

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JULY 31, 2023

The Regular Meeting of the Board of Trustees of CPS Energy for the month of July was held on Monday, July 31, 2023 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 Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:07p.m.)

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory Kuchinsky, Chief Financial Officer
Ms. Deanna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Interim Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, Chief Energy Supply Officer
Ms. Elaina Ball, Chief Strategy 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. Ana Lozano, Director, Technology & Product Innovation.

III. PUBLIC COMMENT

Henrietta La Grange, community member, provided numerous complimentary remarks about the exceptional service provided by Maria Stanton, Vice President of Supply Chain and President & CEO Rudy Garza.

Jeanne Russell, Executive Director of CAST Schools, thanked CPS Energy and Lisa Lewis as a founding member and Board Member, respectively, and discussed the robust CPS Energy intern program. Student Intern, Adel Leza, then spoke about his experience as an intern in the Digital Lounge.

Ruben Mercado, UTSA CEID Student Success Center, discussed the CPS Energy/UTSA partnership in providing internships for local students.

Rita Schimpf, community member and granddaughter of JK Sommers, requested the Board preserve the former Sommers Saloon building and provided historic photographs and a family history.

DeeDee Belmares, community member, spoke on behalf of the RAC and urged the Board to continue the work of the RAC as ratepayers need an advocate.

Jack Finger, community member, urged the Board to change the procedure for citizens to sign up to speak at the Board meetings and requested they lengthen the time allotted for speaking. He also requested that business rates be increased instead of the rates of the citizens or that they end the fund transfer to the City of San Antonio.

IV. CHAIR'S REMARKS

Chair Gonzalez thanked the various employees and citizens that participated in the recent open houses. She also shared an example of an interaction she had with a particular individual at an open house and shared the ways in which we all receive different value from participating in those events.

Chair Gonzalez noted that Texas Public Power Association and the Texas Workforce Commission were both here in July and she had the opportunity to meet with other professionals and provide feedback.

V. RATE ADVISORY COMMITTEE (RAC) UPDATE

Vice Chair Dr. Romero stated that the RAC has concluded its discussion on affordability. The RAC Chair and members created an 18-question survey, the results of which were received and discussed during their June meeting. The RAC Chair will attend the Board meeting next month to discuss the results.

Vice Chair Dr. Romero also thanked Ms. Belmares for coming today and participating in the process.

VI. EXECUTIVE SESSION

At approximately 1:25 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)
- Personnel Matters (§551.086)
- Competitive Matters (§551.086)
- Security Personnel or Devices (§551.076)

The Board reconvened in open session at 2:24 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.

VII. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

- A. Minutes of the Regular Board meeting held on May 22, 2023
- B. Minutes of the Special Board meeting held on June 12, 2023
- C. Minutes of the Regular Board meeting held on June 26, 2023
- D. Approval of Payment to the City of San Antonio for June 2023

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 July 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$351,267,056.95, less applicable exclusions. The revenue for the month of July 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$361,858,246.82
Gas revenue		13,337,071.72
Interest and other income		3,909,627.31
Gross revenue per CPS Energy financial statements		<u>379,104,945.85</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(8,821,860.08)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(18,117,759.02)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>(898,269.80)</u>
Total excluded revenue		<u>(27,837,888.90)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$351,267,056.95</u>
City payment per Bond Ordinance for July 2023 based upon July 2023 revenue		\$49,177,387.97
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		935,367.62
City Payment reduction per gas customer billing adjustment MOU		(12,500.00)
Annual True up/ (down) per gas customer MOU		<u>49.00</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding		50,100,304.59
Utility services provided to the City for July 2023		<u>(3,151,119.37)</u>

A

Net amount to be paid from July 2023 revenue to
the City in August 2023

\$46,949,185.22

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)

July 2023	Actual	Budget	Variance	
Current Month* A	\$50,100	\$45,972	\$4,128	9.0%
Year-to-Date*	\$204,589	\$218,120	(\$13,531)	-6.2%

* 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 \$46,949,185.22 representing 14% of applicable system gross revenues for the month of July 2023, such payment being net of City utility services (\$3,151,119.37), is hereby approved."

E. Procurement Items: None

VIII. COMMITTEE REPORTS

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

- A. Operations Oversight Committee meeting held on June 29, 2023. The report is attached as "Attachment A" to the meeting minutes.
- B. Technology & Resilience Committee meeting held on July 5, 2023. The report is attached as "Attachment B" to the meeting minutes.

