



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON JUNE 27, 2022 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

CPS - CITY CLERK
2022 JUN 27 PM 12:27:49

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

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

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Kevin Pollo
3	PUBLIC COMMENT Pre-Registration on Friday, June 24, 2022 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	CHAIR'S REMARKS	Discuss	Dr. Willis Mackey
5	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
6	MONTHLY PERFORMANCE UPDATE	Discuss	Ms. Lisa Lewis
CONVENE TO EXECUTIVE SESSION			
7	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
8	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on 4/25/22 B. Minutes of the Regular Board meeting held on 05/23/22 C. Payment to the City of San Antonio for May 2022	Vote	Dr. Willis Mackey
REGULAR AGENDA			
9	COMMITTEE REPORTS: A. Operations and Oversight Committee (OOC) meeting held on 04/13/22 (Dr. Francine Romero) B. Personnel Committee meeting held on 04/12/22 and 05/22/22 (Ms. Janie Gonzalez) C. Audit & Finance (A&F) Committee meeting held on 05/11/22 (Mr. John Steen) D. Employee Benefits Oversight Committee (EBOC) meeting held on 05/11/22 (Mr. John Steen)	Discuss	Dr. Willis Mackey
10	GENERATON PLANNING UPDATE	Discuss	Mr. Kevin Pollo
11	ADJOURNMENT	Execute	Dr. Willis Mackey
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.			

CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, June 27, 2022 at 1:00 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

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

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, June 24, 2022, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at **publiccommentregistration@cpsenergy.com** or by phone at **(210) 353-4662**. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

Written comments may be sent to **publiccommentregistration@cpsenergy.com** and will be shared with the Board prior to the start of the meeting.

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

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

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

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
June 22, 2022

CPSA - CITY CLERK
2022 JUN 22 PM 12:27:49

Draft for review and approval
at the June 27, 2022 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON APRIL 25, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of April was held on Monday, April 25, 2022 in the Board Room on the First Floor of CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Dr. Mackey called the meeting to order at 1:00 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair (arrived at 1:15 p.m.)
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, 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. Geronimo Gonzalez, Director of Debt Management.

III. PUBLIC COMMENT

Tuan Pham, President of PowerFin, presented an article he authored which discussed solar subsidies through rebates and net energy metering. He expressed his opinion that due to decreases in costs, solar subsidies are no longer necessary. He further stated that the better route is through competitive procurement, such as the FlexPower Bundle.

Aaron Berndt, Google Nest, stated his team works closely with CPS Energy staff on demand response. He stated that STEP has been a huge success for the City of San Antonio to cost effectively lower bills, rates, and transmission costs. He stated his support for the continued funding of STEP and urged the Board to establish new aggressive targets to be carbon neutral by 2050.

Draft for review and approval
at the June 27, 2022 meeting

Alan Montemayor, Chairman, Alamo Group of the Sierra Club, urged the Board to execute the FlexPower Bundle contracts and to continue and expand the energy efficiency and conservation program.

Cyrus Reed, Member of Sierra Club, resident of Austin, shared a study by Optimal Energy. He stated the study showed that CPS Energy could do more to decrease demand and save energy. He stated there should be a commitment to low- and moderate-income individuals and the Board should consider a more aggressive option for the energy efficiency and conservation program.

DeeDee Belmares, Climate Justice Organizer, Public Citizen, stated her concern in cutting solar rebates from STEP. She cited findings in the Brattle Group report and urged the Board to expand STEP programs and access by low income individuals.

Christopher Mayorga, Rewiring America, expressed his concern about climate change. He stated that CPS Energy should discontinue use of coal, stated his disagreement with the use of natural gas, and urged the use of clean energy. He stated his support for continuing the STEP program and its expansion to low income residents.

Jennifer Tobias, Member of Democratic Socialists of America, stated her concern about conversion of the coal plant to natural gas and urged the Board to join their community dialogue scheduled for later in the week.

IV. CHAIR'S REMARKS.

Chair Dr. Mackey confirmed that CPS Energy is #1 in solar and #2 in wind in Texas. Further, he asked for an update on the storage procurement, and Mr. Garza noted that the Board would receive a written update.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza previewed the procurement items on the consent agenda. The procurement items were presented at committee meetings, and Mr. Garza noted that their approval is critical and will help CPS Energy meet our commitment to growth & reliability.

Next, Mr. Garza noted the EPA is seeking to reclassify Bexar County to moderate non-attainment for ozone. He noted that this is a community opportunity, and CPS Energy will continue to collaborate with community partners and will continue reducing ozone-forming emissions.

Mr. Garza then noted that Mr. John Soltau will be presenting on the Tier 1 Metric Program. Staff will present on metrics at board meetings in the future, and will rotate through tier 1 metrics, financial performance & forecast, and key results on community commitments. He noted that our metrics for customer satisfaction show that we still have work to do in overcoming the effects of Winter Storm Uri, but we are moving in the right direction and will continue our outreach.

Finally, Mr. Garza recognized Ms. Angela Rodriguez, Director of Climate Strategy & Sustainability. He stated he was proud to have great employees like Angela on the team and provided information on her background. Ms. Rodriguez introduced herself and her team member, Ms. Carla De La Chapa. She stated that we have been working to reduce carbon since the 1980s and to further climate and sustainability goals.

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VI. MONTHLY PERFORMANCE UPDATE

Dr. John Soltau, Director, Enterprise Planning & Performance presented on CPS Energy's Tier 1 Metric Program. He provided an overview of the program, and then provided current data and metrics for the year-to-date. He noted that CPS Energy is on track to achieve goals on 14 out of 15 metrics. The one metric that is not on track is related to customer satisfaction, which Mr. Garza addressed in his CEO Report and CPS Energy is working to improve. The Board of Trustees asked various follow-up questions, and CPS staff provided responses.

VII. EXECUTIVE SESSION

At approximately 1:55 p.m., Ms. Shanna 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)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 2:58 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.

VIII. APPROVAL OF CONSENT ITEMS

The Chair noted that Item VIII, A was pulled from the Agenda and would not be considered at the meeting. On a motion duly made by Trustee Steen seconded by Trustee Dr. Romero, and upon affirmative vote of all members present, Items VIII B & C on the Consent Agenda were unanimously approved.

