



**CPS ENERGY BOARD OF TRUSTEES MEETING  
TO BE HELD ON JULY 31, 2023 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
<b>1</b>	<b>CALL TO ORDER</b>	Execute	Ms. Janie Gonzalez
<b>2</b>	<b>SAFETY MESSAGE, INVOCATION &amp; PLEDGE OF ALLEGIANCE</b>	Execute	Ms. Ana Lozano
<b>3</b>	<b>PUBLIC COMMENT</b> Pre-Registration is from Wednesday, July 26, 2023 5:00 PM – Friday, July 28, 2023 1:00 PM. Dial (210) 353-4662 or email <a href="mailto:PublicCommentRegistration@CPSEnergy.com">PublicCommentRegistration@CPSEnergy.com</a>	Discuss	Ms. Janie Gonzalez
<b>UPDATE ON CHAIR’S PRIORITIES</b>			
<b>4</b>	<b>CHAIR’S REMARKS</b>	Discuss	Ms. Janie Gonzalez
<b>5</b>	<b>RATE ADVISORY COMMITTEE (RAC) UPDATE</b>	Discuss	Dr. Francine Romero
<b>CONVENE TO EXECUTIVE SESSION</b>			
<b>6</b>	<b>EXECUTIVE SESSION:</b> A. Consultation concerning Competitive Matters ( <i>Section 551.086</i> ) & Attorney-Client Matters ( <i>Section 551.071</i> ) B. Personnel Matters ( <i>Section 551.074</i> ) C. Consultation concerning Security Personnel or Devices ( <i>Section 551.076</i> )	Discuss	Ms. Janie Gonzalez
<b>RECONVENE TO OPEN SESSION</b>			
<b>CONSENT AGENDA</b>			
<b>7</b>	<b>APPROVAL OF CONSENT ITEMS:</b> A. Minutes of the Regular Board meeting held on 05/22/2023 B. Minutes of the Special Board meeting held on 06/12/2023 C. Minutes of the Regular Board meeting held on 06/26/2023 D. Payment to the City of San Antonio for June 2023 E. Procurements Items: None	Vote	Ms. Janie Gonzalez

**REGULAR AGENDA**

8	<b>COMMITTEE REPORTS:</b> A. Operations Oversight Committee (OOC) meeting held on 6/29/2023 (Dr. Francine Romero) B. Technology & Resilience Committee meeting held on 7/5/2023 (Ms. Janie Gonzalez)	Discuss	Ms. Janie Gonzalez
9	<b>ANNUAL STEP UPDATE: YEAR 1</b>	Discuss	Mr. Jonathan Tijerina & Ms. Ana Lozano
10	<b>EVOLVE - ERP UPDATE</b>	Discuss	Mr. Evan O’Mahoney
11	<b>CEO RECOGNITION</b>	Discuss	Mr. Rudy Garza
12	<b>REVIEW OF ACTION ITEMS</b>	Discuss	Ms. Shanna Ramirez
13	<b>ADJOURNMENT</b>	Execute	Ms. Janie Gonzalez

If the Board meeting has not adjourned by 3:35 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.

**THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE FOLLOWED BY A MEETING OF THE SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION.**

Draft for review and approval  
at the July 31, 2023 meeting

**CPS ENERGY  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
HELD ON MAY 22, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of May was held on Monday, May 22, 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 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 1:28 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO  
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary  
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer  
Mr. Evan O'Mahoney, Interim Chief Information Officer  
Ms. Lisa Lewis, Chief Administrative Officer  
Mr. Benny Ethridge, EVP  
CPS Energy staff members  
City of San Antonio officials  
Interested Citizens

**II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE**

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Maria Stanton, Vice President of Supply Chain. Ms. Stanton also provided a moment of silence in remembrance of the lives lost at Robb Elementary in Uvalde one year ago.

**III. PUBLIC COMMENT**

Ms. Henrietta LaGrange, community member, expressed gratitude for CPS Energy employees and relayed her positive conversations with CPS Energy employees in the field.

Mr. Manasseh Durken, Durken Properties, stated he appreciated CPS Energy staff, especially Jacob Bissell, for working with them to provide a transformer solution

Mr. Aaron Parencia, Real Estate Council of San Antonio, noted industry wide shortages of materials started in late 2021, but that CPS Energy weathered material shortages into 2022. He noted the supply shortages were outside of the control of CPS Energy. He stated that shareholders are having an ongoing

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open and productive conversation with CPS Energy. He finally noted that extraordinary flexibility and transparency has been shown on the part of CPS Energy and appreciates the continued collaboration.

Mr. Shad Schmid, Greater San Antonio Builder's Association (GSABA), noted that supply chain issues are not unique to San Antonio – they are occurring across the state and nation. He stated that there is open, transparent, and helpful communication with CPS Energy. The results of the collaboration and transparency have been positive, such as a public dashboard or partial electrification. GSABA appreciates the continued partnership with CPS Energy.

Mr. Patrick Garcia, San Antonio Manufacturing Association (SAMA), discussed the continued partnership with CPS Energy. Specifically, he noted the relationship with Alamo Transformers. He contacted Ms. Karma Nilsson and Ms. Maria Stanton to have dialogue on transformer solutions. He noted this meeting underscores the positive relationship between SAMA and CPS Energy, and he appreciates the openness CPS Energy staff has to collaborate and create solutions.

#### **IV. CHAIR'S REMARKS.**

Chair Gonzalez noted that summer is fast approaching, and CPS Energy will be launching an energy conservation and savings campaign and volunteering with community-based organizations to beat the heat.

She stated that supply chain shortages are critical, and she explained the ways CPS Energy is collaborating with stakeholders to meet the needs of our community.

She noted that the American Public Power Association awarded CPS Energy the diamond-level designation for being a reliable public power provider, RP3. The RP3 designation recognizes public utilities that demonstrate high proficiency in four key disciplines: reliability, safety, workforce development, and systems improvement.

Finally, she congratulated local officials that were elected or re-elected, including Mayor Nirenberg, and thanked everyone that participated in the elections.

#### **V. RATE ADVISORY COMMITTEE (RAC) UPDATE**

Vice Chair Dr. Romero noted that RAC will meet later this week and is wrapping up its discussion on rate design and affordability.

Ms. Ann Kinnard, Director of Customer Experience, introduced Dr. Olufemi Osidele and Ms. Miriam Junkett. The Board of Trustees and Mr. Garza thanked Dr. Osidele for his service on the RAC and welcomed Ms. Junkett.

