

CPS ENERGY BOARD OF TRUSTEES

NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Tuesday, September 6, 2022 at 9:00 a.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register starting Wednesday, August 31, 2022 at 5:00 p.m. until Monday, September 5, 2022 at 1:00 p.m. CT. Registration may be made by email at publiccommentregistration@cpsenergy.com or by phone at (210) 353-4662. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Group for which the individual is speaking, if applicable
- Agenda item # listed on the Agenda (any item other than #1, 2 or 3) about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com and will be shared with the Board prior to the start of the meeting.

The agenda packet is attached. It and other informational material may be found at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.html>

A recording of the meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.


Shanna M. Ramirez
Secretary of the Board
August 31, 2022



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON SEPTEMBER 6, 2022 AT 9:00 AM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning:

- attorney-client matters under Section 551.071;
- deliberations and other authorized action on real property under Section 551.072;
- prospective gifts or donations under Section 551.073;
- personnel under Section 551.074;
- security personnel or devices under Section 551.076;
- economic development negotiations under Section 551.087;
- deliberations, voting or taking final action on competitive matters under Section 551.086;
- deliberations regarding security audits and devices under Section 551.089; or
- deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Rick Luna
3	PUBLIC COMMENT Pre-Registration is from Wednesday, August 31, 2022 5:00 PM – Monday, September 05, 2022 1:00 PM Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
4	CHAIR’S REMARKS	Discuss	Dr. Willis Mackey
5	INTERIM CEO’S REPORT	Discuss	Mr. Rudy Garza
6	MONTHLY PERFORMANCE UPDATE	Discuss	Mr. Cory Kuchinsky
CONVENE TO EXECUTIVE SESSION			
7	EXECUTIVE SESSION: Personnel - Appointment of President & CEO (551.074). Please see the narrative list at the top of this agenda for other potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
8	RATE ADVISORY COMMITTEE (RAC) UPDATE	Discuss	Dr. Francine Romero
CONSENT AGENDA			
9	APPROVAL OF CONSENT ITEMS: A. Minutes of the Special Board meeting of the Risk Management Committee held on 05/31/2022 B. Minutes of the Regular Board meeting held on 06/27/2022 C. Payment to the City of San Antonio for July 2022 D. Procurements Items: 1. Professional Services: Peer Review Services for RAC Generation Planning (Mr. Benny Ethridge) 2. General Services: Transmission and Advanced Distribution Management SCADA Systems (Mr. Richard Medina)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
10	COMMITTEE REPORTS: A. Audit & Finance Committee (A&F) meeting held on 07/21/2022 (Mr. John Steen) B. Employee Benefits Oversight Committee (EBOC) meeting held on 7/21/2022 (Mr. John Steen)	Discuss	Dr. Willis Mackey
11	RECOMMENDATION REGARDING PRESIDENT & CEO SELECTION, INCLUDING PRESIDENT & CEO COMPENSATION PACKAGE AND CONTRACT; DISCUSSION AND POSSIBLE VOTE ON RUDY GARZA	Discuss & Possible Vote	Dr. Willis Mackey
12	PROCUREMENT ITEM: General Services: Weatherization Program (Mr. Rick Luna and Mr. Jesse Hernandez)	Discuss & Vote	Dr. Willis Mackey
13	ADJOURNMENT	Execute	Dr. Willis Mackey
If the Board meeting has not adjourned by 12:00 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.			

Draft for review and approval at
the September 6, 2022 meeting

**CPS ENERGY
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON MAY 31, 2022**

The Special Meeting of the CPS Energy Board of Trustees convening as the Risk Management Committee was held on Tuesday, May 31, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Committee Chair Dr. Romero called the meeting to order at 12:30 p.m.

Present were Board members:

Dr. Francine Romero, Chair
Ms. Janie Gonzalez (arrived at 12:38 p.m.)
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:08 p.m.)

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, 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. Annamarie Rangel, Sr. Manager Risk Management Services.

III. PUBLIC COMMENT

There was one person present to provide public comment.

Dr. Olufemi Osidele, Member of the Rate Advisory Committee, provided comments on risk and generation planning. His experience in the nuclear industry has taught him to evaluate risks based on three questions: 1) what can go wrong?; 2) how likely is it to go wrong?; and 3) what are the consequences? He stated he supports CPS Energy's efforts in generation planning and believes risks should be analyzed thoroughly in the process. Finally, he stated that the process of analyzing risks should be transparent, include open-minded dialogue, and robust analytics with historical evidence and realistic future insights.

Draft for review and approval at
the September 6, 2022 meeting

IV. INTERIM CEO'S REMARKS

Item #4 was removed from the agenda; Mr. Garza did not have remarks for the Risk Management Committee.

V. ENTERPRISE RISK STRATEGIC ALIGNMENT

Mr. Jonathan Tijerina, Vice President, Enterprise Risk & Development presented on Enterprise Risk Strategic Alignment. He introduced his team members and discussed his team's efforts to enhance CPS Energy's risk management strategy. The Board of Trustees asked follow-up questions and provided feedback.

