

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON DECEMBER 15, 2025**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of December was held on Monday, December 15, 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 1:00 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 (Absent)

Also present were:

Mr. Rudy D. Garza, President & CEO
Ms. Shanna Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
CPS Energy staff members

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Rick Luna, Director Strategic Pricing & Cost Recovery.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, expressed her appreciation for CPS Energy, employees, Mr. Rudy D. Garza, and the Board of Trustees.

Mr. Arthur Rakowitz, community member, expressed concerns about difficulties in communicating with CPS Energy and disconnection.

Mr. Ed Banas, community member, advocated for coordination with the Public Utility Commission to limit impacts to the Hill Country from the planned Howard to Solstice transmission line.

Ms. Amanda Griffin, Hill Country Preservation Coalition, provided an overview of the membership of the Coalition and advocated for coordination with the Public Utility Commission to limit impacts to the Hill Country from the planned Howard to Solstice transmission line.

IV. CHAIR'S REMARKS

Chair Romero provided holiday safety tips for customers.

She thanked the Community Input Committee for their robust feedback. She noted that they elected Mr. Stephen Bonnette as the incoming Chair, and Ms. Maria Nelson and Vice Chair. She also thanked Ms. Lawson Picasso for her service as Chair.

Finally, she noted that the CIC is seeking to fill an at-large position. She noted the requirements and deadline as Friday, December 19.

V. CEO RECOGNITION & REMARKS

Mr. Rudy D. Garza, President & CEO, recognized the Third Quarter Core Value awardees. He noted that these employees are outstanding examples of our core values, and he highlighted some stories of these employees going above and beyond.

Mr. Garza then provided a brief overview of the agenda.

VI. APPROVAL OF CONSENT ITEMS

On a motion by Vice Chair Dr. Mackey and seconded by Chair Romero, the following items on the Consent Agenda were approved on a 3-1 vote, with Trustee Gonzalez voting against the motion and Mayor Jones absent:

- A. Payment to the City of San Antonio for October 2025
- B. Minutes from the Special Board Meeting, held on October 27, 2025
- C. Minutes from the Special Board Meeting, held on November 3, 2025
- D. Minutes from the Regular Board Meeting, held on November 17, 2025

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:

Board Committee Reports

- A. Personnel Committee Meeting held on September 10, 2025. The report is attached as Attachment "A" to the meeting minutes.
- B. Personnel Committee Meeting held on September 29, 2025. The report is attached as Attachment "B" to the meeting minutes.

Community Input Committee Reports

- A. Customer Relations and Communications Working Group Meeting held on November 12, 2025. The report is attached as Attachment "C" to the meeting minutes.
- B. Power and Technology Working Group Meeting held on November 12, 2025. The report is attached as Attachment "D" to the meeting minutes.
- C. Finance and Business Working Group Meeting held on November 12, 2025. The report is attached as Attachment "E" to the meeting minutes.

VIII. AFFORDABILITY THROUGH FINANCIAL STEWARDSHIP

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented on financial stewardship. He stated that CPS Energy makes thoughtful, strategic decisions to reduce costs, avoid unnecessary spending, and prepare for long-term sustainability.

The Board of Trustees discussed and asked questions primarily focused on CPS Energy's credit ratings, budget process, savings through refinancing and other actions, the level of investments needed for the system now and in the future, and customer rates.¹

IX. FY2026 THIRD QUARTER PERFORMANCE UPDATE

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, and Ms. Elaina Ball, Chief Strategy Officer, presented on the third quarter financial performance, past-due receivables, and enterprise scorecard results.

The Board of Trustees discussed and asked questions primarily focused on progress related to past-due receivables, benchmarking, how we set metrics, and at-risk or unrecoverable metrics.²

X. EXECUTIVE SESSION


At approximately 2:53 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:

- Competitively Sensitive Matter – Agreement Related to Specific Generation Unit (§551.086)
- Competitively Sensitive Matters – Agreement Related to Specific Generation Unit (§551.086)
- Personnel Matters (§551.074) & Attorney-Client Matters (§551.071)
- Attorney Client Matters (§551.071)

The Board reconvened in open session at 3:23 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. The competitively sensitive matters, as posted on the agenda, we approved in Executive Session, with Trustee Steen abstaining from participating in the discussion or vote.

XI. ADJOURNMENT

Chair Romero asked Ms. Ramirez to review the requested action items. There being no further business to come before the Board, upon a motion duly made by Vice Chair Dr. Mackey, seconded by Chair Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:25 p.m. by Chair Romero.



Shanna M. Ramirez
Secretary of the Board

¹ Trustee Steen requested that his comments be included in total and provided his written summary, which is attached to the meeting minutes as Attachment "F".