A. Minutes of the Regular Meeting held on February 28, 2022. (Pulled from the agenda, and not voted on at the meeting.)

B. Approval of Payment to the City of San Antonio for March 2022

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of March 2022 is based on actual

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gross revenue per the New Series Bond Ordinance of \$212,035,775.55, less applicable exclusions. The revenue for the month of March 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$198,342,666.73
Gas revenue	27,683,066.00
Interest and other income	(11,142,943.37)
Gross revenue per CPS Energy financial statements	<u>214,882,789.36</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,583,866.07)
LVG revenue per City Ordinance 100709	(108,597.97)
Fuel cost component of off-system nonfarm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(18,657,966.66)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	<u>22,503,416.89</u>
Total excluded revenue	<u>(2,847,013.81)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$212,035,775.55</u>
City payment per Bond Ordinance for March 2022 based upon March 2022 revenue	\$29,685,008.58
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	808,412.66
City Payment reduction per gas customer billing adjustment MOU	<u>(25,000.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	30,468,421.24 A
Utility services provided to the City for March 2022	<u>(2,781,402.53)</u>
Net amount to be paid from March 2022 revenue to the City in April 2022	<u>\$27,687,018.71</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 2022	Actual	Budget	Variance	
Current Month* A	\$30,468	\$26,911	\$3,557	13.2%
Year-to-Date*	\$61,832	\$53,201	\$8,631	16.2%

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

Approval of the following resolution is requested:

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"**BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$27,687,018.71 representing 14% of applicable system gross revenues for the month of March 2022, such payment being net of City utility services (\$2,781,402.53), is hereby approved." The Board ratifies that March 2022 revenue was sufficient to recover \$9,895,556.85 in funds that were advanced to the City in prior fiscal months. The total amount to be recovered from future months' revenues for fiscal year 2023 is \$7,728,650.43.

C. Approval of Procurement Items:

1. **General Services:** New Electric and Gas Infrastructure Installation Services
Purchase Category: General Services
Supplier: Badeco, Inc.
 Benton-Georgia, LLC
 MasTec North America, Inc.
 Mears Installation, LLC
 Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc

2. **General Services:** Joint Trench Gas and Electric Service Installation
Purchase Category: General Services
Supplier: Greenstone Electric Services, LLC
 Mears Installation, LLC
 Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc

IX. ENERGY EFFICIENCY & CONSERVATION PROGRAM

Mr. Rick Luna presented on the Energy Efficiency & Conservation Program, specifically summarizing feedback received to-date and presenting two proposals for a new program. Mr. Luna then sought feedback from the Board of Trustees and noted that the intent is to bring a final program for voting in May. The Board of Trustees asked questions and provided additional feedback.

X. APPOINTMENT OF MEMBER TO RATE ADVISORY COMMITTEE (RAC) & NOMINATION OF VICE CHAIR FOR THE RAC

Ms. Ann Kinnard, Director, Chief of Staff for Customer Strategy, presented on appointing a new member and the election of a vice chair to the Rate Advisory Committee.

Ms. Kinnard introduced Ms. Anacua Garcia to the Board as the appointee by Councilmember McKee-Rodriguez, District 2. Trustee Dr. Romero moved approval of the appointment of Ms. Garcia and Vice Chair Gonzalez seconded the motion. Trustee Steen publicly thanked Mr. Seymour Battle for his service, and noted his opposition to the previous bylaws amendment that provided for removal of RAC members. Upon the affirmative vote by all members present, the appointment of Ms. Garcia was unanimously approved.

Trustee Dr. Romero made a motion to nominate Dr. Adelita Cantu as Vice Chair of the RAC.

Trustee Steen made a motion to nominate Dr. Olufemi Osidele as Vice Chair of the RAC.

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Chair Dr. Mackey invited discussion on the motions. Trustee Dr. Romero stated that she wanted to ensure there was an open dialogue and worked with Chair Williams and Ms. Kinnard. She noted that Chair Williams announced at RAC meetings that interested members should contact Trustee Dr. Romero. Trustee Dr. Romero stated that Dr. Adelita Cantu is the only RAC member that expressed interest in the vice chair position, and that she is exceptionally qualified and well-respected within the environmental community. Trustee Steen stated his concern that Dr. Cantu had not served on the RAC for a full year and wished to nominate Dr. Osidele. He stated that he thought his remarks on the recent rate increase were very thoughtful, and that he has an impressive background and qualifications.

The Board of Trustees discussed the nomination.

Chair Dr. Mackey called for a vote by polling each Trustee for their preference. The Trustees voted as follows:

- Dr. Adelita Cantu: Vice Chair Gonzalez, Mayor Nirenberg, Trustee Dr. Romero, Chair Dr. Mackey.
- Dr. Olufemi Osidele: Trustee Steen.

By a majority vote of all members present, Dr. Adelita Cantu was appointed to serve as Vice Chair, Rate Advisory Committee.

XI. FY2023 FINANCING TRANSACTIONS

Mr. Geronimo Gonzalez presented on financing transactions and requested approval for 1) the required remarketing of debt and 2) the liquidity facility extension – commercial paper, series B & C. On a motion duly made by Trustee Steen, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the motion was approved.

XII. ADJOURNMENT

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

Shanna M. Ramirez
Secretary of the Board

Draft for review and approval
at the June 27, 2022 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON MAY 23, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of May was held on Monday, May 23, 2022 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 Dr. Mackey called the meeting to order at 1:05 p.m.

Present were Board members:

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

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, 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 Ms. Debra Wainscott, Vice President, People & Culture.

III. PUBLIC COMMENT

Cyrus Reed, Member of Sierra Club, resident of Austin, stated he supports Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He believes CPS Energy needs to save energy because costs will continue to increase, and customers ultimately save money whether or not they utilize the program.

Mike Weining, Self Reliant Solar, stated his customers, who are locally owned small businesses, will save a significant amount of money over the next four decades due to their solar installation. He encouraged the Board of Trustees to adopt Option 2 (funding \$70M/year) for the proposed energy efficiency & conservation program. He further urged for gradual changes to the solar programs to allow the industry to transition.

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Henrietta LaGrange, resident of San Antonio, stated CPS Energy should employ a scientist that studies electricity. She also expressed her support for Mr. Rudy Garza to be the permanent President & CEO of CPS Energy.

Shannon Mills, BLCCS, stated that STEP (Save for Tomorrow Energy Plan) has assisted her customers in improving their workspaces. She stated that STEP has helped non-profit organizations, school districts and other customers to save \$8M in energy costs and 3 megawatts through demand response. STEP has assisted her in growing her business. She expressed her support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Aaron Stein, Director of Energy & Sustainability for SAISD, expressed his support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated that energy efficiency is important for schools as it allows them to focus funds on their primary objective of education. STEP has assisted SAISD in reducing energy costs by \$6M since 2017 and providing \$1.7M in rebates.