VI. EMERGING GENERATION OPTIONS

Mr. Rick Urrutia, Interim Vice President, Generation Operations presented on emerging technology opportunities for power generation. He noted that CPS Energy is a changing utility that will use generation innovations to transform its portfolio, and provided an overview of the various technologies being analyzed. The Board of Trustees asked follow-up questions and provided feedback.

VII. PRELIMINARY SUMMER OUTLOOK

Mr. Kevin Pollo, Vice President, Energy Supply & Market Operations, discussed the recent trends and forecasts which anticipate warmer weather, drought, and increased tropical storm activity this year. He noted that the forecasts presents risks and impacts to CPS Energy and its customers. He stated CPS Energy expects to meet the demands of its customers and has a strong reserve margin. The Board of Trustees asked follow-up questions and provided feedback.

VIII. SUMMER PREPAREDNESS

The Operations Executive Team, which consisted of Mr. Benjamin Ethridge, Mr. Richard Medina, Mr. Anthony Moy, Ms. Deanna Hardwick, and Ms. Melissa Sorola, updated the Board of Trustees on how CPS Energy has prepared its infrastructure, employees, and customers for summer. The Board of Trustees asked follow-up questions and provided feedback.

IX. ENTERPRISE RISK & CONTROLS PROGRAM UPDATE

Mr. Anthony Werland, Director, Enterprise Risk Management & Solutions (ERMS) presented on building and supporting a focused risk culture throughout the organization. He noted that CPS Energy is working through a streamlined process for identifying and assessing risks. The Board of Trustees asked follow-up questions and provided feedback.

X. EXECUTIVE SESSION

At approximately 2:18 p.m., Ms. Shanna Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive

Draft for review and approval at
the September 6, 2022 meeting

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)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 3:19 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.

XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey and seconded by Trustee Gonzalez and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:20 p.m. by Chair Dr. Romero.

Shanna M. Ramirez
Secretary of the Board

Draft for review and approval
at the September 6, 2022 meeting

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JUNE 27, 2022

The Regular Meeting of the Board of Trustees of CPS Energy for the month of June was held on Monday, June 27, 2022 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 Dr. Mackey called the meeting to order at 1 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg (arrived at 1:05 p.m.)

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, 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 Mr. Kevin Pollo, Vice President, Energy Supply & Market Operations.

III. PUBLIC COMMENT

Dr. Meredith Maguire, Sierra Club, discussed a report from the Rocky Mountain Institute regarding CPS Energy's analysis on generation planning. She also stated that CPS Energy should ask more of the largest users of energy in a new rate structure, and stated it is important to find a way for these businesses to co-invest in the electricity grid.

Mr. Christopher Mayorga, Rewiring America, appreciates the progress CPS Energy has made in sustainability and renewable energy. He further stated that after reading a report from the Rocky Mountain Institute, CPS Energy needs to go further in generation planning and provide transparency in the pricing of renewables.

Draft for review and approval
at the September 6, 2022 meeting

IV. CHAIR'S REMARKS.

Chair Dr. Mackey thanked CPS Energy's employees for their work during the record heat in the month of June.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza discussed CPS Energy's efforts on communication with customers regarding the summer heat. CPS Energy now has an action-oriented chart to provide the community with information on how to conserve energy and ensure reliability. CPS Energy will continue to interact with customers this summer to build relationships and community awareness. He has also directed staff to conserve energy at buildings.

Mr. Garza then updated the Board of Trustees on material shortages. CPS Energy is seeing supply chain issues similar to other industries. The rate of late deliveries and stock-outs has increased significantly from pre-pandemic levels in 2019. There a multi-department team working to address issues, especially for gas installations. Mr. Garza explained the active mitigation plans for specific gas installation parts.

He then updated the Board on the Alamo Area Regional Radio System (AARRS) project. The improved radio system will allow interoperability between the city, county, state and other agencies in the State of Texas. It will increase safety for CPS Energy employees. The migration the new system was completed on June 9, 2022. Mr. Garza recognized the AARRS Project Team, and invited them up to the dais. The Board of Trustees congratulated the team and took a commemorative photograph.

Mr. Garza provided a recap of the 23rd Annual Kids Fish Day. It was a successful event which local children enjoyed and drew 150 volunteers. CPS Energy has saved-the-date for next year's event.

Finally, Mr. Garza introduced the Monthly Performance Update and noted that all key result targets were met in Q1.

VI. MONTHLY PERFORMANCE UPDATE

Ms. Lisa Lewis provided metrics on CPS Energy efforts to 1) retain and attract talent, 2) complete a digital enterprise resource planning roadmap, and 3) support a growing community and improve reliability. CPS Energy is on target for all metrics through Q1.

Trustee Steen provided comments on bad debt from customer bills, and requested his comments be included in the minutes. Trustee Steen's comments are attached.