#### **VI. EXECUTIVE SESSION**

At approximately 1:30 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:

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- Attorney-Client Matters (§551.071)
- Real Property (§551.072)
- Competitive Matters (§551.086)
- Security Personnel or Devices (§551.076)

The Board reconvened in open session at 2:30 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.

**VII. APPROVAL OF CONSENT ITEMS**

On a motion 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 February 27, 2023**
- B. Minutes of the Regular Board meeting held on April 3, 2023**
- C. Approval of Payment to the City of San Antonio for March 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 April 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$186,717,202.89, 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 the 6% requirement to the Repair and Replacement account and the City Payment by \$27,066,172.90. 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 \$26,498,524.39 against future months' revenues for fiscal year 2024. The revenue for the month of April 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$195,050,273.06
Gas revenue	15,563,604.65
Interest and other income	4,334,538.48
Gross revenue per CPS Energy financial statements	214,948,416.19
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,897,912.81)
LVG revenue per City Ordinance 100709	(22,564.79)
Fuel cost component of off-system nonfarm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(5,531,546.26)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled	

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Revenue	(15,779,189.44)
Total excluded revenue	<u>(28,231,213.30)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$186,717,202.89</u>
City payment per Bond Ordinance for April 2023 based upon April 2023 revenue	\$26,140,408.40
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	370,615.99
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	26,498,524.39 <b>A</b>
Utility services provided to the City for April 2023	<u>(2,681,949.80)</u>
Net amount to be paid from April 2023 revenue to the City in May 2023	<u>\$23,816,574.59</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)

April 2023	Actual	Budget	Variance	
Current Month* <b>A</b>	\$26,498	\$31,555	(\$5,057)	-16.0%
Year-to-Date**	\$87,917	\$97,489	(\$9,572)	-9.8%

\* This amount does not include any additional funding authorized by the Board of Trustees.

\*\* Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

Approval of the following resolution is requested:

**A. "BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$23,816,574.59 representing 14% of applicable system gross revenues for the month of April 2023, such payment being net of City utility services (\$2,681,949.80), and including the current month shortage, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2024 is \$31,271,355.09, inclusive of \$567,648.51 necessary to satisfy the 6% Repair and Replacement requirement year-to-date and \$30,703,706.58 advanced to the City.

**E. Resolution approving the acquisition of the necessary property rights through negotiations or the process of eminent domain**

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**F. Procurement Items:**

- 1. Item Description:** Substation and Transmission Related Civil Engineering Services  
**Purchase Category:** Professional Services  
**Supplier:** Civil Design Services, Inc.  
Kimley-Horn and Associates, Inc.  
Moy Tarin Ramirez Engineers, LLC
  
- 2. Item Description:** Wooden Poles  
**Purchase Category:** Commodity & Material Goods  
**Supplier:** Stella-Jones Corporation  
Telecom Electric Supply, LLC

Upon the request of Trustee Steen, Consent Item 7D (Audit & Finance Committee Charter Update) be pulled for discussion.

**D. Audit and Finance (A&F) Committee Charter Update**

The Board of Trustees discussed the committee charter update. Trustee Steen stated that requiring one member of the Audit & Finance Committee be a financial expert is a requirement for public companies and should be a consideration for all organizations. He expressed concern at eliminating the requirement because he believes it is a highly recommended best practice. Trustee Dr. Mackey stated that he was concerned about hiring an independent financial consultant when members of the Board have experience and oversight responsibility for the CPS Energy budget and there are qualified CPS Energy staff. Trustee Dr. Romero asked for background information, and Mr. Garza explained the qualifications of CPS Energy's CFO and contracted financial consultants, and Ms. Ramirez noted that CPS Energy's Internal Auditor reported having a financial expert on the Audit & Finance Committee was not a common practice and they were not able to source an expert to serve in the role. Chair Gonzalez noted that the Audit & Finance Committee did not have a cybersecurity expert which is a top risk factor, and CPS Energy could hire various consultants, but we already have qualified staff and consultants.

Trustee Dr. Mackey moved to approve Item 7D, Vice Chair Dr. Romero seconded, and it was approved 4-1, with Trustee Steen voting against.

**VIII. COMMITTEE REPORTS**

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

- A. Operations Oversight Committee meeting held on April 10, 2023. The report is attached as "Attachment A" to the meeting minutes.
- B. Audit and Finance Committee meeting held on April 19, 2023. The report is attached as "Attachment B" to the meeting minutes.
- C. Employee Benefits Oversight Committee meeting held on April 19, 2023. The report is attached as "Attachment A" to the meeting minutes.

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#### **IX. SUMMER 2023 PREPAREDNESS**

The Executive Leadership Team presented information on CPS Energy's Summer 2023 Preparedness, noting that CPS Energy leverages the lessons-learned to enhance system performance and emergency response during significant events, and expanding communications to reach more customers. Mr. Brian Alonso, Chief Meteorologist provided a weather outlook, including tropical storm outlook. The Board of Trustees asked questions and discussed the presentation.

#### **X. SUPPLY CHAIN IMPACTS TO DEVELOPMENT**

Ms. Maria Stanton, Vice President of Supply Chain, and Ms. Karma Nilsson, Vice President of Customer Value Optimization, provided information on supply chain shortages and CPS Energy's efforts to mitigate impacts to the community. Trustee Steen, Trustee Dr. Mackey, and Vice Chair Romero stated they appreciated the efforts by Mr. Garza and CPS Energy staff in addressing supply chain issues, especially for the collaboration and open communication with shareholders. They also noted that early on they have received negative calls from community members, but the follow-up phone calls became positive. Trustee Steen stated he recently attended a meeting on supply chain shortages and noted he was impressed with the interactions by CPS Energy staff and their willingness to be flexible and think outside the box to help our community. Mayor Nirenberg and Chair Gonzalez noted their appreciation for the coordination with Alamo Transformers, and economic development opportunity to partner with a local business.

#### **XI. J.P. MORGAN INVESTOR FORUM HIGHLIGHTS**

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, highlighted the meeting in New York with the investor community. The meeting provided an opportunity to engage with both major holders and potential investors who have a focus in the utility space.

#### **XII. CEO RECOGNITION**

Mr. Rudy Garza recognized all CPS Energy employees that worked on the annual audit. He noted that it is a lot of work to complete, and it takes everyone in the enterprise to work together in a collaborative manner. He also noted the importance of having a clean unmodified opinion that confirms CPS Energy's books and financial statements are accurate and maintained with a high excellence and strong integrity.

Then, Mr. Garza requested leaders to come to the dais to take a photograph commemorating the receipt of the RP3 diamond designation from the American Public Power Association.

