



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON FEBRUARY 5, 2024, AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Ms. Janie Gonzalez
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Ashika Gonzales
3	PUBLIC COMMENT Pre-Registration is from Wednesday, January 31, 2024, 5:00 PM – Friday, February 2, 2024, 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Ms. Janie Gonzalez
UPDATE ON CHAIR’S PRIORITIES			
4	CHAIR’S REMARKS	Discuss	Ms. Janie Gonzalez
CONSENT AGENDA			
5	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on November 13, 2023 B. Minutes of the Special Board meeting held on December 4, 2023 C. Minutes of the Regular Board meeting held on December 18, 2023 D. Payment to the City of San Antonio for December 2023 E. Procurements Items: 1. General Services: Complete Streetlight Program Support Services (Mr. Richard Medina) 2. Professional Services: Engineering Services for Transmission Planning and Operations (Mr. Richard Medina) 3. General Services: Overhead Electric Distribution Services (Mr. Richard Medina) 4. Professional Services: Electric Distribution Design and Engineering Services (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez

	<p>5. General Services: Exposing, Excavating, and Trenching Underground Utility Services (Mr. Richard Medina)</p> <p>6. Professional Services: Additional Funding Request: Engineering Services for Lake Dams (Mr. Benny Ethridge)</p> <p>7. General Services: Additional Funding Request: Power Generation Code Welding and Mechanical Services (Mr. Benny Ethridge)</p>		
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REGULAR AGENDA

6	AUTOTRANSFORMER PROCUREMENT (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez
7	COMMITTEE REPORTS A. Operations Oversight Committee (OOC) meeting held on 12/05/2023 (Dr. Francine Romero)	Discuss	Ms. Janie Gonzalez
8	BOARD COMMITTEE ASSIGNMENTS	Discuss	Ms. Janie Gonzalez
9	FY2025 ANNUAL ENTERPRISE SCORECARD	Discuss	Dr. John Soltau
10	FY2025 BUDGET DISCUSSION (Mr. Geronimo Gonzalez)	Vote	Ms. Janie Gonzalez
11	CEO RECOGNITION	Discuss	Mr. Rudy Garza
12	REVIEW OF ACTION ITEMS	Discuss	Ms. Shanna Ramirez

CONVENE TO EXECUTIVE SESSION

13	EXECUTIVE SESSION: A. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)	Discuss	Ms. Janie Gonzalez
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RECONVENE TO OPEN SESSION

14	ADJOURNMENT	Execute	Ms. Janie Gonzalez
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If the Board meeting has not adjourned by 2:50 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.

Draft for review and approval
at the February 5, 2024 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON NOVEMBER 13, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of November was held on Monday, November 13, 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 1:03 p.m.)

Also present were:

Ms. Elaina Ball, Chief Strategy Officer
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, Chief Energy Supply 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. Lizeth Oliver, Loreda, Business Management Strategist.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, a community member, stated her appreciation for several CPS Energy employees, and she expressed concern about late fees.

Mr. Ed Vanass stated he formerly drove for Via Metropolitan Transit and understands that there are many low-income individuals and even small increases in pricing can have a large impact, especially when prices are going up across the board. He urged the Board of Trustees to be mindful when seeking rate increases.

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IV. CHAIR’S REMARKS

Chair Gonzalez wished everyone a happy Thanksgiving and thanked those who took time out of their day to attend the meeting.

V. APPROVAL OF CONSENT ITEMS

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

A. Approval of Payment to the City of San Antonio for October 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 October 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$267,295,364.89, less applicable exclusions. The revenue for the month of October 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$224,687,370.79
Gas revenue	14,708,511.31
Interest and other income	5,800,192.01
Gross revenue per CPS Energy financial statements	<u>245,196,074.11</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,704,485.92)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(17,134,280.31)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	48,938,057.01
Total excluded revenue	<u>22,099,290.78</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$267,295,364.89</u>
City payment per Bond Ordinance for October 2023 based upon October 2023 revenue	\$37,421,351.08
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	584,480.11
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for	

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memorandums of understanding	37,993,331.19
Utility services provided to the City for October 2023	<u>(2,997,810.98)</u>
Net amount to be paid from October 2023 revenue to the City in November 2023	<u>\$34,995,520.21</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)

October 2023	Actual	Budget	Variance	
Current Month A	\$37,993	\$32,301	\$5,692	17.6%
Year-to-Date	\$355,340	\$339,396	\$15,944	4.7%

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 \$34,995,520.21 representing 14% of applicable system gross revenues for the month of October 2023, such payment being net of City utility services (\$2,997,810.98), is hereby approved."

B. Procurement Items:

- Item Description:** Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation

Purchase Category: General Services

Supplier: Accenture, LLP
Capgemini America, Inc.
E Source Companies, LLC dba E Source
Fujitsu North America, Inc.
HCL America Inc.
Hitachi Energy USA Inc.
Infosys Limited
Pricewaterhouse Coopers Advisory Services LLP

VI. COMMITTEE REPORTS

In the interest of time, Chair Gonzalez accepted the submission of the following reports for the record in lieu of having them read during the meeting:

- Audit and Finance Committee meeting held on October 16, 2023. The report is attached as "Attachment A" to the meeting minutes.
- Employee Benefits Oversight Committee meeting held on October 16, 2023. The report is attached as "Attachment B" to the meeting minutes.

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VII. DEPOSITORY SERVICES CONTRACT APPROVAL

Ms. Julie Johnson, Vice President of Finance & Accounting and Assistant Treasurer, presented information on depository services for CPS Energy and the Request for Proposal (RFP) process. She requested Board approval for a contract with JPMorgan Chase for our primary depository services. The Board of Trustees discussed and asked questions. Mayor Nirenberg moved approval of the contract, which was seconded by Vice Chair Romero, and the motion was unanimously approved.

VIII. GRANTS AND PARTNERSHIPS

Mr. Jonathan Tijerina, Vice President of Corporate Development, provided a presentation on grant opportunities for CPS Energy to pursue local partnerships. He noted that the funding opportunities will help us de-risk and accelerate investments to benefit our customers and community. Finally, he highlighted grants CPS Energy has applied for or been awarded. The Board of Trustees asked questions and discussed the presentation.

IX. COMMUNITY INPUT WORKING GROUP UPDATE

Ms. DeAnna Hardwick, Chief Customer Strategy Officer, noted the Community Input Working Group met three times and provided valuable feedback to shape how we share information on our rate request with the community. She also noted that a full summary of feedback will be provided to the Board of Trustees.

X. CEO RECOGNITION

Ms. Elaina Ball, on behalf of Mr. Rudy Garza, President & CEO, recognized the Emerging Leaders Cohort which is a 9-month program for leadership development.

Ms. Ball also shared information on how customers can provide feedback and encouraged customers to share their opinions with us.

Finally, she noted that CPS Energy is ranked within the top 20 businesses committed to conservation by Texan by Nature.

XI. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the open action items and noted they will all close by board communication or before the December. She also reviewed the action items from today's meeting.

XII. EXECUTIVE SESSION

At approximately 2:20 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:

- Consultation concerning Security Personnel or Devices (§551.076)

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- Attorney-Client Matters (§551.071)
- Competitive Matters (§551.086)

The Board reconvened in open session at 3:00 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.

XIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Mayor Nirenberg and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:00 p.m. by Chair Janie Gonzalez.

Shanna M. Ramirez
Secretary of the Board

DRAFT

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at the February 5, 2024, meeting

**CPS ENERGY
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON DECEMBER 4, 2023**

A Special Meeting of the Board of Trustees of CPS Energy was held on Monday, December 4, 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 3:30 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey (arrived at 3:39 p.m.)
Mr. John Steen
Mayor Ron Nirenberg

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Ms. Elaina Ball, Chief Strategy Officer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Benny Ethridge, Chief Energy Supply Officer
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Richard Medina, Chief Energy Delivery Officer
Mr. Evan O'Mahoney, Chief Information 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 Mr. Chad Hoopingarner, Vice President of Financial Planning, Pricing & Budgets.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated she polled several people about the proposed rate increase, and they stated they didn't like it but understand why it has to happen. She also stated that Mr. Garza has turned CPS Energy around, and she stated her appreciation for all of the Board members and CPS Energy staff.

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Mr. Danny Zimmerman, Executive Principal & CFO for Cleary Zimmerman Engineers and Chairman of the North San Antonio Chamber of Commerce, strongly encouraged the Board to support the proposed 4.25% rate increase.

Mr. Martin Gutierrez, Director of Governmental Relations for the San Antonio Hispanic Chamber of Commerce, stated the Chamber supports the proposed rate increase. He also noted that phased increases were a balanced approach that is mindful of the small businesses in San Antonio.

Mr. Jeff Webster, President & CEO of the Greater San Antonio Chamber of Commerce, stated that the Chamber is in support of the proposed rate increase. He stated that while a rate increase is not something to look forward to, we do look forward to surety, resiliency, economic growth, and a commitment to community from the rate increase.

Ms. Katie Harvey, CEO of KGB Texas Communications and this year's Chairman for the Greater San Antonio Chamber of Commerce, reiterated that the Chamber supports the rate increase for CPS Energy's investment in resiliency and reliability. She also stated the rate increase will support CPS Energy's strong credit rating which results in more affordable energy.

IV. CHAIR'S REMARKS

Chair Gonzalez thanked all of those who are present, those who are listening online, and those who have participated by sharing their voice and valuable feedback through various formats. She also noted that CPS Energy's customers are the forefront of all that they do as a Board of Trustees, and that it is their responsibility to guide the organization through the energy transformation while remaining focused on customer needs.

V. BASE INCREASE & MULTI-YEAR RATE PLAN AND REGULATORY ASSET REQUEST FOR APPROVAL

Mr. Rudy Garza, President & CEO, provided introductory remarks, noting the difficulty in asking for rate support but it is necessary at times to ensure long-term stability. He thanked the Board of Trustees for leaning in with staff, and for their guidance and leadership. He noted that we are well on the pathway to achieving the CPS Energy strategic plan in Vision 2027. He also thanked CPS Energy and City of San Antonio staff for their hard work and partnership in developing the proposed rate request. He concluded by stating the challenging work resulted in a request that he thought was reasonable, protects affordability, and allows us to continue to be the utility the community expects of us.

Ms. Elaina Ball, Chief Strategy Officer, explained our multi-year strategy and community commitments which focuses on four keys areas: new generation plan, digital transformation, customer experience, and support responsible growth. She also explained how CPS Energy has delivered on community commitments.

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented the FY2025 Rate Request, specifically a 4.25% base rate increase. Mr. Kuchinsky detailed the benefits to our community that would be received through the rate increase and noted that additional revenue helps the stability of our utility and keeps the cost of borrowing competitive. Further, he explained the need for a regulatory asset for accounting

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purposes to align CPS Energy with best practices. Finally, he requested the Board approve seeking approval from City Council to 1) implement a regulatory asset for employee benefits accounting, and 2) increase base rates by 4.25%.

On a motion duly made by Vice Chair Dr. Romero, seconded by Chair Gonzalez, and upon affirmative vote by all members present, the approval of the regulatory asset was unanimous.

Next, Vice Chair Dr. Romero moved to increase the base rates by 4.25%, it was seconded by Trustee Dr. Mackey. The Board of Trustees discussed the motion.

Trustee Steen stated he felt he was in a difficult position, and he expressed his disappointment in the decisions of CPS Energy over the last two years. He expressed concern regarding what he believes is intractable customer debt, currently at \$175.5M, with 23% of customers in arrears. He believes that this indicates a quarter of our customers are financially distressed. He also noted his concerns regarding the trajectory of key financial metrics, the decision of the Board of Trustees to continue STEP instead of pausing it, and the decision of the Board of Trustees to close/convert the remaining coal-fired power plants. He stated shutting down Spruce 1 twenty years earlier than anticipated will create a stranded asset, and seriously crimp CPS Energy's ability to sell power on the wholesale market. He finally noted that Spruce 2 would be unavailable during its conversion to natural gas. Austin Energy has not closed its coal generation and made \$11M in one day from coal-fired generation which helped defray costs passed to customers. Finally, Trustee Steen noted that from 2019-2021, when he was Chair, the monthly agenda included a presentation on cutting costs and saving money. He concluded by stating that he feels the culture has changed and that CPS Energy is making spending commitments he does not agree with and is not sure how they will be funded. Nevertheless, because the spending commitments have been made by the Board, he will begrudgingly support the rate increase. He stated that as a Trustee, it is his responsibility to ensure CPS Energy can pay its bills, which outweighs his misgivings about the direction of the company for the past two years.

