



# Interim President & CEO's Report for January 31, 2022 Board of Trustees Meeting

*Connecting. Listening. Engaging. Serving.*

**Rudy Garza**  
*Interim President & CEO*

# AGENDA



- **OUR ROAD AHEAD**
- **RECOGNITION OF PAUL BARHAM, P.E.  
CHIEF GRID OPTIMIZATION & RESILENCY OFFICER**
- **AGENDA OVERVIEW & INCOMING WEATHER  
UPDATE**
- **OPERATIONAL METRICS REVIEW**
- **EMPLOYEE RECOGNITIONS**

***CPS Energy will continue to increase our engagement efforts to connect, listen, engage, & serve our community by gathering feedback & regaining the trust of our customers.***

# THANK YOU, PAUL!



PAUL BARHAM, P.E. HAS BEEN A MEMBER OF THE  
CPS ENERGY FAMILY FOR 35 YEARS.



← THEN  
&  
NOW →

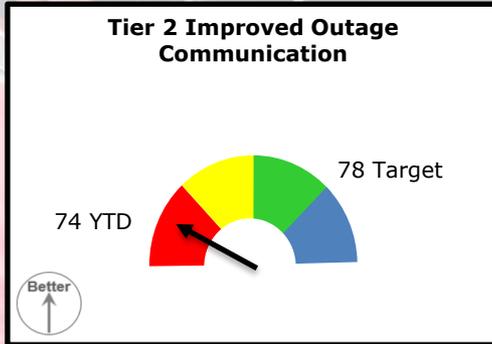
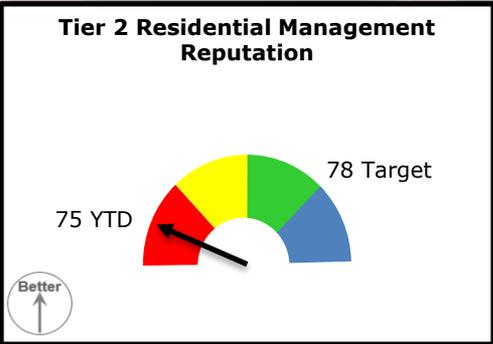
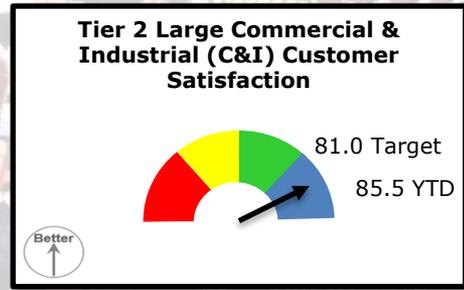
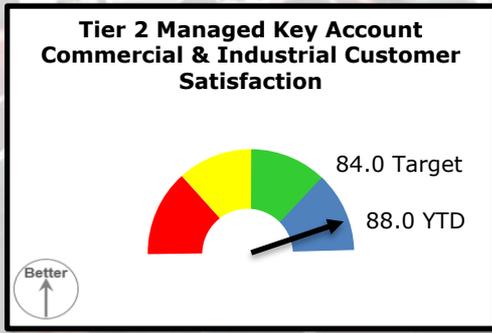
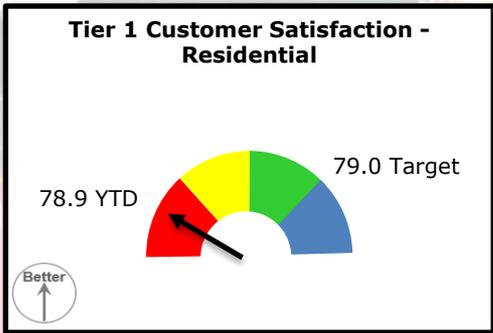


# AGENDA REVIEW

- **RECOGNITION OF TRUSTEE ED KELLEY**
- **INCOMING WEATHER UPDATE**
- **WINTER PREPAREDNESS PROGRESS REPORT**
- **FY2023 BUDGET APPROVAL**
- **SCENIC LOOP UPDATE**

