THIS MONTH’S TOPICS

• CPS ENERGY BOARD AGENDA INSIGHTS
• FLEXPOWER BUNDLE
• NEW PUBLIC INPUT PERIODS
• ELECTRIFICATION – FALL SA SYMPOSIUM
• UPCOMING TOPICS
ITEM 7 – PFC COST SAVINGS, STATUS UPDATE

• **THE FINANCING TRANSACTION:**
  - Initiated in 2007
  - Optimized the spread between the taxable & non-taxable financial markets

• **FOCUS:** Purchased distribution gas @ a discount

• **SAVINGS:** $100 millions over 20 years
ITEM 10 – CLIMATE ACTION & ADAPTATION PLAN (CAAP)

• INITIATED IN 2018
  ❑ S.A. reached Marginal Non-Attainment

  ❑ CPS Energy sponsored an emissions baseline study
    o Consistent w/other similar studies, it focused on energy consumption
    o Generation Supplies Power for Consumption
    o Primary Emissions Sources
      ✓ Buildings
      ✓ Transportation
ITEM 10 – CLIMATE ACTION & ADAPTATION PLAN (CAAP)

- **ASPIRATIONAL PLAN** initiated by the CITY
  - CPS Energy participated in the City’s committee work

- **OTHER PARTICIPANTS**: Navigant & UTSA
  - Today:
    - The Board will receive a briefing on the updated CAAP
    - **ITS PRIMARY GOAL**: Carbon Neutrality / Net Zero Emissions by 2050
ITEM 12 – WORKSPACE STRATEGY & RECOMMENDED VENDOR SELECTION

• CURRENT STATUS:
  ✓ Many of our locations are decades old
  ✓ Most furniture is aged

• MOST ECONOMICAL APPROACH:
  ✓ Ensure new furniture is optimized across the enterprise
  ✓ Furniture in good condition is reused
ITEM 12 – WORKSPACE STRATEGY & RECOMMENDED VENDOR

- INCLUDES NEEDS FOR HEADQUARTERS:
  - <50% of the Procurement

McCullough Budget ($millions)

- Max Contract Value + CEO Contingency: $215M
- Less CEO Contingency: (5M)
- Maximum Contract Value: 210M
- Land & Existing Building: (25M)
- Subtotal: 185M
- Fees – Insurance, City & Others: (15M)
- Total Budget*: $170M

McCullough Vendor Profile ($millions)

- Small/Diverse: $45, 26%
- Local Presence: $110, 65%
- Total Budget: $170

*Total Budget includes the following:

- Max Contract Value + CEO Contingency: $215M
- Less CEO Contingency: (5M)
- Maximum Contract Value: 210M
- Land & Existing Building: (25M)
- Subtotal: 185M
- Fees – Insurance, City & Others: (15M)
- Total Budget: $170M
ITEM 13 – EMERGING LEADERS COHORT

- **EMPLOYEE DEVELOPMENT PROGRAMS:**
  - ✓ We continue to expand this portfolio

- **THIS NEW PROGRAM BUILDS LEADERS:**

<table>
<thead>
<tr>
<th>Foremen Leadership</th>
<th>People First Leadership</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Aspiring foremen from across Operations)</td>
<td>(Managers &amp; org leaders)</td>
<td>(No corporate pre-manager leadership development)</td>
</tr>
</tbody>
</table>
The *FlexPower* Bundle navigates CPS Energy to a diversified solution to support all of our customers’ needs.
This is how we save our customers money & add value.
CURRENT PORTFOLIO OVERVIEW

OUR UNITS WILL SUPPORT & DRIVE CHANGE

Flexible Path could extend life of existing combined cycle gas

Flexible Path could create a path to early retirement
FLEXIBLE PATH IN ACTION
MAJOR STEP FORWARD

FLEXPOWER BUNDLE COMPONENTS FOR DISCUSSION

300-900 MEGAWATTS (MW)

10-50 MEGAWATTS (MW)

300-500 MEGAWATTS (MW)

