC.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$4,150,000	0.6%	\$4,200,000	\$3,500,000	\$3,150,000

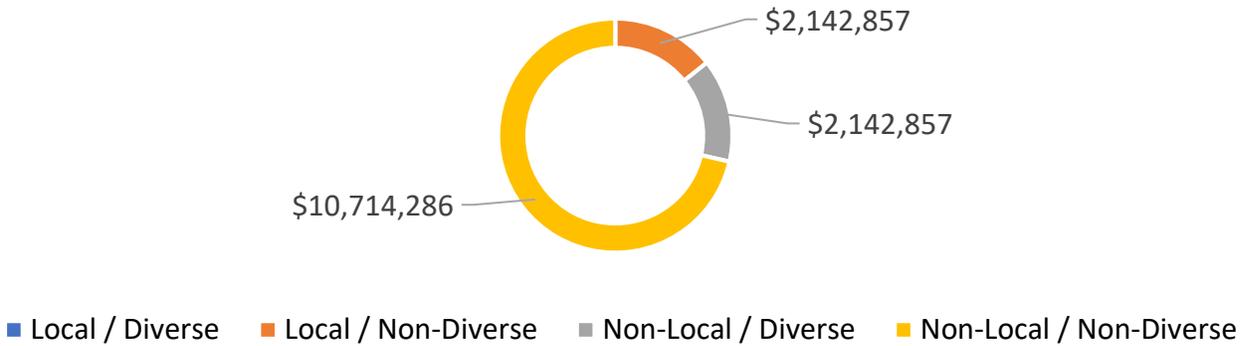


CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 5

Procurement Item: General Services





CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 6

Item Description	<u>Streetlight Maintenance Services</u>
Purchase Order Value	\$12,000,000
Purchase Category	General Services
Department	Construction and Maintenance Services
VP Construction & Maintenance Services	Darrell Clifton
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to HJD Capital Electric, Inc. a local, diverse firm, and Chain Electric Company and The L. E. Myers Company, both local, non-diverse firms, as the respondents who will provide services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts will provide maintenance and repair services for the existing streetlight systems currently maintained by CPS Energy within the City of San Antonio and Bexar County, which ensures safety and security of the roadways via reliable illumination across CPS Energy's service area. This contract will expire on June 2, 2025.

Subcontracting Opportunities

All awarded companies have committed to subcontract a portion of the work to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	30
The overall cost	20
Safety records and training program	20
The ability to meet CPS Energy's requirements	15
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	5
TOTAL	100



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 6

Recommended Respondent(s) & Award

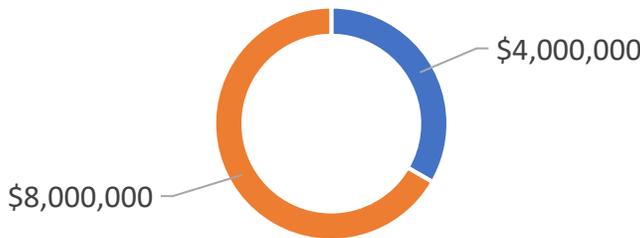
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Chain Electric Company	Local/Non-Diverse	77	\$4,000,000	2200485	
HJD Capital Electric, Inc.	Local / Diverse (Small, HUBZone)	76	\$4,000,000	2200486	Corporate headquarters based in San Antonio Metropolitan Area
The L. E. Myers Company	Local/Non-Diverse	65	\$4,000,000	2200487	
TOTAL			\$12,000,000		

One (1) additional respondent was not recommended for award: Renegade Group Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$3,200,000	0.4%	\$3,650,000	\$3,650,000	\$1,500,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 12, 2022 MEETING
PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ
FOR REPORT AT THE MAY 23, 2022 BOARD OF TRUSTEES MEETING**

The Technology & Resilience Committee met on April 12, 2022. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on August 26, 2021.
- B. Received a status update on the Security Update, Energy Efficiency & Conservation, Evolve Transformation, & Enterprise Resource Planning.
- C. Four new action items were generated from this session.

The next meeting of the Technology & Resilience Committee Meeting will be held in August 2022.

5/23/22

STATEMENT OF JOHN STEEN

I ask this board to pause the STEP program in order to accomplish the following:

First, secure an objective, clean-sheet, deep-dive analysis to determine if the STEP program still makes sense after 12 years. Though the Brattle Group is a notable firm with a fine reputation, because of its current and past involvement with CPS Energy, it was not the proper entity to undertake this task, and, not surprisingly, what Brattle produced was a supporting report, not an objective report. The study I'm contemplating would encompass what the majority of the RAC members voted in favor of at their meeting last Tuesday to discuss STEP's future.

Second, pursue the formal audit of STEP by a totally independent auditor. This isn't the annual audit that has been conducted to verify energy savings. Focusing on the over \$800 million of our customers' money that's been spent on STEP over the last twelve years, this would be a detailed verification by a large well-known firm such as Deloitte of where the money has come from, and how it's been spent, including what payments have been made to keep score. I'm seeking the sort of audit that'll dig deep into the STEP program's financial situation, probing accounting records, internal control policies, cash holdings and other sensitive financial areas.

In regard to both the above engagements, I'm anticipating they'll be expensive. But, again, this is a program where we're steadily approaching spending a *billion dollars* of our customers' money.

Third, and importantly, we have to consider our customers, who are being slammed by hefty price increases for gasoline and groceries and most everything else. CPS Energy just instituted a 3.85% rate hike earlier this year. And what hasn't been highlighted much is that we're doing our financial forecasting based on the assumption that there'll be another CPS Energy rate increase in two years and yet another in four years. Plus, as we learned earlier today from our CFO in his monthly performance update, our customers between April of last year and April of this year have seen their combined electric and gas bills increase an average of 20% -- primarily because of the spike in the price of natural gas. How can pausing STEP help our customers? If STEP goes away, it will decrease their utility bills by 3 to 4.5%. Pausing the STEP program will, in effect, negate for many customers our recently implemented 3.85% rate increase. I urge my fellow board members to take this approach so we can give our beleaguered customers some relief as they face the prospect of additional rate increases. And, given my thoughts about how customer STEP payments should be viewed, we'd be relieving our customers of one more *tax burden*.

So, to sum up, my ask today of my fellow trustees is to support a pause. Let's make this STEP tax go away for our customers – at least for a while.

Finally, I request that this statement be included in full in the minutes of today's meeting.