



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON JUNE 26, 2023 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

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

AGENDA

| ITEM | TOPIC | ACTION | PRESENTER/ SPONSOR |
|-------------------------------------|---|---------------|-------------------------------|
| 1 | CALL TO ORDER | Execute | Ms. Janie Gonzalez |
| 2 | SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE | Execute | Ms. Kari Meyer |
| 3 | PUBLIC COMMENT Pre-Registration is from Wednesday, June 21, 2023 5:00 PM – Friday, June 23, 2023 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com | Discuss | Ms. Janie Gonzalez |
| UPDATE ON CHAIR’S PRIORITIES | | | |
| 4 | CHAIR’S REMARKS | Discuss | Ms. Janie Gonzalez |
| 5 | RATE ADVISORY COMMITTEE (RAC) UPDATE | Discuss | Dr. Francine Romero |
| 6 | AT-LARGE APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC) (Ms. Yvonne Pelayo) | Vote | Ms. Janie Gonzalez |
| CONVENE TO EXECUTIVE SESSION | | | |
| 7 | EXECUTIVE SESSION: A. Attorney-Client Matters (§551.071) B. Competitive Matters (§551.074) | Discuss | Ms. Janie Gonzalez |
| RECONVENE TO OPEN SESSION | | | |
| CONSENT AGENDA | | | |
| 8 | APPROVAL OF CONSENT ITEMS: A. Amendment to the Rules of Order B. Minutes of the Regular Board meeting held on 04/24/2023 C. Payment to the City of San Antonio for May 2023 | Vote | Ms. Janie Gonzalez |

| | | | |
|--|--|--|--|
| | D. Procurements Items: 1. General Services: Specialty Scaffolding Services 2. General Services: Weatherization Services 3. General Services: Physical Security Services 4. Commodity & Material Goods: Enterprise Fuel | | |
|--|--|--|--|

| | | | |
|-----------------------|--|--|--|
| REGULAR AGENDA | | | |
|-----------------------|--|--|--|

| | | | |
|-----------|---|---------|--|
| 9 | CPS ENERGY & THE 88TH LEGISLATURE | Discuss | Ms. Kathy Garcia & Ms. Kari Meyer |
| 10 | FY2024 QUARTERLY PERFORMANCE UPDATE | Discuss | Mr. Cory Kuchinsky & Ms. DeAnna Hardwick |
| 11 | CEO RECOGNITION | Discuss | Mr. Rudy Garza |
| 12 | REVIEW OF ACTION ITEMS | Discuss | Ms. Shanna Ramirez |
| 13 | ADJOURNMENT | Execute | Ms. Janie Gonzalez |

If the Board meeting has not adjourned by 3:25 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.



***AT-LARGE APPOINTMENT
TO THE
CITIZENS ADVISORY COMMITTEE (CAC)***

PRESENTED BY:

Yvonne Pelayo

Director, Local Government Relations

June 26, 2023

Approval Requested

AGENDA



- **REVIEW OF CURRENT CAC MEMBERS**
- **INTRODUCTION OF AT-LARGE NOMINEE**
- **APPROVAL OF AT-LARGE NOMINATION**
- **RECOGNITION OF SERVICE FOR OUTGOING CAC MEMBER**

CITY COUNCIL APPOINTEES



DISTRICT 1



Dr. Sukh Kaur
Councilmember



Richard Farias
CAC

DISTRICT 2



Jalen McKee Rodriguez
Councilmember



Lawson Picasso
CAC

DISTRICT 3



Phyllis Viagran
Councilmember



Diana Aguirre Martinez
CAC Vice Chair

DISTRICT 4



Dr. Adriana Rocha Garcia
Councilmember



Frank Gonzalez
CAC

DISTRICT 5



Teri Castillo
Councilmember



Cliff Soloway
CAC

DISTRICT 6



Melissa Cabello Havrda
Councilmember



Raquel Zapata
CAC

DISTRICT 7



Marina Aldrete Gavito
Councilmember



Dr. Adelita Cantu
CAC Chair Elect

DISTRICT 8



Manny Pelaez
Councilmember



John Kelly
CAC Chair

DISTRICT 9



John Courage
Councilmember



Tom Corser
CAC

DISTRICT 10



Marc Whyte
Councilmember



Vanessa Alvarado
CAC

AT-LARGE MEMBERS



**Bill
Day**

CAC Past Chair



**Stephen
Bonnette**

CAC



**Andra
Clapsaddle**

CAC



**Bob
Zapata**

CAC



**Aaron
Stein**

Pending Approval



Nominee for Consideration



Current At-Large Members

NEW CAC APPOINTMENT AT-LARGE



Mr. Aaron Stein

- Project Manager at Pacific Northwest National Lab, focused on energy and climate resiliency initiatives.
- Previous professional roles include:
 - Director of Energy & Sustainability at the San Antonio Independent School District,
 - Market Outreach Specialist at CLEAResult, and
 - Sr. Energy Analyst at the City of San Antonio.
- Master of Public Administration and Bachelor of Arts in Anthropology from the University of Texas at San Antonio.
- Certified Energy Manager through the Association of Energy Engineers.



REQUEST FOR APPROVAL



- **Mr. Aaron Stein**
At-Large Member chosen by the CAC



RECOGNITION OF SERVICE

MAYOR MARY DENNIS, AT-LARGE



- Term of Service
12/1/2016 – 11/30/2022
- Mayor of City of Live Oak





Thank You





Appendix



APPOINTMENT PROCESS



- Terms are for 2-years; may serve 3 consecutive terms, for a maximum total of 6 years.
- Each City Councilmember appoints 1 member.
- At-Large members may be nominated by the community and interviewed by the CAC.
- All CAC Member appointments are approved by the Board of Trustees.



RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES

ARTICLE 1 - Governing Laws & Rules:

Meetings of the CPS Energy Board of Trustees ("Board") shall be held in accordance with the Texas Open Meetings Act and with the applicable requirements of the Texas Constitution, the Texas Government Code, [Texas Public Information Act](#), CPS Energy Bond Ordinances, and general laws of Texas (together "Governing Laws"). To the extent that any provision of these Rules of Order (~~or Rules~~) is inconsistent with any of the Governing Laws, the Governing Laws shall prevail. To the greatest extent possible, these Rules [of Order](#) shall be interpreted in a manner consistent with the Governing Laws.

ARTICLE 2 – Timing of Meetings and the Official Use of Technology:

Regular Board Meetings shall generally be held once per month to conduct the business of the Board. The [Board Chair](#) ("[Chair](#)") may call special meetings as necessary to conduct business of the Board. The Chair may also call meetings to deliberate an emergency or urgent public matter, as permitted under and defined by the [Texas Open Meetings Act](#).

While most meetings are held in person, when allowable under Texas Law and / or through special orders from the Governor, the Board may convene telephonically, by video conference, internet broadcasts, or other technologies. Except for the Executive Session segments of the meeting, the public will be able to listen in, observe, and /or make comments in accordance with the Governing Laws and [CPS Energy's](#) ~~the company's~~ established guidelines.

ARTICLE 3 – Meeting Locations:

Board Meetings shall be held at any appropriate time and place that is publicly noticed, consistent with the [Texas Open Meetings Act](#).



RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES

ARTICLE 4 – The Board Meeting, Including Topic Recommendations from ~~Board members~~Trustees:

The ~~Board~~ Chair (~~“Chair”~~) shall approve the Agenda in consultation with the President & Chief Executive Officer (CEO), Chief Legal & Ethics Officer (CLEO) & Board Secretary (or Secretary), or a representative from Board Relations, not later than four (4) business days prior to the scheduled meeting.

A. At least twenty (20) days prior to the Board Meeting, any two (2) Board members~~Trustees~~ may jointly request that an item be included on the Agenda for an upcoming meeting by submitting a ~~written~~ request to the CEO, Secretary or a representative from Board Relations.

B. ~~At their discretion, t~~The two (2) Board members~~Trustees~~ can obtain the assistance of a Direct Report or a representative from member of the Board Relations~~team~~ to help prepare the relevant background documentation, if it is that will be needed for the item, including:-

~~C. Such requests for inclusion of an item on the Agenda should include the following information:-~~

1. A clear statement of the issue to be addressed.
2. Relevant background regarding the issue and any information necessary for the Board to render a decision.
3. A statement of the impact of the requested action on:
 - (a) The customers of CPS Energy;
 - (b) The budget and finances of CPS Energy;
 - (c) The staff of CPS Energy (i.e. whether it will require a time commitment from Sstaff to implement, whether it will affect employment of staff); and
 - (d) CPS Energy’s~~Its~~ owner, the City of San Antonio.
4. The timeframe in which the issue needs to be addressed.
5. With assistance from CPS Energy’s Legal Services team, when applicable, a draft of a motion to be considered by the Board must also be included in the request~~package~~.



RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES

Prior to actual inclusion, the proposed item and [any its supporting documentation](#) must be reviewed by the Chair for his or her consideration and approval before being put on the Agenda and inserted in the Board [Meeting materials Package](#).

~~D. The Agenda must be finalized with the Chair no later than four (4) business days before the Board Meeting.~~

~~E.C. No later than 72 hours three (3) business days prior to a Board Meeting, the Agenda [package and Board Meeting materials](#) shall be posted and then circulated to the Board by the Secretary, [or a representative from](#) of the Board Relations team, or other designee.~~

~~F.D. In the case of an emergency or urgent public matter, as are defined and allowable under the [Texas](#) Open Meetings Act, the posting requirements above will be necessarily waived. In such an instance, the Agenda and Board [Meeting materials Packet](#) shall be transmitted to the Board members at least 30 minutes before the emergency meeting begins.~~

In the case of an emergency or urgent public matter, the Agenda, if applicable, and the Notice of the Meeting shall be posted publicly by the Secretary [or representative from Board Relations](#) in accordance with the requirements of the [Texas](#) Open Meetings Act. The [Agenda package](#) must provide the date, hour, place, and subject of each [agenda item meeting](#) in sufficient detail to satisfy the requirements of the [Texas](#) Open Meetings Act.