Vice Chair Romero asked several questions related to 1) ensuring customers can understand their bill and that we speak with a common language to ensure customers can understand their charges, 2) ensuring customers can easily find assistance for understanding their bill on the CPS Energy website, 3) financing of the expansion of the Affordability Discount Program (ADP) through the rate increase, 4) qualifications and requirements for ADP, 5) if ADP and the REAP program could be combined to reduce inefficiencies, 6) increased resiliency through the rate increase and impacts to ERCOT, and 7) the costs for keeping or closing Spruce I and II. She then noted her support for the proposed rate increase, after she evaluated the costs and benefits. She explained that this rate increase is a continuation of the plan that was developed two years ago, and CPS Energy must follow through on its commitments to the community. She also noted that the rate request will support the generation plan which increases renewables and brings the greater benefit of reliability. She noted that the rate increase will sustain or improve our credit ratings and allow our debt service costs to remain relatively low. Finally, she noted that the rate request will add customers to ADP, which reflects a strategic balance between customers who are less burdened and those who are economically burdened. She referenced a report analyzing customer delinquencies across the nation and noted that CPS Energy is going in the right direction to address these issues. She concluded by stating the rate increase is crucial to meeting the future head on, from addressing climate change to improving technology through ERP, and it will support the necessary investment in a sustainable and equitable future.

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Trustee Dr. Mackey noted he concurred with comments by Vice Chair Dr. Romero and noted that the staff did a wonderful job of answering questions and explaining the need for the rate increase. He noted his support for the rate request.

Mayor Nirenberg noted the cost of not investing in our utility, a community asset, is that it won't be here when we need it. He noted we have done the work with the community in an equitable manner to develop priorities and that CPS Energy has a strategic plan for Vision 2027. We must now invest and achieve Vision 2027. He noted that if he took a survey there would be 0% of the population would want a rate increase, but if we don't invest now, it will cost more later, and that cost will impact the lowest income and most vulnerable members of our community the most. He also noted that a majority of the Rate Advisory Committee, which is a reflection of this community, wanted a STEP program and that now lower-income folks can access the program, which will create lasting benefits for them. Finally, he thanked CPS Energy staff and noted that this utility is in a much stronger position than it was 2 years ago.

Chair Gonzalez noted that the process has honored the past as we have focused on the future. She noted she attended numerous meetings and events and has listened to customers. She heard several recurring themes about being a community advocate and about being careful not to burden less fortunate individuals and our seniors. She also heard that CPS Energy needs to be more aggressive in collecting debt, and there needs to be improvements in some key metrics. She heard about the need for a third-party assessment, the need to move away from coal, the need to provide customers with more features and abilities to lower their bills, the need to advertise in Spanish more, and the need to be more present in the community. She stated as a small business owner, she understands the difficulties of being faced with increased costs. She is proud that the Board challenged CPS Energy staff to address the community's concerns, and in the results of better communication to our customers and better assistance to our customers. She is proud of the work of the RAC. She is proud of Vision 2027, which reflects the community's feedback. She is proud that the Board is able to receive information and has had a great dialogue with staff to challenge them. Finally, she asked how the list of commitments to our community has evolved over the last two years, specifically on 1) identifying those customers with the highest energy burden and connecting them to programs, 2) the focus on customers with past due balances, 3) leveraging advancements in technology and artificial intelligence to improve customer experience, and 4) accessing grant funding to expand programs for low-income and senior customers.

Trustee Steen also asked about the costs for ponds to hold Spruce sludge waste and EPA requirements.

Chair Gonzalez directed Ms. Ramirez to ask for a roll call vote, and the motion to approve the 4.25% base rate increase was approved unanimously.

VI. RESOLUTION ON BASE INCREASE & MULTI-YEAR RATE PLAN AND REGULATORY ASSET

Trustee Dr. Mackey moved to approve the resolution. It was seconded by Vice Chair Dr. Romero, and the following resolution was unanimously approved:

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**CITY PUBLIC SERVICE BOARD OF SAN ANTONIO
RESOLUTION APPROVING ADJUSTMENTS TO THE ELECTRIC AND GAS BASE RATES AND
APPROVING AMENDMENTS TO THE AFFORDABILITY DISCOUNT PROGRAM;
AUTHORIZING A PENSION REGULATORY ASSET**

WHEREAS, CPS Energy is the municipally owned utility that operates the City of San Antonio's electric and gas systems (the "Systems"), providing retail services to customers within the City of San Antonio and the surrounding area; and

WHEREAS, CPS Energy is required by law and its bond ordinances to impose and collect charges for the electric and gas services it provides in amounts at least sufficient to pay all operating, maintenance, depreciation, replacement, improvement, and interest charges in connection with the Systems; and

WHEREAS, in 2022, CPS Energy developed a 5-year strategic plan, Vision 2027 – An Evolving Utility, to guide CPS Energy through a transformation in the rapidly changing utility industry and a period of high growth in San Antonio; and

WHEREAS, Vision 2027 sets strategic objectives with goals and key initiatives in five areas: (1) operational evolution, (2) financial stability, (3) customer experience, (4) an engaged and service-oriented culture, and (5) community partnership & growth; and

WHEREAS, to achieve these key commitments in Vision 2027, CPS Energy developed a multi-year rate plan, determining this cycle of growth and investment, as with other historical periods, requires high investment and corresponding revenue support, and

WHEREAS, per the multi-year rate plan, CPS Energy proposes a 4.25 percent increase in its electric and gas base rates (the "FY2025 Rate Adjustments") to be effective February 1, 2024; and

WHEREAS, this reflects the community commitments in Vision 2027, including the development of a community informed generation plan with the CPS Energy Rate Advisory Committee, and

WHEREAS, the combined gas and electric rates for CPS Energy customers will remain among the lowest in the State even after the FY2025 Rate Adjustments; and

WHEREAS, CPS Energy maintains an Affordability Discount Program ("ADP") available to customers who have income at or below 125 percent of federal poverty guidelines and meet one of the following criteria: are elderly; are disabled; use life-sustaining medical equipment; or have children under the age of 18 years; and

WHEREAS, CPS Energy proposes expanding the ADP eligibility criteria to include customers experiencing severe energy burden, defined as those whose cost of energy is more than 10% of their annual household income; and

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WHEREAS, the recommended FY2025 Rate Adjustments would equate to an estimated \$4.45 per month increase on the average residential customer bill, and CPS Energy proposes increasing the discount of the Affordability Discount Program by \$2.22 per month to mitigate the impact of the FY2025 Rate Adjustments on low-income customers who qualify for the ADP; and

WHEREAS, CPS Energy proposes the following adjustments to the ADP (the "FY2025 ADP Adjustments"): (1) increase electric customer monthly Affordability Discount from \$11.67 to \$13.48; and (2) increase gas customer monthly Affordability Discount from \$4.47 to \$4.88, for a cumulative increase of \$2.22 per month;

WHEREAS, the tariffs, effective February 1, 2024, once prepared, will be attached to this resolution as Exhibit A; and

WHEREAS, this resolution and the revised tariffs to be attached as Exhibit A will be presented to the San Antonio City Council for review and approval on December 7, 2023; and

WHEREAS, subject to and upon the City Council's approval of the FY2025 Rate Adjustments and the FY2025 ADP Adjustments, such adjustments will be documented within the appropriate CPS Energy records and the FY2025 Rate Adjustments will be communicated to and charged to all customers effective February 1, 2024; and

WHEREAS, CPS Energy reviewed the treatment of Government Accounting Standards Board ("GASB") determined pension expenses in the rate model, with the intent to avoid rate volatility due to swings in the market value of Pension Plan investments, and to instead use the actuarially calculated cash contributions to Pension and other post-employment benefits ("OPEB") Plans; and

WHEREAS, on December 7, 2023, CPS Energy will also seek San Antonio City Council approval of a regulatory asset, in accordance with GASB Statement No. 62, for pension and OPEB expenses to ensure the costs recovered in rates are aligned with actuarially calculated cash contributions to the various Pension and OPEB Plans.

NOW THEREFORE BE IT RESOLVED:

1. The recitals and Exhibit to this resolution are hereby incorporated by reference.
2. The CPS Energy Board of Trustees hereby approves and adopts the FY2025 Rate Adjustments and the FY2025 ADP Adjustments described in this resolution for submittal to the San Antonio City Council for approval, and delegates to the President and CEO the authority to implement such adjustments consistent with this resolution and the San Antonio City Council's approval.
3. The CPS Energy Board of Trustees authorizes the use regulatory accounting, in accordance with GASB Statement No. 62, for pension and OPEB expenses and delegates to the President and CEO the authority to implement such adjustments consistent with this resolution and the San Antonio City Council's approval.

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VII. REVIEW OF ACTION ITEMS

Ms. Ramirez noted that the one action item open was to include notes in the minutes. There are three action items today: 1) include Trustee Steen's comments in the minutes, 2) ensure there is an easier way to get to the "read your bill" section on the CPS Energy website, and 3) evaluate a combination of ADP & REAP and expanding the qualification requirements for these programs.

VIII. EXECUTIVE SESSION

At approximately 5:19 p.m., Ms. Shanna 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 several posted items, including the following:

- Attorney-Client Matters (§551.071)
- Competitive Matters (§551.074)

The Board reconvened in open session at 5:30 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. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Mayor Nirenberg, seconded by Trustee Dr. Mackey, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:31 p.m. by Chair Gonzalez.

Shanna M. Ramirez
Secretary of the Board

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at the February 5, 2024 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON DECEMBER 18, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of December was held on Monday, December 18, 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 1:10 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Ms. Elaina Ball, Chief Strategy Officer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Benny Ethridge, Chief Energy Supply Officer
Mr. Chad Hoopingarner, Vice President of Financial Planning
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Richard Medina, Chief Energy Delivery Officer
Mr. Evan O'Mahoney, Chief Information 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 Mr. Gautam Shringarpure, Managing Principal for Financial Planning & Analysis.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated she appreciated the opportunity to speak and that she appreciates all CPS Energy employees. She also felt that Mr. Garza's comments made her feel at ease about the upcoming winter weather because he is clear and straightforward.

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at the February 5, 2024 meeting

IV. CHAIR’S REMARKS

Chair Gonzalez expressed her deep gratitude to her fellow Board members, CPS Energy employees, and members of the community for their contributions to the successes of CPS Energy this year. She also shared some essential safety tips for safe holiday season. Finally, she expressed her appreciation to those that have attended and provided their input at a public input session and reminded everyone that the 4th input session would occur this evening.

Trustee Dr. Mackey also thanked all CPS Energy employees and wished them a safe and joyous holiday season.

V. 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 October 31, 2023**
- B. Minutes of the Special Board meeting held on November 8, 2023**
- C. Approval of Payment to the City of San Antonio for November 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 November 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$200,583,184.60, less applicable exclusions. The revenue for the month of November 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$213,995,850.32
Gas revenue	19,240,775.70
Interest and other income	12,599,300.46
Gross revenue per CPS Energy financial statements	<u>245,835,926.48</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,177,789.24)
LVG revenue per City Ordinance 100709	(2,140.80)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(10,437,936.48)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(27,634,875.36)</u>
Total excluded revenue	<u>(45,252,741.88)</u>
Gross revenue per New Series Bond Ordinance subject to	

Draft for review and approval
at the February 5, 2024 meeting

14% payment to the City	<u>\$200,583,184.60</u>
City payment per Bond Ordinance for November 2023 based upon November 2023 revenue	\$28,081,645.84
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	393,514.99
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	28,462,660.83 A
Utility services provided to the City for November 2023	<u>(2,689,932.53)</u>
Net amount to be paid from November 2023 revenue to the City in December 2023	<u>\$25,772,728.30</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)

November 2023	Actual	Budget	Variance	
Current Month A	\$28,463	\$31,652	(\$3,189)	-10.1%
Year-to-Date	\$383,803	\$371,048	\$12,755	3.4%

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 \$25,772,728.30 representing 14% of applicable system gross revenues for the month of November 2023, such payment being net of City utility services (\$2,689,932.53), is hereby approved."