IX. ANNUAL STEP UPDATE: YEAR 1

Jonathan Tijerina, Vice President of Enterprise Risk & Development, presented our approach to conservation via the Sustainable Tomorrow Energy Plan (STEP). He stated the first year of the new program was successful as the cost of energy saved through STEP is half as much as to buy and produce the electricity. Mr. Tijerina then introduced Ana Lozano, Director, Technology & Product Innovation.

Ms. Lozano presented our current portfolio of STEP programs, including new equity-focused programs, and stated our goal is to develop programs which reduce barriers for customers, reduce the demand for energy, and increase energy savings for all customers. This last year's goal of a reduction of 151 MW was exceeded with a total reduction of 329,621 MWh and 1,741 homes weatherized.

The Board discussed the presentation and asked questions.

X. EVOLVE – ERP UPDATE

Evan O'Mahoney, Interim Chief Information Officer, provided an update on the ERP program. He stated that our digital transformation is foundational to achieving our Vision 2027 outcomes and will mitigate existing risks within our technology landscape. Mr. O'Mahoney emphasized that this program affects applications and processes enterprise wide and is not simply just an update of technology. For example, it supports how we communicate, manage our assets, take in meter data, et cetera. It encompasses over 400 systems.

The Board of Trustees discussed the presentation and asked questions.

XI. CEO RECOGNITION

Mr. Garza recognized the 43 summer interns and their mentors. Mr. Garza noted that seven interns have been hired as full-time employees and at least two more are going through the hiring process. Trustee Dr. Mackey and Vice Chair Dr. Romero as well as Chair Gonzalez and Mayor Nirenberg all expressed their support for the program and shared encouraging words for the interns.

Trustee Steen asked questions regarding the limestone structure referred to as the "Saloon for Sommers Beer Garden," located at our 10th Street Substation property, and Mr. Garza noted that he would provide the information.

XII. REVIEW OF ACTION ITEMS

Ms. Ramirez noted that all the action items from last month have been addressed or otherwise resolved including, and the following are the action items for the next month:

1. Request for a written update for cost on the ERP;
2. Request to share Trustee Steen's written comments and provide answers;
3. Request to provide ERP costs to all Trustees; and
4. Request to answer questions concerning the Sommers property.

XIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Trustee Dr. Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:48 p.m. by Chair Janie Gonzalez.



Shanna M. Ramirez
Secretary of the Board



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JUNE 29, 2023 MEETING PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO FOR REPORT AT THE JULY 31, 2023 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on June 29, 2023. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on April 10, 2023.
- B. Received a preview of Procurement items that included:
 - a. A new contract for Gas Engineering Services
 - b. A new contract for the M.B. Lee West Dual Fuel Conversion Project engineering, procurement, and construction
 - c. A new contract for Customer Construction Design and Engineering Services
 - a. A new contract for the specialized ecosystem of IT Service Providers to support the Digital Transformation effort
 - b. A new contract for Autotransformers
 - c. A contract renewal of wire and cable
 - d. And an overview of future funding requests for the remainder of 2023.
- C. Received an Evolve ERP Update that included:
 - a. A review of the risks of remaining on our legacy computer systems and the goals of the modernization effort to mitigate risk
 - b. An overview of the desired business outcomes of the initiative as we improve the way we work and provide energy solutions to our customers and community
 - c. A discussion on the status of the program and upcoming activities on the horizon.
- D. Received an overview of industry programs and leading practices for Undergrounding that included:
 - a. A discussion on industry drivers for undergrounding, including reliability, operating costs, public safety, and customer satisfaction, and a review of the ups and downs for each
 - b. A review of industry criteria typically used in determining the need for undergrounding, including the number of impacted customers, outage frequency and duration, the length of the line, and safety
 - c. An overview of notable undergrounding programs across the US
 - d. An overview of CPS Energy's electric system

Attachment "A" to the July 31, 2023

Regular Board Meeting Minutes

- e. And a discussion on our underground strategy to address reliability in high outage-prone areas.

The next meeting of the Operations Oversight Committee meeting is planned for the third quarter of 2023.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JULY 5, 2023 MEETING
PREPARED FOR BOARD CHAIR JANIE GONZALEZ
FOR REPORT AT THE JULY 31, 2023 BOARD OF TRUSTEES MEETING**

The Technology & Resilience Committee met on July 5, 2023. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on March 8, 2023.
- B. Received Evolve, ERP Transformation, Electric Vehicle Approach, Public Input Tool Pilot, and Streetlight Initiatives updates.
- C. Eight new action items were generated from this session.

The next meeting of the Technology & Resilience Committee will be held September 27, 2023.