



**CPS ENERGY BOARD OF TRUSTEES MEETING**  
**TO BE HELD ON DECEMBER 16, 2024, AT 1:00 PM**  
**LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

*At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda.*

**AGENDA**

<b>ITEM</b>	<b>TOPIC</b>	<b>ACTION</b>	<b>PRESENTER/ SPONSOR</b>
<b>1</b>	<b>CALL TO ORDER</b>	Execute	Ms. Janie Gonzalez
<b>2</b>	<b>SAFETY MESSAGE, INVOCATION &amp; PLEDGE OF ALLEGIANCE</b>	Execute	Mr. Jose Reyes
<b>3</b>	<b>PUBLIC COMMENT</b> Pre-Registration is from Wednesday, December 11, 2024, 5:00 PM – Friday, December 13, 2024, 1:00 PM. Dial (210) 353-4662 or email <a href="mailto:PublicCommentRegistration@CPSEnergy.com">PublicCommentRegistration@CPSEnergy.com</a>	Discuss	Ms. Janie Gonzalez
<b>UPDATE ON CHAIR'S PRIORITIES</b>			
<b>4</b>	<b>CHAIR'S REMARKS</b>	Discuss	Ms. Janie Gonzalez
<b>CONSENT AGENDA</b>			
<b>5</b>	<b>APPROVAL OF CONSENT ITEMS:</b> A. Payment to the City of San Antonio for November 2024 B. Minutes from the October Regular Board Meeting, held on October 28, 2024 C. Minutes from the November Regular Board Meeting, held on November 18, 2024 D. Procurement Items: None	Vote	Ms. Janie Gonzalez
<b>REGULAR AGENDA</b>			
<b>6</b>	<b>BOARD COMMITTEE REPORTS</b> A. Audit and Finance (A&F) Committee Meeting held on October 24, 2024 (Ms. Janie Gonzalez) B. Employee Benefits Oversight Committee (EBOC) Meeting held on October 24, 2024 (Ms. Janie Gonzalez)	Discuss	Ms. Janie Gonzalez

	C. Operations Oversight Committee (OOC) Meeting held on November 4, 2024 (Dr. Francine Romero) <b>COMMUNITY INPUT COMMITTEE (CIC) REPORT</b> A. Community Input Committee meeting held on December 6, 2024		
<b>7</b>	<b>STATE PUBLIC POLICY AGENDA 2025-2026</b> (Ms. Kathy Garcia)	Vote	Ms. Janie Gonzalez
<b>8</b>	<b>PROPOSED BOARD PROCUREMENT POLICY REVISIONS</b> (Ms. Lisa D. Lewis)	Vote	Ms. Janie Gonzalez
<b>9</b>	<b>ENGAGED CUSTOMER RELATIONSHIP UPDATE</b>	Discuss	Ms. DeAnna Hardwick
<b>10</b>	<b>FY2025 THIRD QUARTER PERFORMANCE UPDATE</b>	Discuss	Mr. Cory Kuchinsky & Ms. Elaina Ball
<b>11</b>	<b>CEO RECOGNITION</b>	Discuss	Ms. Elaina Ball
<b>12</b>	<b>REVIEW OF ACTION ITEMS</b>	Discuss	Ms. Janie Gonzalez
<b>CONVENE TO EXECUTIVE SESSION</b>			
<b>13</b>	<b>EXECUTIVE SESSION</b> A. Real Property (§551.072) B. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)	Discuss	Ms. Janie Gonzalez
<b>RECONVENE TO OPEN SESSION</b>			
<b>14</b>	<b>ADJOURNMENT</b>	Execute	Ms. Janie Gonzalez
If the Board meeting has not adjourned by 4:50 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.			

## CPS Energy Board of Trustees Meeting December 16, 2024

### Approval of Payment to the City of San Antonio for November 2024

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 November 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$254,302,992.34, less applicable exclusions. The revenue for the month of November 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$221,607,100.10
Gas revenue	16,311,299.05
Interest and other income	7,058,587.86
Gross revenue per CPS Energy financial statements	<u>244,976,987.01</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,242,837.98)
LVG revenue per City Ordinance 100709	(11,744.38)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(17,693,555.95)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	36,274,143.64
Total excluded revenue	<u>9,326,005.33</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$254,302,992.34</u>
City payment per Bond Ordinance for November 2024 based upon November 2024 revenue	\$35,602,418.93
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	370,694.32
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	35,960,613.25 <b>A</b>
Utility services provided to the City for November 2024	<u>(3,158,912.69)</u>
Net amount to be paid from November 2024 revenue to the City in December 2024	<u>\$32,801,700.56</u>

## CPS Energy Board of Trustees Meeting December 16, 2024

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)

November 2024	Actual	Budget	Variance	
Current Month <b>A</b>	\$35,961	\$30,091	\$5,870	19.5%
Year-to-Date*	\$393,655	\$360,901	\$32,754	9.1%

\* 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 \$32,801,700.56 representing 14% of applicable system gross revenues for the month of November 2024, such payment being net of City utility services (\$3,158,912.69), is hereby approved."

Draft for review and approval  
at the December 16, 2024 meeting

**CPS ENERGY  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
HELD ON OCTOBER 28, 2024**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of October was held on Monday, October 28, 2024, 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 Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair  
Dr. Francine Romero, Vice Chair  
Dr. Willis Mackey  
Mr. John Steen  
Mayor Ron Nirenberg

Also present were:

Mr. Rudy D. Garza, President & CEO  
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary  
Ms. Elaina Ball, Chief Strategy Officer  
Mr. Benny Ethridge, Chief Energy Supply Officer  
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer  
Ms. DeAnna Hardwick, Chief Customer Strategy Officer  
Ms. Lisa Lewis, Chief Administrative Officer  
Mr. Richard Medina, Chief Energy Delivery Officer  
Mr. Evan O'Mahoney, Chief Information Officer  
City of San Antonio officials  
CPS Energy staff members  
Interested Citizens

**II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE**

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Cynthia Garza, Business Management Strategist.

**III. CEO RECOGNITION<sup>1</sup>**

Mr. Rudy Garza, President & CEO, recognized our mutual aid crews. He introduced Mr. Darrell Cline, General Manager & CEO for Garland Power & Light, who was not able to attend last month's meeting. Mr. Cline stated he felt it important to address the Board because he wanted to express his appreciation. He noted that on May 28, a storm came through Garland with 95 m.p.h. winds, which is close to a Category 2

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<sup>1</sup> CEO Recognition was listed on the agenda as Item #12, but it was moved up to follow the Safety Message, Invocation and Pledge of Allegiance.

Draft for review and approval  
at the December 16, 2024 meeting

hurricane. He thanked Mr. Garza for his response in immediately sending aid, noting that CPS Energy crews worked on the toughest projects. He stated he could not say enough about what CPS Energy crews did to help Garland and how impressively they performed. He presented a plaque capturing a resolution of appreciation passed by the City Council.

Mr. Garza then recognized the second quarter's Core Value awardees. He noted that these employees are outstanding examples of how we conduct business in alignment with our Vision 2027 strategy.

#### **IV. PUBLIC COMMENT**

Ms. Henrietta LaGrange, community member, stated she feels it's important that all individuals feel a call to action to lower their thermostats when it's hot, etc. She stated she appreciated Mr. Garza and his dedication to CPS Energy. She also expressed her appreciation for Chair Gonzalez and Vice Chair Romero as empowered women. She also thanked Mayor Nirenberg for his service to the City of San Antonio.

Mr. Jason Ponce, community member, stated he is an engineer that would like to address the hiring process at CPS Energy. He stated he applied for a position and felt it took too long to receive a response. He also stated there should be a hiring preference for San Antonio residents.

Mr. Alan Montemayor, Alamo Group of the Sierra Club, addressed the Board on natural gas. He stated that they will continue to push the timely closure of coal but also would like CPS Energy to move to renewables over natural gas. He urged the Board of Trustees to keep their options open as new technologies become available.

Mr. Richard Moore, president of Tobin Hill Neighborhood Association, expressed his appreciation to the Board of Trustees for their good work. He stated he designed one of our service centers, and he wanted to meet the Board.

#### **V. CHAIR'S REMARKS**

Chair Gonzalez urged everyone to practice safety tips for Halloween: unplug unused appliances, use a power strip, and employ smart upgrades. She also urged citizens to look at ways to save energy for this upcoming winter.

Next, she noted that Grillsgiving is coming up on November 2 and will benefit REAP. She then noted that CPS Energy will be hosting a public input session this evening, and asked community members to provide feedback on Horizon 2050. Next, she noted that there are gratitude trees, and individuals can write thank you notes to honor our veterans and place them on the trees. Finally, she thanked Dr. Mackey for helping to host a small business vendor fair.

#### **VI. APPROVAL OF CONSENT ITEMS**

On a motion by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, the following items on the Consent Agenda were approved 4-1:<sup>2</sup>

<sup>2</sup> Trustee Steen noted that he objected to approving the changes to the Audit & Finance Committee Charter, but he supported the other items on the consent agenda. He expressed concern that Chair Gonzalez did not adhere to Robert's Rules of Order, which

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**A. Approval of Payment to the City of San Antonio for September 2024**

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 September 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$337,432,275.66, less applicable exclusions. The revenue for the month of September 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$338,040,357.81
Gas revenue	12,450,033.85
Interest and other income	7,828,020.88
Gross revenue per CPS Energy financial statements	<u>358,318,412.54</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(10,344,450.01)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(27,931,507.33)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>17,389,820.46</u>
Total excluded revenue	<u>(20,886,136.88)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$337,432,275.66</u>
City payment per Bond Ordinance for September 2024 based upon September 2024 revenue	\$47,240,518.59
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	295,365.99
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	47,523,384.58
Utility services provided to the City for September 2024	<u>(3,047,188.44)</u>
Net amount to be paid from September 2024 revenue to the City in October 2024	<u>\$44,476,196.14</u>

would allow him to pull an item from the consent agenda instead of voting against all consent items. He requested that his concern be included in the minutes. Chair Gonzalez noted that the adopted Rules of Order for the CPS Energy Board of Trustees state that Robert's Rules of Order are a general guideline and not a formal requirement, and that as Chair she established a process for pulling items from consent agenda by notifying her in advance. She requested that the minutes reflect that there is a process and that no one on the Board has to the power to force anyone else on the Board of Trustees.

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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)

September 2024	Actual	Budget	Variance	
Current Month <b>A</b>	\$47,523	\$41,969	\$5,554	13.2%
Year-to-Date*	\$321,149	\$298,435	\$22,714	7.6%

\* 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 \$44,476,196.14 representing 14% of applicable system gross revenues for the month of September 2024, such payment being net of City utility services (\$3,047,188.44), is hereby approved."

**B. Minutes from the Special Board Meeting, held on September 9, 2024**

**C. Minutes from the September Regular Board Meeting, held on September 30, 2024**

**D. Audit and Finance (A&F) Committee Charter**

**E. Technology and Resilience (T&R) Committee Charter**

## **VII. COMMITTEE REPORTS**

In the interest of time, Chair Gonzalez accepted the submission of the following reports for the record in lieu of having them read during the meeting:

- A. Technology and Resilience (T&R) Committee meeting held on September 11, 2024. The report is attached as Attachment "A" to the meeting minutes.
- B. Personnel Committee meeting held on September 30, 2024. The report is attached as Attachment "B" to the meeting minutes.

## **VIII. COMMUNITY INPUT COMMITTEE (CIC) REPORTS**

In the interest of time, Chair Gonzalez accepted the submission of the following reports from the Committee Input Committee for the record in lieu of having them read during the meeting:

- A. Rates, Finance, and Business Subcommittee meeting held on September 18, 2024. The report is attached as Attachment "C" to the meeting minutes.
- B. Customer Relations and Communications Subcommittee meeting held on September 18, 2024. The report is attached as Attachment "D" to the meeting minutes.
- C. Power and Technology Subcommittee meeting held on September 18, 2024. The report is attached as Attachment "E" to the meeting minutes.
- D. Community Input Committee (CIC) meeting held on October 9, 2024. The report is attached as Attachment "F" to the meeting minutes.

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**IX. PROCUREMENT REQUEST FOR APPROVAL: GAS CONSTRUCTION SERVICES**

Mr. Richard Medina, Chief Energy Delivery Officer, provided a summary of the procurement to provide gas construction services, including gas system maintenance, gas system renewal, and gas system expansion. He then requested approval. Vice Chair Dr. Romero moved approval, and Trustee Dr. Mackey seconded. The Board of Trustees discussed the procurement. It was approved 4-1, with Trustee Steen voting against the motion.

**X. PROCUREMENT REQUEST FOR APPROVAL: ELECTRICAL AND INSTRUMENTATION ENGINEERING SERVICES FOR NATURAL GAS INFRASTRUCTURE**

Mr. Richard Medina, Chief Energy Delivery Officer, provided a summary of the procurement to provide electrical and instrumentation services to support existing and future natural gas infrastructure projects. Trustee Dr. Mackey moved approval, and Vice Chair Dr. Romero seconded. The Board of Trustees discussed the procurement. It was approved unanimously.

**XI. PROCUREMENT REQUEST FOR APPROVAL: POLE ATTACHMENT APPLICATION PROCESSING SERVICES**

Mr. Richard Medina, Chief Energy Delivery Officer, provided a summary of the procurement to provide support in the pole attachment and permitting process, and other work related to our Pole Attachment Standards. Trustee Dr. Mackey moved approval, and Vice Chair Dr. Romero seconded. The Board of Trustees discussed. It was approved 4-1, with Trustee Steen voting against the motion.

**XII. WINTER 2024/2025 PREPAREDNESS**

Mr. Benjamin Ethridge, Chief Energy Supply Officer, began by introducing a video to recap the summer, which reinforces the benefit of our One Team approach. He then noted our “all-in” process ensured sufficient energy was available to serve our community’s needs.

Mr. Brian Alonso, Chief Meteorologist, explained that a weak La Niña is anticipated, and above-normal temperatures are possible and below-normal precipitation is expected for the winter months. He noted there could be some cold weather outbreaks through the winter months.

Mr. Ethridge reviewed the Energy Supply team’s winter readiness activities which will be completed by December 1, and he reviewed enhanced weatherization activities.

Mr. Richard Medina, Chief Energy Delivery Officer, reviewed the Energy Delivery team’s winter readiness activities which leverage lessons to enhance system performance and emergency response during significant events.

Ms. DeAnna Hardwick, Chief Customer Strategy Officer, reviewed the actions the team was taking to help customers save on their energy bills. She explained the programs, events, and options for customers to use that will assist them. She also reviewed the winter marketing campaign that will encourage conservation and provide emergency messaging to our customers and stakeholders.

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The Board of Trustees discussed and asked questions.

### **XIII. REVIEW OF ACTION ITEMS**

Ms. Ramirez reviewed the previous action items, and she noted the new action items arose during the meeting.

### **XIV. EXECUTIVE SESSION**

At approximately 2:46 p.m., Chair Gonzalez announced the Board would go into Executive Session, and 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:

- Competitive Matters (§551.086) & Attorney-Client Matters (§551.071)
- Attorney-Client Matters (§551.071)
- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 3:25 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.

### **XV. ADJOURNMENT**

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:26 p.m. by Chair Janie Gonzalez.

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Shanna M. Ramirez  
Secretary of the Board

Draft for review and approval  
at the December 16, 2024 meeting

**CPS ENERGY  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
HELD ON NOVEMBER 18, 2024**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of November was held on Monday, November 18, 2024, 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 Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair  
Dr. Francine Romero, Vice Chair  
Dr. Willis Mackey  
Mr. John Steen  
Mayor Ron Nirenberg (arrived at 1:09 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO  
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary  
Ms. Elaina Ball, Chief Strategy Officer  
Mr. Benny Ethridge, Chief Energy Supply Officer  
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer  
Ms. DeAnna Hardwick, Chief Customer Strategy Officer  
Ms. Lisa Lewis, Chief Administrative Officer  
Mr. Richard Medina, Chief Energy Delivery Officer  
Mr. Evan O'Mahoney, Chief Information Officer  
City of San Antonio officials  
CPS Energy staff members  
Interested Citizens

**II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE**

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Ronnie de Los Santos, Manager, Gas Leak Repair Operations.

**III. PUBLIC COMMENT**

There were no members of the public wishing to provide comment.

**IV. CHAIR'S REMARKS**

Chair Gonzalez began by noting the success of Grillsgiving, which raised \$406,000. This year, she served on an all-female STEM team and thanked her teammates for their efforts.

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at the December 16, 2024 meeting

She then provided some information on Energy Angels, which allows a donor to help with a specific customer's bill or give to a general fund. She also noted upcoming events and provided the phone number for energy advisors. She noted that CPS Energy now has enhanced payment options for customers, noting we will now take major credit cards, Apply Pay, and Google Pay. This shows our commitment to improving customer service.

Finally, she noted that customers will be receiving a personalized value letter, which provides an overview of each customer's energy usage and STEP contribution amount, which is another example of transparency by CPS Energy. The letter will include information on how to give feedback for Horizon 2050, which she encouraged customers to do as we create a long-term plan.

## V. APPROVAL OF CONSENT ITEMS

Chair Gonzalez pulled two procurement items from consent and asked that they be discussed and voted upon separately. On a motion by Trustee Dr. Mackey, seconded by Chair Gonzalez, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

### A. Approval of Payment to the City of San Antonio for October 2024

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 October 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$257,945,185.58, less applicable exclusions. The revenue for the month of October 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$257,757,327.08
Gas revenue	14,630,113.58
Interest and other income	1,471,110.79
Gross revenue per CPS Energy financial statements	<u>273,858,551.45</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,010,688.36)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(19,944,120.06)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>13,041,442.55</u>
Total excluded revenue	<u>(15,913,365.87)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$257,945,185.58</u>

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City payment per Bond Ordinance for October 2024 based upon October 2024 revenue	\$36,112,325.98	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	445,964.16	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	36,545,790.14	<b>A</b>
Utility services provided to the City for October 2024	(2,898,143.10)	
Net amount to be paid from October 2024 revenue to the City in November 2024	<u>\$33,647,647.04</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)

October 2024	Actual	Budget	Variance	
Current Month <b>A</b>	\$36,546	\$32,375	\$4,171	12.9%
Year-to-Date	\$357,695	\$330,810	\$26,885	8.1%

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 \$33,647,647.04 representing 14% of applicable system gross revenues for the month of October 2024, such payment being net of City utility services (\$2,898,143.10), is hereby approved."

**B. Financial Policies – Annual Approval**

**C. Secondary Bank Depository Services**

Next, the Board discussed the following two items pulled for discussion:

**D. Procurement Items:**

**1. Commodity & Material Goods: Miscellaneous Transmission Conductors**

Mr. Richard Medina, Chief Energy Delivery Officer, provided information on the procurement to obtain transmission conductors. Trustee Dr. Mackey moved to approve, and Chair Gonzalez seconded. It was approved on a 4-1 vote, with Trustee Steen voting against the motion.

**2. Commodity & Material Goods: Miscellaneous Transmission Hardware**

Mr. Richard Medina, Chief Energy Delivery Officer, provided information on the procurement for hardware to construct transmission infrastructure. Vice Chair Dr. Romero moved to approve, and Chair Gonzalez seconded. It was approved on a 4-1 vote, with Trustee Steen voting against the motion.

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## **VI. COMMITTEE REPORTS**

Chair Gonzalez deferred the submission of the report for the Nominations Committee meeting held on November 4, 2024 to the December regular meeting.

Also, in the interest of time, Chair Gonzalez accepted the submission of the following reports of the subcommittees of the Community Input Committee (CIC) for the record in lieu of having them read during the meeting:

- A. Power and Technology subcommittee meeting held on November 13, 2024. The report is attached as Attachment "A" to the meeting minutes.
- B. Customer Relations and Communications subcommittee meeting held on November 13, 2024. The report is attached as Attachment "B" to the meeting minutes.
- C. Rates, Finance, and Business subcommittee meeting held on November 13, 2024. The report is attached as Attachment "C" to the meeting minutes.

## **VII. ELECTION OF NEW BOARD OF TRUSTEES CHAIR AND VICE CHAIR**

Chair Gonzalez deferred this item to the December Regular Meeting of the Board of Trustees.

## **VIII. DATA CENTER & LARGE LOAD PRESENTATION**

Ms. Elaina Ball, Chief Strategy Officer, presented on the landscape across the nation, noting that we are not unique to the large load challenges this industry faces in the years to come, and solving this problem will require a One Team effort. She also reviewed the current forecasts for load growth due to data centers.

Mr. Richard Medina, Chief Energy Delivery Officer, noted the studies and work being done to maintain reliability, and the actions being taken by CPS Energy to find the right path forward.

The Board of Trustees asked questions and discussed the presentation.

## **IX. PROCUREMENT REQUEST FOR APPROVAL: ARCHITECTURAL SERVICES**

Mr. Lisa Lewis, Chief Administrative Officer, provided a summary of the procurement which will provide architectural services to support master planning of complex projects for existing and future facilities. She then requested approval. Chair Gonzalez moved approval, and Mayor Nirenberg seconded. The Board discussed the procurement. It was approved on a 4-1 vote, with Trustee Steen voting against the motion.

## **X. PROCUREMENT REQUEST FOR APPROVAL: POWER GENERATION ENGINEERING SERVICES**

Mr. Benny Ethridge, Chief Energy Supply Officer, provided a summary of the procurement for engineering services. He then requested approval. Chair Gonzalez moved approval, and Mayor Nirenberg

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seconded. It was approved on a 4-1 vote, with Trustee Steen voting against the motion. Trustee Steen then provided a statement that he asked to be included in full in the minutes.<sup>1</sup>

#### **XI. HOWARD TO LEON CREEK TRANSMISSION LINE PROJECT REBUILD**

Mr. Richard Medina, Chief Energy Delivery Officer, reviewed the project and noted this is an ERCOT approved San Antonio South Reliability Project. He then requested Board approval to route and site the project. The Board of Trustees discussed and asked questions. Mayor Nirenberg moved approval, it was seconded by Trustee Steen, and it was approved unanimously.

#### **XII. SAT15 ROUTING AND SITING PROJECT**

Mr. Richard Medina, Chief Energy Delivery Officer, reviewed the project and explained the process for a transmission project partially within the City of San Antonio involving the Public Utility Commission of Texas. He then requested Board approval to route and site the project. Trustee Steen moved approval, which was seconded by Mayor Nirenberg and unanimously approved.

#### **XIII. CEO RECOGNITION**

Mr. Rudy Garza, President & CEO, recognized veterans, specifically the more than 350 veterans serving at CPS Energy. He stated his appreciation to our veterans and family members. He stated CPS Energy wishes to honor them for serving our nation, and that their sacrifices do not go unnoticed. There was a video to commemorate CPS Energy receiving the HIRE Vets Gold Medallion award from the U.S. Department of Labor. The recipients of the Employer Support of the Guard and Reserve (ESGR) awards were also noted for their support of employees called to duty.

#### **XIV. REVIEW OF ACTION ITEMS**

Ms. Ramirez reviewed the previous action items, and she noted the new action items arose during the meeting.

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<sup>1</sup> Trustee Steen's statement: "So I've been on this Board for almost nine years, and for most of that time I've been fine with how CPS Energy's procurements have been handled by management. However, starting a while back and intensifying lately, the policies and procedures seem to have changed, and the change was top-down. I must be heedful in what I say, but this is the reason I've endeavored to bring more of our procurements, many of which involve decisions on how to spend hundreds of millions of dollars out in the open - into the sunshine as they say. I've asked questions and voiced concerns at Operations Oversight Committee meetings, the two members of which are Dr. Romero and myself, and I've also tried to do the same thing during our Board meetings. My main goal is to ensure that the entire process is indisputably fair and above board that it creates a level playing field for vendors, and that, wherever possible, CPS Energy gets the best possible price for goods and services. It's my view that given the financial challenges facing CPS Energy in light of its \$8 billion dollars of indebtedness and future aggressive spending plans, our customers want and expect us to watch over expenses like hawks, knowing full well that CPS Energy's expenditures make their way into CPS bills our customers have to pay every month. So what I want to declare is that in the same way earlier in today's meeting, I voted against the first two procurement items and also the previous procurement item relating to architectural services, I am going to keep voting against the large procurement items in the future until the concerns I've been bringing up have been addressed and adequately resolved. I believe we can all agree that the five key principles of public sector procurement must be adhered to, namely: transparency and fairness, value for money, competition, non-discrimination, and lastly, accountability and integrity. I am constrained from saying much more about my ongoing concerns, but you can be assured that once these issues have been dealt with, I'll likely return to voting to approve most of the large procurement items brought before this Board."

Draft for review and approval  
at the December 16, 2024 meeting

#### **XV. EXECUTIVE SESSION**

At approximately 2:56 p.m., Chair Gonzalez announced the Board would go into Executive Session, and 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:

- Competitive Matters (§551.086) & Attorney-Client Matters (§551.071)
- Competitive Matters (§551.086) & Attorney-Client Matters (§551.071)
- Real Property (§551.072)

The Board reconvened in open session at 3:57 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.

#### **XVI. ADJOURNMENT**

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Chair Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:58 p.m. by Chair Gonzalez.

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Shanna M. Ramirez  
Secretary of the Board



## AUDIT & FINANCE COMMITTEE (A&F)

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 24, 2024 MEETING

#### PREPARED FOR CHAIR JANIE GONZALEZ

#### FOR REPORT AT THE DECEMBER 16, 2024 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on October 24, 2024. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 18, 2024.
- B. Received an update on request to be provided to the Board for approval of a second depository bank.
- C. Received a procurement preview of new/rebid contracts.
- D. Received the Audit Services Quarterly Report, including a review of project count, audit plan coverage, audit universe coverage, project feedback metrics, and the results of three completed projects.

The next meeting of the Audit & Finance Committee will be held in January 2025.



## EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 24, 2024 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE DECEMBER 16, 2024 BOARD OF TRUSTEES MEETING**

The EBOC met on October 24, 2024. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 18, 2024.

The Committee also received presentations regarding:

- B. A Benefit Plans Administrative & Financial Update, which highlighted the following topics: governance overview and calendar review, and investment performance for the year to date through August 2024.
- C. A recommendation from the Administrative Committee on proposed revisions to the Investment Policy (IP). The EBOC approved the recommended revisions to the IP.
- D. The Restatement of Benefit Plan Documents, which included a summary of Benefit Plans document restatements and a request for approval. The EBOC approved this recommendation.

The next meeting of the EBOC will be held in January 2025.



## OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 4, 2024 MEETING PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO FOR REPORT AT THE DECEMBER 16, 2024 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on November 4, 2024. As part of the agenda, the Committee:

- A. Reviewed and approved meeting minutes from the prior meeting held on August 12, 2024.
- B. Received a Procurement Preview that included:
  - a. A new contract/ rebid for Transmission Conductors,
  - b. A new contract/rebid for Miscellaneous Transmission Hardware,
  - c. A new contract/rebid for 15KV & 38 KV Reclosers,
  - d. A new contract/rebid for System Protection Engineering Services,
  - e. A new contract/rebid for Utility Locating,
  - f. A new contract/rebid for Outside Plant (OSP) Fiber Engineering Services,
  - g. An active PO funding increase for IT Services,
  - h. And a new contract for the Coal Combustion Residual Closure Project
- C. Received a Compensation Strategy Update that included:
  - a. A brief history of the Compensation Strategy,
  - b. A summary of the assessment work to date,
  - c. And a discussion on mitigation initiatives to increase retention and improve workforce attraction.
- D. Received an update on our Engaged Customer Relationship that included:
  - a. A review of the Customer Satisfaction (CSAT) measure,
  - b. An overview of the Engaged Customer Relationship (ECR) measure,
  - c. And a discussion on how we are using both surveys in parallel to better understand our community's needs and where to focus our resources to benefit the customer.
- E. Received an FY2026 Enterprise Scorecard Update & Proposed Measure Targets update that included:
  - a. A review of the Vision 2027 Strategic Initiatives,



- b. A preview of proposed FY2026 Enterprise Measure Targets,
- c. And a discussion on our major accomplishments on the FY2025 Strategic Objectives and how we utilize benchmarking as a tool in target development.

The next meeting of the Operations Oversight Committee Meeting is Planned for the first quarter of FY2026.