VII. EXECUTIVE SESSION

At approximately 1:39 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:

Draft for review and approval
at the September 6, 2022 meeting

- Attorney-Client Matters (§551.071)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 2:50 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 Steen, seconded by Trustee 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 Meeting held on April 25, 2022.
- B. Minutes of the Regular Meeting held on May 23, 2022.
- C. Approval of Payment to the City of San Antonio for May 2022

Approval of Payment to the City of San Antonio for May 2022

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 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$224,541,403.11, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$7,367,511.55. Under the previously approved agreement with the City, CPS Energy will advance to the City \$7,367,511.55 against future months' revenues for fiscal year 2023. The revenue for the month of May 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$286,537,588.25
Gas revenue	19,427,533.49
Interest and other income	4,989,980.78
Gross revenue per CPS Energy financial statements	<u>310,955,102.52</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(8,753,487.15)

Draft for review and approval
at the September 6, 2022 meeting

LVG revenue per City Ordinance 100709	(133,369.02)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(31,381,782.13)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(46,145,061.11)</u>
Total excluded revenue	<u>(86,413,699.41)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$224,541,403.11</u>
City payment per Bond Ordinance for May 2022 based upon May 2022 revenue	\$31,435,796.44
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	1,196,907.22
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	32,620,203.66 A
Utility services provided to the City for May 2022	<u>(2,823,498.20)</u>
Net amount to be paid from May 2022 revenue to the City in June 2022	<u>\$29,796,705.46</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 2022	Actual	Budget	Variance	
Current Month* A	\$32,621	\$28,869	\$3,752	13.0%
Year-to-Date**	\$123,385	\$110,073	\$13,312	12.1%

* 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:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$29,796,705.46 representing 14% of applicable system gross revenues for the month of May 2022, such payment being net of City utility services (\$2,823,498.20), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2023 is \$26,049,049.15.

Draft for review and approval
at the September 6, 2022 meeting

IX. COMMITTEE REPORTS

On a motion made by Trustee Dr. Romero and seconded by Vice Chair Gonzalez, and upon the affirmative vote by all members present, the inclusion of the following committee reports into the minutes was unanimously approved.

Operation Oversight Committee (OOC) Meeting held on April 13, 2022

A report of the OOC meeting, which took place on April 13, 2022, will be attached (as Attachment "A") to the meeting minutes.

Personnel Committee (PC) Meeting held on May 22, 2022

A report of the PC meeting, which took place on May 22, 2022, will be attached (as Attachment "B") to the meeting minutes.

Audit & Finance Committee (A&F) Meeting held on May 11, 2022

A report of the A&F meeting, which took place on May 11, 2022, will be attached (as Attachment "C") to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) Meeting held on May 11, 2022

A report of the EBOC meeting, which took place on May 11, 2022, will be attached (as Attachment "D") to the meeting minutes.

X. GENERATION PLANNING UPDATE

Mr. Kevin Pollo, Vice President, Energy Supply & Market Operations, presented an update on the generation planning process. Mr. Pollo noted that the planning process must address the retirement of gaining gas steam units, replacement of coal-fired units, and providing additional capacity for our growing community. Mr. Pollo further presented on portfolio modeling and next steps. The Board of Trustees asked questions and provided feedback.

XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Mayor Nirenberg, seconded by Trustee Dr. Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:22 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting September 6, 2022

Approval of Payment to the City of San Antonio for July 2022

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of July 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$351,124,984.17, less applicable exclusions. The revenue for the month of July 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$364,475,880.92
Gas revenue		16,483,298.15
Interest and other income		9,187,180.35
Gross revenue per CPS Energy financial statements		<u>390,146,359.42</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022	(10,310,044.64)	
LVG revenue per City Ordinance 100709	(105,427.57)	
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(31,088,539.66)	
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>2,482,636.62</u>
Total excluded revenue		<u>(39,021,375.25)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u><u>\$351,124,984.17</u></u>
City payment per Bond Ordinance for July 2022 based upon July 2022 revenue		\$49,157,497.78
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		(904,142.14)
Wholesale Special Contract Annual True Up		0.00
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		48,240,855.64 A
Utility services provided to the City for July 2022		<u>(3,399,385.28)</u>
Net amount to be paid from July 2022 revenue to the City in August 2022		<u><u>\$44,841,470.36</u></u>

CPS Energy Board of Trustees Meeting September 6, 2022

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

July 2022	Actual	Budget	Variance	
Current Month* A	\$48,241	\$42,296	\$5,945	14.1%
Year-to-Date**	\$219,023	\$189,286	\$29,737	15.7%

* 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:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$44,841,470.36 representing 14% of applicable system gross revenues for the month of July 2022, such payment being net of City utility services (\$3,399,385.28), is hereby approved."



**CPS Energy Board of Trustees Meeting
September 6th, 2022
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

- 1. **Item Description:** Peer Review Services
Purchase Category: Professional Services
Supplier: Burns & McDonnell Engineering Company, Inc.

- 2. **Item Description:** Transmission and Advanced Distribution Management SCADA Systems
Purchase Category: General Services
Supplier: Open Systems International, Inc.

