CEO’S REPORT

PRESENTED BY:

Paula Gold-Williams
President & CEO

May 20, 2019
Former Trustee, Mr. Derek Howard and I attended.

AGENDA

- PRESENTATION REFRESH
- AGENDA INSIGHTS
- STRATEGIC DEVELOPMENT
  - FLEXIBLE PATH EVOLVES
THE WHY:
• ABOUT 1.5 YEARS: Using the same general format approach
• CHANGE DRIVER: Voice of the Customer – BOT Feedback

HIGHLIGHTS:
1. FINANCIALS:
   □ MOVED UP IN THE SEQUENCE: This is a tight fiscal year, so more prominence is needed
   □ APPROACH: While remaining the responsibility of the CFO, I will add commentary, as helpful
2. COMMUNITY OUTREACH UPDATES:

- NEWSLETTERS:
  - Also updated and streamlined
  - Will still include interesting topics, as noted below:

Table of Contents
President & CEO Briefs San Antonio City Council
CPS Energy is Charged Up About Electrify America EV Charging Stations
Expanded Move Over/Slow Down Law Protects our Workers
A Shining City; Leading the Way in Solar
Thought Leaders Converge on San Antonio for "City of the Future" Symposium
ETS19: Powering Dreams Through Partnership, Love & Innovation
Congratulations to our President & CEO
Join in the Energy Conversation
Smart, Connected, Electrified.

Upon request, we will send a hard copy of the NEWSLETTER to ANYONE who does NOT HAVE EMAIL ACCESS!
3. WILL CONTINUE TO OPTIMIZE OTHER INFORMATION OUTLETS FOR THE PUBLIC:
- Social Media – Channels
  - Connections & Followers Increasing
  - LinkedIn
  - Twitter
  - Instagram
- Others: Examples
  - Newspapers / Traditional Methods
  - Trade / Industry Publications
3. WILL CONTINUE TO OPTIMIZE OTHER INFORMATION OUTLETS FOR THE PUBLIC:

- As of May 2019
- Our Company & CEO Social Media Profiles are growing @ a strong rate:

<table>
<thead>
<tr>
<th>BASIC SOCIAL MEDIA COMPARISON</th>
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<tbody>
<tr>
<td>FOLLOWERS</td>
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<tr>
<td>CEO</td>
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<tr>
<td>COMPANY</td>
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4. **ANYONE CAN SIGN UP FOR NEWS ALERTS & ACCESS OUR FEATURES + EMPLOYEES ALSO GET UPDATES**
ITEM 5 - COST SAVINGS:

• CONTINUING FOCUS: We look for savings all throughout our Company

• THIS MONTH: We are revitalizing our spotlight on CONTRACT RENEWALS
  • AGENDA TOPIC LINK ➔ ITEM 6C: All 3 Procurement Items
  • Operational vendors

• PARTNERSHIP BENEFITS: As we buckle down to control more costs, we are asking our partners to join us for the benefit of our customers
ITEM 5 – COMMUNITY COMMITMENT:
• BRIGHTON CENTER:
  - Our Guests
    - UW Beneficiary – Golf Tournament, Net Proceeds
    - Check Presentation

ITEM 9 – ASSET OPTIMIZATION STRATEGY:
• IT FOCUS:
  - DATA CENTER
  - FIBER
ITEM 9 (CONT’D.) – ASSET OPTIMIZATION STRATEGY:

• PREVIOUSLY INITIATED:  ➔ COST SHARING!
  - The Shared Radio System
  - COSA, Bexar County and CPS Energy

• NEW INITIATIVE:  ➔ REVENUE OPPORTUNITY!!
  - IT FOCUS
    - 1ST - DATA CENTER – w/Other Municipal Entities
    - 2ND - FIBER
  - Service Agreements / Location Optimization
  - Previewed to the T&I Board Committee
ITEM 10 – JBSA UPDATE: UTILITY ASSET PRIVATIZATION

• PREVIOUSLY APPROVED BY THE BOT:
  - 50-Year Contract
  - Upcoming NON-CASH Transfer to Us

• UPDATED:
  - Assets:
    ➔ More value in the Short-term (ST) & Long-term (LT)!
    - ST / Beginning:
      Original Est. $42M ➔ Latest Est. $87M
    - LT Contract Term:
      Original Est. $248M ➔ Latest Est. $289M
NEW APPROACH UNDER DEVELOPMENT:

1. STAKEHOLDER INPUT
2. “POWER BUNDLE!”
**STRATEGY: FLEXIBLE PATH – 2 of 5**

1. **STAKEHOLDER INPUT – PROGRESSING THE DIALOGUE:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Created the concept</th>
<th>Launched General Public Input</th>
<th>More General Public Input</th>
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<td>2017</td>
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<tr>
<td>2018</td>
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*NEW* Deep Dives
1. **STAKEHOLDER INPUT – BROAD, INITIALLY SEGMENTED OUTREACH IS FORTHCOMING:**

### General Input Meetings
- Our Foundation
- Assumption Portfolio Intro. / Initial Focus
  - Population / Growth
  - STEP
  - Electric Vehicle Penetration

### Deep Dive Input Meetings
- All Renewables Modeling Considerations
- The Future & Path of Coal
- STEP 2.0
- Other Critical Topics
2. **IN THE MEANTIME:**
- **ASSESSING A BALANCED INTERIM STRATEGY:**

**THE POWER BUNDLE!**

- **SOLAR** + **STORAGE** + **GAS**

**NEW RFP – COMING SOON!**

**POWER PURCHASE**

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**GAS** is becoming the transition fuel of the near future – See Articles
3. GAS CAN HELP IN THE ENERGY EVOLUTION:

Natural gas is the green new deal

By Bernard L. Weisstein, For the Express-News  Published 12:00 am CDT, Sunday, May 19, 2019

Valero preparing for a cleaner fuel future, CEO says

By Jessica Corso – Reporter, San Antonio Business Journal
Apr 30, 2019, 5:20pm EDT
UPCOMING TOPICS

- METRICS
- QUARTERBACK MODEL
- INNOVATION LANDSCAPE
- FLEXIBLE PATH, CONTINUES
- PUBLIC INPUT

... more to come ...
Thank You
GLOSSARY / DEFINITIONS

• BOT  Board of Trustees
• CEO  Chief Executive Officer
• CFO  Chief Financial Officer
• COSA  City of San Antonio
• EPRI  Electric Power Research Institute
• ERCOT  Electric Reliability Council of Texas
• Est.  Estimate
• ETS  Energy Thought Summit
• EV  Electric Vehicle
• Intro.  Introduction
• IT  Information Technology
• JBSA  Joint Base San Antonio
• LT  Long Term
• M  Million
• RFP  Request for Proposal
• ST  Short Term
• STEP  Safe for Tomorrow Energy Plan
• T&I  Technology & Innovation
• UW  United Way