D. Procurement Items: None.

VI. APPROVAL OF BYLAWS FOR THE OPERATIONS OVERSIGHT COMMITTEE CHARTER

Vice Chair Dr. Romero introduced the proposed changes to the bylaws, noting the proposed changes were minimal. She also stated that she and Trustee Steen reviewed the bylaws at the Operations Oversight Committee meeting, and believe the changes are helpful.

Trustee Dr. Mackey moved to approve the proposed changes to the bylaws, Vice Chair Dr. Romero seconded the motion, and it was approved unanimously. The Board of Trustees requested that the approval also ensure that the bylaws are reviewed annually.

VII. FY2024 THIRD QUARTER PERFORMANCE UPDATE

Mr. Chad Hoopingarner, Vice President of Financial Planning, presented the FY2024 Third Quarter Performance Update. He discussed Enterprise Measures, Financial Performance, and Accounts Receivable, for the third quarter. The Board of Trustees asked questions and discussed the presentation.

Draft for review and approval
at the February 5, 2024 meeting

VIII. WINTER DEMAND RESPONSE INITIATIVE

Mr. Jonathan Tijerina, Vice President of Corporate Development, discussed the new initiative to have demand response during the winter. He stated that our DR programs have played a key role in reducing the community's demand and will now be leveraged to provide added resiliency during the winter. The Board of Trustees asked questions and discussed the presentation.

IX. CEO RECOGNITION

Mr. Garza recognized the third quarter Core Value awardees, noting these individuals consistently model our core values and earn the trust and respect of their colleagues. He also recognized the Gas Solutions Pressure Control Team which has completed weatherization activities to ensure our gas systems are ready for cold weather.

X. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the open action items and then reviewed new action items.

XI. EXECUTIVE SESSION

At approximately 2:49 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)
- Competitive Matters (§551.086)

The Board reconvened in open session at 3:05 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.

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Vice Chair Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:05 p.m. by Chair Janie Gonzalez.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting February 5, 2024

Approval of Payment to the City of San Antonio for December 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 December 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$183,352,932.51, less applicable exclusions. The revenue for the month of December 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$183,195,331.20
Gas revenue	22,365,433.38
Interest and other income	12,082,666.85
Gross revenue per CPS Energy financial statements	217,643,431.43
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,278,269.52)
LVG revenue per City Ordinance 100709	(11,551.49)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(12,000,531.21)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(16,000,146.70)
Total excluded revenue	(34,290,498.92)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$183,352,932.51
City payment per Bond Ordinance for December 2023 based upon December 2023 revenue	\$25,669,410.55
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	589,712.17
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	26,246,622.72 A
Utility services provided to the City for December 2023	(2,741,392.26)
Net amount to be paid from December 2023 revenue to the City in January 2024	\$23,505,230.46

CPS Energy Board of Trustees Meeting February 5, 2024

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)

December 2023	Actual	Budget	Variance	
Current Month A	\$26,247	\$31,234	(\$4,987)	-16.0%
Year-to-Date	\$410,050	\$402,282	\$7,768	1.9%

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$23,505,230.46 representing 14% of applicable system gross revenues for the month of December 2023, such payment being net of City utility services (\$2,741,392.26), is hereby approved."



**CPS Energy Board of Trustees Meeting
February 5, 2024
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1.	<p>Item Description:</p> <p>Purchase Category:</p> <p>Supplier:</p>	<p>Complete Streetlight Program Support Services</p> <hr/> <p>General Services</p> <hr/> <p>Dalkia Energy Solutions, LLC</p>
	<p>Committee Presentations:</p>	<p>Operations Oversight Committee – 12/5/2023</p> <p>Audit & Finance Committee – 1/22/2024</p>
2.	<p>Item Description:</p> <p>Purchase Category:</p> <p>Suppliers:</p>	<p>Engineering Services for Transmission Planning and Operations</p> <hr/> <p>Professional Services</p> <hr/> <p>Burns & McDonnell Engineering Company, Inc.</p> <hr/> <p>DNV Energy USA Inc.</p> <hr/> <p>Hitachi Energy USA Inc.</p>
	<p>Committee Presentations:</p>	<p>Operations Oversight Committee – 12/5/2023</p> <p>Audit & Finance Committee – 1/22/2024</p>
3.	<p>Item Description:</p> <p>Purchase Category:</p> <p>Suppliers:</p>	<p>Overhead Electric Distribution Services</p> <hr/> <p>General Services</p> <hr/> <p>Chain Electric Company</p> <hr/> <p>Greenstone Electrical Services, LLC</p> <hr/> <p>Pike Electric, LLC</p> <hr/> <p>Source Power, LLC</p>
	<p>Committee Presentations:</p>	<p>Operations Oversight Committee – 12/5/2023</p> <p>Audit & Finance Committee – 1/22/2024</p>

4. Item Description: Purchase Category: Suppliers:	Electric Distribution Design and Engineering Services
	Professional Services
	Atwell, LLC
	Burns & McDonnell Engineering Company, Inc.
	EN Engineering, LLC
	M&S Engineering, LLC
	SEG Engineering LLC

Committee Operations Oversight Committee – 9/16/2023
 Presentations: Audit & Finance Committee – 10/16/2023

5. Item Description: Purchase Category: Supplier:	Exposing, Excavating, and Trenching Underground Utility Services
	General Services
	ADB Companies, LLC
	Bexar Pipeline & Utilities, Inc.
	ESI Engineered Solutions, Inc.
	HydroMAX, LLC
	Texas ReExcavation LC

Committee Operations Oversight Committee – 12/5/2023
 Presentations: Audit & Finance Committee – 1/22/2024

6. Item Description: Purchase Category: Supplier:	Additional Funding Request: Engineering Services for Lake Dams
	Professional Services
	Weston Solutions, Inc.

Committee Operations Oversight Committee – 12/5/2023
 Presentations: Audit & Finance Committee – 1/22/2024

7. Item Description:	Additional Funding Request: Power Generation Code Welding and Mechanical Services
Purchase Category:	General Services
Supplier:	Mechanical Construction Services, Inc.
	Pro Serv Industrial Contractors, LLC
	TEI Construction Services, Inc.
	Zachry Industrial, Inc.

Committee Presentations: Operations Oversight Committee – 12/5/2023
 Audit & Finance Committee – 1/22/2024

Approval:

Lisa Lewis, Chief Administrative Officer

Approval:

Rudy Garza, President & CEO



CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 1

Item Description	Complete Streetlight Program Support Services
Purchase Order Value	\$100,000,000
Purchase Category	General Services
Department	Energy Delivery Services
VP T&D Engineering & Grid Transformation	Ricardo Maldonado
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to Dalkia Energy Solutions, LLC, a local firm, as the respondent who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for comprehensive streetlight program support services, providing a true turnkey solution for CPS Energy streetlights and all-night security lights. This contract will not only allow CPS Energy to gain improved efficiency and effectiveness in its overall streetlight program, but also grant CPS Energy more time and resources to prioritize its primary business of providing electric and gas service to its customers. This contract will expire on September 30, 2028.

Subcontracting Opportunities

Dalkia Energy Solutions, LLC has committed to subcontracting a portion of the services to one or more 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	50
The overall cost	20
Safety records and training program	20
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy’s requirements	Pass/Fail
The financial soundness of the Respondent	Pass/Fail
TOTAL	100



**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 1**

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Dalkia Energy Solutions, LLC	Local	83	\$100,000,000	2217553	
TOTAL			\$100,000,000		

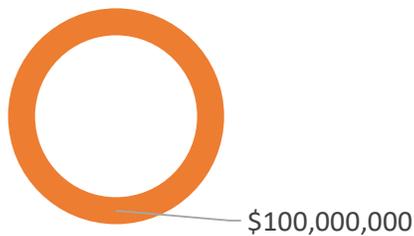
Six (6) additional respondents were not recommended for award: Black & McDonald Energy & Infrastructure, LLC; Burns & McDonnell Engineering Company, Inc.; EN Engineering, LLC; Greenstone Electrical Services, LLC; SA Smart Solutions LLC dba Smart Solutions; and SAT Energy Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$11,400,000	\$20,900,000	\$20,900,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$600,000	\$1,100,000	\$1,100,000

Our current approved budget and latest estimates support this new purchase order.

Procurement Item: General Services



■ Local & Diverse ■ Local ■ Diverse ■ Other



**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 2**

Item Description	Engineering Services for Transmission Planning and Operations
Purchase Order Value	\$3,000,000
Purchase Category	Professional Services
Department	Energy Delivery Services
VP T&D Engineering & Grid Transformation	Ricardo Maldonado
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to Burns & McDonnell Engineering Company, Inc., Hitachi Energy USA Inc., and DNV Energy USA Inc. as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for engineering services to assist CPS Energy with transmission planning and transmission operations engineering functions and studies, including but not limited to: generation and large load interconnection requests, North American Electric Reliability Corporation (NERC) compliance activities, operations support, and identification of regional projects to maintain a reliable and a secure power system. This contract will expire February 4, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more diverse businesses.

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 and qualifications to perform the Services	100
TOTAL	100

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



**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 2**

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Burns & McDonnell Engineering Company, Inc.		98	\$1,000,000	2216713	
Hitachi Energy USA Inc.		93	\$1,000,000	2216714	
DNV Energy USA Inc.		92	\$1,000,000	2216715	
TOTAL			\$3,000,000		

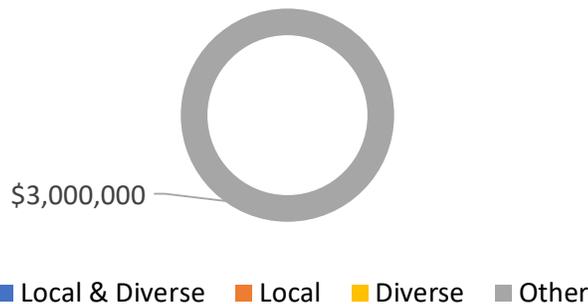
Thirteen (13) additional respondents were not recommended for award: Electric Power Engineers, Inc.; Power Engineers, Inc.; Quanta Technology, LLC; Siemens Energy co FAPCO, LLC; Commonwealth Associates, Inc.; Power Systems Consultants, Inc.; TRC Engineers, Inc.; ICF Resources LLC; Ulteig Engineers, Inc.; Schneider Engineering, LLC; Prime Partners Engineering; Entrust Solutions Group; and Select Power Systems, LLC.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$1,000,000	\$1,000,000	\$1,000,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 3

Item Description	Overhead Electric Distribution Services
Purchase Order Value	\$200,000,000
Purchase Category	General Services
Department	Energy Delivery Services
VP Construction & Maintenance Services	Darrell Clifton
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to Greenstone Electrical Services, LLC and Source Power, LLC, both local and diverse firms and Chain Electric Company and Pike Electric, LLC, both local firms, as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for installation and maintenance of overhead electric distribution system services and temporary overhead construction services. This contract will allow CPS Energy to support the growth of the CPS Energy service territory which has many new and on-going projects. This contract will expire February 4, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more 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 ability to meet CPS Energy's requirements	15
Economic Development (local & diverse consideration)	10
TOTAL	100



CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 3

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Greenstone Electrical Services, LLC	Local/Diverse (HUB Zone, Woman-Owned)	96	\$45,000,000	2217014	Corporate headquarters located in San Antonio Metropolitan area
Source Power, LLC	Local/Diverse (Small, HUB Zone, Woman-Owned, Hispanic American-Owned)	95	\$20,000,000	2217015	Corporate headquarters located in San Antonio Metropolitan area
Chain Electric Company	Local	92	\$90,000,000	2217016	
Pike Electric, LLC	Local	88	\$45,000,000	2217017	
TOTAL			\$200,000,000		

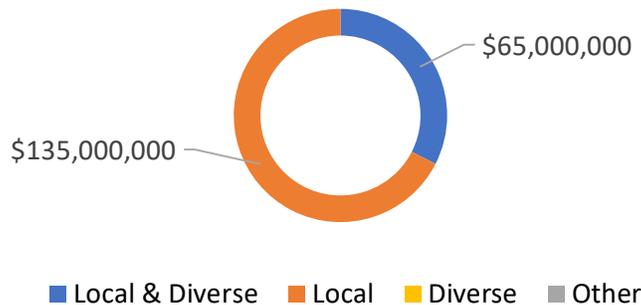
Thirteen (13) additional respondents were not recommended for award: Mastec North America, Inc.; Axis Power, LLC; Renegade Group, LLC; Henkels & McCoy, Inc.; NorthStar Energy Solutions, LLC; Expanse Electrical Company, LLC; Primoris T&D, LLC; James Power Line Construction, LLC; Bright Star Solutions, LLC; 3S Services, LLC; Antu Enterprise; Higher Power Electrical, LLC; and Linetec Services.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$67,000,000	\$67,000,000	\$66,000,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: General Services





**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 4**

Item Description	Electric Distribution Design and Engineering Services
Purchase Order Value	\$60,000,000
Purchase Category	Professional Services
Department	Energy Delivery Services
VP T&D Engineering & Grid Transformation	Ricardo Maldonado
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to SEG Engineering, LLC, a local and diverse firm, EN Engineering, LLC, M&S Engineering, LLC, and Atwell, LLC, all local firms and Burns & McDonnell Engineering Company, Inc., as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for engineering design services for complex electric distribution system projects for system growth, system upgrade, civic improvement, grid modernization and automation and other reliability improvements. The increased reliability of the system will provide value to CPS Energy and the city of San Antonio in addition to supporting economic growth. This contract will expire on February 4, 2028.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more diverse businesses.