Approval: *Lisa D. Lewis*

Lisa Lewis, Chief Administrative Officer

Approval: *Rudy Garza*

Rudy Garza, Interim President & CEO



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 1

Item Description	Peer Review Services
Purchase Order Value	\$500,000
Purchase Category	Professional Services
Department	Office of the President
Interim President & CEO	Rudy Garza

Detailed Description

CPS Energy staff recommend that a contract be awarded to Burns & McDonnell Engineering Company, Inc. a non-local, non-diverse firm, as the respondent who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for a qualified power market and utility planning expert to provide peer review of CPS Energy's ongoing generation strategy analysis, including ERCOT market assessments and their portfolio evaluation. This contract will allow CPS Energy to provide independent technical advisory support to CPS Energy and the Rate Advisory Committee (RAC) and provide review of the process and quality of the market and portfolio analysis completed.

Subcontracting Opportunities

There are no subcontracting opportunities for these services.

The solicitation method for this procurement was a Request for Qualifications (RFQ)¹. The Rate Advisory Committee considered the following weighted evaluation criteria to determine the best value.

Evaluation Criteria	Points
The ability to meet requirements	70
Experience and qualifications to perform the Services	30
TOTAL	100

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



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 1

Recommended Respondent(s) & Award

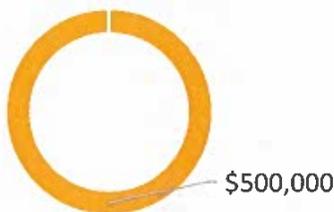
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Burns & McDonnell Engineering Company, Inc.	Non-Local / Non-Diverse	88	\$500,000	2203538	
TOTAL			\$500,000		

Four (4) additional respondents were not recommended for award: Rocky Mountain Institute; Siemens Industry, Inc.; Black & Veatch Management Consulting, LLC; and Energy Strategies, Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$500,000	0.1%	\$0	\$0	\$0

Procurement Item: Professional Services



■ Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 2

Item Description	Transmission and Advanced Distribution Management SCADA Systems
Purchase Order Value	\$15,000,000
Purchase Category	General Services
Department	Energy Delivery Services
VP System Operations & Customer Reliability	LeeRoy Perez
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to Open Systems International, Inc., a non-local, non-diverse firm, as the respondent who will provide the software and services at the best value for CPS Energy based on the evaluation criteria set forth below. This contract is for five years and will expire on January 31, 2028.

This contract is for a single transmission and distribution SCADA solution from a single software vendor with two platforms for the Energy Management System (EMS) and Advanced Distribution Management System (ADMS).

This contract will allow CPS Energy to replace the end-of-life EMS application. It will also enable enhanced customer experience for storm and outage management, provide a foundation to enable resiliency and reliability improvements like Self Optimizing Grid, and allow alignment with current NERC compliance cybersecurity standards along with other technology advancements.

Subcontracting Opportunities

Open Systems International, Inc. has committed to subcontract project support services to a diverse business.



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 2

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Technical and Functional Requirements	30
The overall cost	20
Experience and qualifications to perform the Services	15
The financial soundness of the Respondent	10
Experience, warranty, quality control, and contingencies relating to the supply of software	10
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	5
TOTAL	100

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Open Systems International, Inc	Non-Local / Non-Diverse	63%	\$15,000,000	2203427	
TOTAL			\$15,000,000		

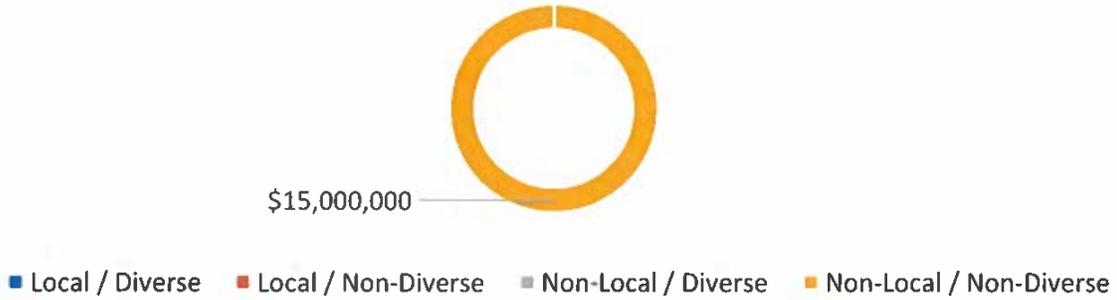
Two (2) additional respondents were not recommended for award: Hitachi Energy USA, Inc. and GE Renewables Grid, LLC.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$1,900,000	0.23%	\$650,000	\$4,500,000	\$650,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$140,000	\$144,000



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 2

Procurement Item: General Services





AUDIT & FINANCE COMMITTEE (A&F)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JULY 21, 2022 MEETING
PREPARED FOR CHAIR JOHN STEEN
FOR REPORT AT THE SEPTEMBER 06, 2022 BOARD OF TRUSTEES MEETING**

