

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JUNE 30, 2025**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of June was held on Monday, June 30, 2025, 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 Romero called the meeting to order at 1:01 p.m.

Present were Board members:

Dr. Francine Romero, Chair
Dr. Willis Mackey, Vice Chair
Ms. Janie Gonzalez
Mr. John Steen
Mayor Gina Ortiz Jones (arrived at 1:03 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
Mr. Benny Ethridge, Chief Energy Supply Officer
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Richard Medina, Chief Energy Delivery Officer
Mr. Evan O'Mahoney, Chief Information Officer
Mr. Erik Walsh, City Manager, City of San Antonio
CPS Energy staff members
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Brandy Russell, Board Relations Liaison.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, expressed her excitement that President & CEO Rudy Garza, Trustee Janie Gonzalez, and Mayor Gina Ortiz Jones all held positions of leadership at CPS Energy and in the community. She provided words of encouragement, and indicated she would like private meetings with each of the three leaders.

Ms. Dawn "Patty" Benitez, CPS Energy retiree, expressed concerns about the changes to the retiree health insurance plan, including a perceived lack of retiree input. She wanted CPS Energy to fund more of the retiree plan, and she believed other options were not thoroughly explored.

Ms. Deborah Henrich, CPS Energy retiree, expressed concern that the proposed retiree health insurance plan would alter the benefits CPS Energy retirees were promised upon retirement.

Ms. Patricia Major, CPS Energy retiree, expressed concerns about the changes to the retiree health insurance plan and that the information provided regarding the plan change was too vague. She stated she wants more details about the new plan, more information about the fees, and more input from retirees. She stated that a petition will be forthcoming that expresses these retiree concerns.

The following individuals requested that CPS Energy stop disconnections for the community's most vulnerable residents. They expressed concerns about the ability to pay bills and the health risks during more extreme weather. They also stated they felt that the interests of data centers and large businesses are prioritized over vulnerable customers, and several stated that they will continue to attend meetings until the Board discusses their concerns:

- Ms. Paula Cary, community member
- Ms. Isabella Briseño, community member
- Ms. Ana Trevino, Texas Rising Coalition Member of Climate SA
- Ms. Luissana Santibañez, Coalition for Dignified Housing
- Ms. DeeDee Belmares, Public Citizen
- Ms. Isabel Galvan, community member
- Ms. Anissa Mancias, community member
- Ms. Araceli Herrera, Coalition for Dignified Housing
- Ms. Evangelina Villanueva, Coalition for Dignified Housing
- Ms. Graciela Sanchez, Esperanza Peace & Justice Center
- Ms. Erica Alvarado, community member
- Ms. Claudia Sanchez, LULAC
- Ms. Angelica Olvera, Citizen Keep South San Antonio Proud
- Ms. Jazmine Herrera, Coalition for Dignified Housing
- Mr. Gabriel Rosalez, LULAC
- Mr. Brian Lopez, SA Workers Assembly

IV. CHAIR'S REMARKS

Chair Romero thanked those who provided public comment. She encouraged individuals who do need assistance to see the CPS Energy staff members available to help. She noted there are several detailed and information rich presentations on the agenda that are important for the Board and for our customers, one of which will address accounts receivable and when a disconnection may occur.

Next, she noted that, as we grapple with climate change, CPS Energy has worked on an exciting project at the Tessman Road landfill, which will convert landfill waste gas into renewable natural gas. This gas is added to CPS Energy's pipeline and powers over 450 via buses.

Finally, she encouraged those interested to apply for the upcoming vacancy for the Quadrant 2 position on the Board of Trustees. She noted there is a public information session upcoming on July 9 at 5 p.m. and one on August 12 at 12 p.m. She discussed the process for applying and noted that the application deadline is August 29.

V. CEO RECOGNITION & REMARKS

Mr. Rudy Garza, President & CEO, recognized the first quarter CEO Core Value Award Honorees. He emphasized the importance of our core values, and he noted that they serve as the guiding principles that shape our culture, drive our decision-making, and enable us to deliver exceptional service to our community. Our core values define who we are as an organization, and are at the heart of everything that we do.