The solicitation method for this procurement was a Request for Qualifications (RFQ)². 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	100
Safety records and training program	Pass/Fail
The financial soundness of the Respondent	Pass/Fail
TOTAL	100

² CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 4

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Burns & McDonnell Engineering Company, Inc.		88	\$15,000,000	2217577	
M&S Engineering, LLC	Local	77	\$10,000,000	2217578	Corporate headquarters based in San Antonio Metropolitan Area
Atwell, LLC	Local	75	\$10,000,000	2217579	
EN Engineering, LLC	Local	74	\$15,000,000	2217580	
SEG Engineering LLC	Local/Diverse (Small, Hispanic American-Owned)	71	\$10,000,000	2217581	Corporate headquarters based in San Antonio Metropolitan Area
TOTAL			\$60,000,000		

Nineteen (19) additional respondents were not recommended for award: Aquawolf LLC; Binkley & Barfield Inc; Black & McDonald Engineering Services, LLC; C&D Utility Consulting LLC; Canfield Engineering & Integration LLC; Cobb Fendley & Associates Inc; HBK Engineering LLC; ICF Resources LLC; KCI Technologies, Inc; Luzco Technologies Inc; MasTec Professional Services; Osmose Utility Services Inc; Pape-Dawson Engineers LLC; Schneider Engineering LLC; Select Power Systems LLC; Taurus Industrial Group LLC; TRC Engineers Inc; ULTEIG Engineers Inc; and Wood Group USA, Inc.

Annual Funds Budgeted

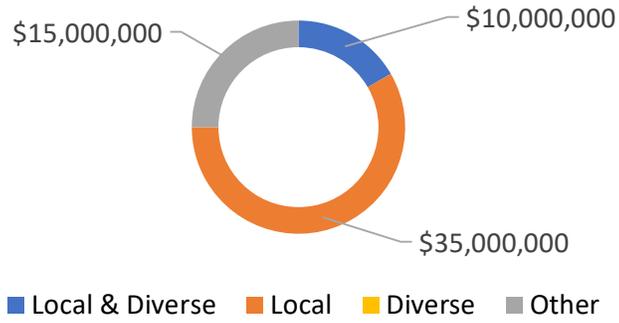
Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$10,580,000	\$12,880,000	\$15,640,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$920,000	\$1,120,000	\$1,360,000

Our current approved budget and latest estimates support these new purchase orders.



CPS Energy Board of Trustees Meeting February 5, 2024 Procurement Form 4

Procurement Item: Professional Services





**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 5**

Item Description	Exposing, Excavating, and Trenching Underground Utility Services
Purchase Order Value	\$81,000,000
Purchase Category	General Services
Department	Energy Delivery Services
VP Construction & Maintenance Services	Darrell Clifton
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to ADB Companies, LLC, HydroMAX, LLC, ESI Engineered Solutions, Inc. and Bexar Pipeline & Utilities, Inc., all local & diverse firms, and Texas ReExcavation LC, a local firm, as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for exposing, excavating, and trenching underground utility services. This contract will allow CPS Energy to support the growth of the CPS Energy service territory which has many new and on-going projects. This contract will expire February 4, 2027.

Subcontracting Opportunities

Texas ReExcavation LC has committed to subcontract a portion of the services to one or more 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 ability to meet CPS Energy’s requirements	15
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	Pass/Fail
TOTAL	100



CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 5

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
ADB Companies, LLC	Local/Diverse (Small)	83	\$10,000,000	2217020	
Texas ReExcavation LC	Local	81	\$18,000,000	2217021	
HydroMAX, LLC	Local/Diverse (Small)	79	\$9,000,000	2217019	
ESI Engineered Solutions, Inc.	Local/Diverse (Small, Hispanic American Owned)	75	\$24,000,000	2217022	Corporate headquarters located in San Antonio Metropolitan area
Bexar Pipeline & Utilities, Inc.	Local/Diverse (Small)	72	\$20,000,000	2217023	Corporate headquarters located in San Antonio Metropolitan area
TOTAL			\$81,000,000		

Two (2) additional respondents were not recommended for award: Spur Environmental Services, LLC and Badger Daylighting Corp.

Annual Funds Budgeted

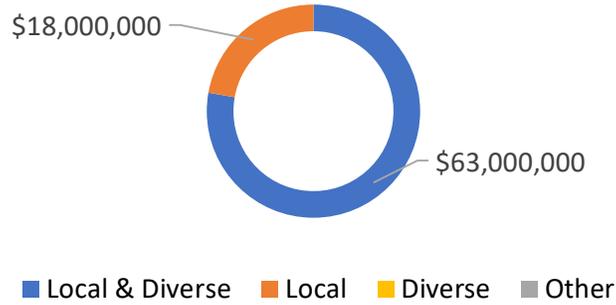
Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$27,000,000	\$27,000,000	\$27,000,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.



CPS Energy Board of Trustees Meeting February 5, 2024 Procurement Form 5

Procurement Item: General Services





**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 6**

Item Description		Additional Funding Request: Engineering Services for Lake Dams
Original Cumulative Purchase Order Value	(A)	\$400,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$600,000
Projected Cumulative Purchase Order Value	(D)	\$1,000,000
Purchase Category		Professional Services
Department		Power Generation
VP Generation Operations		Rick Urrutia
Chief Energy Supply Officer		Benny Ethridge

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for engineering services for lake dams. This contract was previously awarded to Weston Solutions, Inc. a local 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 allows CPS Energy to furnish professional engineering and consulting services to inspect, maintain, and provide written reports on the overall conditions and maintenance of the Calaveras and Braunig lake dams. This contract will expire on September 29, 2025.

Subcontracting Opportunities

There are no anticipated subcontracting opportunities for this scope of work.

The solicitation method for this procurement was a Request for Qualifications (RFQ)³. 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	60
Safety records and training program	20
The ability to meet CPS Energy’s requirements	15
The financial soundness of the Respondent	5
TOTAL	100

³ CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ’s.



CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 6

Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Weston Solutions, Inc.	Local	\$400,000	\$0	\$600,000	2204408
		(A)	(B)	(C)	
Totals		\$400,000	\$0	\$600,000	
Projected Cumulative Purchase Order Value (D)				\$1,000,000	

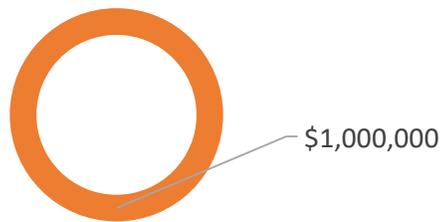
One (1) additional respondent was not recommended for award: Professional Service Industries, Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$0	\$0	\$0
\$773,000,000	Non-Fuel O&M	\$372,000	0.01%	\$360,000	\$268,000	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

Procurement Item: Professional Services



■ Local & Diverse ■ Local ■ Diverse ■ Other



**CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 7**

Item Description		Additional Funding Request: Power Generation Code Welding and Mechanical Services
Original Cumulative Purchase Order Value	(A)	\$8,500,000
Previously Added Funds	(B)	\$500,000
Additional Funds Requested	(C)	\$3,000,000
Projected Cumulative Purchase Order Value	(D)	\$12,000,000
Purchase Category		General Services
Department		Power Generation
VP Generation Operations		Rick Urrutia
Chief Energy Supply Officer		Benny Ethridge

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for existing contracts for Power Generation welding and mechanical services. These contracts were previously awarded to Pro Serv Industrial Contractors, LLC and Mechanical Construction Services, Inc., both diverse firms, Zachry Industrial Inc. a local firm, and TEI Construction Services, Inc. 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 is for on-site, specialized welding and mechanical services federally regulated by boiler and pressure vessel codes. This additional funding request will allow CPS Energy to continue performing boiler and pressure vessel repairs to aging generation assets. This additional funding request will fully fund the contract through its expiration on March 31, 2024, based on current projections.

Subcontracting Opportunities

All large businesses have committed to subcontract a portion of the services to one or more 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	50
Safety records and training program	20
The overall cost	14
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	6
TOTAL	100



CPS Energy Board of Trustees Meeting
February 5, 2024
Procurement Form 7

Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Mechanical Construction Services, Inc.	Diverse (Small, Veteran Owned)	\$2,000,000	\$2,200,000	\$1,000,000	2194575
Pro Serv Industrial Contractors, LLC	Diverse (Small)	\$1,000,000	(\$200,000)	\$500,000	2194578
Zachry Industrial, Inc.	Local	\$2,000,000	(\$1,600,000)	\$500,000	2194576
TEI Construction Services, Inc.		\$3,500,000	\$100,000	\$1,000,000	2194577
		(A)	(B)	(C)	
Totals		\$8,500,000	\$500,000	\$3,000,000	
Projected Cumulative Purchase Order Value (D)				\$12,000,000	

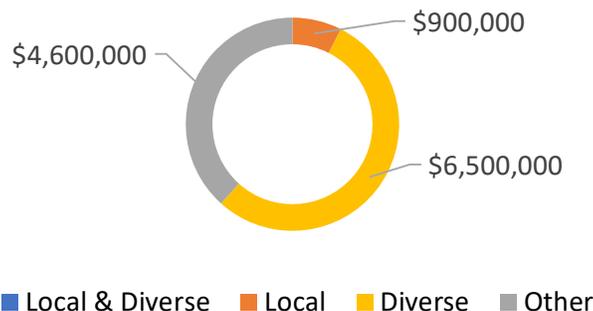
Three (3) additional respondents were not recommended for award: Thielsch Engineering, Inc.; Scope Services, Inc.; Intertek USA, Inc. DBA Intertek AIM.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$97,733	0.01%	\$0	\$0	\$0
\$773,000,000	Non-Fuel O&M	\$3,454,882	0.4%	\$2,500,000	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

Procurement Item: General Services





AUTOTRANSFORMER PROCUREMENT

PRESENTED BY:
RICHARD MEDINA
Chief Energy Delivery Officer

FEBRUARY 5, 2024
Approval Requested



AGENDA

- New Contract
- Request BoT Approval

PO spend is aligned to budgeted projects

NEW CONTRACT

AUTOTRANSFORMERS

- A new contract for the purchase of 345kV Autotransformers
- Required to support the reliability & growth of the transmission grid including planned generation retirements
- Contract Details:
 - Value: \$60 million
 - Term: 5 years
 - 5 respondents to solicitation
 - 2 Awardees:
 - Royal SMIT
 - Hyundai Electric



Autotransformer



REQUESTING APPROVAL



THANK YOU



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE DECEMBER 5, 2023 MEETING
 PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO
 FOR REPORT AT THE FEBRUARY 05, 2024 BOARD OF TRUSTEES MEETING**

The Operations Oversight Committee met on December 5, 2023. As part of the agenda, the Committee:

- A. Reviewed and approved meeting minutes from the prior meetings held on June 29, 2023 and September 18, 2023.
- B. Reviewed proposed edits to the Operations Oversight Committee Charter.
- C. Received a preview of Procurement items that included:
 - a. A new contract for Complete Streetlight Program Support Services
 - b. A new contract for Engineering Services for Electric Distribution Planning
 - c. A new contract for Engineering Services for Transmission Planning
 - d. A new contract for Overhead Electric Distribution Services
 - e. A new contract for Exposing, Excavating and Trenching Underground Utility Services
 - f. A contract renewal for Metal-Clad Substation Switchgear
 - g. A purchase order modification for Engineering Services for Lake Dams
 - h. And a purchase order modification for Power Generation Code Welding and Mechanical Services.
- D. Received an Operational Efficiency Review, Vision 2027 & FY2025 Scorecard Update that included:
 - a. An update on the Operational Efficiency Review
 - b. An update on Vision 2027 Strategic Initiatives
 - c. A discussion on the proposed Enterprise Measures changes
 - d. A preview of the proposed FY2025 Scorecard
 - e. And an opportunity for the Committee to provide feedback.
- E. Received a presentation on the Vision 2027 Generation Plan Update that included:
 - a. A review of the accomplishments to date
 - b. A discussion on the estimated timeline and current status
 - c. A discussion on changing conditions and challenges to the Generation Plan
 - d. And a review of opportunities beyond 2030.
- F. Received a presentation on the status and statistics of large customer growth that included:

- a. A discussion on integrating large customer needs into our planning process
- b. A review of large customer request statuses and potential load requirements
- c. And a discussion on how large customers are putting pressure on the system growth plan.