~~G.E. Additions to the Agenda may not be made after it has been publicly posted, except as permitted by the [Texas](#) Open Meetings Act for matters of emergency or urgent public necessity.~~

~~H. If before or during the meeting, the Trustees consider the meeting materials for a specific item as previously shared with the public to be insufficient, the Board may delay the consideration of that item until a future meeting.~~

~~I.F. At any time, in compliance with the Texas Open Meetings Act, the [Board](#) Chair may place an item on the Agenda.~~



RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES

ARTICLE 5 – Subject Matters of Board Meetings:

All matters to be discussed should be included on the Agenda, as required by the [Texas](#) Open Meetings Act. To the extent a member of the public or a [Board member/Trustee](#) questions or asks about a subject for which notice has not been given, as required by the [Texas](#) Open Meetings Act, the response to such inquiry must be limited to:

- (a) An informational statement of factual explanation, given in response to the inquiry; or
- (b) A recitation of existing policy in response to the inquiry.

[A Board member shall not make an inquiry as a means to circumvent the Texas Open Meetings Act by 1\) offering comments or statements related to the inquiry or, 2\) using an inquiry as a means to raise the Board member's own comments or arguments on subjects not posted for consideration.](#)

NOTE: [In accordance with these Rules of Order, Any deliberation or decision about the subject of such inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.](#)

Properly noticed matters for discussion at a meeting may include, but are not limited to:

A. Report items:

1. The meeting minutes of a preceding meeting;
2. Material business and financial reports;
3. Internal audit matters reports;
4. Governance, risk, and compliance reports; and



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5. Other important matters reports, including those on implementation status of previous resolutions.

B. Discussion items:

1. Discussion items reserved by the preceding meeting; and

2. Discussion items of the current meeting.

C. Action items:

1. Items set for a Board vote.

ARTICLE 6 – Core Values and Principles

The role, responsibilities, and accompanying activities that the Board will pursue are based on the following core values and principles:

- A. Seek Consensus: The Board will strive to reach agreement and make decisions collectively, considering different perspectives and ideas.
- B. Promote Different Perspectives from Diversity of Thought and Experience: The Board recognizes the importance of diverse viewpoints and will actively seek out and consider a wide range of perspectives and experiences when making decisions.
- C. Be Knowledgeable: Board members are expected to stay informed and knowledgeable about the issues, challenges, and opportunities facing the organization.
- D. Have Respect for the Individual: The Board will treat all individuals with respect, valuing their contributions and ensuring fair and equitable treatment.
- E. Foster Relationships with Others: The Board will actively cultivate and maintain relationships with stakeholders, including management, the city, and the community, to promote collaboration and partnership.



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- F. Demonstrate Competency: Board members are expected to possess the necessary skills and knowledge to fulfill their responsibilities effectively and will continuously strive to enhance their competency.
- G. Make Decisions Based upon Common and Shared Values: The Board will base its decisions on a set of common and shared values that reflect the organization's mission, vision, and the best interests of the community.
- H. Be Responsible to the Community: The Board recognizes its accountability to the community and will act in the best interest of the public, taking into consideration the needs and aspirations of the community.
- I. Foster Public Confidence in the Utility and the Board: The Board will work to build and maintain public trust and confidence in the organization and its governance, ensuring transparency, accountability, and ethical conduct.
- J. Be Visionary: The Board will adopt a forward-thinking and strategic approach, envisioning the organization's future direction and setting long-term goals.
- K. Ensure Environmental Stewardship: The Board will prioritize environmental sustainability and act responsibly to protect and preserve the environment while fulfilling the organization's mission.

ARTICLE 7 – Conduct of Meeting

- A. Quorum & Voting: Any three members of the Board shall constitute a quorum. An affirmative vote of the majority of all members of the Board qualified to act is required to approve any resolution, contract, or other official action of the Board.
- B. Presiding Officer: The Chair shall be the Presiding Officer of the Board Meeting. In the event of the absence or disqualification of the Chair, the Vice Chair shall preside. In the event of the absence or disqualification of both the Chair and Vice Chair, then the remaining Board members shall select, by majority vote, a member to preside during their absence. The Presiding Officer shall:



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- (a) [maintain order and decorum;](#)
 - (b) [decide all questions of procedure;](#)
 - (c) [exercise the officer's authority impartially;](#)
 - (d) [appoint the chairpersons and all members of committees of the Board, unless otherwise instructed by Board adopted committee charters or bylaws;](#)
 - (e) [sign all papers and documents as required by law or as authorized by action of the Board;](#)
- C. [General Procedure: General rules of parliamentary procedure as defined herein, consistent with all Governing Laws, shall govern the proceedings of the Board. To the extent not inconsistent with these rules, the Board shall use Robert's Rules of Order as a general guideline for rules of parliamentary procedure but shall not be a formal procedural requirement.](#)
1. [Decorum and Conduct at Meetings: The Board acknowledges the significance of CPS Energy's Civil Behavior Policy, which applies to CPS Energy staff, and the Board seeks to establish its own decorum and conduct policy within these Rules of Order. Through these protocols the Board recognizes the importance of engaging in civil discourse and avoiding any form of communication or behavior that detracts from the focus of the deliberation or disrupts the productive nature of the deliberation. By adhering to these protocols, Board members can ensure respectful and productive discussions during meetings, which promotes an environment conducive to effective decision-making and collaboration.](#)
- (a) [Board members shall uphold civil behavior and act dignified, respectful and courteous to other Board members, the CPS Energy President & CEO, CPS Energy staff, and members of the public appearing before the Board.](#)
 - (b) [Board members shall act in the best interest of CPS Energy, our customers, and our community.](#)
 - (c) [Board members shall be forthcoming and accurate in comments and discussion on agenda items.](#)



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- (d) Board members shall ensure comments and discussion are germane to the subject of the approved agenda item and further the purpose of the discussion.
 - (e) Board members shall refrain from speaking adversely on prior decisions of CPS Energy.
 - (f) Board members shall refrain from making a statement challenging the ethics of any other Board member or CPS Energy employee, except through a formal complaint.
2. Board Deliberations: The Presiding Officer shall control the discussion and the order of speakers. The Presiding Officer shall ensure each Board member has an opportunity to speak on each agenda item, but a Board member may not be recognized to speak a second time on an agenda item until each Board member has had an opportunity to speak.
 3. Obtaining the Floor: Any member of the Board wishing to speak shall first obtain the floor by making a request for the floor to the Presiding Officer. The Presiding Officer will ensure that each Board member has an opportunity to obtain the floor when appropriately entitled to do so.
 4. Motions: Motions may be made by any qualified member of the Board including the Chair. Motions must be seconded by any qualified member of the Board.
 5. Procedures for Motions: The following is the general procedure for making motions:
 - (a) The item is presented by CPS Energy staff or others, followed by questions and discussion by Board members.
 - (b) A Board member who wishes to make a motion must first obtain the floor.
 - (c) A Board member who wishes to second a motion must do so through a request to the Presiding Officer.
 - (d) Before a motion can be discussed, it must be seconded.
 - (e) Once the motion has been properly made and seconded, the Presiding Officer shall open the matter for further discussion.



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offering the first opportunity to the moving party and, thereafter, to any Board member properly recognized by the Presiding Officer.

(f) The Presiding Officer shall determine when discussion of the issue has concluded and shall call for a vote on the motion. The Presiding Officer may limit time for debate of a motion, provided that all members of the Board shall have adequate time for debate.

6. Amendments to Motions: Board members may propose amendments to the motions. If, the original movant accepts the motion to amend as a "friendly amendment," the Secretary shall so alter the motion under consideration. If, however, the motion is not accepted as a friendly amendment by the movant, and it is seconded by a qualified Board member, the amendment shall be discussed and voted upon before consideration of the original motion proceeds. No subject other than the agenda item under consideration shall be admitted as an amendment.
7. Continuance of Discussion or Hearings: Any item being discussed may, by order, notice, or motion, be continued or tabled to any subsequent meeting.
8. Call for Recess: The Presiding Officer may call for a recess at any time the Presiding Officer deems appropriate, including if requested by any two (2) Board members.

ARTICLE ~~86~~ - Executive Sessions~~+~~

Once a quorum has been assembled and the Board Meeting has convened pursuant to the Texas Open Meetings Act, the Presiding Officer Chair may call for an Executive Session, as permitted under the Texas Open Meetings Act.

- A. ~~The Presiding Officer Chair must announce the Executive Session. and the Board Secretary, or a member of the Legal Team, will identify the section of the Open Meetings Act authorizing a closed session pursuant to which it is being held.~~



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- B. The Executive session may be attended by the members of the Board, and, at the Board’s discretion, any persons lawfully allowed and the CEO and such officers and employees whose participation is necessary to the matter under consideration in the Executive Session~~closed session~~. The Board’s attorney must attend when required under the Texas Open Meetings Act (when seeking legal advice). No person whose presence is contrary to the governmental interest being protected in the closed session may be admitted to it, and no persons otherwise prohibited from attending such sessions under the Texas Open Meetings Act shall be permitted to attend.

- C. A final action, decision, or vote on a matter deliberated in an Executive Session ~~closed meeting~~ may only be made in an open meeting, with the exception of Competitive Matters as defined by the Texas Open Meetings Act.

ARTICLE 98 – Minutes and Recordings of Meetings

- A. In accordance with the Texas Open Meeting Act and all applicable record retention laws, minutes of the meeting shall be kept by the Secretary and shall:
 - (a) State the subject of each deliberation and
 - (b) Indicate each vote, order, decision, or other action taken.

- B. As overseen by the Board Secretary, CPS Energy will ensure that all minutes are posted on its website.