## Community Input Committee (CIC) Committee Report

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE DECEMBER 6, 2024, MEETING PREPARED FOR COMMITTEE CHAIR, DIANA AGUIRRE MARTINEZ FOR REPORT AT THE DECEMBER 16, 2024, BOARD OF TRUSTEES MEETING**

The Community Input Committee met on December 6, 2024. As part of the agenda, the Committee:

- A. Received a presentation on CPS Energy's Renewable Portfolio Product Offerings. This presentation highlighted changes made in direct response to feedback from previous committee meetings regarding this proposed voluntary program that allows CPS customers to purchase renewable energy. The committee noted that the language used to describe the product offerings has improved so that customers are likely to readily understand the programs and the value in participating. They expressed interest in how these offerings would be rolled out to our customers in the future.
- B. Received a presentation on CPS Energy's Horizon 2050 strategic plan and outreach efforts. The briefing included the number of customers who participated in providing input on the plan, the various focus groups held, and the methods used to contact participants. Members showed interest in how CPS Energy employees conducted the interviews and emphasized the attention given to ensure the sample groups were diverse. The long-term strategic plan aims to provide comprehensive guidance to tackle future challenges while ensuring sustainable growth and delivering exceptional service and value to our customers.
- C. The CIC nominated and elected a Chair and Vice Chair for the 2025 calendar year. Lawson Picasso (City Council District 2 Appointee) was elected Chair, and Steve Bonnette (CIC At-Large Appointee) was elected Vice Chair.



# STATE PUBLIC POLICY AGENDA 2025-2026

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*PRESENTED BY:*

**Kathy Garcia**

VP, Government Relations, Regulatory Affairs, & Public Policy

**December 16, 2024**

*REQUEST FOR SUPPORT*



# AGENDA

- Our State Public Policy Agenda (PPA)
- Internal Alignment
- External Alignment & Partnerships
- Request for Board Support

**This presentation will provide an overview of the 2025-2026 PPA and a request for Board support of our main pillars.**

# PUBLIC POLICY AGENDA (PPA)

## MAIN PILLARS

### Customer Affordability & Impacts



#### Protecting Customers & Energy Bills

- Weighing intended benefits of legislation against impact(s) to customer bills
- Demand-side Resources
- Customer and Financial Assistance Programs

### Municipally Owned Utility (MOU) Business Model



#### Protecting Governance Model

- Local Decision-Making Authority
- General Fund Transfer
- Investment & Financial Decisions (e.g. public funds for lobbying)

### Reliability & Resiliency



#### Enhancing Generation Resources & Transmission Infrastructure

- Storm Prep, Response, Mutual Aid
- Extra High Voltage (EHV) Lines
- Large Loads
- Transmission Planning
- Nuclear Technologies
- ERCOT Market Design

### Safety & Security



#### Protecting Assets While Integrating New Information Technologies

- Employee Safety
- Pipeline Safety & Reporting
- Cyber Security
- Grid Security
- Artificial Intelligence



## **INTERNAL ALIGNMENT**

### **LEGISLATIVE ANALYST PROCESS**

- Internal legislative analysts provide valuable feedback on pending legislation to the Federal & State Relations team.
- Over 75 internal subject matter experts from across all operational, financial, and legal business units engage in the process.
- The process helps the team prioritize legislation, educate decision-makers on the practical impacts of proposals, and execute on opportunities to engage in the legislative process.

**Our robust legislative analyst process ensures the Federal & State Relations team effectively represents all areas of the utility in the legislative arena.**



## **INTERNAL ALIGNMENT**

### **CONTINUOUS LOOP OF COMMUNICATION**

- Continual alignment with key business initiatives
- Collaboration with subject matter experts (SMEs)
- Real-time updates and reports
- Routine coordination with senior leadership
- Opportunities for employees to engage in the legislative process
- Periodic updates to the Board of Trustees

**Success will be achieved through consistent communication with all business units, executive leadership, and the Board.**

# EXTERNAL ALIGNMENT & PARTNERSHIPS



- **We continually seek alignment with our community partners and industry counterparts to advocate on shared priorities.**
- **Collaboration on legislative agendas**
  - City of San Antonio
  - SAWS
  - Chambers of Commerce
  - Bexar County
  - Texas Public Power Association (TPPA)
  - Texas Electric Cooperatives (TEC)
  - Association of Electric Companies of Texas (AECT)
  - Additional city and industry entities
    - Advocates for Responsible Disposal in Texas (ARDT)
    - Texas Nuclear Alliance (TNA)



# REQUEST FOR SUPPORT

**We respectfully request the Board of Trustees' support for our main pillars.**

**Customer  
Affordability and  
Impacts**

**Municipally Owned  
Utility (MOU)  
Business Model**

**Reliability  
and  
Resiliency**

**Safety  
and  
Security**



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION
PPA	Public Policy Agenda
MOU	Municipally Owned Utility
EHV	Extra High Voltage
ERCOT	Electric Reliability Council of Texas
SME	Subject Matter Expert
TPPA	Texas Public Power Association
TEC	Texas Electric Cooperatives
AECT	Association of Electric Companies of Texas
ARDT	Advocates for Responsible Disposal in Texas
TNA	Texas Nuclear Alliance

# KEY STATE LEGISLATIVE DATES



Date	Event
November 12, 2024	Pre-Filing for the Regular Session of the 89 <sup>th</sup> Legislature Began
January 14, 2025	Opening Day of the Regular Session of the 89 <sup>th</sup> Legislature
March 3-6, 2025	SA to DC Annual Trip
March 14, 2025	Last Day for Filing Legislation (60 <sup>th</sup> Day of the Session)
March 26, 2025	VIVA San Antonio State Legislative Day
June 2, 2025*	Last Day of the Regular Session of the 89 <sup>th</sup> Legislature
June 22, 2025	Governor's Veto Deadline

\* There are numerous procedural deadlines between March 14<sup>th</sup> and June 2<sup>nd</sup> that bills must meet to continue through the legislative process.

**RESOLUTION SUPPORTING CPS ENERGY'S PUBLIC POLICY PRIORITIES**

**WHEREAS**, the Regular Session of the 89th Texas Legislature will convene on January 14, 2025 and will adjourn on June 2, 2025; and

**WHEREAS**, CPS Energy has developed and presented to this Board of Trustees our priorities and anticipated engagement, which are captured in four main pillars: 1) customer affordability and impacts, 2) municipally owned utility business model, 3) reliability and resiliency, and 4) safety and security; and

**WHEREAS**, the customer affordability and impacts pillar will focus CPS Energy on supporting proposals that will assist and protect customers and mitigate potential impacts to energy bills; and

**WHEREAS**, the municipally owned utility business model pillar will focus CPS Energy on opposing proposals that will negatively impact local decision-making authority through our governance model; and

**WHEREAS**, the reliability and resiliency pillar will focus CPS Energy on proposals that enhance generation resources and transmission infrastructure, and align with our commitments to our community and major initiatives such as Vision 2027 and Horizon 2050; and

**WHEREAS**, the safety and security pillar will focus CPS Energy on proposals that protect our employees and assets while integrating new information technologies and addressing physical safety issues; and

**NOW, THEREFORE, BE IT RESOLVED**, this CPS Energy Board of Trustees supports CPS Energy's public policy priorities focused on four main pillars: 1) customer affordability and impacts, 2) municipally owned utility business model, 3) reliability and resiliency, and 4) safety and security.

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Shanna M. Ramirez  
Secretary of the Board

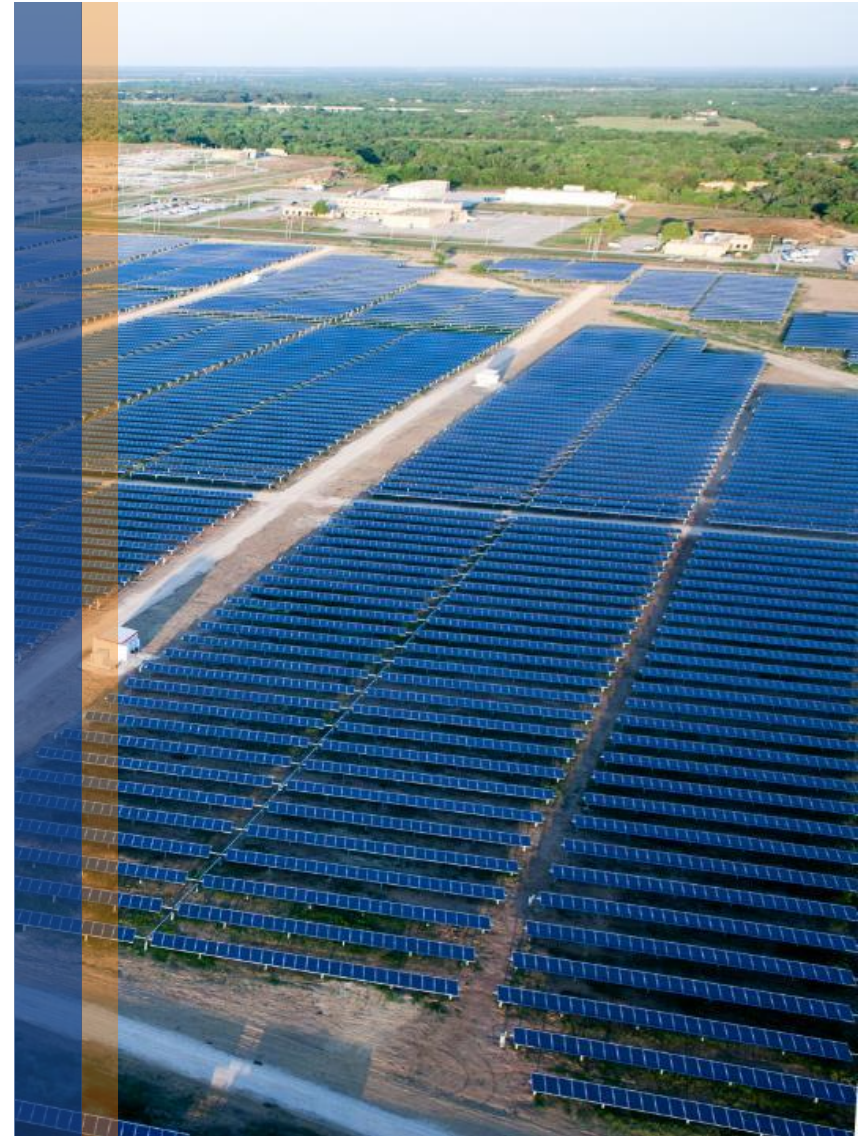


# PROPOSED BOARD PROCUREMENT POLICY REVISIONS

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*PRESENTED BY:*  
**Lisa D. Lewis**  
Chief Administrative Officer

**December 16, 2024**  
*Request For Approval*





# AGENDA

- Policy Background / Purpose
- Procurement Organization, Strategy & Process Overview
- Proposed Edits to Board Procurement Policy & Procedures
- Request Approval



## BOARD POLICY DEVELOPED IN 2002

### LAST UPDATED IN 2017

- The *CPS Energy Board Procurement Policy* is made possible through an exemption within the *Texas Local Government Code, Chapter 252, Purchasing & Contracting Authority of Municipalities*.
- Ensures continued compliance with federal, state, and local laws.
- Our management recommends revisions and updates to the policy, including:
  - Language changes for clarity, accuracy, or alignment to current practice
  - Two additional exemptions for competitive solicitation: cybersecurity and new/innovative technology
  - Adjustment to the 2002 spending authorization limits, better aligned to Consumer Price Index (CPI)
  - Updates to Supplier Development language
- We respectfully request consideration of the proposed revisions and welcome input.

**It has been 7 years since this policy was last updated by the Board of Trustees.**

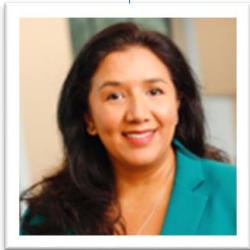


# THE PROCUREMENT TEAM

## ORGANIZATION AND WORK DISTRIBUTION



**Maria Stanton**



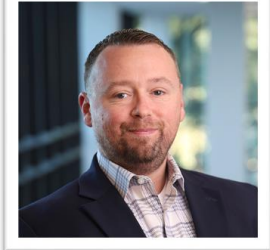
**Yvette Cardiel-Perez**

- Materials Procurement
- Inventory Management
- Process Improvement



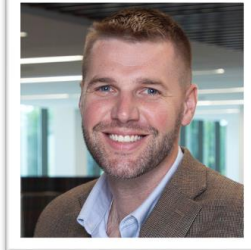
**Ryan Hoog**

- Services Procurement
- Contract Management



**James Massey**

- Supplier Development
- Compliance
- Data & Analysis



**Seamus Nelson (interim)**

- Warehouse Operations
- Logistics



# PROCUREMENT STRATEGY

## OBJECTIVE: OBTAIN BEST VALUE FOR CUSTOMERS

- In alignment with this policy, Supply Chain solicits goods and services primarily through competitive process. We may seek proposals (RFP), bids (IFB), qualifications (RFQ), or information (RFI).
- Procurements are solicited through formal requests posted on the syndicated procurement portal (B2G) used by most public entities in San Antonio / Bexar County.
- The Supplier Development team engages suppliers to connect them to opportunities as direct vendors and/or subcontractors, in alignment with our Board target measure to purchase 70% of goods and services locally.
- Each submittal is evaluated through a scoring matrix (determined prior to solicitation) that is aligned to the needs of the proposal and scored by a business team with relevant expertise.
- In identifying *best value* for our customers, the procurement team works with business teams to balance the review of each vendor's experience/capabilities, cost, financial soundness, quality, safety record, warranty, delivery path, security, efficiency, etc.



# PROCUREMENT 101: PROCESS OVERVIEW

## MATERIALS & SERVICES ACQUISITION IS CROSS-FUNCTIONAL



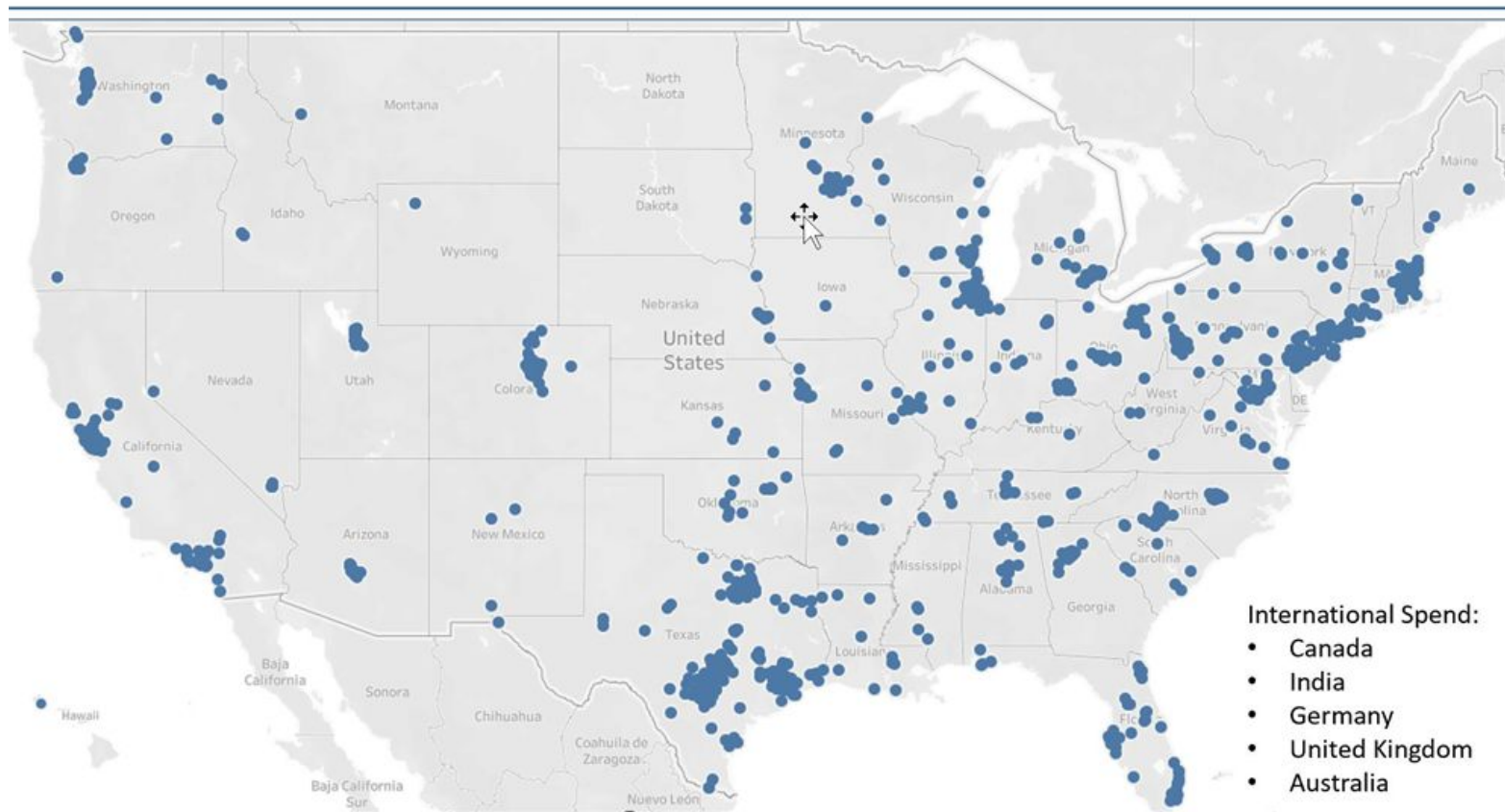
Goods, materials, services identified for solicitation	Solicitations for information, qualifications OR proposal issued and evaluated	Proposals ALSO reviewed for alignment to need and risk	Contract negotiated and draft completed	Recommendation presented, voted on at monthly board meetings	Contract signed & PO issued after Board approval	Work performed / goods received; payment issued	Vendor performance evaluated, commitments verified
<ul style="list-style-type: none"><li>• Business Team</li><li>• Supply Chain</li></ul>	<ul style="list-style-type: none"><li>• Business Team</li><li>• Supply Chain</li></ul>	<ul style="list-style-type: none"><li>• Legal Services</li><li>• Risk Management</li><li>• IT Security</li><li>• Financial Services</li><li>• Safety Operations</li><li>• Environmental Services</li><li>• Compliance</li></ul>	<ul style="list-style-type: none"><li>• Legal Services</li><li>• Supply Chain</li></ul>	<ul style="list-style-type: none"><li>• Business Team</li><li>• Supply Chain</li><li>• Trustees</li></ul>	<ul style="list-style-type: none"><li>• Supply Chain</li></ul>	<ul style="list-style-type: none"><li>• Business Team</li><li>• Accounts Payable</li></ul>	<ul style="list-style-type: none"><li>• Business Team</li><li>• Supply Chain</li></ul>

# \$1.1 BILLION IN PURCHASES ANNUALLY



## ~70% OF PURCHASES ARE FROM LOCAL SUPPLIERS / VENDORS

FY21-FY25 MID-YEAR SUPPLIER SPEND BY ZIP CODE





# **FOCUS ON VISIBILITY, ACCESS, SUPPORT**

## **EFFORTS TO IMPROVE TRANSPARENCY & ENGAGEMENT**

### **Visibility**

- Vendor Portal accessed within 2 clicks of home page
- Leverage functionality of B2G system for outreach, promotion
- Publishing 6-month forecast now, working toward 12-month view
- Quarterly spending reported online by category

### **Access**

- De-bundling projects to provide direct opportunity to more bidders
- Selection of multiple vendors more frequently
- Accept multiple types of vendor certification

### **Support**

- Technical support from Supplier Development throughout bid process
- Connect workforce, prime and sub-contractors via networking events
- Alignment with area public organizations as a founding member of SupplySA



# **ADDRESS TECH & INNOVATION**

## **INCORPORATE ADDITIONAL EXEMPTION FOR PILOT PROGRAMS**

- Exemption allows for sole-source procurement (without competitive solicitation) of technology or innovation products or services that are often proprietary to the provider, specifically to promote energy reliability, resiliency, and sustainability.
- Example: May be used to test/pilot innovative technology for generation.

**This exemption is designed specifically to explore options for new, proprietary or patented technology where true competition does not yet exist.**



# **ADDRESS PHYSICAL & CYBER SECURITY**

## **INCORPORATE EXEMPTION FOR SECURITY PURPOSE**

- Exemption allows for sole-source procurement (without competitive solicitation) of products or services needed to address physical or cyber security vulnerability.
- Example: Specialized software or hardware that addresses an unforeseen issue to avoid business disruption and ensure business continuity.

**This exemption avoids a scenario that could result in unintended disclosure of a security vulnerability.**

# SPECIFIC LIMITATIONS FOR APPROVAL

## ADAPT TO INCREASED COSTS OF GOODS AND SERVICES



Purchasing Categories	Current Approval Threshold	Proposed Approval Threshold
General Services	\$10 million or more	\$20 million or more
Professional/Personal Services	\$500,000 or more	\$1 million or more
Commodity and Material Goods	\$10 million or more	\$20 million or more
Real Estate Purchase/Leasing	\$1 million or more	\$2 million or more

**Specific Limitations (Board-approved limits) have been in place since the policy was created in 2002, while the Consumer Price Index (CPI) has increased by 75%.**



# SUPPLIER DEVELOPMENT

## FOCUS ON OUR LOCAL AND SMALL BUSINESS COMMUNITY

- Aligns to our partnership in SupplySA to focus on Local spend  
(Annual Board measure: 70% Local Spend)
- Award credit and request subcontracting support for Local and Small categories only
  - Remain aligned to federal and state programs designed to spur economic development
  - Adjust evaluations to continue awarding points only to Local and Small categories
  - Continue to request Local and Small engagement from large/primary suppliers
- Supplier Development team supports all suppliers / prospective suppliers with:
  - Technical assistance and training using bid system
  - Outreach, introductions, and networking with respective business teams, large suppliers
  - Business mentoring efforts
  - Bridging to other peer agencies for additional contracting opportunities

**The best value for our customers is reinvesting their dollars in the economic development of our community. Additionally, Small businesses account for about 90% of our business community.**



# REQUEST FOR APPROVAL

**EFFECTIVE JANUARY 1, 2025**

Staff respectfully requests approval to amendments proposed to the:

- *CPS Energy Board Procurement Policy*
- *CPS Energy Board Procurement Procedures*



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION
B2G	Software portal for sharing and collecting bids / opportunities, used across SA organizations
CPI	Consumer Price Index
Diverse	Small, Minority-, Woman-, Veteran-owned
HUBZone	Historically Underutilized Business Zone businesses exist in economically blighted census tracts; federal program
IFB	Invitation for Bid
Local (CPS Energy)	Local presence / office in San Antonio Metropolitan Statistical Area (SAMSA)

ACRONYM OR WORD	DEFINITION
PO	Purchase Order
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Qualifications
Small	As defined by the Small Business Administration (SBA) using number of employees and revenue thresholds
SMWBE	Pronounced “swim-bee”; Small, Minority, Woman-owned Business Enterprise

	A	B	C	D	E	F	G	H	I
1									
2	Proposal Submission Requirements from RFQ	Weight %	Maximum Points for Each Requirement	%	Points	Comments	%	Points	Comments
3	Experience and qualifications to perform the Services	0.00%		0.00%			0.00%		
4	<u>Experience</u> . Provide a description of the Respondent's operational history which reflects that the Respondent has been actively performing the Services for a minimum of five (5) consecutive years.		3	0.00%			0.00%		
5	<u>Similar Services</u> . Provide a brief description of similar Services provided by Respondent for other companies within the State of Texas and elsewhere, including the name each company.		3	0.00%			0.00%		
6	<u>Organizational Chart</u> . Provide an organizational chart.		3	0.00%			0.00%		
7	<u>Workload</u> . Provide information regarding Respondent's current backlog (or committed projects) and potential impact on performing the Services.		3	0.00%			0.00%		
8	<u>Qualifications</u> . Provide the following information regarding Respondent's qualifications: i. Key Personnel. Provide a list of all key personnel from each Team responsible for performing the Services ("Key Personnel"). Once a Respondent has been short-listed, no changes in Key Personnel will be allowed. ii. Experience. Provide relevant experience separately for each Team Member. iii. Licenses and Certifications. Submit evidence of all applicable licenses and certifications required to perform the Services for all Team Members. iv. Commitments. Identify current commitments of each Team Member. v. Function. Describe the proposed function (role) of each Team Member. vi. Similar Projects. Submit at least three (3) representative similar projects in the United States (dollar value and/or scope/size) for each Team member. vii. Relevant Experience. Provide relevant experience, individually and collectively, in the following specific areas: viii. Alternatives. Provide information regarding any alternatives to Team Members.		3	0.00%			0.00%		
9	<u>Key Personnel</u> . Key Personnel whose resumes are the basis upon which CPS Energy makes its decision to retain the Respondent shall be maintained, outside of emergencies, for the duration of the Term of the SOW. i. Experience. Provide relevant experience separately for all Key Personnel. ii. Resumes. Submit resumes for all Key Personnel. iii. Licenses and Certifications. Submit evidence of all applicable licenses and certifications required to perform the Services for all Key Personnel. iv. Commitments. Identify current commitments for all Key Personnel. v. Strengths. Highlight specific strengths for all Key Personnel. vi. Function. Describe the proposed function (role) of all Key Personnel. vii. Alternatives. Provide information regarding any alternatives to Key Personnel.		3	0.00%			0.00%		
10	<u>References</u> . A minimum of three (3) references from different companies which the Respondent has provided services similar to the Services identified in this RFQ. Respondent shall include for each reference submitted: i. The company name; ii. Company address; iii. Contact person's name and phone number; iv. A brief description of the services performed by the Respondent; v. Evidence of Respondent achieving performance guarantees; vi. Evidence of Respondent meeting required schedule; vii. Evidence of proper and timely coordination of all personnel in completing the project; and viii. Consistent demonstration of commitment to excellence in workmanship.		3	0.00%			0.00%		
13		0.00%		0.00%			0.00%		

DECEMBER 16, 2024 BOARD MEETING - REGULAR AGENDA

	A	B	C	D	E	F
1						
2	Proposal Submission Requirements from RFP	Weight %	Maximum Points for Each Requirement	%	Points	Company 1 Comments
3	Safety records and training program	20.00%		0.00%		
4	a. Provide Respondent's safety information for the most recent three (3) years:					
5	i. Recordable Injury Rates (RIR), and RIR average for industry.					
6	ii. OSHA Citation History. Any "willful" citations must be explained and may be disqualified.					
7	b. Also provide:					
8	i. Electronic Copy of Respondents Safety Manual - must be updated to meet current OSHA standards w/i past 12 months.	20.00%	100	0.00%		See Safety Evaluation tab
9	ii. Provide individual that:					
10	1. has OSHA 30 hours outreach training					
11	2. is committed and available to support the Services					
12	3. will respond in a timely manner to CPS Energy requests					
13	c. If Respondent is exempt from OSHA reporting standards, explain					
14	Experience and qualifications to perform the Services	0.00%		0.00%		
15	Experience.		3	0.00%		
16	Qualifications.		3	0.00%		
17	Field Personnel Capability.		3	0.00%		
18	Emergency Response.		3	0.00%		
19	Resource Availability.		3	0.00%		
20	Key Personnel.		3	0.00%		
21	References.		3	0.00%		
22	Quality Control.		3	0.00%		
23	Experience, warranty, quality control, and contingencies	0.00%		0.00%		
24	Experience.		3	0.00%		
25	Warranty.		3	0.00%		
26	The ability to meet CPS Energy's requirements	0.00%		0.00%		
27	Current Agreement in place or Exceptions to Agreement.		3	0.00%		
28	Overall cost	0.00%		0.00%		
29	1. For Services, all fee/compensation proposals for Respondent's Services. Detail any minimum fee amounts, and the methods of fee calculations. All fee arrangements must clearly state the type and amount of expenses and costs CPS Energy would incur relating to Respondent's Services.		100	0.00%		See Pricing tab
30	2. For Goods/Software, Respondent shall submit a Price Schedule including the price for each Good/Software requested. These prices will be used to evaluate Proposals and establish a fixed price for the Goods/Software ordered during the term of the Agreement.					
31	Economic development	10.00%		0.00%		
32	Local Business	5.00%	5	0.00%		
33	Diverse Business	5.00%	5	0.00%		
34		30.00%		0.00%		
35						
36						



## RENEW v RE-BID

### RENEWAL OF EXISTING CONTRACT MAY BE BEST VALUE

- Policy currently allows for a one-time renewal of a contract that was competitively solicited previously
- Renewal may allow for commercially reasonable price escalation
- Renewal can result in lower cost compared to new bid

### Examples:

Item Bid	Renewal	Re-bid	Difference
Circuit Breaker	\$452,529	\$539,050	19% increase
55' Wood Pole (per unit)*	\$1,299	\$1,863	43% increase
PVC conduit (per foot)*	\$3.49	\$5.92	70% increase

*\*re-bid to establish a secondary contract*

# EXCEPTIONS TO COMPETITIVE SOURCING



## LARGELY SUPPORT BUSINESS CONTINUITY, CUSTOMER BENEFIT

- Emergency conditions
- Health & safety of the public
- Unforeseen damage
- Captive parts / components / information technology
- Unique expertise or intellectual property
- Goods purchased for resale (pass through)
- Regulatory or compliance requirement impacting infrastructure or equipment
- Prevention of financial loss or address market conditions
- Water rights acquisition, lease or trade for operational continuity
- One-time extension to current contract that was previously competitively solicited
- Interlocal agreement
- Acquisition or lease of property / real estate
- Strategic relationship to promote clean energy / energy efficiency
- **Technology or innovation to provide reliability, resiliency or sustainability**
- **Address physical or cybersecurity vulnerability**

# SupplySA PARTICIPANTS



## PARTNERSHIP FOR ECONOMIC DEVELOPMENT & OPPORTUNITY

- Alamo Colleges
- Bexar County
- Brooks
- City of San Antonio
- CPS Energy
- Edwards Aquifer Authority
- Opportunity Home (SAHA)
- Port San Antonio
- San Antonio River Authority
- SAWS
- Texas A&M San Antonio\*
- University Health
- UT Health\*
- UTSA
- VIA

*\* in progress as of Dec 2*

~~City Public Service~~  
CPS Energy  
Board of Trustees

## Procurement Policy

Adopted by the Board of Trustees on  
September 30, 2002

Effective as of  
October 30, 2002

Revised December 16, 2024  
~~Revised June 26, 2017~~

**CPS Energy City Public Service Board of Trustees**

**Procurement Policy  
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## **CPS Energy City Public Service Board of Trustees**

### **Procurement Policy<sup>1</sup>**

#### **I. Purpose**

The purpose of this ~~City Public Service~~ (“CPS Energy”) Board of Trustees (“Board”) Policy is to establish the procurement standards and authority of CPS Energy ~~President & CEO management~~ for the purchase of goods and services needed for CPS Energy to fulfill its mission to provide reliable, cost-competitive electric and gas products and services to its customers in an environmentally responsible manner.

