

• **BROAD & MAJOR TOPICS – UPDATE ON THE CHAIR'S PRIORITIES:**

○ **GENERAL**

▪ CEO UPDATE – Winter Storm Uri Learnings:

We are posting a document on our website today that includes our considerations and views about needed operational improvements as highlighted by Winter Storm Uri. The report uses the lenses of our *Flexible Path*<sup>SM</sup> and our *Guiding Pillars*. (The "Post-Winter Storm Uri" report is attached.)

### OUR GUIDING PILLARS & FOUNDATION



**All business decisions are based on our commitment to being one of the best-managed & most *Financially Responsible* utilities in the nation!**

- National Storm Update: Realizing that extreme weather events will continue, and on behalf of all the employees of CPS Energy, I want to extend our prayers and support to the citizens of Louisiana, particularly the city of New Orleans. According to The Texas Energy Report, Hurricane Ida has taken down "all 8 transmission lines into New Orleans." Some sources are reporting that it could take weeks for everyone to be back online. We released 2 contractor crews (6 people) to help work the storm.
- Operational Readiness Matrix – DRAFT: We are proud to partner with the City of San Antonio and SAWS to focus on making improvements to our communication and coordination approach. We have drafted a basic framework to begin using. We are looking for feedback from our partners over the next 30-60 days.



# CEO's Report for August 30, 2021

## Board of Trustees Meeting

<b>OPERATIONAL READINESS MATRIX - DRAFT</b>				
OPERATIONAL READINESS LEVEL	LEVEL DESCRIPTION	GENERAL (RESIDENTIAL/SMALL COMMERCIAL) CUSTOMER REQUESTS/ACTIONS	LARGE COMMERCIAL CUSTOMER REQUESTS/ACTIONS	
<b>NORMAL READINESS LEVEL 4</b>	<p style="text-align: center;"><b>NON-PEAK TEMPERATURE MONTHS:</b></p> <ul style="list-style-type: none"> <li>• OCT. – Mid-DEC. PLUS</li> <li>• Mid-MAR. – MAY</li> </ul>	Normal conservation messaging	Normal managed customer support activities	
<b>INCREASED READINESS LEVEL 3</b>	<b>SUMMER PEAK:</b>			
	<p style="text-align: center;"><b>POTENTIAL PEAK TEMPERATURE MONTHS / ON-GOING ENERGY CONSERVATION IS NEEDED:</b></p> <ul style="list-style-type: none"> <li>• JUN. – SEP. PLUS</li> <li>• Mid-DEC. – Mid-MAR.</li> </ul>	<p><b>PROFILE:</b></p> <ul style="list-style-type: none"> <li>• Peak Hours: 2:00 pm – 7:00 pm</li> <li>• Thermostat Direction: <b>UP</b> (Generally <b>RAISE</b> the Temperature)</li> </ul>		
		<b>SUMMER CONSERVATION DURING PEAK HOURS:</b>		
		<ul style="list-style-type: none"> <li>•Anchor thermostat at 78 degrees</li> <li>•Turn on ceiling fans, to push air down</li> <li>•Close shades and blinds</li> <li>•Avoid cooking with the stove</li> <li>•Avoid using other large appliances washer, dryer, and dishwashers</li> <li>•Avoid running pool pumps</li> <li>•Unplug appliances when not in use</li> <li>•Abstain from charging Electric Vehicles</li> </ul>	<ul style="list-style-type: none"> <li>•Anchor thermostat at 78 degrees</li> <li>•Adjust Chillers 2 degrees</li> <li>•Turn off lights that are outdoor, in unoccupied spaces &amp; non-critical</li> <li>•Utilize energy management systems to reduce usage</li> <li>•Close shades and blinds</li> <li>•Turn off computer, monitors, printers &amp; copiers during non-business hours</li> <li>•When possible use stair rather than elevators</li> </ul>	
		<b>THERMOSTAT PROGRAM</b>		
	<b>REDUCE MY USE</b>		<b>DEMAND RESPONSE</b>	
<p style="text-align: center;"><b>WINTER PEAK</b></p> <p><b>PROFILE:</b></p> <ul style="list-style-type: none"> <li>• Peak Hours: 7:00 am - 10:00 am, 6:00 pm – 9:00 pm</li> <li>• Thermostat Direction: <b>DOWN</b> (Generally <b>LOWER</b> the Temperature)</li> </ul>	<b>WINTER CONSERVATION DURING PEAK HOURS:</b>			
	<ul style="list-style-type: none"> <li>•Anchor thermostat at 68 degrees</li> <li>•Turn on ceiling fans, to pull air up</li> <li>•Avoid using other large appliances washer, dryer, and dishwashers</li> <li>•Unplug appliances when not in use</li> <li>•Abstain from charging Electric Vehicles</li> </ul>	<ul style="list-style-type: none"> <li>•Anchor thermostat at 68 degrees</li> <li>•Adjust Boilers/Chillers 2 degrees</li> <li>•Turn off lights that are outdoor, in unoccupied spaces &amp; non-critical</li> <li>•Utilize energy management systems to reduce usage</li> <li>•Turn off computer, monitors, printers &amp; copiers during non-business hours</li> <li>•When possible use stair rather than elevators</li> </ul>		
	<b>GENERAL EMERGENCY PLAN</b>			
	<b>HIGH READINESS LEVEL 2</b>	<b>OUTAGE WARNINGS! THE POWER GRID IS STRESSED!</b>	<ul style="list-style-type: none"> <li>•Charge up mobile devices</li> <li>•Locate flash lights with fresh batteries</li> <li>•Place First Aid Kit in a central place</li> <li>•Update your contact information in CPS Energy Manage My Account (MMA) system</li> <li>•Watch for news / weather updates, including Press Releases, Twitter, Facebook,</li> </ul>	<ul style="list-style-type: none"> <li>•Prepare back-up generation systems</li> <li>•Ensure back-up generation fuel levels are adequate</li> <li>•Ensure access to CPS Energy outage map</li> <li>•Charge mobile devices, back-up batteries and wireless equipment</li> </ul>
<p style="text-align: center; background-color: #ff8c00;"><b>CRITICAL CARE CUSTOMER PLAN:</b></p> <ul style="list-style-type: none"> <li>• Review the limits of your everyday system</li> <li>• Create an alternate plan for the potential of long outages</li> <li>• Contact and coordinate plans with friends and relatives</li> </ul>			<p style="text-align: center; background-color: #ff8c00;"><b>ADDITIONAL CONSERVATION STEPS:</b></p> <ul style="list-style-type: none"> <li>• Curtail (reduce) natural gas usage</li> <li>• Reduce hours of operation</li> <li>• Delay start times</li> <li>• Reduce production &amp; use of large motors</li> </ul>	
<b>MAXIMUM READINESS LEVEL 1</b>	<b>STATE-WIDE OUTAGES HAVE STARTED TO RESTABILIZE THE GRID.</b>	Emergency messaging for customers during ERCOT-imposed rolling outages	Customers with back-up generation move their load to those systems	
<b>GRID FAILURE BLACK START</b>	<b>GRID HAS FAILED. MOVING TO A COORDINATED STATE-WIDE RESTART PROCESS.</b>	Black Start messaging as grid is recovered		