- C. In addition to the minutes of the meetings, CPS Energy’s practice will be to record each meeting and post such recording on its website. ~~While not required, the company may at its discretion create and/or post transcripts of a meeting.~~

- D. With respect to Executive Session ~~closed meetings~~, the Secretary shall ensure that a Certified Agenda or recording of each such session is made and kept in compliance with the Texas Open Meetings Act, including all confidentiality requirements thereof.



RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES

~~ARTICLE 9 – Chair and Vice Chair Roles:~~

~~To the extent that the Chair is unable to exercise his or her powers for any cause, the Vice Chair of the Board shall exercise such powers on behalf of the Board.~~

ARTICLE 10 - Relations with Management

The President & CEO is responsible for developing the strategic direction and overall management of CPS Energy’s operations. Therefore, it is imperative that the relationship between the Board and the President & CEO (including CPS Energy staff) be supportive, cooperative, and respectful of each other’s roles, duties, and responsibilities. Accordingly, the Board shall maintain appropriate lines of communication, and an understanding of the separate roles of the Board and staff. The Board, as a body, or any member of the Board shall not direct the President & CEO on any operational activity. Directives to the President & CEO shall only come through Board resolutions and policy decisions. This Article does not prohibit a [Board member Trustee](#) from communicating directly with the [CLEO, General Counsel & Board Secretary Office of General Counsel](#) or the Internal Auditor for CPS Energy. It is the responsibility of the ~~Chairman~~ and ~~Vice-Chairman~~ to ensure that the roles of both ~~Board members Trustees~~ and management are protected in the event of any breach of this understanding.

ARTICLE 11 – Effective Date:

These Rules were approved by the CPS Energy Board of Trustees on [June 26, 2023](#), ~~January 30, 2023~~ and are effective as of that date.

Any amendment to or repeal of these Rules shall require the approval of the Board of Trustees.

Attested by The Board Secretary:

Printed Name: Shanna M. Ramirez

Signature: _____

Draft for review and approval
at the June 26, 2023 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON APRIL 24, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of April was held on Monday, April 24, 2023 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 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:05 p.m., left at 3:19 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Mr. Evan O'Mahoney, Interim Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, EVP
CPS Energy staff members
City of San Antonio officials
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. David Ramirez, Senior Director, Controller.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated she appreciates CPS Energy's new leadership. In her visits with employees, they state they are enjoying working with Board Members Chair Gonzalez and Vice Chair Romero and with President & CEO Rudy Garza.

Mr. Alan Montemayor, Chair of the Alamo Group of the Sierra Club, stated he attended the RAC meeting last week. He expressed frustration with the timeline for roll out of community solar. He stated it was his understanding that there is a waitlist for community solar and urged the Board to do what it can to move more quickly.

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at the June 26, 2023 meeting

Mr. Darby Riley, community member, noted that Ms. Shanna Ramirez presented to the RAC on rate decoupling, which he appreciated. He stated that the utility could further promote conservation efforts without impact to revenues by using rate decoupling. He recommended that CPS Energy engage in a study on rate decoupling.

Ms. Melissa Sorola, Vice President of Corporate Communications Marketing for CPS Energy, provided a summary of the first quarterly public input session held on April 4. She noted there were 6 people that provided comments in-person, and 36 people that provided written comments. She noted that CPS Energy staff sent an e-blast to 400,000 people. She also stated we are working to resolve customer questions/concerns that were received within written comments. Finally, she stated we are working on creating more opportunities to raise awareness.

IV. CHAIR’S REMARKS

Chair Gonzalez thanked colleagues and individuals who participated in the first quarterly input session. She welcomed individuals to provide comments at the June Public Input Session. As we continue to move forward, we will continue to find ways to engage with the community.

Then, Chair Gonzalez noted the supply chain disruption that utilities are facing across the United States. She also discussed the new processes and procedures CPS Energy has implemented to provide more flexibility and ways to meet our customers’ needs.

She encouraged individuals participating in Fiesta to use VIA for transportation services.

Finally, Chair Gonzalez thanked the CPS Energy employees and their family members for working over the weekend to address extreme weather outages.

V. RATE ADVISORY COMMITTEE (RAC) UPDATE

Vice Chair Dr. Romero noted that RAC Chair, Mr. Reed Williams, is doing a good job of addressing affordability. Mr. Williams has put forward “bill relief triangle” that focuses on key elements to reduce a customer’s bill: affordability, conservation, and demand response. RAC is continuing to discuss each element, and hopes to have its final recommendation to the Board of Trustees by July, if not sooner

VI. CONSENT AGENDA

On a motion duly made 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 March 2023

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 March 2023 is based on actual

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at the June 26, 2023 meeting

gross revenue per the New Series Bond Ordinance of \$191,051,689.36, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$4,205,182.19. Under the previously approved agreement with the City, CPS Energy will advance to the City \$4,205,182.19 against future months' revenues for fiscal year 2024. The revenue for the month of March 2023 is calculated as follows:

| | | |
|--|--|-------------------------|
| Gross revenue per CPS Energy financial statements | | |
| Electric revenue | | \$197,003,576.23 |
| Gas revenue | | 25,973,010.37 |
| Interest and other income | | 12,468,566.18 |
| Gross revenue per CPS Energy financial statements | | <u>235,445,152.78</u> |
| Excluded revenue | | |
| School and hospital revenue per City Ordinance 55022 | | (7,119,163.64) |
| LVG revenue per City Ordinance 100709 | | (47,043.81) |
| Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts | | (4,531,362.04) |
| Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue | | <u>(32,695,893.93)</u> |
| Total excluded revenue | | <u>(44,393,463.42)</u> |
| Gross revenue per New Series Bond Ordinance subject to 14% payment to the City | | <u>\$191,051,689.36</u> |
| City payment per Bond Ordinance for March 2023 based upon March 2023 revenue | | \$26,747,236.51 |
| City payment per memorandum of understanding (MOU) regarding wholesale special contracts | | 338,810.33 |
| 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 | | 27,073,546.84 |
| Utility services provided to the City for March 2023 | | <u>(2,669,820.14)</u> |
| Net amount to be paid from March 2023 revenue to the City in April 2023 | | <u>\$24,403,726.70</u> |

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

| March 2023 | Actual | Budget | Variance | |
|-------------------------|----------|----------|-----------|--------|
| Current Month* A | \$27,073 | \$32,032 | (\$4,959) | -15.5% |
| Year-to-Date* | \$61,418 | \$65,934 | (\$4,516) | -6.8% |

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

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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 \$24,403,726.70 representing 14% of applicable system gross revenues for the month of March 2023, such payment being net of City utility services (\$2,669,820.14), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2024 is \$4,205,182.19.

B. Procurement Items: None

VII. COMMITTEE REPORTS

Chair Gonzalez accepted the submission of reports for the record in lieu of having them read during the meeting.

- A. Audit and Finance Committee (A&F) meeting held on March 2, 2023. The report is attached as "Attachment A" to the meeting minutes.
- B. Employee Benefit Oversight Committee (EBOC) meeting held on March 2, 2023. The report is attached as "Attachment B" to the meeting minutes.
- C. Technology & Resilience Committee meeting held on March 8, 2023. The report is attached as "Attachment C" to the meeting minutes.
- D. Personnel Committee meeting held on April 19, 2023. The report is attached as "Attachment D" to the meeting minutes.

VIII. ANNUAL AUDITED FINANCIAL STATEMENTS

Mr. David Ramirez, Senior Director, Controller, introduced the external audit team: Ms. Caroline Garcia, Mr. Robert Nelson, and Ms. McKenzie Stanton-Rangel from KPMG; and Mr. Chris Carmona from Schriver Carmona. Ms. Garcia presented on the annual audit financial statements, and noted the audit was successful. The Board of Trustees discussed the presentation and asked questions.

IX. FY2024 PERFORMANCE MEASURES DISCUSSION

Dr. John Soltau, Director, Strategic Alignment, Performance & Planning, provided an overview of the proposed enhancements for the FY2024 Performance Measures. The Board of Trustees asked questions and provided feedback.

X. EXECUTIVE SESSION

At approximately 2:15 p.m., 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:

- Personnel Evaluation of President & CEO (§551.074)
- Consultation Concerning Attorney-Client Matters (§551.074)

Draft for review and approval
at the June 26, 2023 meeting

- Consultation Concerning Attorney-Client Matters (§551.074)

The Board reconvened in open session at 3:19 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

XI. CEO PERFORMANCE REVIEW AND GOALS

Chair Gonzalez noted that Mr. Garza's performance review occurred at a Personnel Committee meeting that occurred on April 19, 2023. She stated Mr. Garza has completed strategic objectives, stabilized CPS Energy, improved communication with the community, and prepared the organization for industry and technology transition. Chair Gonzalez finally noted that there would be no increase in base pay. Mr. Garza stated he appreciated the review process and remained committed executing the Board's direction.

XII. CEO RECOGNITION

Mr. Garza recognized CPS Energy employees that volunteered at the 24th Annual Kid Fish Day at Calaveras Lake. It took 165 volunteers to host the event for Boysville, which is a wonderful community organization. He specifically recognized Mr. Rudy Guerrero. Finally, he thanked Texas Fish & Wildlife for stocking the lake and outfitters, Finn Addict for outfitting, and Boy Scout Troop No. 52 who did the color guard.

XIII. REVIEW OF ACTION ITEMS

Ms. Ramirez noted that there were no action items in this meeting. She also reported that all action items from the previous meetings have been completed.