Christopher Mayorga, Rewiring America, expressed his support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated that energy efficiency is the cheapest and most climate effective technology. He further stated that he would like for electrification to be included in the next iteration of the program and disagreed with the current rebates for natural gas appliances.

Dennis Roberts, Energy Efficiency Done Right; Andrew Bertreaux, San Antonio Smart Solutions; and Dennis Sullivan, San Antonio Smart Solutions; stated that energy efficiency and conservation programs pay for themselves and are needed to combat climate change. He recommended that the program include home window and roof insulation and other self-perpetuating projects.

Guy McKeon, Regional Manager of Facilities and Construction for IDEA Public Schools, expressed his support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated that three scholarships were created for students from the money saved through the STEP commercial program.

Lexi Garcia, Texas Rising Organizer, expressed her appreciation of the registration process. She stated her concern that the Board of Trustees does not have the appropriate concern for climate change if an energy efficiency & conservation program could be discontinued. She expressed her support for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Dr. Terry Burns expressed his support in writing for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program. He stated energy conserved is the cheapest form of energy, and the program will benefit thousands of low-income customers.

Bridget Butterworth expressed her support in writing for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

Dr. Meredith Maguire expressed her support in writing for Option 3 (funding \$100M/year) for the proposed energy efficiency & conservation program.

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Councilmember Clayton Perry, District 10, submitted a written letter. The letter addressed generation planning, including an energy efficiency & conservation program. It was printed and provided to the Board of Trustees.

IV. CHAIR'S REMARKS.

Chair Dr. Mackey informed the Board that he had directed Mr. Rudy Garza to draft a strategic plan for the Board of Trustees. He stated his appreciation at the quality, thoroughness and direction provided for in the draft plan. He provided asked the Board members to review and provide comments to Mr. Garza.

Chair Dr. Mackey also noted he read the audit and is pleased about the results.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza stated customer scams are increasing. CPS Energy is investigating these scams with the intent to prosecute. CPS Energy will not call a customer and demand immediate payment, and if a customer receives such a call, they should hang-up and call CPS Energy at 210-353-2222.

Mr. Garza then noted that Mr. Cory Kuchinsky will present details on financial metrics, but overall, the financial performance is favorable year-to-date.

Mr. Garza reiterated that rising natural gas costs are impacting customer bills, and that CPS Energy is working to inform customers on these rising costs. Customers also received a letter stating the annual amount of their bill that funds STEP.

Mr. Garza congratulated and expressed his appreciation to Mr. Anthony Moy, Director of Gas Engineering & Planning, Mr. Michael Fuentes, Director of Gas Construction, and the Gas Operations & Construction team for being recognized by the American Public Gas Association with a bronze System Operational Achievement Recognition (SOAR) award.

Mr. Garza recognized employees who helped organize the CPS Energy, IBEW Local 500 United Way Golf Tournament, which netted \$130,000 for REAP. He also recognized Chair Dr. Mackey and his team for playing in the tournament and earning first place.

Finally, Mr. Garza recognized Ms. Steffi Ockenfels, Project/Program Lead, Corporate Responsibility and her work to make the golf tournament and other events successful. Ms. Ockenfels stated that her work at CPS Energy is work in public service and to do fellowship work in community. The Board of Trustees congratulated Ms. Ockenfels.

VI. MONTHLY PERFORMANCE UPDATE

Mr. Cory Kuchinsky presented the monthly performance update with a focus on financial performance. He presented on the FY2023 financial results & projections, and the natural gas cost trend & customer impact.

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Mr. Kuchinsky noted that the first quarter results showed a favorable year-to-date result due to high weather-driven sales volume, lower O&M expenditures and interest savings. Looking ahead, the updated forecast shows CPS Energy to be on-target with the original budget forecast.

Mr. Kuchinsky noted natural gas prices have historically been volatile and are influenced by a number of forces in the open market. CPS Energy has taken steps to protect customers and stated that credit agencies have taken note of those efforts. The Board of Trustees asked various follow-up questions, and Mr. Kuchinsky provided responses.

VII. YEAR-END AUDIT

Ms. Carolina Garcia, KPMG and Mr. Chris Carmona, Schriver, Carmona & Co., presented on the year-end audit. Ms. Garcia informed the Board of Trustees that she had no significant findings to report and that CPS Energy will receive a clean, unmodified opinion.

VIII. EXECUTIVE SESSION

At approximately 3:43 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:

- Attorney-Client Matters (§551.071)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 4:27 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.

IX. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Dr. Romero, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

- A. Minutes of the Regular Meeting held on February 28, 2022.**
- B. Minutes of the Regular Meeting held on April 04, 2022.**

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at the June 27, 2022 meeting

C. Approval of Payment to the City of San Antonio for April 2022

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of April 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$201,233,898.56, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$10,952,887.17. Under the previously approved agreement with the City, CPS Energy will advance to the City \$10,952,887.17 against future months' revenues for fiscal year 2023. The revenue for the month of April 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$219,966,796.68
Gas revenue	17,728,007.64
Interest and other income	(5,798,453.08)
Gross revenue per CPS Energy financial statements	<u>231,896,351.24</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,882,665.01)
LVG revenue per City Ordinance 100709	(179,576.51)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(18,670,275.19)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(3,929,935.97)</u>
Total excluded revenue	<u>(30,662,452.68)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$201,233,898.56</u>
City payment per Bond Ordinance for April 2022 based upon April 2022 revenue	\$28,172,745.80
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	770,379.04
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	28,930,624.84 A
Utility services provided to the City for April 2022	<u>(2,800,363.15)</u>
Net amount to be paid from April 2022 revenue to the City in May 2022	<u>\$26,130,261.69</u>

Draft for review and approval
at the June 27, 2022 meeting

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)

April 2022	Actual	Budget	Variance	
Current Month* A	\$28,931	\$28,003	\$928	3.3%
Year-to-Date*	\$90,763	\$81,204	\$9,559	11.8%

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

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 \$26,130,261.69 representing 14% of applicable system gross revenues for the month of April 2022, such payment being net of City utility services (\$2,800,363.15), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2023 is \$18,681,537.60.

E. Approval of Procurement Items:

1. **General Services:** Managed Service Provider – Staff Augmentation
Purchase Category: General Services
Supplier: Broadleaf Results, Inc.

