



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON FEBRUARY 24, 2025, AT 2:00 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

| ITEM | TOPIC | ACTION | PRESENTER/ SPONSOR |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------|
| 1 | CALL TO ORDER | Execute | Dr. Francine Romero |
| 2 | SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE | Execute | Ms. Jeanne Drehs |
| 3 | PUBLIC COMMENT Pre-Registration is from Wednesday, February 19, 2025, 5:00 PM – Friday, February 21, 2025, 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com | Discuss | Dr. Francine Romero |
| UPDATE ON CHAIR'S PRIORITIES | | | |
| 4 | CHAIR'S REMARKS | Discuss | Dr. Francine Romero |
| 5 | CEO RECOGNITION & REMARKS | Discuss | Mr. Rudy Garza |
| CONSENT AGENDA | | | |
| 6 | APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for January 2025 & Additional Transfer to the City of San Antonio for FY2025 B. Minutes from the January Regular Board Meeting, held on January 31, 2025 | Vote | Dr. Francine Romero |
| REGULAR AGENDA | | | |
| 7 | BOARD COMMITTEE REPORTS A. Audit and Finance (A&F) Committee meeting held on January 9, 2025 (Ms. Janie Gonzalez) | Discuss | Dr. Francine Romero |

| | | | |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------|
| | B. Employee Benefits Oversight Committee (EBOC) meeting held on January 13, 2025 (Ms. Janie Gonzalez) | | |
| 8 | PROCUREMENT REQUEST FOR APPROVAL: 15KV & 38KV RECLOSERS (Mr. Richard Medina) | Vote | Dr. Francine Romero |
| 9 | PROCUREMENT REQUEST FOR APPROVAL: INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS (Mr. Richard Medina) | Vote | Dr. Francine Romero |
| 10 | PROCUREMENT REQUEST FOR APPROVAL: ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING (Mr. Richard Medina) | Vote | Dr. Francine Romero |
| 11 | PROCUREMENT REQUEST FOR APPROVAL: ENGINEERING SERVICES FOR TRANSMISSION PLANNING AND OPERATIONS ENGINEERING (Mr. Richard Medina) | Vote | Dr. Francine Romero |
| 12 | PROCUREMENT REQUEST FOR APPROVAL: INDEPENDENT VERIFICATION & VALIDATION SERVICES (Ms. Elaina Ball) | Vote | Dr. Francine Romero |
| 13 | VISION 2027 GENERATION PLAN UPDATE | Discuss | Mr. Benny Ethridge |
| 14 | BOARD COMMITTEE ASSIGNMENTS | Vote | Dr. Francine Romero |
| CONVENE TO EXECUTIVE SESSION | | | |
| 15 | EXECUTIVE SESSION A. Attorney-Client Matters (§551.071) B. Attorney-Client Matters (§551.071) & Personnel Matters (§551.074) C. Security Personnel or Devices (§551.076) D. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086) E. Real Property (§551.072) | Discuss | Dr. Francine Romero |
| RECONVENE TO OPEN SESSION | | | |
| 16 | ADJOURNMENT | Execute | Dr. Francine Romero |

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.

Known absences: Mayor Ron Nirenberg.

CPS Energy Board of Trustees Meeting February 24, 2025

Approval of Payment to the City of San Antonio for January 2025

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 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$242,824,247.88, less applicable exclusions. The revenue for the month of January 2025 is calculated as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Gross revenue per CPS Energy financial statements | |
| Electric revenue | \$296,427,943.74 |
| Gas revenue | 43,479,577.68 |
| Interest and other income | 13,272,518.54 |
| Gross revenue per CPS Energy financial statements | <u>353,180,039.96</u> |
| Excluded revenue | |
| School and hospital revenue per City Ordinance 55022 | (6,554,929.70) |
| LVG revenue per City Ordinance 100709 | (53,645.81) |
| Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts | (54,119,028.70) |
| Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue | <u>(49,628,187.87)</u> |
| Total excluded revenue | <u>(110,355,792.08)</u> |
| Gross revenue per New Series Bond Ordinance subject to 14% payment to the City | <u>\$242,824,247.88</u> |
| City payment per Bond Ordinance for January 2025 based upon January 2025 revenue | \$33,995,394.70 |
| City payment per memorandum of understanding (MOU) regarding wholesale special contracts | 653,618.90 |
| Wholesale Special Contract Annual True Up | 322,351.11 |
| 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 | 34,958,864.71 A |
| Utility services provided to the City for January 2025 | <u>(2,738,996.62)</u> |
| Net amount to be paid from January 2025 revenue to the City in February 2025 | <u>\$32,219,868.09</u> |

CPS Energy Board of Trustees Meeting February 24, 2025

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 2025 | Actual | Budget | Variance | |
|-------------------------|-------------|-----------|----------|------|
| Current Month* A | \$34,959 | \$34,201 | \$758 | 2.2% |
| Year-to-Date* | \$456,658** | \$425,326 | \$31,332 | 7.4% |

* 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 2025 – Additional Transfer per Bond Ordinance

Total \$13,030,709.64 **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 \$32,219,868.09 representing 14% of applicable system gross revenues for the month of January 2025, such payment being net of City utility services (\$2,738,996.62), 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 \$13,030,709.64, 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.

Draft for review and approval
at the February 24, 2025 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JANUARY 31, 2025**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of January was held on Monday, January 31, 2025, 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 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. Brianna Lohse, Business Management Strategist.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated it is an honor to be here. She provided a quote: "Stand up for what is right, even if you're standing alone." She stated the community appreciates Mr. Garza. She also stated her appreciation for members of the Board.

Draft for review and approval
at the February 24, 2025 meeting

IV. CHAIR'S REMARKS

Chair Gonzalez deferred this item and item #8 to later in the meeting.

V. CEO RECOGNITION

Mr. Rudy Garza, President & CEO, recognized the Third Quarter CEO Core Value Award Honorees. He noted that these individuals' actions align with our Core Values, and they earn the trust and respect of their colleagues.

VI. APPROVAL OF CONSENT ITEMS

On a motion by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, 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 December 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 December 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$197,329,980.99, less applicable exclusions. The revenue for the month of December 2024 is calculated as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Gross revenue per CPS Energy financial statements | |
| Electric revenue | \$229,265,757.92 |
| Gas revenue | 19,547,146.74 |
| Interest and other income | 5,563,750.56 |
| Gross revenue per CPS Energy financial statements | <u>254,376,655.22</u> |
| Excluded revenue | |
| School and hospital revenue per City Ordinance 55022 | (6,805,578.79) |
| LVG revenue per City Ordinance 100709 | (9,694.10) |
| Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts | (38,497,217.17) |
| Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue | <u>(11,734,184.17)</u> |
| Total excluded revenue | <u>(57,046,674.23)</u> |
| Gross revenue per New Series Bond Ordinance subject to 14% payment to the City | <u>\$197,329,980.99</u> |
| City payment per Bond Ordinance for December 2024 based upon December 2024 revenue | \$27,626,197.34 |
| City payment per memorandum of understanding (MOU) | |

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| | | |
|-----------------------------------------------------------------------------------|-----------------|----------|
| regarding wholesale special contracts | 430,611.25 | |
| City Payment reduction per gas customer billing adjustment MOU | (12,500.00) | |
| City payment per Bond Ordinance plus adjustments for memorandums of understanding | 28,044,308.59 | A |
| Utility services provided to the City for December 2024 | (2,735,898.66) | |
| Net amount to be paid from December 2024 revenue to the City in January 2025 | \$25,308,409.93 | |

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)

| December 2024 | Actual | Budget | Variance | |
|------------------------|-----------|-----------|-----------|-------|
| Current Month A | \$28,044 | \$30,224 | (\$2,180) | -7.2% |
| Year-to-Date* | \$421,700 | \$391,125 | \$30,575 | 7.8% |

* 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 \$25,308,409.93 representing 14% of applicable system gross revenues for the month of December 2024, such payment being net of City utility services (\$2,735,898.66), is hereby approved."

B. Minutes from the December Regular Board Meeting held on December 16, 2024

VII. COMMITTEE REPORTS

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

- A. Nomination Committee (NC) Meeting held on November 4, 2024. The report is attached as Attachment "A" to the meeting minutes.
- B. Operations Oversight Committee (OOC) Meeting held on November 4, 2024. The report is attached as Attachment "B" to the meeting minutes.

Also, in the interest of time, Chair Gonzalez, accepted the submission of the following reports of the Community Input Committee:

- A. Community Input Committee Meeting held on January 8, 2025. The report is attached as Attachment "C" to the meeting minutes.