XIV. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Romero, seconded by Trustee Dr. Mackey and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:29 p.m. by Chair Gonzalez.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting June 26, 2023

Approval of Payment to the City of San Antonio for May 2023

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 May 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$204,549,339.18, less applicable exclusions. In accordance with the New Series Bond Ordinance Flow of Funds requirements, current month revenue did not meet the full obligation for City Payment by \$11,080,284.88. This situation is a common occurrence for CPS Energy in the spring months due to the seasonal billing patterns. Under the previously approved agreement with the City, CPS Energy will advance to the City \$11,080,284.88 against future months' revenues for fiscal year 2024. The revenue for the month of May 2023 is calculated as follows:

| | | |
|---|--|------------------------|
| Gross revenue per CPS Energy financial statements | | |
| Electric revenue | | \$246,059,242.30 |
| Gas revenue | | 13,325,913.77 |
| Interest and other income | | 6,751,112.27 |
| Gross revenue per CPS Energy financial statements | | 266,136,268.34 |
| Excluded revenue | | |
| School and hospital revenue per City Ordinance 55022 | | (7,281,528.07) |
| LVG revenue per City Ordinance 100709 | | (80,354.54) |
| Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts | | (13,296,874.59) |
| Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue | | (40,928,171.96) |
| Total excluded revenue | | (61,586,929.16) |
| Gross revenue per New Series Bond Ordinance subject to 14% payment to the City | | \$204,549,339.18 |
| City payment per Bond Ordinance for May 2023 based upon May 2023 revenue | | \$28,636,907.49 |
| City payment per memorandum of understanding (MOU) regarding wholesale special contracts | | 606,204.56 |
| City Payment reduction per gas customer billing adjustment MOU | | (12,500.00) |
| City payment per Bond Ordinance plus adjustments for memorandums of understanding | | 29,230,612.05 A |
| Utility services provided to the City for May 2023 | | (2,658,141.77) |
| Net amount to be paid from May 2023 revenue to the City in June 2023 | | \$26,572,470.28 |

CPS Energy Board of Trustees Meeting June 26, 2023

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)

| May 2023 | Actual | Budget | Variance | |
|-------------------------|-----------|-----------|------------|--------|
| Current Month* A | \$29,230 | \$32,903 | (\$3,673) | -11.2% |
| Year-to-Date** | \$117,148 | \$130,392 | (\$13,244) | -10.2% |

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

** Current month and YTD Actual in the summary table above includes a rounding adjustment of 1 to match Board Schedules.

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 \$26,572,470.28 representing 14% of applicable system gross revenues for the month of May 2023, such payment being net of City utility services (\$2,658,141.77), and including the current month shortage, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2024 is \$42,351,639.97.



CPS Energy Board of Trustees Meeting
June 26, 2023
APPROVAL of PROCUREMENT ITEMS
Table of Contents

| | | |
|----|---------------------------|--|
| 1. | Item Description: | Specialty Scaffolding Services |
| | Purchase Category: | General Services |
| | Supplier: | BrandSafway, LLC |
| | | Taurus Industrial Group, LLC |
| | | |
| 2. | Item Description: | Weatherization Services |
| | Purchase Category: | General Services |
| | Supplier: | AG3 Group, LLC |
| | | Cool Component HTG & A/C, Inc. |
| | | GGA Construction and Design, LLC |
| | | Lone Star Energy Efficiency, LLC |
| | | M&M Weatherization Company |
| | | Ram’s Weatherization and Construction Company, LLC |
| | | Roadrunner Remodeling, Inc. |
| | | |
| 3. | Item Description: | Physical Security Services |
| | Purchase Category: | General Services |
| | Supplier: | TriCorps Security, Inc. |

4.

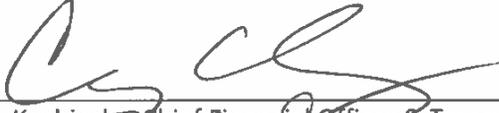
Item Description:

Purchase Category:

Supplier:

| |
|--|
| Supply and Bulk Delivery of Unleaded, Ethanol, On-Road Diesel, Off-Road Diesel and Diesel Exhaust Fluid (DEF) |
| Commodity and Material Goods |
| Petroleum Traders Corporation |
| Mansfield Oil Company of Gainesville, Inc. |

Approval:


Cory Kuchinsky, Chief Financial Officer & Treasurer

Approval:


Rudy Garza, President & CEO



CPS Energy Board of Trustees Meeting
June 26, 2023
Procurement Form 1

| | |
|--|---------------------------------------|
| Item Description | Specialty Scaffolding Services |
| Purchase Order Value | \$13,000,000 |
| Purchase Category | General Services |
| Department | Power Generation |
| VP Gen Excellence & Nuclear Oversight | Larry Blaylock |
| EVP Energy Supply | Benjamin Ethridge |

Detailed Description

CPS Energy staff recommends that a contract be awarded to BrandSafway, LLC and Taurus Industrial Group, LLC, both local businesses, 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 will provide specialty scaffolding installation and removal services required to safely access and perform maintenance and repairs in hard-to-reach areas at the power plants. These contracts will expire on June 30, 2026.

Subcontracting Opportunities

BrandSafway, LLC and Taurus Industrial Group, LLC have each committed to subcontract 10% of overall spend to diverse businesses.

The solicitation method for this procurement was a Request for Proposals (RFP). 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 | 39 |
| Safety records and training program | 20 |
| Overall Cost | 20 |
| Economic Development (local & diverse consideration) | 10 |
| The ability to meet CPS Energy's requirements | 6 |
| The financial soundness of the Respondent | 5 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting
June 26, 2023
Procurement Form 1

Recommended Respondent(s) & Award

| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
|------------------------------|------------------------------|-------|---------------------|---------|----------|
| Taurus Industrial Group, LLC | Local | 88 | \$6,500,000 | 2211515 | |
| BrandSafway, LLC | Local | 84 | \$6,500,000 | 2212196 | |
| TOTAL | | | \$13,000,000 | | |

Two (2) additional respondents were not recommended for award: Axis Industrial Holdings, Inc. dba Axis Industries and High West Services, LLC.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2024 PO Spend | % of FY2024 Annual Corp Budget | Projected FY2025 PO Spend | Projected FY2026 PO Spend | Projected FY2027 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$940,520,261 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$773,000,000 | Non-Fuel O&M | \$1,405,000 | 0.18% | \$4,000,000 | \$4,000,000 | \$3,595,000 |

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

Procurement Item: General Services



■ Local & Diverse
 ■ Local
 ■ Diverse
 ■ Other



CPS Energy Board of Trustees Meeting

June 26, 2023

Procurement Form 2

| | |
|--|--------------------------------|
| Item Description | Weatherization Services |
| Purchase Order Value | \$82,500,000 |
| Purchase Category | General Services |
| Department | Financial Services |
| VP Enterprise Risk & Development | Jonathan Tijerina |
| Chief Financial Officer & Treasurer | Cory Kuchinsky |

Detailed Description

CPS Energy staff recommends that contracts be awarded to:

- AG3 Group, LLC, a local, diverse firm (Program A and Program C)
- M&M Weatherization Company, a local, diverse firm (Program B)
- GGA Construction and Design, LLC, a local, diverse firm (Program B)
- Roadrunner Remodeling, Inc., a local, diverse firm (Program B)
- Cool Component HTG & A/C, Inc., a local, diverse firm (Program B)
- Ram’s Weatherization and Construction, LLC, a local, diverse firm (Program B)
- Lone Star Energy Efficiency, LLC, a local, diverse firm (Program C)

as the respondents 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 services to support the next phase of the Sustainable Tomorrow Energy Plan (STEP) Weatherization program. CPS Energy’s new re-imagined weatherization program aims to reduce barriers to participation for CPS Energy’s most vulnerable customers, as well as creates new opportunities for local, small businesses to work directly with CPS Energy. The contract scope was debundled into three separate program areas: Program A: Customer Management, Program B: Installation Services, and Program C: Assessment and Inspection Services.

This contract allows CPS Energy to provide the free installation of energy efficiency upgrades in the homes of customers with the highest energy burden. This contract is for a term of four (4) years and will expire July 31, 2027.

Subcontracting Opportunities

All companies recommended for award are local, diverse businesses with corporate headquarters in the San Antonio Metropolitan Area.



CPS Energy Board of Trustees Meeting

June 26, 2023

Procurement Form 2

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 |
|---|------------|
| The ability to meet CPS Energy's requirements | 35 |
| Overall cost and value of the program(s) | 20 |
| Safety records and training program | 20 |
| Experience and qualifications to perform the Services | 10 |
| Economic Development (local & diverse consideration) | 10 |
| The financial soundness of the Respondent | 5 |
| TOTAL | 100 |

| Recommended Respondent(s) & Award | | | | | |
|-----------------------------------|---|-------|--------------|---------|---|
| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
| AG3 Group, LLC | Local/Diverse (Small, Hispanic American-owned, Woman-owned) | 81 | \$17,250,000 | 2213113 | Corporate headquarters based in San Antonio Metropolitan Area |
| Lone Star Energy Efficiency, LLC | Local/Diverse (Small, Hispanic American-owned, Woman-owned) | 67 | \$5,250,000 | 2213114 | Corporate headquarters based in San Antonio Metropolitan Area |
| M&M Weatherization Company | Local/Diverse (Small, Hispanic American-owned) | 60 | \$12,000,000 | 2212903 | Corporate headquarters based in San Antonio Metropolitan Area |
| GGA Construction and Design, LLC | Local/Diverse (Small, Hispanic American-owned) | 58 | \$12,000,000 | 2212905 | Corporate headquarters based in San Antonio Metropolitan Area |
| Roadrunner Remodeling, Inc. | Local/Diverse (Small, Hispanic American-owned) | 55 | \$12,000,000 | 2212906 | Corporate headquarters based in San Antonio Metropolitan Area |
| Cool Component HTG & AC, Inc. | Local/Diverse (Small, Hispanic American-owned) | 49 | \$12,000,000 | 2212907 | Corporate headquarters based in San Antonio Metropolitan Area |



CPS Energy Board of Trustees Meeting
June 26, 2023
Procurement Form 2

| | | | | | |
|--|---|----|---------------------|---------|---|
| Ram's Weatherization & Construction Company, LLC | Local/Diverse (Small, Hispanic American-owned, Woman-owned) | 46 | \$12,000,000 | 2212908 | Corporate headquarters based in San Antonio Metropolitan Area |
| TOTAL | | | \$82,500,000 | | |