G. Received a presentation on FY2024 Safety Performance that included:

- a. A review of how our safety performance has improved
- b. A discussion on the increase in first aid, timely reporting of injuries, and safety observations
- c. An overview of Safety Culture and the safety climate
- d. And a discussion on High Energy Risks and recommendations for next steps.

The next meeting of the Operations Oversight Committee meeting is March 20, 2024.



CPS ENERGY BOARD OF TRUSTEES

COMMITTEE ASSIGNMENTS

Committee	Members
Audit & Finance	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Employee Benefits Oversight	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Operations Oversight	Dr. Francine Romero (Chair) Mr. John Steen
Technology & Resilience	Ms. Janie Gonzalez (Chair) Dr. Francine Romero
Personnel	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Nominations	Dr. Willis Mackey (Chair) Ms. Janie Gonzalez
Risk Management	Dr. Willis Mackey (Chair) All CPS Energy Board of Trustees Members



FY2025 ANNUAL ENTERPRISE SCORECARD

PRESENTED BY:

Dr. John Soltau

Director, Strategic Alignment Planning & Performance

February 5, 2024
Informational Update



AGENDA

- Accelerating Our Evolution
- Vision 2027 Strategic Initiatives Update
- FY2025 Enterprise Measures
- FY2025 Annual Enterprise Scorecard

Goal is to provide awareness of FY2025 Enterprise Scorecard.

ACCELERATING OUR EVOLUTION

ALIGNED TO OUR STRATEGIC VISION



Continuing our journey of providing value by:

- Delivering safe, secure, reliable and competitively priced energy services
- Deploying **sustainable and innovative solutions**
- Investing in technology to **provide an engaged customer experience**
- Developing strong partnerships
- **Rebuilding trust** through enhanced transparency
- Living our value of striving for excellence
- **Improving resiliency and mitigating risks**

Evaluating our performance by delivering today and preparing for tomorrow.



TARGET SETTING PHILOSOPHY

DYNAMIC & ENGAGED PROCESS

- **Goal is to set achievable stretch targets** considering multiple factors on the right.
- Engage in a **multi-step process with external experts** to identify considerations, challenge assumptions and compare to benchmarks.
- Partner with **3rd party consultants** and come to **consensus on targets.**





VISION 2027 STRATEGIC INITIATIVES

PURPOSE & FY2025 MILESTONES

POWER GENERATION PLAN 

Transition power generation portfolio to reduce emissions while providing reliable and affordable energy to meet growing community needs.

FY2025 Milestones:

- Execute Power Purchase Agreement(s) (PPA) pursuant to Storage Request for Proposal (RFP)
- Start procurement for Peaking Project 1
- Notify and seek ERCOT's response on intent to retire Braunig 1, 2 & 3

SYSTEM RESILIENCY & GROWTH 

Support safe and responsible growth through enhancing resilient, safe, responsive and modern electric and gas services.

FY2025 Milestones:

- Commission Southside San Antonio and Westcreek station gas supply projects
- Begin routing process to build San Antonio South Reliability Transmission Line and complete Howard Road substation site work expansion
- Complete ADMS hardware deployment, EMS functional acceptance testing and ADMS/GIS utility network final data conversion

EVOLVE: ERP 

Provide technology foundation that supports operational evolution through enhanced experiences for customers and employees.

FY2025 Milestones:

- Finalize ERP technology contract
- Select system implementation partner
- Establish comprehensive change management and communication strategy

CUSTOMER EXPERIENCE 

Enhance CPS Energy's reputation, satisfaction and revenue through better employee engagement and positive customer experiences.

FY2025 Milestones: Refresh customer insights and data to:

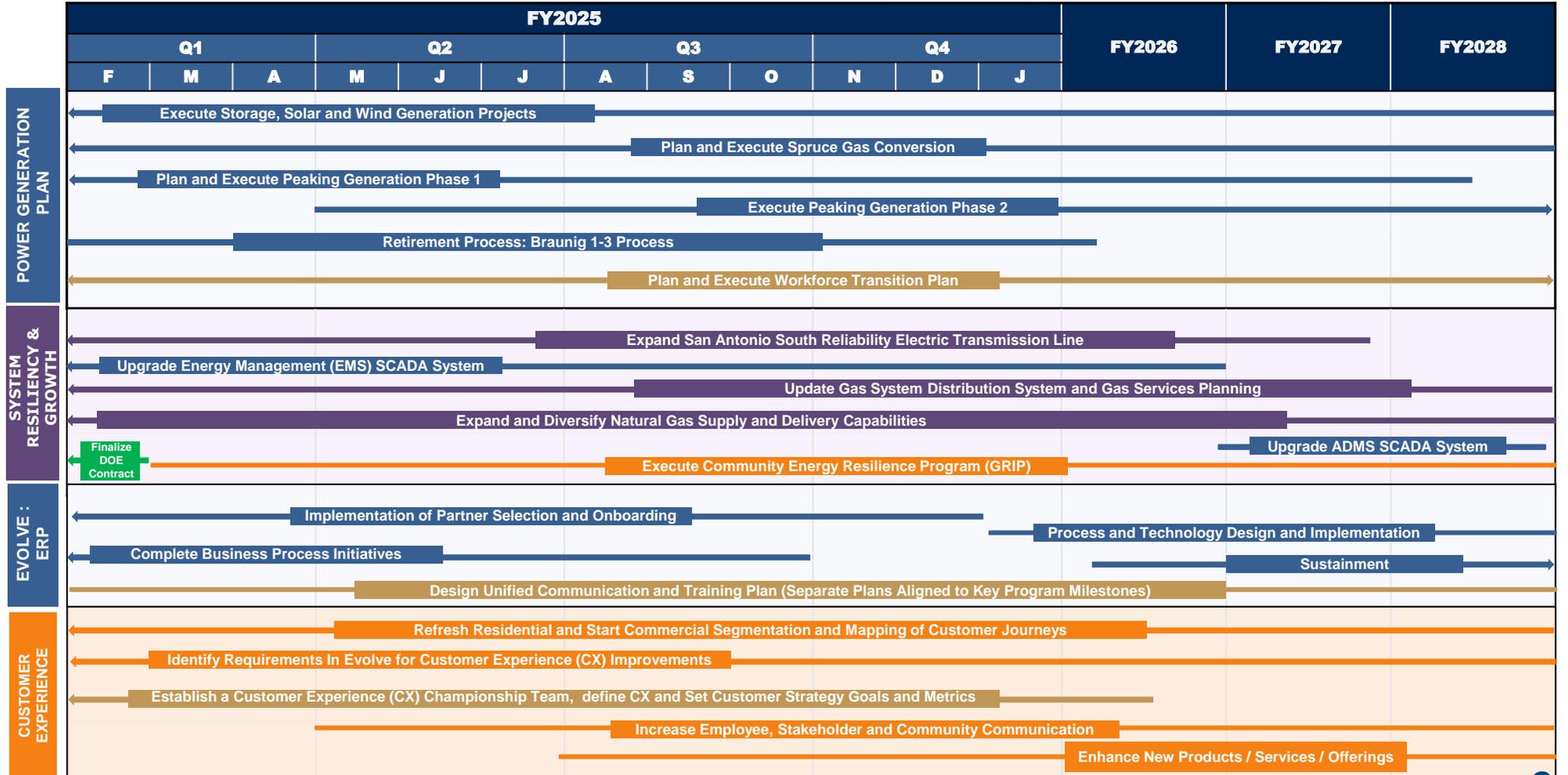
- Target outreach and messaging by customer preference
- Expand customer equity programs qualification and enrollment approach
- Enhance customer offerings and service offerings

Milestones supported by FY2025 budget plan.

STRATEGIC INITIATIVES ROADMAP



VISION 2027 OBJECTIVES OPERATIONAL EVOLUTION FINANCIAL STABILITY CUSTOMER EXPERIENCE TEAM CULTURE COMMUNITY PARTNERSHIP & GROWTH





FISCAL RESILIENCY

STRATEGICALLY BALANCED APPROACH

Category	Measure	Weight	Level Bands			
			1	2	3	4
Financial Flexibility	Adjusted Debt Service Coverage	33.0%	<=1.49x	1.50-1.59x	1.60-1.99x	=>2.00x
	Debt Capitalization	27.0%	>=70%	65% - 69%	55% - 64%	<=55%
Liquidity Cushion	Days Cash on Hand	15.0%	<= 99	100 to 149	150 to 199	=>200
	Days Liquidity on Hand	15.0%	<= 149	150 to 199	200 to 274	=>275
Actual / LE to Budget Performance	Non-Fuel Revenue w/ OSS RnF	5.0%	=> - 8.00%	-7.99% to -5.01%	-5.00% to +4.99%	=> +5.00%
	O&M	2.5%	=> +/- 10.00%	+/- 5.01% to 9.99%	+/- 2.01% to 5.00%	<= +/- 2.00%
	Capital	2.5%	=> +/- 15.00%	+/- 10.01% to 14.99%	+/- 2.01% to 10.00%	<= +/- 2.00%

FY2025
Aligned to
current rating
guidance

- Each measure has target bands
- Weighting of key financial measures based on bond rating factors
- Performance of individual measures reported in Financial Updates and combined into indexed score

Innovative measure supported by external consultants.



GAS SAFETY

LEAKS AT END OF YEAR

- Recommended by Daymark in Operational Efficiency Review
- Three Levels of Leaks:
 - Grade 1: Hazardous- Fixed immediately
 - Grade 2: Non-Hazardous- Fixed within 6 months
 - Grade 3: Non-Hazardous- Fixed within 15 months
- Enhanced leak detection technology has increased the number of leaks we've proactively found
- Survey cycle shifts year to year, focusing on different parts of town
- Exploring ways to consider leaks in gas supplier selections

**We repair all hazardous leaks and
leaks reported by customers immediately!**

Our goal over time, through enhanced operations is to accelerate the repair of non-hazardous leaks to improve safety, efficiency and sustainability.

FY2025 ENTERPRISE MEASURE TARGETS

ACHIEVABLE STRETCH GOALS



	FY2025 MEASURE (METRIC)	FY2024 ACTUAL*	FY2025 TARGET	DESIRED DIRECTION	BENCHMARK/ COMPARISON**
Operational Evolution	Average Customer Outage Duration (SAIDI)	61.19	57.68	↓	1 st Quartile Aligned with plant by technology and/or fleet level 2 nd Quartile
	Plant Availability (Critical Months EAF)	94.4	90.5	↑	
	Gas Safety (Leaks at End of Year)	0.61	0.54	↓	
Financial Stability	Fiscal Resiliency (Index of Key Measures)	3.23 (3 rd Qtr LE)	Band Range ≥3.0	↑	Aligned with thresholds taken into consideration by rating agencies
Customer Experience	Customer Perception (Residential ECR)	699	699	↑	2 nd Quartile
Team Culture	Living Mission & Values (Gallup 12+ Index)	4.12	4.15	↑	Gallup Growth Target 3 rd Quartile
	Safety Performance (RIR)	0.83 (Dec 2023 LE)	1.12	↓	
Community Partnership & Growth	Strategically Investing in the Community (Local Spend Percentage)	76.18 (3 rd Qtr LE)	70.00	↑	Aligned with forecasted spend

All targets supported by 3rd party consultants.