VIII. ELECTION OF NEW BOARD OF TRUSTEES CHAIR AND VICE CHAIR

Chair Gonzalez postponed this item to follow item #17 towards the end of the meeting.

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at the February 24, 2025 meeting

IX. PROCUREMENT REQUEST FOR APPROVAL: SYSTEM PROTECTION ENGINEERING SERVICES

Mr. Richard Medina, Chief Energy Delivery Officer, noted that the procurement will assist with designing relay protection, ensuring accurate relay calibration, and developing setting calculations for new transmission and substation projects. Trustee Dr. Mackey moved to approve the procurement, and it was seconded by Vice Chair Dr. Romero. The Board of Trustees discussed the motion. The motion was approved unanimously.

X. PROCUREMENT REQUEST FOR APPROVAL: UTILITY LOCATING SERVICES

Mr. Richard Medina, Chief Energy Delivery Officer, noted that the contract is for utility locating and damage prevention services that support regulatory compliance and public safety. The Board of Trustees discussed the procurement. Trustee Dr. Mackey moved to approve the procurement, and it was seconded by Mayor Nirenberg. The motion was approved unanimously.

XI. PROCUREMENT REQUEST FOR APPROVAL: OUTSIDE PLANT (OSP) FIBER ENGINEERING SERVICES

Mr. Evan O'Mahoney, Chief Information Officer, noted that the contract is for engineering for outside plant (OSP) fiber infrastructure to support fiber lifecycle replacement, new-build, and pole attachment processes. The Board of Trustees discussed the procurement. Trustee Dr. Mackey moved to approve the procurement, and it was seconded by Vice Chair Romero. The motion was approved unanimously.

XII. EVOLVE: ENTERPRISE RESOURCE PLANNING (ERP) TRANSFORMATION PROGRAM

Mr. Evan O'Mahoney, Chief Information Officer, presented an update on the Enterprise Resource Planning (ERP) component of Evolve. He walked through the actions taken and steps to arrive at today's request to approve the addition of funds to the IT services Framework to support implementation services related to the ERP Transformation program. He stated that Accenture is the selected partner for the Business Transformation & System Implementation component of ERP.

Trustee Dr. Mackey moved to approve, and Vice Chair Dr. Romero seconded. The Board discussed and asked questions about ERP and the approval of the procurement. The motion was approved unanimously.

XIII. FY2026 ENTERPRISE SCORECARD & MEASURE TARGETS

Ms. Elaina Ball, Chief Strategy Officer, presented our FY2026 scorecard and measures. She reviewed the progress on Vision 2027 and the community commitments we have delivered. She then reviewed the FY2026 Strategic Initiatives in the Enterprise Scorecard and walked through the updated FY2026 Enterprise Measure Targets.

Draft for review and approval
at the February 24, 2025 meeting

The Board of Trustees discussed and asked questions.¹

XIV. FY2026 BUDGET

Mr. Cory Kuchinsky, Chief Financial Officer, presented the FY2026 Budget. He noted that the proposed budget continues to execute plans the Board previously approved, such as Vision 2027, the Generation Plan, and the Technology Plan. He noted that FY2026 places us into a period of high investment as we look to empower our community for generations. Finally, he requested approval for the FY2026 proposed budget, which will fund investments that will benefit our community and meet our commitments.

Vice Chair Dr. Romero moved approval, and Trustee Dr. Mackey seconded. The Board of Trustees discussed and asked questions. The motion passed on a 4-1 vote, with Trustee Steen voting against the motion.²

XV. FY2026 FINANCING PLAN

Mr. Cory Kuchinsky, Chief Financial Officer, presented the FY2026 Financial Plan. He noted that the financial transactions presented will improve our fiscal resiliency and seek potential savings for our customers.

Vice Chair Dr. Romero moved approval, and Trustee Dr. Mackey seconded. The Board of Trustees discussed and asked questions. The motion passed on a 4-1 vote, with Trustee Steen voting against the motion.³

XVI. HORIZON 2050 FRAMEWORK

Ms. Elaina Ball, Chief Strategy Officer, presented the updated Horizon 2050 Strategic Framework, explaining the vision, mission, goals, and values for CPS Energy as it makes strategic decisions for the future. She also explained that Horizon 2050 will include five-year strategic checkpoints, with ongoing community engagement and collaboration for continued success. She then requested approval for a resolution approving the Horizon 2050 Strategic Framework.

The Board of Trustees then discussed and asked questions. Chair Gonzalez moved to approve the resolution, and Trustee Steen seconded. It was approved on a 4-1 vote, with Vice Chair Dr. Romero voting against the motion.

¹ Trustee Steen requested his continued concerns that the changes to performance metrics unacceptably lower the standard of expected performance be included in the minutes. He expressed concern that the Board of Trustees does not vote to approve the enterprise scorecard and he does not support the recent changes in metrics. He also expressed concern about performance in recent years and through the third quarter of this fiscal year – noting that the metrics represent CPS Energy's "report card."

² Trustee Steen noted he voted against approval because he does not agree with the Board approved plans or a budget with a forecasted debt capitalization ratio above 60%.

³ Trustee Steen noted that while he agrees with the financing plan which will result in savings, he voted against the motion because of his concern with the overall direction of CPS Energy and he believes it is going down a path to potentially being overleveraged.

Draft for review and approval
at the February 24, 2025 meeting

XVII. EVOLVE: ARTIFICIAL INTELLIGENCE (AI)

Mr. Evan O'Mahoney, Chief Information Officer, presented on the Generative Artificial Intelligence (AI) Policy. He noted that formulating our strategy and establishing governance will mitigate risks and support our ability to effectively seek out GenAI opportunities to deploy within our operations. He then requested approval of a resolution supporting the policy.

The Board of Trustees then discussed and asked questions. Chair Gonzalez moved to approve the resolution, and Trustee Dr. Mackey seconded. The motion was approved unanimously.

XVIII. CHAIR'S REMARKS

Chair Gonzalez began by highlighting the CPS Energy internship program and shared a video. She noted that in February 2025 information will be on the website for the program.

Chair Gonzalez then noted this meeting concludes her term as Chair, and she thanked her fellow Board members and Mr. Garza. She also thanked her family and others who have supported her as Chair.

XIX. ELECTION OF NEW BOARD OF TRUSTEES CHAIR AND VICE CHAIR

Trustee Dr. Mackey thanked Chair Gonzalez for her leadership. He then nominated Vice Chair Dr. Romero as the next Chair and nominated himself as Vice Chair effective February 1, 2025. Mayor Nirenberg seconded the nomination. It was approved unanimously.

XX. REVIEW OF ACTION ITEMS

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

XXI. EXECUTIVE SESSION

At approximately 4:22 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:

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

The Board reconvened in open session at 4:40 p.m. The quorum was re-established, and four 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.

Draft for review and approval
at the February 24, 2025 meeting

XXII. 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 4:41 p.m. by Chair Gonzalez.

Shanna M. Ramirez
Secretary of the Board

DRAFT



AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM JANUARY 9, 2025 MEETING

PREPARED FOR CHAIR JANIE GONZALEZ

FOR REPORT AT THE FEBRUARY 24, 2025 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on January 9, 2025. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 24, 2024.
- B. Received a presentation from KPMG, external auditors, regarding governance in relation to the audit services provided. Also, the Committee approved the audit and non-audit services provided by KPMG.
- C. 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. Provided an overview of the new Institute of Internal Auditors Global Internal Audit Standards (IIA Standards) and received an update on the status of the implemented the new IIA Standards. Provided a preview of FY2026 audit planning process, Audit Services FY2026 proposed budget, and an overview of upcoming Audit Services projects.

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



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 13, 2025, MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE FEBRUARY 24, 2025, BOARD OF TRUSTEES MEETING

The EBOC met on January 13, 2025. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 24, 2024.
- B. Reviewed the Action Items list from the meeting held on October 24, 2024.
- C. Reviewed the annual EBOC calendar and governance overview as part of a Benefit Plans Administrative & Financial Update.
- D. Discussed the Administrative Committee (AC) governance and membership, noting the only change to the AC was Ms. Lizeth Oliver, Sr. Manager of Investment Management, was appointed AC Secretary.

The Committee also received presentations regarding:

- E. A Benefit Trust Funding update that noted an increase in Benefit Trust funding requirements for FY2026 of \$19.1 million over FY2025. The funding requirements were included in the FY2026 budget.
- F. An Investment Performance Update, noting positive investment performance for the four Benefit Plans. The plans are expected to end the year with a strong performance.
- G. Approved administrative changes to CPS Energy Pension Plan Funding Policy to conform to the Pension Review Board's recently recommended template, requiring no substantive changes to our policy.
- H. Approved the updated asset allocation target within the Investment Policy, including a 5% asset allocation to investment-grade private credit.
- I. Approved design changes to the CPS Energy Health Plan (Health Plan) post-retiree medical benefits. Current retiree plans will be replaced with new fully insured Medicare coordinated plans, with recommendations for specific Health Plan offerings and premiums to come.