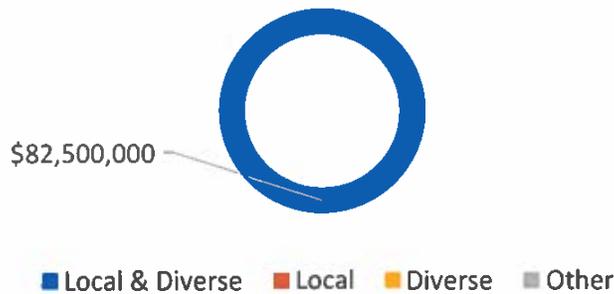
Five (5) additional respondents were not recommended for award: Resource Innovations, Inc.; Real Energy Solutions, LLC; I & A Homes and Weatherization, LLC; San Antonio Smart Solutions; and Central Texas RetroFoam, LLC.

| Annual Funds Budgeted | | | | | | |
|-------------------------|-------------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| Corporate Annual Budget | Funding Method | Projected FY2024 PO Spend | % of FY2024 Annual Corp Budget | Projected FY2025 PO Spend | Projected FY2026 PO Spend | Projected FY2027 PO Spend |
| \$940,520,261 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$2,285,821,000 | Operating Budget* | \$10,500,000 | 0.46% | \$20,000,000 | \$20,000,000 | \$22,000,000 |

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

*This represents the full operating budget, which combines Fuel, Non-Fuel O&M and other operating expense.

Procurement Item: General Services





CPS Energy Board of Trustees Meeting

June 26, 2023

Procurement Form 3

| | |
|--|-----------------------------------|
| Item Description | Physical Security Services |
| Purchase Order Value | \$70,000,000 |
| Purchase Category | General Services |
| Department | Integrated Security |
| VP Integrated Security Officer | Jonathan Homer |
| Chief LEO General Counsel & Board Secretary | Shanna Ramirez |

Detailed Description

CPS Energy staff recommends that a contract be awarded to TriCorps Security, Inc., a local firm, as the respondent who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This recurring contract is for Security Officers. This contract will continue to provide CPS Energy with the required staffing and resources to support critical security services for 24/7/365 security operations. This contract will include uniformed security guards, operators for the Security Operations Center (“SOC”), various security mobile patrols, and the availability of additional security officers on an as-needed basis outside of regular security guard staffing. This contract will allow CPS Energy to address the ever-changing physical security threats faced by CPS Energy, protecting our employees, customers, and contractors. This contract is for five (5) years and will expire on July 2, 2028.

Subcontracting Opportunities

TriCorps Security, Inc has committed to subcontracting 15% of overall spend to the following business:

- Whitman Consulting, Security Services, Private Investigations, LLC is a local, small, woman-owned, veteran-owned business providing physical security services.

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 | 36 |
| The overall cost | 30 |
| Safety records and training program | 20 |
| Economic Development (local & diverse consideration) | 10 |
| The financial soundness of the Respondent | 4 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

June 26, 2023

Procurement Form 3

| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
|-------------------------|------------------------------|-------|---------------------|---------|----------|
| TriCorps Security, Inc. | Local | 76 | \$70,000,000 | 2213301 | |
| TOTAL | | | \$70,000,000 | | |

Ten (10) additional respondents were not recommended for award: Controlled F.O.R.C.E., Inc.; Inter-Con Security Systems, Inc.; Prosegur Services Group, Inc.; Securitas Security Services USA, Inc.; Single Source Security, LLC dba Protos Security; Smith Protective Services, Inc.; Sunstates Security, LLC; Universal Protection Service, LP dba Allied Universal Security Services; Vets Sourcing America, Inc.; and Whelan Security Co. dba GardaWorld Security Services.

| Annual Funds Budgeted | | | | | | |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| Corporate Annual Budget | Funding Method | Projected FY2024 PO Spend | % of FY2024 Annual Corp Budget | Projected FY2025 PO Spend | Projected FY2026 PO Spend | Projected FY2027 PO Spend |
| \$940,520,261 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$773,000,000 | Non-Fuel O&M | \$4,500,000 | 0.58% | \$8,500,000 | \$8,700,000 | \$9,200,000 |

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

Procurement Item: General Services



■ Local & Diverse ■ Local ■ Diverse ■ Other



CPS Energy Board of Trustees Meeting

June 26, 2023

Procurement Form 4

| | |
|-------------------------------------|--|
| Item Description | Supply and Bulk Delivery of Unleaded, Ethanol, On-Road Diesel, Off-Road Diesel and Diesel Exhaust Fluid (DEF) |
| Purchase Order Value | \$20,000,000 |
| Purchase Category | Commodity & Material Goods |
| Department | Supply Chain – Warehouse Operations |
| VP Supply Chain | Maria Stanton |
| Chief Administrative Officer | Lisa Lewis |

Detailed Description

CPS Energy staff recommends that contracts for the supply of bulk delivery of various fuels be awarded to Petroleum Traders Corporation, a diverse firm, and Mansfield Oil Company of Gainesville, Inc. as the respondents who will provide the materials at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the procurement of the supply and delivery of unleaded, ethanol, on-road diesel, off-road diesel and diesel exhaust fluid (DEF) for CPS Energy vehicles and equipment. These contracts will allow CPS Energy to provide over 3,000,000 gallons of various fuels to our enterprise throughout the term of the contracts. Two (2) suppliers are recommended for award to expand supply availability. The total value of the two (2) contracts has increased by 20% from the previous contract term to account for unpredictable prices experienced in this market. These contracts will support our enterprise throughout their expiration on July 31, 2026.

Subcontracting Opportunities

Mansfield Oil Company of Gainesville, Inc. has committed to subcontracting fuel transportation services to Marshall Distributing Company, a local business.

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 | 26 |
| The overall cost | 21 |
| Safety records and training program | 20 |
| The ability to meet CPS Energy’s requirements | 12 |
| The financial soundness of the Respondent | 11 |
| Economic Development (local & diverse consideration) | 10 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting
June 26, 2023
Procurement Form 4

Recommended Respondent(s) & Award

| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
|--|------------------------------|-------|---------------------|---------|----------|
| Petroleum Traders Corporation | Diverse (Veteran Owned) | 65 | \$14,000,000 | 3073865 | |
| Mansfield Oil Company of Gainesville, Inc. | | 58 | \$6,000,000 | 3073772 | |
| TOTAL | | | \$20,000,000 | | |

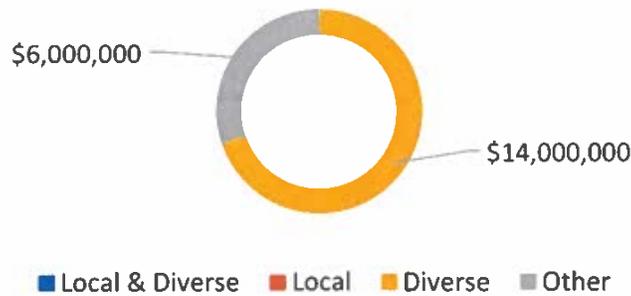
One (1) additional respondent was not recommended for award: Sunoco LP.

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2024 PO Spend | % of FY2024 Annual Corp Budget | Projected FY2025 PO Spend | Projected FY2026 PO Spend | Projected FY2027 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$940,520,261 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$773,000,000 | Non-Fuel O&M | \$3,300,000 | 0.43% | \$6,700,000 | \$6,700,000 | \$3,300,000 |

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

Procurement Item: Commodity & Material Goods





CPS ENERGY & THE 88TH LEGISLATURE

PRESENTED BY:

Kathy Garcia

VP, Government & Regulatory Affairs & Public Policy

Kari Meyer

Director, Federal & State Relations

June 26, 2023

Informational Update

AGENDA



- **CPS ENERGY STATE LEGISLATIVE PRIORITIES**
 - CUSTOMER AFFORDABILITY & IMPACTS
 - UTILITY GOVERNANCE
 - RELIABILITY & RESILIENCY
- **INTERNAL & EXTERNAL ALIGNMENT**
- **NEXT STEPS**



STATE LEGISLATIVE PRIORITIES

OUR MAIN PILLARS



Our legislative priorities and engagement during the 88th Legislature are captured in three main pillars:

**CUSTOMER
AFFORDABILITY
AND IMPACTS**

**UTILITY
GOVERNANACE**

**RELIABILITY
AND
RESILIENCY**

**These pillars were approved by the Board of Trustees
at the January 2023 meeting.**

STATE LEGISLATIVE PRIORITIES

UTILITY GOVERNANCE



- Several bills were filed this session seeking to directly impact the municipally owned utility (MOU) business model.
- Proposals that received the most attention focused on the structure and use of the general fund transfer (GFT) and vegetation management programs, which would have interfered in our relationship with the City of San Antonio, our city owner.
- In coordination with the CoSA and our state trade association Texas Public Power Association (TPPA), we actively engaged in opposition to these various proposals.
- None of these bills passed.

Our top priority every legislative session is to protect the MOU Business Model and our local decision-making authority.

STATE LEGISLATIVE PRIORITIES

RELIABILITY & RESILIENCY



- The Legislature's primary focus was on how to incentivize the building of new dispatchable electric generation.
- Several months and several proposals later, the Legislature ultimately approved the following bills:
 - HB 1500 – Reauthorization of the Public Utility Commission (PUC) and market redesign
 - SB 2627 – Statewide loan program for new dispatchable generation
 - SJR 93 – Constitutional Amendment to implement SB 2627
 - HB 5 – Economic Development Tax Incentives

We assessed every proposal through the lens of balancing intended benefits to the market with the associated costs to our utility and our customers.