#### **II. Philosophy and Public Purpose to be Served**

In the course of providing electric and gas service, CPS Energy purchases significant goods and services from suppliers. It is the philosophy of the Board and CPS Energy management that such goods and services should:

1. Be obtained at reasonable cost,
2. Be of high quality,
3. Be environmentally preferable, where available, and
4. Be deemed best value.

In addition, it is the Board’s desire that the following be achieved for the benefit of CPS Energy customers, the City of San Antonio, Texas (“City”), and its citizens:

5. Emphasize the safety of CPS Energy’s operations as well as its employees, suppliers, contractors and customers;
6. Protect and enhance the ability of CPS Energy to provide reliable, environmentally preferable energy-related products and services on a cost competitive basis;
7. Encourage all segments of the local and small business community, ~~including small, disadvantaged, service disabled veteran owned, minority owned, and women owned businesses (i.e., historically underutilized businesses)~~, to participate in the CPS Energy procurement process;
8. Provide for a sufficient, timely and uninterrupted supply of materials and services; and
9. Encourage the consideration of products and services that enable and accelerate the transition to distributed generation, smart grid and other future energy technologies and advance CPS Energy toward a sustainable energy future.

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<sup>1</sup> *Adopted by the City Public Service Board of Trustees on September 30, 2002; Effective October 30, 2002, Revised June 2010, Revised November 2013; Revised August 2015, Revised June 26, 2017, Revised December 16, 2024*

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(Adopted: 9/30/02; ~~Latest~~ ~~Revision~~ ~~edition~~: June 26, 2017, Last Revised: December 16, 2024)

Further, these procurement and purchasing activities will be conducted in a manner that promotes and maintains public confidence in CPS Energy, its Board, and the CPS Energy President & CEO; and in their management and operation of the electric and gas systems of the City of San Antonio, Texas.

### **III. Values and Standards of Procurement Activities**

#### **A. Values**

CPS Energy will operate and conduct its business and decision-making in accordance with CPS Energy policies and the following values:

##### **1. Honesty/Integrity --**

Maintain the highest standards of integrity and ethics in all business relationships both inside and outside the organization.

##### **2. Professionalism --**

Foster excellence and professional competence.

##### **3. Responsible Management --**

Optimize resources to provide the maximum benefit and value to CPS Energy's customers.

##### **4. Serving the Public's Interest --**

Foster the public's confidence in CPS Energy and its Board, by acting in the public interest, by not using the authority of office or position for personal benefit, and by rejecting any business practice or activity that violates CPS Energy policies or is otherwise perceived as unethical.

##### **5. ~~Conformity to~~ Compliance with Applicable Laws and Regulations --**

Adhere to all applicable laws and regulations adopted by federal, state, city and county jurisdictions or other ~~recognized~~ governing legal entities.

#### **B. Standards of Behavior**

CPS Energy employees involved in the procurement process are expected to follow procurement policies and procedures, operate with integrity, and in accordance with CPS Energy's Ethics Policy. Procurement decisions made on behalf of CPS Energy must be based on ethical business practices, prudent standards of conduct, ethical values and principles, in compliance with laws and regulations, and in accordance with the following standards of conduct:

1. Give first priority to serving the best interests of CPS Energy's customers in all purchasing decisions and activities;
2. Avoid any actions which are or may be considered unethical, compromise objectivity or violate CPS Energy's policies and procedures.
3. Make every effort to avoid actual or perceived conflicts of interest while working on behalf of or as a representative of CPS Energy. Should an actual or perceived conflict of interest arise, an employee must recuse himself or herself from the

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matter or decision in accordance with the CPS Energy Ethics Policy. The employee must immediately disclose the conflict to CPS Energy management, including prompt disclosure to the Board, if required as noted below.

Any business relationship established between CPS Energy and the following individuals, any time within 18 months following the conclusion of their employment with CPS Energy or service on the Board or Community Input Committee (CIC)-CAC, shall be in writing and disclosed to the Board of Trustees within 30 days of contract execution:

- i. a current or former member of the Board of Trustees,
  - ii. a current or former member of the CIC Citizens Advisory Committee (CAC), or
  - iii. a former CPS Energy employee who was an executive leader or higher immediately prior to their departure from CPS Energy;
4. An employee and his or her relatives shall not, as a result of the employee's position at CPS Energy, give, solicit, or accept any of the following from existing or potential suppliers of material, equipment, or services to CPS Energy, or from any existing or potential customer:
  - i. Advances or loans, other than through recognized financial institutions, such as banks and credit unions;
  - ii. Unlawful payments; for example, kickbacks or bribes, or any other similar kind of payment for, or transfer of, any tangible good or service;
  - iii. Discounts, gifts, meals or entertainment, unless in accordance with the CPS Energy Ethics Policy, or part of an approved CPS Energy program;
  - iv. Any unusual favors or arrangements;
  - v. Any item that could be construed as an attempt to influence the employee's ability to deal objectively and impartially with regards to CPS Energy's business transactions and sponsored activities;
5. Buy without pre-conceived or preferential bias while obtaining the best value for CPS Energy;
6. ~~Use and e~~Encourage participation in the CPS Energy procurement process by engaging local; and small, ~~disadvantaged, service-disabled veterans, HUBZone and women-owned~~ businesses, on a fair and equitable basis as required under applicable law;
7. Promote competition in procuring quality goods and services for CPS Energy;
8. Treat information received in the course of duty as confidential and not use such information for personal gain. Information given in the course of duty must be true, fair and not misleading;

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9. Prohibit any individual from knowingly participating in acts of discrimination against or harassment toward any person with whom he or she has a business relationship and immediately report the situation to CPS Energy management;
10. Recognize CPS Energy's responsibility to the environment, and act in accordance with CPS Energy's corporate goals in that respect; and
11. Refrain from any practices that could be perceived as an effort to avoid seeking Board approval in accordance with the limits outlined in Section IV of this Policy (i.e., "Specific Limitations"). For example, creating multiple contracts to the same supplier on a particular scope of work or for particular materials, with each purchase order/contract amount below the dollar threshold specified in Section IV for that type of procurement, in order to avoid exceeding any of the applicable Specific Limitations, is prohibited.

#### **IV. Specific Limitations**

In fulfilling CPS Energy's mission to provide reliable, cost-competitive electric and gas products and services to its customers in an environmentally responsible manner these specific limitations are hereby set for the various categories of procurements, as indicated in the following paragraphs. The categories include: Professional and/or Personal Services, General Services, Commodity and Material Goods, Strategic Alliances, Real Estate, Fuel Supply and Related Services, and Electricity and Related Products/Services. Any procurement above the stated amounts will require Board approval in advance of the procurement. In addition, the Board will receive quarterly reporting by supplier for all cumulative activity above the limits stated, whether or not approval in advance was required for an individual procurement. Such reporting will be on a rolling 12-months basis.

##### **A. Professional and/or Personal Services**

"Professional and/or Personal Services" are defined as services provided by those individuals or entities that possess unique education, knowledge and/or skills that would add to and/or supplement CPS Energy's internal knowledge and skills toward fulfilling its mission. Examples of Professional and/or Personal Service providers may include but are not limited to, engineers, accountants, architects, media and communication consultants, insurance brokers/advisors, and lobbyists. The limit for expenditures that may be paid to any single Professional and/or Personal Service provider without prior approval by the Board shall be ~~\$1,000,000~~\$500,000 per purchase order/~~contract~~.

##### **B. General Services**

"General Services" are defined as those services, other than Professional and/or Personal Services, Fuel Supply and Related Services or Electricity and Related Products/Services, normally subject to Chapter 252, Local Government Code, that are provided by individuals or entities, and that are considered necessary by CPS

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Energy toward fulfilling its mission. Examples of General Services providers may include, but are not limited to, security and janitorial services, line extension, repair and maintenance work, including support of generation equipment; and press and printing services. The limit for expenditures that may be paid to any single General Services provider without prior approval by the Board shall be \$20,000,000 ~~\$10,000,000~~ per purchase order/~~contract~~.

**C. Commodity and Material Goods (excluding Fuel Supply and Related Services and Electricity and Related Products/Services)**

“Commodity and Material Goods” are defined as physical goods needed by CPS Energy toward fulfilling its mission. Examples of Commodity and Material Goods may include, but are not limited to, insurance and surety products, materials, and parts and equipment used to construct, maintain and operate the electric and gas systems. Real Estate, Fuel Supply and Related Services, Electricity and Related Products/Services, Professional and/or Personal Services; and General Services, as defined herein, are not included in this definition, except to the extent that any General, Professional, or Personal Services from the same supplier are necessarily included in the purchase of the commodity and materials in question, e.g., technical assistance and installation services for computer equipment. The limit for expenditures that may be paid for Commodity and Material Goods to any single supplier without prior approval by the Board shall be \$20,000,000 ~~\$10,000,000~~ per purchase order/contract.

**D. Real Estate (Purchases and Leaseholds)**

“Real Estate” is defined as real property, with or without improvements, needed by CPS Energy toward fulfilling its mission. Examples of Real Estate may include, but are not limited to, land needed for plant and equipment installation for generation, transmission and distribution systems, and improved land containing office buildings for employees. The limit for expenditures that may be paid for the purchase of Real Estate without prior approval by the Board shall be \$2,000,000 ~~\$1,000,000~~ per transaction. Such limitation does not preclude the CPS Energy President & CEO from bringing specific transactions to the attention of the Board, either for information or for approval, should circumstances appear to warrant such practice.

“Leaseholds” are defined as the leasing of real property needed by CPS Energy toward fulfilling its mission to provide reliable, cost-competitive electric and gas products and services to its customers in an environmentally responsible manner. The limit for expenditures that may be paid for Leaseholds without prior approval by the Board shall be \$2,000,000 ~~\$1,000,000~~ per transaction.

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## **E. Fuel Supply and Related Services**

“Fuel Supply and Related Services” is defined as fuels and services directly related to the procurement of fuels for use in the generation of electricity or for resale to gas customers and needed by CPS Energy toward fulfilling its mission. Examples of Fuel Supply and Related Services may include, but are not limited to, natural gas, oil, coal and petroleum coke commodity supplies, transportation services, railcar leasing, fuel banking and balancing services, storage capability, approved hedging transactions and brokerage services, power purchase agreements, other related services and products, and various combinations of the preceding items. The limit for expenditures that may be paid for Fuel Supply and Related Services to any single supplier without prior approval by the Board shall be as provided in the resolution passed by the CPS Energy Board of Trustees on September 24, 2001, “Resolution Adopting Alternative Procurement Procedures for Obtaining Fuel Supply and Related Services” (the “Fuels Resolution”), as amended, which states: “The Board will consider for final approval any contract which may be recommended by CPS Energy management resulting from the [Fuel Supply and Related Services] procurement process with a term of one year or longer and of a material value that is greater than 10% of CPS Energy’s anticipated fuel purchases over the term of the proposed contract.”

## **F. Electricity and Related Products/Services**

"Electricity and Related Products/Services" is defined as electricity and those products and services directly related to wholesale power purchases which are needed by CPS Energy toward fulfilling its mission. Examples of Electricity and Related Products/Services may include, but are not limited to, electricity, generation capacity, Emissions Credits, Renewable Energy Credits, Transmission Congestion Rights, Congestion Revenue Rights, ancillary services, and scheduling and settlement services. The Board will consider for final approval any transaction recommended by CPS Energy management toward fulfilling its mission as stated above, with a term of one year or longer and a material value that is greater than 10% of CPS Energy’s expected energy costs (fuel and purchased power only) to serve native load and long-term wholesale customers over the transaction term.

## **G. Strategic Relationship**

“Strategic Relationships” are defined as those special associations or contractual relationships with other individuals or entities that further the interest of the parties and which represent best value to CPS Energy in fulfilling its mission. Strategic Relationships may have elements of multiple categories and does not fit into one of the other categories under ArticleSection IV Specific Limitations. A Strategic Relationship may include a participation agreement, such as a research and development funding agreement, related to CPS Energy business product development, business development, or testing of energy-related products. The limit

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for expenditures that may be paid for Strategic Relationships to any single provider/supplier without prior approval by the Board shall be \$10,000,000 per purchase order/~~contract~~.

#### **H. Technology and Innovation Products/Services**

“Technology and Innovation Products/Services” are defined as limited-deployment projects, not to exceed two (2) years in duration, intended to pilot emerging technology. Technology and Innovation Products/Services should enable CPS Energy to work quicker to seize opportunities related to emerging, fast-moving technology and become early adopters to provide best value to CPS Energy. Technology and Innovation Products/Services may include a participation agreement, such as a research and development funding agreement, or pilot project agreement, related to CPS Energy business product development, business development, or testing of energy-related products. The limit for expenditures that may be paid for Technology and Innovation Products/Services to any single provider/supplier without prior approval by the Board shall be \$1,000,000 per purchase order.

### **V. Alternative Procurement Procedures in Response to Senate Bill 7**

#### **A. Background**

Until Senate Bill 7 (1999) was adopted, Chapter 252 of the Texas Local Government Code (“Chapter 252”) governed CPS Energy’s purchasing activities without regard for the competitive aspects of electric deregulation. Specifically, where a procurement of goods or services was in excess of \$25,000, CPS Energy was required to use a fair and open solicitation process promulgated by Chapter 252; and, where the procurement expenditure would be less than \$50,000 and more than \$25,000 (now \$25,000 pursuant to Board Approval given on June 2010), CPS Energy was required to contact at least two local historically underutilized businesses on a rotating basis. While these rules have served the public good by ensuring an open and equitable marketplace for all potential suppliers, under a new era of electric deregulation it creates an atmosphere in which CPS Energy could become competitively disadvantaged. This is primarily due to CPS Energy being required (1) to follow less efficient procurement processes than investor-owned utilities and other electric or gas market participants; and (2) to maintain an open process whereby industry competitors could easily gain knowledge of CPS Energy competitive activities, agreements and associated cost information.

In response to this concern by municipally owned utilities like CPS Energy, Senate Bill 7 amended Chapter 252’s exceptions to allow a municipal electric or gas utility greater flexibility in procurement in order to allow municipally-owned electric or gas utilities to prepare for competition and compete in a manner consistent with private utilities. The law authorizes the CPS Energy Board to adopt alternative procurement Procedures so long as the public purpose supporting the new Procedures is clearly

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outlined. This provision is available whether the utility has adopted retail choice or not.

The Board first implemented a procurement resolution based upon this provision of Senate Bill 7 on September 24, 2001, entitled “Resolution Adopting Alternative Procurement Procedures for Obtaining Fuel Supply and Related Services.”

## **B. Public Purpose**

The public purpose supporting the Procurement Procedures Alternative to Chapter 252 shall be consistent with the “Philosophy and Public Purpose to be Served” section of this Policy, with an increased emphasis on the following:

1. Increasing business efficiencies;
2. Improving CPS Energy’s ability to compete;
3. Maintaining a successful supplier diversity development program; and
4. Seeking opportunities to assist CPS Energy business units in choosing products and services that are environmentally preferable where deemed best value.

## **C. Basis for Use of Procurement Procedures Alternative to Chapter 252**

The Procurement Procedures Alternative to Chapter 252 (“Procedures”) provides Procedures that outline CPS Energy’s procurement processes that would normally fall under the requirements of Chapter 252 of the Local Government Code. The Fuel Supply and Related Services will continue to be procured under the Fuels Resolution. However, nothing in the Procedures precludes CPS Energy from utilizing other mechanisms for procurement that may be provided by law, including Chapter 252.

## **D. Adoption of Procurement Procedures Alternative to Chapter 252**

The Procurement Procedures Alternative to Chapter 252 are incorporated by reference and adopted as part of this Policy. Any changes to the Procurement Procedures Alternative to Chapter 252 will require approval by the Board.

## **VI. Compelling Business Reasons**

On occasion, CPS Energy employees may have the need to procure goods or services before the next scheduled Board meeting to meet a compelling business reason. The following describes some of the conditions under which a finding of “Compelling Business Reason” (“CBR”) may be deemed to be appropriate; however, other conditions may exist:

1. The procurement is necessary to meet a critical and time sensitive need for materials or services necessary to restore or maintain the reliability or safety of the electric or gas systems, or a major component or related business operation;  
or

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2. The procurement is necessary to respond expeditiously to fluctuating market conditions wherein potential delays in the normal and routine procurement process governed by the Procurement Procedures Alternative to Chapter 252 (adopted under section V of this Policy) would adversely affect CPS Energy's ability to obtain quality materials and/or services at a commercially reasonable price; or
3. The procurement is necessary to respond expeditiously to prevent or mitigate significant financial loss to CPS Energy due to inherent delays in the normal acquisition process.

The CPS Energy President & CEO, or his/her written designee, along with the written concurrence of the Direct Report to the President & CEO who leads Level 4 leader of the area for which the procurement is being made, and with the written concurrence of the Chairman~~Board Chair~~ (or in the absence of the Board ~~Chairman~~, with the written concurrence of another member of the Board), is authorized to approve and/or execute contracts for the procurement of goods or services above the amounts specified under the "Specific Limitations" section of this Policy to meet a CBR. In addition, if a CBR exists under this section, CPS Energy may or may not apply subpart 2.2 of the Procurement Procedures Alternative to Chapter 252.

Within 24 hours of being contacted by the CPS Energy President & CEO or his/her written designee, the Board ~~Chairman~~ or other Board member who authorized the procurement will then promptly notify the other members of the Board of the circumstances necessary for issuance of a CBR. The Board will review and ratify any expenditure made under this section of the Policy no later than at the next regularly scheduled Board meeting or called work session.

The CPS Energy President & CEO or his/her designee shall be deliberative and judicious in exercising his/her authority under this section to only those compelling business reasons warranting such use.

## **VII. Audits of Procurement Activities**

All procurement activities of CPS Energy are subject to audit by CPS Energy internal and/or external auditors at the discretion of the Chief Audit Services Officer or the Audit Committee of the Board.

**CPS Energy  
Board of Trustees**

**Procurement Policy**

**Adopted by the Board of Trustees on  
September 30, 2002**

**Effective as of  
October 30, 2002**

**Revised December 16, 2024**

## **CPS Energy Board of Trustees**

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## **CPS Energy Board of Trustees**

### **Procurement Policy<sup>1</sup>**

#### **I. Purpose**

The purpose of this CPS Energy Board of Trustees (“Board”) Policy is to establish the procurement standards and authority of CPS Energy management for the purchase of goods and services needed for CPS Energy to fulfill its mission to provide reliable, cost-competitive electric and gas products and services to its customers in an environmentally responsible manner.

#### **II. Philosophy and Public Purpose to be Served**

In the course of providing electric and gas service, CPS Energy purchases significant goods and services from suppliers. It is the philosophy of the Board and CPS Energy management that such goods and services should:

1. Be obtained at reasonable cost,
2. Be of high quality,
3. Be environmentally preferable, where available, and
4. Be deemed best value.

In addition, it is the Board’s desire that the following be achieved for the benefit of CPS Energy customers, the City of San Antonio, Texas (“City”), and its citizens:

5. Emphasize the safety of CPS Energy’s operations as well as its employees, suppliers, contractors and customers;
6. Protect and enhance the ability of CPS Energy to provide reliable, environmentally preferable energy-related products and services on a cost competitive basis;
7. Encourage all segments of the local and small business community to participate in the CPS Energy procurement process;
8. Provide for a sufficient, timely and uninterrupted supply of materials and services; and
9. Encourage the consideration of products and services that enable and accelerate the transition to distributed generation, smart grid and other future energy technologies and advance CPS Energy toward a sustainable energy future.

Further, these procurement and purchasing activities will be conducted in a manner that promotes and maintains public confidence in CPS Energy, its Board, and the CPS Energy

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<sup>1</sup> *Adopted by the City Public Service Board of Trustees on September 30, 2002; Effective October 30, 2002, Revised June 2010, Revised November 2013; Revised August 2015, Revised June 26, 2017, Revised December 16, 2024*

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President & CEO; and in their management and operation of the electric and gas systems of the City of San Antonio, Texas.

### **III. Values and Standards of Procurement Activities**

#### **A. Values**

CPS Energy will operate and conduct its business and decision-making in accordance with CPS Energy policies and the following values:

##### **1. Honesty/Integrity --**

Maintain the highest standards of integrity and ethics in all business relationships both inside and outside the organization.

##### **2. Professionalism --**

Foster excellence and professional competence.

##### **3. Responsible Management --**

Optimize resources to provide the maximum benefit and value to CPS Energy's customers.

##### **4. Serving the Public's Interest --**

Foster the public's confidence in CPS Energy and its Board, by acting in the public interest, by not using the authority of office or position for personal benefit, and by rejecting any business practice or activity that violates CPS Energy policies or is otherwise perceived as unethical.

##### **5. Compliance with Applicable Laws and Regulations --**

Adhere to all applicable laws and regulations adopted by federal, state, city and county jurisdictions or other governing legal entities.

#### **B. Standards of Behavior**

CPS Energy employees involved in the procurement process are expected to follow procurement policies and procedures, operate with integrity, and in accordance with CPS Energy's Ethics Policy. Procurement decisions made on behalf of CPS Energy must be based on ethical business practices, prudent standards of conduct, ethical values and principles, in compliance with laws and regulations, and in accordance with the following standards of conduct:

1. Give first priority to serving the best interests of CPS Energy's customers in all purchasing decisions and activities;
2. Avoid any actions which are or may be considered unethical, compromise objectivity or violate CPS Energy's policies and procedures.
3. Make every effort to avoid actual or perceived conflicts of interest while working on behalf of or as a representative of CPS Energy. Should an actual or perceived conflict of interest arise, an employee must recuse himself or herself from the matter or decision in accordance with the CPS Energy Ethics Policy. The

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employee must immediately disclose the conflict to CPS Energy management, including prompt disclosure to the Board, if required as noted below.

Any business relationship established between CPS Energy and the following individuals, any time within 18 months following the conclusion of their employment with CPS Energy or service on the Board or Community Input Committee (CIC), shall be in writing and disclosed to the Board of Trustees within 30 days of contract execution:

- i. a current or former member of the Board of Trustees,
  - ii. a current or former member of the CIC, or
  - iii. a former CPS Energy employee who was an executive leader or higher immediately prior to their departure from CPS Energy;
4. An employee and his or her relatives shall not, as a result of the employee's position at CPS Energy, give, solicit, or accept any of the following from existing or potential suppliers of material, equipment, or services to CPS Energy, or from any existing or potential customer:
  - i. Advances or loans, other than through recognized financial institutions, such as banks and credit unions;
  - ii. Unlawful payments; for example, kickbacks or bribes, or any other similar kind of payment for, or transfer of, any tangible good or service;
  - iii. Discounts, gifts, meals or entertainment, unless in accordance with the CPS Energy Ethics Policy, or part of an approved CPS Energy program;
  - iv. Any unusual favors or arrangements;
  - v. Any item that could be construed as an attempt to influence the employee's ability to deal objectively and impartially with regards to CPS Energy's business transactions and sponsored activities;
5. Buy without pre-conceived or preferential bias while obtaining the best value for CPS Energy;
6. Encourage participation in the CPS Energy procurement process by engaging local and small businesses, on a fair and equitable basis as required under applicable law;
7. Promote competition in procuring quality goods and services for CPS Energy;
8. Treat information received in the course of duty as confidential and not use such information for personal gain. Information given in the course of duty must be true, fair and not misleading;
9. Prohibit any individual from knowingly participating in acts of discrimination against or harassment toward any person with whom he or she has a business relationship and immediately report the situation to CPS Energy management;

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10. Recognize CPS Energy's responsibility to the environment, and act in accordance with CPS Energy's corporate goals in that respect; and
11. Refrain from any practices that could be perceived as an effort to avoid seeking Board approval in accordance with the limits outlined in Section IV of this Policy (i.e., "Specific Limitations"). For example, creating multiple contracts to the same supplier on a particular scope of work or for particular materials, with each purchase order/contract amount below the dollar threshold specified in Section IV for that type of procurement, in order to avoid exceeding any of the applicable Specific Limitations, is prohibited.

#### **IV. Specific Limitations**

In fulfilling CPS Energy's mission to provide reliable, cost-competitive electric and gas products and services to its customers in an environmentally responsible manner these specific limitations are hereby set for the various categories of procurements, as indicated in the following paragraphs. The categories include: Professional and/or Personal Services, General Services, Commodity and Material Goods, Strategic Alliances, Real Estate, Fuel Supply and Related Services, and Electricity and Related Products/Services. Any procurement above the stated amounts will require Board approval in advance of the procurement. In addition, the Board will receive quarterly reporting by supplier for all cumulative activity above the limits stated, whether or not approval in advance was required for an individual procurement. Such reporting will be on a rolling 12-months basis.

##### **A. Professional and/or Personal Services**

"Professional and/or Personal Services" are defined as services provided by those individuals or entities that possess unique education, knowledge and/or skills that would add to and/or supplement CPS Energy's internal knowledge and skills toward fulfilling its mission. Examples of Professional and/or Personal Service providers may include but are not limited to, engineers, accountants, architects, media and communication consultants, insurance brokers/advisors, and lobbyists. The limit for expenditures that may be paid to any single Professional and/or Personal Service provider without prior approval by the Board shall be \$1,000,000 per purchase order.

##### **B. General Services**

"General Services" are defined as those services, other than Professional and/or Personal Services, Fuel Supply and Related Services or Electricity and Related Products/Services, normally subject to Chapter 252, Local Government Code, that are provided by individuals or entities, and that are considered necessary by CPS Energy toward fulfilling its mission. Examples of General Services providers may include, but are not limited to, security and janitorial services, line extension, repair and maintenance work, including support of generation equipment; and press and printing services. The limit for expenditures that may be paid to any single General

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Services provider without prior approval by the Board shall be \$20,000,000 per purchase order.

**C. Commodity and Material Goods (excluding Fuel Supply and Related Services and Electricity and Related Products/Services)**

“Commodity and Material Goods” are defined as physical goods needed by CPS Energy toward fulfilling its mission. Examples of Commodity and Material Goods may include, but are not limited to, insurance and surety products, materials, and parts and equipment used to construct, maintain and operate the electric and gas systems. Real Estate, Fuel Supply and Related Services, Electricity and Related Products/Services, Professional and/or Personal Services; and General Services, as defined herein, are not included in this definition, except to the extent that any General, Professional, or Personal Services from the same supplier are necessarily included in the purchase of the commodity and materials in question, e.g., technical assistance and installation services for computer equipment. The limit for expenditures that may be paid for Commodity and Material Goods to any single supplier without prior approval by the Board shall be \$20,000,000 per purchase order/contract.

