



CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON JANUARY 30, 2026, 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. To note, the Public Comment Registration period runs the Friday prior to the Board of Trustees meeting at 5:00 PM through 12:30 PM the day of the meeting via our online registration form in addition to the ability to register via phone from the Friday prior to the Board of Trustees meeting at 5:00 PM through Wednesday at 1:00 PM.

AGENDA

| ITEM | TOPIC | ACTION | PRESENTER/ SPONSOR | |
|-------------------------------------|--|---------|-----------------------|--|
| 1 | CALL TO ORDER | Execute | Dr. Francine Romero | |
| 2 | SAFETY MESSAGE, INVOCATION, & PLEDGE OF ALLEGIANCE | Execute | Mr. Kevin Pollo | |
| 3 | PUBLIC COMMENT | Discuss | Dr. Francine Romero | |
| UPDATE ON CHAIR'S PRIORITIES | | | | |
| 4 | CHAIR'S REMARKS | Discuss | Dr. Francine Romero | |
| 5 | CEO RECOGNITION & REMARKS | Discuss | Mr. Rudy Garza | |
| CONVENE TO EXECUTIVE SESSION | | | | |
| 6 | EXECUTIVE SESSION: A. Real Property (§551.072) B. Real Property (§551.072) | Discuss | Dr. Francine Romero | |
| | C. Competitive Matter (§581.086) – Agreement Related to System Improvement for Operations (Mr. Evan O'Mahoney) | Vote | | |
| RECONVENE TO OPEN SESSION | | | | |
| CONSENT AGENDA | | | | |

| | | | |
|---|---|------|---------------------|
| 7 | <p>APPROVAL OF CONSENT ITEMS:</p> <ul style="list-style-type: none"> A. <u>Payment to the City of San Antonio for November 2025</u> B. <u>Payment to the City of San Antonio for December 2025</u> C. <u>Minutes from the Regular Board Meeting, held on December 15, 2025</u> D. Approval of Real Property Purchase: New Central Service Center E. Approval of Real Property Purchase: Expansion of Facilities <p><u>Employee Benefits Oversight Committee (EBOC):</u></p> <ul style="list-style-type: none"> A. <u>Approve Statement of Governance (SoG)</u> <p><u>Procurement Items:</u></p> <ol style="list-style-type: none"> 1. General Services: Engineering, Procurement and Construction of Substation and Transmission Infrastructure (EPC) 2. General Services: Active PO Funding Increase: Parts & Services for LM6000 & LMS100 Turbines 3. General Services: Active PO Funding Increase: Environmental Services 4. General Services: Active PO Funding Increase: GE Boilers, Mills and Miscellaneous Parts and Services 5. Commodity & Material Goods: Active PO Funding Increase: Autotransformers 6. General Services: Active PO Funding Increase: Toshiba Parts and Services 7. General Services: Active PO Funding Increase: Industrial Vacuuming and Hydroblasting Services 8. Professional Services: Active PO Funding Increase: Customer Construction Design & Engineering Services 9. Commodity & Material Goods: Active PO Funding 145K Circuit Breakers | Vote | Dr. Francine Romero |
|---|---|------|---------------------|

REGULAR AGENDA

| | | | |
|--------------------|---|---------|---------------------|
| | BOARD COMMITTEE REPORTS: A. <u>Operations Oversight Committee Meeting held on November 13, 2025</u> B. <u>Personnel Committee held on December 3, 2025</u> C. <u>Technology and Resilience Committee held on December 8, 2025</u> | | |
| 8 | COMMUNITY INPUT COMMITTEE REPORTS A. <u>Community Input Committee Meeting held on December 10, 2025</u> B. <u>Community Input Committee Meeting held on January 14, 2026</u> | Discuss | Dr. Francine Romero |
| 9 | PROCUREMENT REQUEST FOR APPROVAL: 765 KV ENGINEERING SERVICES (Mr. Richard Medina) | Vote | Dr. Francine Romero |
| 10 | COMMUNITY INPUT COMMITTEE NOMINATION | Vote | Ms. Kathy Garcia |
| 11 | EVOLVE: ERP TRANSFORMATION PROGRAM | Discuss | Mr. Evan O'Mahoney |
| 12 | GENERATION PLAN REFRESH - ENERGIZING PROGRESS TOGETHER | Discuss | Mr. David Kee |
| ADJOURNMENT | | | |
| 13 | ADJOURNMENT | Execute | Dr. Francine Romero |

CPS Energy Board of Trustees Meeting
January 30, 2026

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of November 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$215,096,928.82, less applicable exclusions. The revenue for the month of November 2025 is calculated as follows:

| | |
|--|-------------------------|
| Gross revenue per CPS Energy financial statements | |
| Electric revenue | \$247,057,726.29 |
| Gas revenue | 21,591,989.25 |
| Interest and other income | <u>7,071,906.04</u> |
| Gross revenue per CPS Energy financial statements | <u>275,721,621.58</u> |
| Excluded revenue | |
| School and hospital revenue per City Ordinance 55022 | (8,162,355.62) |
| LVG revenue per City Ordinance 100709 | (63,420.99) |
| Fuel cost component of off-system nonfirm | |
| energy sales per City Ordinance 61794 | |
| and revenue for wholesale special contracts | (50,796,786.59) |
| Noncash and other income, GASB 31 | |
| investment market value change, miscellaneous | |
| interest income, gas billing adjustment and unbilled | |
| revenue | <u>(1,602,129.56)</u> |
| Total excluded revenue | <u>(60,624,692.76)</u> |
| Gross revenue per New Series Bond Ordinance subject to | |
| 14% payment to the City | <u>\$215,096,928.82</u> |
| City payment per Bond Ordinance for November 2025 | |
| based upon November revenue | \$30,113,570.03 |
| City payment per memorandum of understanding (MOU) | |
| regarding wholesale special contracts | 2,827,293.07 |
| City Payment reduction per gas customer billing adjustment MOU | <u>(12,500.00)</u> |
| City payment per Bond Ordinance plus adjustments for MOU | 32,928,363.10 |
| Utility services provided to the City for November 2025 | <u>(2,811,164.68)</u> |
| Net amount to be paid from November 2025 revenue to | |
| the City in December 2025 | <u>\$30,117,198.42</u> |

CPS Energy Board of Trustees Meeting January 30, 2026

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

(Dollars in thousands)

| November 2025 | Actual | Budget | Variance | |
|-----------------|-----------|-----------|----------|------|
| Current Month A | \$32,928 | \$32,926 | \$2 | 0.0% |
| Year-to-Date | \$416,583 | \$416,701 | (\$118) | 0.0% |

* 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 \$30,117,198.42 representing 14% of applicable system gross revenues for the month of November 2025, such payment being net of City utility services (\$2,811,164.68), is hereby approved."

CPS Energy Board of Trustees Meeting
January 30, 2026

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of December 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$242,045,903.94, less applicable exclusions. The revenue for the month of December 2025 is calculated as follows:

| | |
|--|-------------------------|
| Gross revenue per CPS Energy financial statements | |
| Electric revenue | \$290,170,940.24 |
| Gas revenue | 35,092,342.32 |
| Interest and other income | 7,043,472.03 |
| Gross revenue per CPS Energy financial statements | <u>332,306,754.59</u> |
| Excluded revenue | |
| School and hospital revenue per City Ordinance 55022 | (7,601,652.59) |
| LVG revenue per City Ordinance 100709 | (83,247.24) |
| Fuel cost component of off-system nonfirm | |
| energy sales per City Ordinance 61794 | |
| and revenue for wholesale special contracts | (55,804,419.56) |
| Noncash and other income, GASB 31 | |
| investment market value change, miscellaneous | |
| interest income, gas billing adjustment and unbilled | |
| revenue | (26,771,531.26) |
| Total excluded revenue | <u>(90,260,850.65)</u> |
| Gross revenue per New Series Bond Ordinance subject to | |
| 14% payment to the City | <u>\$242,045,903.94</u> |
| City payment per Bond Ordinance for December 2025 | |
| based upon December revenue | \$33,886,426.55 |
| City payment per memorandum of understanding (MOU) | |
| regarding wholesale special contracts | 1,888,385.65 |
| City Payment reduction per gas customer billing adjustment MOU | <u>(12,500.00)</u> |
| City payment per Bond Ordinance plus adjustments for MOU | 35,762,312.20 |
| Utility services provided to the City for December 2025 | (2,935,987.64) |
| Net amount to be paid from December 2025 revenue to | |
| the City in January 2026 | <u>\$32,826,324.56</u> |

A

CPS Energy Board of Trustees Meeting January 30, 2026

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

(Dollars in thousands)

| December 2025 | Actual | Budget | Variance | |
|-----------------|-----------|-----------|----------|-------|
| Current Month A | \$35,762 | \$35,898 | (\$136) | -0.4% |
| Year-to-Date | \$452,345 | \$452,599 | (\$254) | -0.1% |

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 \$32,826,324.56 representing 14% of applicable system gross revenues for the month of December 2025, such payment being net of City utility services (\$2,935,987.64), is hereby approved."

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON DECEMBER 15, 2025

The Regular Meeting of the Board of Trustees of CPS Energy for the month of December was held on Monday, December 15, 2025, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

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

Present were Board members:

Dr. Francine Romero, Chair
Dr. Willis Mackey, Vice Chair
Ms. Janie Gonzalez
Mr. John Steen
Mayor Gina Ortiz Jones (Absent)

Also present were:

Mr. Rudy D. Garza, President & CEO
Ms. Shanna Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
CPS Energy staff members

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Rick Luna, Director Strategic Pricing & Cost Recovery.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, expressed her appreciation for CPS Energy, employees, Mr. Rudy D. Garza, and the Board of Trustees.

Mr. Arthur Rakowitz, community member, expressed concerns about difficulties in communicating with CPS Energy and disconnection.

Mr. Ed Banas, community member, advocated for coordination with the Public Utility Commission to limit impacts to the Hill Country from the planned Howard to Solstice transmission line.

Ms. Amanda Griffin, Hill Country Preservation Coalition, provided an overview of the membership of the Coalition and advocated for coordination with the Public Utility Commission to limit impacts to the Hill Country from the planned Howard to Solstice transmission line.

IV. CHAIR'S REMARKS

Chair Romero provided holiday safety tips for customers.

She thanked the Community Input Committee for their robust feedback. She noted that they elected Mr. Stephen Bonnette as the incoming Chair, and Ms. Maria Nelson and Vice Chair. She also thanked Ms. Lawson Picasso for her service as Chair.

Finally, she noted that the CIC is seeking to fill an at-large position. She noted the requirements and deadline as Friday, December 19.

V. CEO RECOGNITION & REMARKS

Mr. Rudy D. Garza, President & CEO, recognized the Third Quarter Core Value awardees. He noted that these employees are outstanding examples of our core values, and he highlighted some stories of these employees going above and beyond.

Mr. Garza then provided a brief overview of the agenda.

VI. APPROVAL OF CONSENT ITEMS

On a motion by Vice Chair Dr. Mackey and seconded by Chair Romero, the following items on the Consent Agenda were approved on a 3-1 vote, with Trustee Gonzalez voting against the motion and Mayor Jones absent:

- A. Payment to the City of San Antonio for October 2025
- B. Minutes from the Special Board Meeting, held on October 27, 2025
- C. Minutes from the Special Board Meeting, held on November 3, 2025
- D. Minutes from the Regular Board Meeting, held on November 17, 2025

VII. COMMITTEE REPORTS

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

Board Committee Reports

- A. Personnel Committee Meeting held on September 10, 2025. The report is attached as Attachment "A" to the meeting minutes.
- B. Personnel Committee Meeting held on September 29, 2025. The report is attached as Attachment "B" to the meeting minutes.

Community Input Committee Reports

- A. Customer Relations and Communications Working Group Meeting held on November 12, 2025. The report is attached as Attachment "C" to the meeting minutes.
- B. Power and Technology Working Group Meeting held on November 12, 2025. The report is attached as Attachment "D" to the meeting minutes.
- C. Finance and Business Working Group Meeting held on November 12, 2025. The report is attached as Attachment "E" to the meeting minutes.

VIII. AFFORDABILITY THROUGH FINANCIAL STEWARDSHIP

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented on financial stewardship. He stated that CPS Energy makes thoughtful, strategic decisions to reduce costs, avoid unnecessary spending, and prepare for long-term sustainability.

The Board of Trustees discussed and asked questions primarily focused on CPS Energy's credit ratings, budget process, savings through refinancing and other actions, the level of investments needed for the system now and in the future, and customer rates.¹

IX. FY2026 THIRD QUARTER PERFORMANCE UPDATE

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, and Ms. Elaina Ball, Chief Strategy Officer, presented on the third quarter financial performance, past-due receivables, and enterprise scorecard results.

The Board of Trustees discussed and asked questions primarily focused on progress related to past-due receivables, benchmarking, how we set metrics, and at-risk or unrecoverable metrics.²

X. EXECUTIVE SESSION

At approximately 2:53 p.m., Chair Romero announced the Board would go into Executive Session, and Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Competitively Sensitive Matter – Agreement Related to Specific Generation Unit (§551.086)
- Competitively Sensitive Matters – Agreement Related to Specific Generation Unit (§551.086)
- Personnel Matters (§551.074) & Attorney-Client Matters (§551.071)
- Attorney Client Matters (§551.071)

The Board reconvened in open session at 3:23 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. The competitively sensitive matters, as posted on the agenda, we approved in Executive Session, with Trustee Steen abstaining from participating in the discussion or vote.

XI. ADJOURNMENT

Chair Romero asked Ms. Ramirez to review the requested action items. There being no further business to come before the Board, upon a motion duly made by Vice Chair Dr. Mackey, seconded by Chair Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:25 p.m. by Chair Romero.

Shanna M. Ramirez
Secretary of the Board

¹ Trustee Steen requested that his comments be included in total and provided his written summary, which is attached to the meeting minutes as Attachment "F".

² Trustee Steen requested that his comments be included in total and provided his written summary, which is attached to the meeting minutes as Attachment "G".



CPS ENERGY BENEFIT PLANS STATEMENT OF GOVERNANCE

PRESERVED BY:

Debra Wainscott

Chair, Administrative Committee
VP, Transmission Rates & Revenue

JANUARY 30, 2026
Approval Requested

AGENDA

- Statement of Governance (SoG)
- Summary of Changes
- Request for Approval

Our objective is to request approval of the proposed changes to the Statement of Governance.

STATEMENT OF GOVERNANCE (SoG) ANNUAL REVIEW



- The Administrative Committee (AC) reviews the SoG annually and proposes any changes.
- The AC recommended the revised SoG revisions to the Employee Benefits Oversight Committee (EBOC) to align with plan documents and clarify AC responsibilities.

The AC approved on December 9, 2025 and the EBOC on January 12, 2026.

SUMMARY OF CHANGES

EMPLOYEE BENEFITS OVERSIGHT COMMITTEE



| TYPE OF CHANGE | PROPOSED CHANGE | REASON FOR PROPOSED CHANGE | REDLINE REFERENCE |
|----------------|---|---|-------------------|
| 1 O | Incorporate a reference to the approved Medicare Supplement Plan | To ensure that all plans are stipulated in the document | Page 1 |
| 2 A | Document AC's responsibility to review the Risk Register annually | To ensure clear understanding of AC's responsibilities | Pages 12 & 13 |
| 3 A | Specify AC's responsibility to engage with custodian trustee | To be consistent with AC's current roles | Page 13 |
| 4 A | Other formatting updates | To improve readability | Various pages |

Changes to align with plan documents and clarifying language for roles and responsibilities of the AC.

REQUEST FOR APPROVAL



| Administrative | Organizational | Procedural | Substantive |
|----------------|----------------|------------|-------------|
| ✓ | | ✓ | None |

- We are requesting approval of the CPS Energy Benefit Plans SoG.

Approval of the SoG will ensure alignment with plan documents.



THANK YOU

GLOSSARY/DEFINITIONS

| ACRONYM OR WORD | DEFINITION |
|-----------------|---------------------------------------|
| AC | Administrative Committee |
| EBOC | Employee Benefits Oversight Committee |
| SoG | Statement of Governance |



Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance January 26, 2026, Board Consent Agenda Item

PURPOSE:

- Request Board approval of the revised CPS Energy Employee Benefit Plans Statement of Governance (SoG) with minor changes.
- Should you have any questions or need any additional information, please contact
 - Debra Wainscott, Administrative Committee (AC) Chair, at 210-353-4740 or
 - Gautam Shringarpure, AC Vice Chair, at 210-353-2710.

BACKGROUND:

The SoG primarily:

- Ensures that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, and
- Delegates certain activities and responsibilities regarding the Plans.

The SoG is reviewed annually by the AC, which recommends any changes to the Employee Benefits Oversight Committee (EBOC). The EBOC reviews and recommends proposed changes, which are taken to the full Board of Trustees for final approval.

SUMMARY OF CHANGES:

The following is a high-level summary of the extent of the changes that are being proposed herein:

| Administrative | Organizational | Procedural | Substantive |
|----------------|----------------|------------|-------------|
| ✓ | ✓ | None | None |

The revised SoG includes the following changes:

- Documents the approved Medicare Supplement Plan,
- Documents the AC's responsibility to review the Risk Register annually and to engage with the custodian trustee.

The proposed changes were reviewed and recommended by the AC (on December 9, 2025) and the EBOC (on January 12, 2026). Approval of the SoG is requested at the January 26, 2026, Board meeting.

CONTENTS:

- Updated SoG (Red-lined): CPS Energy's Employee Benefit Plans Statement of Governance
- Updated SoG (Clean): CPS Energy's Employee Benefit Plans Statement of Governance

Statement of Governance - Redlined

CPS Energy Employee Benefit Plans

Statement of Governance

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To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”), the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health Plan for Active Employees and Medicare Supplement Plan (together, “Group Health”), Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, the Plan or Trust document shall control.

