

CPS ENERGY BOARD OF TRUSTEES

NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, February 28, 2022 at 1:00 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, February 25, 2022, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at publiccommentregistration@cpsenergy.com or by phone at (210) 353-4662. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Designate whether public comment will be provided in person or virtually
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

In-person commenters, followed by virtual commenters, will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com. Note that written comments will not be read during the Board meeting.

The agenda packet is attached. It and other informational material may be found at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.html>

A recording of the meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 41B.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
February 23, 2022



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON FEBRUARY 28, 2022 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

**COSA - CITY CLERK
2022 FEB 23 PM 12:23:30**

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning:

- attorney-client matters under Section 551.071;
- deliberations and other authorized action on real property under Section 551.072;
- prospective gifts or donations under Section 551.073;
- personnel under Section 551.074;
- security personnel or devices under Section 551.076;
- economic development negotiations under Section 551.087;
- deliberations, voting or taking final action on competitive matters under Section 551.086;
- deliberations regarding security audits and devices under Section 551.089; or
- deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Andrew Higgins
3	PUBLIC COMMENT Pre-Registration on Friday, February 25, 2022 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
INSTALLATION OF NEW BOARD MEMBER			
4	CEREMONIAL INSTALLATION OF DR. FRANCINE ROMERO (Ms. Shanna Ramirez)	Execute	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
5	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
6	RESOLUTION ON GENERATION PLANNING	Discuss & Possible Vote	Dr. Willis Mackey
7	PROCUREMENT PREVIEW: A. General Services – Context for item 10 F1: Spruce Plant Drains Pond Project	Discuss	Mr. Benny Ethridge
8	BOARD COMMITTEE ASSIGNMENTS	Vote	Dr. Willis Mackey
CONVENE TO EXECUTIVE SESSION			
9	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
10	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for January 2022 & Additional Transfer to the City of San Antonio for FY2022 B. Assistant Treasurer Appointee (Ms. Julie Johnson and Ms. San Juanita Loreda) C. Procurement Items: 1. General Services: Spruce Plant Drains Pond Project (Mr. Benny Ethridge)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
11	COMMITTEE REPORTS: A. Master Planning & Oversight Committee Meeting held on 01/31/2022 B. Employee Benefits Oversight Committee (EBOC) and Audit & Finance (A&F) & Aligned Risk Sub-Committee Meetings 01/20/2022 C. EBOC Meeting 01/20/2022 D. A&F Meeting 01/20/2022	Discuss	Dr. Willis Mackey
12	RATE ADVISORY COMMITTEE UPDATES (Ms. Ann Kinnard): A. Amendment of Bylaws B. New Appointees C. Nomination of Vice Chair	Discuss & Possible Vote	Dr. Willis Mackey
13	WINTER STORM URI LONG-TERM DEBT APPROVAL (Mr. Cory Kuchinsky)	Vote	Dr. Willis Mackey

14	REQUEST FOR PROPOSAL FOR AN INDEPENDENT OPERATIONAL EFFICIENCY REVIEW	Discuss	Dr. Willis Mackey
15	ENERGY EFFICIENCY & CONSERVATION PROGRAM UPDATE (Mr. Rick Luna & Ms. Sanem Sergici, Brattle Group)	Discuss	Mr. Rudy Garza
16	ADJOURNMENT	Execute	Dr. Willis Mackey

If the Board meeting has not adjourned by 5:00 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.

THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE FOLLOWED DIRECTLY BY A MEETING OF THE SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION.

COSA - CITY CLERK
2022 FEB 23 PM 12:23:41

RESOLUTION REGARDING CPS ENERGY'S REMAINING COAL UNITS AND GENERATION PORTFOLIO STRATEGY

WHEREAS, CPS Energy continually strives to be financially responsible and a strong steward of the community's assets while effectively balancing Security, Safety, Reliability, Resilience, Customer Affordability and Environmental Responsibility; and

WHEREAS, CPS Energy and this Board of Trustees are constantly exploring new technologies, considering ways to innovate, and improving operations; and

WHEREAS, the Board of Trustees has charged CPS Energy to develop and execute its Flexible PathSM strategy, over the short, mid and long terms; and

WHEREAS, in early February 2021, CPS Energy issued its Flexible PathSM Resource Plan, and will continue to keep this Board of Trustees updated on its execution; and

WHEREAS, the impacts of the 2021 winter storm on CPS Energy and the entire ERCOT grid demonstrated the importance of reliability and resiliency through weatherization; and

WHEREAS, CPS Energy is committed to continually seeking public input about its generation strategy from all customer groups and stakeholders including the Rate Advisory Committee and Citizens Advisory Committee; and

WHEREAS, this generation strategy needs to consider a wide range of technologies, that creates a balanced generation portfolio to ensure high levels of Reliability and Resilience even during peak events; and

WHEREAS, this Board of Trustees directs CPS Energy management and our Rate Advisory Committee to consider the costs, timeline and generation alternatives necessary to transition from coal to lower emission cleaner alternatives by the 2030 timeframe; and

WHEREAS, the recommendations made after such considerations will be brought to the Board for oversight and consideration, and be shared publicly; and

WHEREAS, CPS Energy has over a team of over 3,000 talented and dedicated individuals whose mission it is to serve its customers with gas and electric utility service; and

WHEREAS, the generation planning shall consider retaining impacted employees, as well as hiring for the competencies and skills needed to operate, manage, and optimize new and evolving generation technologies.

NOW, THEREFORE, BE IT RESOLVED, CPS Energy Board of Trustees hereby directs CPS Energy to update and present its Flexible PathSM Resource Plan to this Board annually; and

BE IT FURTHER RESOLVED, CPS Energy Board of Trustees hereby directs CPS Energy to provide to the Rate Advisory Committee, to the extent allowed by law, contractual obligation, security and confidentiality limitations, the assumptions and information utilized in the generation planning model. This will allow the Rate Advisory Committee to evaluate and have informed discussions on costs, risks, timeline, and generation alternatives available to lower emission alternatives while maintaining reliability. As requested, the Rate Advisory Committee will report their findings and make its recommendation to this Board.



Power Generation (PG) Spruce Plant Drains Pond Project Contract Award Recommendation

INTRODUCTION:

- This contract provides for procurement of engineered equipment and construction of the Spruce Plant Drains system
- This system will replace the existing Sludge Recycle Holding Ponds at the JK Spruce coal power plants
- The Environmental Protection Agency's Coal Combustion Residual (CCR) rule requires our existing Sludge Recycle Holding (SRH) Ponds to stop receiving flow by September 1, 2023
- These ponds are essential to the continued operation of both JK Spruce Unit 1 and Unit 2 past September 1, 2023
- The new Plant Drains Ponds will be constructed with a liner system that is compliant with the updated Coal Combustion Residual rule

COMPLIANCE WITH COAL COMBUSTION RESIDUALS RULE REQUIRED TO KEEP JK SPRUCE UNIT 1 AND 2 IN OPERATION:

This contract is for the completion of procurement and construction activities for the new Spruce plant drains pond. The execution of this contract will ensure compliance with the Environmental Protection Agency's Coal Combustion Residuals rule and extend the reliable operation of Spruce Units 1 and 2 beyond the September 1, 2023 compliance deadline. This contract will expire after the completion and successful operation of the new Spruce plant drains pond, which will meet the EPA's September 1, 2023 deadline.

JK Spruce has two pulverized coal units with a rated capacity of 590 Megawatts and 820 Megawatts respectively. Both units are equipped with baghouses and wet limestone flue gas desulfurization systems. The flue gas desulfurization systems waste streams are classified as Coal Combustion Residual streams and therefore are subject to the Environmental Protection Agency's Coal Combustion Residuals guidelines. These streams currently discharge to the SRH ponds that are original to Spruce Unit 1. The SRH pond design does not comply with the updated CCR lined pond construction criteria. Therefore, a new pond system needs to be constructed in order to continue operation of the Spruce Power Station in order to operate past September 1, 2023.

The purpose of this project to complete procurement and construction of the new Spruce Plant Drains Pond that will be compliant with the Environmental Protection Agency's updated Coal Combustion Residuals rule.

ANTICIPATED SPEND:

Project capital spend is based on anticipated project timeline of 17 months, which will allow project completion prior to September 1, 2023.

Fiscal Year	Annual Projected Spend
FY23	\$34,170,000
FY24	\$15,830,000
Total	\$50,000,000

PROCUREMENT PROCESS:

A competitive Request for Proposals (RFP) process was utilized for the procurement of materials and construction of the pond project. Proposals were received from both Wood Group USA, Inc. and Summit Industrial Construction, LLC. Power Generation short listed both vendors in order to receive Best and Final Offers. Technical clarifications were requested in order to ensure both bids met the technical specifications.

The submittals were evaluated based on the following criteria:

- Experience and qualifications to perform the Services;
- The overall cost;
- Safety records and training program;
- Economic Development;
- Ability to meet CPS Energy requirements in regard to current agreements and subcontracting; and
- The financial soundness of the Respondent.

After evaluating both proposals from Wood Group USA, Inc. and Summit Industrial Construction, LLC, scores were evaluated at:

Company	Evaluation Matrix Score (%)	Local / Non-Local	Small / Diversity Status	Comments
Wood Group USA, Inc.	64.8 %	Local	Large / Non-diverse	Recommend for award
Summit Industrial Construction, LLC	60.7 %	Non-Local	Large / Non-diverse	Not recommended for award

REQUEST FOR APPROVAL:

Based on respondent submittals, it is recommended to award a contract to Wood Group USA, Inc. because they offer the Best Value to CPS Energy. We would like to award this contract for \$50,000,000, which includes 10% contingency for unanticipated commodity escalation or project scope changes. We seek approval to award a one-time services contract to Wood Group USA, Inc. at the February Board of Trustees meeting.

Wood Group USA, Inc. has committed to subcontract at least \$2,600,000 of the firm price installation work by one or more small, veteran, service-disabled veteran, HUBZone, minority and woman owned businesses.