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



CPS Energy Board of Trustees Meeting February 24, 2025 APPROVAL of PROCUREMENT ITEMS Table of Contents

| | | |
|----|--------------------------------|------------------------------------------------------------------------------------------------------|
| 1. | Item Description: | 15KV & 38KV Reclosers |
| | Purchase Category: | Commodities & Material Goods |
| | Supplier: | Anixter, Inc. |
| | | KBS Electrical Distributors, Inc. |
| | | Real Distributing Company LLC. |
| | Committee Presentation: | Operations Oversight Committee – November 4, 2024 |
| 2. | Item Description: | Installation of Underground Residential Electric Distribution and Electric Cable Terminations |
| | Purchase Category: | General Services |
| | Supplier: | Chain Electric Company |
| | | Greenstone Electrical Services, LLC |
| | | Trinity URD Electric, LLC |
| 3. | Item Description: | Active PO Funding Increase: Engineering Services for Electric Distribution Planning |
| | Purchase Category: | Professional Services |
| | Supplier: | Black & Veatch Management Consulting, LLC. |
| | | Burns & McDonnell Engineering Company, Inc. |
| | | ICF Resources, LLC |
| | | KBS Electrical Distributors, Inc. |
| | | TRC Engineers, Inc. |

| | | |
|----|---------------------------------|--------------------------------------------------------------------------------------------------------------|
| 4. | Item Description: | Active PO Funding Increase: Engineering Services for Transmission Planning and Operations Engineering |
| | Purchase Category: | Professional Services |
| | | Burns & McDonnell Engineering Company, Inc. |
| | | DNV Energy USA, Inc. |
| | | Hitachi Energy USA, Inc. |
| 5. | Item Description: | Independent Verification and Validation Services |
| | Purchase Category: | General Services |
| | Supplier: | Gartner, Inc. |
| | Committee Presentations: | Operations Oversight Committee – March 26, 2024 Audit & Finance Committee – April 15, 2024 |

Approval:

Lewis,
Lisa D

Digitally signed
by Lewis, Lisa D
Date: 2025.02.19
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Lisa Lewis, Chief Administrative Officer

Approval:

Rudy D.
Garza

Digitally signed
by Rudy D. Garza
Date: 2025.02.19
13:01:36 -06'00'

Rudy Garza, President & CEO



CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 1



| | |
|------------------------------------------|---------------------------------------|
| Item Description | 15KV & 38KV Reclosers |
| Purchase Order Value | \$30,000,000 |
| Purchase Category | Commodity & Material Goods |
| Department | T&D Engineering & Grid Transformation |
| VP T&D Engineering & Grid Transformation | LeeRoy Perez |
| Chief Energy Delivery Officer | Richard Medina |

Detailed Description

CPS Energy staff recommend that a contract be awarded to KBS Electrical Distributors, Inc., Real Distributing Company LLC., both local and small firms, and Anixter, Inc., a local firm, as the respondents who will provide the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for supply and delivery of electronic reclosers for installation in the overhead distribution system. This contract will allow CPS Energy to support the Recloser Deployment Plan and the Community Energy Resiliency (CER) Program which serve to enhance grid flexibility and resiliency of the overhead distribution system, improving service reliability for all CPS Energy customers. This contract will expire on February 28, 2030.

Subcontracting Opportunities

None at this time.

The solicitation method for this procurement was a Request for Proposal (RFP). An evaluation team considered the following weighted evaluation criteria and demonstrated their products ability to meet CPS Specification 687-07 to determine the best value to CPS Energy.

| Evaluation Criteria | Points |
|----------------------------------------------------------|------------|
| Overall Cost | 50 |
| Experience, warranty, quality control, and contingencies | 30 |
| The ability to meet CPS Energy's requirements | 10 |
| Economic Development (local & small consideration) | 10 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 1



Recommended Respondent(s) & Award

| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
|-----------------------------------|------------------------------|-------|---------------------|---------|------------------------------------------------------------------------|
| Anixter, Inc. | Local | 90 | \$10,000,000 | 3077167 | |
| KBS Electrical Distributors, Inc. | Local/Small | 70 | \$10,000,000 | 3077165 | |
| Real Distributing Company LLC. | Local/Small | 69 | \$10,000,000 | 3077166 | Corporate headquarters located in San Antonio Metropolitan area |
| TOTAL | | | \$30,000,000 | | |

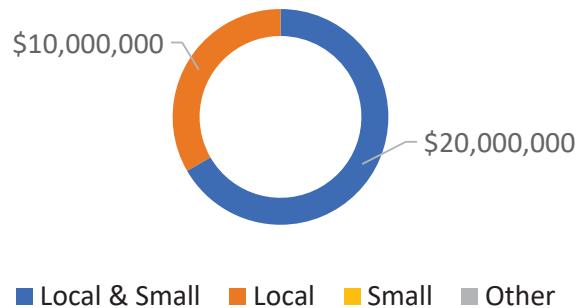
Two (2) additional respondents were not recommended for award: Noja Power LLC. and Techline, Inc.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$6,000,000 | 0.4% | \$6,000,000 | \$6,000,000 | \$6,000,000 |
| \$982,000,000 | Non-Fuel O&M | \$0 | 0% | \$0 | \$0 | \$0 |

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: Commodity & Material Goods





CPS Energy Board of Trustees Meeting February 24, 2025 Procurement Form 2



| | |
|----------------------------------------|------------------------------------------------------------------------------------------------------|
| Item Description | Installation of Underground Residential Electric Distribution and Electric Cable Terminations |
| Purchase Order Value | \$24,000,000 |
| Purchase Category | General Services |
| Department | Energy Delivery Services |
| VP Construction & Maintenance Services | Jose Trevino |
| Chief Energy Delivery Officer | Richard Medina |

Detailed Description

CPS Energy staff recommend that a contract be awarded to Greenstone Electrical Services, LLC, and Trinity URD Electric, LLC, both small, local firms, and Chain Electric Company, a local firm as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the installation of new underground residential electric distribution infrastructure and electric cable terminations. These contracts will allow CPS Energy to expand our infrastructure and provide capacity to serve new customers within our service territory. This contract will expire on April 30, 2028.

Subcontracting Opportunities

Chain Electric Company has committed to subcontract a portion of the services to one or more small businesses.

The solicitation method for this procurement was a Request for Proposal. 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 | 35 |
| The overall cost | 20 |
| Safety records and training program | 20 |
| The ability to meet CPS Energy's requirements | 15 |
| Economic Development (Local and Small business consideration) | 10 |
| The financial soundness of the Respondent | Pass/Fail |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting February 24, 2025 Procurement Form 2



Recommended Respondent(s) & Award

| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
|-------------------------------------|------------------------------|-------|---------------------|---------|------------------------------------------------------------|
| Greenstone Electrical Services, LLC | Local/Small | 93 | \$8,000,000 | 2224896 | Company headquartered in the San Antonio Metropolitan Area |
| Trinity URD Electric, LLC | Local/Small | 90 | \$8,000,000 | 2224897 | Company headquartered in the San Antonio Metropolitan Area |
| Chain Electric Company | Local | 86 | \$8,000,000 | 2224898 | |
| TOTAL | | | \$24,000,000 | | |

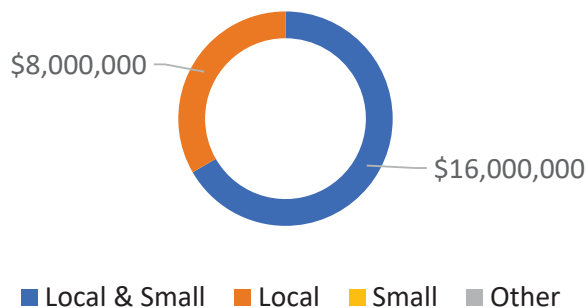
Eight (8) additional respondents were not recommended for award: 5 Star Electric LLC; Bartek Construction Co.; FNT Services, LLC; HJD Capital Electric, Inc.; James Power Line Construction LLC; Mastec North America Inc.; Mears Installation LLC; and Zachry Underground & Utility Services, Inc.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$8,000,000 | 0.5% | \$8,000,000 | \$8,000,000 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$0 | 0% | \$0 | \$0 | \$0 |

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: General Services





CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 3



| Item Description | | Active PO Funding Increase: Engineering Services for Electric Distribution Planning |
|--------------------------------------------------|-----|-------------------------------------------------------------------------------------|
| Original Cumulative Purchase Order Value | (A) | \$3,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$7,500,000 |
| Projected Cumulative Purchase Order Value | (D) | \$10,500,000 |
| Purchase Category | | Professional Services |
| Department | | Energy Delivery Services |
| VP T&D Engineering & Grid Transformation | | LeeRoy Perez |
| Chief Energy Delivery Officer | | Richard Medina |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for engineering services for electric distribution planning. This contract was previously awarded to KBS Electrical Distributors, Inc., a local, small firm and Burns & McDonnell Engineering Company, Inc., Black & Veatch Management Consulting, LLC., and ICF Resources, LLC, all local firms, as the respondents who provided the services at the best value for CPS Energy based on the evaluation criteria set forth below.