I. Overall Philosophy of Governance

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.

The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the Administrative Committee to live by the policies articulated herein and to govern with excellence.

II. Authority

A. Source of Authority

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

B. Duties of the Board Regarding the Plans and Trusts

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

C. Delegation of Authority

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, and CPS Energy staff. This legal and fiduciary responsibility requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. Standard of Care: The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Clarity and Specificity: The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. Formality: The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes delegation of authority to another must be memorialized in writing (e.g., through minutes,

resolution, etc.).

D. Committee Relationship

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

III. Governance, Roles and Responsibilities

A. The Board

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopt and terminate Plans and / or Trusts;
- approve annual expense and cash flow funding (employer / employee contributions) related to the Plans through the budget process;
- provide input, as determined necessary, to the EBOC on changes and / or amendments to the Plans and / or the Trusts;
- approve this Statement of Governance and revisions made thereto;
- oversee the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

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Board members may request any information they need to make informed decisions related to the Benefit Plans.

B. The Employee Benefits Oversight Committee

B.

1. Membership

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer ("CFO") and the two Board Audit & Finance Committee members.¹ EBOC members shall include persons duly authorized to hold the named role (*i.e.*, "Interim President / CEO" or "Acting CFO"). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans' participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

¹ The CPS Energy Board Audit & Finance Committee's membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.

- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. All members of the EBOC shall be provided general training and continuing education related to the Committee members' general fiduciary role and standard of care for the Plans and Trusts.

2. Standard of Care

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

3. Reporting

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
 - i. Review / Approval of Plan Changes / Amendments, and / or
 - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide a response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant.
Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee or may give his / her proxy to another member to vote on his / her behalf.

5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve or reject the appointment and / or removal of members to the Administrative Committee (other than the Labor Representative²) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- review expense and cash flow funding (employer / employee contributions) related to the Plans after review of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and projected expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

² Defined as the President or his/her designee of the labor organization recognized by CPS Energy that comprises the largest membership (Labor Organization).

- on at least an annual basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

C. The President / CEO

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act as the liaison for communication and information flow between the Board and a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input to the Administrative Committee and EBOC on CPS Energy's budgetary constraints related to cash flow funding (employer/ employee contributions) and expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

D. The Administrative Committee

1. Membership

- a. Number. The Administrative Committee shall consist of up to nine (9) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of current employees (excluding the President / CEO and the Ex Officio members noted below) to maintain the right balance of skills and experience, including financial expertise.
- b. Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- c. Ex Officio, Non-Voting Members. The CPS Energy Vice President of People & Culture (or equivalent role or title or such individual's designee), the CFO, and the Vice President of Finance & Accounting (or equivalent role or title or such individual's designee) and the Administrative Committee Secretary (if not already an Administrative Committee member) shall be *ex officio*, non-voting members of the Administrative Committee. Ex Officio designation does not preclude the individuals noted above from serving as active Administrative Committee Members. In the event that an

individual holding one of the offices noted as Ex Officio is appointed to serve as an active Administrative Committee Member, their designee, if any, will serve in an Ex Officio status.

- d. **Diversification of Members**. It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. **Chair and Vice Chair**. The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. **Secretary**. The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. **Length of Service**.
 - i. Recognizing and balancing the value of membership continuity and the long- term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed for a term of five (5) years, adjusted as needed to allow for staggered terms. Administrative Committee members may be reappointed for one additional five (5) year term (maximum of 10 years total).
 - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of five (5) years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee. The Labor Representative may be reappointed for one additional five (5) year term (maximum of 10 years total).
- h. **Attendance and Participation**. Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor Organization leadership and the President / CEO, with input from other Administrative Committee members.
- i. **Compensation**. The Administrative Committee members shall perform their duties

without compensation from the Trusts.

- j. Training. Members of the Administrative Committee, Ex Officio members and Observers shall receive all applicable and timely training and continuing education consistent with the Administrative Committee members' role and standard of care, including, but not limited to, Tex. Local Gov't Code section 172.007 risk pool training and Texas Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.
- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any such expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

2. Standard of Care

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.³

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

³The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).

3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee or may give his / her proxy to another member to vote on his / her behalf.

4. Responsibilities & Duties

The Administrative Committee shall be responsible for the following:

Plan Design and Funding Related Roles:

- review and provide input to the President / CEO on expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and expenses related to the Plans;
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- order, receive, and review an actuarial valuation at least every year for each Plan;
- analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- ~~select, monitor, and terminate the Plans' and / or Trusts' investment consultants, investment managers, custodial trustee(s), and other service providers;~~
- ~~appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;~~

Financial Responsibilities and Reporting Roles:

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and review reports of the financial condition and of the receipts and disbursements of the Trusts from the Trustee;
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;

Investment-Related Roles:

- recommend an investment policy;
- review the investment policy, including asset allocation, at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

Administrative Roles:

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the Trusts;
- complete annual declaration process related to Administrative Committee duties (mid-year for existing members and within three months of effective date for new members);
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- review, provide feedback, and approve the annual Benefit Trust Plan Risk Register and related mitigation plans;
- administer and interpret the Trusts' provisions;
- establish administrative procedures regarding the Administrative Committee roles under this Statement of Governance;
- monitor CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the employee's Contribution Accumulation, Benefit Service, and in the case of retired employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and
- any other responsibility that may arise as a result of applicable state or federal law.

Demonstrative Chart of Responsibilities

| Responsibilities | Board | EBOC | CEO | Administrative Committee |
|---|----------|-----------|--------------|--------------------------|
| Adopt or reject Plans / Trust | X | | | |
| Approve changes to Plans / Trusts | | X | | |
| Approve benefit expenses related to the Plans via Budget Process | X | | | |
| Approve cash flow funding (Employer / Employee contributions) via Budget Process | X | | | |
| Approve Health Plan premiums | | X | | |
| Approve or reject Investment Policies | | X | | |
| Approve or reject Funding Policies | | X | | |
| <u>Approve Risk Register and related mitigation plans</u> | | | | <u>X</u> |
| Liaison to provide information re Plans / Trusts | | X (Board) | X (external) | X (all others) |
| Appoint and remove Administrative Committee Members (other than the Labor Representative) | | X | | |
| Appoint Administrative Committee Observers | | | X | |
| Select Plans' Administrators | | | | X |
| Administer Plans | | | | X |
| Engage auditor(s) | | X | | |
| Engage actuary(s) | | | | X |
| Engage a qualified firm to evaluate Pension Plan investment practices & performance | | | | X |
| Engage consultant(s) (investment managers, Agents, attorneys) | | | | X |
| Engage trustees / custodians to hold Plan assets | <u>X</u> | | | <u>X</u> |

Statement of Governance - Updated Copy

CPS Energy Employee Benefit Plans

Statement of Governance

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To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”), the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health Plan for Active Employees and Medicare Supplement Plan (together, “Group Health”), Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, the Plan or Trust document shall control.

I. Overall Philosophy of Governance

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.

The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the Administrative Committee to live by the policies articulated herein and to govern with excellence.

II. Authority

A. Source of Authority

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

B. Duties of the Board Regarding the Plans and Trusts

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

C. Delegation of Authority

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, and CPS Energy staff. This legal and fiduciary responsibility requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. **Standard of Care:** The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. **Clarity and Specificity:** The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. **Formality:** The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes delegation of authority to another must be memorialized in writing (e.g., through minutes,

resolution, etc.).

D. Committee Relationship

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

III. Governance, Roles and Responsibilities

A. The Board

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopt and terminate Plans and / or Trusts;
- approve annual expense and cash flow funding (employer / employee contributions) related to the Plans through the budget process;
- provide input, as determined necessary, to the EBOC on changes and / or amendments to the Plans and / or the Trusts;
- approve this Statement of Governance and revisions made thereto;
- oversee the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

Board members may request any information they need to make informed decisions related to the Benefit Plans.

B. The Employee Benefits Oversight Committee

1. Membership

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer ("CFO") and the two Board Audit & Finance Committee members.¹ EBOC members shall include persons duly authorized to hold the named role (*i.e.*, "Interim President / CEO" or "Acting CFO"). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans' participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

¹ The CPS Energy Board Audit & Finance Committee's membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.

- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. All members of the EBOC shall be provided general training and continuing education related to the Committee members' general fiduciary role and standard of care for the Plans and Trusts.

2. Standard of Care

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

3. Reporting

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
 - i. Review / Approval of Plan Changes / Amendments, and / or
 - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide a response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant.
Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee or may give his / her proxy to another member to vote on his / her behalf.

5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve or reject the appointment and / or removal of members to the Administrative Committee (other than the Labor Representative²) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- review expense and cash flow funding (employer / employee contributions) related to the Plans after review of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and projected expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

² Defined as the President or his/her designee of the labor organization recognized by CPS Energy that comprises the largest membership (Labor Organization).

- on at least an annual basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

C. The President / CEO

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act as the liaison for communication and information flow between the Board and a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input to the Administrative Committee and EBOC on CPS Energy's budgetary constraints related to cash flow funding (employer/ employee contributions) and expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

D. The Administrative Committee

1. Membership

- a. Number. The Administrative Committee shall consist of up to nine (9) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of current employees (excluding the President / CEO and the Ex Officio members noted below) to maintain the right balance of skills and experience, including financial expertise.
- b. Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- c. Ex Officio, Non-Voting Members. The CPS Energy Vice President of People & Culture (or equivalent role or title or such individual's designee), the CFO, and the Vice President of Finance & Accounting (or equivalent role or title or such individual's designee) and the Administrative Committee Secretary (if not already an Administrative Committee member) shall be *ex officio*, non-voting members of the Administrative Committee. Ex Officio designation does not preclude the individuals noted above from serving as active Administrative Committee Members. In the event that an

individual holding one of the offices noted as Ex Officio is appointed to serve as an active Administrative Committee Member, their designee, if any, will serve in an Ex Officio status.

- d. **Diversification of Members.** It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. **Chair and Vice Chair.** The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. **Secretary.** The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. **Length of Service.**
 - i. Recognizing and balancing the value of membership continuity and the long- term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed for a term of five (5) years, adjusted as needed to allow for staggered terms. Administrative Committee members may be reappointed for one additional five (5) year term (maximum of 10 years total).
 - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of five (5) years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee. The Labor Representative may be reappointed for one additional five (5) year term (maximum of 10 years total).
- h. **Attendance and Participation.** Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor Organization leadership and the President / CEO, with input from other Administrative Committee members.
- i. **Compensation.** The Administrative Committee members shall perform their duties

without compensation from the Trusts.

- j. Training. Members of the Administrative Committee, Ex Officio members and Observers shall receive all applicable and timely training and continuing education consistent with the Administrative Committee members' role and standard of care, including, but not limited to, Tex. Local Gov't Code section 172.007 risk pool training and Texas Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.
- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any such expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

2. Standard of Care

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.³

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

³The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).

3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee or may give his / her proxy to another member to vote on his / her behalf.

4. Responsibilities & Duties

The Administrative Committee shall be responsible for the following:

Plan Design and Funding Related Roles:

- review and provide input to the President / CEO on expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and expenses related to the Plans;
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- order, receive, and review an actuarial valuation at least every year for each Plan;
- analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- select, monitor, and terminate the Plans' and / or Trusts' investment consultants, investment managers, custodial trustee(s), and other service providers;
- appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;

Financial Responsibilities and Reporting Roles:

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and review reports of the financial condition and of the receipts and disbursements of the Trusts from the Trustee;
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;

Investment-Related Roles:

- recommend an investment policy;
- review the investment policy, including asset allocation, at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

Administrative Roles:

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the Trusts;
- complete annual declaration process related to Administrative Committee duties (mid-year for existing members and within three months of effective date for new members);
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- review, provide feedback, and approve the annual Benefit Trust Plan Risk Register and related mitigation plans;
- administer and interpret the Trusts' provisions;
- establish administrative procedures regarding the Administrative Committee roles under this Statement of Governance;
- monitor CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the employee's Contribution Accumulation, Benefit Service, and in the case of retired employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and
- any other responsibility that may arise as a result of applicable state or federal law.

Demonstrative Chart of Responsibilities

| Responsibilities | Board | EBOC | CEO | Administrative Committee |
|---|-------|-----------|--------------|--------------------------|
| Adopt or reject Plans / Trust | X | | | |
| Approve changes to Plans / Trusts | | X | | |
| Approve benefit expenses related to the Plans via Budget Process | X | | | |
| Approve cash flow funding (Employer / Employee contributions) via Budget Process | X | | | |
| Approve Health Plan premiums | | X | | |
| Approve or reject Investment Policies | | X | | |
| Approve or reject Funding Policies | | X | | |
| Approve Risk Register and related mitigation plans | | | | X |
| Liaison to provide information re Plans / Trusts | | X (Board) | X (external) | X (all others) |
| Appoint and remove Administrative Committee Members (other than the Labor Representative) | | X | | |
| Appoint Administrative Committee Observers | | | X | |
| Select Plans' Administrators | | | | X |
| Administer Plans | | | | X |
| Engage auditor(s) | | X | | |
| Engage actuary(s) | | | | X |
| Engage a qualified firm to evaluate Pension Plan investment practices & performance | | | | X |
| Engage consultant(s) (investment managers, Agents, attorneys) | | | | X |
| Engage trustees / custodians to hold Plan assets | | | | X |



CPS Energy Board of Trustees Meeting

January 26, 2026

APPROVAL of PROCUREMENT ITEMS

Table of Contents

| | |
|---------------------------------|--|
| 1. Item Description: | Engineering, Procurement & Construction (EPC) for Substation & Transmission Infrastructure Projects |
| Purchase Category: | General Services |
| Supplier: | Black & Veatch Corporation |
| | Burns & McDonnell Engineering Company, Inc. |
| Committee Presentations: | Operations Oversight Committee – April 9, 2025 Audit & Finance Committee – April 22, 2025 / January 12, 2026 |
| 2. Item Description: | Active PO Funding Increase: Parts & Services for LM6000 and LMS100 Turbines |
| Purchase Category: | General Services |
| Supplier: | GE Vernova International, LLC Maximum Turbine Support MTU Maintenance Berlin-Brandenburg ProEnergy Services LLC Starfish PPS LLC TransCanada Turbines, Inc. |
| Committee Presentations: | Operations Oversight Committee – November 13, 2025 Audit & Finance Committee – January 12, 2026 |

| | |
|--|---|
| 3. Item Description: Purchase Category: Supplier: | Active PO Funding Increase: Environmental Services General Services 1 Priority Environmental Services, LLC EnviroServe, Inc. NRC Gulf Environmental Services, Inc. Remediation Services, LLC United Professional Services Ltd |
| Committee Presentations: | Operations Oversight Committee – November 13, 2025 Audit & Finance Committee – January 12, 2026 |
| 4. Item Description: Purchase Category: Supplier: | Active PO Funding Increase: General Electric (GE) Boilers, Mills, and Miscellaneous Parts and Services General Services GE Steam Power, Inc. |
| Committee Presentations: | Operations Oversight Committee – November 13, 2025 Audit & Finance Committee – January 12, 2026 |
| 5. Item Description: Purchase Category: Supplier: | Active PO Funding Increase: Autotransformers Commodity & Material Goods Royal Smit Transformers BV HD Hyundai Electric America Corporation |
| Committee Presentations: | Operations Oversight Committee – November 13, 2025 Audit & Finance Committee – January 12, 2026 |

| | | |
|----|---|--|
| 6. | Item Description: Purchase Category: Supplier: | Active PO Funding Increase: Toshiba Turbine and Generator Parts and Services General Services Toshiba America Energy Systems Corporation |
| | Committee Presentations: | Operations Oversight Committee – November 13, 2025 Audit & Finance Committee – January 12, 2026 |
| 7. | Item Description: Purchase Category: Supplier: | Active PO Funding Increase: Industrial Vacuuming & Hydroblasting Services General Services Meylan Enterprises Inc Pipeline Video Inspection, LLC DBA AIMS Companies |
| | Committee Presentations: | Operations Oversight Committee – November 13, 2025 Audit & Finance Committee – January 12, 2026 |
| 8. | Item Description: Purchase Category: Supplier: | Active PO Funding Increase: Customer Construction Design & Engineering Services Professional Services Atwell LLC Binkley & Barfield, Inc. Black & McDonald Engineering Cobb, Fendley & Associates, Inc. EN Engineering LLC Halff Associates, Inc. LJA Engineering, Inc Merrick & Company Pape-Dawson Consulting Engineers Select Power Systems, LLC TRC Engineers Inc |
| | Committee Presentations: | Operations Oversight Committee – Individual meetings with Trustees Audit & Finance Committee – January 12, 2026 |

9. **Item Description:**
Purchase Category:
Supplier:

| |
|---|
| Active PO Funding Increase: 145kV Circuit Breakers |
| Commodity & Material Goods |
| Siemens Energy, Inc. |

Committee Presentations: Operations Oversight Committee – November 13, 2025
Audit & Finance Committee – January 12, 2026

Approval:

Lewis, Lisa D

Digitally signed by Lewis, Lisa D
Date: 2026.01.20 11:34:12
-06'00'

Lisa D. Lewis, Chief Administrative Officer

Approval:

Garza, Rudy D

Digitally signed by Garza, Rudy D.
Date: 2026.01.20 15:17:04 -06'00'

Rudy D. Garza, President & CEO



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 1



| | |
|-------------------------------|---|
| Item Description | Engineering, Procurement & Construction (EPC) for Substation & Transmission Infrastructure Projects |
| Purchase Order Value | \$270,000,000 |
| Purchase Category | General Services |
| Department | Energy Delivery Services |
| Chief Energy Delivery Officer | Richard Medina |

Detailed Description

CPS Energy staff recommend that a contract be awarded to Black & Veatch Corporation and Burns & McDonnell Engineering Company, Inc., both local firms, as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for EPC services, which will provide turnkey solutions for substation and transmission infrastructure projects. The selected firms will design substation and transmission projects for CPS Energy, procure materials, and construct to completion. These services will augment internal staff to accelerate project completion, meeting the increased demand from large customers for our community's growth, and ERCOT-endorsed projects. This contract will expire on January 28, 2029.