**D. Real Estate (Purchases and Leaseholds)**

“Real Estate” is defined as real property, with or without improvements, needed by CPS Energy toward fulfilling its mission. Examples of Real Estate may include, but are not limited to, land needed for plant and equipment installation for generation, transmission and distribution systems, and improved land containing office buildings for employees. The limit for expenditures that may be paid for the purchase of Real Estate without prior approval by the Board shall be \$2,000,000 per transaction. Such limitation does not preclude the CPS Energy President & CEO from bringing specific transactions to the attention of the Board, either for information or for approval, should circumstances appear to warrant such practice.

“Leaseholds” are defined as the leasing of real property needed by CPS Energy toward fulfilling its mission to provide reliable, cost-competitive electric and gas products and services to its customers in an environmentally responsible manner. The limit for expenditures that may be paid for Leaseholds without prior approval by the Board shall be \$2,000,000 per transaction.

**E. Fuel Supply and Related Services**

“Fuel Supply and Related Services” is defined as fuels and services directly related to the procurement of fuels for use in the generation of electricity or for resale to gas customers and needed by CPS Energy toward fulfilling its mission. Examples of Fuel Supply and Related Services may include, but are not limited to, natural gas, oil, coal and petroleum coke commodity supplies, transportation services, railcar

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leasing, fuel banking and balancing services, storage capability, approved hedging transactions and brokerage services, power purchase agreements, other related services and products, and various combinations of the preceding items. The limit for expenditures that may be paid for Fuel Supply and Related Services to any single supplier without prior approval by the Board shall be as provided in the resolution passed by the CPS Energy Board of Trustees on September 24, 2001, "Resolution Adopting Alternative Procurement Procedures for Obtaining Fuel Supply and Related Services" (the "Fuels Resolution"), as amended, which states: "The Board will consider for final approval any contract which may be recommended by CPS Energy management resulting from the [Fuel Supply and Related Services] procurement process with a term of one year or longer and of a material value that is greater than 10% of CPS Energy's anticipated fuel purchases over the term of the proposed contract."

#### **F. Electricity and Related Products/Services**

"Electricity and Related Products/Services" is defined as electricity and those products and services directly related to wholesale power purchases which are needed by CPS Energy toward fulfilling its mission. Examples of Electricity and Related Products/Services may include, but are not limited to, electricity, generation capacity, Emissions Credits, Renewable Energy Credits, Transmission Congestion Rights, Congestion Revenue Rights, ancillary services, and scheduling and settlement services. The Board will consider for final approval any transaction recommended by CPS Energy management toward fulfilling its mission as stated above, with a term of one year or longer and a material value that is greater than 10% of CPS Energy's expected energy costs (fuel and purchased power only) to serve native load and long-term wholesale customers over the transaction term.

#### **G. Strategic Relationship**

"Strategic Relationships" are defined as those special associations or contractual relationships with other individuals or entities that further the interest of the parties and which represent best value to CPS Energy in fulfilling its mission. Strategic Relationships may have elements of multiple categories and does not fit into one of the other categories under Section IV Specific Limitations. A Strategic Relationship may include a participation agreement, such as a research and development funding agreement, related to CPS Energy business product development, business development, or testing of energy-related products. The limit for expenditures that may be paid for Strategic Relationships to any single provider/supplier without prior approval by the Board shall be \$10,000,000 per purchase order.

#### **H. Technology and Innovation Products/Services**

"Technology and Innovation Products/Services" are defined as limited-deployment projects, not to exceed two (2) years in duration, intended to pilot emerging technology. Technology and Innovation Products/Services should enable CPS

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Energy to work quicker to seize opportunities related to emerging, fast-moving technology and become early adopters to provide best value to CPS Energy. Technology and Innovation Products/Services may include a participation agreement, such as a research and development funding agreement, or pilot project agreement, related to CPS Energy business product development, business development, or testing of energy-related products. The limit for expenditures that may be paid for Technology and Innovation Products/Services to any single provider/supplier without prior approval by the Board shall be \$1,000,000 per purchase order.

## **V. Alternative Procurement Procedures in Response to Senate Bill 7**

### **A. Background**

Until Senate Bill 7 (1999) was adopted, Chapter 252 of the Texas Local Government Code (“Chapter 252”) governed CPS Energy’s purchasing activities without regard for the competitive aspects of electric deregulation. Specifically, where a procurement of goods or services was in excess of \$25,000, CPS Energy was required to use a fair and open solicitation process promulgated by Chapter 252; and, where the procurement expenditure would be less than \$50,000 and more than \$25,000 (now \$25,000 pursuant to Board Approval given on June 2010), CPS Energy was required to contact at least two local historically underutilized businesses on a rotating basis. While these rules have served the public good by ensuring an open and equitable marketplace for all potential suppliers, under a new era of electric deregulation it creates an atmosphere in which CPS Energy could become competitively disadvantaged. This is primarily due to CPS Energy being required (1) to follow less efficient procurement processes than investor-owned utilities and other electric or gas market participants; and (2) to maintain an open process whereby industry competitors could easily gain knowledge of CPS Energy competitive activities, agreements and associated cost information.

In response to this concern by municipally owned utilities like CPS Energy, Senate Bill 7 amended Chapter 252’s exceptions to allow a municipal electric or gas utility greater flexibility in procurement in order to allow municipally-owned electric or gas utilities to prepare for competition and compete in a manner consistent with private utilities. The law authorizes the CPS Energy Board to adopt alternative procurement Procedures so long as the public purpose supporting the new Procedures is clearly outlined. This provision is available whether the utility has adopted retail choice or not.

The Board first implemented a procurement resolution based upon this provision of Senate Bill 7 on September 24, 2001, entitled “Resolution Adopting Alternative Procurement Procedures for Obtaining Fuel Supply and Related Services.”

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**B. Public Purpose**

The public purpose supporting the Procurement Procedures Alternative to Chapter 252 shall be consistent with the “Philosophy and Public Purpose to be Served” section of this Policy, with an increased emphasis on the following:

1. Increasing business efficiencies;
2. Improving CPS Energy’s ability to compete;
3. Maintaining a successful supplier development program; and
4. Seeking opportunities to assist CPS Energy business units in choosing products and services that are environmentally preferable where deemed best value.

**C. Basis for Use of Procurement Procedures Alternative to Chapter 252**

The Procurement Procedures Alternative to Chapter 252 (“Procedures”) provides Procedures that outline CPS Energy’s procurement processes that would normally fall under the requirements of Chapter 252 of the Local Government Code. The Fuel Supply and Related Services will continue to be procured under the Fuels Resolution. However, nothing in the Procedures precludes CPS Energy from utilizing other mechanisms for procurement that may be provided by law, including Chapter 252.

**D. Adoption of Procurement Procedures Alternative to Chapter 252**

The Procurement Procedures Alternative to Chapter 252 are incorporated by reference and adopted as part of this Policy. Any changes to the Procurement Procedures Alternative to Chapter 252 will require approval by the Board.

**VI. Compelling Business Reasons**

On occasion, CPS Energy employees may have the need to procure goods or services before the next scheduled Board meeting to meet a compelling business reason. The following describes some of the conditions under which a finding of “Compelling Business Reason” (“CBR”) may be deemed to be appropriate; however, other conditions may exist:

1. The procurement is necessary to meet a critical and time sensitive need for materials or services necessary to restore or maintain the reliability or safety of the electric or gas systems, or a major component or related business operation; or
2. The procurement is necessary to respond expeditiously to fluctuating market conditions wherein potential delays in the normal and routine procurement process governed by the Procurement Procedures Alternative to Chapter 252 (adopted under section V of this Policy) would adversely affect CPS Energy’s ability to obtain quality materials and/or services at a commercially reasonable price; or

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3. The procurement is necessary to respond expeditiously to prevent or mitigate significant financial loss to CPS Energy due to inherent delays in the normal acquisition process.

The CPS Energy President & CEO, or his/her written designee, along with the written concurrence of the Direct Report to the President & CEO who leads the area for which the procurement is being made, and with the written concurrence of the Board Chair (or in the absence of the Board Chair, with the written concurrence of another member of the Board), is authorized to approve and/or execute contracts for the procurement of goods or services above the amounts specified under the "Specific Limitations" section of this Policy to meet a CBR. In addition, if a CBR exists under this section, CPS Energy may or may not apply subpart 2.2 of the Procurement Procedures Alternative to Chapter 252.

Within 24 hours of being contacted by the CPS Energy President & CEO or his/her written designee, the Board Chair or other Board member who authorized the procurement will then promptly notify the other members of the Board of the circumstances necessary for issuance of a CBR. The Board will review and ratify any expenditure made under this section of the Policy no later than at the next regularly scheduled Board meeting or called work session.

The CPS Energy President & CEO or his/her designee shall be deliberative and judicious in exercising his/her authority under this section to only those compelling business reasons warranting such use.

**VII. Audits of Procurement Activities**

All procurement activities of CPS Energy are subject to audit by CPS Energy internal and/or external auditors at the discretion of the Chief Audit Services Officer or the Audit Committee of the Board.

~~City Public Service~~  
CPS Energy  
Board of Trustees

**Procurement Procedures  
Alternative to Chapter 252**

**Adopted by the Board of Trustees on  
September 30, 2002**

**Effective as of  
October 30, 2002**

~~**Revised June 26, 2017**~~  
**Revised December 16, 2024**

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**City Public Service**  
**("CPS Energy")**

**PROCUREMENT PROCEDURES**  
**ALTERNATIVE TO CHAPTER 252**

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~~City Public Service~~  
CPS Energy

**PROCUREMENT PROCEDURES  
ALTERNATIVE TO CHAPTER 252<sup>1</sup>**

**Part 1. General Provisions**

**1.1 Public Purpose**

1.1.1 The public purpose to be served by these City Public Services (“CPS Energy”) Procurement Procedures Alternative to Chapter 252 (“Procedures”) shall be consistent with the “Philosophy and Public Purpose to be Served” section of the CPS Energy Board of Trustees Procurement Policy (“Procurement Policy”), with an increased emphasis on the following:

- (a) Increasing business efficiencies,
- (b) Improving CPS Energy’s ability to compete,
- (c) Maintaining a successful supplier diversity development program; and
- (d) Seeking opportunities to assist business units in choosing products and services that are environmentally preferable where best value deemed.

1.1.2 Furthermore, any activities by CPS Energy under these Procedures shall remain consistent with the philosophy and values and standards of behavior as outlined in the Procurement Policy and CPS Energy Ethics Policy.

**1.2 Scope of Procedures**

1.2.1 Procurements made by CPS Energy using these Procedures are exempt from the Local Government Code, Chapter 252. Procurement shall be conducted in a manner that conforms to the Procurement Policy, these Procedures and all applicable local, state, and federal procurement laws. Nothing in these Procedures precludes CPS Energy from utilizing other mechanisms for procurement that may be provided by law. These Procedures do not exempt CPS Energy from any other applicable statutory or legal requirement.

1.2.2 These Procedures do not change or apply to the subject matter addressed by the procurement resolution passed by the Board of Trustees on September 24, 2001, entitled “Resolution Adopting Alternative Procurement Procedures for Obtaining Fuel Supply and Related Services” (the “Fuels Resolution”), as amended. The Fuels Resolution together with the Procurement Policy, govern procurement of Fuel Supply and Related Services.

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<sup>1</sup> Adopted by the City Public Service Board of Trustees on September 30, 2002; Effective October 30, 2002, Revised December 2004, Revised April 2006, Revised January 2010, Revised March 2011, Revised November 2013, Revised August 2015, Revised June 26, 2017, Revised December 16, 2024.

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- 1.2.3 Sub-part 3.1 of these Procedures covers procurement-related aspects of CPS Energy's competitive matters that are subject to protection under the Open Meetings and Public Information Acts, respectively, Sections 551.086 and 552.133 of the Texas Government Code.
- 1.2.4 The ~~Ssenior executive leader~~ Director of Supply Chain, or his/her designee, may adopt and revise the Procedural Guidelines for the Implementation of the Purchasing Resolution Approved by the Board of Trustees September 30, 2002 ("Guidelines"), as amended, consistent with the Procurement Policy and these Procedures to promote the uniform and consistent application of these Procedures.
- 1.2.5 If a "Compelling Business Reason" as described in Section VI of the Procurement Policy exists, CPS Energy is exempt from these Procedures, and may or may not apply Section 2.2 of these Procedures.

### **1.3 Approval and Review of Contracts**

- 1.3.1 The authority to approve and execute contracts for both purchase order and other types of transactions is delineated in the Policy for Designation of Financial Authorizations and the Contract Signatory Policy. The ~~Ssenior executive leader~~ Director of Supply Chain may delegate to his/her designee the responsibility for the performance of procurement responsibilities for goods and services as outlined in these Procedures.
- 1.3.2 The Board of Trustees must approve expenditures for the procurement of goods and services exceeding those limits specified in Section IV of the Procurement Policy, except for any expenditure approved under Section VI of the Procurement Policy and Part 5 of these Procedures.
- 1.3.3 A change order or amendment shall be approved and/or executed based upon the value of the transaction contained within the change order or amendment as provided in Section 1.3.1 of this Procedure or Section VI of the Procurement Policy.
- 1.3.4 Actions taken under these Procedures shall be subject to audit on a regular basis.

## **Part 2. Procurement Process for Goods and Services**

### **2.1 General**

- 2.1.1 Threshold for Competitive Procurement Process. Except as provided in sub-part 2.4, CPS Energy shall utilize the competitive process outlined in sub-part 2.3 for expenditures equal to or in excess of \$50,000.
- 2.1.2 Advertising and/or Notice to Suppliers. As a rule, CPS Energy procurement solicitations will be published not less than five (5) calendar days, using any notification mechanism deemed sufficient by the ~~Ssenior executive leader~~ Director

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of Supply Chain or his/her designee. The mechanisms may include, but are not limited to, publishing the solicitation online, via supplier portal, ~~within~~ in a newspaper of general circulation, displayed on the Internet, or through the utilization of other similar electronic or written means. If the ~~S~~senior executive leader ~~Director~~ of Supply Chain determines, based on historical responses, an applicable CPS Energy supplier database, or any other reliable means, that not more than six (6) suppliers can reasonably meet CPS Energy's needs at the time of solicitation, notice may be conducted by any means and for such period of time as CPS Energy determines is reasonably necessary for the notice to be received by the applicable suppliers.

- 2.1.3 Bonding for Public and Non-Public Works. For procurements not deemed public works, the Field Representative, in consultation with Risk Management and an insurance representative, has the discretion to determine whether a bond requirement is otherwise appropriate based on a review of factors such as subcontracting opportunities, costs of bond and risks associated with delay of a project or a supplier being unable to complete performance or delivery of a quality product. For procurements deemed public works, a performance and payment bond shall be obtained from the successful offeror in the amount determined to be consistent with applicable law or if not commercially available, in an amount determined to be prudent and reasonable by CPS Energy. The bond shall be issued on the condition that the contractor will faithfully perform the contract, and shall be executed in a form and manner acceptable to CPS Energy.
- 2.1.4 Exceptions to Procedures. Determinations regarding the application of any exception under sub-part 2.4 shall be made by the ~~S~~senior executive leader ~~Director~~ of Supply Chain or his/her designee(s).
- 2.1.5 Reporting. If not required otherwise in these Procedures, all Procurement activity in excess of \$50,000 shall be reported to the Board of Trustees on a quarterly basis.

## 2.2 **Supplier DevelopmentDiversity Program**

- 2.2.1 In accordance with the philosophy of the CPS Energy Board of Trustees, as outlined in the Board Procurement Policy under "Philosophy and Public Purpose to be Served" and "Values and Standards of Procurement Activities," CPS Energy is committed to a strong supplier developmentdiversity program. CPS Energy, therefore, encourages all segments of the Local business community to participate actively in CPS Energy's procurement process.

~~2.2.2 For expenditures between \$25,000 and \$50,000, CPS Energy will contact at least two qualified Local, Small Women, Minority, Veteran, Historically Underutilized Business (HUB) Zone, or Service-disabled Veteran-owned businesses on a rotating basis, in order to inform them of opportunities to participate in CPS Energy's procurement process.~~

- 2.2.23 As deemed applicable under the Guidelines and all applicable laws, CPS Energy will use reasonable efforts to encourage primary (prime) contractors to support ~~the~~

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supplier ~~development diversity program~~ and provide the maximum practicable opportunities to ~~local and small Women, Minority, Veteran, Historically Underutilized Business (HUB) Zone, or Service disabled Veteran-owned~~ businesses for their sub-contracting opportunities.

2.2.34 The provisions ~~of this sub-part (sections 2.2.2-2.2.3) are meant to be cumulative of, but in no case~~ are ~~they~~ not meant to contravene any other requirements imposed by local, state or federal law or contract applicable to CPS Energy's procurement activities.

2.2.45 The ~~S senior executive Director~~ of Supply Chain will provide a report to the Board of Trustees of CPS Energy procurement activities and supplier development for minority and women-owned businesses on a quarterly basis.

### 2.3 Solicitations

2.3.1 Issuance. The ~~S senior executive Director~~ of Supply Chain, or his/her designee, will be responsible for determining and stating in the Guidelines the various types of solicitation methods available including, but not limited to, a Request for Quotation, a Request for Qualification, a Request for Proposal, and an Invitation ~~To Participate For Bid~~ in an Internet Auction, to support the procurement of goods and services by CPS Energy. This determination shall be made consistent with the Procurement Policy and with consideration given to the competitive needs and concerns stated by the Business Unit Representatives participating in the procurement. The methods shall be designed in such a way as to give CPS Energy the ability to take advantage of unique supplier expertise, new technologies, or other commercial developments and solicit a range of features, benefits and contract components from the offerors.

2.3.2 Evaluation. All solicitations issued by CPS Energy shall specify the critical evaluation factors to be used in evaluating the offers and the technical criteria deemed appropriate and necessary for determining whether an offeror is qualified for award as contemplated under Section 2.3.4. The award may be made after an initial evaluation and clarification of offers, or may be conducted in phases wherein CPS Energy short-lists the qualified offerors after an initial evaluation and then allows the short-listed offerors an opportunity for discussion and revisions of proposals prior to the award. All evaluations for procurements exceeding the specific limitations set forth by the Board of Trustees in the Procurement Policy, Section IV, will require risk management evaluation criterion. The business unit shall work with Risk Management to identify and determine the weighting of the criterion in the evaluation matrix.

2.3.3 Revisions. Revised proposals may be solicited at the discretion of CPS Energy, for any one or more elements of the procurement from any qualified offerors for the selected element. To obtain best and final offers, revisions by qualified offerors may be permitted by CPS Energy after submissions and before the award of a contract.

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- 2.3.4 Awards Policy. The award shall be based on a good faith evaluation of those offers deemed to be the best value to CPS Energy considering the relative importance of price and the other presented factors. As examples of evaluation factors used in determining best value for CPS Energy, the factors might include installation costs, life cycle costs, quality and reliability of goods and services, environmental impact of product/service life cycle, delivery terms, indicators of probable supplier performance, cost of employee training, effects on productivity, safety risk, and all other factors deemed relevant to the desired objectives associated with a particular purchase. CPS Energy reserves the right to reject any and all offers, including those with variances, irregularities or deficiencies, to waive formalities, and to award a contract that represents best value and quality to CPS Energy and its customers.

## **2.4 Exceptions to Competitive Procurement Process**

- 2.4.1 The following exceptions provide a mechanism by which procurements may be made outside of the normal procurement processes embodied in these Procedures. To qualify for such an exception, the procurement must meet a critical and/or operational need of CPS Energy and require utmost flexibility in the procurement process in order to maintain CPS Energy's competitive position.
- 2.4.2 The following exceptions may be utilized in meeting CPS Energy's need for goods and services:
- (a) An emergency arising from a public calamity that necessitates an immediate purchase be made in order to protect the public safety or preserve public property;
  - (b) A procurement made necessary due to unexpected environmental or operational conditions which, if not remedied efficiently and expeditiously, may materially impact health or safety of the public;
  - (c) A procurement made immediately necessary because of unforeseen damage to or failure of CPS Energy's equipment, materials or items integral to CPS Energy's reliable and safe operations;
  - (d) Captive parts or components for equipment, goods, services, or information technology, including but not limited to, software, hardware (servers, storage, network switches, routers, etc.), and information technology services, that are available from only one source or manufacturer;
  - (e) A procurement of personal, professional or planning services that requires a labor, skill, or expertise which is predominantly mental or intellectual, rather than physical or manual and/or which are highly technical, creative or unique in nature;
  - (f) Goods purchased by CPS Energy for subsequent retail sale or exchange;
  - (g) Procurement made necessary for compliance with unanticipated regulatory or legal requirements affecting design or operation of CPS Energy infrastructure or equipment;
  - (h) Procurement made necessary due to a potential financial loss associated with
    - (1) significant delays of a project through no fault of CPS Energy or
    - (2) market conditions which potentially threaten or adversely affect CPS' ability to obtain sufficient and/or uninterrupted goods or services, which are

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- integral to CPS Energy's competitive position within the energy market, at the lowest available and commercially acceptable cost;
- (i) CPS Energy's need for the acquisition, lease or other trading of water rights for use in CPS Energy business operations;
- (j) The one-time renewal or extension of a contract for one additional term beyond the original term that is equal to or less than the original term provided that the contract was originally let on a competitive basis and the original commercial terms govern the extension without change except with respect to a commercially reasonable escalation in pricing;
- (k) An interlocal agreement as contemplated by the Government Code Chapter 791.001;
- (l) The acquisition or lease, to include a renewal agreement, for property or real estate; and
- (m) A procurement of goods, services, and/or a Strategic Relationship designed to promote clean energy and energy efficiency initiatives, including a special evaluation process to be utilized when a procurement proposal is received from an existing Strategic Relationship partner who is in good standing with CPS Energy and is providing material, economic, educational or other comparable benefits to the community served by CPS Energy;
- (n) A procurement of Technology and Innovation Projects and Services designed to promote energy reliability, resiliency, sustainability, and/or efficiency; and
- (o) Procurement made necessary to address sensitive physical or cyber security vulnerabilities.

### Part 3. Competitive Matter-Related Procurement

#### 3.1 General Provisions

- 3.1.1 In accordance with these Procedures, CPS Energy may conduct the procurement of goods and services related to any competitive matter described in Section 1.2.3 of this Procedure (a "Competitive Matter-Related Procurement") through inquiry, solicitation, evaluation, discussion and decision Procedures under a competitive process, subject to this Part 3.
- 3.1.2 A procurement of Fuel Supply and Related Services as described in the Fuels Resolution is a Competitive Matter-Related Procurement. The ~~CEO Direct Report Level 4 leader~~ of the area will consult with General Counsel and shall determine whether any other Competitive Matter-Related Procurement exists.
- 3.1.3 Information related to the Competitive Matter-Related Procurement may be protected from public disclosure to the extent legally permissible. Such reasonable means may include, but are not ~~be~~ limited to, the presentation of information related to and the award of the procurement during an executive session during the meeting of the Board of Trustees.
- 3.1.4 For any Competitive Matter-Related Procurement, CPS Energy has the sole discretion to determine the type, manner, and timing of notice to the public and/or

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(Adopted 9/30/02; ~~Last Revised June 26, 2017~~ Last Revised 12/16/24)

potential suppliers, and no published notice, public opening or a public reading shall be required. The process by which CPS Energy obtains Fuel Supply and Related Services is set forth in the Fuels Resolution.

- 3.1.5 All Competitive Matter-Related Procurement awards above \$50,000 shall be reported to the Board of Trustees on a quarterly basis. Approval of Competitive Matter-Related Procurements, in accordance with the Specific Limitations established in the Procurement Policy, may be handled in an executive session during the next meeting of the Board of Trustees.

### **3.2 Trade Secrets, Proprietary or Confidential Information**

- 3.2.1 At CPS Energy's discretion, solicitation information shall be considered confidential and proprietary and shall not, if so designated, be disclosed or made available for public inspection. For purposes of this section, "solicitation information" includes, but is not limited to, pricing and cost data such as rates and adjustment provisions, minimum quantity requirements, formula and process information, design manuals, drawings and technical data, supply or source information, and other similar/related information.
- 3.2.2 Responses to solicitations containing confidential, competitive, proprietary information or trade secrets shall be opened in a manner that avoids disclosure of the contents to competing offerors and/or other persons and maintains the confidentiality of the information during and after the bid/proposal opening, negotiations, evaluation, and award of the bids or proposals.
- 3.2.3 CPS Energy may require prospective suppliers and/or third parties to enter into a written confidentiality agreement to protect confidential, competitive or proprietary information. Thereafter, should further commitments to a business relationship be desired between CPS Energy and a proposed supplier, CPS Energy may require the supplier, any of its subcontractors, and/or consultants to agree to further confidentiality obligations by written agreement to reasonably protect all information disclosed as a result of the procurement process.

## **Part 4. Construction Delivery Methods**

### **4.1 Use of Construction Delivery Methods**

- 4.1.1 CPS Energy may use the construction delivery methods ("Construction Delivery Methods") for its construction projects consistent with the requirements set forth in the Government Code, Chapter 2267, except as noted otherwise in these Procedures. The ~~Senior executive of~~ Supply Chain ~~Senior Director~~ is authorized to determine which Construction Delivery Method provides best value to CPS Energy when CPS Energy chooses to procure a construction project under Chapter 2267.
- 4.1.2 CPS Energy is a governmental entity, and as such, shall not be restricted in its

City Public Service Procurement Procedures Alternative to Chapter 252  
(Adopted 9/30/02; ~~Last Revised June 26, 2017~~ Last Revised 12/16/24)

utilization of the Construction Delivery Methods described in Chapter 2267. CPS Energy shall be fully authorized to utilize the competitive processes outlined in the Procurement Procedures in addition to those outlined in Chapter 2267 for all of its construction projects, and as allowed in Chapter 2267. The requirements found within the CPS Energy Procurement Policy and Procurement Procedures shall prevail over conflicting requirements found within Chapter 2267.

4.1.3 To the extent that CPS Energy utilizes the “design-build” Construction Delivery Method for procurement of a construction project, it may:

- (a) Prepare a request for proposal that includes a request for a guaranteed maximum price or bid for the overall design or construction; and
- (b) CPS Energy reserves the right to determine, in its sole discretion, the type and amounts of security and risk mitigation instruments, such as performance and payment bonds, required of the selected design-build firm during the construction project.

#### **Part 5. Procurement of Legal Services**

Due to the unique nature of and the unpredictable need for legal services, CPS Energy may procure legal services through non-purchase orders, subject only to approval by CPS Energy’s General Counsel or his/her designee. Notwithstanding anything herein, non-purchase orders for legal services shall not be subject to expenditure limits set forth in the Procurement Policy.

#### **Part 6. Corrective Action for Violation of Procedures**

Violations of these Procedures are subject to corrective action, up to and including termination of employment.

**CPS Energy  
Board of Trustees**

**Procurement Procedures  
Alternative to Chapter 252**

**Adopted by the Board of Trustees on  
September 30, 2002**

**Effective as of  
October 30, 2002**

**Revised December 16, 2024**

City Public Service Procurement Procedures Alternative to Chapter 252  
(Adopted 9/30/02; Revised June 26, 2017, Last Revised 12/16/24)

**City Public Service  
("CPS Energy")**

**PROCUREMENT PROCEDURES  
ALTERNATIVE TO CHAPTER 252**

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## **CPS Energy**

### **PROCUREMENT PROCEDURES ALTERNATIVE TO CHAPTER 252<sup>1</sup>**

#### **Part 1. General Provisions**

##### **1.1 Public Purpose**

- 1.1.1 The public purpose to be served by these City Public Services (“CPS Energy”) Procurement Procedures Alternative to Chapter 252 (“Procedures”) shall be consistent with the “Philosophy and Public Purpose to be Served” section of the CPS Energy Board of Trustees Procurement Policy (“Procurement Policy”), with an increased emphasis on the following:
- (a) Increasing business efficiencies,
  - (b) Improving CPS Energy’s ability to compete,
  - (c) Maintaining a successful supplier development program; and
  - (d) Seeking opportunities to assist business units in choosing products and services that are environmentally preferable where best value deemed.
- 1.1.2 Furthermore, any activities by CPS Energy under these Procedures shall remain consistent with the philosophy and values and standards of behavior as outlined in the Procurement Policy and CPS Energy Ethics Policy.

