AGENDA

- COMPANY OVERVIEW
- CORPORATE RESPONSIBILITY
- ACCOMMODATING GROWTH, PROMOTING EFFICIENCY & CUTTING COSTS
- OUR FLEXIBLE PATH
WE ARE A BUSINESS OWNED BY THE COMMUNITY!

• We will continue to be SA’s Energy Experts, keeping safety & security top priorities.

• We will prudently incorporate levels of renewable / non-emitting energy sources.

• We will make improvements every year to help ensure success.
BY THE NUMBERS

Largest Municipally Owned Electric and Gas Utility in the U.S.
Solar Power Production in Texas; Seventh in the Nation
Wind Power Production in Texas

Premier Credit Rating

838k Electric¹
352k Gas

Our Customers

Most Trusted Brand in the South Region by MSI

AA+

$11B - Assets
$2.6B - Annual Revenue

1 as of 11/27/18

158 Years of Serving San Antonio

- Assets
- Annual Revenue
WHICH ALIGNS TO OUR FOCUS OF PEOPLE FIRST...

• Our everyday collective focus must be on our 3 Pillars:
  ❖ COMMUNITY
  ❖ EMPLOYEES
  ❖ CUSTOMERS

WE MUST CONTINUE ASKING OURSELVES...
Are we solving things so customers benefit?
CORPORATE RESPONSIBILITY

• GIVING OUR TIME!
• GIVING OUR RESOURCES!
• CONNECTING WITH OUR CUSTOMERS
• EXTENDS TO OUR NEE PARTNERS
• BENEFITS LOCAL & DIVERSE COMPANIES
• WE ARE THANKFUL FOR OUR WONDERFUL CUSTOMERS!
CORPORATE RESPONSIBILITY - GIVING OUR TIME!

• ANNUAL VOLUNTEER HOURS > 16,500 HOURS YTD
• DONATED SCHOOL SUPPLIES = 4,729 LBS & MORE THAN $900
• UNITED WAY GOLF TOURNAMENT = $132,000 RAISED FOR SAMM MINSTRIES
• BLOOD DONATED = 850 UNITS WITH 1 BLOOD DRIVE REMAINING
• ANGEL TREE GIFTS – GIFT GIVING IN PROGRESS
CORPORATE RESPONSIBILITY - GIVING OUR RESOURCES!

High United Way Contributions:

3 years of $1 million +

2018: $1.1 million
CORPORATE RESPONSIBILITY - CONNECTING WITH OUR CUSTOMERS

- Mobile Support Center
- Social Media
- CPSEnergy.com
- Public Input Sessions
- City Council Meetings
- Partner Engagement
- Special Requests
- Board of Trustees Meetings
- Customer Care Fairs
$3,316,000 Million Million

to local education programs.

Thanks New Energy Economy (NEE) Partners!
CORPORATE RESPONSIBILITY - BENEFITS LOCAL & DIVERSE COMPANIES

• Local non-profit awarded office supply contract
• We are investing in the community by contracting with local, small and diverse entities
• Competitively priced with national chains
• Products made in San Antonio

Becky Bailey, CPS Energy Supply Chain Sr. Director, stands with Johnette Lee and Chris Crane of San Antonio Lighthouse for the Blind & Vision Impaired.
LIGHTHOUSE FOR THE BLIND & VISION IMPAIRED

Video Spot
CORPORATE RESPONSIBILITY –
WE ARE THANKFUL FOR OUR WONDERFUL CUSTOMERS
CORPORATE RESPONSIBILITY –
WE ARE THANKFUL FOR OUR WONDERFUL CUSTOMERS

Video Spot
ACCOMMODATING GROWTH, PROMOTING EFFICIENCY & CUTTING COSTS

This is how we save our customers money & add value.
San Antonio continues to be a magnet for economic & population growth.

Texas cities that added the most people from 2016 to 2017

<table>
<thead>
<tr>
<th>City</th>
<th>2017 pop.</th>
<th>Population increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio</td>
<td>1.5 million</td>
<td>24,208</td>
</tr>
<tr>
<td>Dallas</td>
<td>1.3 million</td>
<td>18,935</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>874,168</td>
<td>18,664</td>
</tr>
<tr>
<td>Frisco</td>
<td>177,286</td>
<td>13,470</td>
</tr>
<tr>
<td>Austin</td>
<td>950,715</td>
<td>12,515</td>
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<tr>
<td>McKinney</td>
<td>181,330</td>
<td>8,346</td>
</tr>
<tr>
<td>Houston</td>
<td>2.3 million</td>
<td>8,235</td>
</tr>
<tr>
<td>New Braunfels</td>
<td>79,152</td>
<td>5,833</td>
</tr>
<tr>
<td>Pflugerville</td>
<td>63,359</td>
<td>3,852</td>
</tr>
<tr>
<td>Georgetown</td>
<td>70,685</td>
<td>3,617</td>
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</tbody>
</table>

Source: U.S. Census Bureau

- San Antonio metro growth rate has climbed consistently for the last few years
- The 2017 increase of 24,208 represents an average of 66 people per day
- The San Antonio area is preparing for a 1.1 million population increase by the year 2040