Additional funding is required on these purchase orders due to unanticipated large load projects and distributed generation interconnection studies which were unaccounted for in the original contract. This contract is for engineering services for electric distribution planning and will allow CPS Energy to develop strategies and objectives for distribution automation and smart grid initiatives, support distributed generation interconnection projects, perform system modeling and planning, and develop roadmaps for the future distribution grid. This contract will expire on March 31, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more small businesses.

The solicitation method for this procurement was a Request for Qualification (RFQ)¹. 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 | 100 |
| The financial soundness of the Respondent | Pass/Fail |
| TOTAL | 100 |

¹ CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 3



Recommended Respondent(s) & Award

| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO# |
|------------------------------------------------------|------------------------------|--------------------|---------------------------------------|----------------------------|---------|
| Burns & McDonnell Engineering Company, Inc. | Local | \$1,100,000 | \$0 | \$2,700,000 | 2216707 |
| Black & Veatch Management Consulting, LLC. | Local | \$1,000,000 | \$0 | \$2,700,000 | 2216708 |
| TRC Engineers, Inc. | Local | \$300,000 | \$0 | \$700,000 | 2217464 |
| KBS Electrical Distributors, Inc. | Local/Small | \$300,000 | \$0 | \$700,000 | 2216709 |
| ICF Resources, LLC | Local | \$300,000 | \$0 | \$700,000 | 2216710 |
| | | (A) | (B) | (C) | |
| Totals | | \$3,000,000 | \$0 | \$7,500,000 | |
| Projected Cumulative Purchase Order Value (D) | | | | \$10,500,000 | |

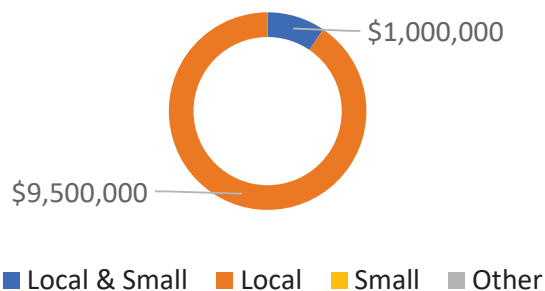
Eleven (11) additional respondents were not recommended for award: EN Engineering, LLC; Electric Power Engineers, Inc.; Enercon Services, Inc.; Schneider Engineering, LLC; Ulteig Engineers, Inc.; HDR Inc.; Commonwealth Associates, Inc.; Esta International Inc.; Select Power Systems, LLC; Schneider Electric; and K&A Engineering Consulting, P.C.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$4,000,000 | 0.41% | \$4,000,000 | \$1,500,000 | \$0 |

Our current approved budget and latest estimates support this additional purchase order increase.

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 4



| Item Description | | Active PO Funding Increase: Engineering Services for Transmission Planning and Operations Engineering |
|--------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------|
| Original Cumulative Purchase Order Value | (A) | \$3,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$6,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$9,000,000 |
| Purchase Category | | Professional Services |
| Department | | Energy Delivery Services |
| VP T&D Engineering & Grid Transformation | | LeeRoy Perez |
| Chief Energy Delivery Officer | | Richard Medina |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for engineering services for electric transmission planning. This contract was previously awarded to Burns & McDonnell Engineering Company, Inc., a local firm, and DNV Energy USA, Inc. and Hitachi Energy USA, Inc., as the respondents who provided the services at the best value for CPS Energy based on the evaluation criteria set forth below.

Additional funding is required on these purchase orders due to unanticipated large load support projects and transmission interconnection studies, which were not accounted for with the original contract. This contract is for providing services for complex electric transmission planning projects including: interconnection studies for new generation and large load customers, NERC compliance and for ERCOT and PUCT project approvals, and grid modernization and reliability projects to prepare for extreme weather and the changing electric grid landscape. These contracts will expire on February 5, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more small businesses.

The solicitation method for this procurement was a Request for Qualification (RFQ)². 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 | 100 |
| The financial soundness of the Respondent | Pass/Fail |
| TOTAL | 100 |

² CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 4



Recommended Respondent(s) & Award

| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO# |
|------------------------------------------------------|------------------------------|--------------------|---------------------------------------|----------------------------|---------|
| Burns & McDonnell Engineering Company, Inc. | Local | \$1,000,000 | \$0 | \$2,000,000 | 2216713 |
| DNV Energy USA, Inc. | | \$1,000,000 | \$0 | \$2,000,000 | 2216714 |
| Hitachi Energy USA, Inc. | | \$1,000,000 | \$0 | \$2,000,000 | 2216715 |
| | | (A) | (B) | (C) | |
| Totals | | \$3,000,000 | \$0 | \$6,000,000 | |
| Projected Cumulative Purchase Order Value (D) | | | | \$9,000,000 | |

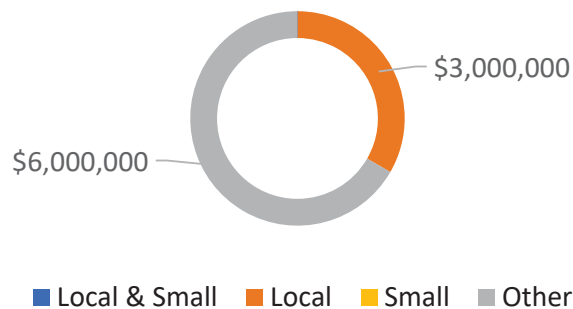
Thirteen (13) additional respondents were not recommended for award: Electric Power Engineers, Inc.; Power Engineers, Inc.; Quanta Technology, LLC; Siemens Energy co FAPCO, LLC; Commonwealth Associates, Inc.; Power Systems Consultants, Inc.; TRC Engineers, Inc.; ICF Resources LLC; Ulteig Engineers, Inc.; Schneider Engineering, LLC; Prime Partners Engineering; Entrust Solutions Group; and Select Power Systems, LLC.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$3,000,000 | 0.3% | \$3,000,000 | \$0 | \$0 |

Our current approved budget and latest estimates support this additional purchase order increase.

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 5



| Item Description | Independent Verification and Validation Services |
|---------------------------------------------------|--------------------------------------------------|
| Purchase Order Value | \$20,000,000 |
| Purchase Category | General Services |
| Department | Enterprise Risk Management and Solutions |
| Director Enterprise Risk Management and Solutions | Annamarie L Rangel |
| Chief Strategy Officer | Elaina Ball |

Detailed Description

CPS Energy staff recommend that a contract be awarded to Gartner, Inc. as the respondent who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for Independent Verification and Validation (IV&V) services. This contract will allow CPS Energy to perform continuous and on-going IV&V assessments for the cloud ERP transformation with a focus on the change management strategy, metrics, and activities to include training and communication plans. This contract will expire on February 1, 2029

Subcontracting Opportunities

Gartner, Inc. has committed to subcontract a portion of the services to one or more local or small 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 |
|---------------------------------------|------------|
| Overall Cost | 30 |
| Services to be Provided | 20 |
| Change Management | 15 |
| Methodology & Quality of the Proposal | 10 |
| General Qualifications | 10 |
| Economic Development | 10 |
| Key Personnel | 5 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

February 24, 2025

Procurement Form 5



Recommended Respondent(s) & Award

| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
|-----------------|------------------------------|-------|--------------|---------|----------|
| Gartner, Inc. | | 73 | \$20,000,000 | 2225097 | |
| TOTAL | | | \$20,000,000 | | |