##### **1.2 Scope of Procedures**

- 1.2.1 Procurements made by CPS Energy using these Procedures are exempt from the Local Government Code, Chapter 252. Procurement shall be conducted in a manner that conforms to the Procurement Policy, these Procedures and all applicable local, state, and federal procurement laws. Nothing in these Procedures precludes CPS Energy from utilizing other mechanisms for procurement that may be provided by law. These Procedures do not exempt CPS Energy from any other applicable statutory or legal requirement.
- 1.2.2 These Procedures do not change or apply to the subject matter addressed by the procurement resolution passed by the Board of Trustees on September 24, 2001, entitled “Resolution Adopting Alternative Procurement Procedures for Obtaining Fuel Supply and Related Services” (the “Fuels Resolution”), as amended. The Fuels Resolution together with the Procurement Policy, govern procurement of Fuel Supply and Related Services.

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<sup>1</sup> Adopted by the City Public Service Board of Trustees on September 30, 2002; Effective October 30, 2002, Revised December 2004, Revised April 2006, Revised January 2010, Revised March 2011, Revised November 2013, Revised August 2015, Revised June 26, 2017, Revised December 16, 2024.

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- 1.2.3 Sub-part 3.1 of these Procedures covers procurement-related aspects of CPS Energy's competitive matters that are subject to protection under the Open Meetings and Public Information Acts, respectively, Sections 551.086 and 552.133 of the Texas Government Code.
- 1.2.4 The senior executive leader of Supply Chain, or his/her designee, may adopt and revise the Procedural Guidelines for the Implementation of the Purchasing Resolution Approved by the Board of Trustees September 30, 2002 ("Guidelines"), as amended, consistent with the Procurement Policy and these Procedures to promote the uniform and consistent application of these Procedures.
- 1.2.5 If a "Compelling Business Reason" as described in Section VI of the Procurement Policy exists, CPS Energy is exempt from these Procedures, and may or may not apply Section 2.2 of these Procedures.

### **1.3 Approval and Review of Contracts**

- 1.3.1 The authority to approve and execute contracts for both purchase order and other types of transactions is delineated in the Policy for Designation of Financial Authorizations and the Contract Signatory Policy. The senior executive leader of Supply Chain may delegate to his/her designee the responsibility for the performance of procurement responsibilities for goods and services as outlined in these Procedures.
- 1.3.2 The Board of Trustees must approve expenditures for the procurement of goods and services exceeding those limits specified in Section IV of the Procurement Policy, except for any expenditure approved under Section VI of the Procurement Policy and Part 5 of these Procedures.
- 1.3.3 A change order or amendment shall be approved and/or executed based upon the value of the transaction contained within the change order or amendment as provided in Section 1.3.1 of this Procedure or Section VI of the Procurement Policy.
- 1.3.4 Actions taken under these Procedures shall be subject to audit on a regular basis.

## **Part 2. Procurement Process for Goods and Services**

### **2.1 General**

- 2.1.1 Threshold for Competitive Procurement Process. Except as provided in sub-part 2.4, CPS Energy shall utilize the competitive process outlined in sub-part 2.3 for expenditures equal to or in excess of \$50,000.
- 2.1.2 Advertising and/or Notice to Suppliers. As a rule, CPS Energy procurement solicitations will be published not less than five (5) calendar days, using any notification mechanism deemed sufficient by the senior executive leader of Supply

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Chain or his/her designee. The mechanisms may include, but are not limited to, publishing the solicitation online, via supplier portal, in a newspaper of general circulation, displayed on the Internet, or through the utilization of other similar electronic or written means. If the senior executive leader of Supply Chain determines, based on historical responses, an applicable CPS Energy supplier database, or any other reliable means, that not more than six (6) suppliers can reasonably meet CPS Energy's needs at the time of solicitation, notice may be conducted by any means and for such period of time as CPS Energy determines is reasonably necessary for the notice to be received by the applicable suppliers.

- 2.1.3 Bonding for Public and Non-Public Works. For procurements not deemed public works, the Field Representative, in consultation with Risk Management and an insurance representative, has the discretion to determine whether a bond requirement is otherwise appropriate based on a review of factors such as subcontracting opportunities, costs of bond and risks associated with delay of a project or a supplier being unable to complete performance or delivery of a quality product. For procurements deemed public works, a performance and payment bond shall be obtained from the successful offeror in the amount determined to be consistent with applicable law or if not commercially available, in an amount determined to be prudent and reasonable by CPS Energy. The bond shall be issued on the condition that the contractor will faithfully perform the contract, and shall be executed in a form and manner acceptable to CPS Energy.
- 2.1.4 Exceptions to Procedures. Determinations regarding the application of any exception under sub-part 2.4 shall be made by the senior executive leader of Supply Chain or his/her designee(s).
- 2.1.5 Reporting. If not required otherwise in these Procedures, all Procurement activity in excess of \$50,000 shall be reported to the Board of Trustees on a quarterly basis.

## **2.2 Supplier Development Program**

- 2.2.1 In accordance with the philosophy of the CPS Energy Board of Trustees, as outlined in the Board Procurement Policy under "Philosophy and Public Purpose to be Served" and "Values and Standards of Procurement Activities," CPS Energy is committed to a strong supplier development program. CPS Energy, therefore, encourages all segments of the Local business community to participate actively in CPS Energy's procurement process.
- 2.2.2 As deemed applicable under the Guidelines and all applicable laws, CPS Energy will use reasonable efforts to encourage primary (prime) contractors to support supplier development and provide the maximum practicable opportunities to local and small businesses for their sub-contracting opportunities.
- 2.2.3 The provisions are not meant to contravene any other requirements imposed by local, state or federal law or contract applicable to CPS Energy's procurement activities.

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- 2.2.4 The senior executive of Supply Chain will provide a report to the Board of Trustees of CPS Energy procurement activities and supplier development on a quarterly basis.

## 2.3 Solicitations

- 2.3.1 Issuance. The senior executive of Supply Chain, or his/her designee, will be responsible for determining and stating in the Guidelines the various types of solicitation methods available including, but not limited to, a Request for Quotation, a Request for Qualification, a Request for Proposal, and an Invitation For Bid in an Internet Auction, to support the procurement of goods and services by CPS Energy. This determination shall be made consistent with the Procurement Policy and with consideration given to the competitive needs and concerns stated by the Business Unit Representatives participating in the procurement. The methods shall be designed in such a way as to give CPS Energy the ability to take advantage of unique supplier expertise, new technologies, or other commercial developments and solicit a range of features, benefits and contract components from the offerors.
- 2.3.2 Evaluation. All solicitations issued by CPS Energy shall specify the critical evaluation factors to be used in evaluating the offers and the technical criteria deemed appropriate and necessary for determining whether an offeror is qualified for award as contemplated under Section 2.3.4. The award may be made after an initial evaluation and clarification of offers, or may be conducted in phases wherein CPS Energy short-lists the qualified offerors after an initial evaluation and then allows the short-listed offerors an opportunity for discussion and revisions of proposals prior to the award. All evaluations for procurements exceeding the specific limitations set forth by the Board of Trustees in the Procurement Policy, Section IV, will require risk management evaluation criterion. The business unit shall work with Risk Management to identify and determine the weighting of the criterion in the evaluation matrix.
- 2.3.3 Revisions. Revised proposals may be solicited at the discretion of CPS Energy, for any one or more elements of the procurement from any qualified offerors for the selected element. To obtain best and final offers, revisions by qualified offerors may be permitted by CPS Energy after submissions and before the award of a contract.
- 2.3.4 Awards Policy. The award shall be based on a good faith evaluation of those offers deemed to be the best value to CPS Energy considering the relative importance of price and the other presented factors. As examples of evaluation factors used in determining best value for CPS Energy, the factors might include installation costs, life cycle costs, quality and reliability of goods and services, environmental impact of product/service life cycle, delivery terms, indicators of probable supplier performance, cost of employee training, effects on productivity, safety risk, and all other factors deemed relevant to the desired objectives associated with a particular purchase. CPS Energy reserves the right to reject any and all offers, including those with variances, irregularities or deficiencies, to waive formalities, and to award a

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contract that represents best value and quality to CPS Energy and its customers.

## **2.4 Exceptions to Competitive Procurement Process**

2.4.1 The following exceptions provide a mechanism by which procurements may be made outside of the normal procurement processes embodied in these Procedures. To qualify for such an exception, the procurement must meet a critical and/or operational need of CPS Energy and require utmost flexibility in the procurement process in order to maintain CPS Energy's competitive position.

2.4.2 The following exceptions may be utilized in meeting CPS Energy's need for goods and services:

- (a) An emergency arising from a public calamity that necessitates an immediate purchase be made in order to protect the public safety or preserve public property;
- (b) A procurement made necessary due to unexpected environmental or operational conditions which, if not remedied efficiently and expeditiously, may materially impact health or safety of the public;
- (c) A procurement made immediately necessary because of unforeseen damage to or failure of CPS Energy's equipment, materials or items integral to CPS Energy's reliable and safe operations;
- (d) Captive parts or components for equipment, goods, services, or information technology, including but not limited to, software, hardware (servers, storage, network switches, routers, etc.), and information technology services, that are available from only one source or manufacturer;
- (e) A procurement of personal, professional or planning services that requires a labor, skill, or expertise which is predominantly mental or intellectual, rather than physical or manual and/or which are highly technical, creative or unique in nature;
- (f) Goods purchased by CPS Energy for subsequent retail sale or exchange;
- (g) Procurement made necessary for compliance with unanticipated regulatory or legal requirements affecting design or operation of CPS Energy infrastructure or equipment;
- (h) Procurement made necessary due to a potential financial loss associated with
  - (1) significant delays of a project through no fault of CPS Energy or
  - (2) market conditions which potentially threaten or adversely affect CPS' ability to obtain sufficient and/or uninterrupted goods or services, which are integral to CPS Energy's competitive position within the energy market, at the lowest available and commercially acceptable cost;
- (i) CPS Energy's need for the acquisition, lease or other trading of water rights for use in CPS Energy business operations;
- (j) The one-time renewal or extension of a contract for one additional term beyond the original term that is equal to or less than the original term provided that the contract was originally let on a competitive basis and the original commercial terms govern the extension without change except with respect to a commercially reasonable escalation in pricing;

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- (k) An interlocal agreement as contemplated by the Government Code Chapter 791.001;
- (l) The acquisition or lease, to include a renewal agreement, for property or real estate; and
- (m) A procurement of goods, services, and/or a Strategic Relationship designed to promote clean energy and energy efficiency initiatives, including a special evaluation process to be utilized when a procurement proposal is received from an existing Strategic Relationship partner who is in good standing with CPS Energy and is providing material, economic, educational or other comparable benefits to the community served by CPS Energy;
- (n) A procurement of Technology and Innovation Projects and Services designed to promote energy reliability, resiliency, sustainability, and/or efficiency; and
- (o) Procurement made necessary to address sensitive physical or cyber security vulnerabilities.

### **Part 3. Competitive Matter-Related Procurement**

#### **3.1 General Provisions**

- 3.1.1 In accordance with these Procedures, CPS Energy may conduct the procurement of goods and services related to any competitive matter described in Section 1.2.3 of this Procedure (a “Competitive Matter-Related Procurement”) through inquiry, solicitation, evaluation, discussion and decision Procedures under a competitive process, subject to this Part 3.
- 3.1.2 A procurement of Fuel Supply and Related Services as described in the Fuels Resolution is a Competitive Matter-Related Procurement. The CEO Direct Report of the area will consult with General Counsel and shall determine whether any other Competitive Matter-Related Procurement exists.
- 3.1.3 Information related to the Competitive Matter-Related Procurement may be protected from public disclosure to the extent legally permissible. Such reasonable means may include, but are not limited to, the presentation of information related to and the award of the procurement during an executive session during the meeting of the Board of Trustees.
- 3.1.4 For any Competitive Matter-Related Procurement, CPS Energy has the sole discretion to determine the type, manner, and timing of notice to the public and/or potential suppliers, and no published notice, public opening or a public reading shall be required. The process by which CPS Energy obtains Fuel Supply and Related Services is set forth in the Fuels Resolution.
- 3.1.5 All Competitive Matter-Related Procurement awards above \$50,000 shall be reported to the Board of Trustees on a quarterly basis. Approval of Competitive Matter-Related Procurements, in accordance with the Specific Limitations established in the Procurement Policy, may be handled in an executive session during the next meeting of the Board of Trustees.

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### **3.2 Trade Secrets, Proprietary or Confidential Information**

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- 3.2.3 CPS Energy may require prospective suppliers and/or third parties to enter into a written confidentiality agreement to protect confidential, competitive or proprietary information. Thereafter, should further commitments to a business relationship be desired between CPS Energy and a proposed supplier, CPS Energy may require the supplier, any of its subcontractors, and/or consultants to agree to further confidentiality obligations by written agreement to reasonably protect all information disclosed as a result of the procurement process.

## **Part 4. Construction Delivery Methods**

### **4.1 Use of Construction Delivery Methods**

- 4.1.1 CPS Energy may use the construction delivery methods ("Construction Delivery Methods") for its construction projects consistent with the requirements set forth in the Government Code, Chapter 2267, except as noted otherwise in these Procedures. The senior executive of Supply Chain is authorized to determine which Construction Delivery Method provides best value to CPS Energy when CPS Energy chooses to procure a construction project under Chapter 2267.
- 4.1.2 CPS Energy is a governmental entity, and as such, shall not be restricted in its utilization of the Construction Delivery Methods described in Chapter 2267. CPS Energy shall be fully authorized to utilize the competitive processes outlined in the Procurement Procedures in addition to those outlined in Chapter 2267 for all of its construction projects, and as allowed in Chapter 2267. The requirements found within the CPS Energy Procurement Policy and Procurement Procedures shall prevail over conflicting requirements found within Chapter 2267.
- 4.1.3 To the extent that CPS Energy utilizes the "design-build" Construction Delivery Method for procurement of a construction project, it may:

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- (a) Prepare a request for proposal that includes a request for a guaranteed maximum price or bid for the overall design or construction; and
- (b) CPS Energy reserves the right to determine, in its sole discretion, the type and amounts of security and risk mitigation instruments, such as performance and payment bonds, required of the selected design-build firm during the construction project.

**Part 5. Procurement of Legal Services**

Due to the unique nature of and the unpredictable need for legal services, CPS Energy may procure legal services through non-purchase orders, subject only to approval by CPS Energy's General Counsel or his/her designee. Notwithstanding anything herein, non-purchase orders for legal services shall not be subject to expenditure limits set forth in the Procurement Policy.

**Part 6. Corrective Action for Violation of Procedures**

Violations of these Procedures are subject to corrective action, up to and including termination of employment.



# ENGAGED CUSTOMER RELATIONSHIP UPDATE

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*PRESENTED BY:*

**DeAnna Hardwick**  
Chief Customer Strategy Officer

**December 16, 2024**  
*Informational Update*



# AGENDA

- Where we were – Customer Satisfaction (CSAT)
- Where we are – Engaged Customer Relationship (ECR)
- Insights and Actions
- Future Directions
- Q&A

**We incorporate insights derived from customer research to improve our customer's experience and now have the ability to benchmark through the use of the Engaged Customer Relationship (ECR).**

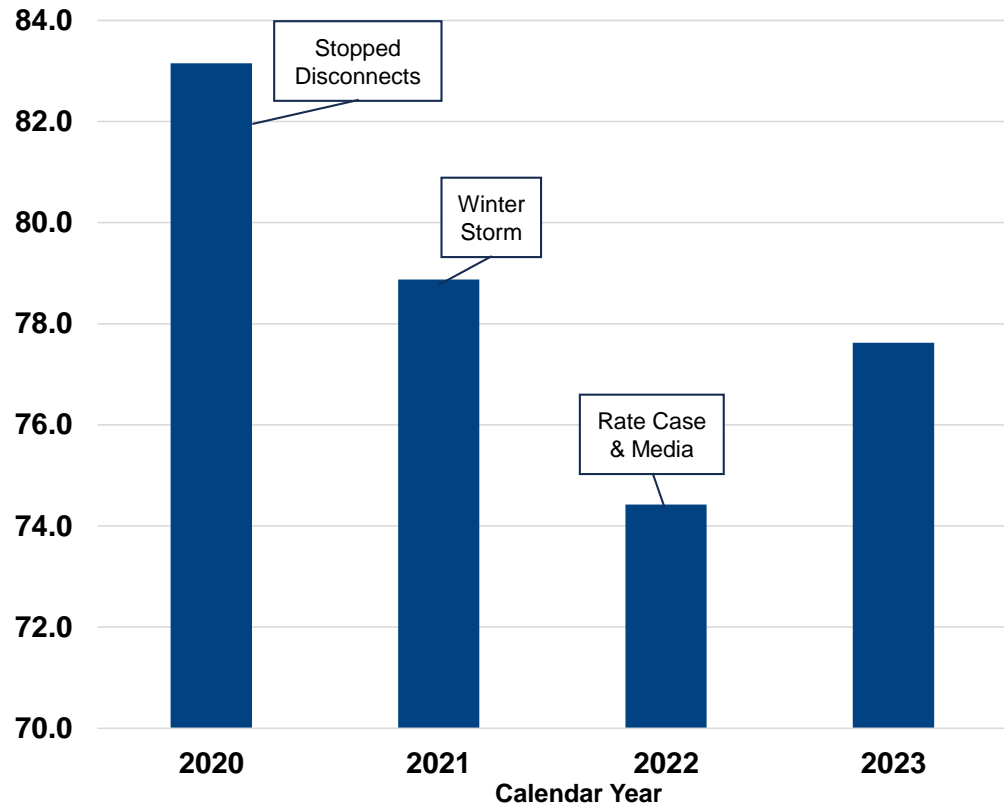
# GOING BEYOND CUSTOMER SATISFACTION



We measured Customer Satisfaction performance for almost fifteen years, striving to understand and enhance our customers' experiences with us.

While our results are beneficial and statistically significant, we recognize that there is more to uncover in our quest to truly evaluate our brand and deepen our perception of the value we provide.

## RESIDENTIAL CUSTOMER SATISFACTION



Customer Satisfaction survey administered by Escalent & scores and trending based on 12-month calendar average



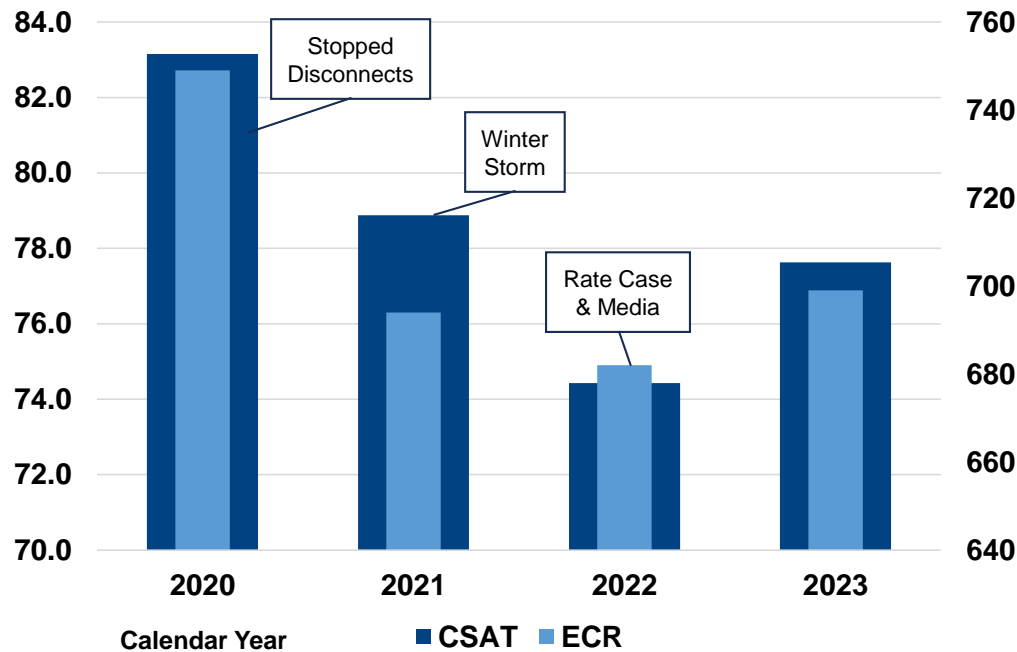
# CUSTOMER SATISFACTION METHODOLOGY OVERVIEW

	Residential
<b>Mode</b>	Phone survey
<b>Survey length</b>	Average of 20+ minutes, 120+ questions
<b>Population</b>	Residential customers of the CPS Energy electric, natural gas, and combination utility providers (based on residential customer counts)
<b>Sample size</b>	Approximately 1,600 on average in a twelve-month period
<b>Screening and weighting</b>	The sample design uses U.S. census data, strict quotas, and minimal statistical weighting post-fielding to ensure a demographically balanced, statistically representative sample of each evaluated utility's customers based on age, gender, income, race, ethnicity, and education level.



# GOING BEYOND CUSTOMER SATISFACTION

## RESIDENTIAL CUSTOMER SATISFACTION VS ENGAGED CUSTOMER RELATIONSHIP (ECR)



We introduced the Engaged Customer Relationship (ECR) score this year; however, we monitored it for over eight years.

The results are representative of our community makeup and statistically relevant. We can also measure against 140+ peer groups in a nationally syndicated utility benchmark study.

Customer Satisfaction survey administered by Escalent and scores and trending based on 12-month calendar average;

Engaged Customer Relationship study nationally benchmarked by Escalent and scores based on a 12-month rolling average

# ENGAGED CUSTOMER RELATIONSHIP METHODOLOGY OVERVIEW

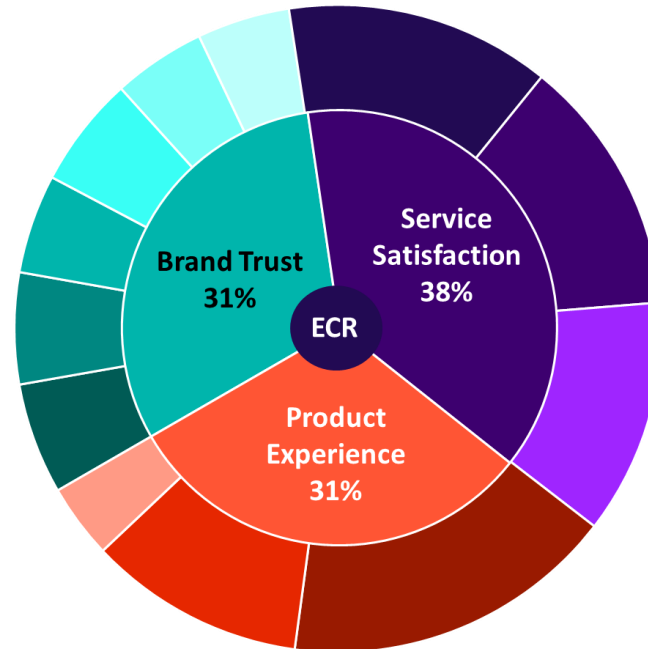


	Residential
<b>Mode</b>	Web survey
<b>Survey length</b>	Average of 25 minutes, 150 questions
<b>Population</b>	Residential customers of the 141 largest US-based electric, natural gas, and combination utility providers (based on residential customer counts)
<b>National Sample size</b>	Approximately 73,000+ on average in a trailing twelve-month period
<b>CPS Energy Sample size</b>	Approximately 800+ on average in a trailing twelve-month period
<b>Screening and weighting</b>	The sample design uses U.S. census data, strict quotas, and minimal statistical weighting post-fielding to ensure a demographically balanced, statistically representative sample of each evaluated utility's customers based on age, gender, income, race, and ethnicity.



# CUSTOMER PERCEPTION MEASURE

## ENGAGED CUSTOMER RELATIONSHIP (ECR) SCORE

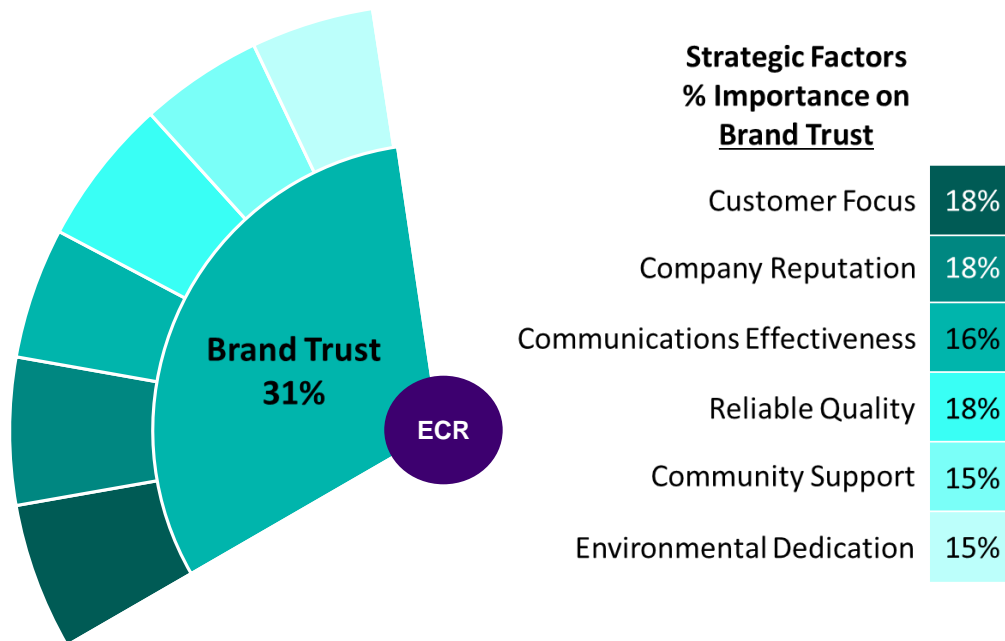


The Customer Perception measure focuses on three core components measuring Brand Trust, Service Satisfaction, and Product Experience over a rolling twelve-month average.



# CUSTOMER PERCEPTION MEASURE

## BRAND TRUST



**28 attributes contribute to the six Strategic Factors that comprise the Brand Trust component of the model.**

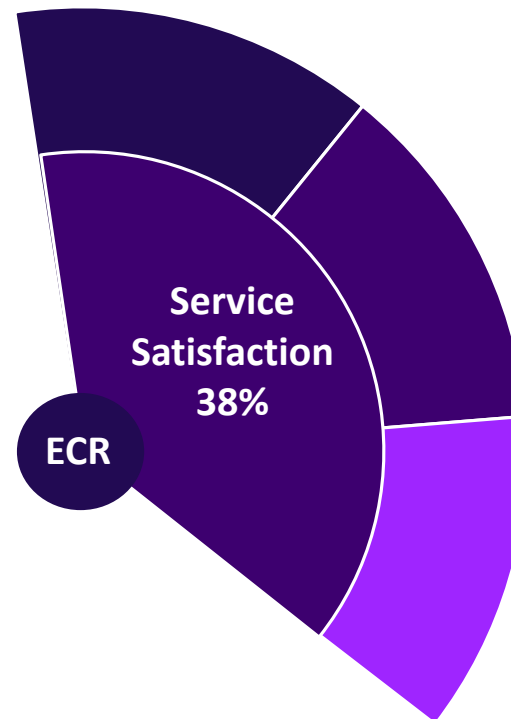
**These attributes allow us to pinpoint strengths or opportunities.**

# CUSTOMER PERCEPTION MEASURE

## SERVICE SATISFACTION



There are 19 attributes that comprise Service Satisfaction's three Strategic Factors.