(1) Source – https://www.texastribune.org/2018/05/24/texas-census-san-antonio-tops-national-list-population-houston-growth/ dated May 24, 2018
52 PRODUCTS & SERVICES AND GROWING
REDUCING THE PEAK THROUGH DEMAND RESPONSE

CPS Energy successfully partnered with 140,000 residential & 560 Commercial & Industrial customers across our community to manage demand during the hottest days.
Helping To Proactively Change Behaviors

$’s Supporting Conservation: STEP

$’s Building a Coal Plant + Operations & Maintenance
Operational cost savings result in not seeking rate increases for 5 years, which saves customers money.
OUR FLEXIBLE PATH

- OUR PLANTS ARE AGING
- DEVELOPING A FLEXIBLE FUTURE
- CAPACITY MIX POSSIBILITY
- EMISSION INTENSITY REDUCTIONS
- IN SUPPORT OF YOUR MISSION & GOALS
- MODELS BASED ON WHAT WE KNOW TODAY
- FLEXIBLE/OPTIMAL PARTNERSHIPS
  - JOINT BOARD MEETING
  - SMART SA
OUR PLANTS ARE AGING

Almost 40% of our capacity comes from plants that are 40+ years old

Proactive maintenance and solid budget controls are required to effectively manage investments in aging units
AGAIN RELIABILITY MATTERS: Traditional generation is playing the role of “virtual storage” for renewable energy until energy storage technology scales up

**Now:** Renewables and Traditional Generation

**Future:** Renewables and Energy Storage

Currently not economical
We will adjust models as new competing technologies develop and provide more benefits.

Traditional Capacity Mix Possibility:
- Storage/Tech: 16%
- Renewables: 32%
- Flex Gen: 18%
- Gas: 48%
- Coal: 11%
- Nuclear: 16%

Flexible Path Capacity Mix Possibility for 2040:
- Storage/Tech: 5%
- Renewables: 50%
- Flex Gen: 16%
- Gas: 13%
- Coal: 7%
- Nuclear: 9%

70%+ Renewables / New Tech & 80%+ Non-Emitting
By 2040, the Flexible Path reduces the intensity of CO2, NOx, & SO2 emissions by 80%, 97%, & 99%, respectively, as indexed to 1997.
IN SUPPORT OF YOUR MISSION & GOALS

- **Pilot** solar and battery storage peak shifting and other battery uses
- **Plan** for evolving integrated processes mitigating risk and enhancing our customers experience
- **Evaluate** pilots and plan future programs

We are being thoughtful about our city’s future.
WE ARE CONSTANTLY WORKING ON MODELS BASED ON WHAT WE KNOW TODAY

- What are the merits of extending or shortening the life of our assets?
- What are the costs of renewable energy and battery storage?

Everything costs money: conservation, renewables, fossil plants & new technology. We are a few years away from needing to make a big generation decision but will keep costs and reliability at the forefront.
Our Flexible Path

BALANCING THE TRIED & TRUE WITH THE NEW

Energy storage systems to meet customer demand

Existing assets: gas, coal, nuclear, solar and wind generation provide flexibility

Drones are used for monitoring, surveying and mapping purposes

Quick-cycle peaking units help meet excess demand

Street lights automatically adjust by dimming or brightening, based on traffic; maximizing energy efficiency

Advanced technology for natural gas detection is safe and effective

We enable public Wi-Fi throughout the city service kiosks

Updated grid allows for quicker response and power restoration

Our poles and wires are the backbone to support enhanced high-speed connectivity

Communication devices allow for real-time delivery of information across the network

Simply Solar broadens access and interest in renewable energy solutions

Energy storage systems support industrial, government, commercial and residential customers

EPcenter: A historic and closed power plant will become a venue and think tank for new and emerging technologies

App-enabled electric vehicle charging is also able to supply power

Smart parking meters transmit downtown open parking availability

Camera enable better security

cpsenergy.com/flexiblepath
FLEXIBLE PATH & SMART CITY

Video Spot
CPS Energy & SAWS Boards of Trustees held a joint meeting

CEOs Paula Gold-Williams & Robert Puente discussed:

- A case study released by the EDF that highlighted how well our 2 companies work together to conserve energy & water

- Great opportunity to show our organizations’ new potential to work together to benefit our customers for example, a future AMI project
Partnerships with our owner, the City of San Antonio, along with VIA, SAWS, SARA & SAHA provide for a citywide approach for innovation and collaboration.
COMMUNITY DIALOGUE = MORE ENGAGEMENT

Our decisions reflect the values & priorities of our community!
SUMMARY

• WE ARE COMMITTED TO LISTENING

• WE WILL MAKE IMPROVEMENTS, AS NEEDED

• WE WILL CONTINUE TO CONTROL COSTS & KEEP EVERYTHING IN BALANCE

• OUR FLEXIBLE PATH IS “FLEXIBLE”

• BEING YOUR COMMUNITY & BUSINESS PARTNER!!
Thank You