PROCUREMENT PREVIEW: SPRUCE PLANT DRAINS POND PROJECT

PRESENTED BY:

Benny Ethridge

EVP, Energy Supply

February 28, 2022

Consent Agenda

Approval Request

AGENDA



- **DISCUSS EPA COAL COMBUSTION RESIDUAL (CCR) RULE**
- **DISCUSS COMPLIANCE STRATEGY**
- **SEEK APPROVAL FOR CONSTRUCTION CONTRACT**

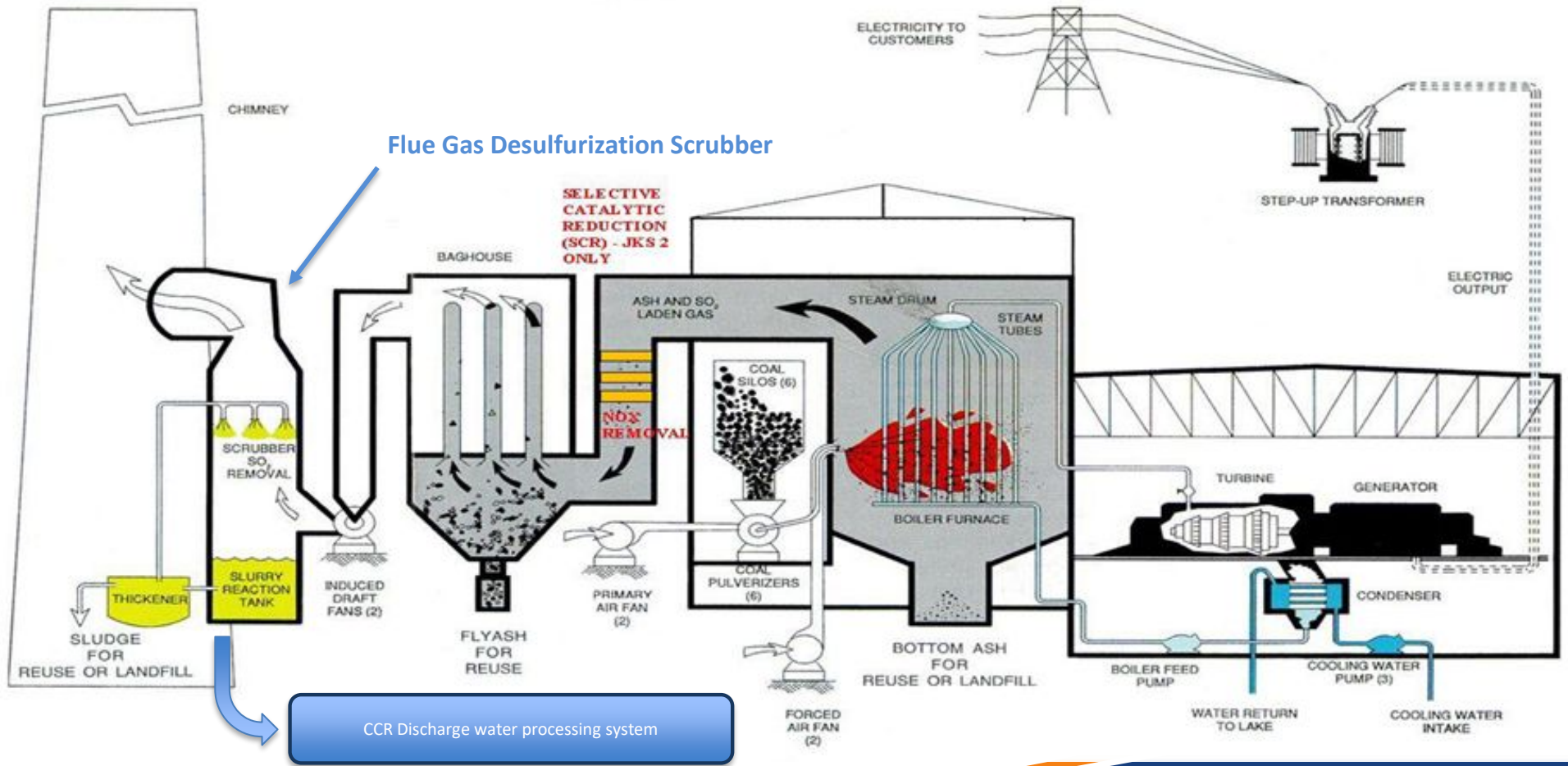
We are requesting approval for the construction of the Spruce Plant Drains Pond Project.

ENVIRONMENTAL PROTECTION AGENCY(EPA) CCR RULE COMPLIANCE REVISED RULE REQUIREMENTS



- The Coal Combustion Residuals (CCR) Rule regulates the management and disposal of waste water containing coal byproducts
- CCR Rule required that impoundments not constructed to new standards stop receiving coal combustion residuals by April 11, 2021
- Request submitted for extension to September 1, 2023 under consideration by Texas Commission on Environmental Quality (TCEQ)

SPRUCE PLANT PROCESS MAP

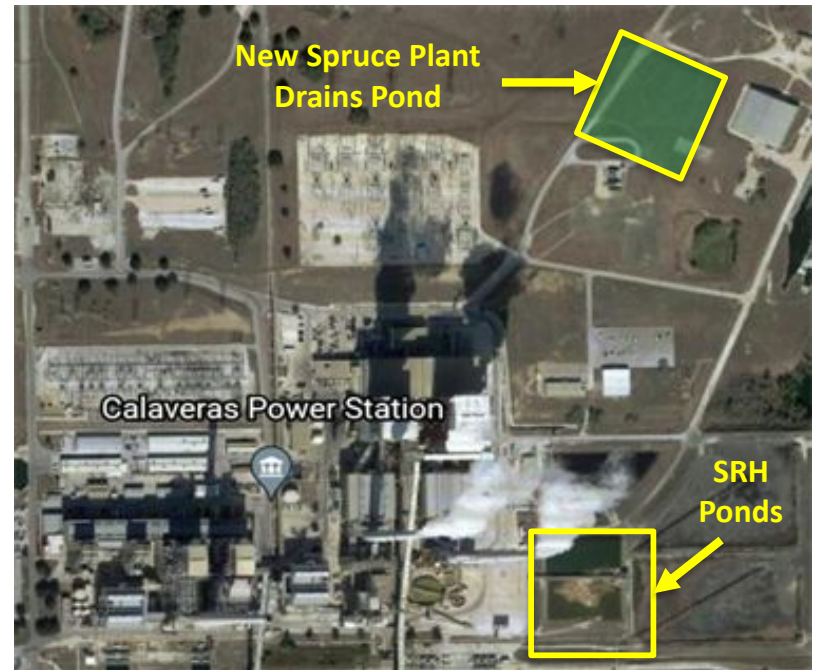


CCR COMPLIANCE STRATEGY

SPRUCE PLANT DRAINS POND



- Construct 3-acre pond
- 17 month, \$50 million project
- March 2022 mobilization
- Spruce Units
 - ~ 38% annual production for FY 2018 - 2021
 - ~ \$260 million margin for FY 2018 - 2021
 - Project does not impact long term plan for Spruce 1 & 2.



Spruce Drains Pond Layout

Drains Pond Project is required by September 1, 2023 for continued operation.

BOARD APPROVAL CONSENT AGENDA



- Competitive RFP – 2 proposals received
 - Summit Industrial Construction, LLC & Wood Group USA, Inc.
- Wood Group USA, Inc. was selected as best value offer
 - Commitment of \$2.6 million for subcontracting opportunities to small/diverse/local firms
- Contract overview
 - Project funding included in FY23 & 24 Budget and Rate Case
 - Term: 1 time project, estimated October 31, 2023 project finish date
 - Value: \$50 million

We are requesting approval to award this contract to the Wood Group USA Inc. for the construction of the Spruce Plant Drains Pond Project.



February 28, 2022

CPS ENERGY BOARD OF TRUSTEES
COMMITTEE ASSIGNMENTS

1. **Audit & Finance Committee (AFC)**
John Steen, Chair
Dr. Willis Mackey
2. **CEO Search Committee (CEO SC)**
Dr. Willis Mackey, Chair
Janie Gonzalez
3. **Employee Benefits Oversight Committee (EBOC)**
John Steen, Chair
Dr. Willis Mackey
4. **Nominations Committee (NC)**
Dr. Willis Mackey, Chair
Janie Gonzalez
5. **Operations Oversight Committee (OOC)**
Dr. Francine Romero, Chair
Janie Gonzalez
6. **Personnel Committee (PC)**
Janie Gonzalez, Chair
Dr. Willis Mackey
7. **Risk Management & Aligned Subcommittees (RMC)**
Dr. Francine Romero, Chair
All Trustees are members
8. **Technology & Resilience Committee (TRC)**
Janie Gonzalez, Chair
John Steen

CPS Energy Board of Trustees Meeting February 28, 2022

Approval of Payment to the City of San Antonio for January 2022

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 January 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$200,143,984.93, less applicable exclusions. The revenue for the month of January 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$201,682,501.59
Gas revenue		45,111,627.77
Interest and other income		2,495,225.43
Gross revenue per CPS Energy financial statements		<u>249,289,354.79</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(6,087,562.61)
LVG revenue per City Ordinance 100709		(54,630.19)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(25,511,771.85)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>(17,491,405.21)</u>
Total excluded revenue		<u>(49,145,369.86)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$200,143,984.93</u>
City payment per Bond Ordinance for January 2022 based upon January 2022 revenue		\$28,020,157.89
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		322,812.51
Wholesale Special Contract Annual True Up		583,156.67
City Payment reduction per gas customer billing adjustment MOU		(12,500.00)
Annual True Up/ (Down) per gas customer MOU		<u>(7,555.90)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding		28,906,071.17 A
Utility services provided to the City for January 2022		<u>(2,657,634.81)</u>
Net amount to be paid from January 2022 revenue to the City in February 2022		<u>\$26,248,436.36</u>

CPS Energy Board of Trustees Meeting February 28, 2022

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)

January 2022	Actual	Budget	Variance	
Current Month* A	\$28,906	\$31,323	(\$2,417)	-7.7%
Year-to-Date**	\$352,460	\$360,277	(\$7,817)	-2.2%

* This amount does not include any additional funding authorized by the Board of Trustees.

** Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2022 – Additional Transfer per Bond Ordinance		
Total	<u>\$11,599,665.25</u>	B

Approval of the following resolution is requested:

- A** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$26,248,436.36 representing 14% of applicable system gross revenues for the month of January 2022, such payment being net of City utility services (\$2,657,634.81), is hereby approved."

- B** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$11,599,665.25, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A.** The amounts paid routinely during the year, net;
- B.** The additional distribution paid once for the year.



EXECUTIVE SUMMARY

Appointment of Assistant Treasurer For the CPS Energy Board February 28, 2022 Board Consent Agenda Item

BACKGROUND:

The CPS Energy Board of Trustees (Board) designates and authorizes specific officers and staff to conduct financial transactions on behalf of CPS Energy. Currently, Cory Kuchinsky serves as Treasurer. Shannon R. Albert, Julie Johnson and Maricela Benavides serve as Assistant Treasurers. With the upcoming departure of Shannon R. Albert, we are recommending the following appointment to help manage and direct financial transactions.



San Juanita Loredo is an experienced and accomplished leader and accounting professional with over 25 years of experience in various accounting roles. She obtained her BBA with a concentration in Accounting and an MBA from St. Mary's University. She is a Certified Public Accountant and a Chartered Global Management Accountant.

Ms. Loredo joined CPS Energy in 2001. She currently serves as Director of Operations Budgeting in Budget Analysis & Management Reporting.

She has served in various leadership roles in Financial Services and Customer Revenue.

She is a graduate of Leadership San Antonio, Class 30. She is a member of Hispanic Organization of Public Employees (HOPE), NextGen and Women Empowered.

ACTION REQUIRED:

- Board approval of Appointment of new Assistant Treasurer.
- Should you have any questions or need additional information, please contact Julie Johnson at 210-353-2462 (office) or 210-289-3490 (cell) or Cory Kuchinsky at 210-353-5176 (office) or 210-415-2941 (cell).

CONTENTS:

- Board Resolution: Resolution Approving Appointment of Assistant Treasurer for the CPS Energy Board.

**RESOLUTION APPROVING APPOINTMENT OF ASSISTANT TREASURER
FOR THE CPS ENERGY BOARD**

WHEREAS, the CPS Energy Board of Trustees is required to designate and authorize specific officers and staff to conduct financial transactions on behalf of CPS Energy; and

WHEREAS, Cory Kuchinsky serves as Treasurer to the Board of Trustees; and,

WHEREAS, Shannon R. Albert, who serves as an Assistant Treasurer and as the VP Business Excellence will be leaving CPS Energy after more than 22 years of service; and,

WHEREAS, effective February 28, 2022, San Juanita Loreda, who currently serves as the Director of Operations Budgeting, will assume responsibilities for managing and directing certain financial transactions that require Board of Trustees approval and will be providing support to the Board related to these financial matters; and,

WHEREAS, Shannon R. Albert will continue to serve as an Assistant Treasurer to the Board of Trustees through March 15, 2022, in order to assist in the transition of San Juanita Loreda as an Assistant Treasurer; and,

WHEREAS, Julie Johnson and Maricela Benavides will continue to serve as Assistant Treasurers to the Board of Trustees; and,

WHEREAS, one Treasurer and three Assistant Treasurers will facilitate effective and timely financial transaction coverage;

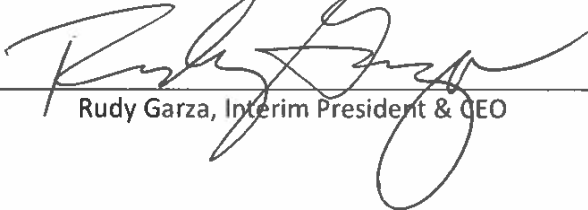
NOW, THEREFORE, BE IT RESOLVED that the CPS Energy Board of Trustees hereby approves the appointment of San Juanita Loreda as an Assistant Treasurer to the Board of Trustees, effective February 28, 2022.



**CPS Energy Board of Trustees Meeting
February 28, 2022
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1. Item Description:	Spruce Plant Drains Project
Purchase Category:	General Services
Supplier:	Wood Group USA, Inc.

Approval: 
Lisa Lewis, Chief Administrative Officer

Approval: 
Rudy Garza, Interim President & CEO



**CPS Energy Board of Trustees Meeting
February 28, 2022
Procurement Form 1**

Item Description	Spruce Plant Drains Project
Purchase Order Value	\$50,000,000
Purchase Category	General Services
Department	Power Generation
Sr. Director, PG Central Support	Jeff Kruse
Executive Vice President, Energy Supply	Benny Ethridge

Detailed Description

CPS Energy staff recommend that a contract be awarded to Wood Group USA, Inc., a local, non-diverse firm, as the respondent who will provide the goods and services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the completion of procurement and construction activities for the new Spruce plant drains pond. Execution of this contract will ensure compliance with the Environmental Protection Agency's Coal Combustion Residuals rule and extend the reliable operation of Spruce Units 1 and 2 beyond the September 1st, 2023 compliance deadline. This contract will expire after the completion and successful operation of the new Spruce plant drains pond, which will meet the EPA's September 1, 2023 deadline.

Subcontracting Opportunities

Wood Group USA, Inc. has committed to subcontracting at least \$2.6M to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	37
The overall cost	20
Safety records and training program	20
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	8
The financial soundness of the Respondent	5
TOTAL	100



CPS Energy Board of Trustees Meeting
February 28, 2022
Procurement Form 1

Recommended Respondent(s) & Award

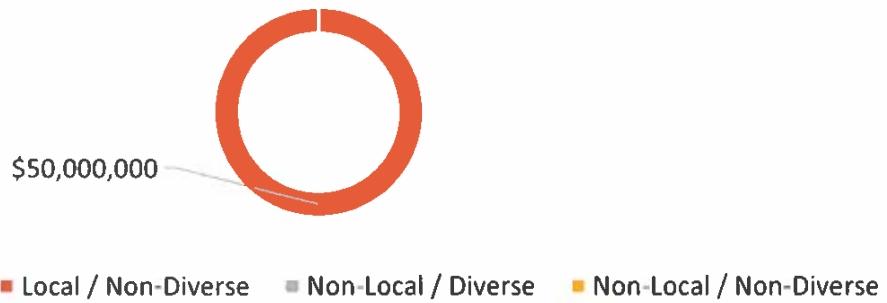
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Wood Group USA, Inc.	Local/Non-Diverse	63.9	\$50,000,000	2200605	
TOTAL			\$50,000,000		

One (1) additional respondent was not recommended for award: (Summit Industrial Construction, LLC)

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$34,170,000	3.68%	\$15,830,000	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$0	0	\$0	\$0	\$0

Procurement Item: General Services





MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 31, 2022 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE FEBRUARY 28, 2022 BOARD OF TRUSTEES MEETING

The MPOC met on January 31, 2022. As part of the MPOC agenda, the Committee:

- A. Discussed the operation and activities in and around the McCullough Building.
- B. Reviewed the closings of the following properties:
 - 1. Main Office Building;
 - 2. Tower Garage;
 - 3. Surface Parking Lot #2; and
 - 4. Northside Customer Service Center.
- C. Discussed the status, potential buyers, and marketing strategies of the following properties:
 - 1. La Villita Assembly Building; and
 - 2. Mission Road Power Plant and Gugert Street.
- D. Discussed disposition of Jones North and Jones South and reviewed property features and information.
- E. Discussed strategic property purchase opportunities that support electric and gas system reliability, resiliency and customer growth, as well as potential property sale opportunities.

The next meeting of the MPOC is April 25, 2022.



**AUDIT & FINANCE (A&F) & EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)
ALIGNED RISK SUB-COMMITTEE MEETING**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 20, 2022 MEETING
PREPARED FOR COMMITTEE MEMBER, MR. JOHN STEEN
FOR REPORT AT THE FEBRUARY 28, 2022 BOARD OF TRUSTEES MEETING**

The A&F & EBOC Aligned Risk Sub-Committee met on January 20, 2022. As part of the A&F & EBOC Aligned Risk Sub-Committee (Sub-Committee) agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on October 14, 2021
- B. Reviewed action items from the previous meeting
- C. Provide context on evolving risk landscape
- D. Heard from Mr. Dan Aschenbach, CEO of AGVP Advisory, about the Credit Rating Agencies' outlook on CPS Energy.

The next meeting of the Sub-Committee is to be determined.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 20, 2022 MEETING PREPARED FOR COMMITTEE CHAIR JOHN STEEN FOR REPORT AT THE BOARD OF TRUSTEES MEETING

The EBOC met on January 20, 2022. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 14, 2021.
- B. Reviewed the Action Item list from the October 14, 2021 Meeting.

The Committee also received presentations regarding:

- C. An Administrative Committee (AC) Membership Update to include the appointment of Ms. Debra Wainscott, VP People & Culture, to AC Chair and the appointment of Mr. Gautam Shringarpure, CFA, Director Debt Management, to AC Vice Chair. The Committee also approved the appointment of Mr. James Boston, Manager Strategic Research & Innovation, to AC membership to replace Ms. Shannon Albert, Past AC Chair, who will be retiring in March.
- D. A Benefits Plans Administrative & Financial Update, which highlighted plan investment performance and FY23 benefit plan funding and expenses. The EBOC approved the recommendation to include the benefit plan funding and expenses in the FY23 budget to be presented to the CPS Energy Board of Trustees for approval at the January 31 meeting.

The next meeting of the EBOC will be held in April 2022.



AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 20, 2022 MEETING PREPARED FOR CHAIR JOHN STEEN FOR REPORT AT THE FEBRUARY 28, 2022 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on January 20, 2022. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 14, 2021.
- B. Received an update on the Ethics Program, including a summary of cases that were opened and closed through December 31, 2021, and a trend analysis for FY2021 third Quarter versus FY2022 third Quarter.
- C. Received an overview of the status of working being performed for the financial statement external audit and an introduction to the audit team members from KPMG and Schriver, Carmona & Co.
- D. Provided an overview from KPMG addressing:
 - a. Audit considerations related to cybersecurity & ESG (environmental, social, governance) reporting.
 - b. Review of required communications with the Committee.
 - c. Requirements, reports, and deadlines related to performing a single audit, and informed that based on discussion with our management a single audit will not need to be performed for FY2022, but a single audit is anticipated to be needed for FY2023.
- E. Received Audit Services Update:
 - a. Provided status of projects for FY2022 and reviewed the results of six projects completed since the last Committee meeting.
 - b. Reviewed the required communications that, per the Institute of Internal Auditing Standards, must be communicated annually to the Committee.
 - c. External quality assessment is scheduled for September 2022.
- F. Approved revisions to Audit Services Charter.

The next meeting of the Audit & Finance Committee will be held in April 2022.



***BY-LAW CHANGES,
APPOINTMENTS, &
NOMINATION OF VICE-CHAIR
RATE ADVISORY COMMITTEE (RAC)***

Ann Kinnard

Director, Chief of Staff Customer Strategy

February 28, 2022

Approval Requested

BYLAWS UPDATE MEMBERSHIP CHANGES



San Antonio City Council Ask:

- Allow San Antonio City Council to change district appointee at any time & for any reason.

Solution:

- RAC bylaws amendment to mirror Citizens Advisory Committee bylaws. Will allow member changes at any time & for any reason.

BYLAWS UPDATE

MEMBERSHIP CHANGES



ARTICLE II – MEMBERSHIP

Section 4 – Terms: Subject to Section 6 of this Article, RAC member will be appointed to serve a two (2) year term and RAC member will be eligible to serve no more than three (3) consecutive terms. The CPS Energy Board of Trustees may reconsider a member who serves a total of three (3) consecutive terms for an additional term after leaving the RAC for at least one term.

Section 6 – Resignation, ~~termination, and absences~~ and removal: Resignation from the RAC must be in writing and provided to the RAC Chair. A RAC member may be removed by written notice from the Chair due to three total absences from meetings in a year. A RAC member may also be removed for other reasons by a majority vote of the remaining RAC members. At any time, a City Council member may remove his or her RAC appointee and nominate a replacement in accordance with Section 7 of this Article.

CERTIFICATION

These bylaws were approved by the CPS Energy Board of Trustees on April 22, 2021 and are effective as of that date, as amended February 28, 2022.

Copy of the entire revised proposed Bylaws include in appendix.

REQUEST FOR APPROVAL



- Request approval of revised Bylaws

COUNCIL MEMBER NOMINATIONS



District	Nominee	Zip Code	Quadrant	Profession
1	John Agather	78212	2	Musician
2	Seymour Battle	78210	3	Real Estate Investor
3	Phyllis Viagran Brenda Pacheco	78214	3	City Councilwoman Retired — Contract Administrator
4	Peter Onofre	78245	4	Operations Administrator
5	Andy Castillo	78211	4	Designer
6	Alvaro Rodriguez	78250	1	Sales
7	Dr. Adelita Cantu Eloisa Portillo-Morales	78228 78201	1	Associate Professor Climate Equity
8	Michael Kennick	78203	1	Electric Engineer
9	Ann Marie Nikolich	78230	1	Exec. Asst.
10	Jack Hebdon	78209	2	Developer Partner

BOARD APPOINTEES



Trustee	Nominee	Zip Code	Quadrant	Profession
Chair Dr. Mackey	Wayne Eddington	78148	3	Civil Engineer
	Anthony Edwards	78258	2	VP Community Prgm
Vice-Chair Gonzalez	Michael Sanchez	78249	1	Real Estate Investor
	DeeDee Belmares	78109	3	Organizer
Trustee Kelley	Curtis Anastasio	78230	1	Public Board Service
	Norman Dugas	78023	1	Residential Real Estate Developer
Trustee Steen	Dana McGinnis	78212	2	Investment Advisor
	Jim Berg	78209	3	Business Owner
Mayor Nirenberg	Reed Williams, Chair	78209	2	Grape Farmer
	Dr. Olufemi Osidele	78253	4	Consultant
All	Anita Ledbetter	78223	3	Executive Director

REQUEST FOR APPROVAL



**Councilwoman & RAC
Nominee
Phyllis Viagran,
District 3**

Councilwoman Phyllis Viagran

- Representing District 3 herself
- Community Outreach/Service Specialist



REQUEST FOR APPROVAL



**Councilwoman
Anna Sandoval,
District 7**



**Dr. Adelita Cantu,
Nominee District 7**

Dr. Adelita Cantu

- Associate Professor, UT Health San Antonio
- Member of Citizen Advisory Committee (CAC)
- Member of Climate Action & Adaptation Plan

REQUEST FOR APPROVAL



- Request approval of new RAC members

Nominations for Vice Chair



- **Board nominations to replace Eloisa Portillo-Morales**



REQUEST FOR APPROVAL



- Request approval of Vice Chair



Thank You





Appendix



Proposed Amendments to the Rate Advisory Committee Bylaws

ARTICLE II – MEMBERSHIP

Section 4 – Terms: Subject to Section 6 of this Article, RAC member will be appointed to serve a two (2) year term and RAC member will be eligible to serve no more than three (3) consecutive terms. The CPS Energy Board of Trustees may reconsider a member who serves a total of three (3) consecutive terms for an additional term after leaving the RAC for at least one term.

Section 6 – Resignation, ~~termination, and absences~~ and removal: Resignation from the RAC must be in writing and provided to the RAC Chair. A RAC member may be removed by written notice from the Chair due to three total absences from meetings in a year. A RAC member may also be removed for other reasons by a majority vote of the remaining RAC members. At any time, a City Council member may remove his or her RAC appointee and nominate a replacement in accordance with Section 7 of this Article.

CERTIFICATION

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PROPOSED AMENDMENTS -- BYLAWS OF THE CPS ENERGY RATE ADVISORY COMMITTEE

ARTICLE I — NAME AND PURPOSE

Section 1 — Name: The name of the committee is the CPS Energy Rate Advisory Committee (RAC). The RAC is a special purpose advisory group to provide input to the CPS Energy Management and the CPS Energy Board of Trustees. The RAC is purely advisory in nature, not a policy making, or decision-making body.

Section 2 — Purpose: Members of the RAC will devote the necessary time and energy to learn about the utility business and the rate design function in order to understand and provide thoughtful input and perspectives to CPS Energy Management and Board of Trustees on rate structure, rate design, proposed rate increases and generation planning issues.

ARTICLE II – MEMBERSHIP

Section 1 — Membership and role: Members of the RAC shall be appointed by the CPS Energy Board of Trustees. RAC members shall represent a broad constituency of the community, shall facilitate the flow of ideas and concerns from the community to CPS Energy Management and the Board of Trustees, and shall assist with communicating the flow of information from CPS Energy Management and Board of Trustees to the community. Members will be expected to attend meetings, be respectful of the comments and views of others, and provide thoughtful input on issues, representing, to the extent possible, community, not partisan, values and concerns.

Section 2 – Eligibility for membership: Membership of the RAC shall be open to the following individuals in good standing¹ through an application and appointment process:

- Any ratepayer, resident, property owner, or business owner who is a customer of CPS Energy and resides in or is located within the CPS Energy service territory, including representatives of business and civic associations that represent businesses or citizens operating or living within the CPS Energy service area.
- Individuals may be nominated by a member of the City Council or the Board of Trustees or may self-nominate through the application process.

¹ “Good standing” means being current on bill payments with CPS Energy and having good payment history.

Section 3 — Composition: Membership of the RAC will consist of twenty-one (21) members all of whom must reside within the CPS Energy service area. Ten (10) members will be nominated by the San Antonio City Council, with each Council member nominating one (1) member who must reside in the Council member's district. Eleven (11) members will be nominated by the CPS Energy Board of Trustees. The overall membership of the RAC should reflect a diverse and balanced cross-section of customers from the CPS Energy service area. As an example, members may include representatives of the following:

- San Antonio city council districts
- Areas outside the San Antonio city limits, but within the CPS Energy service area
- CPS Energy rate classes
- Neighborhood associations
- Multi-family residential customers
- Major manufacturers, large and small businesses, the education community, the medical community, the construction and development community
- Professional planning, economic development, environmental, conservation and community advocate groups

Section 4 — Terms: **Subject to Section 6 of this Article,** RAC members will be appointed to serve a two (2) year term and RAC members will be eligible to serve no more than three (3) consecutive terms. The CPS Energy Board of Trustees may reconsider a member who serves a total of three consecutive terms for an additional term after leaving the RAC for at least one term.

Section 5 — Nomination procedures: Each City Council member may nominate one person from the Council member's district to serve as a RAC member. CPS Energy Management will also request nominations from community groups to ensure as much as possible that nominees are identified who meet the composition goals outlined in Section 3 of this Article. CPS Energy Board members may also identify nominees for consideration. CPS Energy Management shall be responsible for recommending an official slate of prospective RAC members to the Board of Trustees for consideration. The Board of Trustees will review nominees from the City Council and those recommended by Management and by Board members and will select members of the RAC who meet the requirements of this Article with the goal of honoring Council member nominations, if possible, while selecting a balanced group of members representing different customer segments. The Board may choose to select some, all, or none of the nominees.

Section 6 — Resignation **and removal**: Resignation from the RAC must be in writing and provided to the RAC Chair. A RAC member may be removed by written notice from the Chair due to three total absences from meetings in a year. A RAC member may also be removed for other reasons by a majority vote of the remaining RAC members. **At any time, a City Council member may remove his or her RAC appointee and nominate a replacement in accordance with Section 7 of this Article.**

Section 7 — Vacancies: If a vacancy occurs within the RAC, the City Council member, or the CPS Energy Board member who previously nominated that position may nominate a replacement. The Board will consider nominated replacements and may approve the individual to serve out the term of the member creating the vacancy. An individual appointed to serve out the remaining term of a vacating member may be re-appointed to serve three additional terms. However, after the third full term, that individual will need to be off the RAC for at least one term before being considered again for appointment, as required in ARTICLE II, Section 4.