Subcontracting Opportunities

Both firms are committed to subcontracting a portion of the services to one or more local or small businesses.

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

| Evaluation Criteria | Points |
|---|------------|
| Experience and qualifications to perform the Services | 56 |
| Safety records and training program | 20 |
| The overall cost | 10 |
| Economic Development (Local and Small Business Consideration) | 10 |
| Legal and compliance requirements | 4 |
| The financial soundness of the Respondent | Pass/Fail |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 1



| Recommended Respondent(s) & Award | | | | | |
|---|------------------------------|--------------|----------------------|---------|----------|
| Respondent Name | SBA Classification & Details | Score | PO Value | PO # | Comments |
| Black & Veatch Corporation | Local | 87 | \$135,000,000 | 2231495 | |
| Burns & McDonnell Engineering Company, Inc. | Local | 85 | \$135,000,000 | 2231198 | |
| | | TOTAL | \$270,000,000 | | |

| Annual Funds Budgeted | | | | | | |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
| \$1,501,000,000 | Capital | \$0 | 0% | \$30,000,000 | \$120,000,000 | \$120,000,000 |
| \$982,000,000 | Non-Fuel O&M | \$0 | 0% | \$0 | \$0 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 2



| | | |
|---|-----|--|
| Item Description | | Active PO Funding Increase: Parts & Services for LM6000 and LMS100 Units |
| Purchase Order Value | (A) | \$8,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$4,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$12,000,000 |
| Purchase Category | | General Services |
| Department | | Power Generation |
| Chief Energy Supply Officer | | Benny Ethridge |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for existing contracts for parts and services for LM6000 and LMS100 units. These contracts were previously awarded to Starfish PPS LLC, a small firm, GE Vernova International, LLC, Maximum Turbine Support, MTU Maintenance Berlin-Bradenburg, ProEnergy Services LLC, and TransCanada Turbines, Inc., as the respondents who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are being leveraged to support gas turbine parts and services for our new Laredo General Electric (GE) LMS100 gas turbines as well as the GE LM6000 units at our Lee East and Lee West power plants. Additional funding is required to support increase in future plant outage work, preventive maintenance activities, and equipment repairs related to gas turbines. This support for our generating fleet allows CPS Energy to execute generation facility maintenance, repairs, and upgrades needed to maintain reliability for our customers. These contracts will expire on August 31, 2027.

Subcontracting Opportunities

None at this time.

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

| Evaluation Criteria | Points |
|---|------------|
| Experience and qualifications to perform the Services | 50 |
| Safety records and training program | 20 |
| The overall cost | 10 |
| Legal and compliance requirements | 10 |
| Economic Development (Local and Small business consideration) | 10 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 2



| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO # |
|------------------------------------|------------------------------|--------------------|---------------------------------------|--|---------------------|
| Starfish PPS LLC | Small | \$500,000 | \$0 | \$500,000 | 2217217 |
| GE Vernova International, LLC | | \$3,000,000 | (\$1,000,000) | \$1,000,000 | 2229086 |
| Maximum Turbine Support | | \$500,000 | \$0 | \$500,000 | 2217218 |
| MTU Maintenance Berlin-Brandenburg | | \$500,000 | \$0 | \$500,000 | 2217224 |
| ProEnergy Services LLC | | \$500,000 | \$0 | \$500,000 | 2219452 |
| TransCanada Turbines, Inc. | | \$3,000,000 | \$1,000,000 | \$1,000,000 | 2219975 |
| | | (A) | (B) | (C) | |
| | Totals | \$8,000,000 | \$0 | \$4,000,000 | |
| | | | | Projected Cumulative Purchase Order Value | \$12,000,000 |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$2,000,000 | 0.2% | \$5,000,000 | \$0 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 3



| Item Description | | Active PO Funding Increase: Environmental Services |
|--|------------|--|
| Purchase Order Value | (A) | \$8,000,000 |
| Previously Added Funds | (B) | \$1,000,000 |
| Additional Funds Requested | (C) | \$3,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$12,000,000 |
| Purchase Category | | General Services |
| Department | | Power Generation |
| Chief Energy Supply Officer | | Benny Ethridge |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for existing contracts for environmental services. This contract was previously awarded to United Professional Services Ltd, a small/local firm, NRC Gulf Environmental Services, Inc., a local firm, Remediation Services, LLC, a small firm, 1 Priority Environmental Services, LLC, and EnviroServe, Inc., as the respondents who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract provides cleanup and transport of hazardous and non-hazardous waste and materials, mold and asbestos remediation, environmental training, and other services necessary for CPS Energy to operate within environmental laws and regulations. Additional funding is required to support anticipated increases in future environmental response services. This contract will expire on January 11, 2027

Subcontracting Opportunities

1 Priority Environmental Services, LLC and EnviroServe, Inc. have committed to subcontract a portion of the work to local or small businesses.

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

| Evaluation Criteria | Points |
|---|------------|
| Experience and qualifications to perform the Services | 40 |
| The overall cost | 25 |
| Safety records and training program | 20 |
| Economic Development (Local and Small business consideration) | 10 |
| The financial soundness of the Respondent | 5 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 3



| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO # |
|--|------------------------------|--------------------|--|----------------------------|---------|
| United Professional Services Ltd | Local & Small | \$500,000 | \$1,700,000 | \$600,000 | 2217122 |
| NRC Gulf Environmental Services, Inc. | Local | \$4,500,000 | (\$900,000) | \$600,000 | 2217119 |
| Remediation Services, LLC | Small | \$2,000,000 | \$350,000 | \$600,000 | 2217121 |
| 1 Priority Environmental Services, LLC | | \$500,000 | \$0 | \$600,000 | 2217120 |
| EnviroServe, Inc. | | \$500,000 | (\$150,000) | \$600,000 | 2217018 |
| | | (A) | (B) | (C) | |
| | Totals | \$8,000,000 | \$1,000,000 | \$3,000,000 | |
| | | | Projected Cumulative Purchase Order Value | \$12,000,000 | |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$3,500,000 | 0.36% | \$3,500,000 | \$0 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 4



| | | |
|---|-----|---|
| Item Description | | Active PO Funding Increase: General Electric (GE) Boilers, Mills, and Miscellaneous Parts and Services |
| Purchase Order Value | (A) | \$9,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$7,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$16,000,000 |
| Purchase Category | | General Services |
| Department | | Power Generation |
| Chief Energy Supply Officer | | Benny Ethridge |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for parts and services for General Electric (GE) boilers, mills, and other miscellaneous GE equipment. This contract was previously awarded to GE Steam Power, Inc., through a solicitation exemption in accordance with the Board Procurement Policy and Procedures, as the OEM (Original Equipment Manufacturer).

This contract provides parts, services, and technical advisory support for our GE boilers, mills, and other miscellaneous GE equipment. Additional funding is required to support increase in future plant outage work, preventive maintenance activities, and equipment repairs. This contract will allow CPS Energy to execute generation facility maintenance, repairs, and upgrades needed to maintain reliability for our customers. This contract will expire on June 3, 2027.

Subcontracting Opportunities

None at this time.



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 4



| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO # |
|---|------------------------------|-------------------|---------------------------------------|----------------------------|---------|
| GE Steam Power, Inc. | | \$9,000,000 | \$0 | \$7,000,000 | 2219735 |
| | | (A) | (B) | (C) | |
| | Totals | \$9,000,000 | \$0 | \$7,000,000 | |
| Projected Cumulative Purchase Order Value | | | | \$16,000,000 | |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$5,000,000 | 0.5% | \$5,000,000 | \$3,000,000 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 5



| Item Description | | Active PO Funding Increase: Autotransformers |
|--|------------|--|
| Original Cumulative Purchase Order Value | (A) | \$60,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$170,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$230,000,000 |
| Purchase Category | | Commodity & Material Goods |
| Department | | Substation Engineering |
| Chief Energy Delivery Officer | | Richard G. Medina |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for substation autotransformers. These contracts were previously awarded to Royal Smit Transformers BV and HD Hyundai Electric America Corporation, as the respondents who provided the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the procurement of autotransformers, which allow CPS Energy to improve the load serving capacity and reliability of its transmission system and supply the needs for system growth and replacements. Additional funding is required to secure production slots for these long-lead time items and to cover anticipated tariffs. In addition to community growth demands, additional funding is needed to execute ERCOT's 765kV- mandated projects. These contracts will expire on February 2, 2029.

Subcontracting Opportunities

Royal Smit Transformers BV has committed to subcontract a portion of the services to one or more local or small businesses.

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

| Evaluation Criteria | Points |
|---|------------|
| Experience, warranty, quality control, & contingencies | 45 |
| The ability to meet CPS Energy's requirements | 20 |
| The overall cost | 25 |
| Economic Development (Local and Small business consideration) | 10 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 5



Recommended Respondent(s) & Award

| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO# |
|---|------------------------------|---|---------------------------------------|----------------------------|---------|
| Royal Smit Transformers BV | | \$39,000,000 | \$0 | \$60,000,000 | 2216301 |
| HD Hyundai Electric America Corporation | | \$21,000,000 | \$0 | \$110,000,000 | 2213552 |
| | | (A) | (B) | (C) | |
| | Totals | \$60,000,000 | \$0 | \$170,000,000 | |
| | | Projected Cumulative Purchase Order Value (D) | \$230,000,000 | | |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$2,000,000 | 0.1% | \$24,400,000 | \$52,400,000 | \$91,200,000 |
| \$982,000,000 | Non-Fuel O&M | \$0 | 0% | \$0 | \$0 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 6



| | | |
|---|-----|--|
| Item Description | | Active PO Funding Increase: Toshiba Turbine and Generator Parts and Services |
| Purchase Order Value | (A) | \$9,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$11,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$20,000,000 |
| Purchase Category | | General Services |
| Department | | Power Generation |
| Chief Energy Supply Officer | | Benny Ethridge |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for existing contracts for turbine and generator parts and services. This contract was previously awarded to Toshiba America Energy Systems Corporation through a solicitation exemption in accordance with the Board Procurement Policy and Procedures as the OEM (Original Equipment Manufacturer) of the Spruce 2 steam turbine generator.

This contract provides specialized parts, services, and technical expertise to support major repairs and upgrades to crucial components of steam turbine generators. Additional funding is required to support future plant outage work, preventive maintenance activities, and equipment repairs. This support for our generating fleet allows CPS Energy to execute generation facility maintenance, repairs, and upgrades needed to maintain reliability for our customers. This contract will expire on August 8, 2028.

Subcontracting Opportunities

None at this time.



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 6



| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO # |
|--|------------------------------|--|---------------------------------------|----------------------------|---------|
| Toshiba America Energy Systems Corporation | | \$9,000,000 | \$0 | \$11,000,000 | 2212926 |
| | | (A) | (B) | (C) | |
| | Totals | \$9,000,000 | \$0 | \$11,000,000 | |
| | | Projected Cumulative Purchase Order Value | \$20,000,000 | | |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$300,000 | 0.03% | \$6,000,000 | \$6,000,000 | \$6,000,000 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 7



| | | |
|---|-----|---|
| Item Description | | Active PO Funding Increase: Industrial Vacuuming & Hydroblasting Services |
| Purchase Order Value | (A) | \$5,000,000 |
| Previously Added Funds | (B) | \$3,000,000 |
| Additional Funds Requested | (C) | \$3,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$11,000,000 |
| Purchase Category | | General Services |
| Department | | Power Generation |
| Chief Energy Supply Officer | | Benny Ethridge |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for existing contracts for industrial vacuuming and hydroblasting services. These contracts were previously awarded to Pipeline Video Inspection, LLC DBA AIMS Companies, a small, local firm, and Meylan Enterprises Inc, as the respondents who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts provide industrial vacuuming services to remove ash and other debris, as well as hydroblasting services to remove scale and impacted debris from our power plant systems. Additional funding is needed to support an increase in future plant outage work, preventive maintenance activities, and equipment repairs. This support for our generating fleet allows CPS Energy to execute generation facility maintenance, repairs, and upgrades needed to maintain reliability for our customers. These contracts will expire on December 13, 2026.

Subcontracting Opportunities

Meylan Enterprises Inc has committed to subcontract a portion of the work to local or small businesses.

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

| Evaluation Criteria | Points |
|---|------------|
| Experience and qualifications to perform the Services | 45 |
| The overall cost | 20 |
| Safety records and training program | 20 |
| Economic Development (Local and Small business consideration) | 10 |
| Legal and compliance requirements | 5 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 7



| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO # |
|---|------------------------------|--------------------|--|----------------------------|---------|
| Pipeline Video Inspection, LLC DBA AIMS Companies | Small & Local | \$2,500,000 | \$4,000,000 | \$2,000,000 | 2214897 |
| Meylan Enterprises Inc | | \$2,500,000 | (\$1,000,000) | \$1,000,000 | 2213040 |
| | | (A) | (B) | (C) | |
| | Totals | \$5,000,000 | \$3,000,000 | \$3,000,000 | |
| | | | Projected Cumulative Purchase Order Value | \$11,000,000 | |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$0 | 0% | \$0 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$2,000,000 | 0.2% | \$3,000,000 | \$0 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 8



| | | |
|--|------------|---|
| Item Description | | Active PO Funding Increase: Customer Construction Design & Engineering Services |
| Original Cumulative Purchase Order Value | (A) | \$66,000,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$20,000,000 |
| Projected Cumulative Purchase Order Value | (D) | \$86,000,000 |
| Purchase Category | | Professional Services |
| Department | | Customer Value Optimization |
| Chief Customer Strategy Officer | | DeAnna Hardwick |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for existing contracts for customer construction design and engineering services. These contracts were previously awarded to Atwell, LLC, Binkley & Barfield, Inc., Black & McDonald Engineering Services, LLC, Cobb, Fendley & Associates, Inc., EN Engineering, LLC, LJA Engineering, Inc., Merrick & Company, Pape-Dawson Engineering, LLC, Halff Engineering, and TRC Engineers, Inc., all local businesses, and Select Power Systems, LLC, a small business, as the respondents who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts provide electric and gas design services for new construction and infrastructure projects. Additional funding is required to continue supporting customer growth. Sustained population growth, approximately 70% above the national average, continues to drive higher engineering and design workload. These contracts expire on September 30, 2026 and an RFQ has already been advertised to replace these contracts prior to expiration.

Subcontracting Opportunities

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

The solicitation method for this procurement was a Request for Qualification (RFQ)¹. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

| Evaluation Criteria | Points |
|---|------------|
| Experience and qualifications to perform the Services | 70 |
| Safety records and training program | 20 |
| The financial soundness of the Respondent | 10 |
| TOTAL | 100 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 8



Recommended Respondent(s) & Award

| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO# |
|--|------------------------------|---------------------|---------------------------------------|----------------------------|---------------------|
| Select Power Systems, LLC | Small | \$5,000,000 | (\$2,800,000) | \$500,000 | 2213164 |
| Atwell, LLC | Local | \$6,000,000 | \$3,000,000 | \$2,000,000 | 2213163 |
| Binkley & Barfield, Inc. | Local | \$5,000,000 | \$2,300,000 | \$2,000,000 | 2213160 |
| Black & McDonald Engineering Services, LLC | Local | \$5,000,000 | (\$1,500,000) | \$2,000,000 | 2213167 |
| Halff Associates, Inc. | Local | \$4,000,000 | 0 | \$1,000,000 | 2229864 |
| Cobb, Fendley & Associates, Inc. | Local | \$5,000,000 | (\$1,000,000) | \$1,000,000 | 2213159 |
| EN Engineering, LLC | Local | \$15,000,000 | \$3,000,000 | \$3,250,000 | 2213158 |
| LJA Engineering, Inc. | Local | \$4,000,000 | \$200,000 | \$2,000,000 | 2213168 |
| Merrick & Company | Local | \$6,000,000 | (\$3,500,000) | \$1,000,000 | 2213161 |
| Pape-Dawson Engineering, LLC | Local | \$6,000,000 | (\$2,000,000) | \$2,000,000 | 2213166 |
| TRC Engineers, Inc. | Local | \$5,000,000 | \$2,300,000 | \$3,250,000 | 2213165 |
| | | (A) | (B) | (C) | |
| Totals | | \$66,000,000 | \$0 | \$20,000,000 | |
| Projected Cumulative Purchase Order Value (D) | | | | | \$86,000,000 |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$27,000,000 | 1.8% | \$20,000,000 | \$0 | \$0 |
| \$982,000,000 | Non-Fuel O&M | \$0 | 0% | \$0 | \$0 | \$0 |

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



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 9



| Item Description | Active PO Funding Increase: 145kV Circuit Breakers | |
|--|--|----------------------------|
| Original Cumulative Purchase Order Value | (A) | \$9,500,000 |
| Previously Added Funds | (B) | \$0 |
| Additional Funds Requested | (C) | \$30,500,000 |
| Projected Cumulative Purchase Order Value | (D) | \$40,000,000 |
| Purchase Category | | Commodity & Material Goods |
| Department | | Substation Engineering |
| Chief Energy Delivery Officer | | Richard G. Medina |

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for 145kV circuit breakers. This contract was previously awarded to Siemens Energy, Inc., the respondent who provided the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of 145kV circuit breakers, which are used to manage the flow of electric power from the transmission system into the distribution system. Additional funding is required to secure production slots for these long-lead time items. In addition to community growth demands, emergent requests, and operational reliability, additional funding is needed to execute expedited project timelines. This contract will expire on July 27, 2028.

Subcontracting Opportunities

None at this time.