² Trustee Steen requested that his comments be included in total and provided his written summary, which is attached to the meeting minutes as Attachment "G".



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 10, 2025 MEETING
PREPARED FOR COMMITTEE CHAIR WILLIS MACKEY
FOR REPORT AT THE DECEMBER BOARD OF TRUSTEES MEETING**

The Personnel Committee met on September 10, 2025. As part of the Personnel Committee agenda, the Committee:

- A. Chair Dr. Mackey requested that the committee convene to Executive Session to discuss input and process for CEO mid-year performance evaluation for FY2026.

The next meeting of the Personnel Committee is September 29, 2025.



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 29, 2025 MEETING
PREPARED FOR COMMITTEE CHAIR WILLIS MACKEY
FOR REPORT AT THE DECEMBER BOARD OF TRUSTEES MEETING**

The Personnel Committee met on September 29, 2025. As part of the Personnel Committee agenda, the Committee:

- A. Chair Dr. Mackey requested that the committee convene to Executive Session to discuss CEO mid-year performance evaluation for FY2026.

The next meeting of the Personnel Committee is December 3, 2025.



Community Input Committee (CIC) Working Group Report Customer Relations and Communications

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 12, 2025, MEETING PREPARED ON BEHALF OF THE WORKING GROUP CHAIR, MR. RICHARD FARIAS FOR REPORT AT THE DECEMBER 15, 2025, BOARD OF TRUSTEES MEETING

The Working Group received a presentation and update on CPS Energy's Vision 2030 Generation Plan engagement strategy. Additionally, they received a presentation on CPS Energy's Casa Verde Weatherization Program:

1. Generation Plan Engagement Strategy Update:
 - A. Discussion of ongoing and upcoming community events.
 - B. Overview of strategic checkpoints to Horizon 2050, the long-term strategy.
 - C. Alignment of Vision 2030 strategic initiatives to Horizon 2050 goals.
 - D. Discussion and feedback on the narrative and strategic approach.

2. Casa Verde Weatherization Program Update:
 - A. Approved Budget & Timeline
 - B. New Program Structure
 - New Weatherization Rebate Program launched October 20, 2025.
 - Customers select a registered, prequalified trade ally to weatherize their home.
 - C. Program Goals
 - Weatherize 16,000 homes by July 31, 2027
 - Currently 38% to goal (~10,000 homes remaining)
 - D. Rebate Program Process
 - E. Eligibility and Guidelines:
 - Single-family residences (including mobile homes)
 - BCAD Homesite Value < \$300K
 - Income Qualifications:
 - Energy burden $\geq 10\%$ of income
 - Income guidelines unchanged
 - F. Home Assessments
 - \$300 rebate per home
 - Provides customers with saving opportunities and next steps.
 - G. Rebate Measures
 - H. Weatherization Repair Assistance Program (WRAP)

Working Group members made suggestions on how to improve communication to customers regarding the generation plan update and identified which topics were most relevant and important to emphasize. During the weatherization program update, working group members asked clarifying questions related to customer education, interaction with other CPS Energy programs, and program eligibility requirements.

This report has been distributed to all members of the Community Input Committee.

The next Customer Relations and Communications Working Group meeting is on February 11, 2026.



Community Input Committee (CIC) Working Group Report Power and Technology

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 12, 2025, MEETING PREPARED ON BEHALF OF THE WORKING GROUP CHAIR, MR. STEVE BONNETTE FOR REPORT AT THE DECEMBER 15, 2025, BOARD OF TRUSTEES MEETING

The Working Group received a presentation on CPS Energy's renewable energy generation and a review of new technologies:

- A. Overview of the CPS Energy generation portfolio
- B. Progress update on generation capacity additions
 - CPS Energy is producing more power ahead of schedule
- C. Expanding solar program offerings for customers
 - Community Solar (Panel Ownership)
 - Community Solar (Subscription Pilot)
 - Exploring incentive opportunities for residential rooftop solar
- D. Discussion of new technologies
 - Geomechanically pumped storage offering cost-effective, long-duration electricity storage.
 - Modern hydrogen converting natural gas into hydrogen and reduce carbon.

Working Group members inquired about community solar programs and opportunities to meet residential and business needs while minimizing risk. Group members discussed STEP and asked questions to better understand CPS Energy's approach to balancing demand response incentives. Additionally, members explored advances in battery technologies and sought more information about CPS Energy's innovation incubator program.

This report has been distributed to all members of the Community Input Committee.

The next Power and Technology Working Group meeting is on February 11, 2026.