* Based on new measure and FY2024 actual result unless otherwise noted; may not align to final FY2024 Enterprise Measure Results **Source information in individual measure slides in appendix 9



FY2025 ENTERPRISE SCORECARD

DRIVING ACTIONS TO DELIVER ON OUR MISSION

VISION 2027 OBJECTIVES **OPERATIONAL EVOLUTION** **FINANCIAL STABILITY** **CUSTOMER EXPERIENCE** **TEAM CULTURE** **COMMUNITY PARTNERSHIP & GROWTH**

Strategic Execution - Forward Looking Progress Towards Vision 2027

Power Generation Plan	System Resiliency & Growth	EVOLVE: ERP	Customer Experience
FY2025 Milestone	FY2025 Milestone	FY2025 Milestone	FY2025 Milestone
Execute Power Purchase Agreement(s) (PPA) pursuant to Storage RFP	Commission Southside San Antonio and Westcreek station gas supply projects	Finalize ERP technology contract	Target outreach and messaging by customer preference
Start procurement for Peaking Project 1	Begin routing process to build San Antonio South Reliability Transmission Line, complete Howard Rd substation site work expansion	Select system implementation partner	Expand customer equity programs qualification and enrollment approach
Notify and seek ERCOT response on intent to retire Braunig 1, 2 & 3	Complete ADMS hardware deployment, EMS functional acceptance testing and ADMS/GIS utility network final data conversion	Establish comprehensive change management and communication strategy	Enhance customer offerings and service offerings

Run the Business - Enterprise Measures (Targets)



Milestones and measures are aligned with our Mission, Vision 2027 and Strategic Objectives.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ADMS	Advanced Distribution Management System	ECR	Engaged Customer Relationship
AH	Available Hours	EFDH	Equivalent Forced De-rated Hours
CAAP	Climate Action and Adaptation Plan	EMS	Energy Management System
CS	Customer Strategy	EOY	End of Year
CX	Customer Experience	ERCOT	Electric Reliability Council of Texas
CY	Calendar Year	ERP	Enterprise Resource Planning
DCOH	Days Cash on Hand	ESDH	Equivalent Scheduled De-rated Hours
DIMP	Distribution Integrity Management Program	FY	Fiscal Year
DOE	Department of Energy	GIS	Geographic Information System
EAF	Equivalent Availability Factor	GRIP	Grid Resilience and Innovation Partnerships

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
IEEE	Institute of Electrical and Electronics Engineers	PPA	Power Purchase Agreement
KPI	Key Performance Indicator	RFP	Request for Proposal
LE	Latest Estimate	RIR	Recordable Incident Rate
LiDAR	Light Detection and Ranging	SAIDI	System Average Interruption Duration Index
OER	Operational Efficiency Review	SAIFI	System Average Interruption Frequency Index
O&M	Operations & Maintenance	SCADA	Supervisory Control and Data Acquisition
OSS RnF	Off System Sales Revenue net Fuel	SSV	Smart Sniffer Vehicles
PH	Period Hours	STEM	Science, Technology, Engineering, Mathematics
PHMSA	Pipeline and Hazardous Materials Safety Administration	URD	Underground Residential Distribution

PERFORMANCE MEASURES OVERVIEW

TERMINOLOGY TRANSITION



Performance Measure Level and Description	Reporting Frequency
Annual Performance Measures	
<p>Enterprise Measures (previous Tier 1 Metrics) – Highest level measures aligned to Vision 2027 strategic objectives. These measures provide a balanced view of how CPS Energy is meeting its mission of service.</p> <p><i>NOTE: These measures are currently under refinement in partnership with the Board, CPS Energy leadership and third-party consultant.</i></p>	<p>Quarterly Presentations and Monthly Updates to Board of Trustees and Senior Leadership</p>
<p>Corporate Measures (previous Tier 2 Metrics) – Key measures which provide diagnostic and proactive information to Senior Leadership to manage and adapt operations to meet Enterprise Measures. They represent metrics needed to achieve the results critical to the performance of each business unit that support success at the enterprise level.</p>	<p>Monthly Reports to Senior Leadership</p>
<p>Business Unit (previous Tier 3 Metrics) – Team specific measures which provide key performance indicators on current and forecasted performance. Provide leaders with diagnostic information and drivers of higher-level measures.</p>	<p>Quarterly Reports to Business Area Leadership</p>

The terminology and description of the measures have been revised to more accurately reflect an updated strategy in alignment with Vision 2027, ensuring enhanced service to our customers.

HBAILEYGROUP, LLC OVERVIEW

CONSULTANT PARTNERSHIP



- hbaileygroup, LLC established in 2019 and based in Austin TX, performs utility strategic, operational and regulatory consulting, as well as executive leadership coaching.
- Heather Bailey, president and founder, has been an auditor and former executive of the Lower Colorado River Authority (LCRA) where she oversaw administrative, financial and operational functions. In addition, Ms. Bailey has utility board oversight experience for a Texas utility.
- From 2012 - 2018, Ms. Bailey served as the Executive Director of Energy Strategy and Electric Utility Development for the city of Boulder, Colorado, overseeing the city's Energy Future project.
- Ms. Bailey spent 20 years at one of the largest public power companies in the US, from where she retired after holding positions of Controller, Treasurer, Deputy CFO, CIO, Executive of Corporate Services and COO of Transmission.
- The project team, led by Ms. Bailey, comprises experienced subcontractors - Donald Harker, Dan Stathos and Chris Grier. Each has over 30 years of experience in the utility industry, including public power. They are also former consultants with a major firm and have collaborated on similar projects.
- Relevant experience includes:
 - Developed performance metrics and KPIs for various utilities.
 - Developed Board of Directors dashboard report for transmission company.

AVERAGE CUSTOMER OUTAGE DURATION

ENERGY DELIVERY SERVICES



Details & Notes

Measure Description: The System Average Interruption Duration Index (SAIDI), identified as **Average Customer Outage Duration**, represents the average outage duration per customer. Mathematically, it is derived by taking the total number of customer interrupted minutes divided by the total number of customers served; as defined by the Institute of Electrical and Electronics Engineers (IEEE 1366).

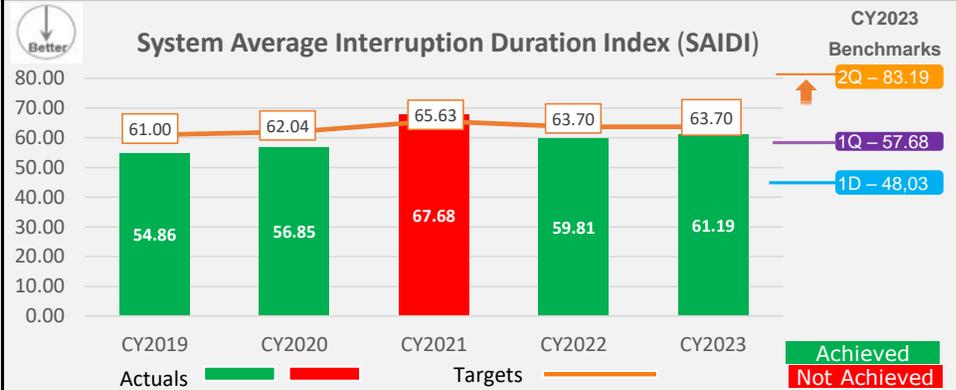
Measure Formula/Definition:

Sum of Customer-Minutes of Interruption / Total Number of Customers Served
Rounded to the nearest hundredth decimal. Calendar year metric.

Notes: Key Details

- **CY2024 Threshold = 57.68**
- SAIDI calculation conforms to IEEE standards.
 - Metric excludes outages that are less than 5 minutes (sustained outages only)
 - Metric excludes major event days (when daily system SAIDI exceeds an annual threshold value)
 - Metric represents planned and unplanned outages
- **Benchmark:** 1st Quartile Consulting CY2023

Historical Results & Benchmarks



Headwinds

1. Increased extreme weather conditions coupled with the climate in an El Niño pattern could bring the potential for events such as high heat, strong winds, and lightning storms.
2. Supply Chain issues that could limit or delay restoration efforts.
3. Ability to access infrastructure and right-of-way.

Resource constraints:

- Labor constraints
- Material constraints
- Inflation and budget constraints

Tailwinds

- A. Key reliability focused programs (Vegetation Management, Recloser Deployment, Strategic Undergrounding, Pole Replacement Program, Underground Residential Distribution (URD rehab)).
- B. Increasing technology and data used to support vegetation management and infrastructure maintenance (LiDAR, drones, satellite services).
- C. Increased use of Outage Prediction tool to help with proactive storm restoration resource planning and collaboration with our Chief Meteorologist to support storm preparations.
- D. Increased Vegetation Management funds will allow us to do more tree trimming; which contributes to reduced outages caused by trees.
- E. DOE grant funding.
- F. Partnering with Community Engagement to educate and inform customers of our reliability programs.

PLANT AVAILABILITY

ENERGY SUPPLY



Details & Notes	Historical Results						
<p>Measure Definition/Description: Critical Months Equivalent Availability Factor (EAF)- The fraction of net maximum generation that could be provided after all the types of outages and de-ratings during the critical seasons (January through February & June through September) are taken into account. The calculation will include coal, large gas (steam), peaking and combined cycle.</p> <p>Measure Formula: $EAF = \frac{AH - (ESDH + EFDH)}{PH}$ - AH: Available Hours - ESDH: Equivalent Scheduled De-rated Hours - EFDH: Equivalent Forced De-rated Hours - PH: Period Hours Rounded to the nearest tenth percent.</p> <p>Notes:</p> <ul style="list-style-type: none"> • CY2024 Target : 90.5 • These calculations will roll-up based on Net Maximum Capacity. Unit Capacities are not seasonally derated. • Units included are: Spruce 1&2, von Rosenberg, Rio Nogales, Lee West 1-4, Lee East 5-8, Sommers 1&2, and Braunig 1-3. • Benchmark: N/A, target based on historical performance and forecast based on unit type 	<p>Critical Months Equivalent Availability Factor (EAF)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actuals</th> </tr> </thead> <tbody> <tr> <td>CY2022</td> <td>88.9%</td> </tr> <tr> <td>CY2023</td> <td>94.4%</td> </tr> </tbody> </table> <p>Note: This is a newly created measure for which no historical targets are available.</p>	Year	Actuals	CY2022	88.9%	CY2023	94.4%
Year	Actuals						
CY2022	88.9%						
CY2023	94.4%						
Headwinds	Tailwinds						
<ol style="list-style-type: none"> 1. Aging gas steam units and equipment. 2. Increased cycling of units due to: <ul style="list-style-type: none"> • Volatile market profiles • ERCOT's conservative operational reserve strategy • Environmental permit constraints 	<ol style="list-style-type: none"> A. Capital improvements in flight, focused on enhancing reliability and resiliency at all plants. B. Unit summer preparedness (seasonal prep) activities complete at all plants. C. Reliability Improvement Plans and challenge sessions used to determine root causes of unit events such as trips and derates and implement appropriate solutions at all plants. D. Experienced, well-skilled workforce. 						