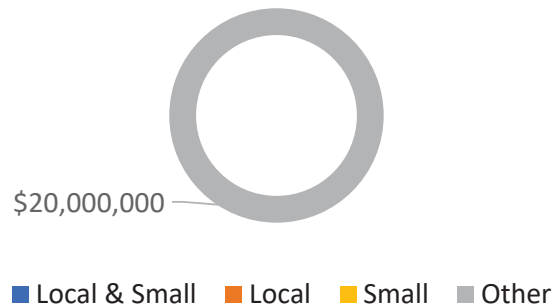
Five (5) additional respondents were not recommended for award: Hitachi Energy USA Inc.; PA Consulting Group, Inc.; Public Consulting Group LLC; RSM US LLP; and E Source Companies LLC dba E Source.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2025 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$5,500,000 | 0.4% | \$5,500,000 | \$5,500,000 | \$3,500,000 |
| \$982,000,000 | Non-Fuel O&M | \$0 | 0% | \$0 | \$0 | \$0 |

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: General Services





PROCUREMENT REQUEST FOR APPROVAL

15KV & 38KV RECLOSERS

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval

NEW CONTRACT / REBID

15KV & 38KV RECLOSERS

- Selected companies will supply 15kV and 38kV 3-Phase Electronic Reclosers for installation in the overhead distribution system
- A new contract is required to support the Recloser Deployment Plan and the Community Energy Resiliency (CER) Program, which serve to enhance grid flexibility and resiliency of the overhead distribution system, improving service reliability for all our customers



Distribution Recloser



PENDING REQUEST FOR APPROVAL

15KV & 38KV RECLOSERS



- Current Contracts:
 - Value: \$29.5 million
 - Term: 4 years
 - Expiration: February 2025
- New Contract Details:
 - Value: \$30 million
 - Term: 5 years
 - # Bidders: 5 responded to solicitation (4 Local and 3 Small businesses)
 - # Awardees: 3 (3 Local and 2 Small businesses)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|--------------------|------------------------------|--------------------|------------|
| CER | Community Energy Resiliency | | |
| ERP | Enterprise Resource Planning | | |
| kV | Kilovolt | | |
| TCOS | Transmission Cost of Service | | |
| | | | |
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| | | | |



PROCUREMENT REQUEST FOR APPROVAL

INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval

NEW CONTRACT / REBID

INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS



- Selected companies will be responsible for all work performed in accordance with our standards for underground residential distribution systems within our service territory
- Contract scope includes installation of conduit, associated materials, and electrical facilities in new and existing underground electrical infrastructure for subdivisions and apartments
- Selected companies also support emergent work during storms or other extreme conditions, as required



Terminated Cable for New Pad-Mount Transformer





NEW CONTRACT / REBID

INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS

- Current Contracts:
 - Value: \$18 million
 - Term: 3 years
 - Expiration: April 2025
- New Contract Details:
 - Value: \$24 million
 - Term: 3 years
 - # Bidders: 11 responded to solicitation (10 Local and 6 Small businesses)
 - # Awardees: 3 (3 Local and 2 Small businesses)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|--------------------|------------------------------|--------------------|------------|
| ERP | Enterprise Resource Planning | | |
| TCOS | Transmission Cost of Service | | |
| | | | |
| | | | |
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| | | | |



PROCUREMENT REQUEST FOR APPROVAL

ACTIVE PO FUNDING INCREASE: ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval



ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING

- Firms provide professional engineering services for distribution planning projects
- These contracts are required to provide services for complex electric distribution planning projects including:
 - Distributed Energy Resources
 - Distribution Automation
 - Grid modernization, capacity addition, and reliability improvement projects
- Additional funding required due to increased demand for customer related distributed generation interconnection studies and increased load demand requiring specialized studies
- Funding supports ERCOT requests including the Annual Load Data Request (ALDR) and Distributed Generation (DG) Interconnection Studies



Solar and Battery Facilities





ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING

- Current Contracts:
 - Original Value: \$3 million
 - Term: 3 years
 - Expiration: March 2027
 - # Awardees: 5 (1 Small and 5 Local businesses)
- Request Details:
 - Additional PO Funding Requested: \$7.5 million
 - Updated Value: \$10.5 million
 - # Bidders: 16 responded to solicitation (5 Small and 11 Local businesses)
 - # Awardees: 5 (1 Small and 5 Local businesses)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|--------------------|---------------------------------------|--------------------|------------|
| ALDR | Annual Load Data Request | | |
| DG | Distributed Generation | | |
| ERCOT | Electric Reliability Council of Texas | | |
| ERP | Enterprise Resource Planning | | |
| TCOS | Transmission Cost of Service | | |
| | | | |
| | | | |



PROCUREMENT REQUEST FOR APPROVAL

ACTIVE PO FUNDING INCREASE: ENGINEERING SERVICES FOR TRANSMISSION PLANNING AND OPERATIONS ENGINEERING

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval

ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC TRANSMISSION PLANNING

- Firms provide professional engineering services for transmission planning projects
- These contracts are required to provide services for complex electric transmission planning projects including:
 - Interconnection studies for new generation and large load customers
 - NERC compliance and for ERCOT and PUCT project approvals
 - Reliability projects to prepare for extreme weather and changing electric grid landscape
- Additional funding required due to increased demand for customer related transmission generation interconnection studies and increased load demand requiring specialized studies



Renewable Generation Connecting to
Transmission System





ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC TRANSMISSION PLANNING

- Current Contracts:
 - Original Value: \$3 million
 - Term: 3 years
 - Expiration: February 2027
 - # Awardees: 3 (1 Local business)
- Request Details:
 - Additional PO Funding Requested: \$6 million
 - Updated Value: \$9 million
 - # Bidders: 16 responded to solicitation (5 Small and 7 Local businesses)
 - # Awardees: 3 (1 Local business)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|--------------------|-------------------------------------------------|--------------------|------------|
| ERCOT | Electric Reliability Council of Texas | | |
| ERP | Enterprise Resource Planning | | |
| NERC | North American Electric Reliability Corporation | | |
| PO | Purchase Order | | |
| PUCT | Public Utility Commission of Texas | | |
| TCOS | Transmission Cost of Service | | |
| | | | |



PROCUREMENT REQUEST FOR APPROVAL INDEPENDENT VERIFICATION & VALIDATION SERVICES

PRESENTED BY:

Elaina Ball
Chief Strategy Officer

February 24, 2025
Request for Approval



AGENDA

- Enterprise Resource Planning (ERP) Risk Management
- Independent Verification & Validation (IV&V) Benefits
- IV&V Partner Selection
- Request for Approval

The IV&V vendor is independent of the ERP Transformation Team. The IV&V vendor will provide additional insight into potential ERP Transformation risks and roadblocks before they become serious threats.

ERP RISK MANAGEMENT

The ERP Transformation is a complex and intense initiative that requires risk management to meet goals and objectives.

- Identify risks early to proactively manage potential issues
- Assess risks to determine risk exposure and prioritization
- Mitigate and monitor risks to enhance transparency and project success
- Establish a more robust process for overseeing and managing ERP risks
- Allocate resources to focus on the oversight of ERP risks
- Partner with an IV&V vendor to provide additional insight



| Common ERP Risks | |
|---------------------------------------------------------------------------------------|----------------------------------|
|  | Roles & Responsibilities |
|  | Organizational Change Management |
|  | Data Governance |
|  | Security & Controls |

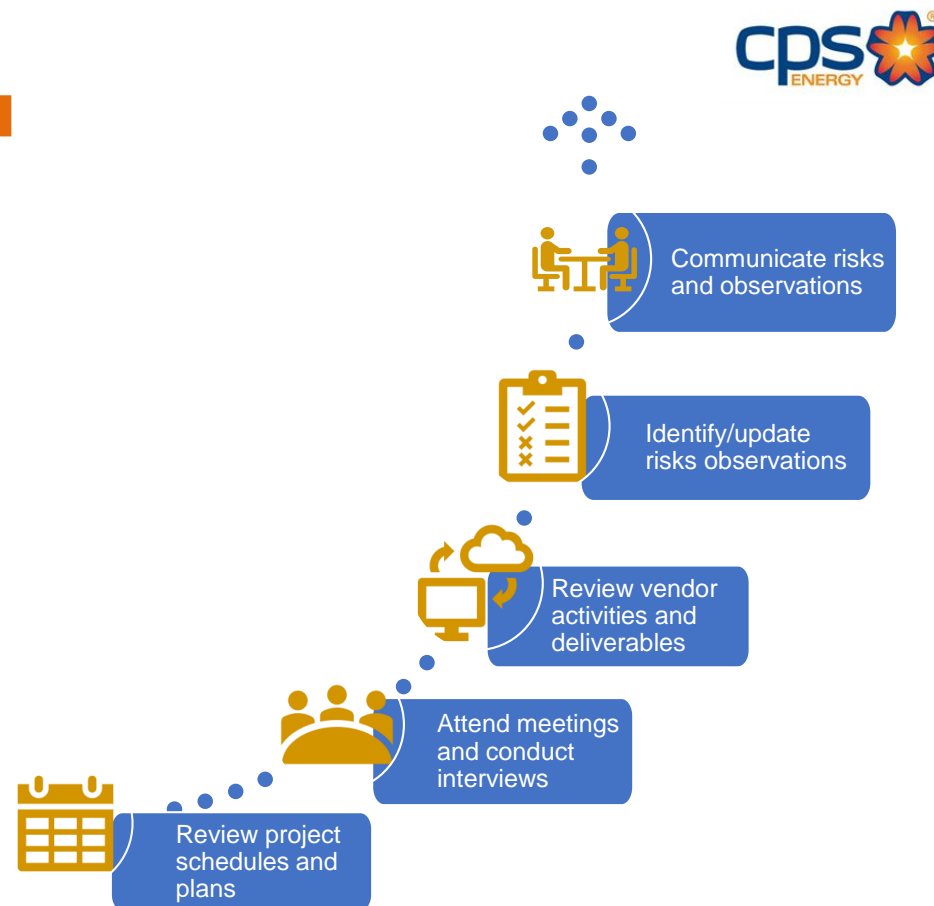
Enhanced oversight of the ERP Transformation will help ensure risks are transparent, prioritized, and managed.