The Audit & Finance Committee met on July 21, 2022. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on May 11, 2022.
- B. Received an update on the Ethics Program, including a summary of cases that were opened and closed through June 24, 2022, and a trend analysis for FY2022 first Quarter versus FY2023 first Quarter.
- C. Received procurement preview regarding conduit, distribution transformers, and enterprise fuel supply. Moving forward procurement presentations will be provided at Committee meetings for awareness prior to being presented at Board of Trustees meetings.
- D. Received an update on the current state of accounts receivable and customer outreach.
 - a. Disconnections performed when possible, taking into consideration weather restrictions.
 - b. Customers past due on their bills are paying something but are not able to catch up. City of San Antonio staff is consulted regularly to see if additional ARPA funds are available to assist customers with paying their bills.
- E. Received an overview of FY2023 financing plan related approvals for surety policy and Private Letter Ruling.
- F. Provided status of audit projects for FY2023 and results of two projects completed since the last Committee meeting. Reached agreement that three financial metrics would be added to the scope of the Enterprise Reporting Dashboard audit project.
- G. Provided invoice management controls update for Energy Supply, Gas Solutions, and Electric Distribution Services (EDS) and overview of activities performed to strengthen internal controls.
- H. During the closed session the Committee members discussed the requirement in the Audit & Finance Committee Charter (Charter) which states, “. . . at least one member who, based upon their experience, competencies, and skills, can be designated as a “financial expert.” The Charter also states, “Regardless of the committee assignments, if in any year the Board does not have a member with significant broad financial expertise, the collective governing body will engage an independent financial counselor/advisor to provide that needed contribution to the Board and this Committee.” Further discussion related to the designation or appointment of a financial expert will occur in an executive session of the full Board of Trustees.

The next meeting of the Audit & Finance Committee will be held in October 2022.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JULY 21, 2022 MEETING PREPARED FOR COMMITTEE CHAIR JOHN STEEN FOR REPORT AT THE SEPTEMBER 06, 2022 BOARD OF TRUSTEES MEETING

The EBOC met on July 21, 2022. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on May 11, 2022.
- B. Reviewed the Action Items list from the May 11, 2022 Meeting.

The Committee also received presentations regarding:

- C. A Benefit Plans Administrative & Financial Update, which highlighted the following: governance overview and calendar review; investment performance for YTD 2022 thru May, as well as performance for CY2021 and FY2022; and an update on the ongoing Administrative Committee Improvement Plan to address gaps and shortfalls in areas of people, performance (investment), and policies, practices, and controls.
- D. Health Plan Premiums & Plan Design, which highlighted a renewal of the pharmacy benefit administrator contract for a three-year period and a recommendation to keep health premiums and plan design the same for calendar year 2023, except for a slight enhancement to vision benefits. The EBOC approved these recommendations.

The next meeting of the EBOC will be held in October 2022.



PROCUREMENT ITEM: WEATHERIZATION SERVICES

PRESENTED BY:

Rick Luna

Director, Technology & Product Innovation
&

Jesse Hernandez

Sr. Director, Equity, Community Strategy & Engagement

September 6, 2022

Approval Requested

AGENDA



- **DISCUSS HOW TODAY'S PROCUREMENT FITS IN OUR NEW ENERGY EFFICIENCY & CONSERVATION PROGRAM**
- **DESCRIBE HOW THIS REQUEST SUPPORTS EQUITY FOR OUR CUSTOMERS WITH THE HIGHEST ENERGY BURDEN**
- **SHARE DETAILS OF THE RFP EVALUATION PROCESS & PROPOSED FUNDING REQUEST**

Approval of this item allows us to continue weatherizing the homes of our customers with the greatest need.

APPROVED PROGRAM



Our new 5-year Energy Efficiency & Conservation program took effect on August 1, 2022.



Metrics

- **410 MW** of incremental demand reduction
- **1.00%** of energy savings per year
- **16,000** homes & **20,000** multifamily units weatherized
- **\$665M** in lifetime avoided fuel & capacity costs
- **1.85M** tons of avoided carbon

Approved Budget & Timeline

**5 years & \$350 million total
(Check-in after year 3)**



OUR REQUEST TODAY



We’re requesting approval to award a new one-year contract for Weatherization services.

- The one-year term gives us additional time to restructure the Weatherization program
- We’re developing an RFP that enhances program delivery & brings administration internally
- We’re also creating more opportunities for local contractors to become direct prime contractors.