## CEO's Report for August 30, 2021

### Board of Trustees Meeting

- The Committee on Emergency Preparedness (CEP) has transitioned to the Municipal Utilities Committee (MUC): This Committee met officially for the first-time last week. We understand that they will meet the last Tuesday of every month. The focus of this month's meeting included updates on our Winter Storm Uri action plans and customer accounts.
- The Public Utility Commission (PUC) has published its proposal for addressing winter preparation by generation and transmission operators: We are assessing the general information that is available at this time. Our team is monitoring these developments closely.
- The search for a new Trustee Continues: This is going well. There will be a separate update during ITEM 14 by Committee Chair Kelley.
- Community Outreach:
  - We had our first **Flexible Path**<sup>SM</sup> Tele-Town Hall since Winter Storm Uri on Thursday, August 12, 2021.
  - On Saturday, August 28, 2021, we hosted an Assistance Fair at St. Mary's University. We estimate attendance was between 400-500 people.

#### ITEMS 6-9:

- We will preview our current funding drivers and spend priorities:
  - The decision to come for a rate increase has not been formally made.
  - Even so, CPS Energy has not had an increase in almost 8 years, and we have had only 1 in close to 12 years.
  - A rate increase request is currently on the horizon for this year.
  - Today, you will hear preview presentations from most of our Senior Chiefs that will provide some helpful context. More information is forthcoming.

#### ITEM 10 PROCUREMENT PREVIEWS:

- Procurement Policy & Procedure Update: Relative to past requests, we have proposed some document changes to align on our current direction to include more diverse bidders in our procurement process.
- STEP: We provided a preview last month. Today, we will be requesting approval that supports our energy efficiency, weatherization, and conservation spend.



## CEO's Report for August 30, 2021

### Board of Trustees Meeting

- General – Increasing Material Procurement Pressures: Hurricane Ida is expected to put additional pressure on an already tight supply chain creating more challenges.

**To date, while we have avoided significant stock-outs, that could pause or stop work, the issues are mounting. We continue to leverage relationships with our peer utilities to share items, when possible, and we are expanding our delivery options to prevent a work-stoppage due to critical components sitting in a warehouse or on a dock for want of drivers.**

ITEM 11 **FlexPOWER Bundle**<sup>SM</sup> Update:

- We will share our progress to date.

ITEM 15 Financing Plan Update:

- We continue to work to keep our financing costs low and save our customers money.