IV&V BENEFITS

SUPPORTS ERP TRANSFORMATION

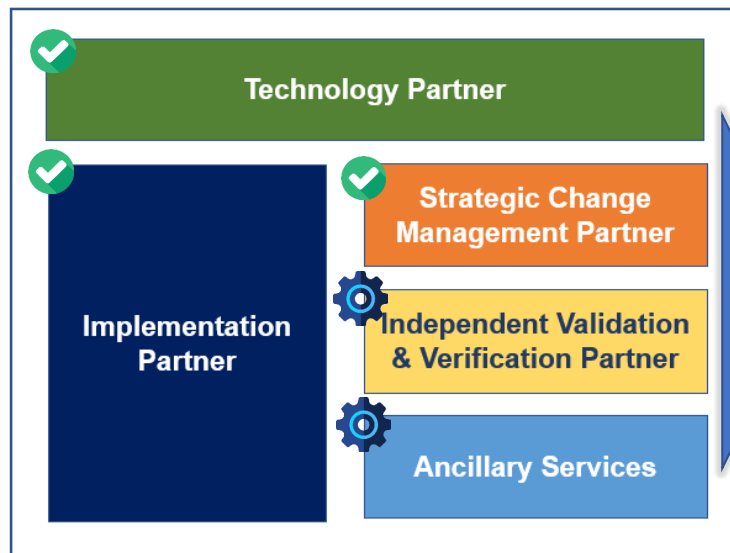
IV&V supports the ERP Transformation Governance Structure and Program

- Reports to the ERP Steering Committee, Risk Subcommittee and other committees as needed
- Independent of the ERP Transformation Team
- Proactive risk identification and mitigation
- Reduces probability of increasing risk severity
- Decreases chance of risks becoming issues
- Collaborates with the ERP Project Team, technology, and implementation partners
- Promotes continuous improvement and accountability through review, reporting, and communication



IV&V is essential for ERP Program success and risk mitigation. By having an independent third party verify and validate project plans and artifacts, we gain valuable insight into potential errors and risks, which increases the overall probability of program success.

GROWING OUR ERP ECOSYSTEM



| Key Activities | Target Completion |
|--------------------------------------------------------------------------------|-------------------|
| Evaluate options and finalize contract for technology partner | Complete |
| Evaluate proposals and select Change Management partner | Complete |
| Evaluate options and finalize strategy for implementation partner selection | Complete |
| Evaluate proposals and select Independent Validation & Verification partner | Q1 FY2026 |
| Engage third-party partners to support additional program needs, as applicable | On-Going |

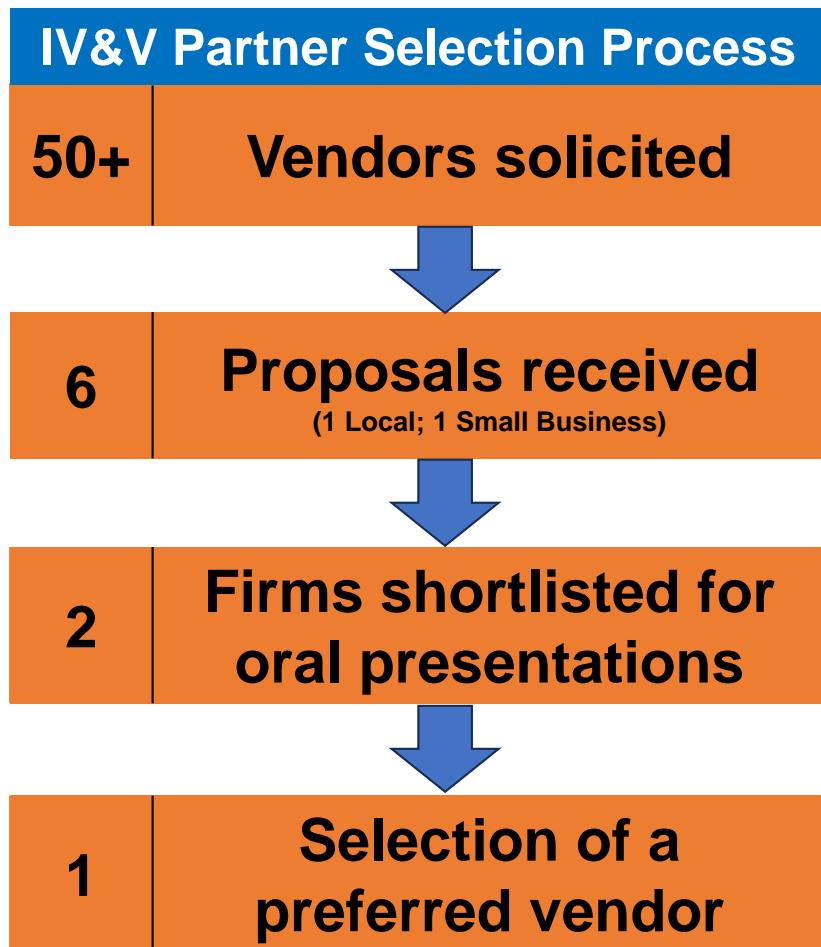
We are here

Our IV&V partner is a critical component of our ERP Transformation ecosystem.

Legend:  Complete  In Progress  Not Started

IV&V PARTNER SELECTION

BY THE NUMBERS



IV&V RFP Highlights:

- Cloud and ERP implementation IV&V experience required
- Change management experience required
- Commitment to subcontract to small or local business
- Onshore with hybrid work location preferred

A cross-functional IV&V Evaluation Team and the ERP Risk Subcommittee utilized their diverse experience and expertise to evaluate the IV&V vendors.

REQUEST FOR APPROVAL

ERP IV&V PARTNER SELECTION



- We respectfully request your approval to proceed with the IV&V partner selection, up to \$20M
- Term of engagement will align with ERP implementation
- Funds will be used to support the ERP Transformation Program





THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|--------------------|-----------------------------------------|--------------------|------------|
| ERP | Enterprise Resource Planning | | |
| IV&V | Independent Verification and Validation | | |
| | | | |
| | | | |
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| | | | |

APPROVED GOVERNANCE STRUCTURE



A governance process is in place to drive and manage decision-making, culture, controls and accountability for the ERP Transformation Program.



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**



VISION 2027 GENERATION PLAN UPDATE

PRESENTED BY:
Benny Ethridge
Chief Energy Supply Officer

February 24, 2025
Informational Update

AGENDA



- ERCOT Market Landscape
- Building the Generation Plan
- Progress and Accomplishments
- Path Forward

We have made significant progress towards achieving our Vision 2027 Generation Plan and are well-positioned to meet our community's future energy needs.

ERCOT MARKET LANDSCAPE

CAPACITY AND DEMAND CHALLENGES



- Texas is facing significant growth
- Uncertainty in load and supply forecasts
- Challenges in resource and reserve adequacy



ERCOT CDR Report 2/13/2025 – Potential energy supply shortfall of 6.2% by summer 2026; 32.4% by summer 2029.

Our Vision 2027 Generation Plan facilitated the actions needed to mitigate our future energy supply challenges.