# CUSTOMER METRICS - YTD DECEMBER

## MEASURING HOW WE SERVE OUR CUSTOMERS



- ### Key Things to Note
- Winter Storm Uri Impacted our customer service metrics resulting in 3 Unrecoverable / Not Achieved Metrics.
  - We were able to maintain exceptional performance for our Large C&I customers.
  - We exceeded year-end targeted goals for Managed Key Accounts.
  - A different communication approach is necessary with partners & the community to prepare for potential rolling & controlled blackouts.
  - We are developing new strategies to rebuild brand reputation to emphasize our value to our customers & community through ongoing work supporting generation planning, rate design, disconnections, & contingency operations.

■ Achieved   
 ■ On Track   
 ■ At Risk   
 ■ Unrecoverable/Not Achieved

Indicates desired performance direction   
 Indicates current performance

\* Metric details in appendix

# OPERATIONAL UPDATE - YTD DECEMBER

## BALANCED APPROACH TO MEASURING PERFORMANCE

### Key Things to Note

### System Reliability

**Tier 1 System Average Interruption Duration Index (SAIDI)**  
 65.63 Target | 67.68 YTD  
 (Better icon)

**Tier 1 System Average Interruption Frequency Index (SAIFI)**  
 0.94 Target | 1.01 YTD  
 (Better icon)

**Tier 2 Customer Average Interruption Duration Index (CAIDI)**  
 72.90 Target | 66.76 YTD  
 (Better icon)

**Tier 2 Response Time to Gas Odor Complaints (% < 30 min)**  
 87.8% Target | 87.8% LE  
 87.9% YTD  
 (Better icon)

### Safety & Culture

**Tier 1 OSHA Severity Rate**  
 13.4 Target | 5.4 YTD  
 (Better icon)

**Tier 1 Recordable Incident Rate**  
 1.16 Target | 1.66 YTD  
 (Better icon)

**Tier 1 Employee Engagement\***  
 \*Pending Official Results  
 4.12 Target | N/A  
 (Better icon)

**Tier 1 Enterprise Readiness**  
 75% Target | 82% YTD  
 (Better icon)

### Operations

**Tier 1 Critical IT Systems Availability**  
 99.5% Target | 99.9% LE  
 99.9% YTD  
 (Better icon)

**Tier 1 Portfolio Commercial Availability (PCA)**  
 77.1% YTD | 88.9% Target  
 (Better icon)

**Tier 1 Environmental Compliance**  
 0 Target | 0 YTD  
 (Better icon)

- FY2023 focus for System Reliability includes: 1) New methodology for selecting focus areas; 2) System LiDAR (Light Detection & Ranging) data will be available to minimize vegetation tickets & pinpoint areas that need spot trim; & 3) Vegetation will be more efficient with an increase in budget & efficiencies gained from LiDAR.
- Calibrated FY2023 Safety Goal for the organization developed in alignment with key activities to improve employee safety.
- During Winter Storm Uri our generation fleet experienced production losses due to a combination of freezing piping, low fuel pressure, mechanical breakdown & electrical & controls malfunctions resulting in a 76.1% PCA.

■ Achieved 
 ■ On Track 
 ■ At Risk 
 ■ Unrecoverable/Not Achieved

(Better icon) Indicates desired performance direction  
 LE - Latest Estimate  
 (Arrow icon) Indicates current performance