ARTICLE III — SELECTION OF CHAIR AND VICE-CHAIR

Section 1 — Selection and term of Chair and Vice Chair: The RAC will have a Chair and a Vice Chair selected by the CPS Energy Board of Trustees. The Chair and Vice Chair will each serve one term and may be reappointed by the Board.

Section 2 — Chair and Vice Chair Duties: Responsibilities of the Chair include, but are not limited to, presiding over all RAC meetings; encouraging members to participate in discussions and to arrive at decisions in a timely and democratic manner; undertaking certain administrative duties, such as approving RAC agendas, draft minutes, proposed meeting dates and venues, etc. The Vice Chair shall assist the Chair in these functions, as needed, and shall preside over RAC meetings when the Chair is absent. The Chair and Vice Chair shall also serve as the primary spokespersons for the RAC, maintain communication with CPS Energy Management, and report on the RAC's progress to the Board of Trustees.

ARTICLE IV — MEETINGS OF MEMBERS

Section 1 — Regular meetings: A regular meeting will be held at least once a quarter during the CPS Energy fiscal year, or as otherwise directed by the CPS Energy Board. The date, time and location of the meeting will be identified in the notice.

Section 2 — Special meetings: Special meetings of the RAC shall be called at the request of the Chair, or a majority of the RAC.

Section 3 — Notice of meetings: Notice of each meeting shall be given to each voting member, by written notice, delivered personally, electronically, or by mail, not less than one week prior to the meeting. Meeting notices and agendas will be posted on CPS Energy’s website, not less than one week prior to the meeting.

Section 4 – Meeting Agenda: CPS Energy Management shall draft meeting agendas for review and approval by the Chair. Any three members can request an item to be added to the agenda for a meeting.

Section 5 — Quorum: Eleven members must be present to constitute a quorum. In the absence of a quorum, no meeting can be held and if a quorum is lost during a meeting, the meeting must conclude.

Section 6 – Decision Making: There shall be an effort extended to achieve a consensus of members present for all issues that require decision making. It is particularly desirable for an issue to be resolved through consensus, but the Chair may decide to proceed with resolution of a given issue through a vote. If the Chair deems that a vote is necessary, issues to be voted on shall be decided by a 60% super majority (13) of the RAC.

ARTICLE V — SUBCOMMITTEES

Section 1 — Subcommittee formation: The RAC may create and charge subcommittees (functioning as working groups), as needed, to further study matters in more detail. Subcommittees may seek assistance from CPS Energy Management consistent with, and no greater than, the scope of their charges. Any issues resulting from request for assistance will be resolved by consulting with the RAC Chair. If so charged by the RAC, subcommittees shall make recommendations to the RAC, which will in turn make decisions regarding the recommendations of the subcommittee.

ARTICLE VI — AMENDMENTS

Section 1 — Amendments: These bylaws may be amended at any time by the Board of Trustees.

CERTIFICATION

These bylaws were approved by the CPS Energy Board of Trustees on April 22, 2021 and are effective as of that date, as amended February 28, 2022.



WINTER STORM URI LONG-TERM DEBT APPROVAL

PRESENTED BY:

Cory Kuchinsky, CPA
Chief Financial Officer & Treasurer

February 28, 2022

Approval Requested



AGENDA

- **REGULATORY ASSET OVERVIEW**
- **WINTER STORM URI COST SUMMARY**
- **REQUEST FOR APPROVAL**

To obtain approval for the Winter Storm Uri long-term debt financing transaction.

PREVIOUSLY APPROVED

BASE RATE INCREASE & REGULATORY ASSET



Received approval of the 3.85% base rate increase.



Received approval to:

- ***Create a regulatory asset of up to \$1.005B***
- ***Pass through \$418M of paid Uri costs starting March 1, 2022***

Our FY2023 Budget contains the same financial outlook & proposed Uri financing that was reviewed in detail during the rate request process.

WINTER STORM URI COSTS

CONVERTING SHORT-TERM TO LONG-TERM FINANCING



We have funded the storm costs using short-term borrowing & existing cash.

\$100M Flexible Rate Revolving Note

\$250M Taxable Commercial Paper

\$68M Cash



The recovery of the approved regulatory asset will allow us to pay for the debt service of the long-term financing.

**\$418M
Paid Uri Costs
+
\$4M
Costs of Issuing Debt
=
\$422M**

Converting to long-term debt helps our customers better manage affordability.

REQUEST FOR APPROVAL



Requesting Your Approval of the long-term debt financing for the paid Winter Storm Uri Costs and costs of issuing the debt.

The **FY2023** Budget included the proposed Uri financing:

- Matches recovery of **Regulatory Asset** with length of financing (25 years)
- Ability to lock-in a long-term interest rate to better **manage affordability**
- Improved **liquidity**

Proposed Potential Transactions:	Authorization Amount (not to exceed)	Required Approval	
		Board	Council
Supports financing of paid Uri costs			
Uri Debt Financing (Includes Costs of Issuing the Debt)	\$418M <u>Paid Uri Costs</u> + \$4M <u>Costs of Issuing Debt</u> = \$422M	Y	Y



Thank You



RESOLUTION

A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF TAXABLE OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS” AS FURTHER DISTINGUISHED BY PURPOSE, SERIES, LIEN PRIORITY, TIME OF ISSUANCE, AND METHOD OF INTEREST RATE CALCULATION (WHETHER FIXED OR VARIABLE); THE APPROVAL OF AN OFFERING DOCUMENT RELATING TO EACH PUBLICLY SOLD SERIES OF OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*), authorizing the issuance of the currently outstanding first lien revenue bonds and junior lien revenue bonds, respectively (the *Senior Lien Obligations* and the *Junior Lien Obligations*, respectively, and collectively, the *Outstanding Obligations*), the complete management and control of the electric and gas systems (the *Systems*) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the *Board*), during the period of time any of the Outstanding Obligations are outstanding and unpaid; and

WHEREAS, the Board has determined that one or more taxable series of revenue refunding obligations designated as “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds”, as further distinguished by series, year of issuance, purpose of issuance, lien priority, time of issuance, and method of calculating interest rate (whether fixed or variable rate) for distinction in the event of multiple issuances (together, the *Obligations*), in the aggregate maximum principal amount of \$422,000,000 should now be issued by the City to provide funds for the purposes, as applicable, of (i) refunding the Refunding Candidates (as such term is defined in the hereinafter-defined Ordinance) and (ii) paying costs of issuance of the Obligations; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the issuance of additional obligations secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Ordinance and that will be on parity with or subordinate to certain of the heretofore issued Outstanding Obligations secured by and payable from, on a series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Obligations, consent to the issuance of the same, approve the ordinance authorizing each series of the Obligations (the *Ordinance*), including the approval and distribution of the disclosure documents relating thereto, as applicable, and agree to comply with all the terms and provisions of the Ordinance, including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Obligations; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE

BOARD OF SAN ANTONIO, TEXAS THAT:

1. The City Council is hereby formally requested to authorize and sell taxable Obligations in one or more series, and as designated by series, purpose, lien priority, time of issuance, and method of interest calculation, in the manner hereinbefore described, in the aggregate maximum principal amount of \$422,000,000, and the Board by the adoption of this Resolution hereby evidences its consent to the issuance and sale of the Obligations and the payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Ordinance authorizing the issuance of the Obligations (as further designated to distinguish among series in accordance with the Ordinance) if issued in one or more series, substantially in the form attached to this Resolution as Exhibit A, such Ordinance being incorporated herein by reference for all purposes.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions governing the sale of each series of Obligations shall expire not later than the date of expiration that is specified in the Ordinance.

3. Any Preliminary Official Statement relating to each series of Obligations in substantially the form or forms presented at this meeting is hereby approved and deemed final for the purpose of complying with the United States Securities and Exchange Commission's Rule 15c2-12 and the President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer of the Board (whether serving in an interim or acting capacity) (each, an *Authorized Official*, and together, the *Authorized Officials*) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to execute each final Official Statement on behalf of the Board.

4. The contract pertaining to the sale of each series of Obligations (collectively, the *Purchase Contract*), dated as of the date of the sale of the applicable series of Obligations and among the underwriter or underwriters or direct placement purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and any Authorized Official is hereby authorized to execute the Purchase Contract on behalf of the Board and to deliver it to the other parties thereto.

5. In lieu of a Purchase Contract for each respective series of Obligations, the Board reserves the right to alter the method of sale for any series of Obligations to a competitively bid sale for such series of Obligations. Such decision by the Board shall include execution of an official bid form (the *Official Bid Form*) relating to a particular series of Obligations, to be dated as of the date of the sale of the applicable series of Obligations and among the purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and each Authorized Official is hereby authorized to execute the applicable Official Bid Form relating to a particular series of Obligations on behalf of the Board and to deliver it to the other parties thereto.

6. The Board recognizes that provisions of the Ordinance, completed with respect to a

series of Obligations, contain representations, covenants, and obligations of the City relating to the Obligations. Since the proceeds of the applicable series of Obligations will be entirely within the control and disposition of the Board, the Board specifically adopts the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

7. The Board recognizes that provisions of the Ordinance relating to “Continuing Disclosure of Information”, contains covenants of the City relating to the Obligations that are publicly sold in the capital markets. Since certain financial information, financial status, operating data, and annual audits of the Systems will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the City Council in those provisions of the Ordinance.

8. In order to comply with various provisions of Texas law, various certificates must be provided to co-bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the issuance, sale, and delivery of each series of Obligations.

9. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the sale, issuance, and delivery of each series of Obligations and the funding, as applicable, of the escrow established in connection with the issuance of a series of refunding Obligations, a purpose of which is the refunding of any Refunding Candidates (including engagement of an escrow bidding agent to facilitate the acquisition of eligible securities to fund such escrow). This delegation shall last through the period of expiration as set forth in the Ordinance.