GAS SAFETY

ENERGY DELIVERY SERVICES



Details & Notes	Historical Results & Benchmarks												
<p>Measure Definition/Description: The Gas Safety measure represents the leaks remaining at the end of the calendar year (EOY) per 1,000 customers.</p> <p>Measure Formula: Sum of Gas Leaks Remaining at EOY / (Total Number of Gas Customers Served / 1000)</p> <p>Notes:</p> <ul style="list-style-type: none"> • FY2025 target: 0.54 • This single year-end measure can be benchmarked directly against other gas distribution utilities using data reported to the Pipeline and Hazardous Materials Safety Administration (PHMSA). • The year-over-year trend in gas leak rate performance may also provide insight on: <ul style="list-style-type: none"> ○ The strengthening or weakening of the gas distribution system infrastructure health ○ Maintenance program effectiveness ○ Leak elimination performance. • Benchmark: 2nd Quartile American Gas Association CY2023 	<p>Leaks Remaining at End of Year (Non-Hazardous)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actuals</th> </tr> </thead> <tbody> <tr> <td>CY2019</td> <td>0.73</td> </tr> <tr> <td>CY2020</td> <td>0.88</td> </tr> <tr> <td>CY2021</td> <td>0.88</td> </tr> <tr> <td>CY2022</td> <td>0.58</td> </tr> <tr> <td>CY2023</td> <td>0.61</td> </tr> </tbody> </table> <p>Benchmarks: 2Q - 1.20 1Q - 0.29</p> <p>Note: This is a newly created measure for which no historical targets are available.</p>	Year	Actuals	CY2019	0.73	CY2020	0.88	CY2021	0.88	CY2022	0.58	CY2023	0.61
Year	Actuals												
CY2019	0.73												
CY2020	0.88												
CY2021	0.88												
CY2022	0.58												
CY2023	0.61												
Headwinds	Tailwinds												
<ol style="list-style-type: none"> 1. As gas leak measuring technology sensitivity improves, more leaks will be found per 1,000 customers. Since the 2021 incorporation of two Advanced Leak Detection Smart Sniffer vehicles (Gaston SSV) into CPS Energy's Leak Survey Program, more leaks have been found due to the high sensitivity of the equipment utilized. 2. Many leaks result from construction activity dig-ins. As the city continues to rapidly grow, the number of leaks caused by dig-ins will increase at approximately the same rate. 3. CPS Energy leak survey schedule includes inspection of each pipeline in the system every 5 years. As annual surveys move across the service area, some regions have greater concentrations of leak-prone pipes resulting in EOY variations of remaining leaks year over year. 	<ol style="list-style-type: none"> A. Key improvement programs identified in CPS Energy's gas Distribution Integrity Management Program (DIMP) should reduce the number of leaks due to reduced material issues with main and service piping. B. CPS Energy budgets over \$21M annually for replacement of system mains and services replacing on average 4.5 miles of main pipeline and 36 miles of service pipeline (~3,400 services) each year. C. Continued focus on our Damage Prevention program will continue reducing the number of leaks caused by dig-ins. 												

FISCAL RESILIENCY

FINANCIAL SERVICES



Details & Notes			Historical Results																																																											
<p>Measure Definition/Description: A balanced scorecard weighting, using three factors, Liquidity Cushion, Financial Flexibility, and Financial (Actual/LE) Performance to Budget. Liquidity Cushion inputs are days cash on hand and days liquidity on hand; Financial Flexibility inputs are adjusted debt service coverage and debt capitalization ratio, and Financial performance inputs are Non-fuel revenues, O&M, and Capital spend.</p> <p>Measure Formula:</p> <table border="1"> <thead> <tr> <th rowspan="2">Category</th> <th rowspan="2">Metric</th> <th rowspan="2">Weight</th> <th colspan="4">Level Bands</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Financial Flexibility</td> <td>Adjusted Debt Service Coverage</td> <td>33.0%</td> <td><=1.49x</td> <td>1.50-1.59x</td> <td>1.60-1.99x</td> <td>=>2.00x</td> </tr> <tr> <td>Debt Capitalization</td> <td>27.0%</td> <td>>=70%</td> <td>65% - 69%</td> <td>55% - 64%</td> <td><=55%</td> </tr> <tr> <td rowspan="2">Liquidity Cushion</td> <td>Days Cash on Hand</td> <td>15.0%</td> <td><= 99</td> <td>100 to 149</td> <td>150 to 199</td> <td>=>200</td> </tr> <tr> <td>Days Liquidity on Hand</td> <td>15.0%</td> <td><= 149</td> <td>150 to 199</td> <td>200 to 274</td> <td>=>275</td> </tr> <tr> <td rowspan="3">Actual / LE to Budget Performance</td> <td>Non-Fuel Revenue w/ OSS RnF</td> <td>5.0%</td> <td>=> - 8.00%</td> <td>-7.99% to -5.01%</td> <td>-5.00% to +4.99%</td> <td>=> +5.00%</td> </tr> <tr> <td>O&M</td> <td>2.5%</td> <td>=> +/- 10.00%</td> <td>+/- 5.01% to 9.99%</td> <td>+/- 2.01% to 5.00%</td> <td>< +/- 2.00%</td> </tr> <tr> <td>Capital</td> <td>2.5%</td> <td>=> +/- 15.00%</td> <td>+/- 10.01% to 14.99%</td> <td>+/- 2.01% to 10.00%</td> <td>< +/- 2.00%</td> </tr> </tbody> </table> <p>Notes:</p> <ul style="list-style-type: none"> FY2025 Target: Band Range ≥3.0 Benchmark- N/A, bands based on external financial advisor guidance 			Category	Metric	Weight	Level Bands				1	2	3	4	Financial Flexibility	Adjusted Debt Service Coverage	33.0%	<=1.49x	1.50-1.59x	1.60-1.99x	=>2.00x	Debt Capitalization	27.0%	>=70%	65% - 69%	55% - 64%	<=55%	Liquidity Cushion	Days Cash on Hand	15.0%	<= 99	100 to 149	150 to 199	=>200	Days Liquidity on Hand	15.0%	<= 149	150 to 199	200 to 274	=>275	Actual / LE to Budget Performance	Non-Fuel Revenue w/ OSS RnF	5.0%	=> - 8.00%	-7.99% to -5.01%	-5.00% to +4.99%	=> +5.00%	O&M	2.5%	=> +/- 10.00%	+/- 5.01% to 9.99%	+/- 2.01% to 5.00%	< +/- 2.00%	Capital	2.5%	=> +/- 15.00%	+/- 10.01% to 14.99%	+/- 2.01% to 10.00%	< +/- 2.00%	<p>Key Financial Measures Index (Back Casted)</p> <p>Note: This is new index, so no targets were set for previous years</p>			
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<h3>Headwinds</h3> <ol style="list-style-type: none"> Increases in natural gas, labor, and material costs, are driving up bills, combined with inflation, impacting customer affordability. Supply chain issues impacting both O&M and Capital costs and timelines. Overcoming challenges to accommodate rapid customer growth. Significant capital investment required for generation projects, technology, and system improvements. Risks of future weather events impacting system and customers. 			<h3>Tailwinds</h3> <ol style="list-style-type: none"> Investors continue to watch the utility sector and ERCOT specifically, yet recent financing transactions indicated CPS Energy bonds are still viewed favorably in the market. Enhanced business controls, operational processes, and fiscal discipline mitigate risks and ensure business alignment. Utilization of data analytics and digital tools to improve efficiency and asset optimization. Recently announced future interest rate reductions over the next year by the Federal Reserve Board. Strong Texas economy and business growth. 																																																											

CUSTOMER PERCEPTION

CUSTOMER STRATEGY



Details & Notes	Historical Results & Benchmarks												
<p>Measure Definition/Description: The Customer Perception measure uses Escalent's Residential Engaged Customer Relationship, or ECR to measure CPS Energy customers' value perceptions. The ECR is composed of three subcomponents: Brand Trust, Product Experience, and Service Satisfaction.</p> <p>Measure Formula: The Residential Engaged Customer Relationship score (ECR) is continually updated and uses a 12-month rolling average value as a measure of performance. CPS Energy Residential ECR is compared with utilities providing electric and natural gas service to its customers throughout the southern US.</p> <p>Notes:</p> <ul style="list-style-type: none"> • CY2024 Target: 699 • Multiple factors go into each subcomponent, and multiple attributes, in turn, go into each factor. This provides CPS Energy with a single benchmarkable measure for its customers' value perceptions across multiple attributes. • Benchmark: Escalent CY2023 	<p>Engaged Customer Relationship (ECR) Index</p> <table border="1"> <caption>Engaged Customer Relationship (ECR) Index Data</caption> <thead> <tr> <th>Year</th> <th>Actuals</th> </tr> </thead> <tbody> <tr> <td>CY2019</td> <td>733</td> </tr> <tr> <td>CY2020</td> <td>749</td> </tr> <tr> <td>CY2021</td> <td>694</td> </tr> <tr> <td>CY2022</td> <td>682</td> </tr> <tr> <td>CY2023</td> <td>699</td> </tr> </tbody> </table> <p>Note: This is a newly created measure for which no historical targets are available.</p>	Year	Actuals	CY2019	733	CY2020	749	CY2021	694	CY2022	682	CY2023	699
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CY2019	733												
CY2020	749												
CY2021	694												
CY2022	682												
CY2023	699												
Headwinds	Tailwinds												
<ol style="list-style-type: none"> 1. Rate increases impact customer perceptions of value. 2. Legacy IT Systems impact service offerings. 3. Competing priorities leveraging the same, limited resources impact forward progress. 	<ol style="list-style-type: none"> A. Communication, products, and services tailored to unique customer needs. B. Experienced, well-skilled workforce is dedicated to Customer satisfaction. C. Increased recognition of the importance of Customer Experience and journey mapping. 												

LIVING MISSION & VALUES

ADMINISTRATION



Details & Notes	Historical Results				
<p>Measure Definition/Description: Measure of organizational performance in four key areas that make up the demands of a changing workforce and are a reflection of employee’s perception of the corporate culture.</p> <p>Measure Formula: Corporate Culture is measured by 4 questions, referred to as the Q12+ by Gallup International. All statements are measured on a Likert scale of 1 (strongly disagree) to 5 (strongly agree) and can be averaged together to get the organizational score known as the Corporate Culture Index. Rounded to the nearest hundredth.</p> <p>Notes:</p> <ul style="list-style-type: none"> • FY2025 Target: 4.15 • Questions asked for the first time in Nov 2023 as part of the Employee Engagement Survey. • Results will serve as baseline measure for future trending and target establishment. • Currently benchmark data only exists for the individual Q12+ question. • Gallup is working to establish benchmark data for the Q12+ Index (target date of late 2024). • Benchmark- N/A, target based on guidance from Gallup 	<p style="text-align: center;">Gallup 12+ Index</p> <table border="1"> <caption>Gallup 12+ Index Data</caption> <thead> <tr> <th>Year</th> <th>Actuals</th> </tr> </thead> <tbody> <tr> <td>FY2024</td> <td>4.12</td> </tr> </tbody> </table> <p>Note: This is a newly created measure for which no historical targets are available.</p>	Year	Actuals	FY2024	4.12
Year	Actuals				
FY2024	4.12				
Headwinds	Tailwinds				
<ol style="list-style-type: none"> 1. Strengthening culture is an on-going process. By leveraging Gallup’s Q12+ (Culture) Index, we will continue our multiyear effort towards growing and strengthening culture at CPS Energy, which will elevate the employee experience throughout all stages of the employee life cycle and help CPS Energy attract and retain talent. 2. Continue to leverage engagement to adapt to changing workforce needs and expectations that are driving cultural changes such as greater work/life balance, physical and mental well-being, financial health and connection to an organization’s mission and purpose. 3. Employ effective action planning to strengthen both engagement and culture which will help ensure that employees and teams are aligned to CPS Energy’s mission and values, and that employees have the resources they need to be successful and contribute to organizational success. 	<ol style="list-style-type: none"> A. Completion of the Corporate Culture audit. B. Establishment of CPS Energy Culture Index baseline with the Nov 2023 Employee Engagement survey. C. Expansion of the Employee Experience and Engagement Team and additional resources (Engagement Champions). 				