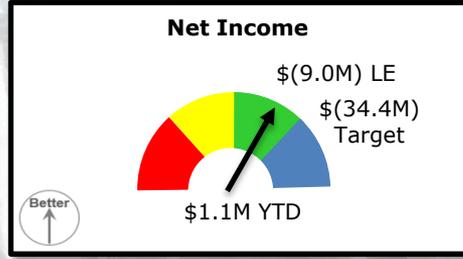
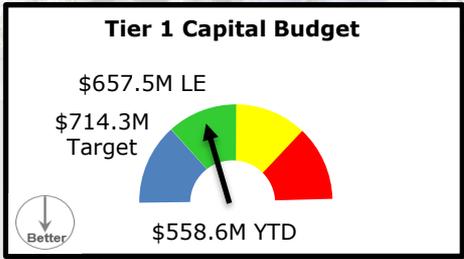
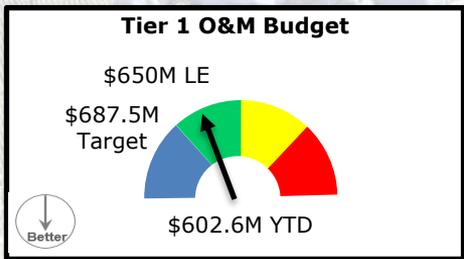
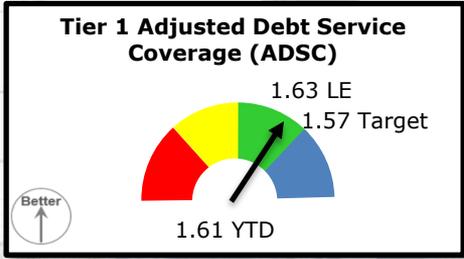
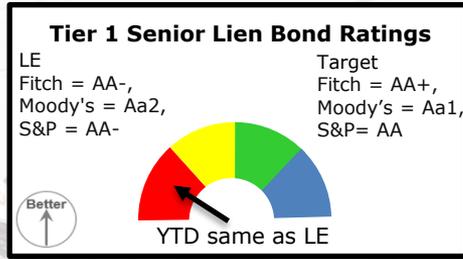
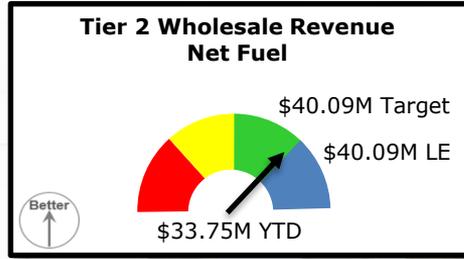
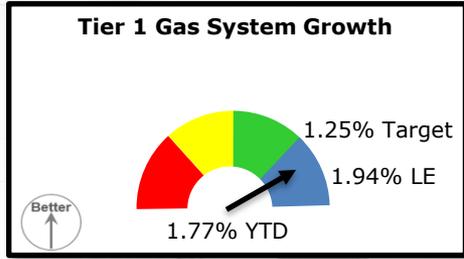
\* Metric details in appendix

# FINANCIAL MEASURES - YTD DECEMBER

## FISCAL RESPONSIBILITY & TRANSPARENCY

### Key Things to Note

- Retail sales volume is lower than expected due to mild weather.
- Wholesale Revenue Net Fuel is under budget driven by higher additional fuel costs in November & December.
- Winter Storm Uri related costs were funded from operating cash.
- Debt to Capitalization ratio impacted by Winter Storm Uri-related costs being amortized over 25 years.
- Days Cash on Hand is impacted by financing assumptions needed to fund our capital program & Winter Storm Uri related costs.
- Net Income projected to come in favorable due to additional revenue from the approved rate increase & adjustments to the employee benefit plan.



■ Achieved   
 ■ On Track   
 ■ At Risk   
 ■ Unrecoverable/Not Achieved

Better ↑ Indicates desired performance direction  
 LE - Latest Estimate  
 ↓ Indicates current performance

\* Metric details in appendix

# FY2022 TIER 1 & 2 METRIC SUMMARY

## THROUGH DECEMBER 2021

| Tier | Achieved |            | On Track |            | Total Achieved & On Track |            | At Risk |            | Unrecoverable |            | Total At Risk & Unrecoverable |            | Total Metrics |
|------|----------|------------|----------|------------|---------------------------|------------|---------|------------|---------------|------------|-------------------------------|------------|---------------|
|      | Count    | Percentage | Count    | Percentage | Count                     | Percentage | Count   | Percentage | Count         | Percentage | Count                         | Percentage |               |
| 1    | 3        | 18%        | 6        | 38%        | 9                         | 56%        | 1       | 6%         | 6             | 38%        | 7                             | 44%        | 16            |
| 2    | 8        | 54%        | 5        | 33%        | 13                        | 87%        | 0       | 0%         | 2             | 13%        | 2                             | 13%        | 15            |