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

| Evaluation Criteria | Points |
|---|------------|
| Experience, warranty, quality control, and contingencies | 40 |
| The ability to meet CPS Energy's requirements | 20 |
| The overall cost | 30 |
| Economic Development (Local and Small business consideration) | 10 |
| TOTAL | 100 |



CPS Energy Board of Trustees Meeting

January 26, 2026

Procurement Form 9



Recommended Respondent(s) & Award

| Vendor Name | SBA Classification & Details | Original PO Value | Previously Added or Reallocated Funds | Additional Funds Requested | PO# |
|----------------------|------------------------------|--------------------|---------------------------------------|--|---------------------|
| Siemens Energy, Inc. | | \$9,500,000 | \$0 | \$30,500,000 | 3073168 |
| | | (A) | (B) | (C) | |
| | Totals | \$9,500,000 | \$0 | \$30,500,000 | |
| | | | | Projected Cumulative Purchase Order Value (D) | \$40,000,000 |

Annual Funds Budgeted

| Corporate Annual Budget | Funding Method | Projected FY2026 PO Spend | % of FY2026 Annual Corp Budget | Projected FY2027 PO Spend | Projected FY2028 PO Spend | Projected FY2029 PO Spend |
|-------------------------|----------------|---------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|
| \$1,501,000,000 | Capital | \$3,500,000 | 0.2% | \$9,000,000 | \$3,000,000 | \$5,000,000 |
| \$982,000,000 | Non-Fuel O&M | \$0 | %0 | \$0 | \$0 | \$0 |

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



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 13, 2025 MEETING PREPARED FOR COMMITTEE CHAIR, MR. JOHN STEEN FOR REPORT AT THE JANUARY 30, 2026 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on November 13, 2025. As part of the agenda, the Committee:

- A. Received a Transmission Update:
 - a. 765kV Project overview,
 - b. Summary on Sole Source Justification,
 - c. Foster Road Routing & Siting update, along with a summary of community engagement and infrastructure expansion.
- B. Received a Procurement Preview that included:
 - a. An active PO funding increase request for Spruce-Pawnee-Tango 345kV live line rebuild,
 - b. A new contract/rebid for Distribution Pad Mount Switchgear,
 - c. An active PO Funding Increase request for Autotransformers,
 - d. An active PO Funding Increase request for 145 kV Circuit Breakers,
 - e. A new contract/rebid for Power Transformers,
 - f. An active PO Funding Increase request for Insulation, Abatement, and Refractory Services,
 - g. An active PO Funding Increase request for Large Electrical Motor Maintenance and Repair Services,
 - h. An active PO Funding Increase request for Gas Turbine Depot Services,
 - i. An active PO Funding Increase request for Industrial Scaffolding Services,
 - j. An active PO Funding Increase request for Parts & Services for LM6000 & LMS100 Turbines,
 - k. An active PO Funding Increase request for Environmental Services,
 - l. An active PO Funding Increase request for GE Boilers, Mills, and Miscellaneous Parts and Services,
 - m. An active PO Funding Increase request for Toshiba Parts and Services,
 - n. An active PO Funding Increase request for Industrial Vacuuming & Hydroblasting Services,



- o. A new contract/rebid for Transport Communications Transformation,
- C. Received an update on our Generation Plan Refresh that included:
 - a. A review of the progress towards Horizon 2050,
 - b. An overview of the continuous community engagement and collaboration,
 - c. A discussion on key dates and milestones, as well as pathways focusing on cost management, firming capacity, and carbon abatement.
- D. Received a Reliability update that included:
 - a. A review of the year to date SAIDI performance through September 2025,
 - b. A discussion comparing SAIDI results with other Texas utilities.

The next meeting of the Operations Oversight Committee Meeting is planned for March 4, 2026.



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE DECEMBER 3, 2025 MEETING
PREPARED FOR COMMITTEE CHAIR WILLIS MACKEY
FOR REPORT AT THE DECEMBER BOARD OF TRUSTEES MEETING**

The Personnel Committee met on December 3, 2025. As part of the Personnel Committee agenda, the Committee:

- A. Chair Dr. Mackey requested that the committee convene to Executive Session to discuss input and process for CEO compensation.

The next meeting of the Personnel Committee is January 12, 2026.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM DECEMBER 8, 2025, MEETING
PREPARED FOR BOARD CHAIR DR. FRANCINE ROMERO
FOR REPORT AT THE JANUARY 26, 2026, BOARD OF TRUSTEES MEETING**

The Technology & Resilience Committee met on December 8, 2025. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on September 15, 2025.
- B. Received updates on Evolve: ERP Transformation Program, Civic Partnerships Program, Supervisory Control and Data Acquisition (SCADA), and Evolve: Enabling Digital Outcomes.
- C. Four new action items were generated during the meeting.

The next meeting of the Technology & Resilience Committee will be held March 16, 2026.



Community Input Committee (CIC) Committee Report

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE DECEMBER 10, 2025, MEETING

PREPARED FOR COMMITTEE CHAIR, MS. LAWSON PICASSO

FOR REPORT AT THE JANUARY 26, 2026, BOARD OF TRUSTEES MEETING

The Community Input Committee met on December 10, 2025. As part of the agenda, the committee:

- A. Discussed reports from the November 12, 2025 Working Groups led by: Maria Nelson, Vice Chair, Finance and Business; Steve Bonnette, Chair, Power and Technology; and Sara Villarreal, member, Customer Relations and Communications.
- B. Conducted elections for the 2026 Officer positions. Steve Bonnette, the current CIC Vice Chair, received unanimous support for CIC Chair. Maria Nelson, the current Vice Chair of the Finance and Business Working Group, received unanimous support for CIC Vice Chair.

The next CIC meeting is scheduled for January 14, 2026.



Community Input Committee (CIC) Committee Report

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 14, 2026, MEETING

PREPARED FOR COMMITTEE CHAIR, MR. STEVE BONNETTE

FOR REPORT AT THE JANUARY 30, 2026, BOARD OF TRUSTEES MEETING

The Community Input Committee met on January 14, 2026. As part of the agenda, the committee:

- A. Nominated Mr. David Gannon to the vacant At-Large position on the committee, pending final approval by the CPS Energy Board of Trustees.
- B. Received a presentation on CPS Energy's Financial Stewardship from Cory Kuchinsky, CPS Energy Chief Financial Officer and Treasurer. The presentation detailed how CPS Energy makes strategic decisions to reduce costs, avoid unnecessary spending and prepare for long-term sustainability to maintain reliable and affordable service for customers.

The next regular CIC meeting is scheduled for March 11, 2026.



PROCUREMENT REQUEST FOR APPROVAL

765KV ENGINEERING SERVICES

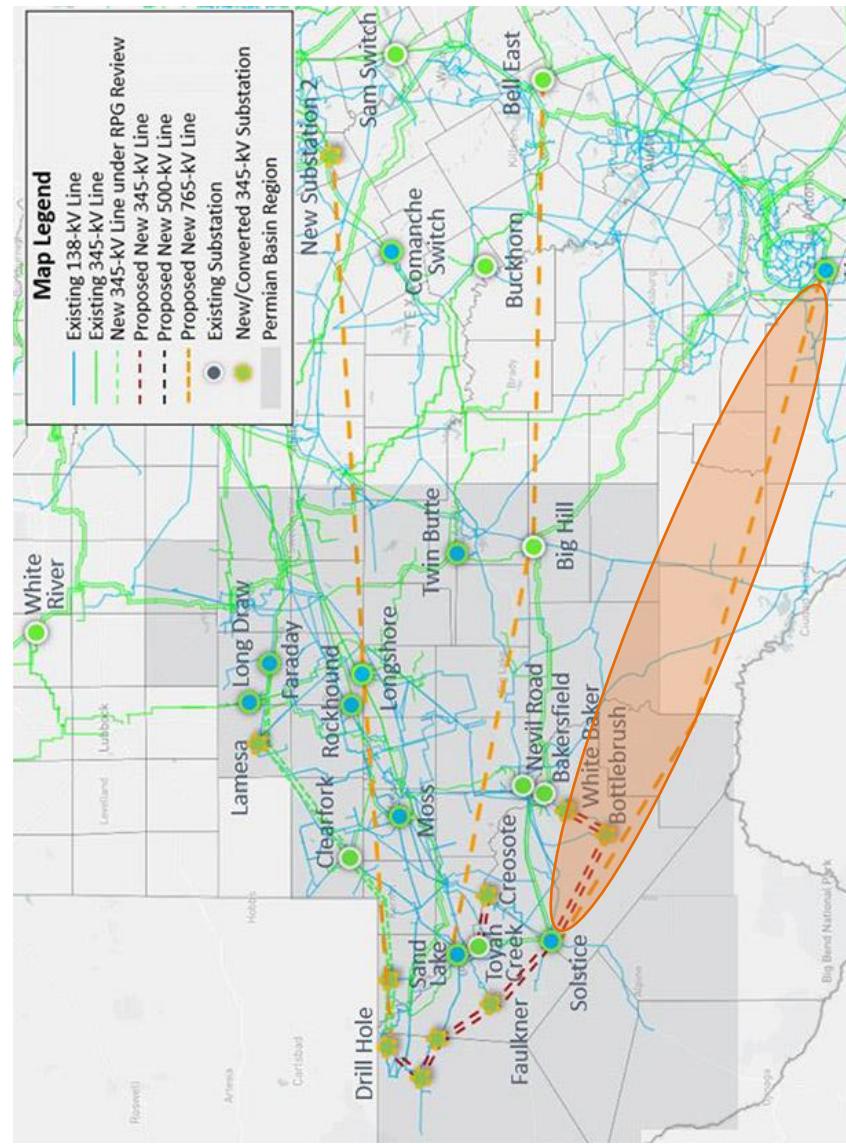
PRESENTED BY:

Richard Medina
Chief Energy Delivery Officer

January 30, 2026
Request for Approval

PROJECT OVERVIEW HOWARD (CPS ENERGY) TO SOLSTICE (AEP TEXAS)

- This is a PUC/ERCOT mandated project with an accelerated energization date of December 2030.
- **CPS Energy Scope:** Construct a new 765kV/345kV Howard Station and ~185 miles of 765kV transmission (~850 structures) toward Solstice.
- **AEP Texas Scope:** Construct a new 765kV/345kV Solstice Station and remaining ~185 miles of 765kV transmission.
- ERCOT assigns Transmission Service Providers (TSPs) based on proximity of existing transmission infrastructure to designated endpoint need.
- CPS Energy and AEP Texas will jointly file a CCN application. The PUC will select the route following the CCN process.



For illustration purposes only; several routes will be evaluated; the final route has not been selected.

This major 765kV project strengthens regional grid reliability by connecting Howard and Solstice stations with ~185 miles of high-voltage infrastructure per TSP.

SOLE SOURCE JUSTIFICATION

765kV ENGINEERING SERVICES

- ERCOT has set forth an accelerated and complex execution schedule.
- The U.S. has limited deployment of 765kV transmission infrastructure; more common in other countries.
- There is currently no existing 765kV infrastructure in Texas.
- U.S.-based consultants have limited hands-on experience with 765kV systems.
- AEP is our assigned partner on this project; we each will build half of the line.
 - AEP is the national leader in 765kV transmission line development and operation.
 - AEP operates the most extensive 765kV network in the US, mainly in the Midwest and Appalachian regions.
 - Sole owner of established standards and vetted specifications.

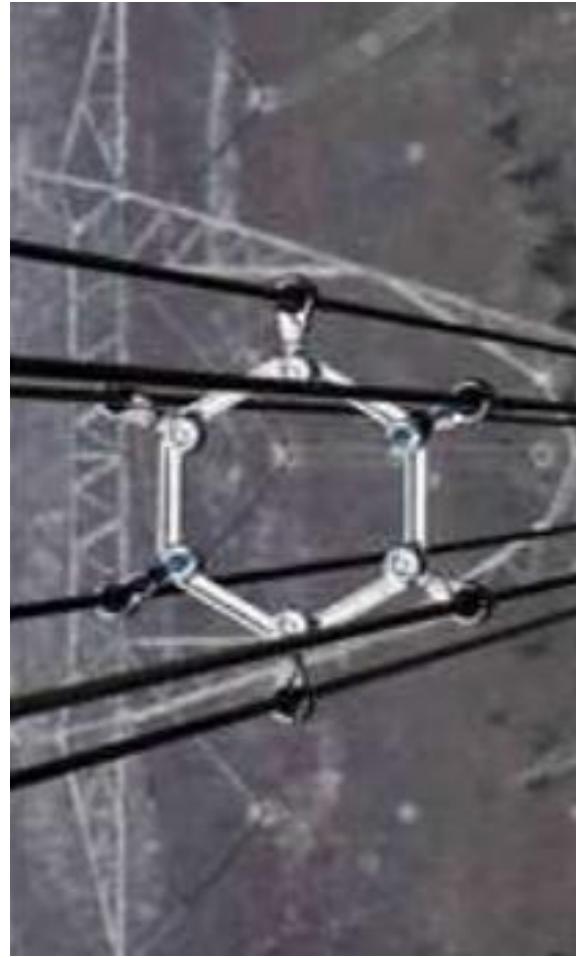


Typical 765kV Lattice Structure



NEW CONTRACT/EXEMPT PROCUREMENT 765kV ENGINEERING SERVICES

- New Contract Details:
 - Value: \$30 million
 - Term: 5 years
- # Awardees: (1) AEP
 - AEP is our partner electric utility designated by ERCOT who will construct/operate their half of the line.
 - Contract awarded through a unique professional service exemption in accordance with the Board Procurement Policy and Procedures.
 - Exemption Basis:
 - A procurement of personal, professional or planning services that requires a labor, skill, or expertise which is predominantly mental or intellectual, rather than physical or manual and/or which are highly technical, creative or unique in nature.

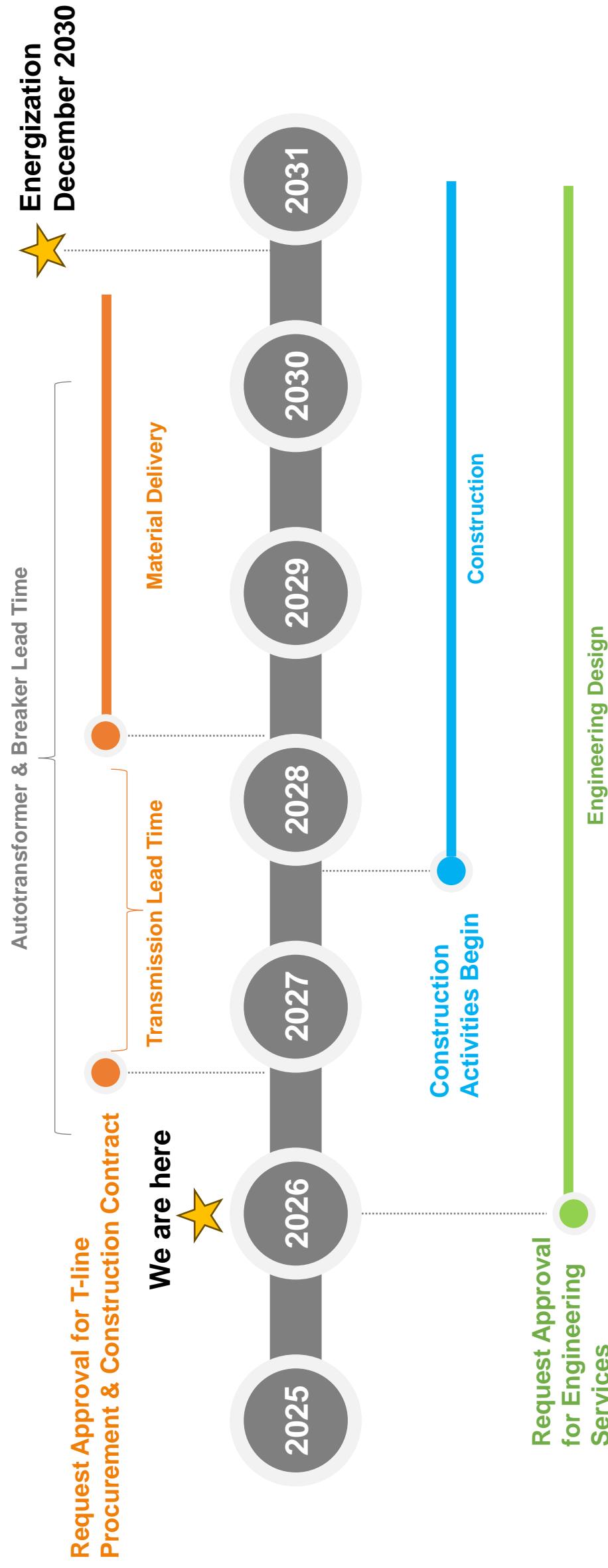


Typical six (6) conductor bundle and spacer



We are requesting an exception to competitive procurement due to ERCOT's accelerated timeline and AEP's unique depth of experience and established standards in 765kV transmission.

PROCUREMENT SCHEDULE



Our portion of the 765kV line estimated to cost approximately \$1.4B.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS

| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|--------------------|--|--------------------|-------------------------------|
| AEP | American Electric Power | kV | Kilovolt |
| B | Billion | PUC | Public Utility Commission |
| CCN | Certificate of Convenience and Necessity | TCOS | Transmission Cost of Service |
| ERCOT | Electric Reliability Council of Texas | TSP | Transmission Service Provider |
| ERP | Enterprise Resource Planning | | |

SUPPLY CHAIN INITIATIVES



**SUPPLY CHAIN
CONSTRAINTS**



**GRID
MODERNIZATION**



**ELECTRIC SYSTEM
GROWTH**



**VISION 2027
GENERATION PLAN**



**GAS SYSTEM
GROWTH**



**ERP
TRANSFORMATION**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**REGULATORY
COMPLIANCE**



COMMUNITY INPUT COMMITTEE CANDIDATE APPROVAL

PRESERVED BY:

Kathy Garcia

Vice President, Government and Regulatory Affairs & Public Policy

January 30, 2026
REQUEST FOR APPROVAL

AGENDA

- Overview of the Community Input Committee (CIC)
- Review of the Application Process
- Presentation of the CIC Candidate for Approval
- Approval of Nomination

We are seeking your approval of one At-Large nomination to the CIC.