2. **General Services:** Vegetation Management and Right-of-Way Maintenance Services
Purchase Category: General Services
Supplier: Asplundh Tree Expert, LLC
 Chemical Weed Control, Inc.
 Davey Tree Surgery Co.
 McCoy Tree Surgery Co.
 Paloma Balance Enterprises, Inc.
 Pannell Contracting LLC dba Pannell Co.
 Pozzi Enterprises, Inc. dba Border Construction Services
 The Arbor Experts, LLC

3. **General Services:** Substation 345kV Autotransformer Supply – Additional Funding Requested
Purchase Category: Commodity & Material Goods
Supplier: Royal Smit Transformers BV dba Smit Transformatoren BV

4. **General Services:** Substation Transmission Engineering Services – Additional Funding Requested
Purchase Category: Professional Services
Supplier: M&S Engineering, LLC
 Schneider Engineering, LLC

Draft for review and approval
at the June 27, 2022 meeting

5. General Services: Milwright Maintenance Services
Purchase Category: General Services
Supplier: Alin Machining Co dba Power Plant Services
Mechanical Dynamics & Analysis LLC
Power Services group, LLC
Reliable Turbine Services, LLC
ST Cotter Turbine Services, LLC
TurbinePROS, LLC
Universal Plant Services Inc.

6. General Services: Streetlight Maintenance Services
Purchase Category: General Services
Supplier: Chain Electric Company
HJD Capital Electric, Inc.
The L.E. Myers Company

X. PROCUREMENT PREVIEW: MANAGED SERVICE PROVIDER – STAFF AUGMENTATION

Ms. Debra Wainscott, Vice President, People & Culture, provided information on the proposed Managed Service Provider contract. Ms. Wainscott requested approval to award the contract to Broadleaf Results, Inc. in the amount of \$70 million over three years. On a motion duly made by Mayor Nirenberg, seconded by Trustee Dr. Romero, and upon affirmative vote of all members present, the contract was unanimously approved.

XI. COMMITTEE REPORTS

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

Technology and Resilience Committee (T&R) Meeting held on April 12, 2022

A report of the T&R meeting, which took place on April 12, 2022, will be attached (as Attachment “A”) to the meeting minutes.

XII. INTERIM CEO ANNUAL INCREASE

Vice Chair Gonzalez noted that the Board of Trustees discussed Mr. Rudy Garza’s performance in Executive Session. The review period was Fiscal Year 2022, which included Mr. Garza’s service as Chief Customer Engagement Officer from February 1, 2021 through October 31, 2021, and his service as Interim President & CEO from November 1, 2021 through January 31, 2022. She recommended an increase of 3% to Mr. Garza’s base salary due to his accomplishments and satisfactory performance against many odds. She noted the recommended increase is in line with the average pay increase received by CPS employees. On a motion duly made by Vice Chair Gonzalez, seconded by Trustee Dr. Romero, and upon affirmative vote of all members present, the salary increase was unanimously approved.

Draft for review and approval
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XIII. ENERGY EFFICIENCY AND CONSERVATION PROGRAM¹

Mr. Garza stated that CPS Energy has worked with stakeholders and community partners to receive feedback to develop information for the Board of Trustees. He stated that the ordinance authorizing funding expires on July 31, and his request to the Board is to make a decision to end the program outright or to continue the program at determined level of funding.

Mr. Rick Luna, Director of Technology & Product Innovation, presented on the proposed energy efficiency and conservation program. Mr. Luna noted that if Board approval is received, CPS Energy will seek approval of a new ordinance from the City of San Antonio. Mr. Luna presented three options for a 5-year program based on feedback from the Board of Trustees and other stakeholders. The options would vary in annual spending level and scope of program categories: Option 1 = \$50M/year, Option 2 = \$70M/year, and Option 3 = \$100M/year. Options 2 and 3 would provide new program categories.

Mr. Bill Day, Chair of the Citizens Advisory Committee (CAC), reported CAC voted on two issues at its May 11 meeting: 1) continuation of a program, and 2) if so, which option. There was not any sentiment at the CAC to end the program, and it would like for the program to continue. The CAC voted as follows:

Option 1	Option 2	Option 3
0	3	7

Mr. Day stated those that voted for Option 3 appreciated the benefits in demand reduction, energy savings and expansion to multi-family units. Those that voted for Option 2 were concerned about costs and believed this is not the time to increase funding for the program.

Mr. Reed Williams, Chair of the Rate Advisory Committee (RAC), reported RAC considered multiple options including a pause in the program or an extension of the current program. The RAC voted as follows:

End Program	Pause	Extend	Option 1	Option 2	Option 3
0	8	2	0	4	4

*There was one abstention, one absence, and one vacancy.

Mr. Williams noted that all RAC members wished for there be a program, but that not all members agreed on which programs are the most effective and which customers should be able to participate.

Chair Dr. Mackey moved for the adoption of a 5-year energy efficiency and conservation program with the Option 2 funding level, which is recommended by CPS Energy staff. The program would include annual reports to the Board of Trustees and a 3-year check-in to evaluate the program. Chair Dr. Mackey noted he would entertain amendments for the Option 1 or Option 3 spending levels. Mayor Nirenberg seconded the motion. The Board of Trustees discussed the motion and asked questions of CPS Energy staff. Trustee Steen requested his statement, asking the Board of Trustees to pause the energy efficiency & conservation program, be included in the minutes. Trustee Steen's comments are attached as "Attachment B".

¹ Chair Dr. Mackey took up Item XIII before Item VIII.

Draft for review and approval
at the June 27, 2022 meeting

Trustee Dr. Romero made a motion to amend the motion to approve Option 3. Mayor Nirenberg seconded the motion. On a 2-3 vote, the motion to amend failed adoption. Trustee Dr. Romero and Mayor Nirenberg vote for the motion to amend. Chair Dr. Mackey, Vice Chair Gonzalez, and Trustee Steen voted against the motion to amend.

Chair Dr. Mackey re-opened discussion on the motion to approve Option 2, and there were additional questions and discussion by the Board.

Chair Dr. Mackey concluded discussion, and on a 4-1 vote, the motion was approved. Chair Dr. Mackey, Vice Chair Gonzalez, Trustee Dr. Romero, and Mayor Nirenberg voted for the motion. Trustee Steen voted against the motion.

XIV. NOMINATION FOR THE RATE ADVISORY COMMITTEE (RAC)

Ms. Ann Kinnard, Director, Chief of Staff for Customer Strategy, provided information on a nomination for the RAC. Trustee Dr. Romero nominated Mr. Christopher T. Fullerton for approval by the Board of Trustees. On a motion duly made by Trustee Steen, seconded by Mayor Nirenberg, and upon affirmative vote of all members present, the appointment was unanimously confirmed.