STATE LEGISLATIVE PRIORITIES

RELIABILITY & RESILIENCY



- Main elements of the passed bills:
 - Studies of the new ancillary and reliability services before implementation
 - Study on cost allocation methodologies
 - Opportunities for further stakeholder input
 - \$1 billion statutory cap on the cost for the Performance Credit Mechanism (PCM) program
 - \$10 billion to create loan and grant programs to incentivize building new dispatchable generation (pending voter approval)
 - Provisions that penalize or exclude non-dispatchable resources

We actively engaged in negotiations on all of the above topics.

INTERNAL & EXTERNAL ALIGNMENT



- Engaged over 50 internal subject matter experts to assess the operational, legal, and financial impacts of all bills applicable to our organization
- Coordinated with numerous community and industry partners
- Registered official positions of support or opposition to bills
- Provided verbal testimony and filed written testimony



CPS Energy's Leaders Cohort Capitol Day

Our strong network of community, industry, and legislative partners help us advocate for common goals.

INTERNAL & EXTERNAL ALIGNMENT



- **Official Positions Registered**

- HB 898 (support)
- HB 4862 (support)
- HB 4984 (support)
- SB 2010 (support)
- SB 2011 (support)
- SB 2012 (support)
- HB 4207 (oppose)
- SB 1110 (oppose)

- **Written or Verbal Testimony**

- SB 7 (neutral)
- SB 2012 (support)
- SB 1110 (oppose)



In addition to these formal actions, we provided informal written comments and engaged in a stakeholder group on market design proposals.

NEXT STEPS



- Post-session Internal Compliance Process
- Regulatory Rulemakings
- Special Session(s)
- Additional bill implementation activities



As bills impacting our organization become law, we will continue to engage in the various forums and proceedings on behalf of our utility.



Thank You





FY2024 QUARTERLY PERFORMANCE UPDATE

PRESENTED BY:

Cory Kuchinsky, CPA
Chief Financial Officer & Treasurer

DeAnna Hardwick
EVP, Customer Strategy

June 26, 2023

Informational Update

AGENDA



- **FY2024 FINANCIAL UPDATE**
 - Q1 PERFORMANCE RESULTS
 - REVISED FORECAST
 - ACCOUNTS RECEIVABLE

We are here today to share key insights on our financial performance.

FINANCIAL PERFORMANCE

Q1 PERFORMANCE RESULTS



- **Quarter 1: Year to Date (YTD)**

- Financial performance is favorable to plan due to lower operations and maintenance (O&M) expenditures and higher interest income on investments.
- Total non-fuel revenue is in-line with budget.
- Repair & Replacement (R&R) contributions are under budget due to seasonal factors.



FINANCIAL PERFORMANCE

REMAINS ON TRACK



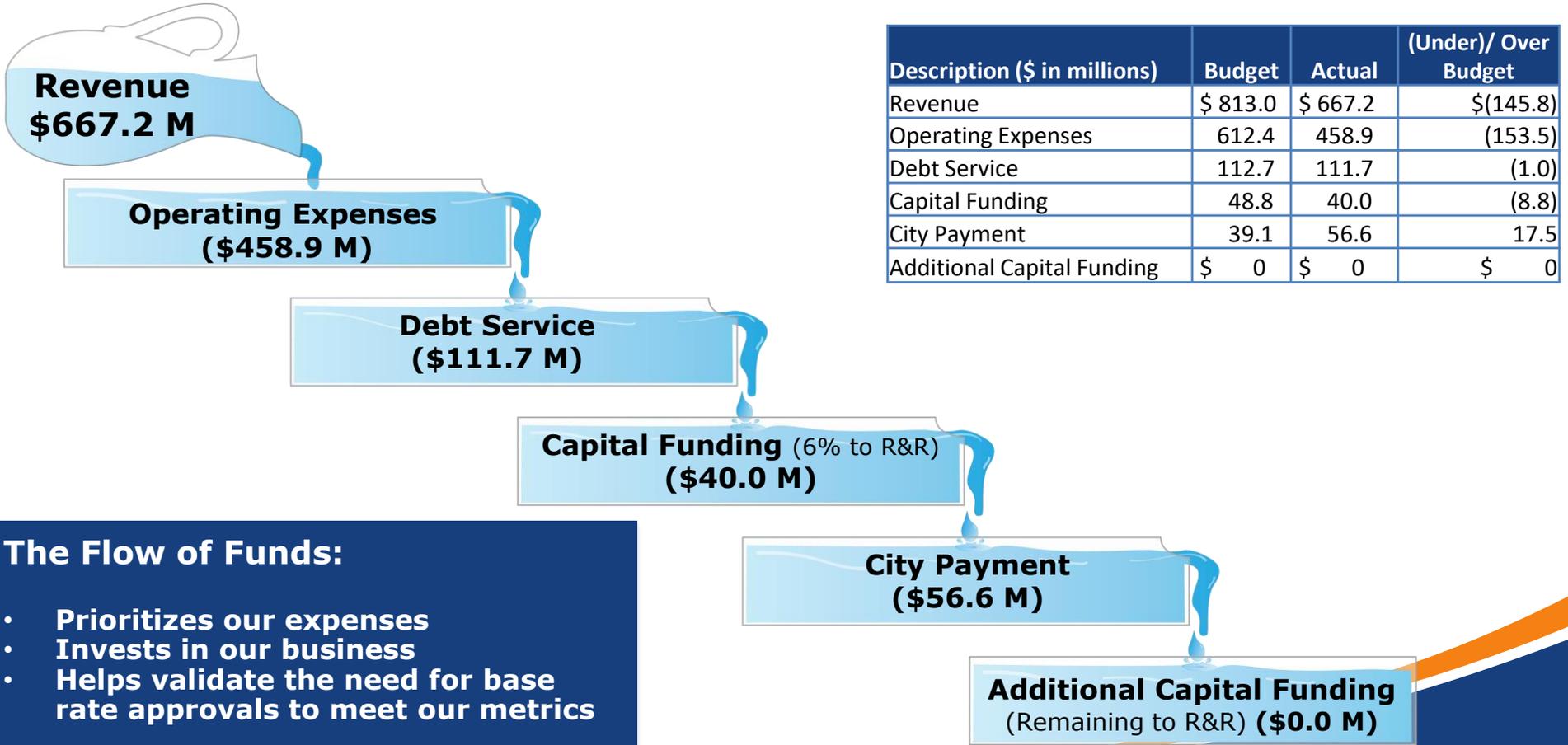
- **FULL-YEAR REVISED FORECAST**

- Making forecast adjustment to our full-year forecast due to:
 - Fuel is forecasted to be ~\$340M lower than the budget, and
 - Gross revenues expected to be ~\$370M under budget.
- R&R contributions are expected to be consistent with budget.
- Results in minimal changes to our financial metrics and flow of funds.
- Adjusted Debt Service Coverage, Days Cash On Hand, and Debt/Cap Ratio remain in-line with the original budget forecasts.



FLOW OF FUNDS

YEAR-TO-DATE ACTUAL VS. BUDGET



The Flow of Funds:

- Prioritizes our expenses
- Invests in our business
- Helps validate the need for base rate approvals to meet our metrics

FLOW OF FUNDS

YEAR-TO-DATE ACTUAL VS. BUDGET



| Description | FY2024 | | |
|---|----------|----------|--|
| | Budget | Actuals | Variance: (Underbudget) Overbudget |
| Revenues, net of unbilled | \$ 813.0 | \$ 667.2 | \$ (145.8) |
| Less: fuel & regulatory expense | 404.2 | 260.9 | (143.3) |
| Less: Operation & maintenance | 208.2 | 198.0 | (10.2) |
| Revenues, net of Operating Expenses | 200.6 | 208.3 | 7.7 |
| Less: Debt service | 112.7 | 111.7 | (1.0) |
| 6% Gross Revenue to R&R | 48.8 | 40.0 | (8.8) |
| Less: city payment (CP) per flow of funds | 39.1 | 56.6 | 17.5 |
| Remaining to R&R | - | - | - |
| Total R&R fund additions | \$ 48.8 | \$ 40.0 | \$ (8.8) |
| Total Gross Non Transmission Capital | \$ 227.4 | \$ 165.6 | \$ (61.8) |

KEY HIGHLIGHTS

Revenue (operating & non operating), net of unbilled:

- Low fuel costs and lower local customer electric sales resulted in lower fuel revenue.
- Low fuel costs also resulted in reduced wholesale market opportunities, which led to wholesale revenue below plan.

Operation & Maintenance

- Under budget primarily due to plant maintenance & project execution timing. It is offset by weather-related emergency repair work, higher than planned gas leak repair, and corrosion control work.

Repair & Replacement Fund

- Contributions are slightly under plan YTD driven by seasonal trends.

Capital

- Under budget primarily due to acquisition timing of Mark West pipeline which closed in May, and project execution timing.

NET INCOME

YEAR-TO-DATE ACTUAL VS. BUDGET



| Description | FY2024 | | |
|---|------------------|------------------|--|
| | Budget | Actuals | Variance: (Underbudget) Overbudget |
| Revenue available for nonfuel expenses | | | |
| Electric | \$ 700.2 | \$ 577.0 | \$ (123.2) |
| Gas | 97.7 | 77.0 | (20.7) |
| Total operating revenue | 797.9 | 654.0 | (143.9) |
| Less: | | | |
| Electric fuel, distribution gas & regulatory | 405.8 | 262.5 | (143.3) |
| Payments to the City of San Antonio | 39.1 | 56.6 | 17.5 |
| Net operating revenue | 353.0 | 334.9 | (18.1) |
| Nonoperating revenue | 11.5 | 22.3 | 10.8 |
| Total revenue available for nonfuel expenses | 364.5 | 357.2 | (7.3) |
| Nonfuel expenses | | | |
| Operation & maintenance | 207.9 | 197.6 | (10.3) |
| Depreciation, amortization & decommissioning | 134.8 | 129.4 | (5.4) |
| Interest & debt-related | 60.2 | 59.3 | (0.9) |
| Total nonfuel expenses | 402.9 | 386.3 | (16.6) |
| Net Income (Loss) | \$ (38.4) | \$ (29.1) | \$ 9.3 |

KEY HIGHLIGHTS

- **Operating Revenue**
 - Low fuel costs and lower local customer electric sales drove lower fuel revenue.
 - Low fuel costs also resulted in reduced wholesale market opportunities, which led to wholesale revenue below plan.
- **Non-Operating Revenue**
 - Primarily driven by higher interest income and fair market value of investment portfolios.
- **Operation & Maintenance**
 - Under budget primarily due to plant maintenance and project execution timing. It is offset by weather-related emergency repair work, higher than planned gas leak repair, corrosion control work, and net hiring increase.
- **Interest & debt-related**
 - Consistent with budget.