OVERVIEW OF THE COMMUNITY INPUT COMMITTEE (CIC)



- The CIC is a 19-member community advisory body composed of:
 - 10 members nominated by the San Antonio City Council.
 - 4 members nominated by the CPS Energy Board of Trustees.
 - 5 At-Large members nominated by the CIC.
- All CIC nominations require CPS Energy Board approval.
- CIC members can serve 3 two-year terms, for a total of 6 years.
- We are seeking the approval of one At-Large nomination.

REVIEW OF THE APPLICATION PROCESS



- At-Large committee members are nominated by the CIC Executive Committee and affirmed by the full CIC, using past protocol.

- Timeline:

- December 1, 2025 – Application Opened
- December 19 – Application Closed
- January 2, 2026 – CIC Executive Committee Began Review and Selection Process
- January 14 – CIC Made At-Large Selection
- January 30 – Seeking Board Approval

- 7 applications were received.

JOIN THE CPS ENERGY COMMUNITY INPUT COMMITTEE

We are seeking volunteers to represent the interests of our community and provide thoughtful feedback to the CPS Energy Board of Trustees.

UNASE AL COMITÉ DE APORTACIONES DE LA COMUNIDAD (CIC) DE CPS ENERGY

OBTENGA MÁS INFORMACIÓN

COMMUNITY INPUT COMMITTEE (CIC) CANDIDATE



David Gannon

At-Large Nominee

- Retired Metrologist
- Chair, Bexar Appraisal District Board of Directors
- Chair, Northside ISD Citizens' Bond Advisory Committee
- Chair, San Antonio Education Partnership

REQUEST FOR APPROVAL COMMUNITY INPUT COMMITTEE (CIC) CANDIDATE

- David Gannon (At-Large)

We are seeking your approval of one nominee to the CIC.

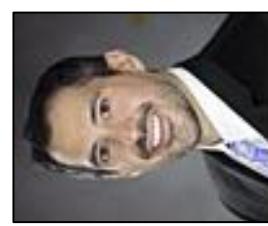


THANK YOU



APPENDIX

COMMUNITY INPUT COMMITTEE (CIC) MEMBERS



Richard Farias (D1)



Diana Lopez (D2)



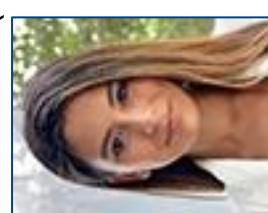
Diana Martinez (D3)



Frank Gonzales (D4)



Dr. Julián Villarreal (D5)



Lawson Picasso (D6)



Dr. Adelita Cantu (D7)



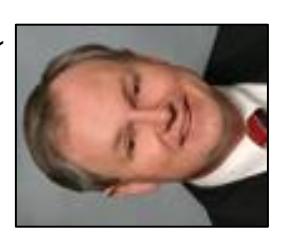
Michael Kenick (D8)



Vacant
(At-Large)



Bob Zapata
(At-Large)



Tom Corser (D9)



Vanessa Alvarado (D10)

Maria Nelson
(At-Large)

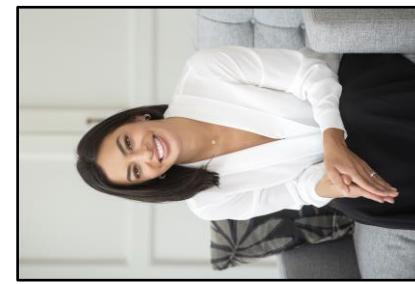
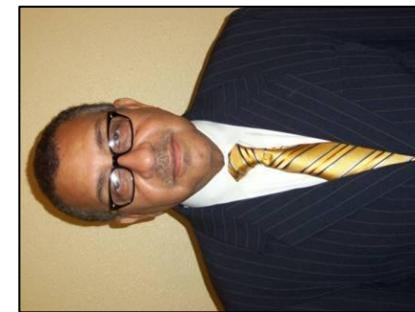
Steve Bonnette
(At-Large)

Current City Council and At-Large Members of the CIC.

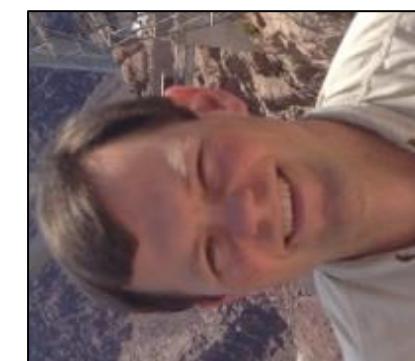
COMMUNITY INPUT COMMITTEE (CIC) MEMBERS – CONTINUED



Peter Onofre
Quadrant 4 (Southwest)
Frank Dunn
Quadrant 3 (Southeast)



Sara Villarreal
Quadrant 2 (Northeast)
Christopher Fullerton
Quadrant 1 (Northwest)



Current Board-appointed Members of the CIC.



EVOLVE: ENTERPRISE RESOURCE PLANNING (ERP) TRANSFORMATION PROGRAM

*PRES*ENTED BY:

Evan O'Mahoney
Chief Information Officer

January 30, 2026
Informational Update

AGENDA

- Evolve: ERP Journey
- Global Design Retrospective
- Change Impacts & Value
- Program Look Ahead

Since our last update in July, the Evolve: ERP Transformation Program has completed Global Design. Scope, schedule, budget, and quality remain on track.

ERP TRANSFORMATION JOURNEY

FY2026 HIGHLIGHTS



GLOBAL DESIGN IN ACTION



GLOBAL DESIGN BY THE NUMBERS



5

Requirements Captured

Capturing the core Business Requirements to be assessed for Oracle solution Fit vs. Gap

7049

Standard Functionality

Requirements met through existing technology functionality or minimal configuration

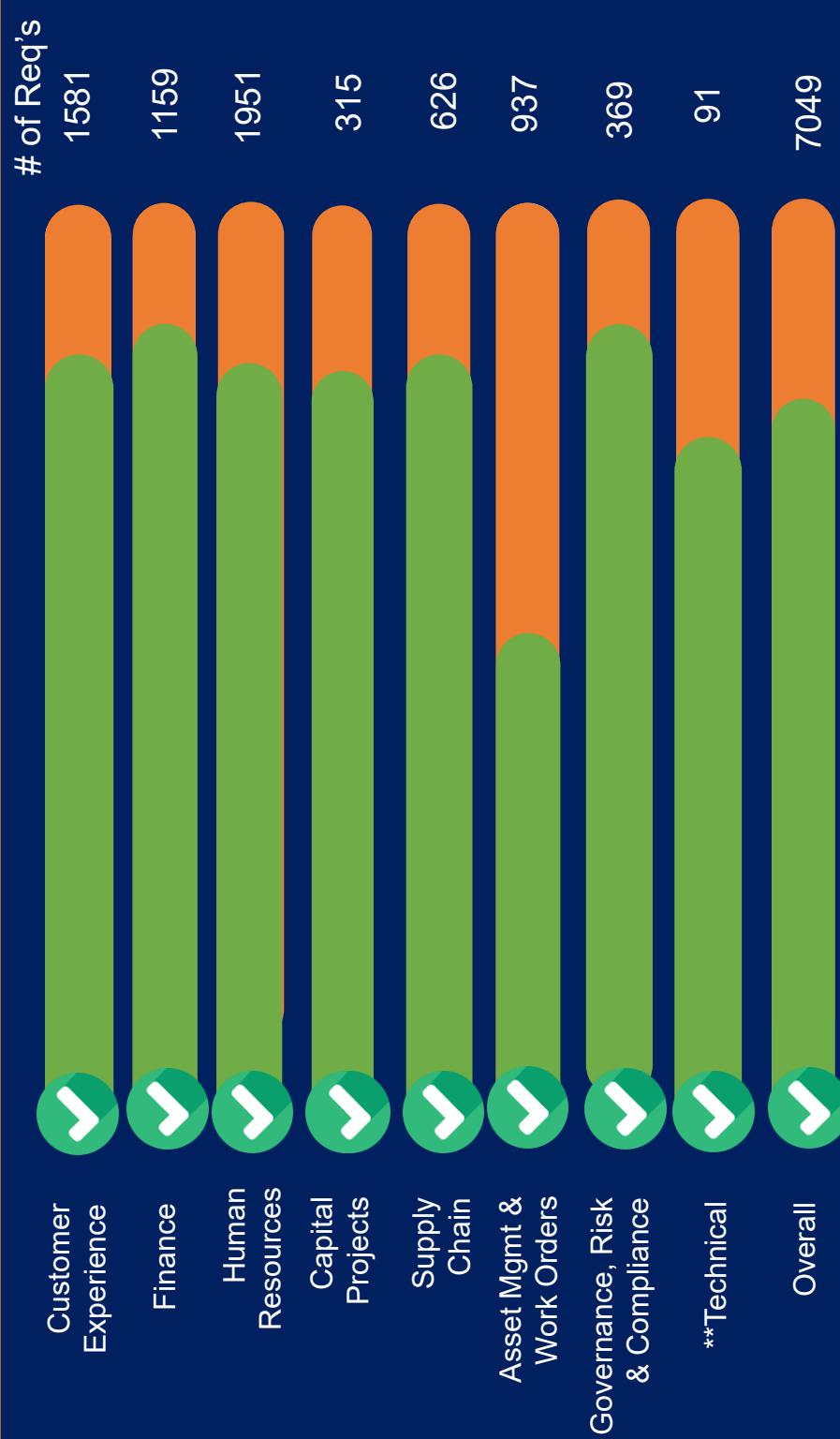
4340

Technical Configurations

Most requirements will be met through RICEF* objects or future roadmap enhancements planned by Oracle

2709

Disposition Status by Workstream



*Reports, Interfaces, Conversion, Extensions, Forms and Third Party "Bolt-on" Products
**Technical includes Technology, Data, and Security

Technical Configurations

Standard Functionality

CONNECTIONS 2025

HIGHLIGHT: BRINGING ORACLE TO LIFE

Objective: Provide team members with a “Day in the Life” preview of our new ways of working

- Attendees previewed realistic scenarios using future processes and tools
- Live system demonstrations showcased Oracle functionality in action
- Cross functional views highlighted handoffs, integrations and dependencies connecting teams and activities
- Over 600 employees attended 72 sessions



Connections
Evolve ERP: Connecting People • Processes • Possibilities

CONNECTIONS 2025

HIGHLIGHT: ACTIVATING OUR LEADERS

Objective: Provide our leaders with insight into the changes coming our way

- 400+ leaders came together for an All-Managers meeting focused on visualizing our future through the ERP Learning Map Journey
- 150+ executives kicked off the next phase of the program as part of an Executive Lookahead focused on their role in driving change within their organization and insights into the year ahead



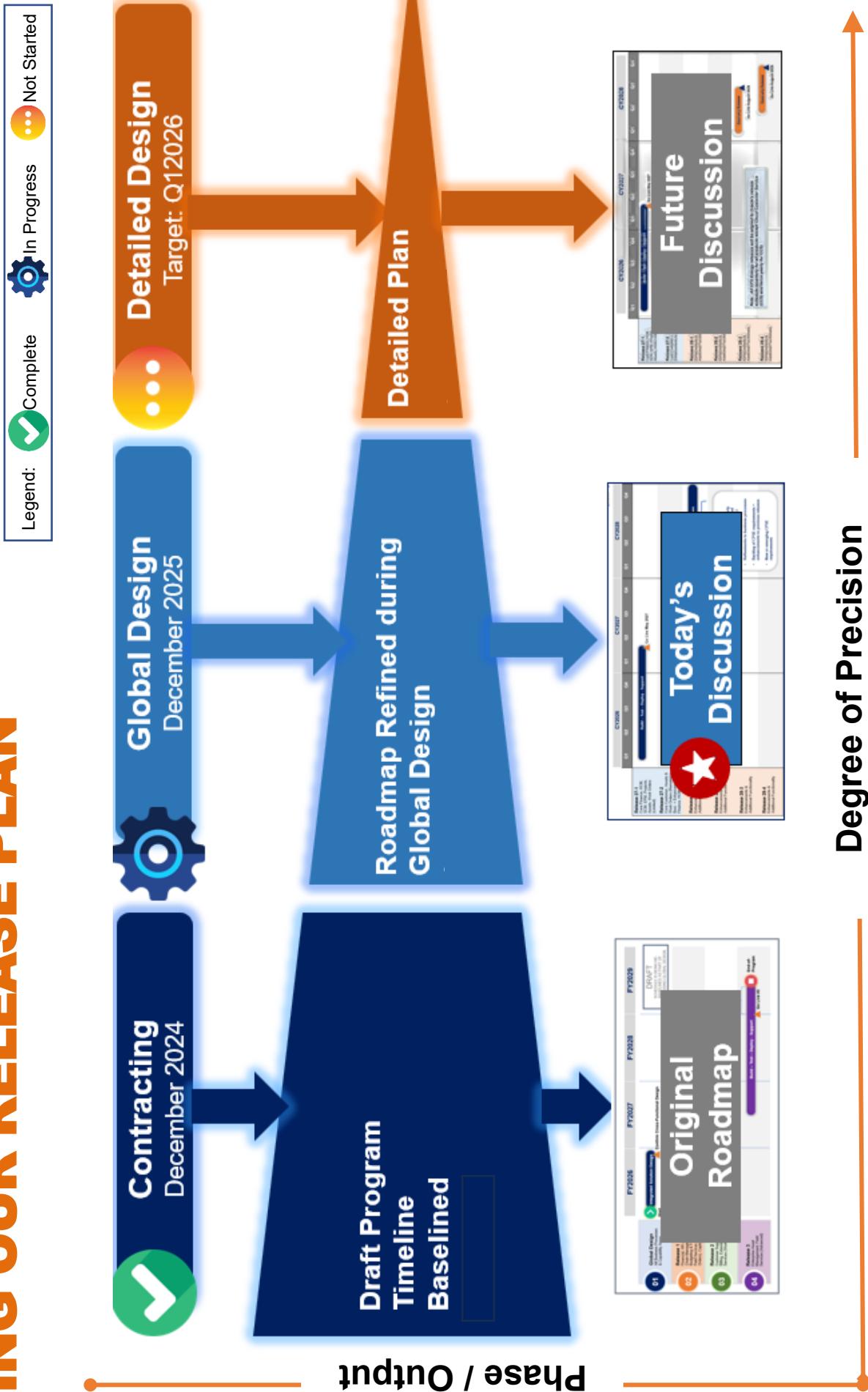
IDENTIFYING CHANGE IMPACTS

TOP 25 BY CAPABILITY AREA*

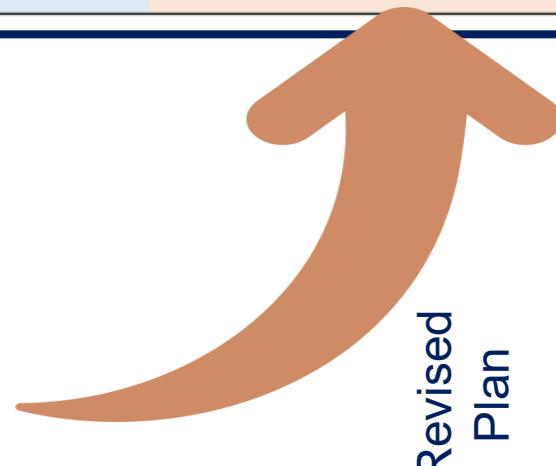
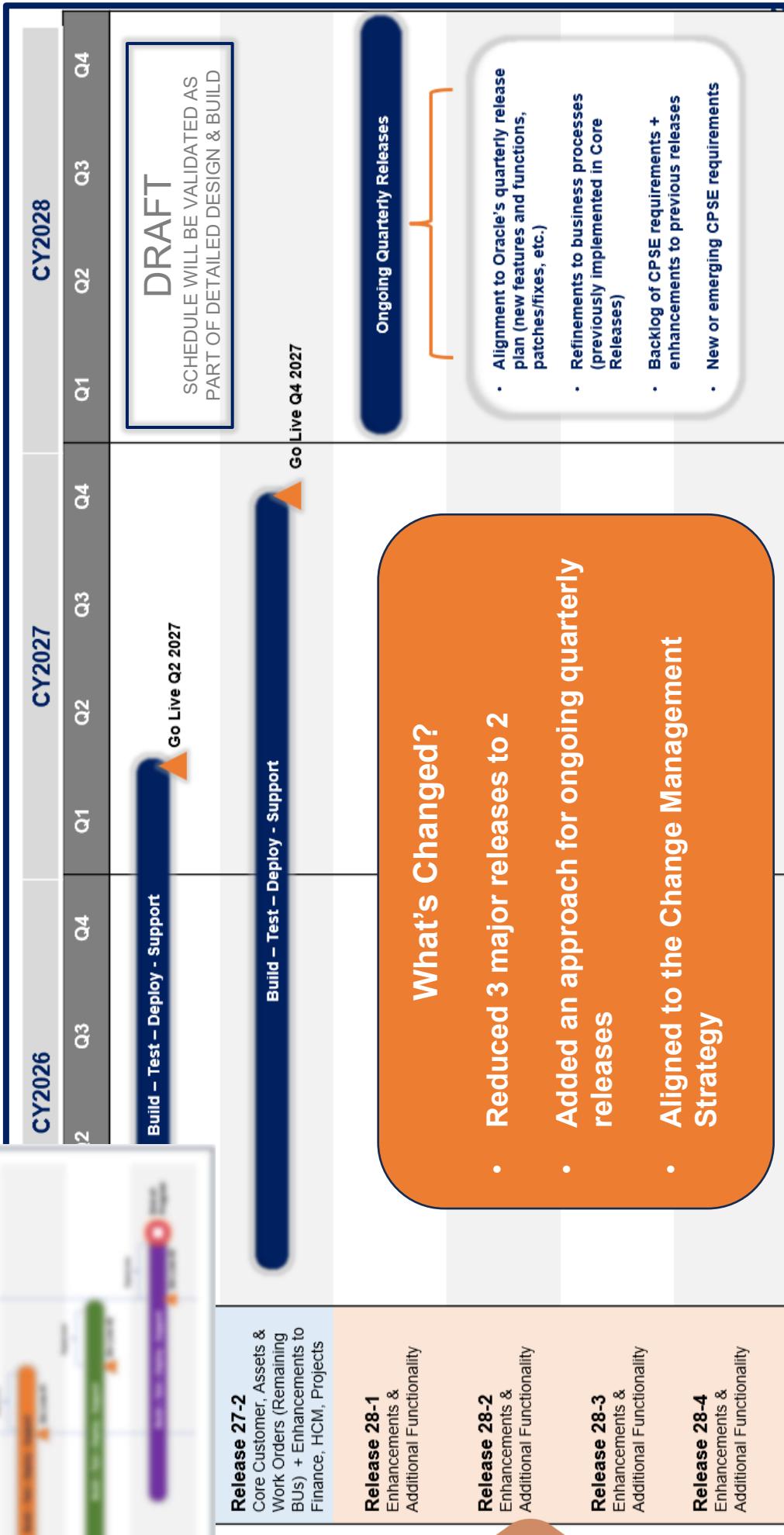


- KEY
- Finance
- Work Management
- Asset Management
- Customer
- Projects
- Human Capital Management
- Supply Chain Management
- Technical

ROADMAP PLANNING EVOLVING OUR RELEASE PLAN



ROADMAP PLANNING UPDATED RELEASE PLAN



Revised
Plan

What's Changed?