### Strategic Factors % Importance on Service Satisfaction

35%	Safety & Reliability
34%	Billing & Payment
31%	Customer & Field Service

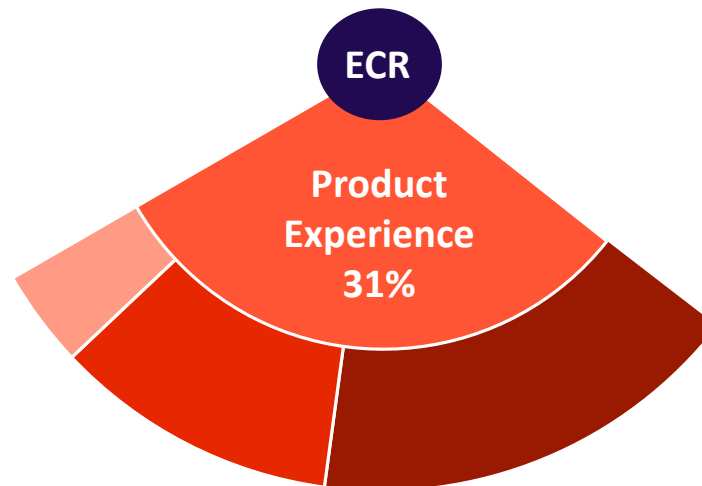
# CUSTOMER PERCEPTION MEASURE

## PRODUCT EXPERIENCE



### Strategic Factors % Importance on Product Experience

54%	Design Features
35%	Benefits Awareness
12%	Usage Performance

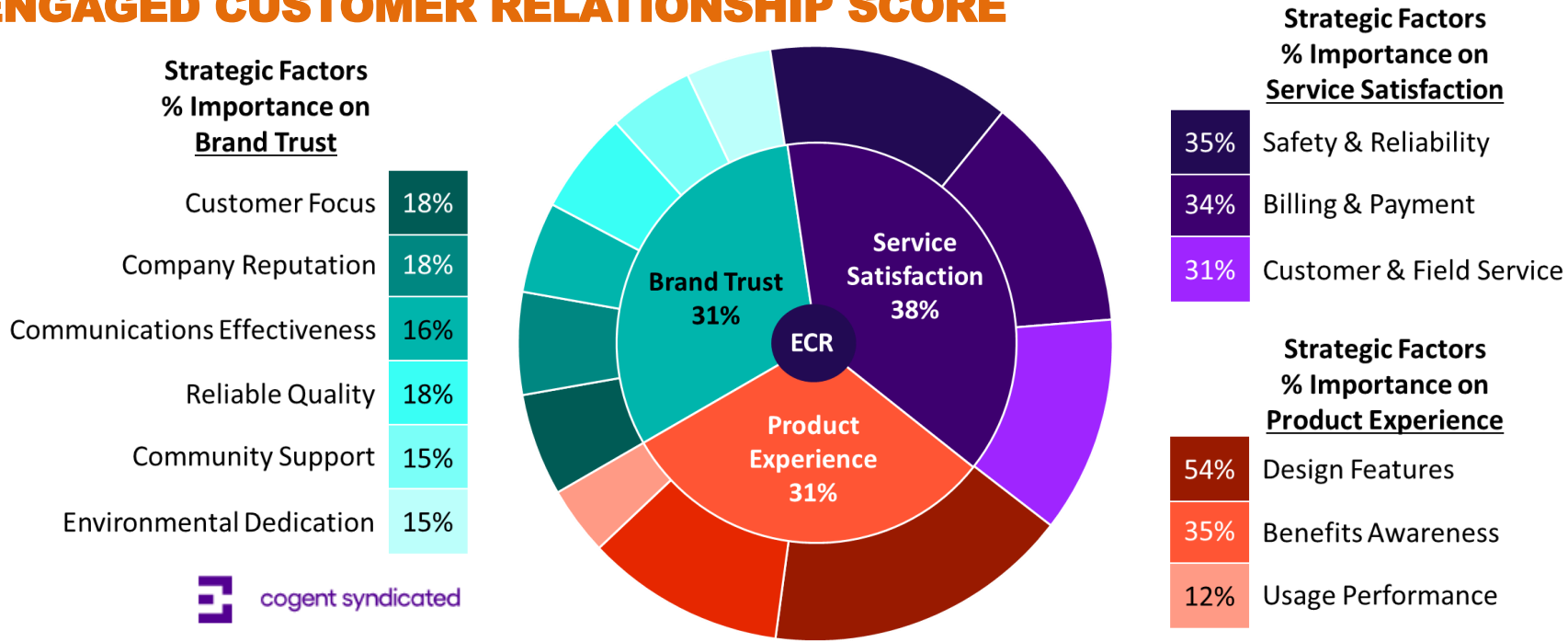


The Product Experience component has 12 attributes that underlie three Strategic Factors.



# CUSTOMER PERCEPTION MEASURE

## ENGAGED CUSTOMER RELATIONSHIP SCORE



Engaged Customer Relationship measure allows a holistic view of our customer's perception of our company.

# CPS ENERGY RESIDENTIAL CUSTOMER ENGAGEMENT DASHBOARD



Scores based on 1,000 being perfect.

Management Dashboard	2020 Score	CPS Energy Industry Rank	2021 Score	CPS Energy Industry Rank	2022 Score	CPS Energy Industry Rank	2023 Score	CPS Energy Industry Rank
<b>Engaged Customer Relationship</b>	<b>749</b>	<b>26</b>	<b>694</b>	<b>119</b>	<b>682</b>	<b>121</b>	<b>699</b>	<b>85</b>
<b>Brand Trust</b>	<b>732</b>	<b>22</b>	<b>670</b>	<b>121</b>	<b>651</b>	<b>124</b>	<b>669</b>	<b>97</b>
Customer Focus	736	37	666	122	642	126	658	106
Company Reputation	720	38	650	124	627	129	646	109
Community Support	687	13	655	59	638	82	648	47
Communications Effectiveness	757	34	701	122	689	127	715	88
Reliable Quality	756	25	665	129	655	131	674	118
Environmental Dedication	731	10	688	71	657	97	674	50
<b>Product Experience</b>	<b>730</b>	<b>16</b>	<b>683</b>	<b>89</b>	<b>670</b>	<b>96</b>	<b>691</b>	<b>50</b>
Product Design Features	735	12	694	87	681	99	708	49
Product Benefits Awareness	698	21	659	80	642	89	656	57
Product Usage	799	50	701	106	700	105	718	56
<b>Service Satisfaction</b>	<b>780</b>	<b>46</b>	<b>724</b>	<b>126</b>	<b>719</b>	<b>126</b>	<b>730</b>	<b>103</b>
Safety & Reliability	758	34	678	130	673	129	696	115
Billing & Payment	789	51	756	102	724	127	740	95
Customer & Field Service	795	68	742	128	765	102	758	99

Engaged Customer Relationship study nationally benchmarked by Escalent and scores based on a 12-month rolling average

# INSIGHTS TO ACTION



## SERVICE RELIABILITY

**Customer perception reflects a positive trend since 2021 with the opportunity to improve.**

**Recommendation:** Continue telling our story of improved outage communication and infrastructure improvements.

**Action taken:** Improved process to provide employees access to information related to outage communications and proactive notification of maintenance work.



## PAYMENT OPTIONS

**Providing customers options during their customer journey allows them to act on their terms resulting in an improved experience.**

**Recommendation:** Expand billing & payment features to reduce customer effort.

**Action taken:** Introduction of more convenient payment options that fit the needs of customers today.



## FINANCIAL ASSISTANCE

**38% of customers face increased challenges due to energy bills.**

**Recommendation:** Targeted communication of all the assistance program options to those qualified.

**Action taken:** Developed a website for the customer to receive products and service recommendations (targeted at income-qualified residential customers).

**We incorporate insights derived from customer research to improve our customer's experience.**

# RISK SUMMARY



Tracking ECR allows us to align our monitored risks related to customer experience, brand management, and community sentiment.

# 3RD QUARTER PERFORMANCE

## FY2025 ENTERPRISE MEASURE - AT RISK

### KEY OBSERVATIONS



Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year			Year End Forecast	Latest Estimate
						FY2023 CY2022	FY2024 CY2023	YTD Target	YTD Actual	Year-End Target		
	Customer Perception (Residential Engaged Customer Relationship - ECR)	quarterly	CY	#	↑	682	699	699	677	699	At Risk	680

#### Calls to Action:

- Promote ways to save through energy efficiency education
- Create predictability in spending through flat bill payments
- Creating awareness of our Horizon 2050 survey
- Personalized Value letters sent out in November
- Communicate regularly with evergreen materials

**Our ECR score shifted to "at risk" during the third quarter due to lower customer perceptions driven by lower media coverage and messaging recall.**

The screenshot displays the CPS Energy website with several key sections:

- HORIZON 2050:** A call to action for a long-term plan survey, with a link to [cpsenergy.com/horizon2050](https://cpsenergy.com/horizon2050).
- VISION 2027:** A section titled "An Evolving Utility" describing the company's commitment to providing reliable, competitively priced, and sustainable energy services.
- Energy Conservation:** A section encouraging customers to join in conserving energy and saving money, with a link to [cpsenergy.com/conservation](https://cpsenergy.com/conservation).
- Reliability is Important to You:** A section highlighting the company's investment in inspecting and managing plant and line growth to enhance reliability.
- How You've Made A Better Tomorrow:** A section celebrating customer contributions to the Sustainable Tomorrow Energy Plan (STEP).

# MONITORING FROM DIFFERENT PERSPECTIVES & CHANNELS



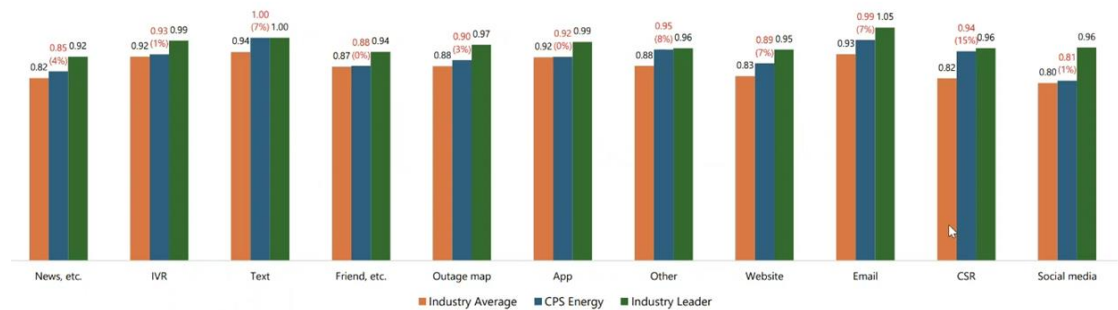
## American Public Power Annual Customer Awards Survey

CPS Energy 2023 and 2024 Comparison Data

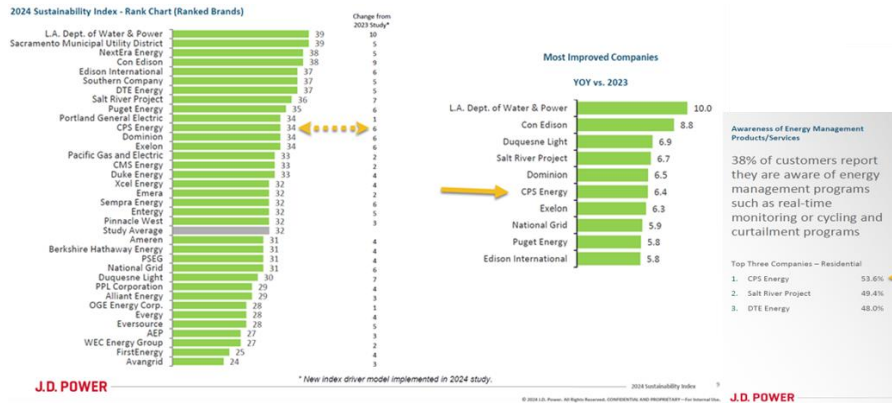
Characteristic	2023	2024
Providing consistent and reliable electric service to customers	73.00%	83.10%
Restoring power after an outage in a reasonable amount of time	68.70%	74.20%
Providing good service and value for the cost of electricity	64.60%	65.60%
Communicating with customers	70.20%	73.00%
Offering innovative programs and services	65.00%	65.50%
Overall satisfaction with local electric utility	74.10%	74.20%
Satisfaction with customer service	73.60%	74.00%
Satisfaction with field service	85.70%	71.40%
<b>Average</b>	<b>71.90%</b>	<b>72.60%</b>

## Normalized satisfaction for users of all information channels

Normalized satisfaction of customers using information channels



## JD Power Annual Sustainability Report



## Chartwell Outage Experience Benchmarking Results

CPS Energy provides a comprehensive My Energy Portal for customers. The benefits and use of the portal are explained on YouTube.



We see positive improvements to our customer perception in multiple research studies.

Screenshots of results shown above are enlarged for further viewing in appendix slide pages 22-24

# CONTINUING TO EVOLVE



## VISION 2027

An Evolving Utility



OPERATIONAL  
EVOLUTION



FINANCIAL  
STABILITY



CUSTOMER  
EXPERIENCE



TEAM  
CULTURE



COMMUNITY  
PARTNERSHIP &  
GROWTH



## HORIZON 2050

As we look ahead at the needs and opportunities of the future, CPS Energy is planning to ensure our organization can empower our community for generations.

Our **Horizon 2050** Strategic Framework defines our commitment to serving you for years to come.

Our next step is to solidify the Customer Experience strategy for our entire company.

# CX PROGRAM ASPIRATION

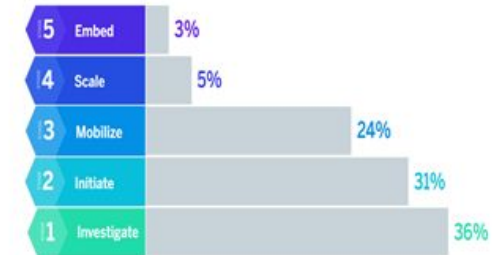


	Stage 1: <b>INVESTIGATE</b>	Stage 2: <b>INITIATE</b>	Stage 3: <b>MOBILIZE</b>	Stage 4: <b>SCALE</b>	Stage 5: <b>EMBED</b>
<b>Stage Description:</b>	The organization is not focused on XM as a strategic opportunity.	As leaders see the potential value in XM, they investigate how XM can help their organization and kick off isolated pockets of XM activities.	Once executives view XM as a strategic priority, the organization taps into full-time XM staff who distribute insights and drive experience improvements.	With strong XM practices in place, the organization systematically uses insights to identify and improve experiences and invests in engaging the entire workforce in XM.	In this final stage, XM skills are engrained across the organization, and experience is the basis for its ongoing differentiation.
<b>To advance to the next stage:</b>	Identify the "best" first steps and build buy-in with senior executives to acquire resources and support needed to begin.	Build wider understanding and cross-functional support of XM strategy. Deliver value from initial efforts to gain next level of commitment.	Mature XM program to drive action and improve pain points. Engage employees across the organization in understanding and demonstrating good XM behaviors.	Consistently use XM metrics and insights to improve experiences and track the impact of XM efforts. Deeply integrate XM into HR processes to reinforce good XM behaviors.	Sustain and evolve organization's capabilities to continuously listen, propagate insights, and rapidly adapt to the needs and expectations of all relevant stakeholders.

## The State of Customer Experience (CX) Maturity, 2023



Distribution of CX Maturity stages from companies that completed XM Institute's CX Competency and Maturity Assessment



Base: 220 CX Practitioners from companies with 1,000+ employees  
Source: Qualtrics XM Institute 2023 Q1 CX Practitioner Study  
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www.xminstitute.com

**We are currently in stage 2 of the maturity scale, providing pockets of improvement. Our goal is to develop an embedded Customer Experience to inform our transformational efforts.**



**THANK YOU**



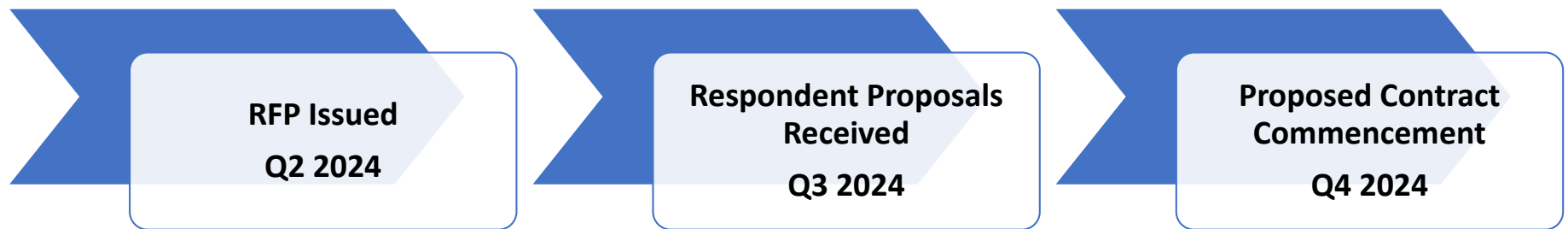
# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
CSAT	Customer Satisfaction	XM	Experience Management
ECR	Engaged Customer Relationship	Q	Quarter
RFP	Request For Procurement		
IVR	Interactive Voice Response		
CSR	Customer Service Representative		
YOY	Year over Year		
CX	Customer Experience		

## CX STRATEGY PARTNER

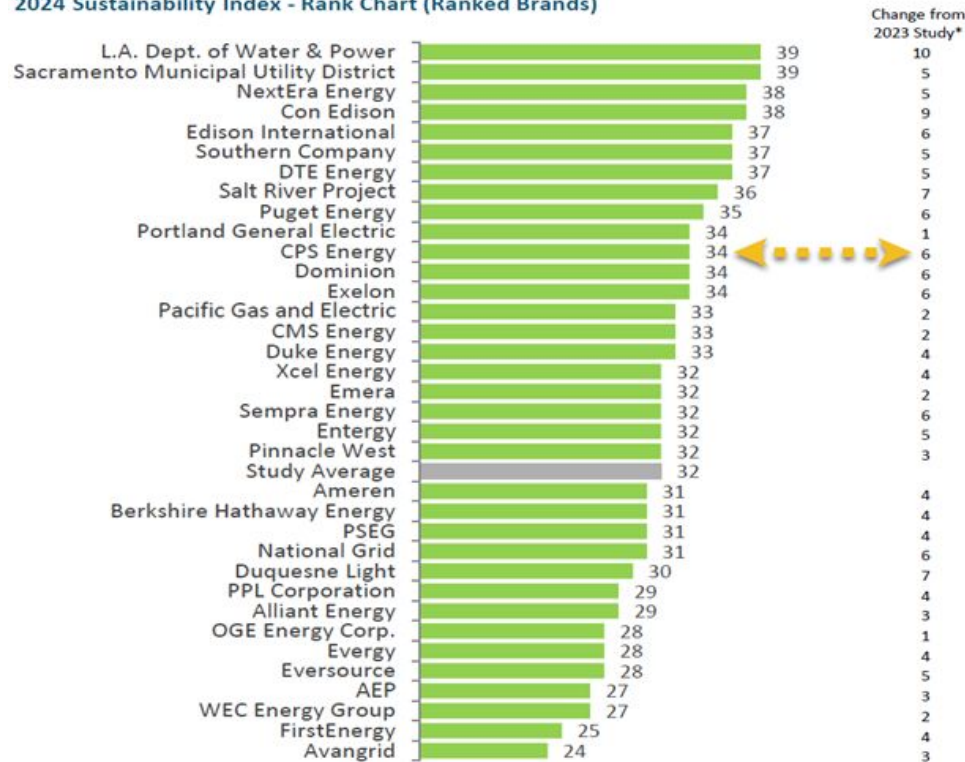


**We issued a Request for Proposal (RFP) for a consultant to help us enhance our approach to creating positive customer experiences.**

# JD POWER HIGHLIGHTS



2024 Sustainability Index - Rank Chart (Ranked Brands)



Most Improved Companies

YOY vs. 2023



**J.D. POWER**

\* New index driver model implemented in 2024 study.

2024 Sustainability Index 9

**In JD Power's Annual Sustainability Index, we are one of the top 10 most improved utilities.**

# JD POWER HIGHLIGHTS



## Awareness of Energy Management Products/Services

38% of customers report they are aware of energy management programs such as real-time monitoring or cycling and curtailment programs

## Top Three Companies – Residential

1.	CPS Energy	53.6%
2.	Salt River Project	49.4%
3.	DTE Energy	48.0%

CPS Energy provides a comprehensive My Energy Portal for customers. The benefits and use of the portal are explained on YouTube.

**J.D. POWER**

2024 Sustainability Index 23

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**We lead in customer awareness of our energy management products and/or services.**

# AMERICAN PUBLIC POWER ASSOCIATION HIGHLIGHT



## American Public Power Annual Customer Awards Survey

### *CPS Energy 2023 and 2024 Comparison Data*

<b>Characteristic</b>	<b>2023</b>	<b>2024</b>
Providing consistent and reliable electric service to customers	73.00%	83.10%
Restoring power after an outage in a reasonable amount of time	68.70%	74.20%
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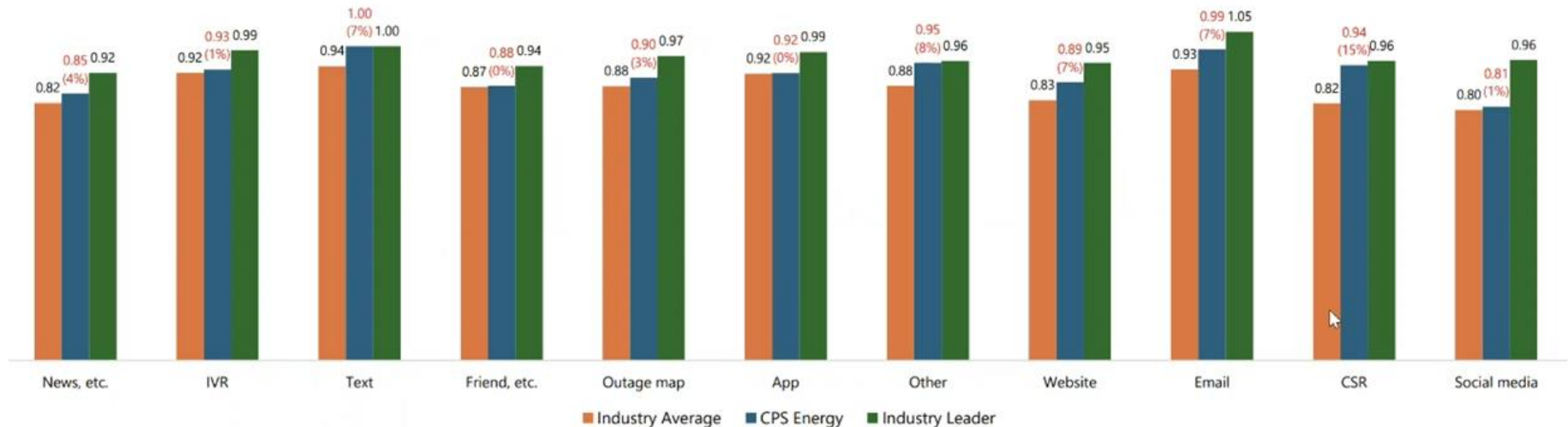
**Customer's perceptions have improved year-over-year in most characteristics.**

# CHARTWELL HIGHLIGHT



## Normalized satisfaction for users of all information channels

Normalized satisfaction of customers using information channels



## Chartwell Outage Experience Benchmarking Results

We are rated above average by our customers across all channels.



# **FY2025 THIRD QUARTER PERFORMANCE UPDATE**

*PRESENTED BY:*

**Cory Kuchinsky, CPA**

Chief Financial Officer & Treasurer (CFO)

**Elaina Ball**

Chief Strategy Officer

**AS OF OCTOBER 31, 2024**

*Informational Update*

# AGENDA



- Financial Performance
- Past Due Accounts Update
- Enterprise Scorecard Recap

**Our objective is to provide you with an update on our Q3 (as of October 31, 2024)  
Financial & Enterprise Performance.**

# FINANCIAL PERFORMANCE



## Q3 UPDATE

- Warmer weather in October has resulted in core business sales slightly above Plan.
- Wholesale revenues continue to outperform the Plan primarily due to the asset purchase in May. Current wholesale performance is temporary in nature due to the CCL acquisition and will help support future investments and the implementation of our Board-approved Generation Plan.
- Year-to-date cost trends continue:
  - O&M costs remain higher due to storm-related work, gas leak repair-related materials and expenses, and the expected costs from the Corpus Christi and Laredo (CCL) plant acquisition.
  - Capital costs continue to be above Plan due to transmission-related investments.

# FLOW OF FUNDS

## YEAR-TO-DATE ACTUAL VS. PLAN



(\$ in millions)			
Description	FY2025		
	Plan	Actuals	Variance: (Under Plan) Over Plan
Revenues, net of unbilled <sup>1</sup>	\$ 2,535.0	\$ 2,808.7	\$ 273.7
Less: fuel & regulatory expense	883.2	904.5	21.3
Less: Operation & maintenance	673.1	718.4	45.3
Revenues, net of Operating Expenses	978.7	1,185.8	207.1
Less: Debt service	360.2	381.4	21.2
6% Gross Revenue to R&R	152.1	168.5	16.4
Less: city payment (CP) per flow of funds	330.8	357.7	26.9
Remaining to R&R	135.6	278.2	170.1
Total R&R fund additions	\$ 287.7	\$ 446.7	\$ 159.0
Gross CCL Capital <sup>2</sup>		\$ 779.4	\$ 779.4
Gross Non-Transmission Capital	\$ 607.7	585.5	(22.2)
Gross Transmission Capital	71.0	111.1	40.1
Total Gross Capital	\$ 678.7	\$ 1,476.0	\$ 797.3

### Highlights:

#### • Total Revenues & Contribution

- Weather-driven demand and additional wholesale length from the CCL acquisition has helped revenues and total R&R contributions exceed Plan.

#### • Operation & Maintenance

- Continue to be over plan primarily due to storm-related work, gas leak repair-related materials and expenses, and the expected costs from the CCL Plants.

#### • Debt Service

- Debt-related expenses continue to be over Plan due to the expected interest payments related to the CCL acquisition.

#### • Capital

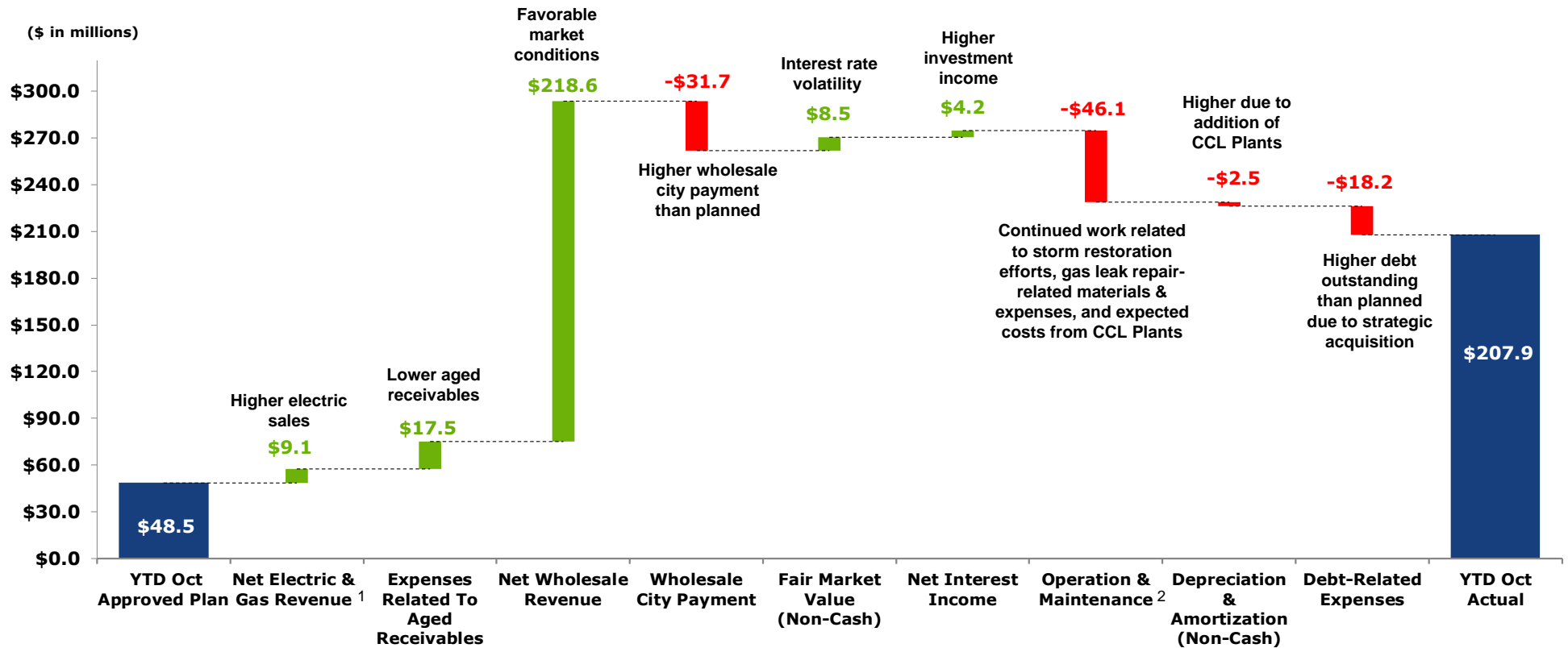
- Transmission capital continues to be above plan primarily due to carryover cost for Howard Rd. Switchyard and Elm Creek Reactor from FY2024 to FY2025, plus acceleration of project timing for ERCOT/South San Reliability, and large load customer projects.