Non-cash items such as investment fair value adjustments impact total net income but does not impact financial metrics such as ADSC or DCOH. These items impact the equity portion in the debt / capitalization metric.

KEY FINANCIAL METRICS



Current Projection

| | |
|---|--------------|
| Adjusted Debt Service Coverage Ratio | 1.62 |
| Debt Capitalization Ratio | 62.6% |
| Days Cash On Hand | 170 |

After Q1, we expect our key financial metrics to be above Rating Agency targets.

APRIL 2023 RECEIVABLES SNAPSHOT



\$5.7M YTD
UTILITY ASSISTANCE
April 2023

115
ENGAGEMENTS
IN APRIL



207K Customer Accounts Past Due for \$189M

44K Inactive Accounts for \$48M

163K Active Accounts for \$141M

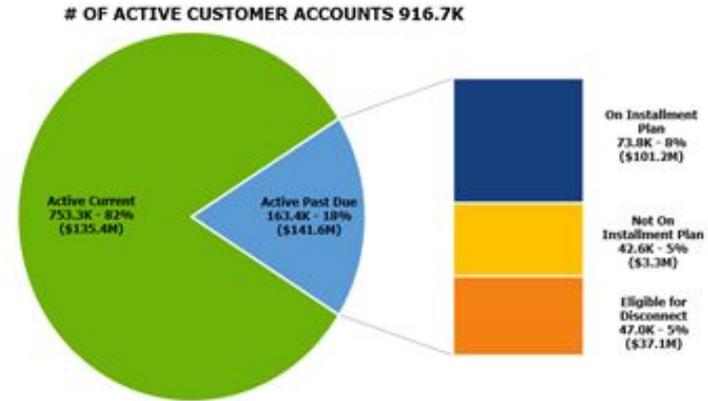
187K
\$174M
RESIDENTIAL

20K
\$15M
COMMERCIAL

\$337K
LATE FEES

7K
DISCONNECTS

232K
COLLECTION NOTIFICATIONS



We've increased the total accounts enrolled in installment plans to 74,000, representing over 50% of past-due balances



Thank You





Appendix



GLOSSARY / DEFINITIONS



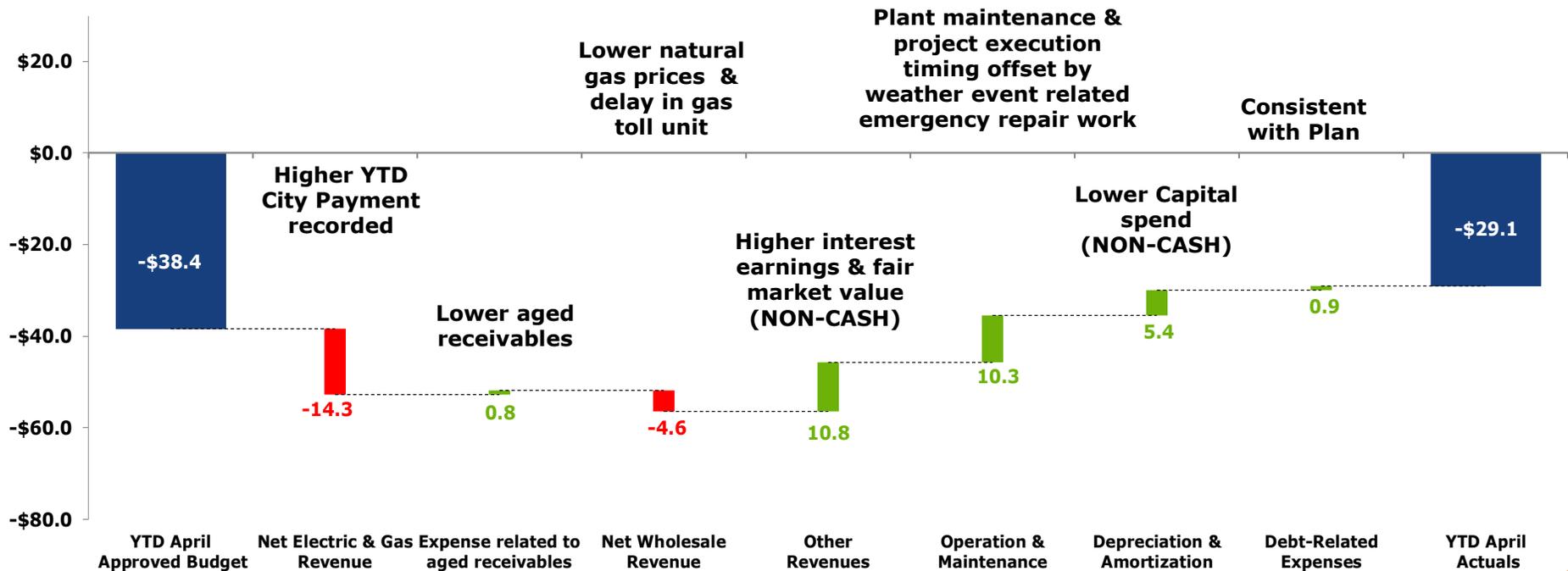
| Acronym or Word | Definition | Acronym or Word | Definition |
|--------------------------------------|---|----------------------------|---|
| Adjusted Debt Service Coverage Ratio | Measurement of available cash flow to pay current debt obligations | O&M | Normal costs incurred to keep business operations ongoing (Operating & Maintenance) |
| Days Cash on Hand | Represents the number of days a company can continue to pay its operating expenses with current cash available | OPEB | Postemployment benefits other than pension benefits (Other Post-employment Benefits) |
| Debt Capitalization Ratio | Measurement that shows the proportion of debt a company uses to finance its assets, relative to the amount of cash (equity) used for the same purpose | R&R | A restricted cash account which may be used to fund construction costs (Repair & Replacement account) |
| Debt Service | In the Flow of Funds, the annual amount of principal and interest payments due to bond holders | Wholesale Revenue net Fuel | Revenues from market sales of incremental power produced less the cost of fuel to produce the power |

FY2024 YTD NET INCOME

BUDGET TO ACTUAL WALK-FORWARD



(\$ in millions)



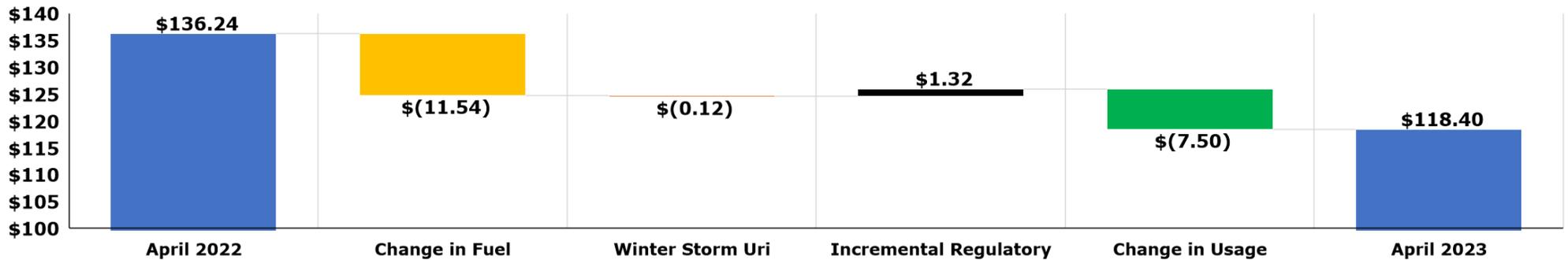
The net effect of these items bring us slightly higher than budget through the first quarter.

Please note that 'net electric & gas revenue' is net of gross revenue (billed & unbilled), net TCOS revenues, fuel & reg, & city payment