XV. APPOINTMENT FOR THE CITIZENS ADVISORY COMMITTEE (CAC)

Ms. Yvonne Pelayo, Senior Director for Local Government Relations, provided information on nominations for two at-large positions for the CAC, including an overview on the nomination and appointment process. The CAC nominated Ms. Andra Clapsaddle and Mr. Stephen Bonnette for approval by the Board of Trustees. On a motion made by Trustee Steen, seconded by Mayor Nirenberg, and upon the affirmative vote of all members present, the appointments were unanimously confirmed.

XVI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Mayor Nirenberg, seconded by Trustee Dr. Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:56 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

Attachment "B"

5/23/22

STATEMENT OF JOHN STEEN

I ask this board to pause the STEP program in order to accomplish the following:

First, secure an objective, clean-sheet, deep-dive analysis to determine if the STEP program still makes sense after 12 years. Though the Brattle Group is a notable firm with a fine reputation, because of its current and past involvement with CPS Energy, it was not the proper entity to undertake this task, and, not surprisingly, what Brattle produced was a supporting report, not an objective report. The study I'm contemplating would encompass what the majority of the RAC members voted in favor of at their meeting last Tuesday to discuss STEP's future.

Second, pursue the formal audit of STEP by a totally independent auditor. This isn't the annual audit that has been conducted to verify energy savings. Focusing on the over \$800 million of our customers' money that's been spent on STEP over the last twelve years, this would be a detailed verification by a large well-known firm such as Deloitte of where the money has come from, and how it's been spent, including what payments have been made to keep score. I'm seeking the sort of audit that'll dig deep into the STEP program's financial situation, probing accounting records, internal control policies, cash holdings and other sensitive financial areas.

In regard to both the above engagements, I'm anticipating they'll be expensive. But, again, this is a program where we're steadily approaching spending a *billion dollars* of our customers' money.

Third, and importantly, we have to consider our customers, who are being slammed by hefty price increases for gasoline and groceries and most everything else. CPS Energy just instituted a 3.85% rate hike earlier this year. And what hasn't been highlighted much is that we're doing our financial forecasting based on the assumption that there'll be another CPS Energy rate increase in two years and yet another in four years. Plus, as we learned earlier today from our CFO in his monthly performance update, our customers between April of last year and April of this year have seen their combined electric and gas bills increase an average of 20% -- primarily because of the spike in the price of natural gas. How can pausing STEP help our customers? If STEP goes away, it will decrease their utility bills by 3 to 4.5%. Pausing the STEP program will, in effect, negate for many customers our recently implemented 3.85% rate increase. I urge my fellow board members to take this approach so we can give our beleaguered customers some relief as they face the prospect of additional rate increases. And, given my thoughts about how customer STEP payments should be viewed, we'd be relieving our customers of one more *tax* burden.

So, to sum up, my ask today of my fellow trustees is to support a pause. Let's make this STEP tax go away for our customers -- at least for a while.

Finally, I request that this statement be included in full in the minutes of today's meeting.

CPS Energy Board of Trustees Meeting June 27, 2022

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of May 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$224,541,403.11, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$7,367,511.55. Under the previously approved agreement with the City, CPS Energy will advance to the City \$7,367,511.55 against future months' revenues for fiscal year 2023. The revenue for the month of May 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$286,537,588.25
Gas revenue	19,427,533.49
Interest and other income	4,989,980.78
Gross revenue per CPS Energy financial statements	310,955,102.52
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(8,753,487.15)
LVG revenue per City Ordinance 100709	(133,369.02)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(31,381,782.13)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(46,145,061.11)
Total excluded revenue	(86,413,699.41)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$224,541,403.11
City payment per Bond Ordinance for May 2022 based upon May 2022 revenue	\$31,435,796.44
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	1,196,907.22
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	32,620,203.66 A
Utility services provided to the City for May 2022	(2,823,498.20)
Net amount to be paid from May 2022 revenue to the City in June 2022	\$29,796,705.46

CPS Energy Board of Trustees Meeting June 27, 2022

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

(Dollars in thousands)

May 2022	Actual	Budget	Variance	
Current Month* A	\$32,621	\$28,869	\$3,752	13.0%
Year-to-Date**	\$123,385	\$110,073	\$13,312	12.1%

* 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.

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 \$29,796,705.46 representing 14% of applicable system gross revenues for the month of May 2022, such payment being net of City utility services (\$2,823,498.20), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2023 is \$26,049,049.15.



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 13, 2022 MEETING PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO FOR REPORT AT THE JUNE 27, 2022 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on April 13, 2022. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on November 8, 2021.
- B. Received a preview of the Procurement item for Managed Service Provider – Staff Augmentation that included:
 - a. An overview of the Managed Service Provider (MSP) Program and the current provider; and
 - b. An update on the Request for Proposal (RFP) on the MSP contract.
- C. Received a preview of Procurement items for Operations that included:
 - a. An update on the Power Generation Millwright Maintenance Services RFP; and
 - b. An update on the Energy Delivery Services (EDS) Joint Trench Facilities RFP; and
 - c. An update on the EDS New Subdivision Electric & Gas Install RFP.
- D. Received an update on Security that included:
 - a. An introduction of Mr. Jonathan Homer as CPS Energy’s new VP of Integrated Security; and
 - b. An introduction of Mr. John Dickson, VP of Security Solutions Architecture for Coalfire & their project’s anticipated outcomes.
- E. Received an update on the Energy Efficiency & Conservation Program that included:
 - a. A recap of key decision points that will shape the future program;
 - b. An overview of program design options to align the program to corporate goals; and
 - c. An open session for feedback & discussion.
- F. Received an update on the Historical Generation Mix that included:
 - a. An update of 50+ years of activities related to diversification of the Generation Portfolio;
 - b. An overview of benefits of diversification; and
 - c. An update on the Generation Plan including the proposed timeline and next steps.
- G. Received a Regulatory Update that included:
 - a. A review of the regulatory processes & policy objectives;
 - b. An update on the volume & pace of regulatory changes at the State level; and
 - c. An overview of various policy topics & how we engage with the Legislature & PUC.

The next meeting of the Operations Oversight Committee meeting is scheduled for June 15, 2022.



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 12 AND MAY 22, 2022 MEETINGS
PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ
FOR REPORT AT THE JUNE 27, 2022 BOARD OF TRUSTEES MEETING**

The Personnel Committee met on April 12, 2022 and May 22, 2022. Both meetings were executive sessions to discuss personnel matters.

The next meeting of the Personnel Committee is to be determined.