10. The Board hereby authorizes PPM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and another qualified co-bond counsel. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

11. Capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Ordinance.

12. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

13. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

* * *

PASSED AND ADOPTED, this 28th day of February, 2022.

CITY PUBLIC SERVICE BOARD OF
SAN ANTONIO, TEXAS

Chair, Board of Trustees

ATTEST:

Secretary, Board of Trustees

EXHIBIT A

Bond Ordinance

(See Tab No. 1)



ENERGY EFFICIENCY & CONSERVATION PROGRAM

PRESENTED BY:

Rick Luna

Director, Technology & Product Innovation

February 28, 2022

Informational Update



AGENDA



- **INTRODUCE BRATTLE GROUP REPORT**
- **PROPOSED TIMELINE FOR OUR RECOMMENDATION**
- **BRATTLE GROUP PRESENTATION**
- **QUESTIONS & ANSWERS**

Our purpose today is to be responsive to your questions regarding the future of our Energy Efficiency & Conservation program.

BRATTLE GROUP STEP ASSESSMENT

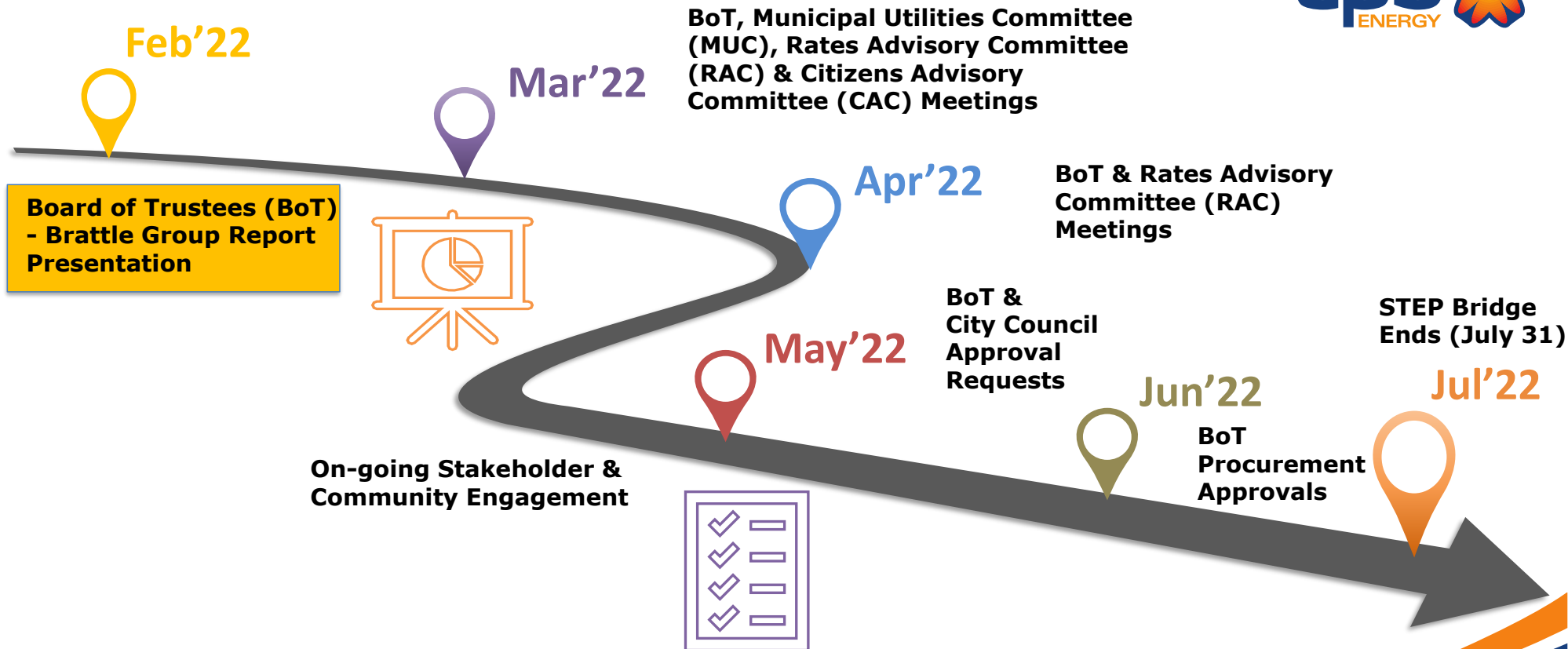


Focus Area	Board Member	Question/Comment
STEP Overview & Significance	Trustee Kelley	Declare success (STEP goal was achieved; a power plant was avoided) and move on.
	Mayor Nirenberg	Define our next goal for STEP. What is it we are trying to achieve?
STEP Cost Effectiveness	Trustee Steen	Breakout the cost of STEP on customer bills. Looking for additional transparency as customers can't see how much they are paying for STEP.
	Mayor Nirenberg	1) Illustrate everything in our fuel adjustment, breakout fuel cost from all sources including coal, nuclear, natural gas and renewables, 2) Put together goals, benchmarks, customer sentiment, and cost of program vs. impact of program.
	Trustee Gonzalez	Do an assessment of the program to include conservation, equitable investments, and safety; ii) Evaluate and have high-level criteria for the program
	Chair Dr. Mackey	Do a lessons learned and ROI analysis on the STEP program
Peer Utility Benchmarking	Vice Chair Gonzalez	Pivot the program to be more innovative, so programs are not stale
Recommendations for the Future of STEP	Trustee Steen	Eliminate or rescale the STEP program and use the savings to relieve financial stress from Winter Storm Uri
	Trustee Kelley	Do a clean sheet, deep dive analysis to determine if the STEP program still makes sense after twelve years.
	Chair Dr. Mackey	Do we still need it, are we meeting the needs today?

We engaged Brattle to address your questions posed at the August 30, 2021, Board meeting.



WORKSTREAMS IN-FLIGHT



Workstreams are building toward a May 2022 decision on the future of our Energy Efficiency & Conservation programs.



Thank You



Assessment and Benchmarking of CPS Energy's STEP Program

Executive Summary

PRESENTED BY

Sanem Sergici

Agustin Ros

Travis Carless

Rohan Janakiraman

PRESENTED TO

CPS Energy

FEBRUARY 28, 2022



Table of Contents

- 1- STEP Overview and Importance
- 2- STEP Cost-Effectiveness
- 3- Peer Utility Benchmarking
- 4- Recommendations for STEP



1- STEP Overview and Significance

This section provides an overview of the STEP program to date, achievements of the program and its relevance given the current industry trends

1- STEP OVERVIEW

STEP is an important “customer-facing” initiative to keep up with the changing times



We are witnessing several key trends in the industry:

- Clean energy goals and aspirations
- Transportation and building electrification
- Increasing need for load flexibility to integrate renewables and mitigate infrastructure investments
- Pressure to maintain affordability in the face of these macro developments
- Increasing customer energy awareness and interest in distributed generation and clean energy
- Increasing threats of dis-intermediation by third parties (if the incumbent utility falls behind in innovation, other market participants will fill-in the void)
- Increasing need for customer empowerment through new programs and innovative rates

Save for Tomorrow Energy Plan (STEP) is one of the ways CPS Energy is keeping up with these trends shaping the industry

1-STEP OVERVIEW

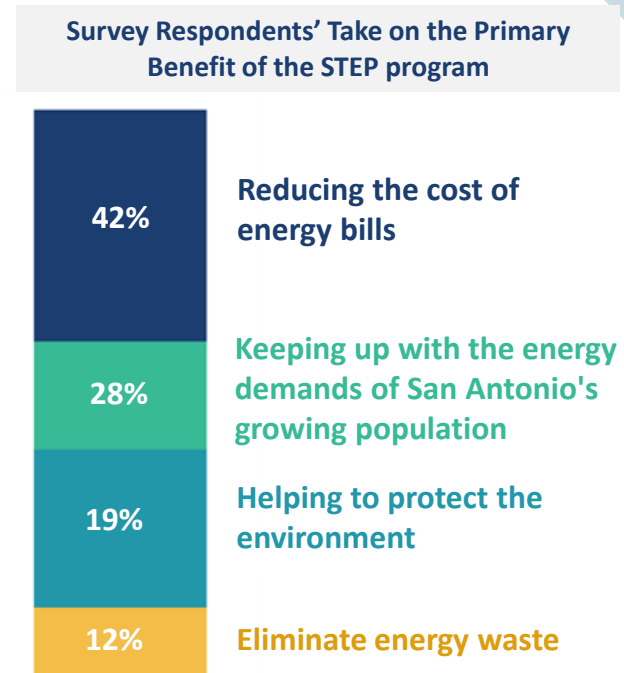
Public Perception of the STEP Initiative

CPS Energy residential and business customers broadly support measures to make their home or business more energy efficient

- 95% of residential customers and 93% of business customers indicate it is important to know their home/business is energy efficient
- Of these residential customers, the majority (71%) cite “saving on their utility bill” as the primary benefit of energy efficiency

There is a general lack of awareness of the STEP program, but customers display interest in using STEP to reduce energy bills and meet energy reduction goals

- Only 54% of residential customers and 50% of business customers are aware of the STEP program
- Of the residential customers who haven’t participated in the STEP program, 72% have not participated because of “lack of awareness of programs”
- Nearly 40% of customers are willing to pay the current price of \$3-\$5/month to continue the STEP program, even without being prompted of the program’s cost-saving benefits



Sources and Notes: Survey of 801 CPS Energy residential customers, original question: “What do you feel should be the primary benefit of the STEP program?”