- Reduced 3 major releases to 2
- Added an approach for ongoing quarterly releases
- Aligned to the Change Management Strategy

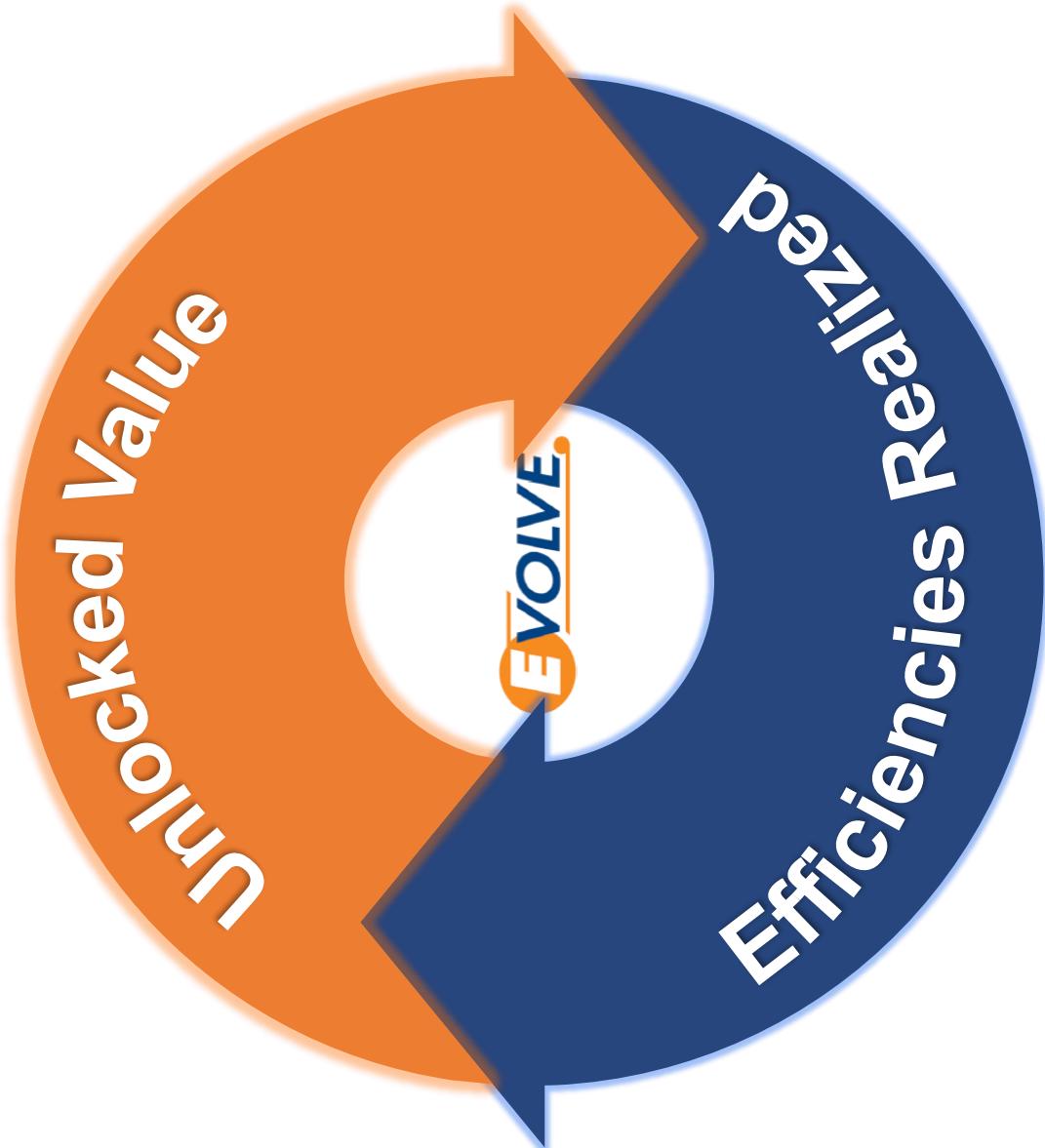
- Alignment to Oracle's quarterly release plan (new features and functions, patches/fixes, etc.)
- Refinements to business processes (previously implemented in Core Releases)
- Backlog of CPSE requirements + enhancements to previous releases
- New or emerging CPSE requirements

THE VALUE CONTINUUM REALIZING VALUE FROM OUR TRANSFORMATION

BENEFITS APPROACH

- Anchoring on mitigating risks across our legacy technology ecosystem
- Evaluating efficiency opportunities across the enterprise that will be enabled by the ERP transformation program
- Identifying value levers through operational improvements and new value creation (for example, implementing rate structures, providing more self-service options, etc.)

Our team is actively engaged in a process to formally document expected outcomes and supporting measures to be achieved from our Digital Business Transformation.



INDEPENDENT VALIDATION & VERIFICATION



Gartner IV&V Scorecard (Week ending December 25th)

| Risk Identified To Date | | | |
|--|---|---------|----|
| Open: | 12 | Closed: | 12 |
| Total: | 24 | | |
| Scope <i>Very Low Risk</i> | No Major Issues to Report | | |
| Budget <i>Very Low Risk</i> | No Major Issues to Report | | |
| Resources <i>Very Low Risk</i> | No Major Issues to Report | | |
| Schedule <i>Medium Risk</i> | Delay in final Global Design deliverable for the Implementation Roadmap introduces risk to timely recalibration of the overall program timeline | | |

Bright Spots / Observations

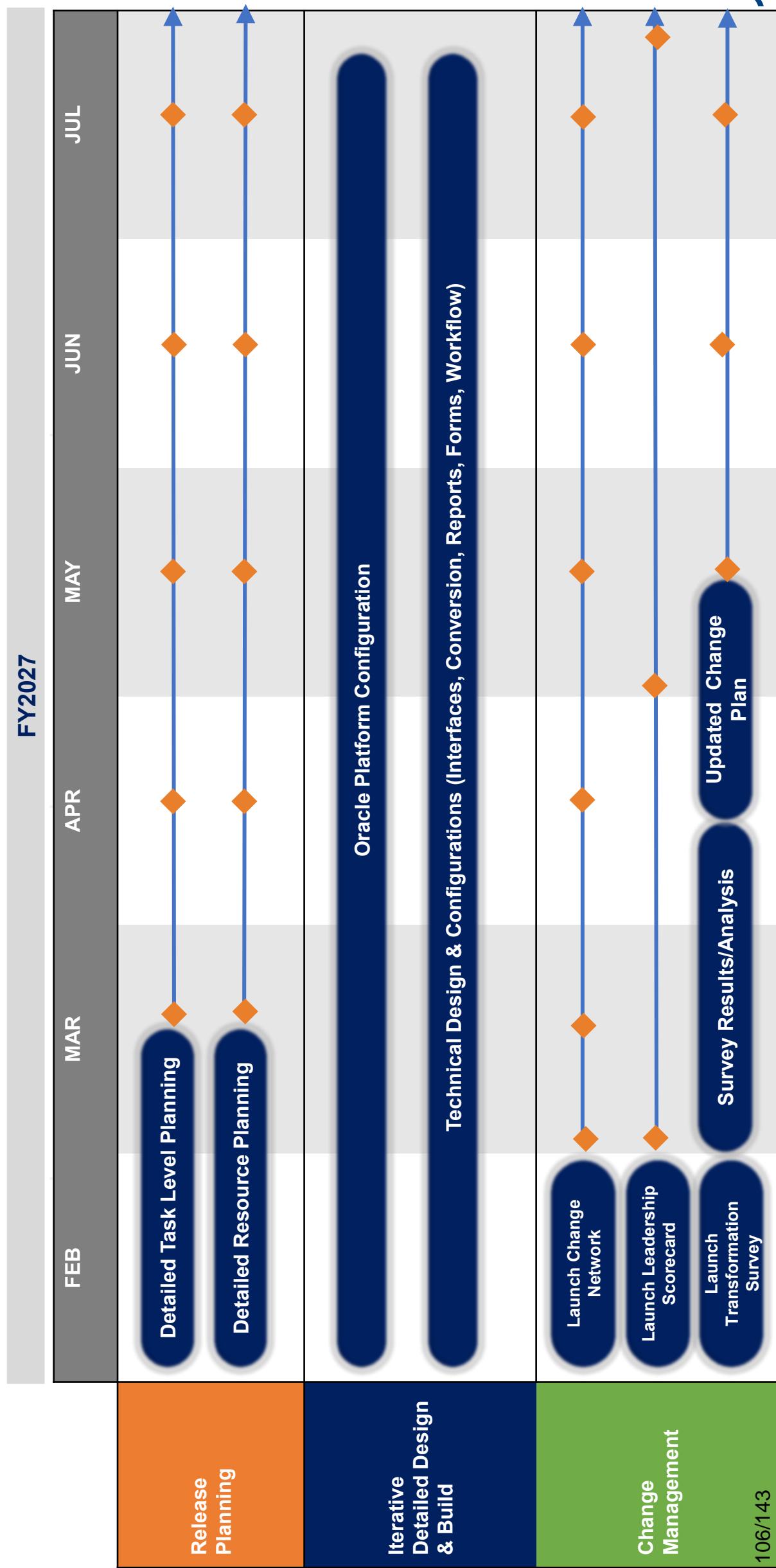
- Financial modeling sessions provided detailed view of the program's robust financial framework, underscoring its **alignment with industry best practices and comprehensive design**.
- Baseline Risk Assessment has been delivered to CPS Energy, informed by multiple inputs including survey that achieved **response rate exceeding 70%**—recognized by Gartner as best practice—demonstrating **strong stakeholder engagement and commitment to the ERP transformation**.
- Connections demonstration sessions **engaged senior leaders across multiple business units**, fostering alignment and shared ownership of the ERP modernization.
- Connections provided stakeholders with **picture of progress and upcoming phases**, including high-level release timeline, reinforcing confidence while **building anticipation for detailed design plan**

IV&V provides actionable insights that reinforce program stability and support proactive risk management.

PROGRAM OUTLOOK SIX-MONTH MILESTONES



Planned Program Progress Checkpoints





THANK YOU

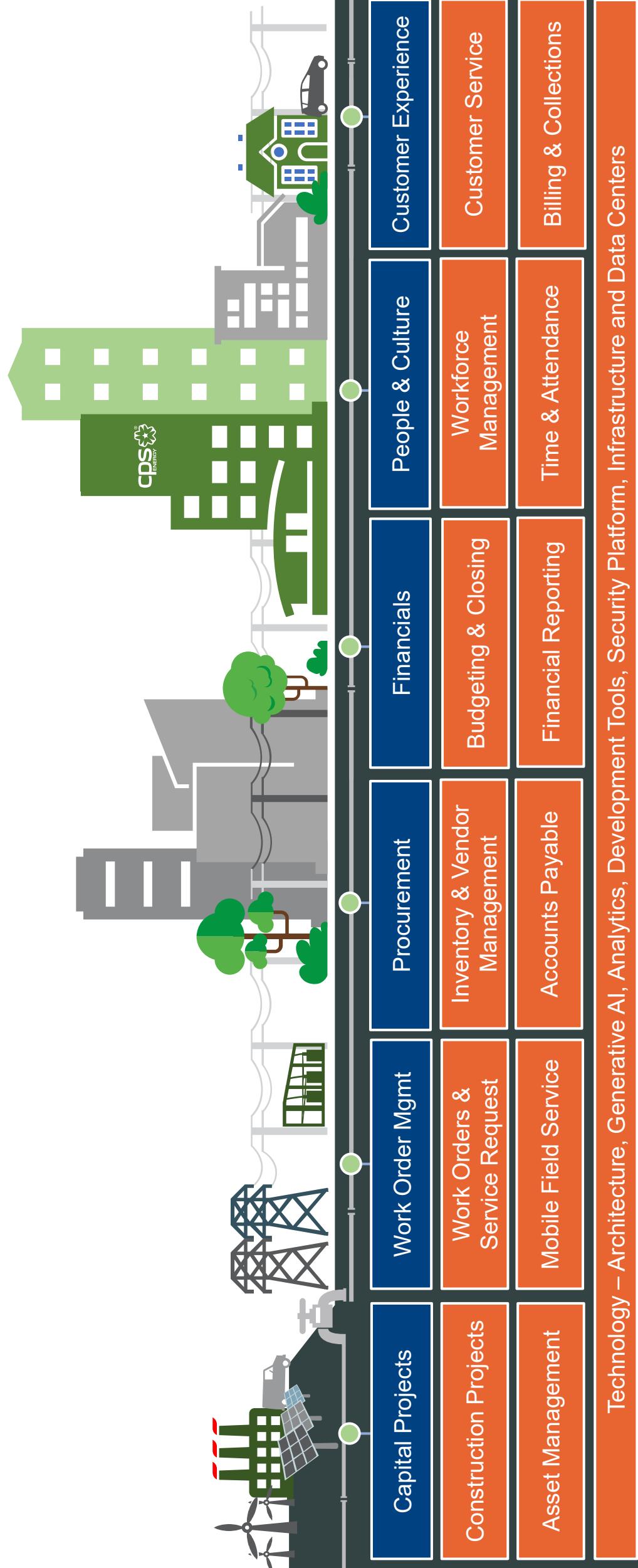


APPENDIX

GLOSSARY / DEFINITIONS

| ACRONYM OR WORD | DEFINITION | ACRONYM OR WORD | DEFINITION |
|-------------------------|--|--------------------|--|
| AI | Artificial Intelligence | Hypercare | Period of high-touch support and assistance provided after a new system is implemented |
| BoT | Board of Trustees | IV&V | Independent Verification & Validation |
| Detailed Design & Build | Final design of all business processes and configuration of Oracle to support the redesigned processes | KDD | Key Design Decisions |
| E2E | End-to-end | OOTB | “Out-of-The Box” features and functional |
| EIT | Enterprise Information Technology | RICE Inventory | Reports, interfaces, conversions and enhancements inventory |
| ERP | Enterprise Resource Planning | SME | Subject Matter Expert |
| Global Design | A unified blueprint of processes and technology used to enable business transformation | Transformation GPS | Analytics tool designed to guide organizations through large-scale transformations |
| GRC | Governance, Risk & Compliance | | |

OUR INTEGRATED SOLUTION A MODERN UTILITIES PLATFORM



OUR INTEGRATED SOLUTION THE ECOSYSTEM IN ACTION



Accenture's Scope

- Program Management
- Business Process Design
- Technical Development
- Configuration & Testing
- Change Management

Subcontractor Partners:



Business Transformation & System Implementation

Resources & Business Requirements

Cloud-Based Technology Solution

Independent Validation & Verification



Gartner's Scope

- Project Health Assessment
- Adherence to Best Practices
- Risk Assessment
- Issue & Mitigation Planning

Subcontractor Partner:



SmartBridge

Program Execution
Aligned to Plan

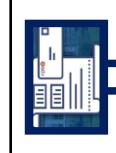
Aligned to Best
Practices in Utilities

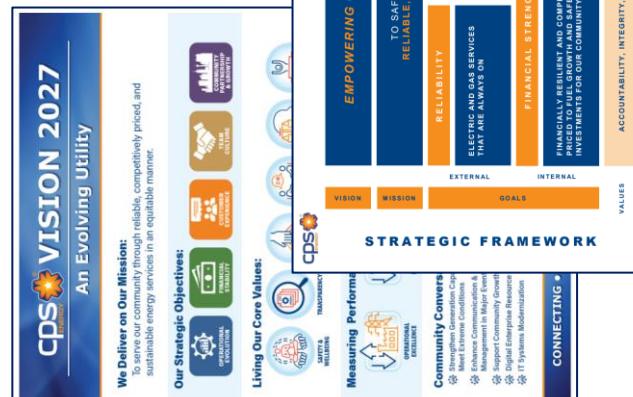
Solution is
Technically Sound

Solution Meets
Business Requirements

Workforce is
Operationally Ready

ESTABLISHED DIGITAL STRATEGY ANCHORED TO VISION 2027 & HORIZON 2050

| Strategic Outcomes | |
|---|---|
|  | Improved experiences for customers and employees |
|  | Data-driven insights that enable real-time decisions |
|  | Continuous improvement to enhance and optimize systems |
|  | Increased ability to support bill and rate redesign |
|  | Enhanced technology reliability and resiliency |
|  | Expanded customer self-service and payment options |
|  | Better able to meet changing industry needs |
|  | Improved operational processes and efficiencies |