AUDIT & FINANCE COMMITTEE (A&F)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MAY 11, 2022 MEETING
 PREPARED FOR COMMITTEE CHAIR JOHN STEEN
 FOR REPORT AT THE JUNE 27, 2022 BOARD OF TRUSTEES MEETING**

The Audit & Finance Committee met on May 11, 2022. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on January 20, 2022.
- B. Received the overview of FY2022 financial reporting and audit process and informed audit work and agreed upon procedures work were substantially completed and that the SA Energy Acquisition Public Facility Corporation (PFC) audit, including an integrated audit, was in progress. Discussed status of performing an internal controls audit for all of CPS Energy.
- C. Received the overview of external audit results. No significant deficiencies were identified and there was one uncorrected misstatement and one corrected misstatement. KPMG plans to issue an unmodified “clean” audit opinion.
- D. Received the compliance quarterly report which provided an overview of the environmental risk summary and reviewed risk mitigation tactics related to water rights and supply and environmental events
- E. Received an update on the Ethics Program, including a summary of cases that were opened and closed through March 31, 2022, and a trend analysis for FY2021 fourth Quarter versus FY2022 fourth Quarter.
- F. Received an overview of the managed service provider (MSP) program. Informed that the next step in the RFP process is to seek approval of the selected vendor on the May 2022 Board Meeting consent agenda. A 3-year contract for \$70 million is being provided for approval.
- G. Provided the status of audit projects for FY2022 and FY2023. Reviewed results of three projects completed since the last Committee meeting. Provided an overview of the Quality Assurance & Improvement Program (QAIP), including being informed that the QAIP had been formally documented and independent assessments of Audit Services had been performed.
- H. Received an update on the revamped annual audit planning process which includes Audit Services aligning with the Enterprise Risk Landscape. Also, the list of proposed audit projects was approved.
- I. Received a status update on a management action plan from the Audit of IT Asset Management (Software, Hardware) that was not completed by the target completion date of February 22, 2022. A revised action item has been developed and has a target completion date of August 31, 2022.
- J. Discussed the STEP program and types of audits performed for the program.

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



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MAY 11, 2022 MEETING PREPARED FOR COMMITTEE CHAIR JOHN STEEN FOR REPORT AT THE JUNE 27, 2022 BOARD OF TRUSTEES MEETING

The EBOC met on May 11, 2022. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on January 20, 2022.
- B. Reviewed the Action Item list from the January 20, 2022 Meeting.

The Committee also received presentations regarding:

- C. A Benefits Plans Administrative & Financial Update, which highlighted the following: investment performance for CY 2021, since inception and YTD 2022 thru February; CY 2021 audit results with an unmodified (“clean”) opinion by BDO USA, LLP for each plan (Pension, Health, Life & Disability); and an update on the ongoing Administrative Committee Improvement Plan to address gaps and shortfalls in areas of people, performance (investment), and policies, practices and controls.
- D. An Employee Benefits Update, which highlighted a request for a one-time renewal of the 5-year actuarial services contract with Milliman Inc. set to expire on January 31, 2023.

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



GENERATION PLANNING UPDATE

Presented by:

Kevin Pollo

VP, Energy Supply & Market Operations

June 27, 2022

Informational Update

AGENDA



- **TIMELINE**
- **POWER GENERATION PLAN UPDATE**

The near-term transition of our power generation fleet must address:

- Retirement of aging gas steam units;
- Replacement of our coal-fired units, &
- Additional capacity to cover ~ 95 MW annual load growth.

POWER GENERATION PLAN UPDATE

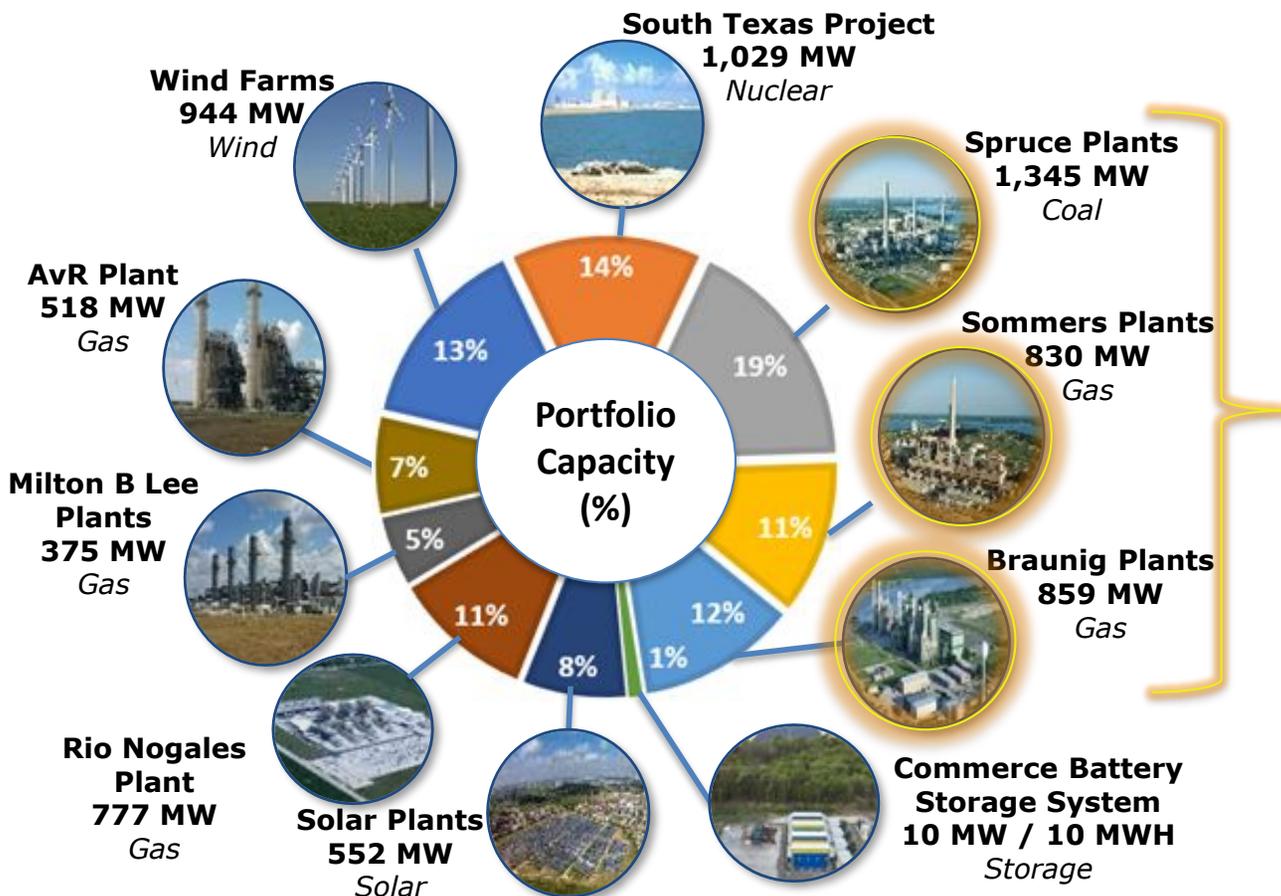
TIMELINE



Our objective is to provide you with generation plan recommendations by December 2022.