APRIL 2022 AND APRIL 2023 COMPARISON OF RESIDENTIAL BILLS



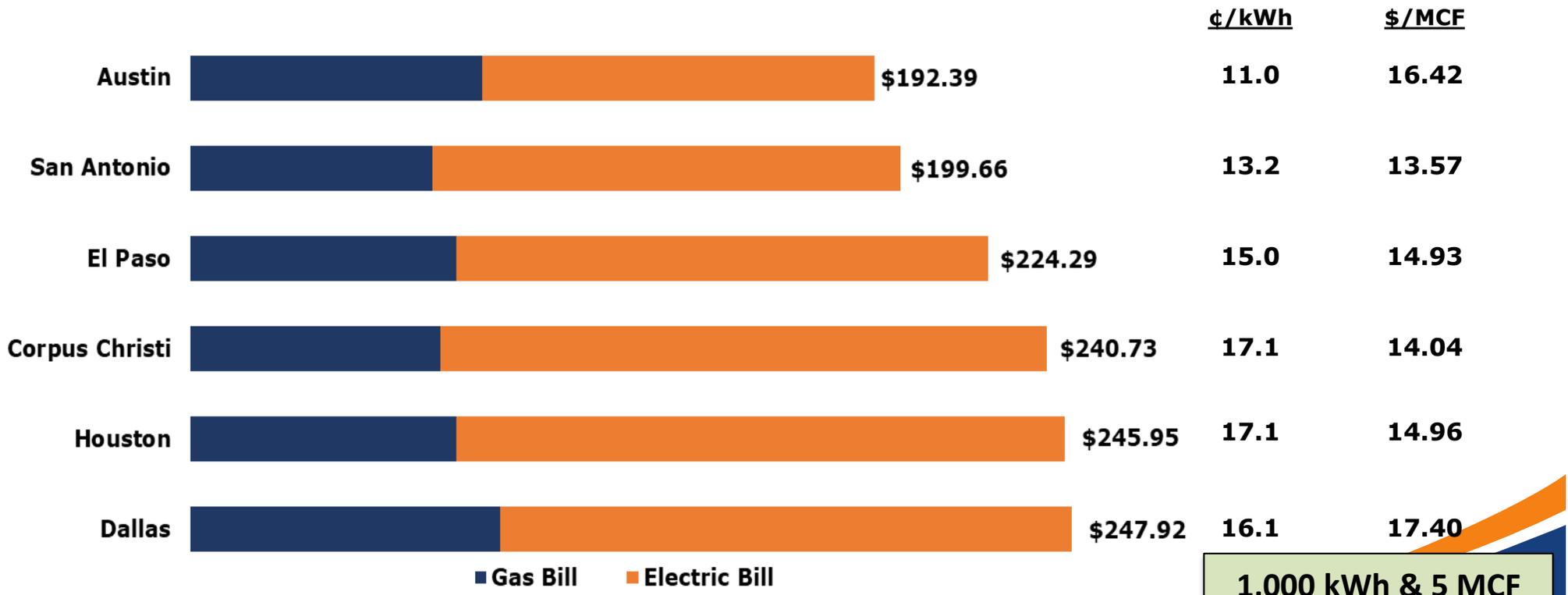
**Combined Residential Electric & Gas Bill
April 2022 to April 2023**



On average, bills were lower this April due to milder temperatures & lower fuel costs.

Note: Winter Storm Uri Recovery = $\$0.00085 \times 795 \text{ kWh}$ (average electric usage for April) + $\$0.008249 \times 20 \text{ CCF}$ (average gas usage for April)

TEXAS CITIES COMBINED RESIDENTIAL BILL COMPARISON TRAILING 12 MONTHS ENDING APRIL 2023



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

FLOW OF FUNDS

3 + 9 FORECAST VS. BUDGET



| Description | FY2024 | | |
|---|------------|------------|--|
| | Budget | Forecast | Variance: (Underbudget) Overbudget |
| Revenues, net of unbilled | \$ 3,560.2 | \$ 3,192.6 | \$ (367.6) |
| Less: fuel & regulatory expense | 1,595.0 | 1,253.3 | (341.7) |
| Less: Operation & maintenance | 774.4 | 777.3 | 2.9 |
| Revenues, net of Operating Expenses | 1,190.8 | 1,162.0 | (28.8) |
| Less: Debt service | 465.4 | 466.0 | 0.6 |
| 6% Gross Revenue to R&R | 213.6 | 191.6 | (22.0) |
| Less: city payment (CP) per flow of funds | 436.8 | 409.4 | (27.4) |
| Remaining to R&R | 75.0 | 95.0 | 20.0 |
| Total R&R fund additions | \$ 288.6 | \$ 286.6 | \$ (2.0) |
| Total Gross Non Transmission Capital | \$ 820.5 | \$ 811.2 | \$ (9.3) |

Highlights:

- **Revenue (operating & non operating), net of unbilled:**
 - Low fuel costs and lower local customer electric sales drove lower fuel revenue.
 - Low fuel costs also resulted in reduced wholesale market opportunities, which led to wholesale revenue below plan.
- **Operation & Maintenance**
 - Higher than budget primarily due to additional investment-related to emergency repair work and overtime due to storms, spend on compliance related gas locates and leak repair, and net hiring increase.
- **Repair & Replacement Fund**
 - Contributions are slightly under budget from lower sales.
- **Capital**
 - Underbudget primarily due to acquisition timing of Mark West pipeline which closed in May, and project execution timing.

NET INCOME

3 + 9 FORECAST VS. BUDGET



| Description | FY2024 | | |
|---|------------------|------------------|--|
| | Budget | Forecast | Variance: (Underbudget) Overbudget |
| Revenue available for nonfuel expenses | | | |
| Electric | \$ 3,217.6 | \$ 2,907.3 | \$ (310.3) |
| Gas | 321.3 | 257.3 | (64.0) |
| Total operating revenue | 3,538.9 | 3,164.6 | (374.3) |
| Less: | | | |
| Electric fuel, distribution gas & regulatory | 1,602.1 | 1,258.6 | (343.5) |
| Payments to the City of San Antonio | 436.8 | 409.4 | (27.4) |
| Net operating revenue | 1,500.0 | 1,496.6 | (3.4) |
| Nonoperating revenue | 46.9 | 44.7 | (2.2) |
| Total net revenue available for nonfuel expenses | 1,546.9 | 1,541.3 | (5.6) |
| Nonfuel expenses | | | |
| Operation & maintenance | 773.0 | 777.6 | 4.6 |
| Depreciation, amortization & decommissioning | 539.3 | 533.9 | (5.4) |
| Interest & debt-related | 255.4 | 256.1 | 0.7 |
| Total nonfuel expenses | 1,567.7 | 1,567.6 | (0.1) |
| Net Income (Loss) | \$ (20.8) | \$ (26.3) | \$ (5.5) |

Highlights:

- **Operating Revenue**
 - Low fuel costs and lower local customer electric sales are driving our outlook on lower fuel revenue.
 - Low fuel costs are also expected to have reduced wholesale market opportunities; we expect it to come in lower than plan.
- **Non-Operating Revenue**
 - Slightly under budget as the Federal Reserve has signaled pausing on interest rate hikes, marginally reducing income opportunities.
- **Operation & Maintenance**
 - Higher than budget primarily due to additional investment-related to emergency repair work and overtime due to storms, spend on compliance related gas locates and leak repair, and net hiring increase.
- **Interest & debt-related**
 - Projected to come in line with plan.

Non-cash items such as investment fair value adjustments impact total net income but does not impact financial metrics such as ADSC or DCOH. These items impact the equity portion in the debt / capitalization metric.

FY2024 ENTERPRISE MEASURE RESULTS

AS OF APRIL 30, 2023



| Strategic Objective | Measure Name | Measure Frequency | FY/CY | Unit | Target Indicator | Historical Actuals | | Current Year | | | Year End Forecast | Latest Estimate |
|-----------------------|---|-------------------|-------|------|------------------|--------------------|--------------------|--------------|------------|--------------------|-------------------|-----------------|
| | | | | | | FY 2022 CY 2021 | FY 2023 CY 2022 | YTD Target | YTD Actual | Year-End Target | | |
| Operational Evolution | Critical IT System Availability | monthly | FY | % | ↑ | 99.9 | 99.8 | 99.5 | 99.9 | 99.5 | On Track | 99.9 |
| | Environmental Compliance Issues - NOE & NOV (Category A & B) Enterprise | monthly | CY | # | ↓ | 0 | 0 | 0 | 0 | 0 | On Track | 0 |
| | Gas System Growth | monthly | FY | % | ↑ | 1.97 | 1.97 | 0.36 | 0.56 | 1.51 | On Track | 1.57 |
| | Portfolio Commercial Availability | monthly | CY | % | ↑ | 77.1 | 82.2 | 88.9 | 72.8 | 88.9 | At Risk | 88.5 |
| | System Average Interruption Duration Index (SAIDI) | monthly | CY | # | ↓ | 67.68 | 59.81 | 14.41 | 15.94 | 63.70 | On Track | 63.70 |
| | System Average Interruption Frequency Index (SAIFI) | monthly | CY | # | ↓ | 1.01 | 0.95 | 0.26 | 0.25 | 0.98 | On Track | 0.98 |
| Financial Stability | Adjusted Debt Service Coverage | quarterly | FY | # | ↑ | 1.66 | 1.89 | 1.43 | 1.36 | >1.50 ¹ | On Track | 1.62 |
| | Capital Budget (Gross of CIAC) | monthly | FY | \$ | ↓ | 689.5 | 788.3 | 257.2 | 192.3 | 941.0 | On Track | 940.5 |
| | Days Cash on Hand | quarterly | FY | # | ↑ | 182 | 166 | 155 | 149 | >150 ¹ | On Track | 170 |
| | Debt Capitalization | quarterly | FY | % | ↓ | 61.6 | 61.8 | 62.7 | 62.2 | <65.0 ¹ | On Track | 62.6 |
| | Enterprise Senior Lien Bond Ratings ² | quarterly | FY | # | = | 0 | 1 | 1 | 1 | 1 | On Track | 1 |
| | O&M Budget | monthly | FY | \$ | ↓ | 618.5 | 688.7 | 207.9 | 197.6 | 773.0 | On Track | 777.6 |
| Customer Experience | Customer Satisfaction – Residential | quarterly | CY | # | ↑ | 78.9 | 74.4 | 75.0 | 80.9 | 75.0 | On Track | 75.7 |
| Team Culture | Employee Engagement – Enterprise | annually | FY | # | ↑ | 3.99 | 4.09 | N/A | N/A | 4.12 | N/A | N/A |
| | Enterprise Readiness – Executives | annually | FY | % | ↑ | 83 | 72 | N/A | N/A | 75 | N/A | N/A |
| | Enterprise Recordable Incident Rate - (RIR) | monthly | FY | # | ↓ | 1.68 | 1.49 | 1.35 | 0.91 | 1.35 | On Track | 1.16 |

¹ Year End targets for these Measures are set to maintain our financial stability aligned with Credit Rating Agency thresholds.

² A measure of the senior lien bond ratings as measured by Fitch, Moody's, and Standard & Poor's (Fitch = AA-, Moody's = Aa2, Standard & Poor's = AA-) such that "1" represents the maintenance of current ratings, a "2" (or "0") indicates an upgrade (or downgrade) in one or more ratings.