Next, Mr. Garza provided an overview of the presentations on the agenda. Mr. Cory Kuchinsky and Ms. Elaina Ball will present on our first quarter performance, which shows the great progress we have made in addressing past due balances. Ms. DeAnna Hardwick will discuss our efforts to keep our customers on track, and when they fall behind, the programs that we have to assist them. He stated he believed that here in San Antonio, we do more than any other utility to help our customers. Finally, Ms. Kathy Garcia will provide a legislative and regulatory update.

VI. APPROVAL OF CONSENT ITEMS

On a motion by Vice Chair Dr. Mackey, seconded by Trustee Gonzalez, and upon the 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 May 2025

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 May 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$273,198,098.18, less applicable exclusions. In accordance with the New Series Bond Ordinance Flow of Funds requirements, current month revenue did not meet the full obligation for City Payment by \$3,774,964.03. This situation is a common occurrence for CPS Energy in the spring months due to the seasonal billing patterns. Under the previously approved agreement with the City, CPS Energy will advance to the City \$3,774,964.03 against future months' revenues for fiscal year 2026. The revenue for the month of May 2025 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$323,612,653.02
Gas revenue	17,066,336.74
Interest and other income	4,487,271.07
Gross revenue per CPS Energy financial statements	<u>345,166,260.83</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(4,786,231.00)

LVG revenue per City Ordinance 100709	(28,671.87)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(36,322,931.93)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(30,830,327.85)
Total excluded revenue	(71,968,162.65)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$273,198,098.18</u>
City payment per Bond Ordinance for May 2025 based upon May 2025 revenue	\$38,247,733.75
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	618,958.06
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	38,854,191.81 A
Utility services provided to the City for May 2025	(3,028,318.76)
Net amount to be paid from May 2025 revenue to the City in June 2025	<u>\$35,825,873.05</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)

May 2025	Actual	Budget	Variance	
Current Month A	\$38,854	\$36,121	\$2,733	7.6%
Year-to-Date	\$142,965	\$142,293	\$672	0.5%

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 \$35,825,873.05 representing 14% of applicable system gross revenues for the month of May 2025, such payment being net of City utility services (\$3,028,318.76), and including the current month shortage, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2026 is \$43,880,985.00.

B. Minutes from the May Regular Board Meeting, held on May 19, 2025

C. Procurement Items: None

VII. COMMITTEE REPORTS

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

Community Input Committee (CIC) Subcommittee Reports

- A. Customer Relations and Communications Subcommittee Meeting held on May 14, 2025. The report is attached as Attachment "A" to the meeting minutes.
- B. Rates, Finance, and Business Subcommittee Meeting held on May 14, 2025. The report is attached as Attachment "B" to the meeting minutes.
- C. Power and Technology Subcommittee Meeting held on May 14, 2025. The report is attached as Attachment "C" to the meeting minutes.

Board Committee Reports

- A. Nominations Committee meeting held on May 13, 2025. The report is attached as Attachment "D" to the meeting minutes.

VIII. FY2026 FIRST QUARTER PERFORMANCE UPDATE

Mr. Cory Kuchinsky, Chief Financial Officer, presented the financial results through the end of the first quarter. He noted that the financial metrics and financial resiliency score are projected to be in line with our plan. He also presented the current outlook for past due receivables, noting that we have reduced past-due dollars from a peak of \$208M to \$112M, and he noted that despite ongoing customer growth, we have effectively managed past due accounts, particularly those at risk of disconnection, now 15% lower than pre-pandemic levels. The Board of Trustees asked questions and discussed the quarterly financial results.

Ms. Elaina Ball, Chief Strategy Officer, presented on the FY2026 Enterprise Scorecard through the first quarter. She reviewed the status of the strategic objectives. She then noted that all measures are on track, except for safety, which is at risk. She provided an overview of the reportable safety events and steps taken to mitigate these events, including stretching and hydration. The Board of Trustees asked questions and discussed the enterprise scorecard.