2- STEP Cost-Effectiveness

This section reviews the cost-effectiveness of the STEP program and its impact on reducing customer bills

2- STEP COST-EFFECTIVENESS

Break Down of Fuel Adjustment Charge for Electric Bills

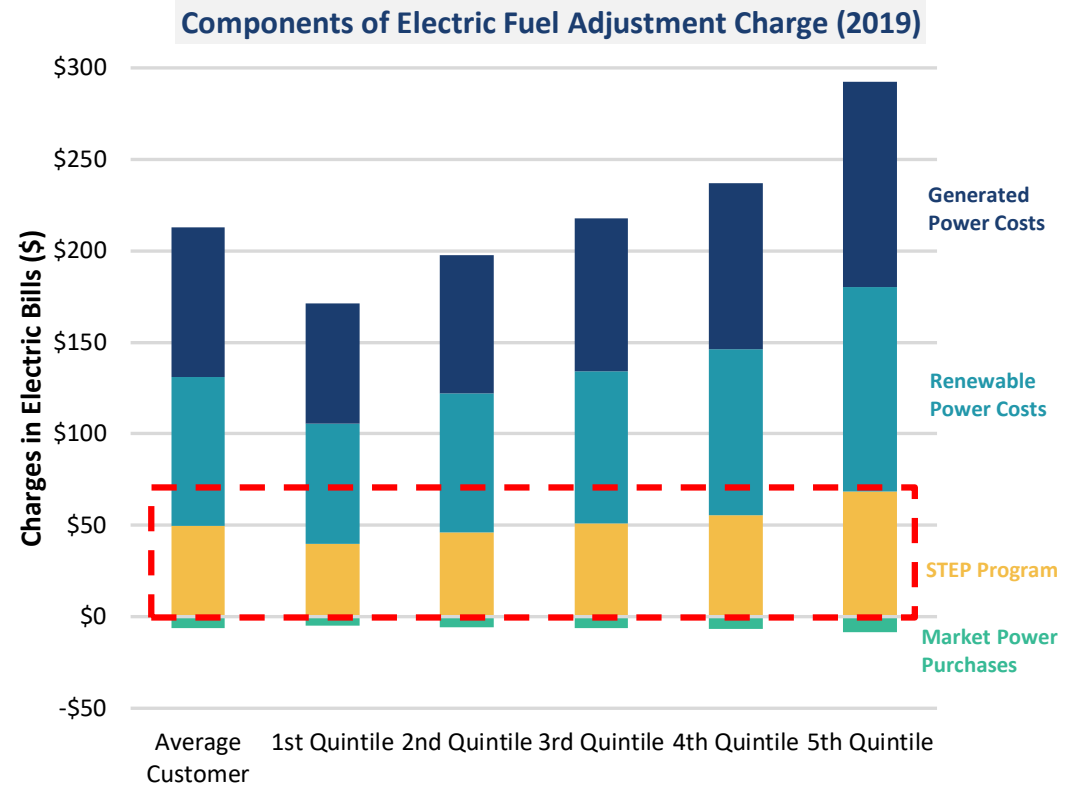
The STEP program cost is recovered from a portion of the **Fuel Adjustment Charge**

- The average Fuel Adjustment Charge was **\$0.016/kWh** for electricity customers in the residential rate class in 2019

Program Description	Average Electric Fuel Adjustment Charge Distribution (2019)
Generated	39.5%
Renewable	39.5%
Market Power Purchases	-3.0%
STEP	24.0%

In 2019, the average customer paid about **\$207** annually to cover the fuel adjustment charge, comprising 15% of their electric bill

- 1st income quintile customers paid 27% less towards STEP programs compared to the 5th quintile customers



Sources and Notes: The estimated average electric fuel adjustment charge and program share is provided by CPS Energy for 2019. Negative Market Power Purchases represent credits from ERCOT.



2- STEP COST-EFFECTIVENESS

Summary of Widely Used Cost-Effectiveness Tests

TRC and PAC Test are the most commonly used cost-effectiveness tests

- A Benefit/Cost Ratio of 1 and above indicates a cost effective portfolio

Cost-Effectiveness Test	Perspective	Key Question	Benefits	Costs
Participant Cost Test (PCT)	Participants	Is the participant better off?	<ul style="list-style-type: none"> • Bill Decrease • Customer Incentives 	<ul style="list-style-type: none"> • Program Costs (Participant) • Participation Fees
Total Resource Cost (TRC) Test	Customers and utility	Are the system costs lowered?	<ul style="list-style-type: none"> • Avoided supply-side costs 	<ul style="list-style-type: none"> • Program Costs (Participant and Utility)
Ratepayer Impact Measure (RIM) Test	Non-participants	Are rates lowered?	<ul style="list-style-type: none"> • Avoided supply-side costs • Participant Fees 	<ul style="list-style-type: none"> • Revenue loss • Customer Incentives • Program Costs (Utility)
Program Administrator Cost (PAC) Test	Utility	Are revenue requirements lowered?	<ul style="list-style-type: none"> • Avoided supply-side costs • Participant Fees 	<ul style="list-style-type: none"> • Customer Incentives • Program Costs (Utility)
Societal Cost Test (SCT)	Society	Are societal costs lower?	<ul style="list-style-type: none"> • Avoided societal costs, inclusive of supply-side costs and social externalities 	<ul style="list-style-type: none"> • Program Costs (Participant and Utility)

Source: For further discussion of the cost-effectiveness tests, see: California Public Utilities Commission, "California Standard Practice Manual," October 2001.

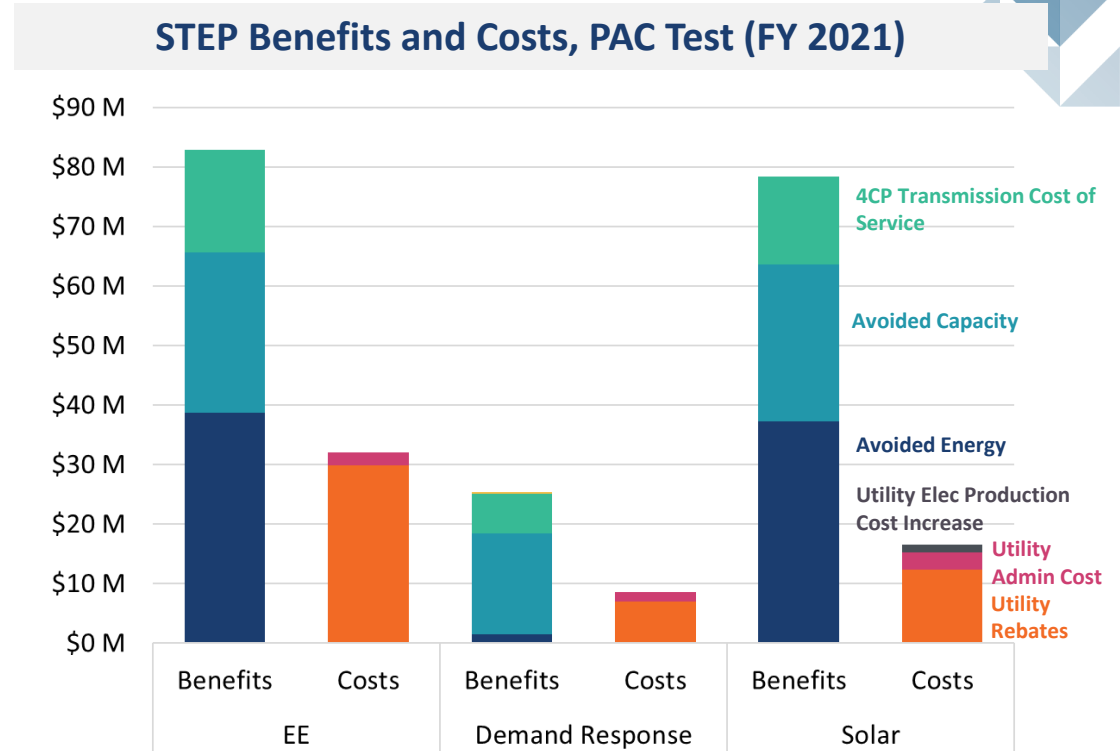
2- STEP COST-EFFECTIVENESS

STEP Program According to the PAC Test

STEP benefits exceed the costs for each of the EE, DR and Solar programs, based on the PAC Test

- **Benefits:** EE produces the largest avoided energy, avoided capacity, and 4CP transmission cost of service benefits, followed by solar
- **Costs:** Utility rebates represent the highest share of costs

The solar program provides the highest benefit-to-cost ratio (4.7) compared to EE (2.6) and Demand Response (3.0)



Sources and Notes: Data provided by Frontier.

2- STEP COST-EFFECTIVENESS

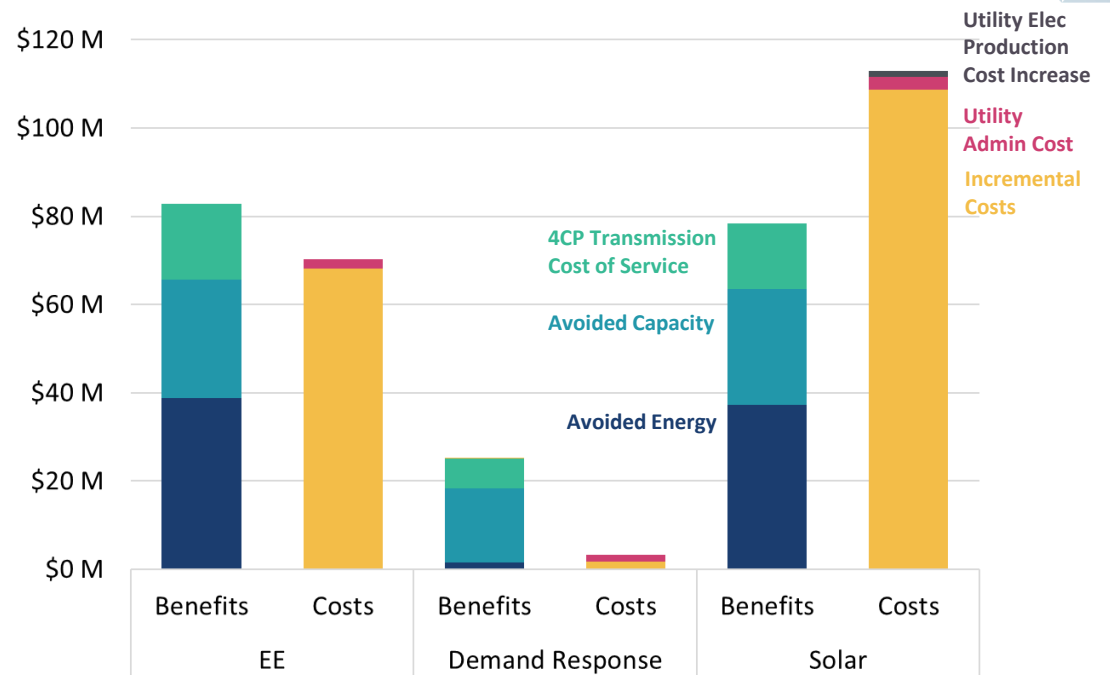
STEP Program According to the TRC Test

STEP benefits exceed the costs for EE and DR programs but not the Solar program, based on the TRC Test

- **Benefits:** EE again produces the largest avoided energy, avoided capacity, and 4CP transmission cost of service benefits
- **Costs:** Incremental Costs represent the highest portion of costs, and outweigh benefits for the Solar program

The DR program provides the highest B/C Ratio (7.6), followed by EE (1.2) and Solar (0.7)

STEP Benefits and Total Resource Costs (FY 2021)



Sources and Notes: Data provided by Frontier. Solar costs are net of the Investment Tax Credit.