### FY2022 OUTLIER SUMMARY

|        |               |   |
|--------|---------------|---|
| Tier 1 | Unrecoverable | Portfolio Commercial Availability                   |
|        |               | Enterprise Recordable Incident Rate - (RIR)         |
|        |               | Enterprise Senior Lien Bond Ratings                 |
|        |               | Customer Satisfaction - Residential                 |
|        |               | System Average Interruption Duration Index (SAIDI)  |
|        |               | System Average Interruption Frequency Index (SAIFI) |
|        | At Risk       | Days Cash On Hand                                   |
| Tier 2 | Unrecoverable | Improved Outage Communication                       |
|        |               | Residential Management Reputation                   |

**Of the 31 Total Metrics in the Enterprise Tier 1 & 2 Metric Program:**

- **22 Metrics (70%)** are On Track or Have Achieved Year End Target
- **Nine Metrics (30%)** are At Risk or are Unrecoverable
  - Seven of 16 Tier 1 Metrics
  - Two of 15 Tier 2 Metrics

# EMPLOYEE RECOGNITION – BENJAMIN ETHRIDGE, P.E.



## Executive Vice President of Energy Supply

**Benny Ethridge** leads generation operations, fuel procurement & energy trading for our combined 7,400 MW fleet of fossil-fueled generation, contract renewable generation & ownership interest in the South Texas Project (STP) nuclear plant.

Benny joined CPS Energy in 2015 with over 30 years of diverse, energy industry experience.



# EMPLOYEE RECOGNITION – DEANNA HARDWICK



## **Interim Executive Vice President of Customer Strategy**

**Deanna Hardwick** leads Community Engagement & Corporate Responsibility, Customer Experience Operations, Customer Value Optimization, Enterprise Customer Experience, & Products & Services.

DeAnna joined CPS Energy in 2015. Prior to joining CPS Energy, she spent 15 years working at various Fortune 100 companies, where she was charged with delivering easy & exceptional customer experiences.

# EMPLOYEE RECOGNITION – RICHARD LUJAN, P.E.



## Interim Vice President of Gas Solutions

**Richard Lujan** oversees the design, construction & operation of our natural gas distribution & transmission systems with a strong focus on public safety, customer service, reliability & resiliency.

Richard has been with CPS Energy for over 20 years & has served in a variety of positions in CPS Energy's energy delivery businesses including leadership roles in Distribution Engineering, Underground Construction, & Overhead Services.

# EMPLOYEE RECOGNITION – RICHARD MEDINA, P.E.



## Interim Executive Vice President of Energy Delivery Services

**Richard Medina** oversees the Engineering, Planning, & Field Operation functions for Transmission, Substation & Distribution, along with System Operations, Customer Reliability & asset management programs associated with electric delivery.

Richard has been with CPS Energy for over 29 years and has served in a variety of leadership positions including leading many of our grid transformation strategies including our electrification roadmap & optimization of EV infrastructure.

# STAY INVOLVED & CONNECTED



## Board of Trustee's Meetings

- Meetings are typically held at 1:00 pm on the last Monday of every month

## Rate Advisory Committee (RAC)

- [cpsenergy.com/rac](https://cpsenergy.com/rac)

## Customer Assistance Programs

- [cpsenergy.com/assistance](https://cpsenergy.com/assistance)

## Rate Information & Bill Estimator

- [cpsenergy.com/ratecase](https://cpsenergy.com/ratecase)

## Utility Assistance Fairs, ARPA Events, & more

- [cpsenergy.com/events](https://cpsenergy.com/events)

## Social Media



CPSEnergy



Cps\_energy



@Cpsenergy



CPS Energy

**To receive communications & alerts via text, phone, or email, make sure to update your information using Manage My Account or call 210-353-2222.**