GENERATION TRANSFORMATION

OUR CURRENT PORTFOLIO



Technology Opportunities

- Wind & Solar Generation
- Coal-to-Natural Gas Conversion
- Natural Gas / Hydrogen Generation
- Battery Storage
- Pumped Storage
- Geothermal
- Compressed Air Energy Storage
- Other

Existing technologies will enable the transition to new technologies.

WE ARE A CHANGING UTILITY

3,000 MW impacted by 2028*



Braunig Plants Retirements
859 MW
Gas

2024



Sommers 1 Retirement
420 MW
Gas

2026



Spruce 2 Gas Conversion
785 MW
Gas

2028

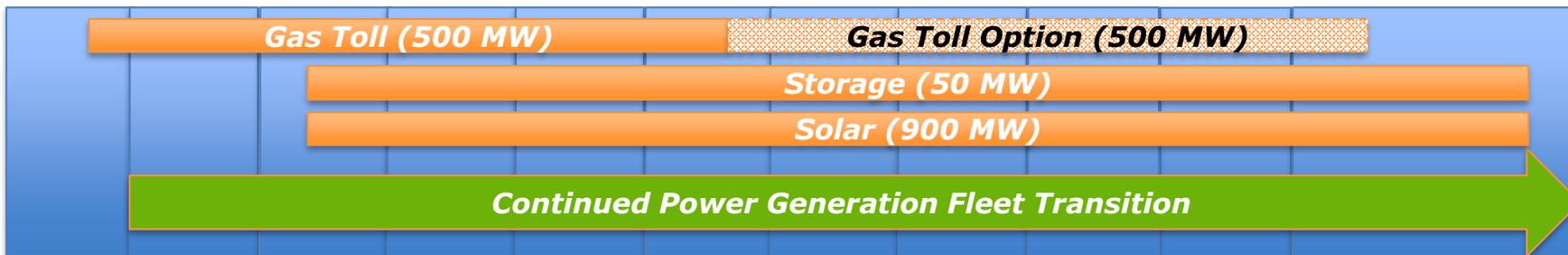
Spruce 1 & Sommers 2 Retirement
970 MW
Coal/Gas

2030

CAAP**



2050

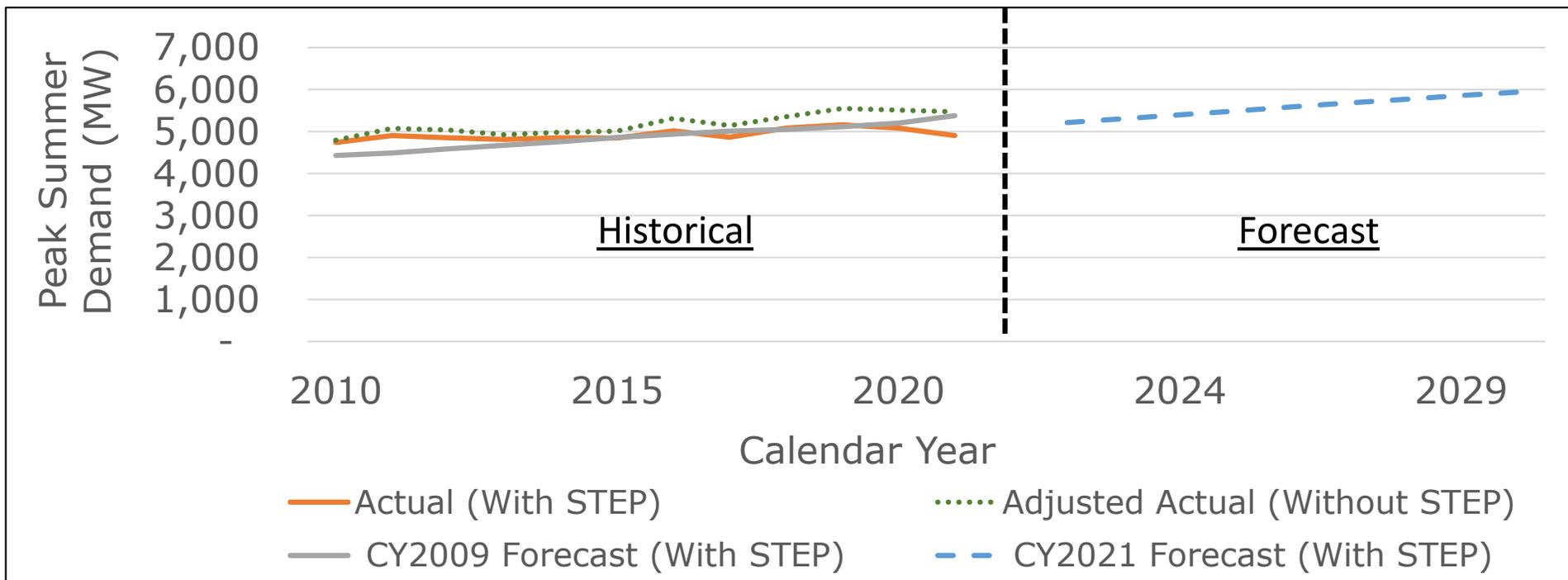


* Possible Spruce 2 gas conversion & all retirement dates are preliminary & for discussion purposes only.

** CAAP is the City of San Antonio's Climate Action & Adaptation Plan.

Near-term unit retirements allow the integration of emerging technologies into our generation portfolio as we drive towards achievement of our CAAP goals.

PEAK DEMAND (MW) TRENDS



Historical summer peak demand has been trending near the forecast. About 95 MW per year of customer growth is expected in the forecast.

POWER GENERATION PORTFOLIO POTENTIAL FUTURE LOOK



	2021	2025	2030
Nameplate Capacity:	7,350 MW	8,050 MW	TBD
Capacity at Peak:	6,377 MW	6,833 MW	TBD
Demand:	5,159 MW	5,487 MW	5,937 MW
	Current view	Key assumptions: <ul style="list-style-type: none"> • Add 900 MW of solar • Add 50 MW of battery storage • Add 500 MW of gas-fired firming capacity • Retire three Braunig gas steam units 	Key assumptions: <ul style="list-style-type: none"> • Retire Sommers 1 • Retire Sommers 2 • Retire Spruce 1 • Retire or convert Spruce 2 Additional capacity needed to meet obligations

Our generation planning process will identify the types of resources to be added over the next several years.