3- Peer Utility Benchmarking

This section reviews a group of peer utilities' customer-side programs and benchmarks STEP to these programs

3- PEER UTILITY BENCHMARKING

What programs are being offered by CPS Energy’s peer utilities?



Utility	Type	Energy Efficiency	Demand Response	Rooftop and Community Solar Incentives	Energy Efficiency Programs for LMI Customers
CPS Energy	Municipal	✓	✓	✓	✓
Arizona Public Service (APS)	IOU	✓	✓	-	-
Austin Energy	Municipal	✓	✓	✓	✓
Baltimore Gas & Electric (BG&E)	IOU	✓	✓	✓	-
Centerpoint Energy	IOU	✓	✓	-	✓
Colorado Springs Utilities (CSU)	Municipal	✓	-	✓	-
Georgia Power	IOU	✓	✓	✓	✓
Jacksonville Electric Authority (JEA)	Municipal	✓	Residential Pilot	✓	✓
Los Angeles Department of Water and Power (LADWP)	Municipal	✓	✓	✓	✓
Long Island Power Authority (LIPA)	Municipal	✓	✓	✓	✓
Oncor Electric Delivery	IOU	✓	✓	✓	✓
Orlando Utilities Commission (OUC)	Municipal	✓	-	✓	✓
Pacific Gas & Electric (PG&E)	IOU	✓	✓	✓	✓
Sacramento Municipal Utility District (SMUD)	Municipal	✓	✓	✓	-
Salt River Project (SRP)	Municipal	✓	✓	✓	✓
Seattle City Light	Municipal	✓	-	-	✓

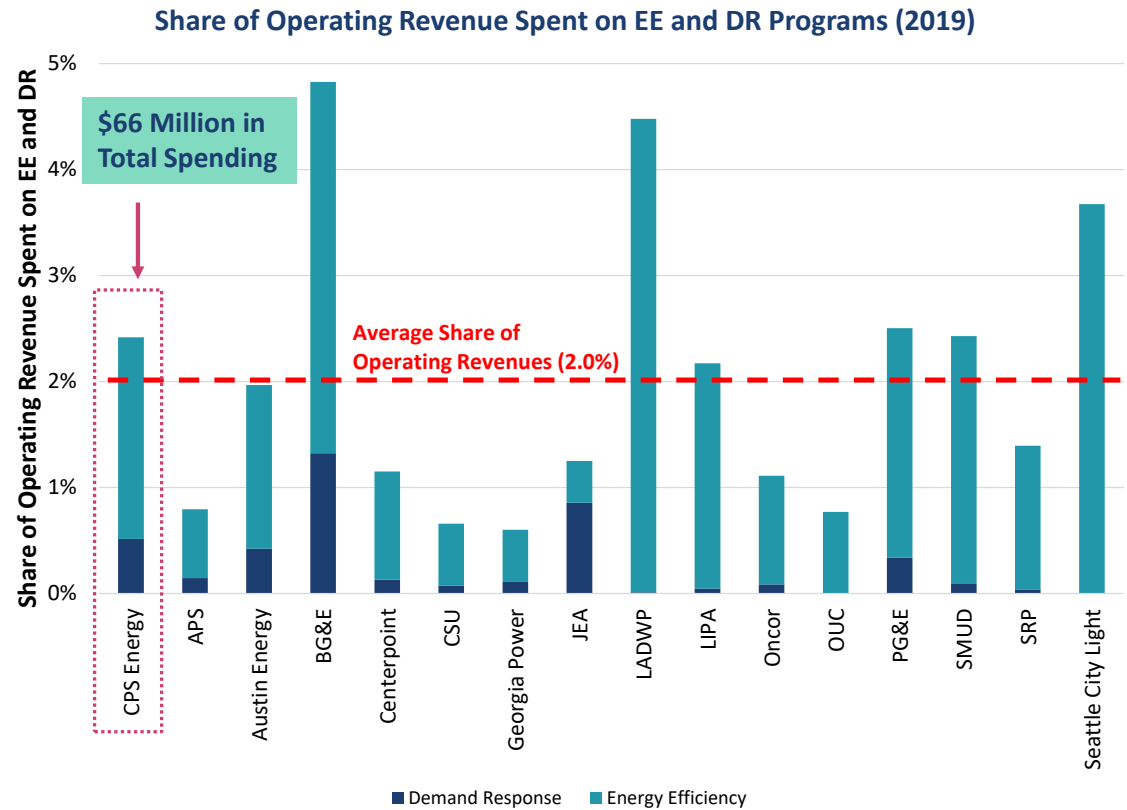
Notes: LMI refers to low-to-moderate income customers

3- PEER UTILITY BENCHMARKING

The share of revenue spent on EE and DR programs varies widely

In 2019, CPS Energy spent the equivalent of 2.4% of its operating revenue on EE and DR programs compared to 2% by average of its peers

- BG&E, LADWP, Seattle City Light spent more than 4% of their operating revenue on customer facing programs in 2019
- APS, CSU, Georgia Power, and OUC spent less than 1% of their operating revenue on customer facing programs in 2019



Sources and Notes: Annual Operating Revenues data was pulled from the 10-Ks for each utility. Demand Response and Energy Efficiency Program costs was pulled from the [Annual Electric Power Industry Report](#). To calculate the share of operating revenue spent on EE and DR programs for each utility, we added the combined costs of the Demand Response and Energy Efficiency Programs and divided the resulting figure by the utility's Operating Revenue in 2019.



Recap of Findings

- 1- STEP has delivered in its original mission to avoid a power plant over the past decade and continues to deliver energy and capacity savings beyond that initial goal**
- 2- Every major and innovative utility in the country is maintaining or expanding their customer-facing programs (comparable to STEP) given the clean energy transition, mitigating the grid impacts of electrification and affordability concerns**
- 3- CPS Energy customers' awareness of STEP programs is low and can be improved**
- 4- STEP portfolio is cost effective based on the PAC test, meaning that the benefits to the system are higher than the expenses incurred by CPS Energy and its customers to support these programs**
 - Individual programs in the STEP portfolio, EE, DR and Solar, also pass the PAC test
- 5- STEP portfolio also passes the TRC test; however solar program reduces the portfolio cost effectiveness when viewed from a total resource cost perspective**
- 6- We compared CPS Energy's portfolio of customer-facing programs to those from 15 peer utilities and found that the CPS Energy compares favorably to its peers:**
 - Rich portfolio of programs covering EE, DR, solar and low-income program offerings
 - CPS Energy allocates roughly 2.4% of its revenues to finance its EE and DR programs, slightly higher than the average of its peers (2%)

Sources: ["2020 Utility Energy Efficiency Scorecard,"](#) American Council for an Energy-Efficient Economy (ACEEE), February 2020
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4- Recommendations for STEP

Having reviewed the performance of the STEP program in terms of its energy and capacity savings; cost-effectiveness and comparison to similar programs administered by CPS Energy's peer utilities, this section provides recommendations for the evolution of STEP

4- STEP RECOMMENDATIONS

Brattle Recommendations for STEP



1- Maintain the momentum of the STEP program as the realities of the new grid will require more flexibility

- Customer-facing programs cannot be built overnight when needed; CPS Energy built a successful portfolio over the past decade which delivered in its core mission
- STEP can evolve and expand in the areas CPS Energy system requirements indicate
- Assess the STEP program performance at the end of each planning cycle, and refresh the portfolio in a way to meet the impending system needs (e.g. winter peak reduction or carbon reduction)
- Each of CPS Energy's peer utilities have sizable customer program portfolios with rich and diverse programs addressing EE, DR and emerging technologies

2- CPS Energy may want to reevaluate the solar program and whether it meets its program objectives

- Shift spending towards community solar projects where renters and LMI customers are more likely to participate
- Shift rebate and incentive spending towards more cost effective programs from a total system perspective, such as solar+ BTM storage, where the storage system can be controlled by CPS Energy for system emergencies
- Consider expanding the focus on the electrification of the transportation sector

4- STEP RECOMMENDATIONS

Brattle Recommendations for STEP (cont'd)



3- Improve STEP program awareness and cost-saving benefits of the STEP program and perform more community engagement

- Despite a lack of community awareness, CPS Energy has met its capacity savings goals and can achieve more in the future
- Increased efficiency and demand response are likely to become more important as CPS Energy retires its coal fleet

4- Expand the scope of the LMI programs in the STEP portfolio to include financing for efficient appliances and community solar with LMI-specific rates

- Peer utilities also offer a variety of programs targeting LMI customers, above and beyond the weatherization programs

5- Continue to explore low-cost initiatives to achieve energy savings

- Invest in low-cost behavioral energy efficiency initiatives (e.g. customer-facing web/phone apps and targeted messages) to better educate customers on EE programs and to promote behavioral changes in support of energy conservation
- Explore implementing time-of-use (TOU) rates to shift peak demand for customers

Appendix

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