OUR COMMUNITY'S GENERATION PLAN

THE PATH SINCE 2022



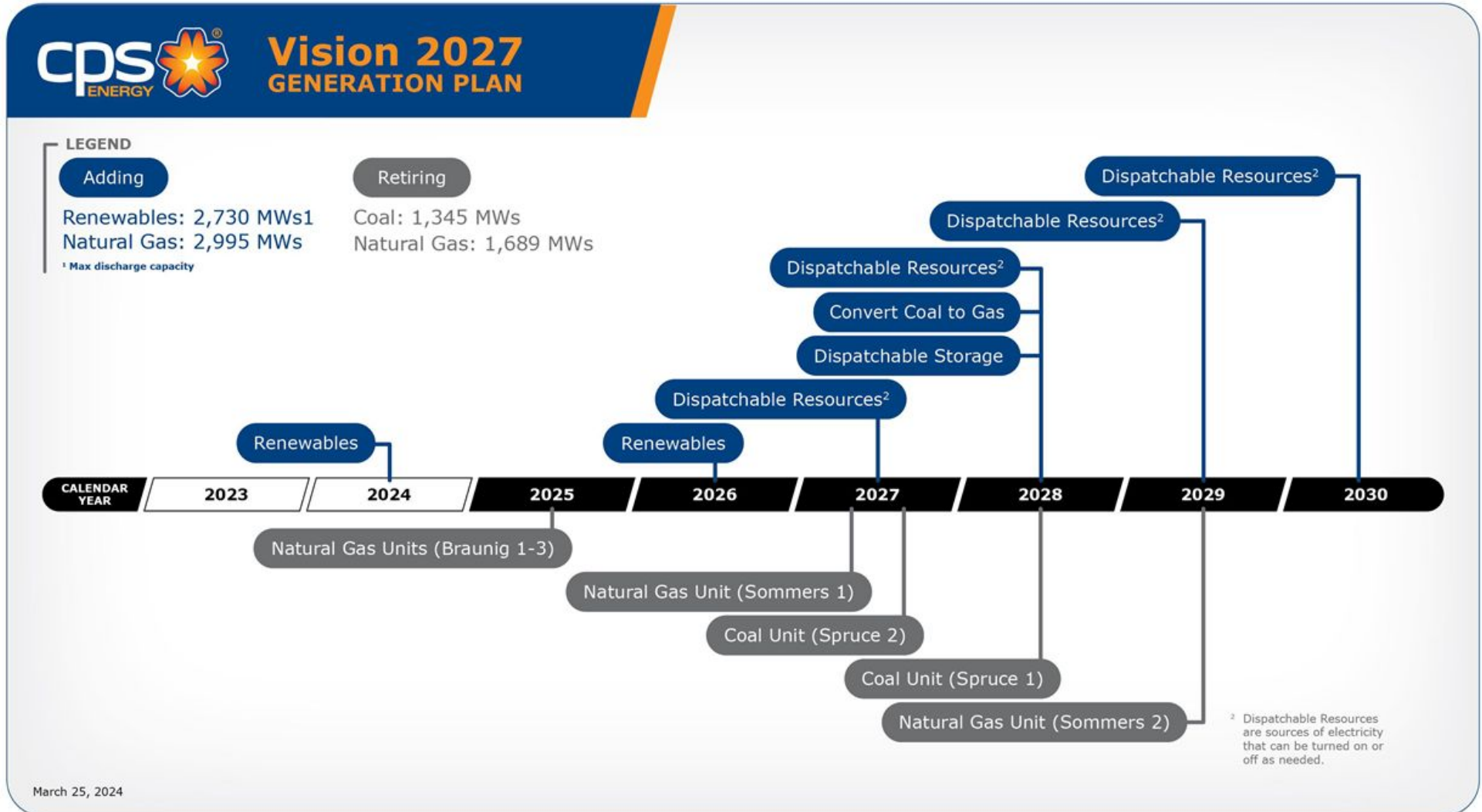
CPS Energy's community Rate Advisory Committee presenting to Board of Trustees

- Deep analysis of diverse generation scenarios
- Community engaged to provide feedback and understand needs
- Comprehensive evaluation by the Rate Advisory Committee (RAC) supported a blended portfolio

Generation Plan Components

- ☐ Retire or convert coal plants
- ☐ Retire aging gas units
- ☐ Addition of Solar, Wind, Storage, and Gas

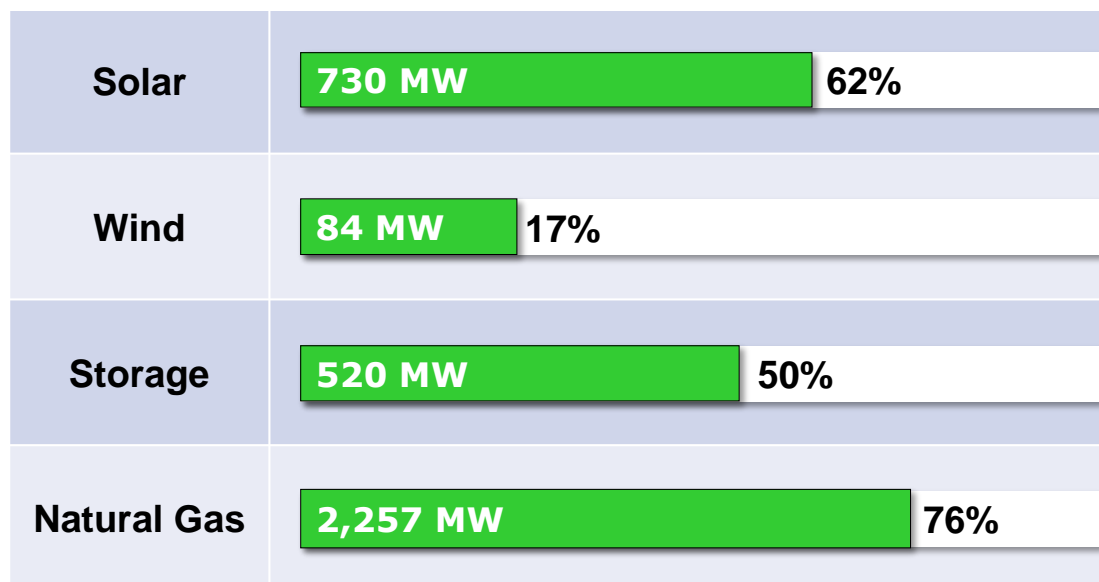
The Vision 2027 Generation Plan was approved by the Board of Trustees in January 2023 with the City of San Antonio's Climate Action & Adaptation Plan (CAAP) goals in mind.



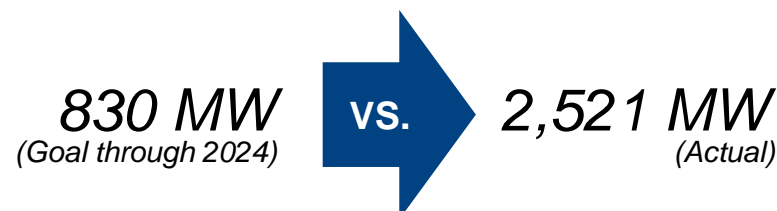


CAPACITY ADDITIONS ARE AHEAD OF SCHEDULE

% of 2030 Target That is
Online or Under Contract



New Capacity Online



As our community's need for electricity accelerates, we are producing more power ahead of schedule.



COMMUNITY VALUE

ACHIEVING LOWER COST FOR OUR CUSTOMERS



Natural Gas Capacity

~\$1.8B
(Expected Cost)

vs.

\$785M (~56% savings)
(Actual Cost)

Solar & Wind Cost Savings

\$2.50/MWh (~8% savings)

We have increased capacity for significantly less investment than planned.



CONTINUED PROGRESS

OTHER NEAR-TERM ACCOMPLISHMENTS



- ✓ **South Texas Nuclear Project (STP)** Purchase Power Agreement for 200 MW in place; acquiring additional 2% ownership share (52MW)
- ✓ **Community Solar** 50 MW currently in negotiations
- ✓ **Wind** 29 MW currently in negotiations
- ✓ **Natural Gas Peaking Units** Procuring key equipment and services
- ✓ **Spruce 2 Conversion to Natural Gas** On schedule; core contract services in development
- ✓ **Unit Retirements** Braunig supporting ERCOT reliability at no cost to our customers