#### **XIII. REVIEW OF ACTION ITEMS**

Ms. Ramirez reviewed and recapped action items.

#### **XIV. 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 3:47 p.m. by Chair Gonzalez.

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Shanna M. Ramirez  
Secretary of the Board

DRAFT

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**CPS ENERGY  
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES  
HELD ON JUNE 12, 2023**

A Special Meeting of the Board of Trustees of CPS Energy was held on Monday, June 12, 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 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 1:07 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO  
Ms. Devi Kumar-Nambiar, VP, Deputy General Counsel  
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer  
Mr. Evan O'Mahoney, Interim Chief Information Officer  
Ms. Lisa Lewis, Chief Administrative Officer  
Mr. Benny Ethridge, EVP for Energy Supply  
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. Matt Mills, Vice President of Audit Services.

**III. PUBLIC COMMENT**

There were no members of the public wishing to provide comments.

**IV. CHAIR'S REMARKS.**

Chair Gonzalez noted the accomplishments of CPS Energy over its long history serving the local community. She specifically noted recent successes and discussed the challenges ahead in a rapidly changing industry. She asked the Board of Trustees to focus their passion, energy, and experience on key choices in determining how we move towards the future in implementing the Vision 2027 plan and beyond. Finally, she noted, that as one team, we have an opportunity to build a better, more resilient, sustainable, and equitable future at CPS Energy.

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## **V. FY2024 – FY2025 STRATEGIC OUTLOOK**

Mr. Rudy Garza stated the purpose of the discussion was to have feedback and alignment on the strategic plan for FY2024-FY2025. He presented on the evolving energy landscape, including headwinds and tailwinds impacting our ability to deliver on Vision 2027, and the Vision 2027 actions for the next two years. Dr. John Soltau, Director of Strategic Alignment, Performance and Planning presented the FY2024 scoreboard, and the measures for this year with the proposed targets or thresholds. He also presented the key topics for board input and the outlook of strategic considerations beyond 2027. The Board of Trustees discussed and asked questions.

## **VI. AUDIT SERVICES OVERVIEW**

Ms. Trena Wiseman, Senior Manager, Audit Quality & Administration, presented an overview of Audit Services. Its structure, annual planning process, and audit plan update. She noted the Audit Services focus is to identify and monitor risks to CPS Energy strategies and mitigations. The Board of Trustees discussed and asked questions.

## **VII. EXECUTIVE SESSION**

At approximately 1:30 p.m., Ms. Kumar-Nambiar 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)

The Board reconvened in open session at 3:53 p.m. The quorum was re-established, and all members were present. Ms. Kumar-Nambiar reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

## **VIII. 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 3:47 p.m. by Chair Gonzalez.

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Shanna M. Ramirez  
Secretary of the Board

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**CPS ENERGY  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
HELD ON JUNE 26, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of June was held on Monday, June 26, 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

Also present were:

Mr. Rudy Garza, President & CEO  
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary  
Mr. Cory Kuchinsky, Chief Financial Officer  
Ms. Deanna Hardwick, Chief Customer Strategy Officer  
Mr. Evan O'Mahoney, Interim Chief Information Officer  
Ms. Lisa Lewis, Chief Administrative Officer  
Mr. Benny Ethridge, Chief Energy Supply Officer  
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. Kari Meyer, Director, Federal and State Relations.

**III. PUBLIC COMMENT**

Ms. Henrietta LaGrange, community member, requested an in-person meeting with Pablo Vegas, President & CEO of ERCOT, and his board to discuss reliability in ERCOT.

Ms. Debbie Ponce, Public Citizen, spoke on behalf of DeeDee Balmares, a RAC Member, related to agenda item 5. She commented on the information she provided through the RAC survey and requested that the RAC continue to exist to advocate for ratepayers.

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#### **IV. CHAIR'S REMARKS**

Chair Gonzalez thanked her fellow Board Members for the discussion during the June 12 Special Board Meeting and stated the Board will continue to set CPS Energy on a course that guarantees a brighter future for the next generation of CPS Energy customers. She also noted the avenues in which customers can communicate with CPS Energy and receive information about our programs and upcoming events.

#### **V. RATE ADVISORY COMMITTEE (RAC) UPDATE**

Vice Chair Dr. Romero provided a report regarding the RAC. She stated the RAC aggregated the views of the RAC members through a survey on how to address affordability. A majority of RAC members responded with their responses, and the responses have been shared with CPS Energy staff and RAC members. She further stated that the last RAC meeting will take place on Thursday, June 29, 2023 to discuss the results of the survey.

#### **VI. AT-LARGE APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC)**

Ms. Yvonne Pelayo, Director of Local Government Relations, presented the CAC nominee, Mr. Aaron Stein, a project manager with the Pacific Northwest National Lab, focusing on energy and climate resiliency. A motion to approve Mr. Stein to the CAC was made by Vice Chair Dr. Romero and seconded by Trustee Dr. Mackey and was approved unanimously. The Board of Trustees welcomed Mr. Stein to the CAC.

Mr. John Kelly, Chair of the CAC, offered a few words to thank Ms. Mary Dennis, the Mayor of Live Oak, for her service to the CAC as a member from December 1, 2016 to November 30, 2022. Mayor Nirenberg and Trustee Dr. Mackey also thanked Ms. Dennis for her service.

#### **VII. EXECUTIVE SESSION**

At approximately 1:32 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 2:22 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.

#### **VIII. 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:

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- B. Minutes of the Regular Board meeting held on April 24, 2023**
- C. Approval of Payment to the City of San Antonio for May 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 May 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$204,549,339.18, 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 \$11,080,284.88. 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 \$11,080,284.88 against future months' revenues for fiscal year 2024. The revenue for the month of May 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$246,059,242.30
Gas revenue	13,325,913.77
Interest and other income	6,751,112.27
Gross revenue per CPS Energy financial statements	<u>266,136,268.34</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,281,528.07)
LVG revenue per City Ordinance 100709	(80,354.54)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(13,296,874.59)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(40,928,171.96)</u>
Total excluded revenue	<u>(61,586,929.16)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u><u>\$204,549,339.18</u></u>
City payment per Bond Ordinance for May 2023 based upon May 2023 revenue	\$28,636,907.49
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	606,204.56
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	29,230,612.05 <b>A</b>
Utility services provided to the City for May 2023	<u>(2,658,141.77)</u>
Net amount to be paid from May 2023 revenue to	

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the City in June 2023

\$26,572,470.28

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 2023	Actual	Budget	Variance	
Current Month* <b>A</b>	\$29,230	\$32,903	(\$3,673)	-11.2%
Year-to-Date**	\$117,148	\$130,392	(\$13,244)	-10.2%

\* This amount does not include any additional funding authorized by the Board of Trustees.