SAFETY PERFORMANCE ADMINISTRATION



Details & Notes	Historical Results & Benchmarks																		
<p>Measure Definition/Description : A measure of the number of recordable incidents per 100 full-time employees that have been involved in a recordable injury or illness. Recordable is an injury that requires medical treatment other than first aid, as well as one that causes death, days away from work, restricted work, transfer to another job, or loss of consciousness. 200,000 is a standard number of hours used by OSHA that represents 40 hours per week for 100 full-time employees. Number of Productive Hours is the cumulative number of employee hours worked. It does not include any nonwork time such as vacation, sick leave, and holidays. If actual hours worked are not available (i.e. salaried employees and executive) the hours are estimated based on 8 hours per workday.</p> <p>Measure Formula: $\frac{\text{Number of Recordable Incidents} * 200,000}{\text{Productive Hours}}$</p> <p>Rounded to the nearest hundredth of a point. Fiscal year metric (Feb 1 - Jan 31).</p> <p>Notes:</p> <ul style="list-style-type: none"> • FY2025 Target = 1.12 • The value is accessible to all CPS employees via the Safety Dashboard, which is periodically reconciled against the data in SAP to ensure accuracy. • Benchmark: 1st Quartile Consulting FY2023 	<table border="1"> <caption>Enterprise Recordable Incident Rate Historical</caption> <thead> <tr> <th>Fiscal Year</th> <th>Actuals</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>FY2019</td> <td>0.43</td> <td>1.16</td> </tr> <tr> <td>FY2020</td> <td>1.10</td> <td>1.57</td> </tr> <tr> <td>FY2021</td> <td>1.17</td> <td>1.31</td> </tr> <tr> <td>FY2022</td> <td>1.16</td> <td>1.68</td> </tr> <tr> <td>FY2023</td> <td>1.41</td> <td>1.49</td> </tr> </tbody> </table> <p>FY2023 Benchmarks: 2Q – 0.96 1Q – 0.58 1D – 0.37</p> <p>Legend: Actuals (Red Bar), Targets (Orange Line), Not Achieved (Red Box)</p>	Fiscal Year	Actuals	Targets	FY2019	0.43	1.16	FY2020	1.10	1.57	FY2021	1.17	1.31	FY2022	1.16	1.68	FY2023	1.41	1.49
Fiscal Year	Actuals	Targets																	
FY2019	0.43	1.16																	
FY2020	1.10	1.57																	
FY2021	1.17	1.31																	
FY2022	1.16	1.68																	
FY2023	1.41	1.49																	
Headwinds	Tailwinds																		
<ol style="list-style-type: none"> 1. 58% of all recordable injuries were soft tissue injuries (14). 2. 24% of overall injuries were deemed recordable (24). 3. 101 overall injuries (24 Recordable; 52 First Aid Only; 25 Report Only). 	<ol style="list-style-type: none"> A. Increased reporting of injuries allows us to measure the effectiveness of our safety program allowing us to become more proactive. Injuries are also being reported in a timelier manner which allows for prompt care before the injury worsens. B. Continued focus on Behavior Based Safety (BBS) Observations – initial indications show a potential inverse relationship between quantity of observations and overall injuries. C. There was a 38% decrease in recordable incidents from same timeframe in FY2023. In December there were 39 recordable incidents. In FY2024 December; there were 24 incidents. D. The Enterprise RIR is on track for FY2024. 																		

STRATEGICALLY INVESTING IN THE COMMUNITY

ADMINISTRATION



Details & Notes	Historical Results																		
<p>Measure Definition/Description: This metric measures the percentage of eligible enterprise purchase order spend with businesses located within the San Antonio Metropolitan Statistical Area (MSA). Where eligible purchase orders are purchase requisitions having any probability in being spent with businesses with a local presence.</p> <p>Metric Formula: Total Eligible PO Spend for Enterprise. Rounded to the nearest hundredth decimal. Fiscal year metric.</p> <p>Notes:</p> <ul style="list-style-type: none"> • FY2025 Target = 70% • Benchmark: N/A target based on forecasted spend and external factors 	<div style="text-align: center;">  <h3>Local PO Spend</h3> </div>  <table border="1"> <caption>Local PO Spend Data</caption> <thead> <tr> <th>Fiscal Year</th> <th>Actuals (%)</th> <th>Targets (%)</th> </tr> </thead> <tbody> <tr> <td>FY2019</td> <td>40.83%</td> <td>28.00%</td> </tr> <tr> <td>FY2020</td> <td>54.70%</td> <td>28.00%</td> </tr> <tr> <td>FY2021</td> <td>67.68%</td> <td>29.00%</td> </tr> <tr> <td>FY2022</td> <td>73.97%</td> <td>54.00%</td> </tr> <tr> <td>FY2023</td> <td>73.97%</td> <td>50.00%</td> </tr> </tbody> </table>	Fiscal Year	Actuals (%)	Targets (%)	FY2019	40.83%	28.00%	FY2020	54.70%	28.00%	FY2021	67.68%	29.00%	FY2022	73.97%	54.00%	FY2023	73.97%	50.00%
Fiscal Year	Actuals (%)	Targets (%)																	
FY2019	40.83%	28.00%																	
FY2020	54.70%	28.00%																	
FY2021	67.68%	29.00%																	
FY2022	73.97%	54.00%																	
FY2023	73.97%	50.00%																	
Headwinds	Tailwinds																		
<ol style="list-style-type: none"> 1. Local businesses are often small businesses with less competitive pricing than non-local businesses with a national or global footprint. 2. Material scarcity; CPS Energy purchases goods and services local firms are unable to provide. 3. Pattern of local business closures, mergers and buy-outs leading to decreasing availability of local firms. 	<ol style="list-style-type: none"> A. Efforts at enterprise-level to debundle and award contract opportunities to multiple suppliers. B. Continued momentum to expand local supply chain. C. Heavy engagement from political leaders at local, state and federal levels seeking increased utilization of local and diverse vendors. 																		



FY2025 BUDGET DISCUSSION

PRESENTED BY:

Geronimo Gonzalez

Sr. Director Budgeting Analysis & Management Reporting
(BAMR)

FEBRUARY 5, 2024

Approval Requested

AGENDA



- **Budget Approval Process**
- **FY2025 Budget Plan**

Thank you for your support of our rate plan. This budget reflects what was previously approved and executes on the period of high investment as we move into next fiscal year.

GOVERNANCE & BUDGET APPROVAL



BUDGET COMPONENT	GOVERNANCE	APPROVAL
RATE SUPPORT	Requests approved by you & Council	Approved Dec 7, 2023
FUEL PURCHASES	Governed by Procurement policy with material fuel purchases approved by you	✓
DEBT ISSUANCE	Bond Issuances approved by you & Council	✓
R&R ADDITIONS	Governed by Bond Ordinance	✓
CITY PAYMENT	Approved Monthly by you	✓
NON-FUEL O&M	Approved Annually by you	Requested Today
CAPITAL	Approved Annually by you	Requested Today

To execute on our FY2025 O&M & Capital Budget, your approval will be requested.



FORECASTED NON-FUEL O&M

FY2025 BUDGET OF \$890M

45% - \$398M	Labor Salaries and Wages, Benefits, Other Compensation
31% - \$280M	Power Sustainability and Resiliency Generation fleet overhauls and seasonal readiness maintenance to maximize plant availability and minimize downtime
11% - \$94M	Technology Maintain and assess enterprise technology systems and design future state of technology platforms
8% - \$75M	Electric and Gas Infrastructure Reliability Electric and Gas distribution and transmission infrastructure maintenance, work to minimize quantity and duration of customer outages
5% - \$43M	Customer and Community Engagement and Shared Services <ul style="list-style-type: none">• Investment in programs that promote engagement with customers and stakeholders• Key business areas critical to core operations, including Administration, Financial Services, Legal and Integrated Security

Our O&M budget supports key strategic initiatives including Customer Growth and Outreach, Technology Improvements and Reliability.



FORECASTED CAPITAL

FY2025 BUDGET OF \$937M

38% - \$355M	Electric and Gas Infrastructure Reliability Electric and Gas distribution and transmission infrastructure projects, work to minimize quantity and duration of customer outages.
34% - \$321M	System Growth Upgrading and extending service to new customers including new meters, subdivision and commercial services.
15% - \$138M	Power Sustainability and Reliability Generation fleet overhauls, planned upgrades and new generation projects to ensure generation capacity, maximize plan availability and minimize downtime.
8% - \$74M	Technology Projects to address physical security risk, computer system upgrades and computer based communication.
5% - \$49M	Customer and Community Engagement and Shared Services Key business areas critical to core operations, including Administration, Financial Services, Legal and Customer. Including Fleet vehicles and Real Estate Master Plan projects.

Our Capital budget addresses continued customer growth, while providing a reliable electric and gas system for our customers.

FY2025 PLAN SUMMARY



	<u>FY2024 Plan</u>	<u>FY2024 Forecast⁽¹⁾</u>	<u>FY2025 Plan</u>
Adjusted Debt Service Coverage Ratio	1.62	1.98	1.67
Debt Capitalization Ratio	62.6%	61.0%	61.7%
Days Cash On Hand	170	190	188
O&M	\$773M	\$811M	\$890M
Capital	\$941M	\$988M	\$937M
R&R Fund Additions	\$289M	\$472M	\$320M

(1) Latest estimate through November (i.e., 10+2)

(2) Consistent with the FY2025 Rate Plan

Approval Requested

REQUEST FOR APPROVAL



Requesting Approval of Capital & Non-Fuel O&M Budget for FY2025

The FY2025 proposed budget will fund investments that will benefit our community & meet our commitments, including:

- Funding & plan expense for employee benefit obligations
- Meeting customer growth of our community
- Investing in Infrastructure Modernization & Resiliency
- Enabling our digital transformation strategy
- Investing in new generation
- Continuing to develop our workforce



	Budget
(\$ in millions)	FY2025
Capital	\$937
Non-Fuel O&M	\$890



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



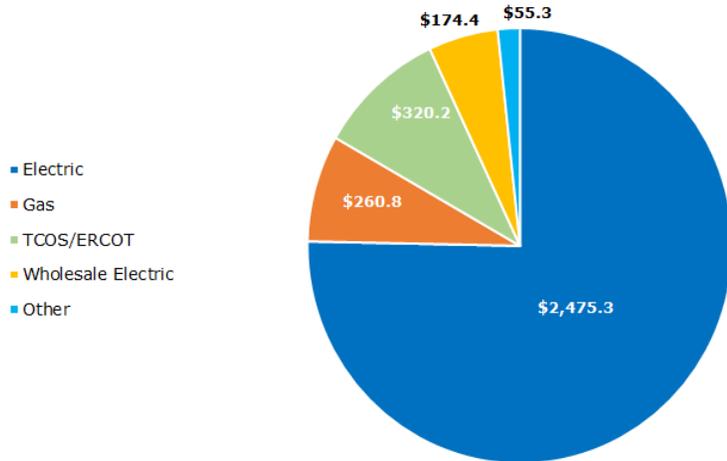
ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
Adjusted Debt Service Coverage Ratio	Measurement of available cash flow to pay current debt obligations	LE	Latest Estimate
CIAC	Contribution in Aid of Construction	O&M	Normal costs incurred to keep business operations ongoing (Operating & Maintenance)
Days Cash on Hand	Represents the number of days a company can continue to pay its operating expenses with current cash available	OPEB	Postemployment benefits other than pension benefits (Other Post-employment Benefits)
Debt Capitalization Ratio	Measurement that shows the proportion of debt a company uses to finance its assets, relative to the amount of cash (equity) used for the same purpose	R&R	A restricted cash account which may be used to fund construction costs (Repair & Replacement account)
Debt Service	In the Flow of Funds, the annual amount of principal and interest payments due to bond holders	Wholesale Revenue net Fuel	Revenues from market sales of incremental power produced less the cost of fuel to produce the power



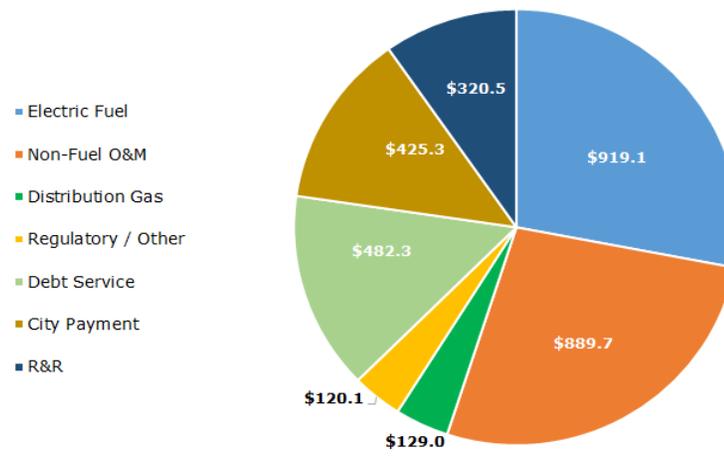
FY2025 PROPOSED BUDGET

SOURCES OF REVENUE = USES OF REVENUE

Sources of Funds \$3,286.0M



Uses of Funds \$3,286.0M



Approximately 77% of revenues go towards “run-the business costs” i.e. paying for fuel & regulatory costs, covering O&M expenses, and making our debt service payments.



FINANCIAL HEALTH

FORWARD LOOK

	<u>FY2026</u>	<u>FY2027</u>
Debt Service Coverage Ratio	1.77	1.66
Debt Capitalization Ratio	62.9%	64.6%
Days Cash On Hand	176	176

Additional revenue generated from rate support helps the financial stability of our utility.