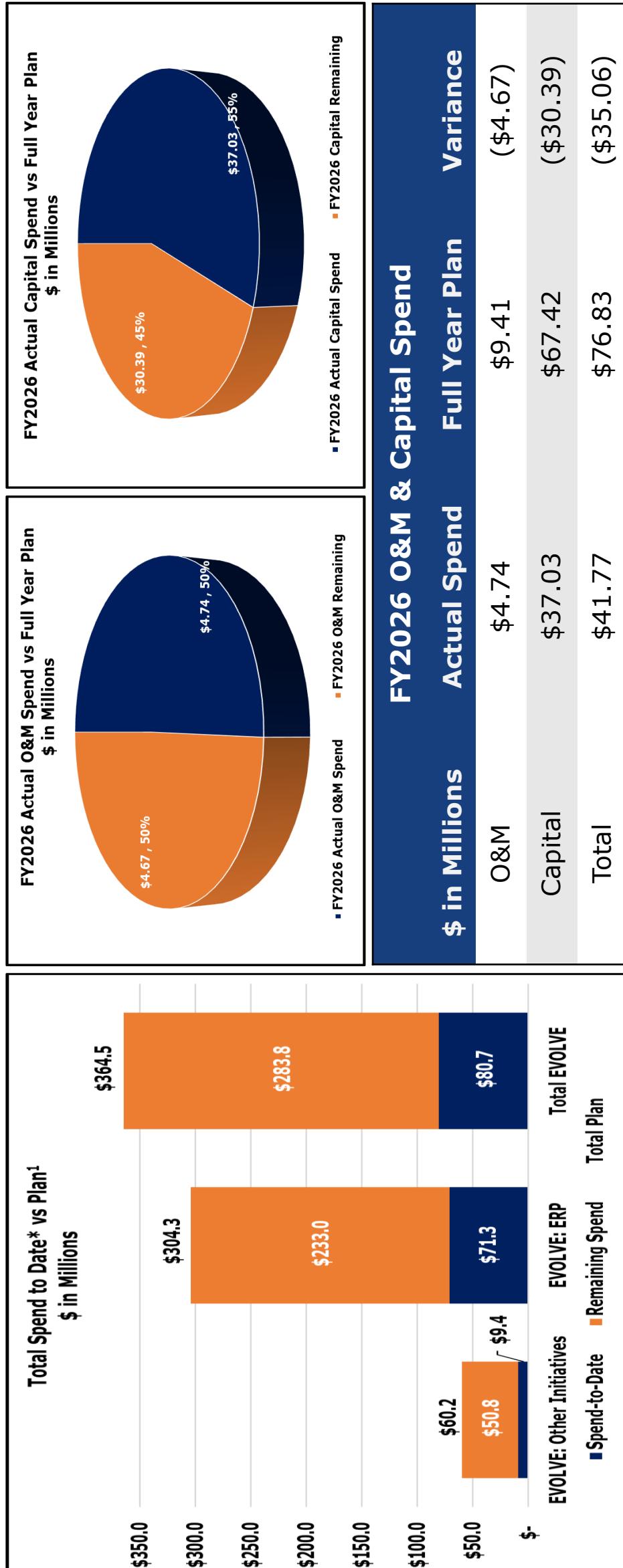
Established business outcomes will measure improvements in software savings, process efficiencies, customer satisfaction, and other in-scope performance areas.

GLOBAL DESIGN STATUS BUILDING THE BLUEPRINT FOR THE FUTURE



All planned Global Design activities have been completed.

EVOLVE FINANCIAL SUMMARY AS OF OCTOBER 31, 2025

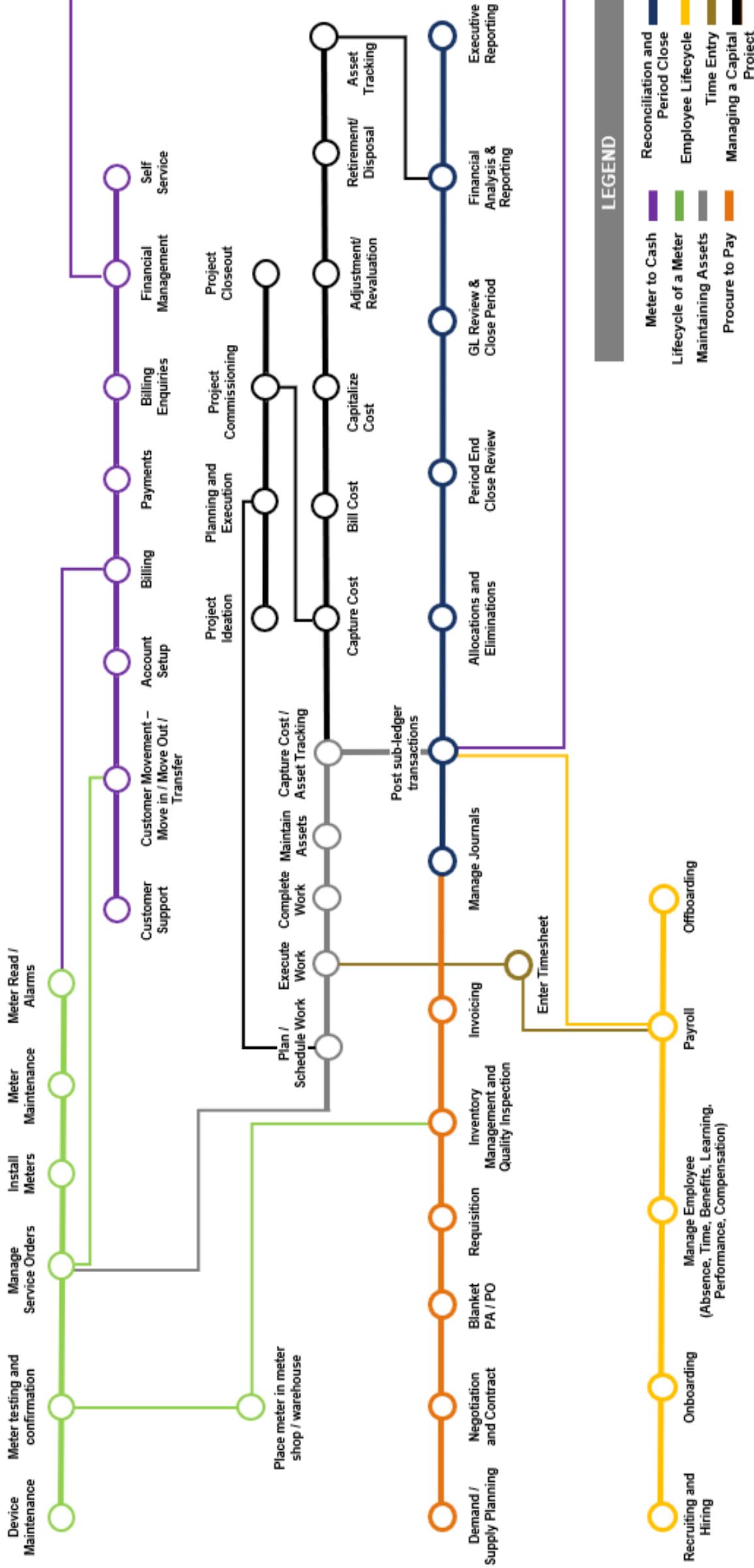


* Includes FY2021-FY2025 Actuals and FY2026 Actuals thru Period 9 (October).

¹ Plan is based on EIT's total estimated costs for EVOLVE of \$364.5M and ERP of \$304.3M through FY2030.

(1) Visuals do not include any adjustments for contingencies.
 (2) Visuals include all EVOLVE initiatives. ERP is the largest effort within EVOLVE.
 (3) ~~1443~~ informed by current known variables, to be refined based on future organizational, technology and market conditions.

OUR INTEGRATED SOLUTION



WHAT WILL CHANGE? THE DETAILS BY BUSINESS AREA

| Finance Changes | | Transformation of CoA, Structure & Governance | Introduce a new Chart of Accounts structure to align with FERC reporting standards. | Finance Data Management & Reporting | Innovate budget & forecasting with a fully-integrated platform that includes rolling forecasts, automated workflows, and a Task Manager. | |
|----------------------------------|--|---|--|--|---|--|
| Work Management Changes | | Front-Load Planning & Work-Intake Governance | Work will be initiated with greater accuracy and control, ensuring the right jobs are started at the right time with the right information, reducing delays and rework later. | Centralized, Integrated Work Planning & Scheduling | Work planning will be centralized in a single-platform, enabling smarter scheduling decisions and improving coordination across crews, projects, and support functions. | |
| Asset Management Changes | | Asset Lifecycle Tracking & History | Complete lifecycle history for each asset, from acquisition to retirement, automatically update when work orders, inspections, or changes occur. | Unified Asset Record & Standardized Hierarchy | Consistent hierarchy and classification model, including parent-child relationships, asset categories, and composed lineages. | |
| Customer Changes | | Customer Support Transformation | A modern CCS interface and 360-degree profiles will unify customer data, simplify navigation, and speed resolution, elevating both advisor efficiency and customer experience. | Sales & Marketing | CX4U - Sales Cloud and Oracle Marketing Cloud - Resonansys Campaign Management will replace current solutions across Salesforce and 3rd party apps to centralize campaign execution and pipeline management and reduce manual work. | |
| Human Capital Management Changes | | Improved End-to-End HR Experience & Process | HR Experience & Process | Advanced talent tools will improve skills tracking, career development, and transparency. | Comprehensive Talent & Learning Management | Advanced talent tools will improve skills tracking, career development, and transparency. |
| Projects Changes | | Work Breakdown Structure Evolution | Shifts from work order-centric, adding an activity level that improves cost detail, trackability, and alignment. | Enhanced Granularity within Time & Expenses, Invoicing and Project Labor | Contract LifeCycle Management will be streamlined through digitization, standardized terms, and data-driven oversight to improve efficiency, accuracy, and risk control. | |
| Supply Chain Management Changes | | Supplier Portal Navigation & Supplier Qualification Management Optimization | Supplier Qualification Management | Supplier Qualification Management will be streamlined through enhanced tools will streamline supplier engagement and approval and improve collaboration with the Supplier. | Contract Lifecycle Management Evolution | Contract LifeCycle Management will be streamlined through digitization, standardized terms, and data-driven oversight to improve efficiency, accuracy, and risk control. |
| Technical Changes | | Security Role & Design | Security & Role Design | Enhancements strengthen governance and automation, and data protection via centralized RBAC, SoD, enforcement, Oracle Risk Cloud Management and automated, standardized access controls. | Oracle SaaS/OIC Infrastructure | Oracle SaaS Transition streamlines IT operations by shifting focus to business modules, collaborative, and flexible cloud operations, utilizing OIC, and enabling scalable, and flexible cloud operations. |

Cross-Functional Dependencies

People Impacted by Change Across the Business

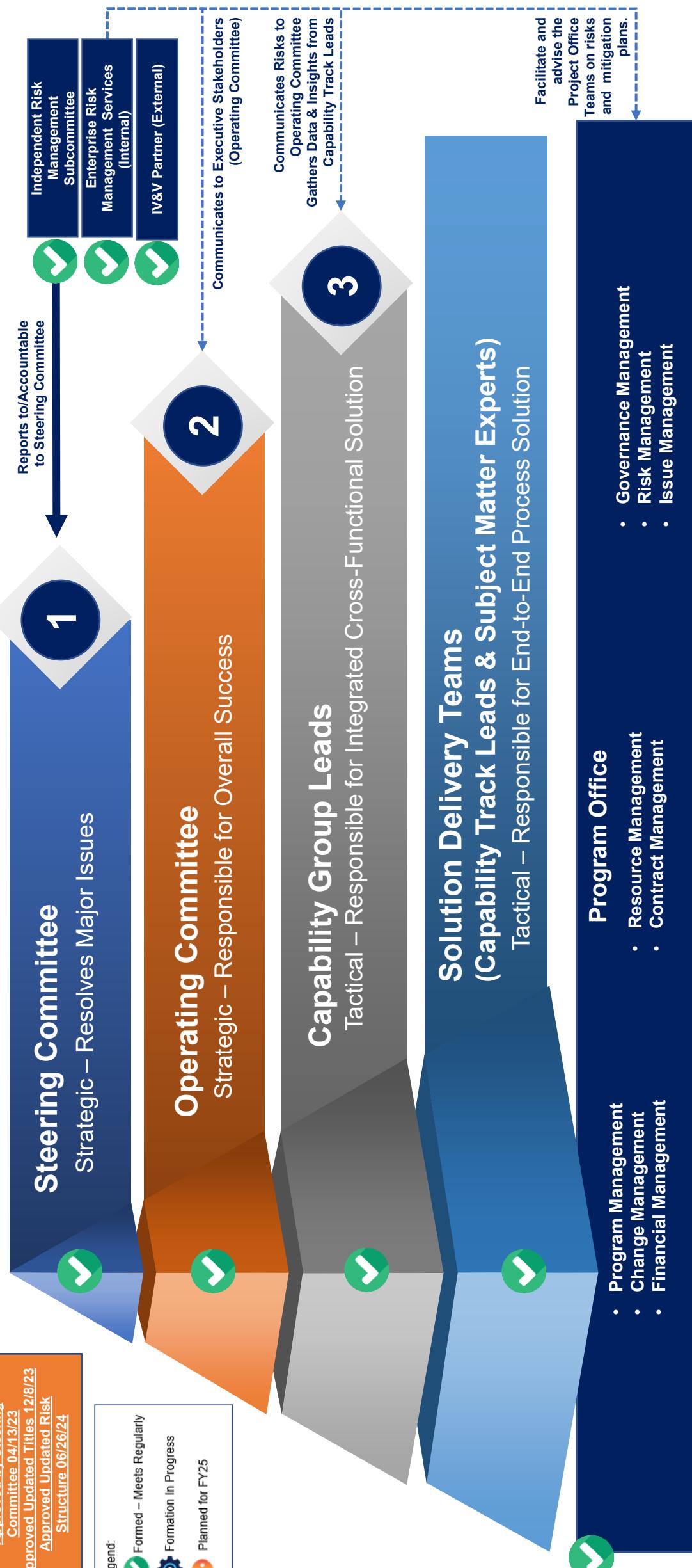
Impact Level

APPROVED GOVERNANCE STRUCTURE



Approved by Steering Committee 04/13/23
Approved Updated Titles 12/8/23
Approved Updated Risk Structure 06/26/24

Legend:
Formed – Meets Regularly
Formation In Progress
Planned for FY25



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

PROGRAM GUIDING PRINCIPLES GUARDRAILS FOR DECISION MAKING

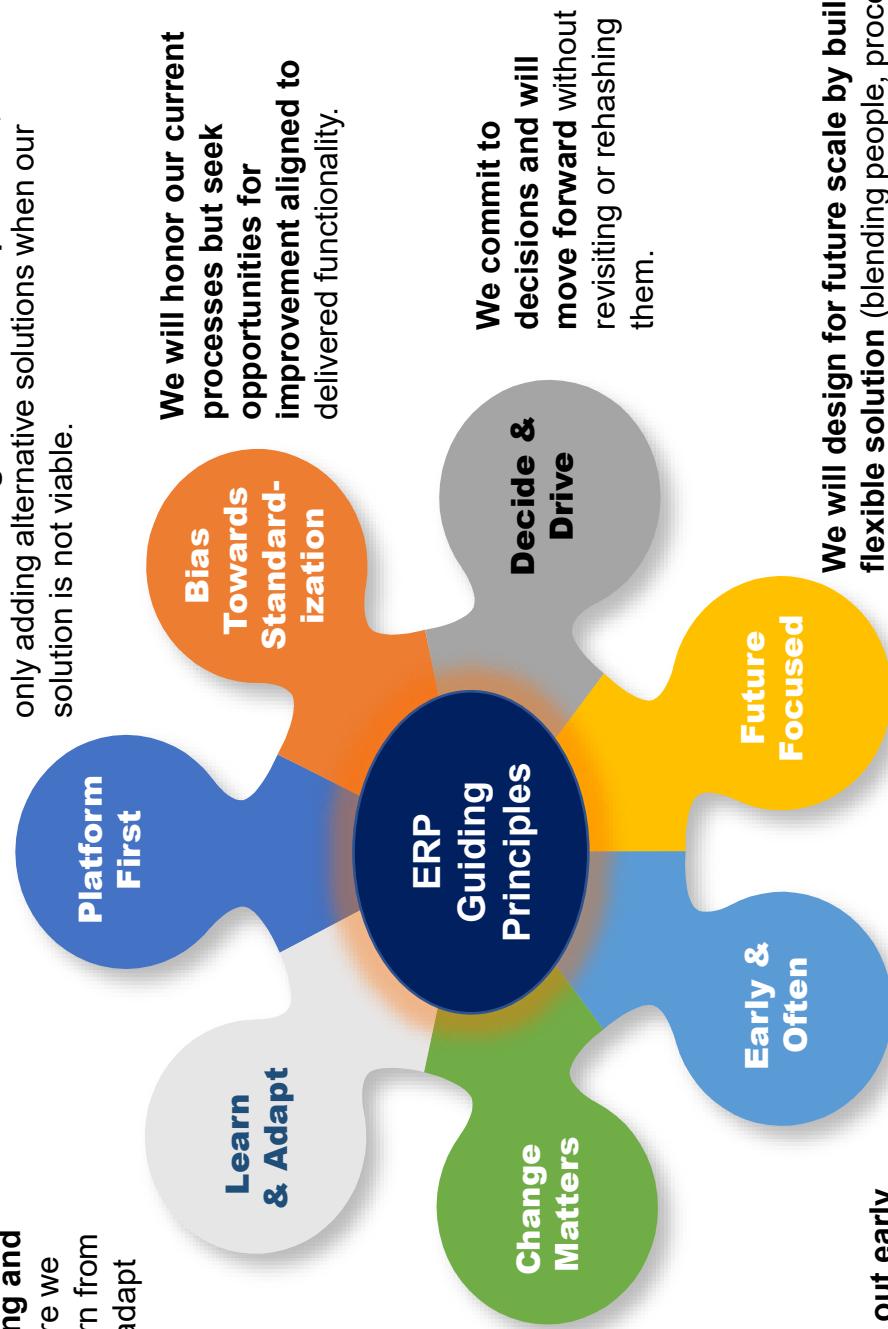
We will build a culture of continuous learning and improvement where we make changes, learn from our stumbles, and adapt and adjust quickly.