\*\* Current month and YTD Actual in the summary table above includes a rounding adjustment of 1 to match Board Schedules.

Approval of the following resolution is requested:

**A. "BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$26,572,470.28 representing 14% of applicable system gross revenues for the month of May 2023, such payment being net of City utility services (\$2,658,141.77), and including the current month shortage, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2024 is \$42,351,639.97.

**D. Procurement Items:**

1. **Item Description:** **Specialty Scaffolding Services**  
**Purchase Category:** General Services  
**Supplier:** BrandSafway, LLC  
 Taurus Industrial Group, LLC
  
2. **Item Description:** **Weatherization Services**  
**Purchase Category:** General Services  
**Supplier:** AG3 Group, LLC  
 Cool Component HG & A/C, Inc.  
 GGA Construction & Design, LLC  
 Lone Star Energy Efficiency, LLC  
 M&M Weatherization Company  
 Ram's Weatherization and Construction Company, LLC  
 Roadrunner Remodeling, Inc.
  
3. **Item Description:** **Physical Security Services**  
**Purchase Category:** General Services  
**Supplier:** TriCorps Security, Inc.
  
4. **Item Description:** **Supply and Build Delivery of Unleaded, Ethanol, On-Road Diesel, Off-Road Diesel and Diesel Exhaust Fluid (DEF)**

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**Purchase Category:** Commodity and Materials Goods  
**Supplier:** Petroleum Traders Corporation  
Mansfield Oil Company of Gainesville, Inc.

Chair Gonzalez pulled Consent Item 8A (Amendment to the Rules of Order) for discussion and a separate vote.

**A. Amendment to the Rules of Order**

Trustee Dr. Mackey made a motion to approve and Vice Chair Dr. Romero seconded. Trustee Steen stated he had substantive concerns about the proposed changes. Trustee Steen then made a motion to table the approval of the Rules of Order until a future meeting. No second was made.

In addition to Trustee Steen, Vice Chair Dr. Romero also requested clarification regarding the Rules of Order. Ms. Ramirez clarified. Mayor Nirenberg offered comments and then suggested striking proposed Subsection (e) of Article 7. Trustee Dr. Mackey offered comments that he appreciated the spirit of the provision but accepted the friendly amendment to strike proposed Subsection (e) of Article 7. The motion, as amended, passed 4-1, with Trustee Steen voting against.

**IX. CPS ENERGY & THE 88<sup>TH</sup> LEGISLATURE**

Ms. Kathy Garcia, Vice President of Government & Regulatory Affairs & Public Policy, made introductory comments regarding the 88<sup>th</sup> Legislature, stating this legislative session was successful for CPS Energy. She then introduced Ms. Kari Meyer, Director, Federal and State Relations, who discussed CPS Energy's legislative priorities related to utility governance and reliability and resiliency. Ms. Meyer stressed that customer affordability and impacts were woven throughout the discussion related to these bills.

Trustee Steen and Chair Gonzalez offered feedback to the presentation. Chair Gonzalez asked Mr. Garza to continue keeping the Board apprised of the implementation of bills.

**X. FY2024 QUARTERLY PERFORMANCE UPDATE**

Mr. Kuchinsky provided the Quarter 1 (Q1) performance results, including year to date operations and maintenance expenditures, revenue, and repair and replacement contributions. He reported financial performance is favorable to plan due to lower operations & maintenance expenditures and higher interest on income investments. He also noted that after Q1, the current projection for adjusted debt service coverage ratio is 1.62, debt capitalization ratio is 62.6%, and days cash on hand are 170 days, which are above Rating Agency targets.

Mr. Kuchinsky then turned it over to Ms. Hardwick to present on April 2023 Account Receivables. She reported 207,000 customer accounts past due, totaling approximately \$189 million. She also reported that enrollments in installment plans increased to 74,000, representing 50% of past due balances. Trustee Steen stated the numbers represented April 2023 and asked for more recent numbers. Ms. Hardwick stated they would be reported as soon as they were ready.

Draft for review and approval  
at the July 31, 2023 meeting

Trustee Steen directed his comments to Mr. Garza to ask him what “the end game” was with account receivables. Mr. Garza responded that it is to collect all outstanding revenues, run the company, and ensure the revenues match the expenses.

Chair Gonzalez commented on her concerns regarding the impact of the receivables and the installment plans in the wake of the summer temperatures. Ms. Hardwick commented that her team is tracking past due amounts, even as they might grow during the summer. She committed to bringing back more of that information to the Board.

Vice Chair Dr. Romero discussed delinquencies in installment plans and how that compares with other utilities in the country. Ms. Hardwick stated that CPS Energy has submitted the question to benchmarking agencies, and stated she would report back. Mr. Garza added the intent is to create installment plans CPS Energy customers can afford to put them in best position.

#### **XI. CEO RECOGNITION**

Ms. Garza provided the core value award to members of the Customer Value Optimization, People and Culture, Enterprise Risk Management, Supply Chain, Environmental, Underground Operations, Audit, Safety, Community Engagement, Corporate Responsibility, Service Desk, and Network Operations teams.

Mr. Garza noted that the American Public Power Association (APPA) recognized CPS Energy with a System Achievement Award. Mr. Garza also recognized the APPA award to Chair Gonzalez for her public service.

#### **XII. REVIEW OF ACTION ITEMS**

Ms. Ramirez reported that no action items were open from prior meetings. She reported that CPS Energy staff would follow up with the percentage of residential customers with past due accounts. Chair Gonzalez added an item to provide updates related to the implementation of bills from the legislative session. Mr. Garza further added that a discussion related to core values would be scheduled for a future board working 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 3:42 p.m. by Chair Gonzalez.

---

Shanna M. Ramirez  
Secretary of the Board

## CPS Energy Board of Trustees Meeting July 31, 2023

### Approval of Payment to the City of San Antonio for June 2023

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of June 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$275,761,655.46, less applicable exclusions. The revenue for the month of June 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$292,560,922.73
Gas revenue	11,378,762.56
Interest and other income	1,452,529.22
Gross revenue per CPS Energy financial statements	305,392,214.51
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(8,529,191.86)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(16,184,102.12)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(4,917,265.07)
Total excluded revenue	(29,630,559.05)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$275,761,655.46
City payment per Bond Ordinance for June 2023 based upon June 2023 revenue	\$38,606,631.76
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	(1,661,328.83)
Wholesale Special Contract Annual True Up	409,139.94
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	37,341,942.87 <b>A</b>
Utility services provided to the City for June 2023	(2,909,808.23)
Net amount to be paid from June 2023 revenue to the City in July 2023	\$34,432,134.64

## CPS Energy Board of Trustees Meeting July 31, 2023

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)

June 2023	Actual	Budget	Variance	
Current Month* <b>A</b>	\$37,341	\$41,756	(\$4,415)	-10.6%
Year-to-Date*	\$154,489	\$172,148	(\$17,659)	-10.3%

\* This amount does not include any additional funding authorized by the Board of Trustees.