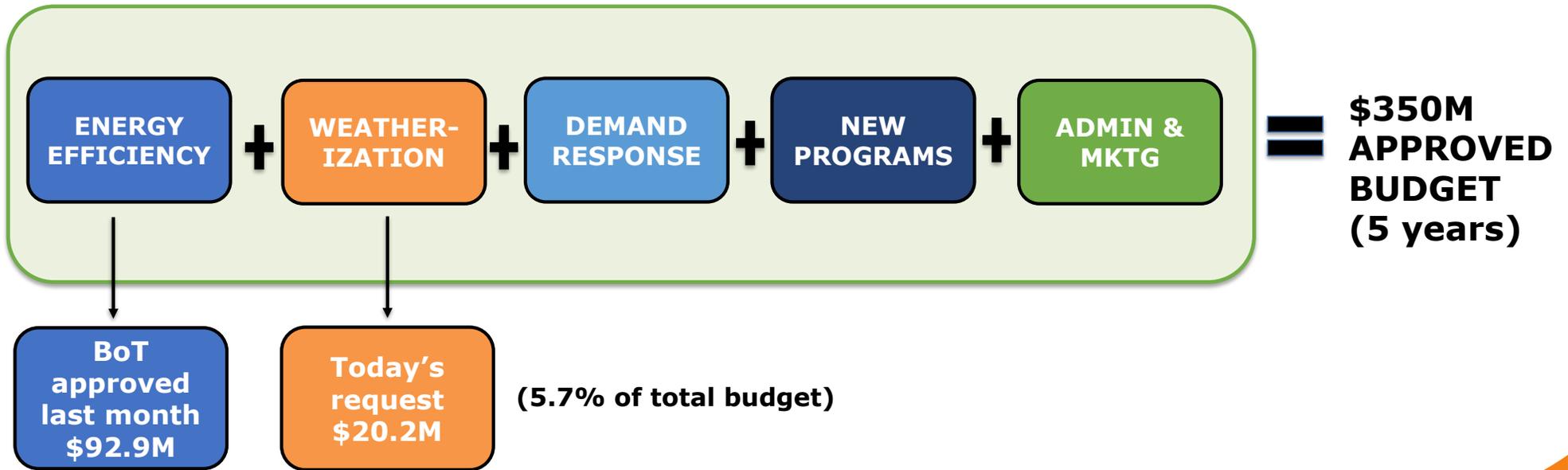
Vendor	Franklin Energy, Inc.
Term	One year (9/6/22 to 8/31/23)
Value	\$20,200,000
Targets	<ul style="list-style-type: none"> • 3,200 weatherized homes • 11.5 MW demand reduction • 11,680 MWh energy savings

Franklin Energy was selected for the one-year award based on a competitive solicitation as offering the best overall value for our customers.

PROGRAM FUNDING



Our program budget encompasses five major categories:



Today's funding request aligns with the budget shown during the approval process.

NEW PROGRAM ROLLOUT



Address Equity

Immediate

Continuation of proven programs

- ✓ Energy efficiency
- ✓ Demand response
- Weatherization

Next 6 months

Launch first batch of new programs

- Multifamily weatherization
- Expanded solar options, including community solar

Sunset traditional solar rebates

RFP for re-designed Weatherization program

Next year

Launch additional new programs

- New low-to-moderate income customers options
- EV charging
- Energy storage

Launch new Weatherization program

 Programs designed to address equity

We have multiple program initiatives forthcoming to support our low income customers & increase equity.

CASA VERDE

IMPROVING THE LIVES OF OUR CUSTOMERS



- Designed to help our most vulnerable customers save energy by providing energy efficiency improvements for those residing in inefficient, older homes.
- Qualifying residents receive upgrades at no cost that increase the efficiency, safety & comfort of their homes.
- Most common improvements include:
 - Attic & wall insulation
 - Air sealing
 - Lighting replacement
 - Thermostat upgrades
 - Health & safety



The average family saves \$450 annually on their CPS Energy bills after the improvements are made.

CASA VERDE

SUPPORTING EQUITY



Based on feedback from stakeholders, we are enhancing our approach to serving our highest energy burdened customers.

- **Data-driven outreach:**
 - Utilize data to identify customers with the greatest need
- **Expanded eligibility:**
 - $\leq 200\%$ of Federal poverty limit; or
 - Energy Burden $\geq 10\%$ of annual household income
- **Pre-qualifying customers** that receive other types of low income assistance
- **Expanded partnerships** with local organizations for qualification & outreach



COMPETITIVE SOLICITATION

SELECTION PROCESS



A cross-functional team evaluated the RFP proposals to determine the best value for CPS Energy & our customers.