CPS ENERGY'S PRESIDENT & CEO LAUNCHES COMMUNITY INPUT ON THE NEW “POWER BUNDLEFLEX”
CPS ENERGY NEWSROOM, JULY 10, 2019

CPS Energy Proposes Adding New Solar, Batteries, Buying Natural Gas Power
RIVARD REPORT, JULY 10, 2019
# SOURCES OF GENERATION

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>SOLAR</th>
<th>STORAGE</th>
<th>GAS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BENEFITS</strong></td>
<td>Aligns with our load</td>
<td>Great back-up source of power</td>
<td>Abundant supply</td>
</tr>
<tr>
<td></td>
<td>Costs continue to decrease</td>
<td>Reduces need for increased</td>
<td>Consistently dependable</td>
</tr>
<tr>
<td></td>
<td>Zero emission source</td>
<td>peak generation capacity</td>
<td>source of energy</td>
</tr>
<tr>
<td></td>
<td>Low maintenance</td>
<td>Zero emission source</td>
<td>Affordable</td>
</tr>
<tr>
<td></td>
<td>Improving technologies</td>
<td></td>
<td>Mature technology</td>
</tr>
<tr>
<td><strong>CHALLENGES</strong></td>
<td>Weather &amp; time dependent resource</td>
<td>Expensive</td>
<td>Carbon-emitting</td>
</tr>
<tr>
<td></td>
<td>Requires back-up generation</td>
<td>Shorter lifespan than other sources</td>
<td>Higher maintenance costs</td>
</tr>
<tr>
<td></td>
<td>Uses a lot of real estate</td>
<td>Unknown environmental impacts</td>
<td>Forced outage risk</td>
</tr>
<tr>
<td></td>
<td>Unknown environmental impacts</td>
<td>Immature technology</td>
<td>Useful life may extend</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>beyond market value</td>
</tr>
</tbody>
</table>

While there is no perfect solution, each technology has its benefits. More value is created through bundling.
The FlexPower Bundle considers many important factors to provide the most value for our customers.

### IMPORTANT CONSIDERATIONS

<table>
<thead>
<tr>
<th></th>
<th>Solar</th>
<th>Energy Storage</th>
<th>Natural Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Security (physical &amp; cyber)</strong></td>
<td></td>
<td>=</td>
<td>+</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td><strong>Resilience</strong></td>
<td></td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td></td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Environmental Impact</strong></td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td><strong>Affordability</strong></td>
<td>+</td>
<td>-</td>
<td>=</td>
</tr>
</tbody>
</table>

**KEY:**
- Less Favorable: =
- Neutral: ==
- More Favorable: +
NEW PUBLIC INPUT PERIODS IN MOTION

INPUT CHANNELS:

- PRESENTATIONS
- WORK SESSIONS
- FOCUS GROUPS
- PANELS
- SURVEYS ➔
- + OTHERS AS HELPFUL

THUS FAR PRESENTATIONS SHARED W/:

- SUBURBAN CITIES
- ENVIRONMENTAL STAKEHOLDERS
  - (This group formally opposes our positions)

... more events are being scheduled ...
ELECTRIFICATION

SYMPOSIUM IN S.A. THIS FALL

ELECTRIFICATION
U.S. SYMPOSIUM SERIES
The Electrification Experience

October 2-3, 2019
San Antonio, Texas

Hosted by CPS Energy

PARTNERSHIP:
CPS Energy & EPRI
UPCOMING TOPICS

• PROGRAM PROGRESS
  ❑ FLEXPOWER BUNDLE - continues
  ❑ FLEXSTEP

... more to come ...
Thank You
• CAAP Climate Action and Adaptation Plan
• CEO Chief Executive Officer
• CFO Chief Financial Officer
• CRU Customer Response Unit
• EPRI Electric Power Research Institute
• FY Fiscal Year
• M Million
• MW Megawatts
• PFC SA Energy Acquisition Public Facility Corporation
• S.A. San Antonio
• RFP Request for Proposal