Community Input Committee (CIC) Working Group Report Finance and Business

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 12, 2025, MEETING PREPARED ON BEHALF OF THE COMMITTEE CHAIR, MR. BOB ZAPATA FOR REPORT AT THE DECEMBER 15, 2025, BOARD OF TRUSTEES MEETING

The Working Group received a presentation on CPS Energy's Energy2Business (E2B) customer program.

- A. Serving Business Customers in a New Way
 - Hands-on, mobile E2B team serves 90K+ small and medium business (SMB) customers.
 - E2B exists to listen, support, and empower through personalized outreach.
- B. Outreach Channels and Communication Tactics
 - Onsite visits and consultations offer personalized, face-to-face business support.
 - Community pop-ups and local events allow us to meet customers where they are.
- C. Education and Empowerment
 - Lunch and Learn Series (Fall 2025)
 - Energy Efficiency Awards: Recognizing SMBs demonstrating sustainability and cost-saving excellence.
 - Tailored presentations for chambers, associations, and incubators.
- D. Proactive Outreach
 - Anticipatory engagement addresses potential issues before they occur.
 - Segmented communications allow for custom messaging to SMBs, critical care, and industry audiences.
 - Education-first approach: Workshops, Lunch and Learns, and Resource Guides.
- E. Sustainability as a Relationship Builder Helping SMBs
 - Understand energy efficiency options for their operations.
 - Access rebates and green programs to lower costs and emissions.
- F. Empowering SMBs Through Digital Tools
 - Billing & Account Management
 - Multiple payment methods: Online, AutoPay, Apple Pay, Google Pay, Pay by Text, and Budget.
 - Real-time balance updates and payment confirmations.
 - Operational Tools & Efficiency
 - Outage Map & Alerts: Interactive, real-time updates
 - Energy-saving audits to identify opportunities, efficiency upgrades, and STEP rebates.

Working Group members sought to understand the impact of CPS Energy's Energy2Business (E2B) initiative on small and medium-sized businesses (SMBs). Members encouraged CPS Energy to strengthen E2B partnerships with non-profit organizations and offered feedback on enhancing E2B marketing, particularly through video content that highlights SMB experiences and success stories. Group members also commended E2B for its proactive communication during outages affecting SMBs and recommended expanding sustainability-focused educational efforts, such as the ongoing Lunch & Learn series, and evaluating ACH options for payment.

This report has been distributed to all members of the Community Input Committee.

The next Finance and Business Working Group meeting is February 11, 2026.

12/15/25

John Steen Comments

Affordability Through Financial Stewardship

Agenda Item #8

Mr. Kuchinsky, thanks for this presentation and for all your outstanding work on behalf of CPS Energy. As I read through the material for this agenda item, I couldn't help but think that what you're doing today is beginning to lay the groundwork for an upcoming rate-increase request. After all, rate hikes are planned for every two years, and CPS Energy is approaching the two-year anniversary of the last one.

Please put up **slide 4** entitled "The Value of a Good Credit Rating – Improve Infrastructure at Lower Cost for Customers." I want to take a moment to put our current credit ratings in perspective. Almost five years ago, following winter storm Uri, all three credit rating agencies downgraded CPS Energy, and that downgraded status continues to this day. Not long ago all three credit rating agencies concurred that our Outlook is "Stable," which means our ratings are *not* likely to be changed. As I've observed many times over the years since we received the post-Uri downgrades, I believe our CEO should have been strongly challenged to restore our ratings instead of being content to merely maintain our current downgraded ratings. I can't help but believe that, if the right things had been prioritized early on, such as aggressive cost control and cost reduction as well as at least pausing, if not altogether foregoing, expensive but unnecessary fiscal commitments, we'd be well on our way back to where CPS Energy was ratingswise before Uri, and, by the same token, in a much healthier position financially. And by the way, this slide is flawed and unilluminating in the sense that it merely shows the fluctuation of interest rates over the last 20 years and then aggregates and emphasizes savings over the same 20 years. To be germane, the graph should focus on, say, the last five years and show bond refinancing savings for each of those years.

One last point on the subject of cost control. As most of you who are listening know, the board chairmanship is rotated among the four trustees other than the mayor. The chair sets the agenda, and, while holding that position from 2018 to 2021, I requested that every regular meeting we have someone in the organization report on something done recently to save a significant amount of money. I was repeatedly amazed at all the creative ideas that came out of this. For those 36 months, we created a corporate culture of frugality, cost control and cost savings, and, of course, we avoided any rate increases. For some reason, when I turned the gavel over to my successor as chair, that practice was immediately discontinued, and it's not been revived to this day. I'd like to respectfully request to our current chair that she reinstate this practice. CPS Energy is currently planning every-two-year rate increases, and I fear that it's going to be increasingly harder and harder to get our customers and City Council to support them. It's a strong part of the argument to them to be able to say and demonstrate that CPS Energy is doing everything – and I mean everything – in its power to control costs and reduce expenses.