<sup>1</sup> October YTD bad debt expense of \$(4.1M) vs \$13.4M for Plan which is \$(17.5M) under Plan.

<sup>2</sup> The \$785M initial purchase price is comprised of \$779.4M of capital; the remaining \$5.6M consists of working capital and a congestion revenue rights portfolio.

# FY2025 YTD NET INCOME

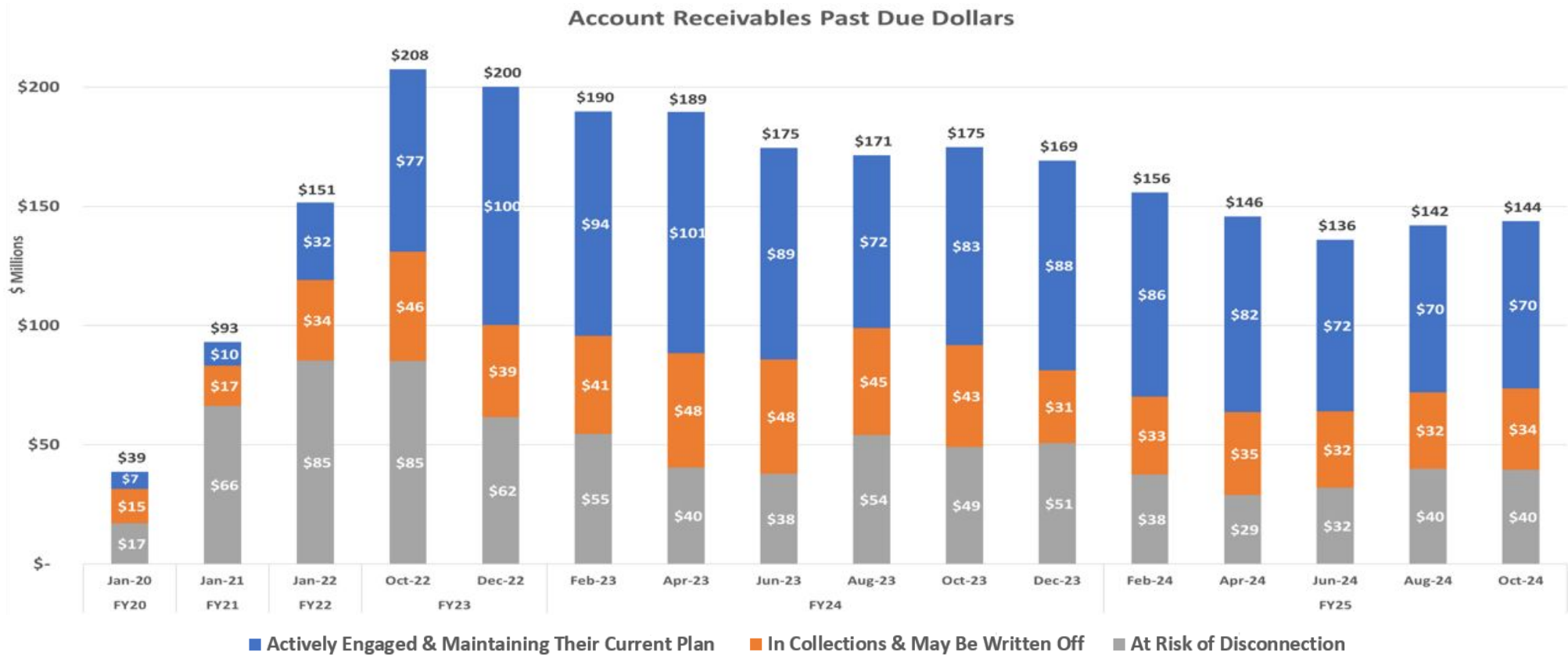
## PLAN TO ACTUAL WALK-FORWARD



<sup>1</sup> 'Net electric & gas revenue' is net of gross revenue (billed & unbilled), net TCOS revenues, fuel & reg, & core business city payment.

<sup>2</sup> O&M and debt-related costs due to CCL acquisition were considered during due diligence process. Variances compared to the approved FY2025 budget are expected this fiscal year.

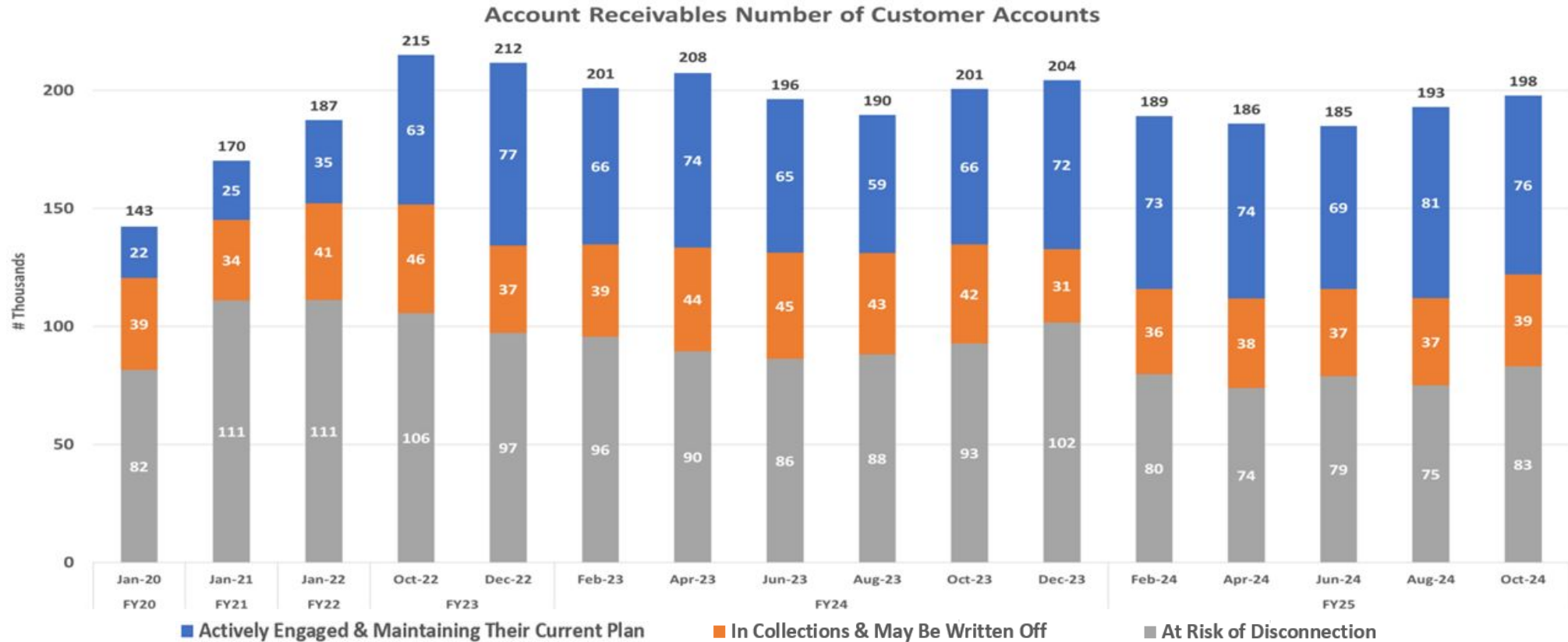
# ACCOUNT RECEIVABLES PAST DUE DOLLARS



**Since the peak of past-due dollars in October 2022, the overall past-due dollars have decreased from \$208M to \$144M, or a decrease of 31%.**

# ACCOUNT RECEIVABLES

## NUMBER OF CUSTOMER ACCOUNTS



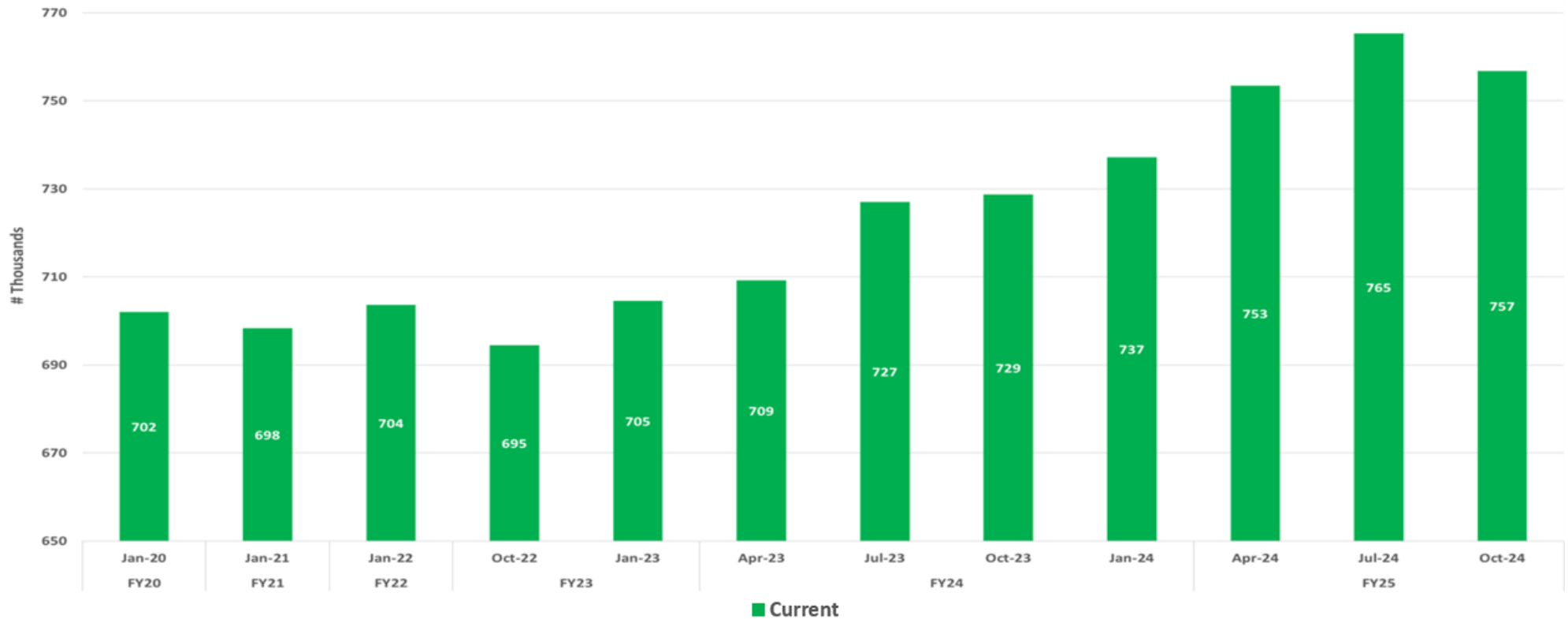
Since October 2022, we have successfully reduced the number of customers with past-due balances by over 17,000, representing a significant 8% decrease. Currently, 17% of active customer accounts are past-due; among those over 38% are managing their balances through installment plans.



# ACCOUNT RECEIVABLES

## NUMBER OF CUSTOMER ACCOUNTS

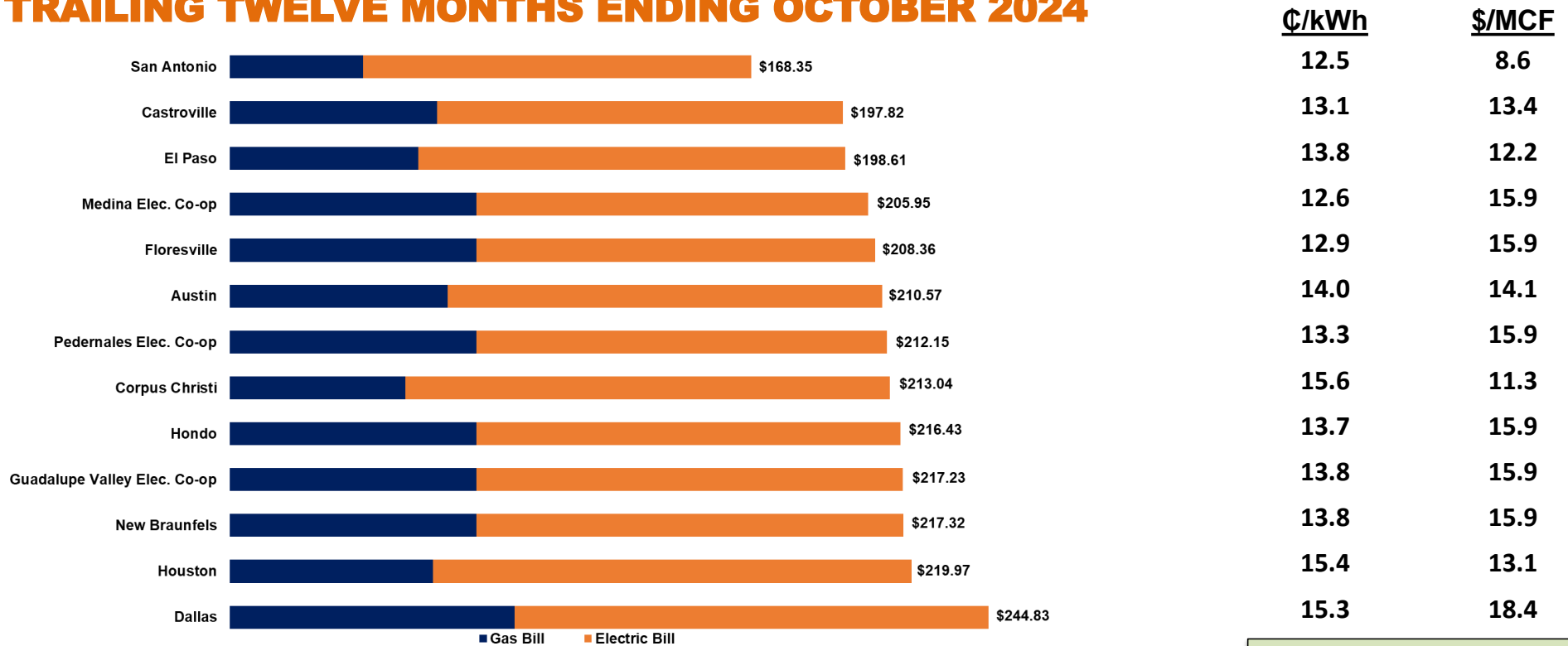
Account Receivables Number of Customer Accounts



The number of current customers has grown by over 50,000 compared to October 2022 (our peak past due period). On average, 79% of our customers are current on their bills.

# TEXAS & LOCAL CITIES COMBINED RESIDENTIAL BILL COMPARISON

## TRAILING TWELVE MONTHS ENDING OCTOBER 2024



**1,000 kWh & 5 MCF**

Note: Deregulated markets electric data from powertochoose.org (Term 12 mos.; 4&5 star rated REPs).  
San Antonio is the only city that has a single electric & gas provider.

# FINANCIAL PERFORMANCE CONT'D.



## FORWARD GUIDANCE

- We are making modest upward revisions to our revenue forecast due to weather and generation length from CCL. As we lock-in more forward sales, we are revising our wholesale revenue forecast up to \$300M on a full-year basis, which is ~\$260M higher than Plan.
- We have seen good progress on our accounts receivables and expect bad debt levels to fall below planned levels.
- O&M is expected to be higher than Plan primarily due expected to costs from the CCL purchase and storm-related restoration efforts.
- Total Capital is expected to come in higher than Plan due to transmission-related investments.
- Our financial metrics are expected to outperform and/or stay in line with Rating Agency thresholds. Our total fiscal resiliency score is expected to stay above 3.0, indicating good financial health for our Credit Rating.



# **FY2025 ENTERPRISE SCORECARD**

# FY2025 ENTERPRISE SCORECARD

## DRIVING ACTIONS TO DELIVER ON OUR MISSION



## VISION 2027 OBJECTIVES

OPERATIONAL  
EVOLUTIONFINANCIAL  
STABILITY

CUSTOMER EXPERIENCE

TEAM  
CULTURECOMMUNITY PARTNERSHIP  
& GROWTH

## Strategic Execution - Forward Looking Progress Towards Vision 2027

Power Generation Plan		System Resiliency & Growth		EVOLVE: Enterprise Resource Planning		Customer Experience	
FY2025 Milestone	Status	FY2025 Milestone	Status	FY2025 Milestone	Status	FY2025 Milestone	Status
Execute Power Purchase Agreement(s) (PPA) pursuant to Storage Request for Proposal (RFP)	On Track	Commission Tejas and Westcreek station gas supply projects	On Track	Finalize Enterprise Resource Planning (ERP) technology contract	Completed	Target outreach and messaging by customer preference	Completed
Start procurement for Peaking Project 1	Completed	Begin routing process to build San Antonio South Reliability Transmission Line, complete Howard Rd substation site work expansion	On Track	Select system implementation partner	On Track	Create Customer Experience (CX) Championship Team	On Track
Notify and seek ERCOT response on intent to retire Braunig 1, 2 & 3	Completed	Complete ADMS hardware deployment, EMS functional acceptance testing and ADMS/GIS utility network final data conversion	At Risk	Establish comprehensive change management and communication strategy	On Track	Expand customer equity programs qualification and enrollment approach	Completed
Execute new acquisition integration plan	On Track					Enhance customer offerings and service offerings	On Track

Enterprise Measure Targets (yellow indicates Year End target is At Risk and red indicates measure is Unrecoverable; details on FY2025 ENTERPRISE MEASURE RESULTS slide)

57.68

Average Customer  
Outage Duration

0.54

Gas Safety

90.5%

Plant Availability

≥3.0

Fiscal  
Resiliency

699

Customer Perception

4.15

Living Mission &  
Values

1.12

Safety Performance

70%

Strategically  
Investing in the  
Community

Milestones and measures are aligned with our Mission, Vision 2027, and Strategic Objectives.

12



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ADMS	Advanced Distribution Management System	Debt Capitalization Ratio	Measurement that shows the proportion of debt a company uses to finance its assets, relative to the amount of cash (equity) used for the same purpose
ADP	Affordability Discount Program	Debt Service	In the Flow of Funds, the annual amount of principal and interest payments due to bond holders
Adjusted Debt Service Coverage Ratio (ADSC)	Measurement of available cash flow to pay current debt obligations	DLOH	Days Liquidity on Hand
CapEx	Capital Expenditure	DOE	Department of Education
CCF	100 Cubic Feet of Gas	ECR	Engaged Customer Relationship
CCL	Corpus Christi and Laredo (natural gas plants)	EDS	Energy Delivery Services
CIAC	Contribution in Aid of Construction	EIT	Enterprise Information Technology
CMEAF	Critical Months Equivalent Availability Factor	EMS	Emergency Management System
CP	City Payment	EPA	Environmental Protection Agency
CY	Calendar Year	EPC	Engineer, Procure, Construct
Days Cash on Hand (DCOH)	Represents the number of days a company can continue to pay its operating expenses with current cash available	ERCOT	Electric Reliability Council of Texas

# GLOSSARY / DEFINITIONS CONT'D.



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning	LTSA	Long- Term Service Agreement
EV	Electric Vehicle	MCF	1000 Cubic Feet of Gas
EVOLVE	Program for implementing ERP system	MRA	Must Run Alternatives
FEMA	Federal Emergency Management Agency	MW	Megawatt
FPL	Federal Poverty Level	NOE	Notice of Enforcement
FY	Fiscal Year	NOV	Notice of Violation
GIS	Geographic Information System	O&M	Normal costs incurred to keep business operations ongoing (Operating & Maintenance)
GRIP	Grid Resilience and Innovation Partnerships	OER	Operational Efficiency Review
I&E	Instrumentation and Electrical	OMS	Outage Management System
IEEE	Institute of Electrical and Electronics Engineers	OPEB	Postemployment benefits other than pension benefits (Other Post-employment Benefits)
kWh	Kilowatt-hour	OSHA	Occupational Safety and Health Administration
LE	Latest Estimate	OSS	Off-System Sales

# GLOSSARY / DEFINITIONS CONT'D.



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
PCA	Portfolio Commercial Availability	SAIDI	System Average Interruption Duration Index
PowerGADS	Power Generating Availability Data System	SAIFI	System Average Interruption Frequency Index
PPA	Power Purchase Agreement	SAP	Systems Applications and Products in Data Processing
R&R	A restricted cash account which may be used to fund construction costs (Repair & Replacement account)	SCADA	Supervisory Control and Data Acquisition
REP	Retail Electric Provider	STP	South Texas Project
RFP	Request for Proposal	TCEQ	Texas Commission on Environmental Quality
RFQ	Request for Quote	TCOS	Transmission Cost of Service
RIR	Recordable Incident Rate	UN	Utility Network
RMR	Reliability Must Run	Wholesale Revenue net Fuel	Revenues from market sales of incremental power produced less the cost of fuel to produce the power
RnF	Revenue net Fuel	WRAP	Weatherization Repair Assistance Program
S&P	Standard & Poor's	YTD	Year-to-Date

# STRATEGIC ASSETS ACQUISITION



## STRATEGIC VIEW

- Investments were pulled forward and align with the implementation of our Board approved Generation Plan (Jan 2023)
- Reduced risk profile associated with new construction

## FINANCIAL VIEW

- The \$785M Corpus Christi & Laredo (CCL) plant acquisition reduces our aggregate capital spend for a similar amount of generation by ~50%
- Modest near-term impact on financial metrics; however, there is long-term recovery and outperformance relative to plan as soon as FY2030
- 25-year levelized bill impact of ~\$1.00 / month savings to customers

# CCL GENERATION ASSETS



① Barney Davis CCGT ("BD-CC") – 605 MW



② Nueces Bay CCGT ("NB") – 635 MW



① Barney Davis ST ("BD-1") – 292 MW



③ Laredo CT ("LD") – 178 MW



# FY2025 ENTERPRISE MEASURE RESULTS

## AS OF OCTOBER 31, 2024



Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year (FY2025 / CY2024)			Year-End Forecast	Latest Estimate
						FY2023	FY2024	YTD Target	YTD Actual	Year-End Target		
						CY2022	CY2023					
Operational Evolution	Average Customer Outage Duration (System Average Interruption Duration Index - SAIDI)	monthly	CY	#	↓	59.81	61.19	50.61	55.48	57.68	Unrecoverable	62.56
	Plant Availability <sup>1</sup> (Critical Months Equivalent Availability Factor - CMEAF)	monthly	CY	%	↑	88.9	94.4	90.5	89.5	90.5	Unrecoverable	N/A <sup>2</sup>
	Gas Safety (Leaks Remaining at End of Year Per 1,000 Customers)	monthly	CY	#	↓	0.58	0.61	0.54	0.24	0.54	On Track	0.54
Financial Stability	Fiscal Resiliency <sup>3</sup> (Index of Key Financial Measures)	monthly	FY	#	↑	3.13	3.71	3.20	3.46	≥3.0	On Track	3.13
Customer Experience	Customer Perception (Residential Engaged Customer Relationship – ECR)	quarterly	CY	#	↑	682	699	699	677	699	At Risk	680
Team Culture	Living Mission & Values <sup>4</sup> (Gallup 12+ Index)	annually	FY	#	↑	NT <sup>5</sup>	4.12	4.15	-	4.15	On Track	-
	Safety Performance (Enterprise Recordable Incident Rate - RIR)	monthly	FY	#	↓	1.49	0.85	1.12	1.30	1.12	Unrecoverable	1.28
Community Partnership & Growth	Strategically Investing in the Community (Local Spend Percentage)	quarterly	FY	%	↑	73.97	74.78	70.00	75.80	70.00	On Track	73.00

<sup>1</sup> Critical month calculation includes January, February, and June through September

<sup>2</sup> N/A signifies LE not applicable due to completion of measurement period in September

<sup>3</sup> More information about this measure can be found in the Monthly Financial Update

<sup>4</sup> A dash (-) in the Latest Estimate represents no data currently available due to measure being reported annually

<sup>5</sup> NT signifies no historical results in FY2023 because measure was **not tracked**

# FY2025 FISCAL RESILIENCY SCORE

## AS OF OCTOBER 31, 2024



Enterprise Measure	Component Name	Index Weight	Unit	Target Indicator	Historical Actuals		Current Year (FY2025 / CY2024)			Latest Estimate
					FY2023	FY2024	YTD Target	YTD Actual	Year-End Target	
					CY2022	CY2023				
Fiscal Resiliency	Adjusted Debt Service Coverage (ADSC)	33.0%	#	↑	1.89	2.21	1.80	2.18	1.60 - 1.99x	1.98
	Debt Capitalization	27.0%	%	↓	61.8	60.8	61.7	62.4	55% - 64%	62.5
	Days Cash on Hand (DCOH)	15.0%	#	↑	166	201	192	171	150 - 199	180
	Days Liquidity on Hand (DLOH)	15.0%	#	↑	305	432	430	431	200 - 274	423
	Non-Fuel Revenue w/OSS RnF	5.0%	\$	↑	1,460.5	1,784.1	1,301.1	1,550.2	-5.00% to +4.99%	1,942.6
	O&M	2.5%	\$	↓	688.7	787.6	672.1	718.2	+/- 2.01% to 5.00%	949.6
	Capital Budget (Gross of CIAC)	2.5%	\$	↓	788.3	1,004.6	678.7	1476.0	+/- 2.01% to 10.00%	1,849.4
Fiscal Resiliency Weighted Index Score							3.20	3.46	≥3.0	3.13

The Fiscal Resiliency Score includes the new asset acquisitions and is projected to end the year >3.0.