PORTFOLIO MODELING*

POTENTIAL RETIREMENT DATES



Unit	MW	2022	2023	2024	2025	2026	2027	2028	2029	2030	
South Texas 1	517	[Retired]									
South Texas 2	512	[Retired]									
Spruce 1	560	[Retired]								[Active]	[Active]
Spruce 2	785	[Retired]							[Active]	[Active]	[Active]
Arthur Von Rosenberg	518	[Retired]									
Rio Nogales	777	[Retired]									
Sommers 1	420	[Retired]						[Active]	[Active]	[Active]	
Sommers 2	410	[Retired]								[Active]	
Braunig 1	217	[Retired]				[Active]	[Active]	[Active]	[Active]	[Active]	
Braunig 2	230	[Retired]				[Active]	[Active]	[Active]	[Active]	[Active]	
Braunig 3	412	[Retired]				[Active]	[Active]	[Active]	[Active]	[Active]	
Milton Lee Peaking 1-8	376	[Retired]									

* Possible Spruce 2 gas conversion & all retirement dates are preliminary & for discussion purposes only.

Over 3,000 MWs of new generation will be required to meet customer needs by 2030.

PORTFOLIO MODELING*

PROPOSED STARTING POINT



Possible Retirements:

- Braunig 1: Mar 2025
- Braunig 2: Mar 2025
- Braunig 3: Mar 2025
- Sommers 1: Mar 2027
- Spruce 1: Dec 2028
- Sommers 2: Mar 2029

Planned Additions:

- Solar: 2024 to 2025
- Storage: 2024
- Firming: 2022
- Sommers 1 replacement
- Spruce 1 replacement
- Sommers 2 replacement
- Load growth capacity

Other:

- Possible conversion of Spruce 2 from coal to gas: Dec 2027
- Potential inclusion of Geothermal, Geo-mechanical Pumped Storage

* Possible Spruce 2 gas conversion & all retirement dates are preliminary & for discussion purposes only.

* Our power generation plan update will define the resource types to use for the additions highlighted in grey.

We will work with RAC, CAC, & the community for feedback to model the scenarios and bring back the recommendations to the Board by December.



Questions?





Appendix

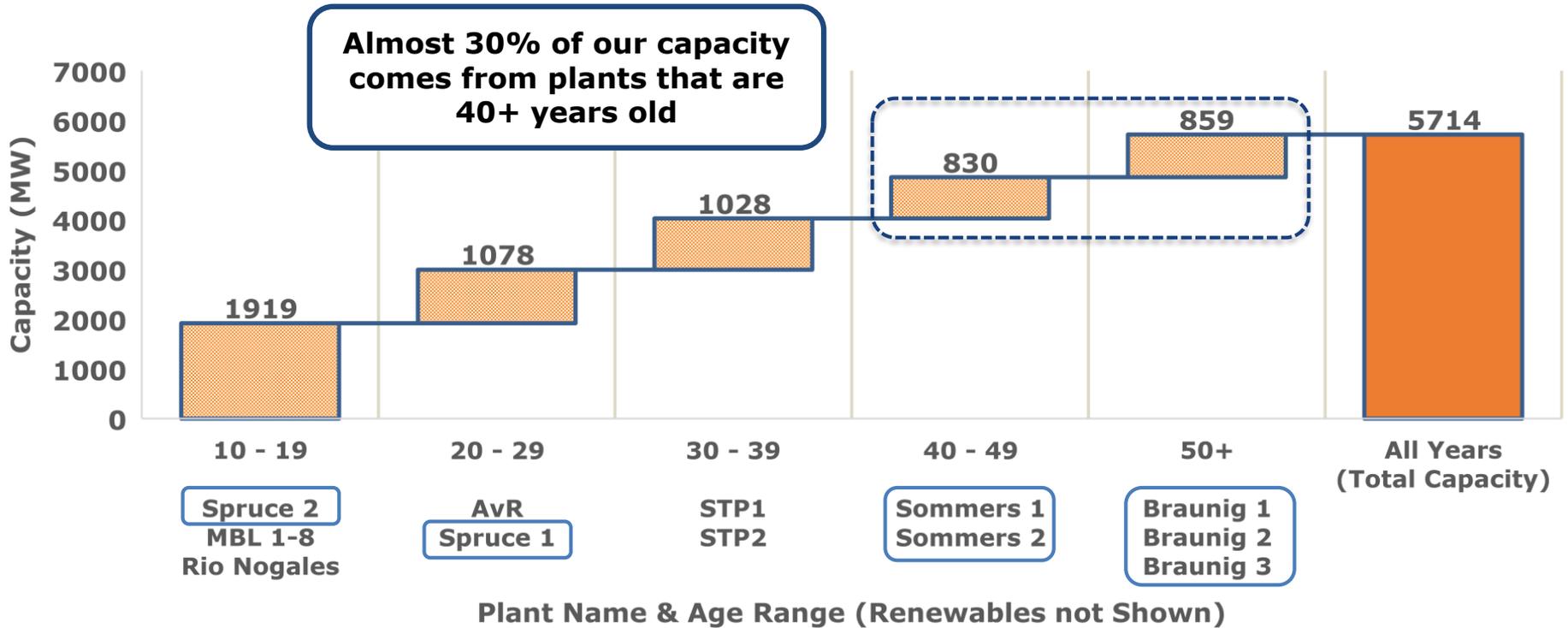
CPS ENERGY - GENERATION DIVERSIFICATION

1970s TO 2020s



	1970	1980	1990	2000	2010	2021
Nameplate:	1,700 MW	3,250 MW	4,000 MW	5,000 MW	7,200 MW	7,350 MW
At Peak:	1,700 MW	3,250 MW	4,000 MW	5,000 MW	6,132 MW	6,400 MW
Load:	1,144 MW	1,950 MW	2,741 MW	4,091 MW	4,738 MW	5,159 MW
	Various issues with natural gas supply led to higher customer bills.	Coal was added.	Nuclear was added.	High efficiency, flexible natural gas technologies were added.	Renewables added & nuclear ownership increased.	2018: Began to move away from coal by retiring the Deely coal units.

FOCUS ON AGING GAS & COAL OVER 3,000 MW OF GENERATION CAPACITY



We must address aging resources, the future of our coal units, and projected load growth.