***Thank You***





# *Appendix*



# FY2022 TIER 1 METRIC REPORT

## THROUGH DECEMBER 2021

| Metric Name   | Business Unit                          | Measure Frequency | Unit | Target Indicator | Historical Actuals |         | Current Year |            |                 | Year End Forecast | Latest Estimate |
|---|--|-------------------|------|------------------|--------------------|---------|--------------|------------|-----------------|-------------------|-----------------|
|   |  |                   |      |                  | FY 2020            | FY 2021 | YTD Target   | YTD Actual | Year End Target |                   |                 |
| Customer Satisfaction – Residential <sup>1</sup>                        | Customer & Stakeholder Engagement      | quarterly         | %    | ↑                | 82.9               | 83.2    | 79.0         | 78.9       | 79.0            | Unrecoverable     | N/A             |
| Employee Engagement – Enterprise  | Customer & Stakeholder Engagement      | annually          | #    | ↑                | 4.00               | 4.10    | N/A          | N/A        | 4.12            | On Track          | N/A             |
| Enterprise Readiness – Executives                                       | Administration                         | quarterly         | %    | ↑                | 72                 | 88      | 75           | 82         | 75              | Achieved          | N/A             |
| Enterprise Recordable Incident Rate - (RIR)                             | Administration                         | monthly           | #    | ↓                | 1.57               | 1.31    | 1.16         | 1.66       | 1.16            | Unrecoverable     | 1.66            |
| OSHA Severity Rate  | Administration                         | monthly           | #    | ↓                | 11.2               | 17.9    | 13.4         | 5.4        | 13.4            | Achieved          | 5.4             |
| Adjusted Debt Service Coverage  | Financial Services                     | monthly           | #    | ↑                | 1.94               | 1.59    | 1.53         | 1.61       | 1.57            | On Track          | 1.63            |
| Capital Budget <sup>2</sup>   | Financial Services                     | monthly           | \$   | ↓                | 734.0              | 621.7   | 644.5        | 558.6      | 714.3           | On Track          | 657.5           |
| Days Cash on Hand   | Financial Services                     | monthly           | #    | ↑                | 225                | 209     | 162          | 183        | 181             | At Risk           | 171             |
| Enterprise Senior Lien Bond Ratings <sup>3</sup>                        | Financial Services                     | monthly           | #    | =                | 1                  | 1       | 1            | 0          | 1               | Unrecoverable     | 0               |
| O&M Budget  | Financial Services                     | monthly           | \$   | ↓                | 647.1              | 654.9   | 623.6        | 602.6      | 687.5           | On Track          | 650             |
| Critical IT System Availability   | Business & Technology Excellence (BTE) | monthly           | %    | ↑                | 99.8               | 99.8    | 99.5         | 99.9       | 99.5            | On Track          | 99.9            |
| Gas System Growth   | Energy Supply & Sustainability         | monthly           | %    | ↑                | 1.71               | 2.33    | 1.14         | 1.77       | 1.25            | Achieved          | 1.94            |
| Portfolio Commercial Availability <sup>1</sup>                          | Energy Supply & Sustainability         | monthly           | %    | ↑                | 95.0               | 93.9    | 88.9         | 77.1       | 88.9            | Unrecoverable     | N/A             |
| System Average Interruption Duration Index (SAIDI) <sup>1</sup>         | Grid Optimization & Resiliency         | monthly           | #    | ↓                | 54.86              | 56.85   | 65.63        | 67.68      | 65.63           | Unrecoverable     | N/A             |
| System Average Interruption Frequency Index (SAIFI) <sup>1</sup>        | Grid Optimization & Resiliency         | monthly           | #    | ↓                | 0.79               | 0.93    | 0.94         | 1.01       | 0.94            | Unrecoverable     | N/A             |
| Environmental Compliance Issues - NOE & NOV (Category A & B) Enterprise | Administration                         | monthly           | #    | ↓                | 0                  | 1       | 0            | 0          | 0               | On Track          | 0               |

<sup>1</sup> These Metrics are measured on a calendar year cycle for industry comparison purposes

<sup>2</sup> Gross of CIAC

<sup>3</sup> A measure of the senior lien bond ratings as measured by Fitch, Moody's, and Standard & Poor's (Fitch = AA+, Moody's = Aa1, 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.