IX. ACCOUNTS RECEIVABLES PROCESS AND SUPPORT

Ms. DeAnna Hardwick, Chief Customer Strategy Officer, presented on our accounts receivable process and how we support our customers. She noted that we are committed to helping our customers avoid disconnection through payment plans and assistance programs and continue exploring solutions to support our community and ensure reliable service for all. She highlighted CPS Energy's positive momentum in this area, noting that our arrears have reduced while other utilities see amounts increasing. She shared our awards and community partnerships related to customer support. She then walked through legal requirements that apply to CPS Energy, noting that we are prohibited from gifting public funds. Next, she provided an in-depth overview of our practices, our bundled care approach, and the steps we take before a customer can be disconnected. She provided examples through two customer scenarios. Our payment plans have a high success rate because we work with each individual customer, and we have helped connect our customers with nearly \$3.6 million in assistance. She reiterated that we focus on compassion and care - it just takes one call and we can help. Finally, she highlighted how we are focused on the future with short-term and long-term outcomes, such as leveraging technology, to improve customer experience.

The Board of Trustees asked questions, discussed the presentation, and requested additional information.

X. LEGISLATIVE & REGULATORY POLICY UPDATE

Ms. Kathy Garcia, Vice President, Government and Regulatory Affairs and Public Policy, provided a recap of the Regular Session of the 89th Legislature and highlights of our current and forthcoming public policy activities. She noted that CPS Energy remains a trusted resource and partner with legislative offices, community partners, and industry counterparts. She reviewed the key bills and stated that we successfully advocated for changes to the legislation, and we will continue our efforts through the forthcoming rulemaking process. She also provided information on the federal policy and legislative actions.

The Board of Trustees asked questions, discussed the presentation, and requested additional information.

XI. EXECUTIVE SESSION

At approximately 4:38 p.m., Chair Romero announced the Board would go into Executive Session, and 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)
- Attorney-Client Matters (§551.071)
- Real Property (§551.072)

The Board reconvened in open session at 5:27 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed.

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Steen, seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:36 p.m. by Chair Romero.



Shanna M. Ramirez
Secretary of the Board



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JUNE 23, 2025 MEETING

PREPARED FOR COMMITTEE CHAIR, MR. JOHN STEEN

FOR REPORT AT THE JULY 28, 2025, BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on June 23, 2025. As part of the agenda, the Committee:

- A. Reviewed and approved meeting minutes from the prior meeting held on April 9, 2024.
- B. Reviewed the Committee Governance Policy.
- C. Received a Procurement Preview that included:
 - a. A request for an Active PO Funding Increase – Purchase of residential gas meter
- D. Received an update on our Gas Compliance that included:
 - a. A review Gas System overview,
 - b. A Compliance Overview,
 - c. Audit Results,
 - d. Mitigation
 - e. And a discussion on our proactive audit response and continuous process improvement efforts that help ensure safe and reliable operation of our gas system.

The next meeting of the Operations Oversight Committee Meeting is planned for August 11, 2025.



NOMINATIONS COMMITTEE MEETING

MEETING MINUTES FROM THE JUNE 24, 2025 MEETING PREPARED FOR COMMITTEE CHAIR FRANCINE ROMERO FOR REPORT AT THE JULY 28, 2025 BOARD OF TRUSTEES MEETING

The Nominations Committee met on June 24, 2025. As part of the Nominations Committee agenda, the Committee:

- A. Reviewed the launch of the Trustee Search campaign
- B. Reviewed public info sessions schedule
- C. Discussed candidate selection timeline and process

The Committee also received a presentation regarding:

- D. Print media and online engagement with campaign

The next meeting of the Nominations Committee will be scheduled for August 2025.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JUNE 9, 2025 MEETING PREPARED FOR BOARD CHAIR DR. FRANCINE ROMERO FOR REPORT AT THE JULY 28, 2025 BOARD OF TRUSTEES MEETING

The Technology & Resilience Committee met on June 9, 2025. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on September 11, 2024.
- B. Discussed the T&R Committee Charter.
- C. Received updates on Evolve: ERP Transformation Program, Evolve: Data Governance & Strategy, and Communication Services.
- D. Five new action items were generated during the meeting; two additional action items were generated in the Closed Session.

The next meeting of the Technology & Resilience Committee will be held September 15, 2025.