Approval of the following resolution is requested:

"**BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$34,432,134.64 representing 14% of applicable system gross revenues for the month of June 2023, such payment being net of City utility services (\$2,909,808.23), is hereby approved." The Board ratifies that June 2023 revenue was sufficient to recover \$42,351,639.97 in funds that were advanced to the City in prior fiscal months.



## OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

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

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

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

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

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



## TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

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

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

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

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



# ***ANNUAL STEP UPDATE: YEAR 1***

*PRESENTED BY:*

**Jonathan Tijerina**

Vice President,  
Enterprise Risk & Development

**Ana Lozano**

Director, Technology &  
Product Innovation

July 31, 2023

*Informational Update*

# AGENDA



- **STEP OVERVIEW**
- **YEAR 1 PERFORMANCE**
- **EQUITY-FOCUSED PROGRAMS**
- **PROGRAMS ON THE HORIZON**

**This year, we launched equity-focused programs, while continuing to engage stakeholders in program design.**

# SUSTAINABLE TOMORROW ENERGY PLAN (STEP)



## OUR APPROACH TO CONSERVATION

STEP aims to reduce our community's demand for energy by 410 megawatts (MW) over 5 years with equitable programs designed to help customers save energy and money.

### **STEP provides benefits to all customers:**

- Program incentives reduce upfront costs for customers
- Reduces overall system fuel costs & creates savings for all customers
- Delays the need for additional generation capacity in the future

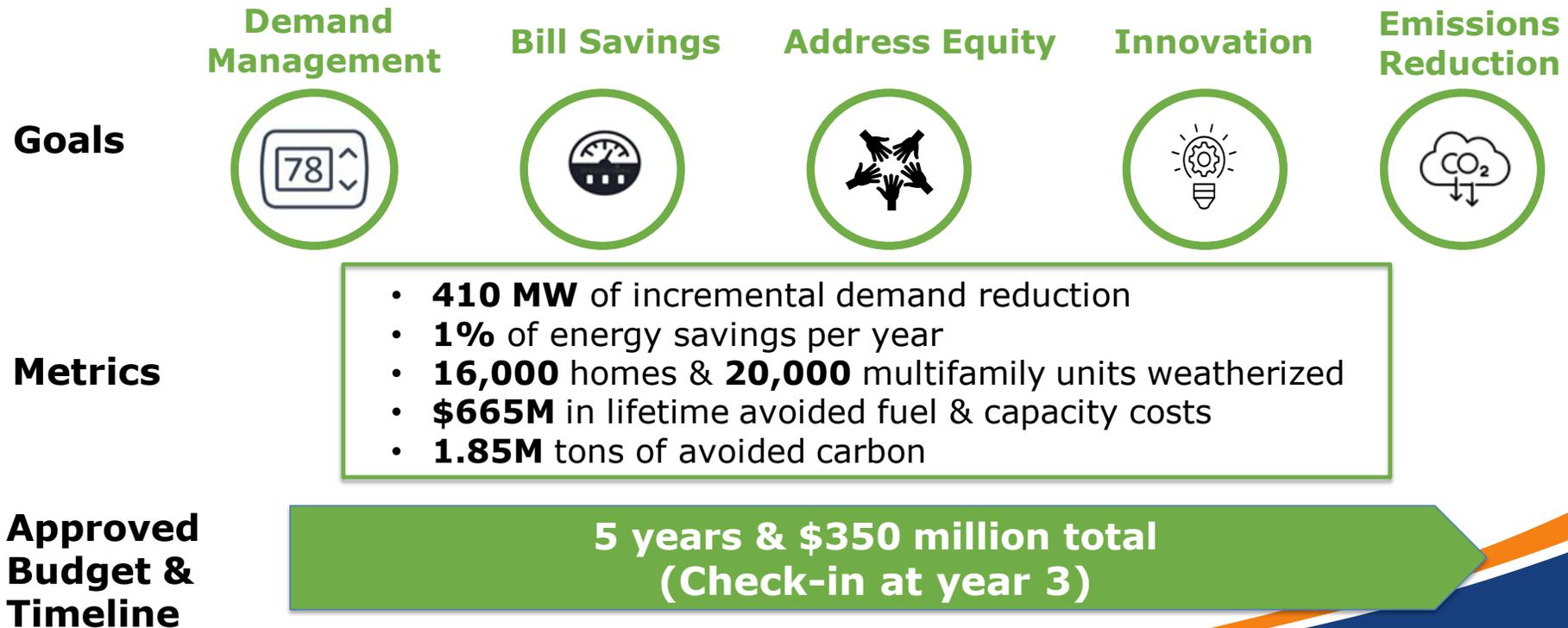
**The cost of energy saved through STEP is half as much as to buy and produce the electricity.**

# STEP PROGRAM

## GOALS & METRICS



Successful completion of year 1 of our 5-year program.



# PORTFOLIO OF STEP PROGRAMS



## Equity-focused programs

- Free Home Energy Assessments
- Free HVAC Tune-ups
- Discounted Retail Program
- Re-imagined Weatherization
- Multi-family Weatherization

## Demand Response (DR)

- Commercial & Industrial DR
- Automated DR
- Smart Thermostat
- WiFi Thermostat Rewards
- Power Players

## Electric Vehicles

- Smart Rewards
- Off-Peak Rewards

## Residential Energy Efficiency

- HVAC Rebates
- Home Efficiency
- New Home Construction
- Cool Roof

## Commercial Energy Efficiency

- Commercial & Industrial Solutions
- Schools & Institutions
- Small Business Solutions
- High Efficiency Tune-Ups
- Direct Lighting Program