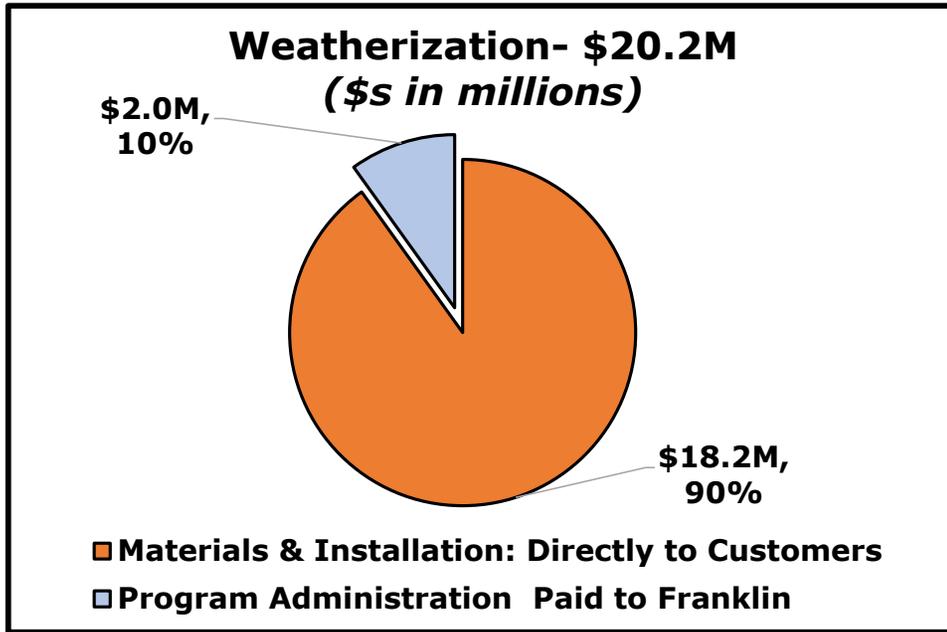
WEATHERIZATION RFP

- **8 Responses**
- Proposals were received from all of the leading, national implementation companies.
- 6 companies were shortlisted & interviewed prior to final selection.

Proposals were evaluated based on:
✓ Safety Performance
✓ Experience
✓ Capabilities
✓ Cost & Value
✓ Community Impact
✓ Financial Soundness



FUNDING BREAKDOWN



	Program Administration	Materials & Installation
PO Cost Allocation	\$2.0M	\$18.2M
Administration Costs	✓	
Community Events/Outreach	✓	
Marketing Collateral/Campaigns	✓	
Customer Eligibility Verification	✓	
Local Call Center	✓	
Quality Control/Inspections	✓	
Weatherization Materials		✓
Installation Labor		✓

The majority of program funds will go toward materials & installation in customer homes.

SUPPORT FOR LOCAL JOBS



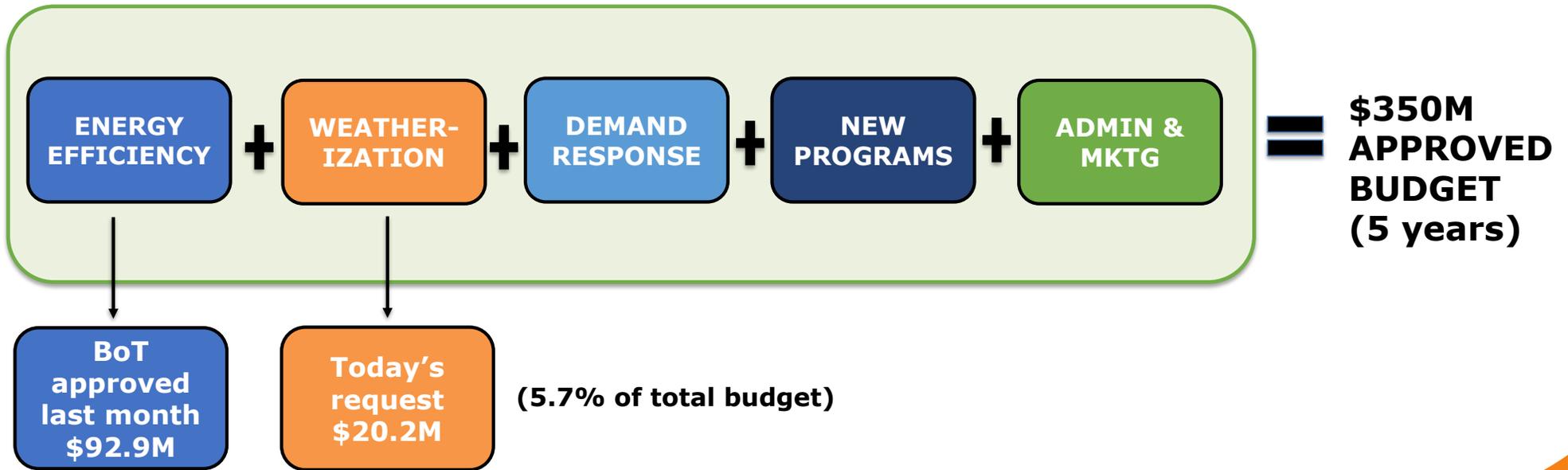
Prime direct local jobs	16 employees
Subcontractor local jobs	150 employees
Subcontractors	<ul style="list-style-type: none"> • M&M Weatherization Company, local, HUBZone business • RAM's Weatherization & Construction, local, small, Woman-owned, Hispanic American-owned business • Roadrunner Remodeling, Inc., local, small, Hispanic American-owned business • Cool Component Heating & A/C, local, small, Hispanic American-owned business • Right Choice Heating & A/C, local, small, Woman-owned, Veteran-owned

This contract supports local jobs as we weatherize customer homes.