Please put up **slide 6** entitled "Bills Remain the Lowest in Texas – Combined Residential Bill Comparison." Management has used this chart extensively over the years when advocating for rate hikes. It shows CPS Energy in the most favorable position among Texas utilities. However,

there's some disconnect between this chart and the fact that for years now roughly 20% of CPS Energy's residential customers have been past-due on their bills which, not unexpectedly, means they're generally struggling to pay their bills. When CPS Energy's last base-rate increase request was before City Council in December of 2023, Councilman Marc Whyte developed and presented an alternative energy bill cost chart that compared the average energy bills provided by CPS Energy to hourly wage data presented by the Federal Reserve Bank of Dallas. On that chart, San Antonio was not last, but the third highest behind El Paso and Corpus Christi. At that time, I requested – remember this was during a regular board meeting – that any time the chart now up on the screen was used, we also display Councilman Whyte's chart to provide perspective. To be clear, I was not asking that Whyte's chart be substituted for the one CPS Energy management uses frequently, but that it be in addition to that one. That request, respectfully made a year and a half ago, was never honored. It's as if you want us to avoid acknowledging that the City of San Antonio ranks third-highest in poverty among major U.S. metropolitan areas. I'll repeat for emphasis: the City of San Antonio ranks third-highest in poverty among major U.S. metropolitan areas. CPS Energy must acknowledge that fact when it contemplates every-two-year base-rate increases.

To sum up, let me make a comparison to what's going on nationally in regard to the issue of affordability because I think it's applicable to our local situation. My observation is that both parties talk about affordability in an effort to convince the public that everything is fine. But what really carries weight is what people are actually experiencing. While both parties have touted affordability, polls indicate many Americans are struggling with certain high costs. In a nutshell, it's political rhetoric versus lived experience, and lived experience is what matters. Turning back to CPS Energy, management can create charts and such to try to convince its customers that they've never had it so good, but what really counts is the hardship those customers are experiencing in their everyday lives. With the prospect of disconnects looming, do you really think that 190,000 of our residential customers would fall behind unless they were experiencing extreme hardship? And before I leave this subject, I'm sure many of you saw the article in last Friday's *San Antonio Express-News* that the San Antonio Water System (SAWS) commissioned an independent report indicating its rate revenue will need to increase by 42% over the next five years. So future substantial rate hikes from SAWS will also be impacting our beleaguered customers.

I'll close on a subject that I could go on at length about, but, in the interest of time, will just touch on. Though it's often deliberately obscured, what's a key driver for management's push for every-two-year rate hikes is the climate-change agenda. I wonder if some of you read the article in this past weekend's edition of *The Wall Street Journal* that opens with the question "Whatever happened to the climate crisis?" immediately followed by recounting that in 2021 Bill Gates was warning that the equator would become unlivable as he promoted his new book entitled How to Avoid A Climate Disaster. Two months ago, he effectively said "never mind." He wrote: "Climate change won't wipe out civilization." What I want to leave you with is the title of this rather long *Journal* article. Here's the title: "The Climate Crisis Clashed With Affordability, and Affordability Won." I'll repeat: "The Climate Crisis Clashed With Affordability, and Affordability Won."

I respectfully request that my remarks be included in full in the minutes of today's meeting.

Thanks. That's all I have at this time.

12/15/2025

John Steen Comments & Questions

FY 2026 Third Quarter Performance Update

Agenda Item #9

Mr. Kuchinsky and Ms. Ball: Thanks for your informative update. I commend both of you for your efforts on behalf of CPS Energy. The company is fortunate indeed to have executives of your caliber. For those listening in, I'll begin by reminding everyone that we're about a month and a half from the end of FY 2026, which concludes January 31st, and the financial and enterprise performance briefings we've just been given are as of October 31, 2025. Thus, we're a month and a half down the road from the information and data we're considering this afternoon.