ACHIEVING COMMUNITY GOALS

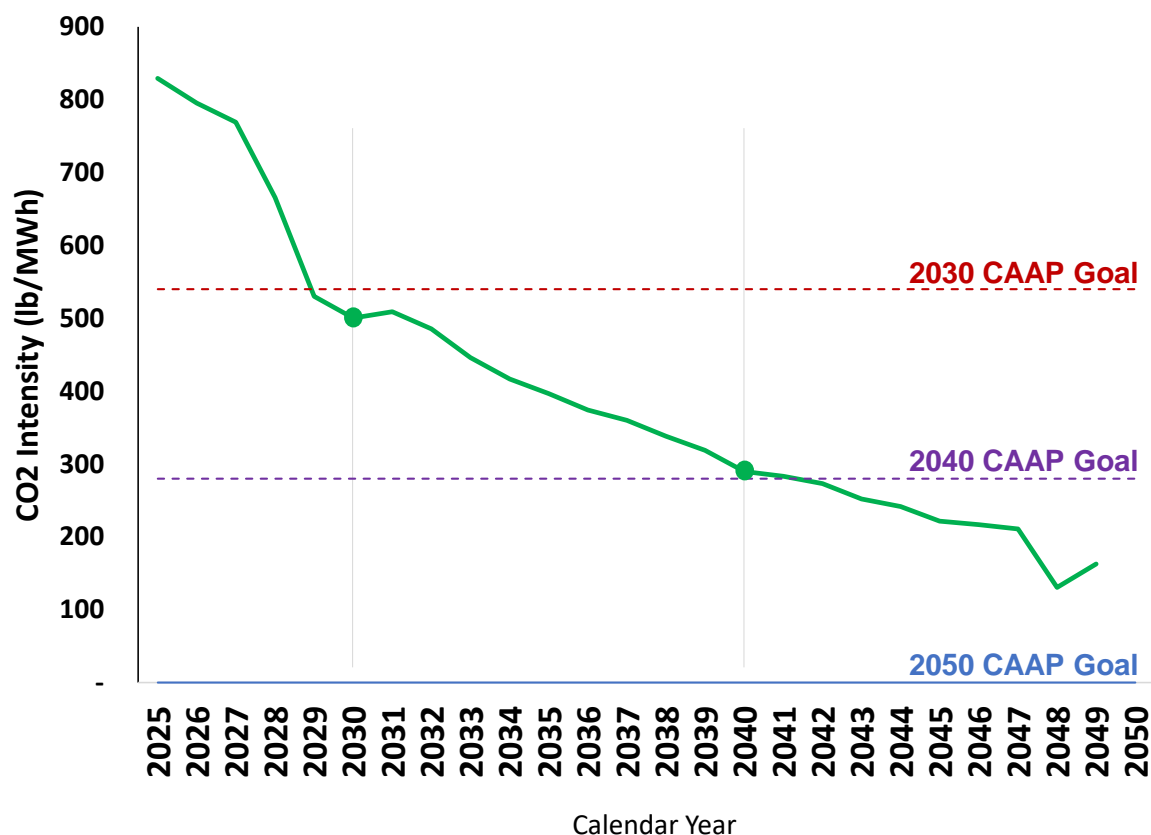
CO2 INTENSITY

Our accomplishments have better positioned us to meet our community's CAAP goals for 2040.

We will continue pursuing opportunities to lower our CO2 intensity.

This ongoing effort is essential for achieving net zero carbon by 2050.

CO2 Emissions Intensity





OVERCOMING UNCERTAINTY

Headwinds

- Load growth
- Supply chain constraints
- Transmission constraints
- Regulatory uncertainty
- Pace of technological advancement

Tailwinds

- Acquisition of additional generation assets
- Community support for generation plan
- Industry partnerships
- Access to capital markets
- Financial support when needed
- Transaction agility

We have the momentum and flexibility to manage uncertainty and achieve our generation plan objectives.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS

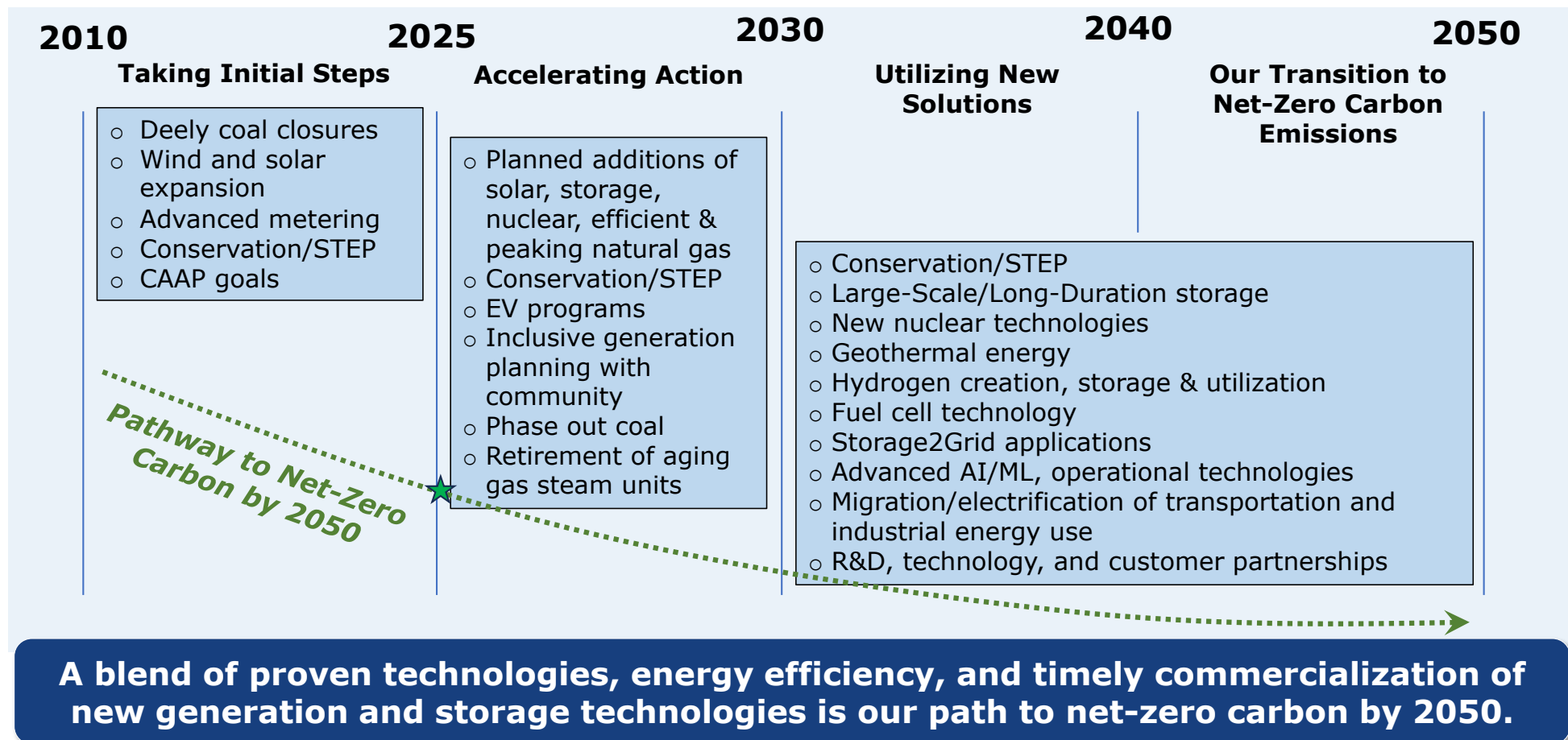


| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|------------------------|-----------------------------------------------------------------|--------------------|----------------------------------|
| AI/ML | Artificial Intelligence/Machine Learning | EV | Electric Vehicles |
| CAAP | Climate Action and Adaptation Plan | GT | Gas Turbine |
| CC | Combined Cycle | GW | Gigawatt |
| CO2 | Carbon Dioxide | MW | Megawatt |
| CT | Combustion Turbine | MWh | Megawatt-hour |
| CY | Calendar Year | R&D | Research and Development |
| Dispatchable Resources | Sources of electricity that can be turned on and off as needed. | STEP | Sustainable Tomorrow Energy Plan |
| ERCOT | Electric Reliability Council of Texas | STP | South Texas Nuclear Project |



PATHWAY TO 2050

OUR TRANSITION TO NET-ZERO CARBON EMISSIONS



For vote at the February 24, 2025
Board of Trustees meeting



CPS ENERGY BOARD OF TRUSTEES

COMMITTEE ASSIGNMENTS

| Committee | Members |
|-----------------------------|---------------------------------------------------------------------------|
| Audit & Finance | Dr. Francine Romero (Chair) Dr. Willis Mackey |
| Employee Benefits Oversight | Dr. Francine Romero (Chair) Dr. Willis Mackey |
| Operations Oversight | Mr. John Steen (Chair) Ms. Janie Gonzalez |
| Technology & Resilience | Ms. Janie Gonzalez (Chair) Dr. Willis Mackey |
| Personnel | Dr. Willis Mackey (Chair) Dr. Francine Romero |
| Nominations | Dr. Francine Romero (Chair) Mr. John Steen |
| Risk Management | Ms. Janie Gonzalez (Chair) All CPS Energy Board of Trustees Members |