PROGRAM FUNDING



Our program budget encompasses five major categories:



Today's funding request aligns with the budget shown during the approval process.

REQUEST FOR APPROVAL



We request your approval of the following:

- **Weatherization funding for up to \$20.2M to Franklin Energy, Inc. as part of the approved \$350M program.**
- **The one-year term of this new contract allows for a transition to a restructured Weatherization program.**

Approval allows us to continue delivering this valuable program to our customers & make progress toward achievement of our new 5-year goals.



Thank You





**CPS Energy Board of Trustees Meeting
September 6th, 2022
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1. Item Description:	<u>Weatherization Program</u>
Purchase Category:	General Services
Supplier:	Franklin Energy Services, LLC

Approval: *Lisa D. Lewis*
Lisa Lewis, Chief Administrative Officer

Approval: *Rudy Garza*
Rudy Garza, Interim President & CEO



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 1

Item Description	Weatherization Program
Purchase Order Value	\$20,200,000
Purchase Category	General Services
Department	Enterprise Risk & Development
VP Enterprise Risk & Development	Jonathan Tijerina
Chief Financial Officer & Treasurer	Cory Kuchinsky

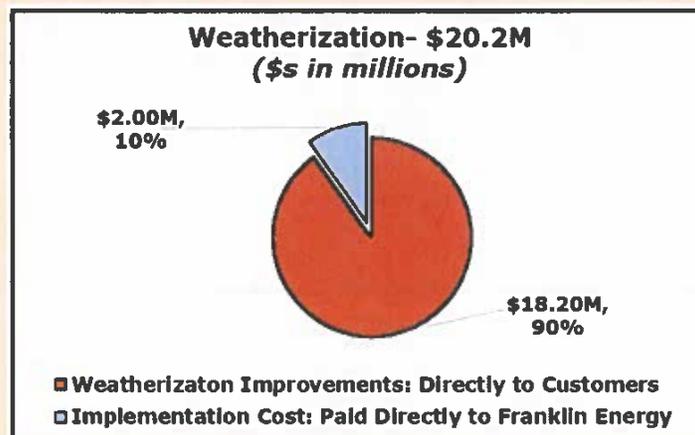
Detailed Description

CPS Energy staff recommends awarding Franklin Energy Services, LLC a new contract for up to 12 months of Weatherization services. Franklin Energy Services, LLC, a local, non-diverse firm, was selected based on an extensive RFP process as the respondent who provided the goods or services at the best value for CPS Energy based on program delivery, cost and value, experience, safety performance, community impact, and financial soundness.

Franklin Energy Services, LLC has provided implementation services for the weatherization program since 2016 and has a successful track record of meeting program targets.

This contract is integral to meeting the energy and demand savings goals, as well as equity goals, established under the new energy efficiency and conservation savings program approved by City Council on June 16, 2022.

The weatherization program serves our customers with the most need. As shown on the chart below, 90% of contract funds will be pass-thru costs that will be paid to subcontractors for labor and improvements in homes with the remaining 10% paid to Franklin Energy Services, LLC for their program administration support.





CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 1

Subcontracting Opportunities

Franklin Energy Services, LLC subcontracts 90% of overall spend to the following diverse businesses:

- Cool Component Htg & A/C, Inc. – local, small, Hispanic American-owned business
- Roadrunner Remodeling, Inc. – local, small, Hispanic American-owned business
- Rams Weatherization & Construction, LLC – local, small, Woman-owned, Hispanic American-owned business
- The Right Choice Heating and Air, Inc. – local, small, Woman-owned, Veteran-owned
- M&M Weatherization Company – local, HUBzone business

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
The overall cost and value of program(s)	25
Respondent’s ability to meet CPS Energy’s requirements for Program Delivery Capabilities and Quality Control	25
Safety records and training program	20
Respondent’s Company and Firm Overview to include experience and qualifications to perform the Services and references	10
Economic Development (local & diverse consideration)	10
The financial soundness of Respondent	5
Ability to adhere to CPS Energy IT Security Requirements	5
TOTAL	100



CPS Energy Board of Trustees Meeting
September 6th, 2022
Procurement Form 1

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Franklin Energy Services, LLC	Local / Non-Diverse	74	\$20,200,000	2203235	
TOTAL			\$20,200,000		

Seven (7) additional respondents were not recommended for award: CLEARResult Consulting, Inc.; Cool Component Htg & A/C, Inc.; ICF Resources, LLC.; TRC Solutions, Inc.; Roadrunner Remodeling, Inc.; Rams Weatherization and Construction, LLC.; and NA3 Group PLLC.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$0	\$0
\$2,285,821,000	*Operating Budget	\$8,400,000	0.37%	\$11,800,000	\$0	\$0

*This represents the full operating budget, which combines Fuel, Non-Fuel O&M and other operating expense.

Procurement Item: General Services



■ Local / Diverse
 ■ Local / Non-Diverse
 ■ Non-Local / Diverse
 ■ Non-Local / Non-Diverse