# FY2022 TIER 2 METRIC REPORT

## THROUGH DECEMBER 2021

| Metric Name   | Business Unit                     | Measure Frequency | Unit | Target Indicator | Historical Actuals |         | Current Year |            |                 | Year End Forecast | Latest Estimate |
|---|-----------------------------------|-------------------|------|------------------|--------------------|---------|--------------|------------|-----------------|-------------------|-----------------|
|   |                                   |                   |      |                  | FY 2020            | FY 2021 | YTD Target   | YTD Actual | Year End Target |                   |                 |
| Improved Outage Communication <sup>1</sup>  | Grid Optimization & Resiliency    | quarterly         | #    | ↑                | 80                 | 80      | 78           | 74         | 78              | Unrecoverable     | N/A             |
| Large Commercial & Industrial (C&I) Customer Satisfaction <sup>1</sup>                    | Customer & Stakeholder Engagement | quarterly         | %    | ↑                | 91.1               | 86.5    | 81.0         | 85.5       | 81.0            | Achieved          | N/A             |
| Managed Key Account Commercial & Industrial Customer Satisfaction <sup>1</sup>            | Customer & Stakeholder Engagement | quarterly         | %    | ↑                | 89.2               | 89.7    | 84.0         | 88.0       | 84.0            | Achieved          | N/A             |
| Residential Management Reputation <sup>1</sup>  | Customer & Stakeholder Engagement | quarterly         | %    | ↑                | 81                 | 81      | 78           | 75         | 78              | Unrecoverable     | N/A             |
| Response Time to Odor Complaints (% < 30)   | Energy Supply & Sustainability    | monthly           | %    | ↑                | 87.3               | 87.6    | 87.8         | 87.9       | 87.8            | On Track          | 87.8            |
| Contractor Recordable Incidents   | Administration                    | monthly           | #    | ↓                | 1                  | 2       | 7            | 3          | 7               | On Track          | 3               |
| Financial Audit   | Financial Services                | annually          | #    | ↑                | 1                  | 1       | 1            | 1          | 1               | Achieved          | 1               |
| Wholesale Revenue Net Fuel  | Energy Supply & Sustainability    | monthly           | \$   | ↑                | 121.31             | 38.22   | 36.88        | 33.75      | 40.09           | On Track          | 40.09           |
| Customer Average Interruption Duration Index (CAIDI)                                      | Grid Optimization & Resiliency    | monthly           | #    | ↓                | 69.85              | 61.45   | 72.90        | 66.76      | 72.90           | Achieved          | N/A             |
| Nuclear Performance Plan  | Energy Supply & Sustainability    | monthly           | %    | ↑                | 156.8              | 158.1   | 100.0        | 103.1      | 100.0           | Achieved          | N/A             |
| Summer Equivalent Availability Factor (EAF)   | Energy Supply & Sustainability    | semi-annually     | %    | ↑                | 90.5               | 95.3    | 90.5         | 93.9       | 90.5            | Achieved          | N/A             |
| Environmental Compliance Issues - NOV (Category C)  | Administration                    | monthly           | #    | ↓                | 0                  | 1       | 0            | 0          | 0               | On Track          | 0               |
| Local - Purchase Order (PO) Spend   | Administration                    | quarterly         | %    | ↑                | 54.70              | 67.68   | 54.00        | 72.22      | 54.00           | Achieved          | 72.22           |
| Reportable Environmental Incidents / Major Environmental Compliance Risk Indicator (ECRI) | Administration                    | monthly           | #    | ↓                | 1                  | 0       | 4            | 0          | 4               | On Track          | 0               |
| Supplier Diversity - Purchase Order (PO) Spend  | Administration                    | quarterly         | %    | ↑                | 37.60              | 46.97   | 30.00        | 51.75      | 30.00           | Achieved          | 51.75           |

<sup>1</sup> These Metrics are measured on a calendar year cycle for industry comparison purposes

<sup>2</sup> Gross of CIAC