Please put up **slide 6** entitled "Account Receivables – Current Versus Past-Due Count." The last column on the right indicates that, as of October 31st, CPS Energy has 190,000 – I'll repeat 190,000 -- customers who are past-due on their CPS Energy bills. For those listening in today, here's a visual for 190,000 people. If you can picture in your mind the Alamodome filled to capacity – completely sold out – for a football game, it's roughly that amount of people times three. Focusing on the bar to the left of the last column, we see that as of July 31st of this year, that number was 173,000. This, of course, means CPS Energy is going in the wrong direction to the tune of 17,000 customers. Now please put up **slide 5** entitled "Account Receivables – Past Due Dollars versus Average Balance Past-Due." I direct your attention to the last two columns that indicate in July the past-due amount was \$101 million and has increased by \$15 million to \$116 million as of October 31st. Again, going in the wrong direction. I recall Chief Customer Strategy Officer DeAnna Hardwick told this board at our December 18, 2023, meeting that, before this surge in past-due accounts began five or so years ago, the number of past-due customers was typically around 15,000 and the past-due amount \$5 million. (If you want to confirm this quickly it's 58 minutes, 30 seconds into video of that meeting.) So back then 15,000 customers, today 190,000 customers. Back then, past due for \$5 million, today in arrears for \$116 million. In this area of past-due accounts, CPS Energy admittedly has made progress, but, given the amount of time that's elapsed, it's not made sufficient progress. This intractable problem endures, and here we are on the cusp of another of CPS Energy's every-two-year rate increases. So I ask rhetorically how difficult is it going to be for CPS Energy to convince its customers and persuade our City Council members, that they should look favorably on this planned base-rate increase when, according to the latest numbers, 1/5th or 20% of our residential customers are past due on their CPS Energy bills?

Next, let's put up **slide 10** entitled "FY 2026 Enterprise Measure Results as of October 31, 2025." I've brought up many times my strong objection as to how, early last fiscal year, these enterprise metrics were recast to reduce the number from 16 to 8 and to make achieving targets less challenging so I'll not delve into that this afternoon. But look at where CPS Energy is as of October 31st, that is, three months out from the end of our fiscal year. Of the eight metrics, three

– Average Customer Outage Duration or SAIDI, Plant Availability, and Safety Performance – have already been declared “Unrecoverable.” Note the word “Unrecoverable” in the red boxes stacked along the next to last column on the far right. We’ve consistently referred to our bundle of metrics – which, again, up until last fiscal year consisted of 16 measures, but is now whittled down to eight – as CPS Energy’s report card. So, bottom line, it appears that CPS Energy’s overall score at best is going to be 5 out of 8, which means CPS Energy’s total grade for FY2026 will be a disappointing 63. This follows CPS Energy’s report card scores of:

- 10 out of 16 or a 63 for FY2023
- a similar score for FY2024
- 4 out of 8 or a 50 for FY 2025
- and now today 5 out of 8 or a 63 for FY 2026

If these are indeed CPS Energy’s report cards, the last four years have been subpar to say the least. I wouldn’t be doing my duty as a trustee if I neglected to highlight this. One last point, I compared the targets that management set for itself for this year, FY2026, with those it set for itself for last fiscal year, that is, FY 2025. (By the way, this board should properly be setting these targets as opposed to management setting targets for itself.) I was and am very disappointed that management eased up on its targets for both Average Customer Outage Duration/SAIDI (57.68 to 64.15) and Safety Performance (1.12 to 1.09) and still missed the targets. In regard to these two metrics, the goalposts were moved closer, yet the team still failed to score. Not good.

Finally, please put up slide 16 entitled “FY 2026 YTD Net Income -- Plan to Actual Walk Forward.” This is Mr. Kuchinsky’s aptly named “waterfall” slide. Now note the red bar left of center, and we can see the figure of negative \$12.2 million, which, please correct me if I’m wrong Mr. Kuchinsky, is income under budget. This refers to revenue that has flowed to CPS Energy because excess electricity was sold into the grid during periods of high demand. Importantly, it’s money that doesn’t come out of our customer’s pockets. Mr. Kuchinsky often refers to this as a “one-time” lift in revenue. It’s also revenue I’ve been warning about because CPS Energy cannot depend on it. Last year at our December board meeting, you provided information to us that, at that point in time, the red rectangle was green in color, which indicated that CPS Energy during the same time frame, had received \$218.6 million over what was budgeted. But what has occurred this year has happened before to CPS Energy. For perspective, for three years prior to FY 2023, wholesale sales came in below forecasted revenues, and I remember that you said this created – you used the words – “financial stress.” What’s transpiring now brings home the point that fluctuation of wholesale revenues, prevents us from relying on them. So, with that preface, please give us your thoughts on FY 2026 wholesale revenue as of October 31st and as of today. To use your words, is this causing the company – or might it cause the company by the end of this fiscal year – financial stress?

In closing, on this agenda item, I respectfully request that our General Counsel Shanna Ramirez include in this meeting’s minutes my full comments.

Thanks, that’s all I have at this time.