# FY2025 ENTERPRISE MEASURE - AT RISK

## KEY OBSERVATIONS



Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year			Year End Forecast	Latest Estimate
						FY2023	FY2024	YTD Target	YTD Actual	Year-End Target		
						CY2022	CY2023					
Operational Evolution	Customer Perception (Residential Engaged Customer Relationship - ECR)	quarterly	CY	#	↑	682	699	699	677	699	At Risk	680
	<p><b><u>Key Observations:</u></b></p> <p><b><u>Drivers:</u></b></p> <ul style="list-style-type: none"><li>• 3rd quarter survey results indicated perceptions declined in affordability, safety and reliability</li></ul> <p><b><u>Mitigations:</u></b></p> <ul style="list-style-type: none"><li>• Creating awareness and engagement on Horizon 2050: We're emphasizing our long-term commitment to a reliable, affordable, and sustainable energy future while proactively asking our customers for their feedback</li><li>• Highlighting Winter Savings and Preparedness: We'll continue to be proactive tips and information to help customers save money and stay comfortable during the colder months</li><li>• Personalized Outreach: Every customer will receive a tailored letter outlining their energy use this year. The letter will also highlight our dedication to improve reliability and share information on our support programs</li><li>• Continue to focus on communicating the value we provide our community through campaigns that highlight the benefits of being publicly owned and ongoing updates to the availability of our assistance programs</li></ul>											

# FY2025 ENTERPRISE MEASURE - UNRECOVERABLE

## KEY OBSERVATIONS



Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year			Year End Forecast	Latest Estimate
						FY2023	FY2024	YTD Target	YTD Actual	Year-End Target		
						CY2022	CY2023					
Operational Evolution	Average Customer Outage Duration (System Average Interruption Duration Index - SAIDI)	monthly	CY	#	↓	59.81	61.19	50.61	55.48	57.68	Unrecoverable	62.56
	Key Observations:											
	Drivers:											
	<ul style="list-style-type: none"><li>The first quarter of 2024 was met with severe weather patterns, resulting in an ice event in January and record setting rainfall throughout April</li><li>Equipment failure and tree outages are also contributing to outage duration</li><li>Previous reliability improvement efforts are showing a positive trend to the performance of priority circuits</li><li>Two high SAIDI days in June and July were result of storms; equipment failure and trees were also major contributors</li></ul>											
	Mitigations:											
	<ul style="list-style-type: none"><li>Addressing poor performing reliability circuits with enhanced inspections to identify maintenance and tree trimming needs</li><li>For substations, wildlife mitigation systems are being added as well as enhancing bi-annual inspections</li><li>Continuing investments with Capex reliability programs</li></ul>											

# FY2025 ENTERPRISE MEASURE - UNRECOVERABLE



## KEY OBSERVATIONS

Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year			Year End Forecast	Latest Estimate
						FY2023	FY2024	YTD Target	YTD Actual	Year-End Target		
						CY2022	CY2023					
Operational Evolution	Plant Availability (Critical Months Equivalent Availability Factor – CMEAF)	monthly	CY	%	↑	88.9	94.4	90.5	89.5	90.5	Unrecoverable	N/A
	Key Observations:											
	Drivers: • Spruce 2 boiler tube leaks - 25% driver • Spruce 1 induced draft fan shaft crack and broken coupling repairs - 16% driver • Sommers 2 condensate pump magnetic coupling failure. Motor repaired offsite and reinstalled - 12% driver											
	Mitigations: • Unit Perspective (Spruce 2) – Replacing/upgrading boiler tube assemblies, enhancing boiler instrumentation for increased monitoring and evaluating operational adjustments to prevent localized overheating • Fleet Perspective – Reprioritization of overhaul services to enhance outage planning and execution • Continued investments with CapEx reliability programs  NOTE: Calculation period for this measure ended in September 2024											

# FY2025 ENTERPRISE MEASURE - UNRECOVERABLE



## KEY OBSERVATIONS

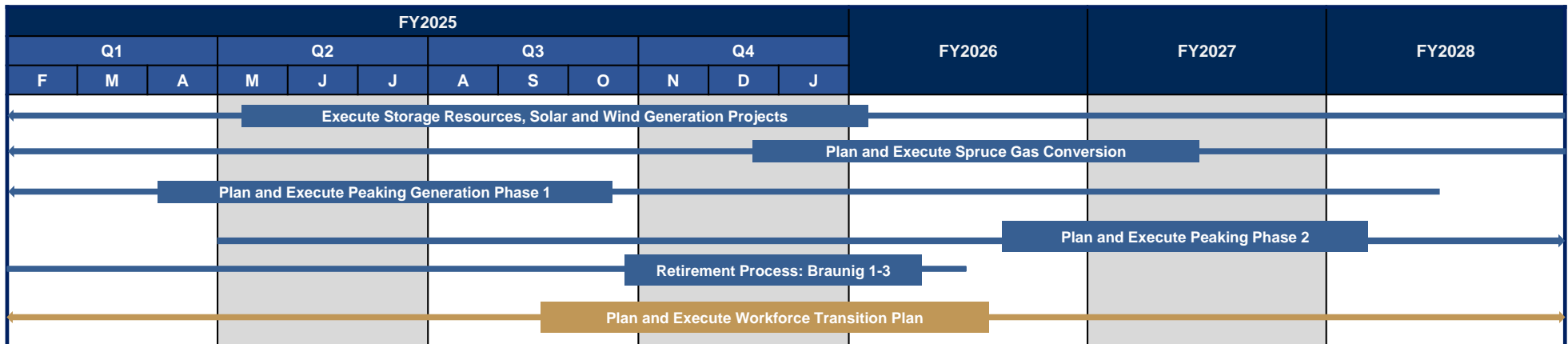
Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year			Year End Forecast	Latest Estimate
						FY2023	FY2024	YTD Target	YTD Actual	Year-End Target		
						CY2022	CY2023					
Team Culture	Safety Performance (Enterprise Recordable Incident Rate - RIR)	monthly	FY	#	↓	1.49	0.85	1.12	1.30	1.12	Unrecoverable	1.28
	<div>Key Observations:</div> <div>Drivers:<ul style="list-style-type: none"><li>• 33 Recordable Incidents</li><li>• One fatality</li></ul></div> <div>Mitigations:<ul style="list-style-type: none"><li>• Incorporate high &amp; low energy sources into Safety Tailboards</li><li>• Energy Delivery Services (EDS) Overhead Department has implemented updates to the accident prevention guidebook, qualified climber procedures, and better defined when work must be isolated/insulated. This will supplement updates to the stop work authority program and trainee development plan</li><li>• Enhance medical surveillance program</li></ul></div>											

# POWER GENERATION PLAN



**Goal: Transition power generation portfolio to reduce emissions while providing reliable and affordable energy to meet growing community needs**

FY2025 Milestones	Status	Updates
Execute PPA pursuant to Storage RFP	On Track	<ul style="list-style-type: none"> <li>Executed contract for 120 MW of 4-hour storage capacity. Total capacity for FY2025 is 470 MW of 4-hour storage capacity</li> <li>Negotiating additional contract for 10 MW of 4-hour storage capacity. Remaining contract is planned to be executed in Q4 of FY2025</li> </ul>
Start procurement for Peaking Project 1	Completed	<ul style="list-style-type: none"> <li>Engine and generator step up (GSU) procurement processes started. Engine request for proposal (RFP) estimated to go out for bid in December 2024 and GSUs in February 2025</li> </ul>
Notify and seek ERCOT response to intent to retire Braunig 1, 2 & 3	Completed	<ul style="list-style-type: none"> <li>Reliability Must Run (RMR) contract negotiations with ERCOT for Braunig 3 underway</li> <li>Plant team beginning outage planning work for Braunig 1 and Braunig 2</li> </ul>
Execute new acquisition integration plan	On Track	<ul style="list-style-type: none"> <li>Phase 1 transition plan completed</li> <li>Phase 2 transition plan underway focusing on operational excellence, employee development, and continued cultural integration</li> </ul>

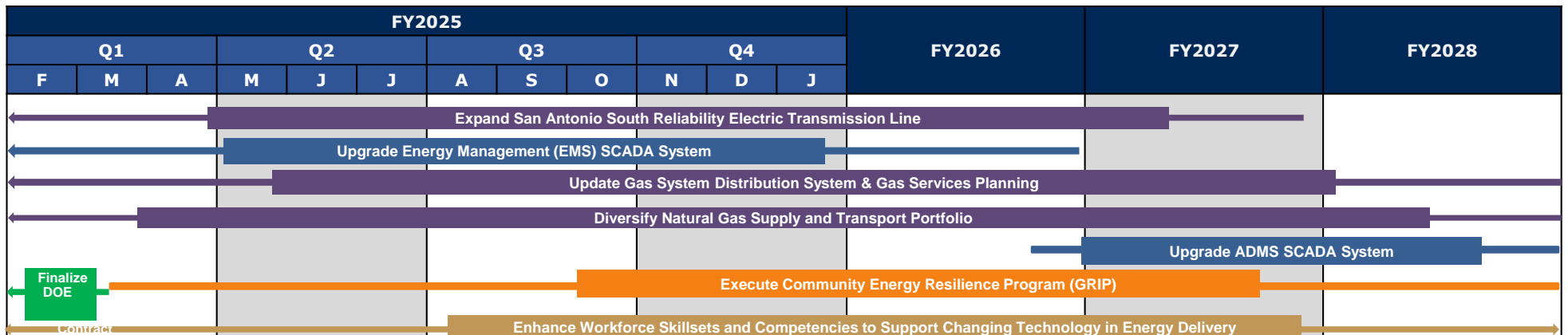


# SYSTEM RESILIENCY & GROWTH



**Goal: Support safe and responsible growth through enhancing resilient, safe, responsive and modern electric and gas services**

FY2025 Milestones	Status	Updates
Commission Tejas Station and Westcreek station gas supply projects	On Track	<ul style="list-style-type: none"> <li>Tejas Station: Commissioned 7/23</li> <li>Westcreek: Construction activities are ongoing. Expected to be commissioned mid-December 2024</li> </ul>
Begin routing process to build San Antonio South Reliability Transmission Line, complete Howard Rd substation site work expansion	On Track	<ul style="list-style-type: none"> <li>Howard to San Miguel routing underway, Certificate of Convenience &amp; Necessity (CCN) application submitted to PUC on 10/4/2024</li> <li>Routing Howard to Leon Creek nearing completion with anticipated Board approval at November 2024 Board meeting</li> </ul>
Complete Advanced Distribution Management System (ADMS) hardware deployment, Emergency Management System (EMS) functional acceptance testing and ADMS/Geographic Information System (GIS) utility network final data conversion	At Risk	<ul style="list-style-type: none"> <li>SCADA Transformation on track for ADMS and GIS Utility Network (UN) Phase 1</li> <li>EMS Project Milestone delayed 1 month due to overall hardware deployment</li> <li>Completion of Functional Acceptance Testing for EMS SCADA Project delayed to February 2025</li> <li>To mitigate milestone at risk, project team will monitor schedule and/or look for opportunities to get the effort on track in other testing phases in 2025</li> </ul>

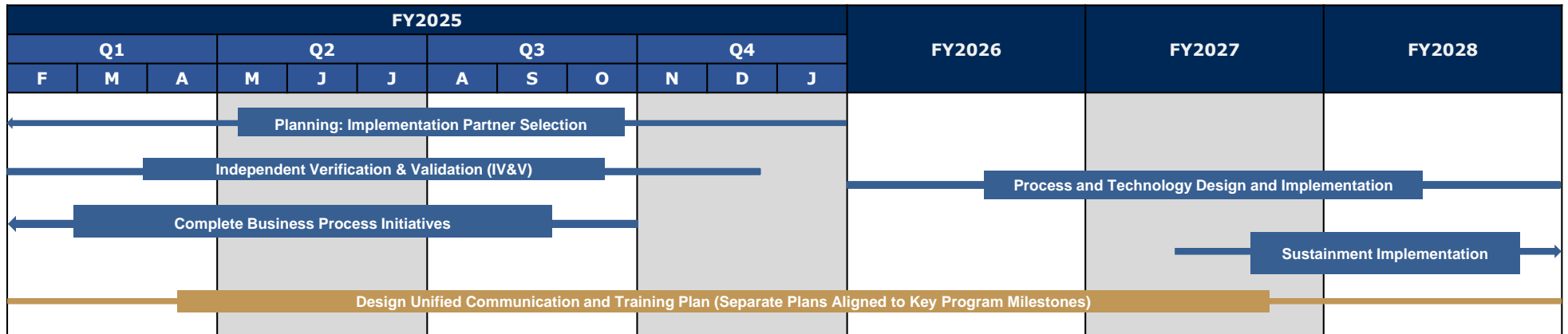


# EVOLVE: ENTERPRISE RESOURCE PLANNING



**Goal: Provide technology foundation that supports operational evolution through enhanced experiences for customers and employees**

FY2025 Milestones	Status	Updates
Finalize ERP technology contract	Completed	<ul style="list-style-type: none"> <li>Oracle America, Inc. selected as the technology vendor with approved 10-year term contract valued at \$70 million</li> <li>Program budget of \$304M supports this technology contract</li> </ul>
Select system implementation partner	On Track	<ul style="list-style-type: none"> <li>Bid package for implementation partner issued in July</li> <li>Evaluations completed to down select top two vendors</li> <li>On track to complete due diligence and contract negotiations for Board of Trustees approval by January 2025</li> </ul>
Establish comprehensive change management and communication strategy	On Track	<ul style="list-style-type: none"> <li>Change management vendor onboarded in September and developed a strategy to be executed by Q4</li> <li>Workshops underway to determine high level business outcomes</li> </ul>



# CUSTOMER EXPERIENCE



**Goal: Enhance our reputation, satisfaction and revenue through better employee engagement and positive customer experiences**

FY2025 Milestones	Status	Updates
Target outreach and messaging by customer preference	Completed	<ul style="list-style-type: none"> <li>Providing targeted on-going information to Bexar County for customers needing assistance</li> </ul>
Create Customer Experience (CX) Championship Team	On Track	<ul style="list-style-type: none"> <li>Issued Request for Proposal (RFP) for Customer Experience Strategic Consultant in Q2</li> <li>Currently interviewing final candidates</li> </ul>
Expand customer equity programs qualification and enrollment approach	Completed	<ul style="list-style-type: none"> <li>The Affordability Discount Program (ADP) received Board &amp; Council approval to increase the Federal Poverty Level (FPL) income qualifier from 125% to 150% from 6/1/24 – 6/1/26</li> </ul>
Enhance customer offerings and service offerings	On Track	<ul style="list-style-type: none"> <li>Weatherization Repair Assistance Program (WRAP) has begun</li> <li>The team is refining and optimizing processes</li> </ul>

FY2025												FY2026	FY2027	FY2028
Q1			Q2			Q3			Q4					
F	M	A	M	J	J	A	S	O	N	D	J			
			Complete Residential and Commercial Segmentation and mapping of Customer Journey											
			Identify Requirements in Evolve for CX Improvements											
Establish a Customer Experience (CX) Championship Team and define CX and set CS goals and metrics														
			Increase Employee, Stakeholder and Community Communication											
			Enhance New Products / Services / Rates											

# FY2025 ENTERPRISE MEASURES

## AS OF OCTOBER 31, 2024



Unrecoverable		At Risk		On Track		Total Enterprise Measures
3	37.5%	1	12.5%	4	50.0%	8

### FY2025 ENTERPRISE MEASURE OUTLIERS

Unrecoverable	Average Customer Outage Duration (System Average Interruption Duration Index – SAIDI)
Unrecoverable	Plant Availability (Critical Months Equivalent Availability Factor - CMEAF)
Unrecoverable	Safety Performance (Enterprise Recordable Incident Rate)
At Risk	Customer Perception (Residential Engaged Customer Relationship – ECR)

**NEW:** SAIDI changed from At Risk of achieving its year-end target to Unrecoverable for FY2025.

**NOTE:** The 12-month rolling average for SAIDI is 65.00 (rounded from 64.999)

Plant Availability (Critical Months Equivalent Availability Factor - CMEAF) & Safety Performance (RIR) are Unrecoverable for FY2025.

Customer Perception continues to be At Risk of achieving its year-end target. Mitigations are in place to impact positive performance.

# ELECTRIC SALES

## BY CUSTOMER SEGMENT – OCTOBER FY2025\*



Customer Sector	Sales vs. Budget	% of Total Load	% Impact on Total Usage
Residential	9.8%	43.6%	4.3%
Churches & Services	10.6%	6.2%	0.7%
Manufacturing	17.6%	1.9%	0.3%
Retail	7.8%	5.6%	0.4%
Educational Services	8.4%	5.2%	0.4%
Hotel & Food Services	6.1%	4.3%	0.3%
Other**	2.3%	33.2%	0.8%
<b>Total System</b>		<b>100.0%</b>	<b>7.2%</b>

\*Billed October actual performance to Plan.

\*\*Other sector includes other commercial sectors, data centers, food & wood product manufacturing, lighting, etc.

# ELECTRIC SALES

## BY CUSTOMER SEGMENT – YTD FY2025\*



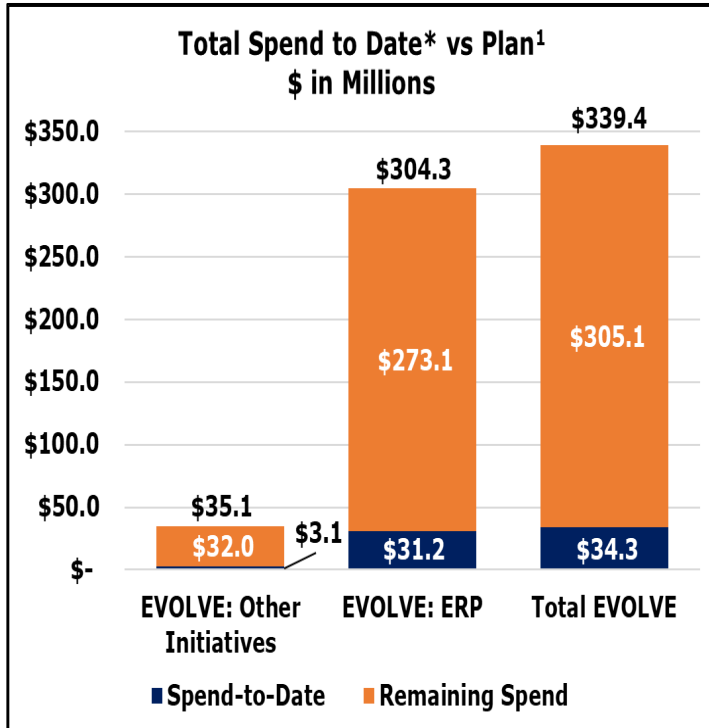
Customer Sector	Sales vs. Budget	% of Total Load	% Impact on Total Usage
Residential	0.7%	44.8%	0.3%
Churches & Services	4.1%	6.2%	0.3%
Manufacturing	5.0%	2.0%	0.1%
Retail	2.9%	5.0%	0.1%
Educational Services	3.6%	4.9%	0.2%
Hotel & Food Services	2.3%	4.3%	0.1%
Other**	0.0%	32.8%	0.0%
<b>Total System</b>		<b>100.0%</b>	<b>1.1%</b>

\*Billed October actual YTD performance to Plan.

\*\*Other sector includes other commercial sectors, data centers, food & wood product manufacturing, lighting, etc.

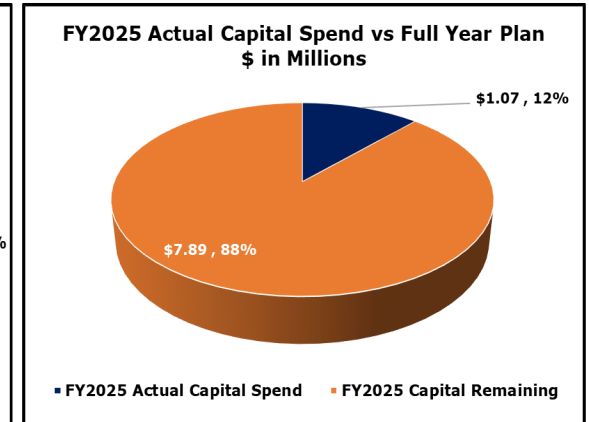
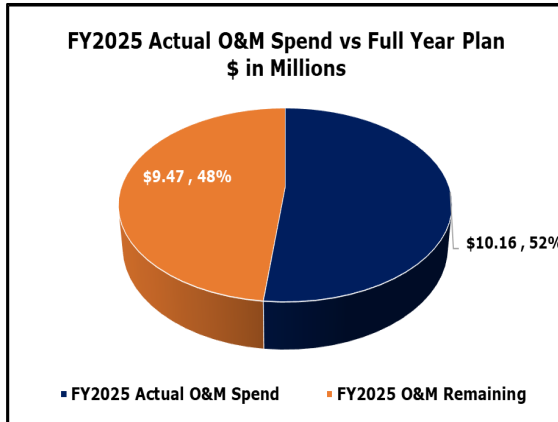
# EVOLVE. FINANCIAL SUMMARY

## AS OF OCTOBER 31, 2024



\* Includes FY2021-FY2024 Actuals and FY2025 YTD Actuals

<sup>1</sup> Plan is based on EIT's total estimated costs for EVOLVE of \$339M and ERP of \$304M.



FY2025 O&M & Capital Spend			
\$ in Millions	Actual Spend	Full Year Plan	Variance
O&M	\$10.16	\$19.63	(\$9.47)
Capital	\$1.07	\$8.96	(\$7.89)
Total	\$11.22	\$28.59	(\$17.36)

**Current focus is on selection of Implementation and Independent Verification & Validation partners.**

(1) Visuals do not include any adjustments for contingencies.

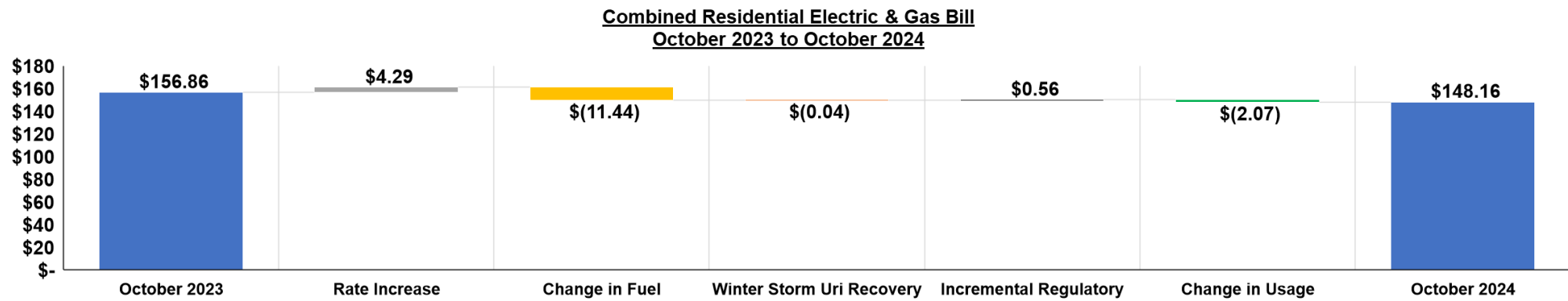
(2) Visuals include all EVOLVE initiatives. ERP is the largest effort within EVOLVE.

(3) Total estimate informed by current known variables, to be refined based on future organizational, technology and market conditions.



# **BILL COMPARISON**

# RESIDENTIAL BILL IMPACT



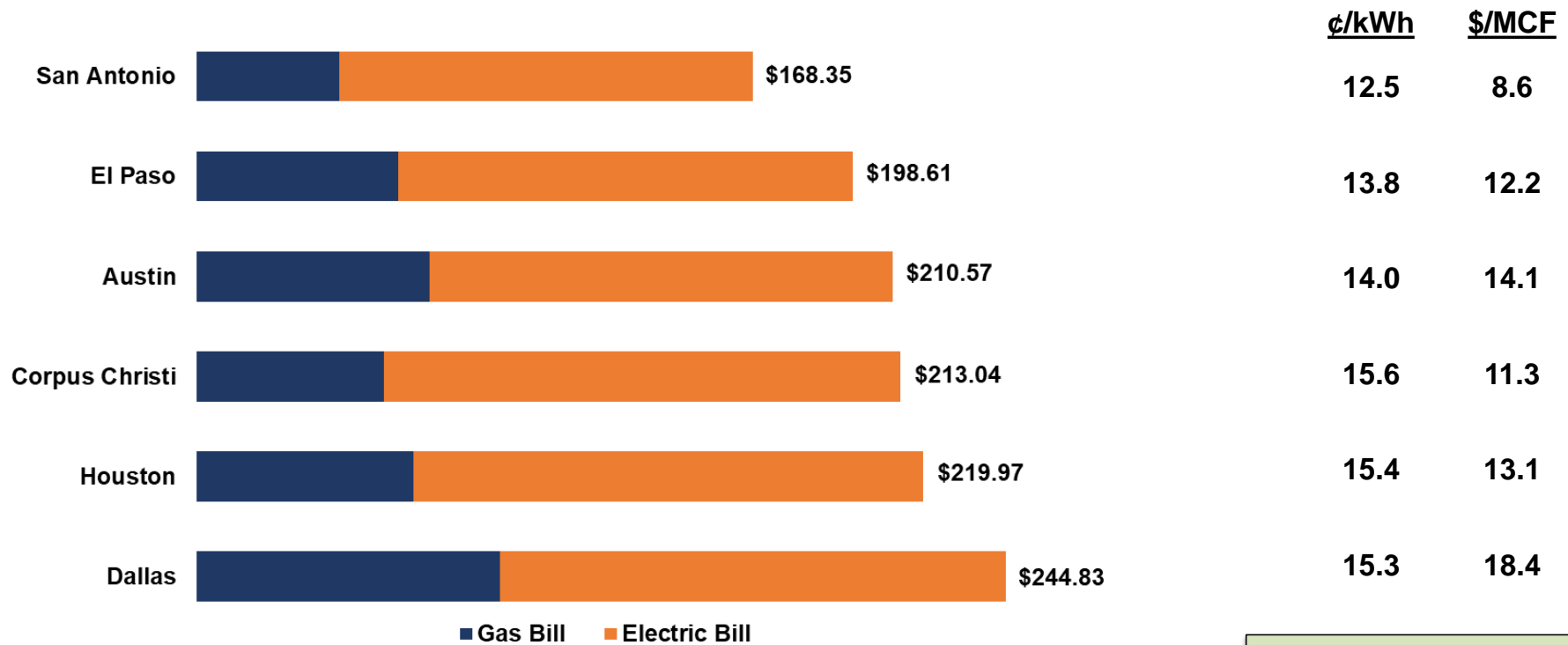
AVERAGE RESIDENTIAL USAGE			
	<u>October 2023</u>	<u>October 2024</u>	<u>Variance</u>
Electric (kWh)	1,127	1,106	-21
Gas (CCF)	9	10	1

**Bills are lower year-over-year primarily due to lower fuel costs.**



# TEXAS CITIES COMBINED RESIDENTIAL BILL COMPARISON

## TRAILING TWELVE MONTHS ENDING OCTOBER 2024



**1,000 kWh & 5 MCF**

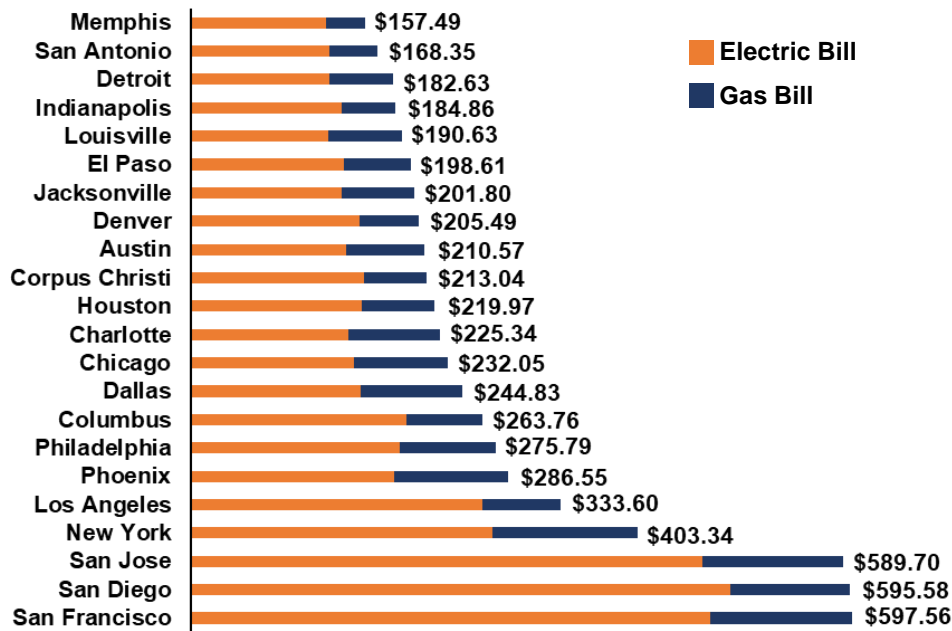
Note: Deregulated markets electric data from powertochoose.org (Term 12 mos.; 4&5 star rated REPs).  
San Antonio is the only city that has a single electric & gas provider.



# TOP 20 & TX CITIES RESIDENTIAL BILL COMPARISON

## TRAILING TWELVE MONTHS ENDING OCTOBER 2024

**Average Residential Bill @1,000 kWh & 5 MCF**



Largest Cities @1,000 kWh & 5 MCF					
City	¢/kWh	\$/MCF	Electric Bill	Gas Bill	Total Bill
Memphis	12.1	7.21	\$121.42	\$36.07	\$157.49
San Antonio	12.5	8.62	\$125.25	\$43.10	\$168.35
Detroit	12.5	11.60	\$124.64	\$57.99	\$182.63
Indianapolis	13.6	9.80	\$135.84	\$49.02	\$184.86
Louisville	12.4	13.35	\$123.89	\$66.74	\$190.63
El Paso	13.8	12.18	\$137.72	\$60.89	\$198.61
Jacksonville	13.6	13.26	\$135.51	\$66.29	\$201.80
Denver	15.2	10.77	\$151.66	\$53.83	\$205.49
Austin	14.0	14.09	\$140.14	\$70.43	\$210.57
Corpus Christi	15.6	11.33	\$156.37	\$56.67	\$213.04
Houston	15.4	13.11	\$154.44	\$65.53	\$219.97
Charlotte	14.2	16.62	\$142.23	\$83.11	\$225.34
Chicago	14.7	17.07	\$146.68	\$85.37	\$232.05
Dallas	15.3	18.38	\$152.93	\$91.90	\$244.83
Columbus	19.5	13.81	\$194.73	\$69.03	\$263.76
Philadelphia	18.8	17.52	\$188.17	\$87.62	\$275.79
Phoenix	18.4	20.60	\$183.57	\$102.98	\$286.55
Los Angeles	26.3	14.07	\$263.27	\$70.33	\$333.60
New York	27.2	26.19	\$272.40	\$130.94	\$403.34
San Jose	46.2	25.57	\$461.83	\$127.87	\$589.70
San Diego	48.7	21.69	\$487.14	\$108.44	\$595.58
San Francisco	47.0	25.57	\$469.72	\$127.84	\$597.56

Note: Based on an average of 1,000 kWh/month & 5 MCF/month; Bills reflect 12-month average pricing from November 2023 through October 2024 in all markets.