## Solar

- Community Solar
- SolarHostSA

CLEAResult



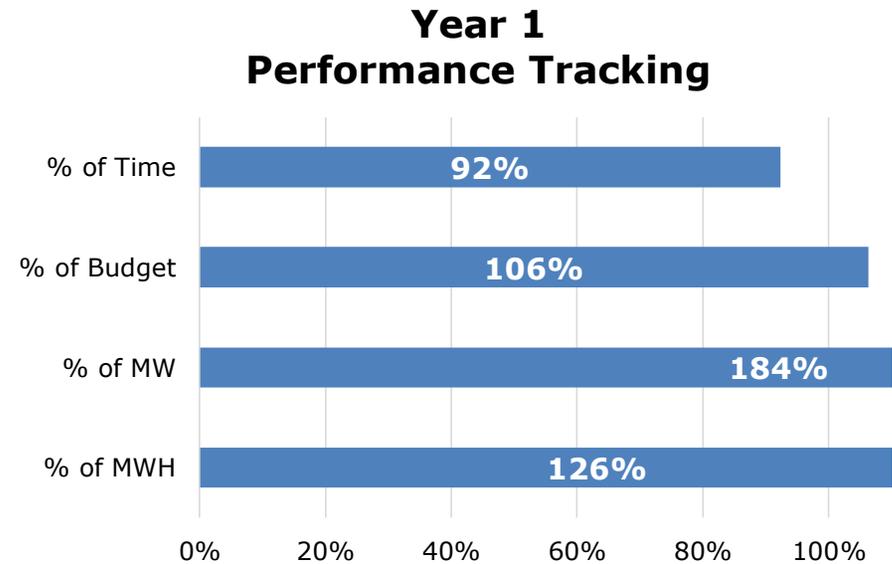
**This year, we added equity-focused programs to our existing portfolio of program offerings.**

# YEAR 1 PERFORMANCE

## DASHBOARD VIEW – AS OF 6/30/23



<b>Demand Savings</b>		<b>151 MW</b> of incremental demand reduction
<b>Energy Savings</b>		<b>329,621 MWh</b> energy savings
<b>Equity</b>		<b>1,741</b> single family homes weatherized
<b>Budget</b>	<b>\$\$\$</b>	<b>\$73.4M</b> program spend



**Strong performance in solar and energy efficiency programs helped achieve first year targets.**

Note: All figures are subject to year-end measurement & verification.

# RE-IMAGINED WEATHERIZATION OUTCOMES



Program aimed to reduce barriers to participation now in place.



**Expand business opportunities –**  
Recently awarded  
7 new contracts



**AG3**  
ENGINEERING · SURVEY · CONSTRUCTION

**RAMS**  
WEATHERIZATION & CONSTRUCTION, LLC

**M&M WEATHERIZATION**  
*The Energy Savers*

**LONE STAR**  
ENERGY EFFICIENCY

**ROADRUNNER**  
*Green remodeling with roadrunner*

**COOL HTG & A/C INC. COMPONENT**

**GGA**  
CONSTRUCTION & DESIGN, LLC



**Reach more customers –**  
Community Ambassador



**Reduce barriers to participation –** Minor Home Repair Fund



**Address energy burden –** Additional qualification incorporated

**The Weatherization Program is now entirely supported by local, small, minority-owned businesses.**

# EQUITY-FOCUSED PROGRAMS

## LOW COST/NO COST PROGRAMS



- **Home Energy Assessments – 1,090 homes**
  - No cost assessment, customized energy savings tips
  - Performed in-person or virtually
- **HVAC Tune-ups – 3,121 systems**
  - No cost service, improves central HVAC efficiency
  - Achieves HVAC savings without replacing unit
- **Retail Discount Program – 619K LEDs**
  - Promotes LED replacement in underserved areas
  - Customers receive instant discount at register
  - Available at Dollar Tree, Goodwill, Habitat for Humanity ReStore, 99 Cents Only, Salvation Army, True Value & Walmart



Note: All figures are as of 6/30/2023

# EQUITY-FOCUSED PROGRAMS

## MULTIFAMILY WEATHERIZATION



### Purpose:

- Serve multifamily customers who have historically been underserved with opportunities to save
- Create new opportunities for local businesses to participate

### Eligible Properties:

- Multifamily properties with 4 or more units
- Owned and operated by a 501(c)3 or 25% occupied by tenants who receive low-income assistance



Multifamily stakeholder feedback session held at CPS Energy.

**Program structure is being finalized and aims to provide direct benefits to customers.**

# COMMUNITY SOLAR

## CONTINUING TO SUPPORT SOLAR ADOPTION



### Expanded goals for community solar:

- Equitable offerings that support Low-to-Moderate Income (LMI) customers
- Increased visibility throughout the community
- Local partnerships to deliver the program
- Heat island mitigation
- Resiliency opportunities
- Create opportunity for local businesses to participate



**RFP seeking up to 50 MW of additional community solar to be released July 2023.**

# STEP PROGRAMS

## FOLLOWING THROUGH ON OUR COMMITMENT



### Utilizing an equity lens in program design:

#### Programs Launched in 2023

- ✓ Home Energy Assessments
- ✓ HVAC Tune-ups
- ✓ Discounted Retail Program
- ✓ Re-imagined Weatherization

#### On the Horizon

- Community Solar
- Multi-family Weatherization
- Expanded EV program
- Energy Storage

**We are committed to reducing barriers to participation and will continue to develop programs that increase energy savings for all customers.**



***Thank You***





# ***Appendix***



# 2022 APPROVAL SCHEDULE OF REPORTING



## APPROVAL REQUEST



### **Staff recommends continuing an energy efficiency & conservation program:**

- Approval of a new 5-year energy efficiency & conservation program
- Options 1, 2, 3 or abstention (allow program to end)
- Goals on incremental demand reduction, energy savings, & weatherization
- All options will include:
  - Built-in check-in to ensure the program is on track at year 3
  - Annual reporting of results with same accountability procedures as the original STEP program

**Without action, the energy efficiency & weatherization programs will end on July 31, 2022.**

**With your approval, we will take this item to the City Council for their consideration in June.**



# ***EVOLVE: ENTERPRISE RESOURCE PLANNING (ERP) UPDATE***

*PRESENTED BY:*

**Evan O'Mahoney**

Interim Chief Information Officer (CIO)

July 31, 2023

*Informational Update*

# AGENDA



- **DE-RISKING THROUGH MODERNIZATION**
- **CURRENT STATE OVERVIEW**
- **TRANSFORMATION BENEFITS**
- **STRATEGY & ROADMAP**

**Our digital transformation is foundational to achieving our Vision 2027 outcomes and will ensure we mitigate existing risks within our technology landscape.**

# RISK OF LEGACY SYSTEMS

OUR CHALLENGE IS REAL, WE MUST **EVOLVE**.



**FAA is years away from upgrading the system that grounded all US flights**

By Pete Murnighan, CNN  
Updated 9:08 PM ET, Thu January 12, 2023

**Southwest pilots blast leadership over 'absolutely preventable' travel mess**

By Fox 32 News | Published December 28, 2022 | Southwest Airlines | FOX 32 Chicago |

**Software maintenance mistake at center of major FAA computer meltdown: Official**

"There is no evidence of a cyberattack," the FAA said.

By Sam Sweeney, Jon Haworth, Kevin Shalvey, Meredith Deliso, and Josh Margolin  
January 11, 2023, 5:09 PM

**Southwest apologizes for spate of delays, cancellations; blames technology issues**

By Julia Musto, Fox Business  
April 2, 2022 | 6:50pm

**Los Angeles Times**

Far from a shock, Southwest meltdown was 'perfect storm' of well-known vulnerabilities

By GRACE TOOHEY, MARGOT ROOSEVELT, ALEXANDRA E. PETRI  
DEC. 28, 2022 UPDATED 8:19 AM PT

**FAA has struggled to modernize computer, air traffic operations**

By David Shepardson  
January 12, 2023 11:34 AM CST

**Travelers fume as FAA issues nationwide ground stop: 'This is insane'**

Federal Aviation Agency issued the national ground stop after outage in Notice to Air Missions system

By Madeline Coggins | Fox News  
Published January 11, 2023 1:00pm EST

**Aging, outdated technology leaves air travel at risk of meltdown**

By Brian Fung, CNN  
Updated 3:53 PM EST, Fri January 13, 2023

**Our Digital Transformation will modernize our legacy systems and introduce technologies that improve customer experiences and create operational efficiencies.**

# ENTERPRISE RISK ALIGNMENT

## SUPPORTING MITIGATION PLANS



Our digital transformation is aligned to support risk mitigation:

- Incorporates Operational Efficiency Review observations and recommendations
- Modernizes legacy technology systems
- Enables transformed business processes
- Includes multiple phases to achieve both short-term and long-term benefits



**Evolve not only supports the modernization of our legacy systems and enhances existing business processes, but also serves to mitigate enterprise risks.**

# ESTABLISHING OUR TRANSFORMATION

## ANCHORING ON BUSINESS OUTCOMES



### Value

Demonstrate the impact of every dollar invested to better serve customers, employees, and our community



### Innovation

Develop opportunities to transform our operations and deliver enhanced products & services



### Agility

Meet everchanging customer, employee, and market needs through optionality that exceeds expectations



### Enablement

Deliver digital solutions to employees and customers that equip them with the capabilities they need for their work, home, and business use



### Experiences

Provide impactful process and technology improvements to better personalize customer and employee experiences



### Insights

Transform how information creates meaningful decisions for our customers and employees

**Evolve is our business transformation to provide the best energy solutions possible for our customers and community and improve the way we work.**

# TECHNOLOGY ENABLES OUR OPERATIONS

## ERP SYSTEM PROVIDES THE FOUNDATION



**3,424+**  
Employees  
Human Capital  
Management

**932K & 383K**  
Electric & Gas Customers  
Customer Management &  
Engagement

**\$13.2B**  
Assets  
Enterprise Asset  
Management

**\$3.4B**  
Revenue  
Financial  
Management

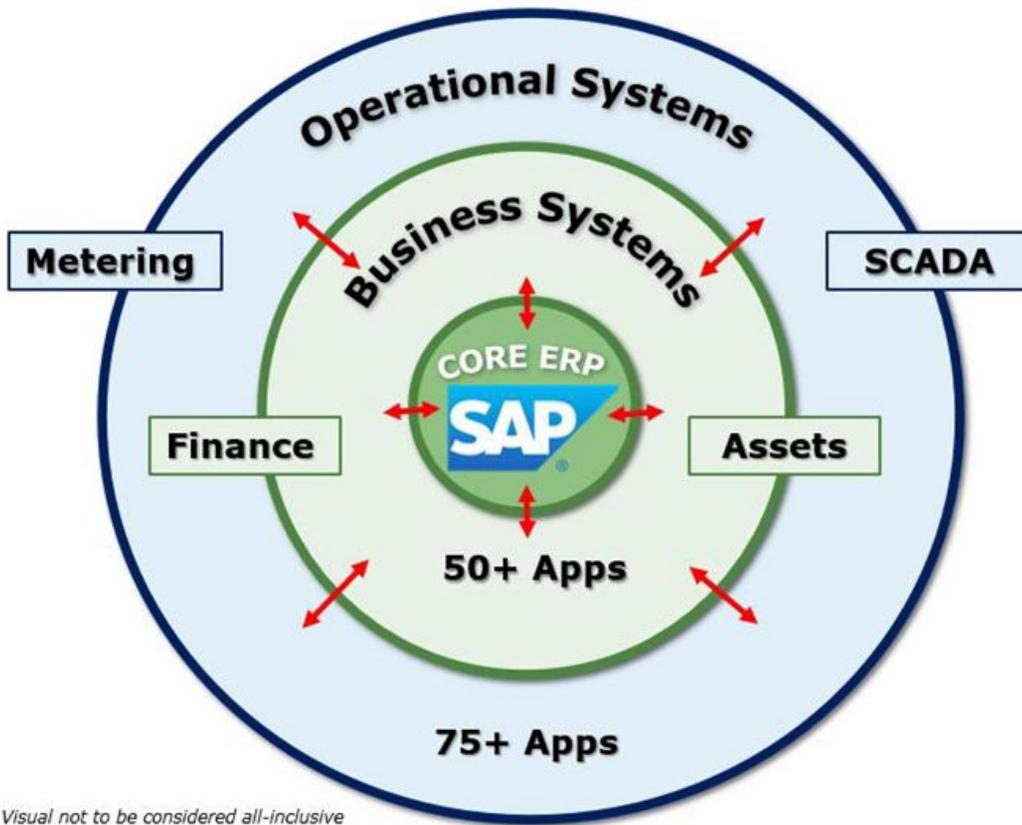
**22K**  
Purchase Orders  
Supply Chain  
Management

**200K**  
Work Assignments  
Work Order  
Management

**Our ERP system is the core of our technology ecosystem, providing the critical foundation that enables our highly complex operations.**

# COMPLEXITY IN OUR CURRENT STATE

## OVERVIEW OF APPLICATION ECOSYSTEM



*Visual not to be considered all-inclusive  
SAP Core ERP implemented in 2001*

- Complex technology landscape with over 400 applications and data integrations
- Disparate data sources lack insights that drive decisions
- Legacy business processes and sub-optimal platform configurations
- Core system's end of standard support from vendor in 2027

# TRANSFORMATION BENEFITS

## ANCHORED TO VISION 2027 OUTCOMES



- Improved experiences for customers and employees



- Enhanced technology reliability and resiliency



- Data driven insights that enable real-time decisions



- Expanded customer self-service and payment options



- Continuous improvement to enhance & optimize systems



- Better able to meet changing industry needs



- Increased ability to meet community commitments for bill and rate redesign



- Improved operational processes and efficiencies

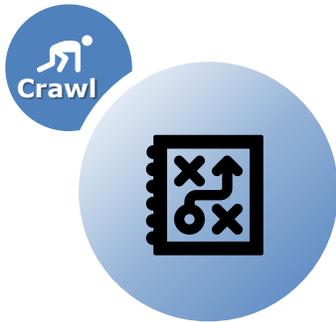
# HEAR FROM OUR TEAM

## EVOLVING THE WAY WE WORK



# ALIGNED WITH OUR DIGITAL STRATEGY

## WE REMAIN ON TARGET TO EXECUTE ON OUR PLAN



### FY2021-22 Key Outcomes

- ✓ Developed high-level plans
- ✓ Assessed current state and business processes
- ✓ Established digital strategy and transition plan

### FY2023-25 Key Outcomes

- ✓ Design the future ways of working
- ✓ Develop the business case
- ✓ Begin aligned planning initiatives
- Select technology platforms
- Identify implementation partners

### FY2026-28+ Key Outcomes

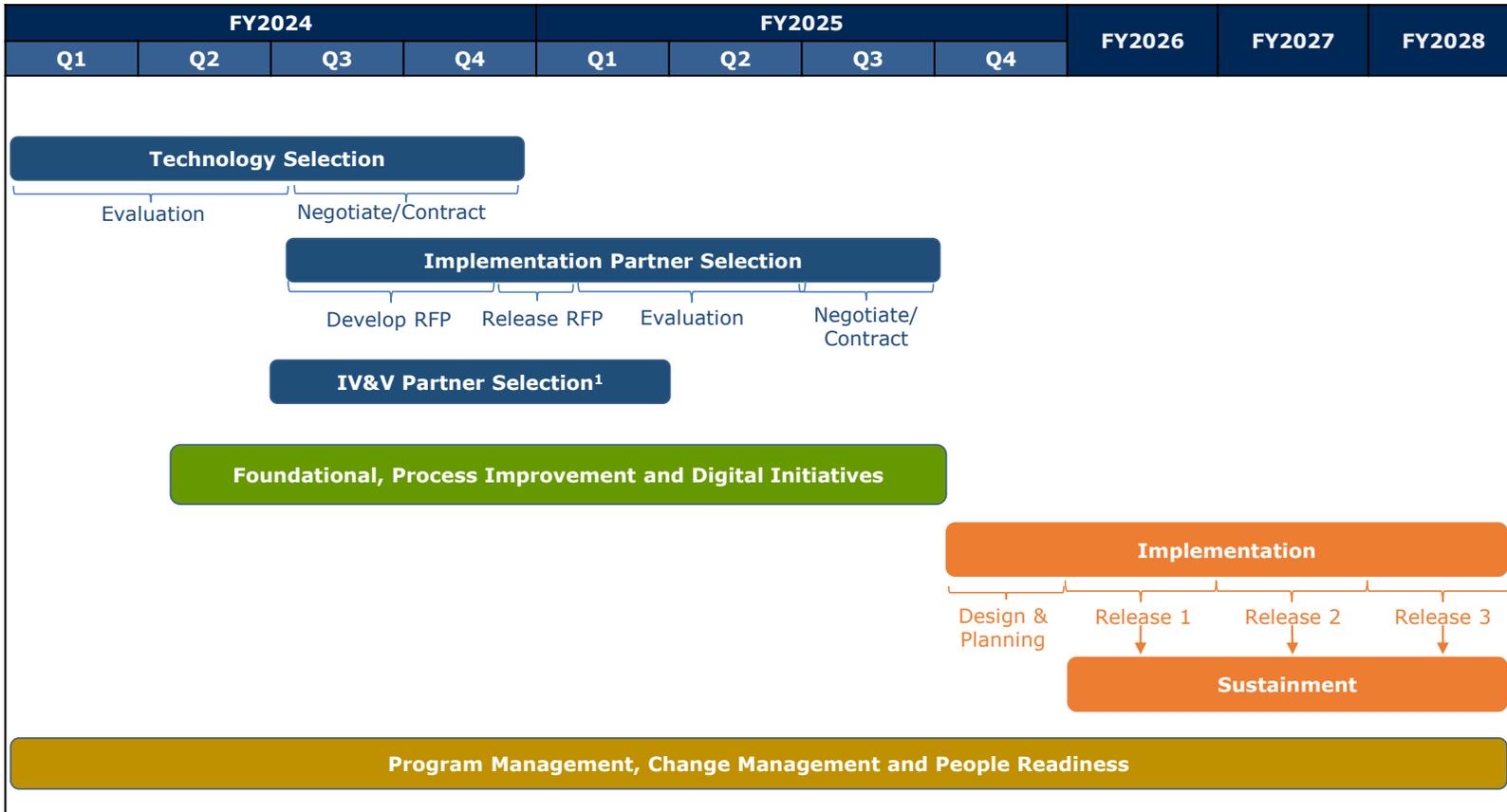
- Implement the future state process design & technologies
- Organizational change management and training
- Continuous delivery of process and technology enhancements

**Through the technology platform selection this year, we will achieve our aligned strategic action supporting Vision 2027.**

<sup>1</sup>Crucial ERP planning activities completed were funded through our FY2023-FY2024 rate request.

# ERP TRANSFORMATION ROADMAP

## MULTI-YEAR PROGRAM VIEW



- Technology and Partner(s) Selection
- Prioritized Pre-ERP Initiatives
- ERP Implementation Workstreams

<sup>1</sup>IV&V is independent verification and validation performed by an external entity, led by Enterprise Risk Management.

# KEY FOCUS AREAS

## SUPPORTING OUR ERP TRANSFORMATION



- Complete development and selection of IV&V partner supporting risk mitigation
- Inform budget and rate requests based on known program technology and implementation costs
- Finalize selection of technology platforms & supporting implementation vendors
- Refine comprehensive program staffing model and people readiness approach





***Thank You***





# ***Appendix***





# ADOPTED GOVERNANCE STRUCTURE

## APPROVED BY PROGRAM STEERING COMMITTEE