We will use the purchased software solution to the greatest extent possible, only adding alternative solutions when our solution is not viable.

We will meet people Where They Are (where they work and how they work). We will be biased towards extreme communication, comprehensive easy-to-consume training, and a single-minded focus on the user experience.

We will seek out early successes, then iterate and build on those successes.

ERP Guiding Principles





Energizing Progress Together

January 30, 2026
Informational Update

PRESENTED BY

David Kee
Director of Energy Market Policy

Today, we're going to share:

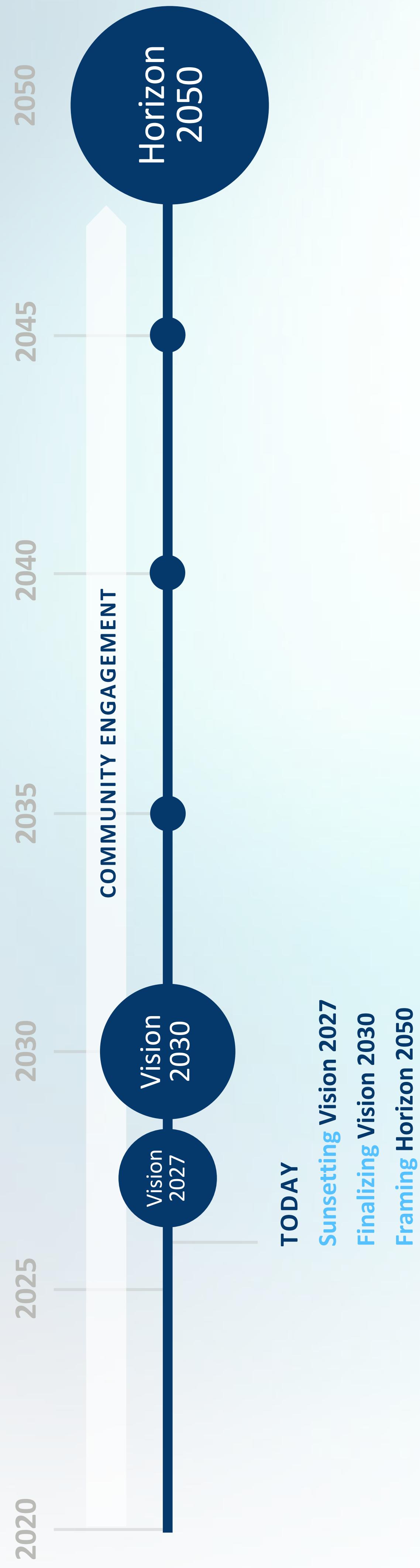
- Strategy
- Approved Plan/Progress
- Why Now?
- Refresh Process

To safely power our
community with
reliable, affordable,
and cleaner energy

Thinking long term

Empowering our community for generations

Our path Vision 2027 to Horizon 2050



OUR PROGRESS

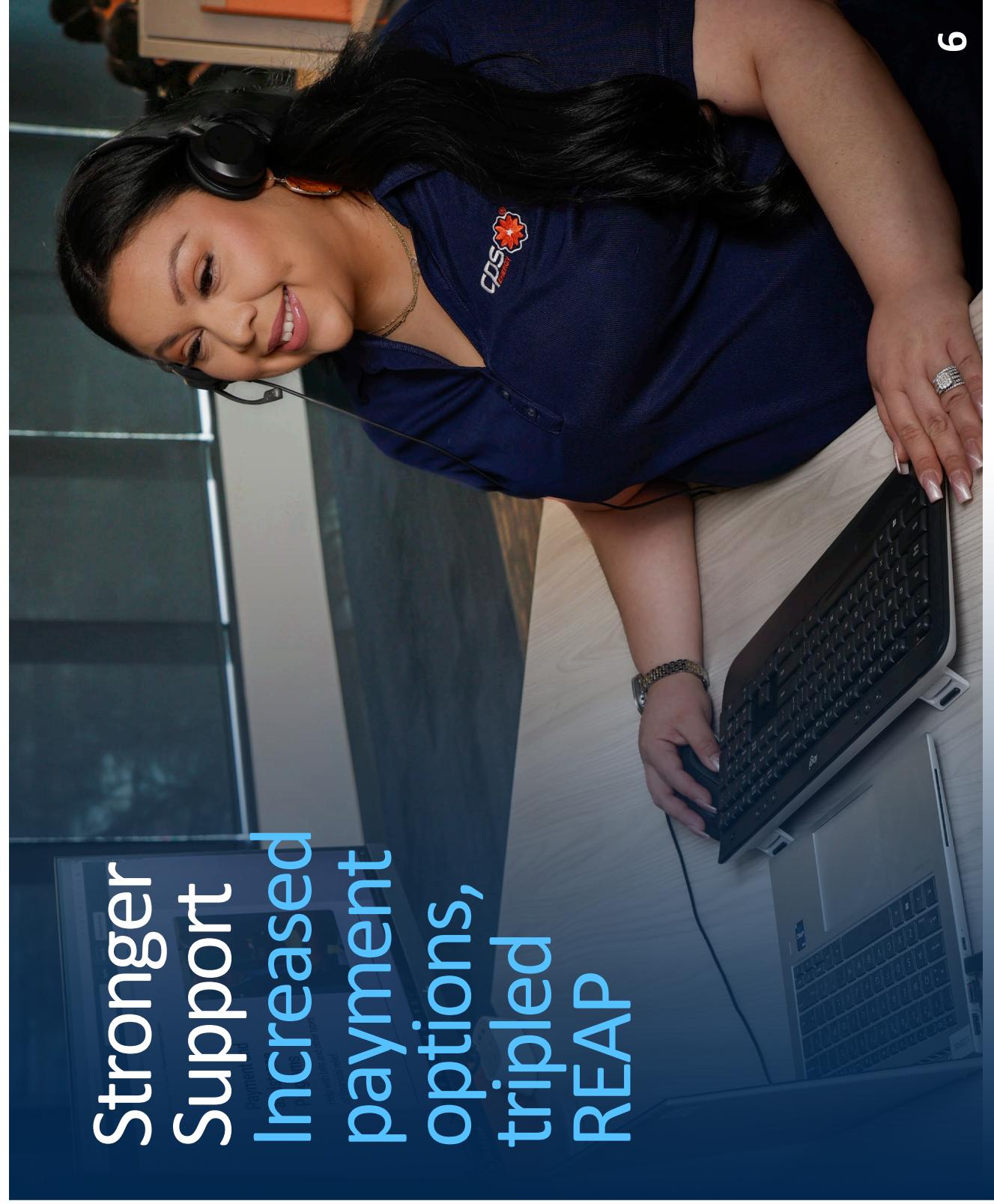
Vision 2027

We have
accomplished
a lot over the
last 2 years

More
Power
Added
generation
resources

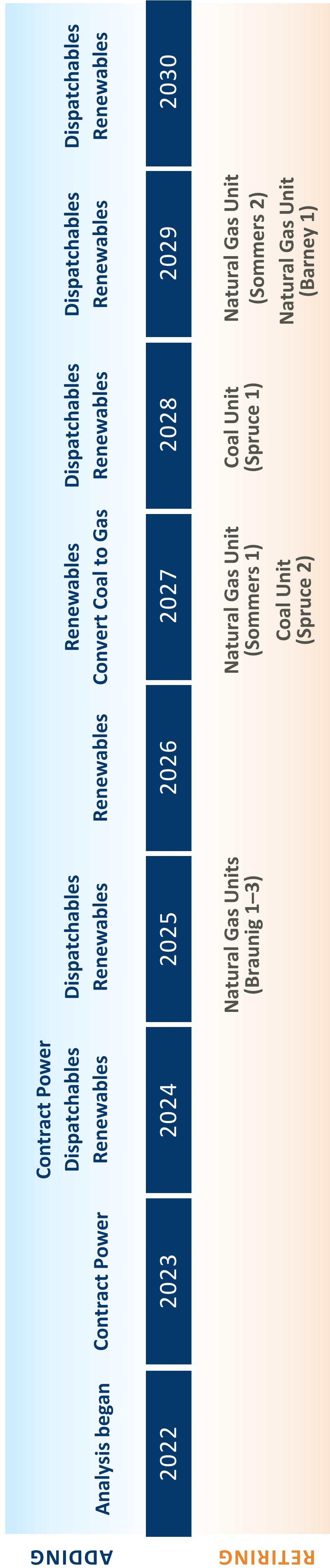


Better
Service
Invested
in system,
staff and
training



Generation Plan

Renewables 1,680 MW
Storage 1,050 MW
Natural Gas 4,184 MW
Contract Power 722 MW
+ 7,636 MW



Coal 1,345 MW
Natural Gas 1,981 MW
- 3,326 MW

Today

More power, ahead of schedule

% of 2030 target
online or under
contract

3,925 MW

410 MW
STEP goal
280 MW

83%

734 MW

62%

520 MW

50%

170 MW

34%

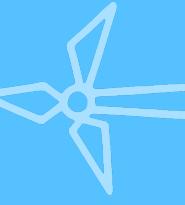
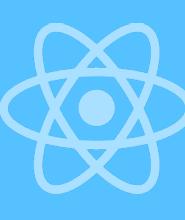
WIND STORAGE

STEP

NATURAL
GAS

SOLAR

NUCLEAR



Achieved

2025 Target (online)

1,430 MW 4,592 MW

52 MW
+

Reduced
demand

Today

**More power,
lower costs**

Natural Gas

58%

Cheaper than budgeted

\$5.2B projected vs. \$2.2B actual

Solar and Wind

10%

Actual savings

Today in Texas

1st 2nd 4th 4th 6th

Largest solar energy purchaser

Largest power generator in the ERCOT market

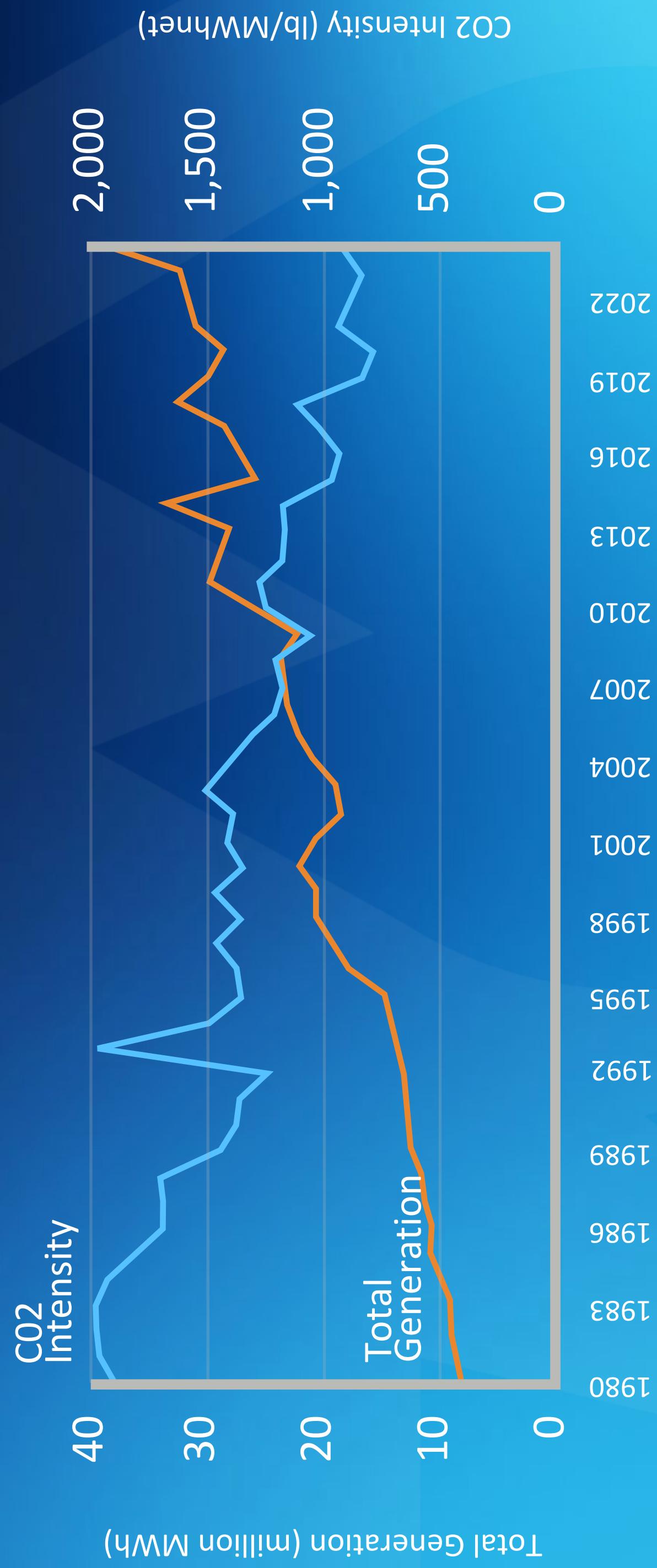
Largest gas local distribution company

Largest transmission service provider

Carbon Emission Goals

Moving toward cleaner air

2024 Carbon Emissions Intensity*



*Pounds (lb) of CO2 per net MWh of generation from all sources: coal, natural gas, nuclear, wind and solar, market purchases

OUR COMMUNITY TODAY

7th

Largest city in the US
by population

4th

Fastest-growing city in the US
by population

70%

Above the national average
growth rate

There's growing demand,
and we're planning for the future

Source: US Census Bureau

Energy demand is growing fast

Annual growth is

2.26%

More than forecast

Latest annual growth projections

115 MW
260 MW

Forecast

WHAT'S CHANGED COSTS

Rising new build costs

Over the past few years

Gas-fired generation construction cost over time (\$/kw)

70% cost increase
in 4 years

\$2,200

\$1,700

\$1,400

\$1,300

2022
2023

2024
2025

30% cost increase
since last year

WHAT'S CHANGED BUILD TIMELINES

As a result of Texas' continued strong economic growth, new load is being added to the ERCOT system faster and in greater amounts than ever before.

President/CEO Pablo Vegas
ERCOT

I would expect by the end of the summer, we will be largely sold out through the end of '28 with this equipment.

Transformer lead times have been increasing for the last 2 years - from around 50 weeks in 2021, to 120 on average in 2024.

CEO Scott Strazik
GE Vernova
CERAWeek Conference, March 2025

Wood Mackenzie
2024

WHAT'S CHANGED REGULATORY

Headwinds

Wind & Solar

Tailwinds

Hydrogen Storage

Nuclear

Credits fully available for projects in-service through 2029 instead of 2032

Subsidy lowers fuel price through 2038 instead of 2043

Credits fully available for projects in-service through 2034 instead of 2032

Credits fully available for projects in-service through 2037 instead of 2035

Ending sooner

Lasting longer

WHAT'S CHANGED NEW TECHNOLOGY

Interest in new
nuclear deployment
is growing

What's not changing

Focus

Reliability,
Affordability,
Cleaner Energy

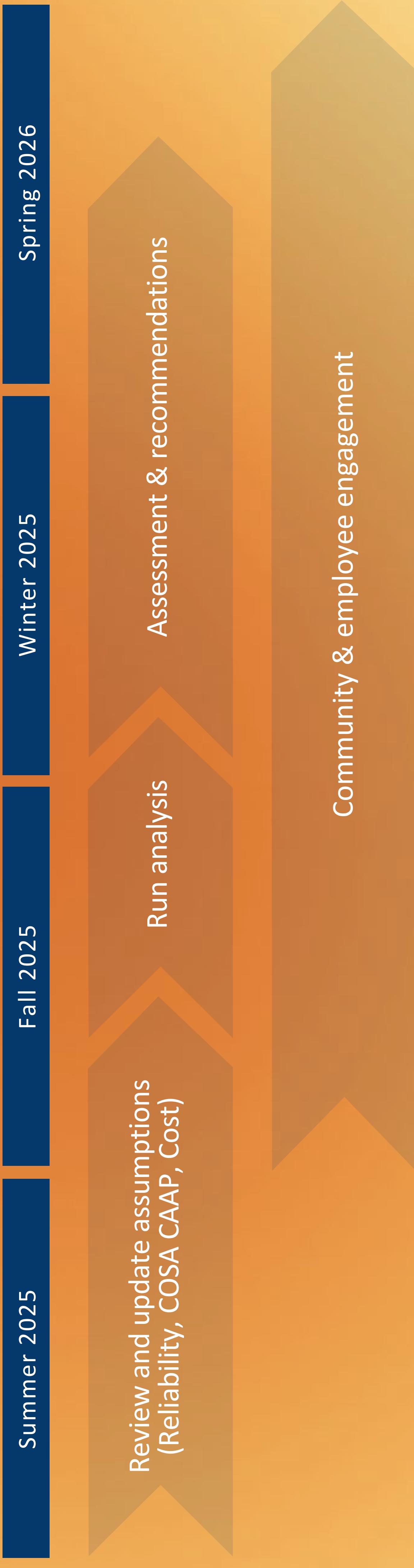
Commitment

City of San Antonio
Climate Action &
Adaptation Plan goals

Customer Protection

Maintain long-term
power supplies and
reserves

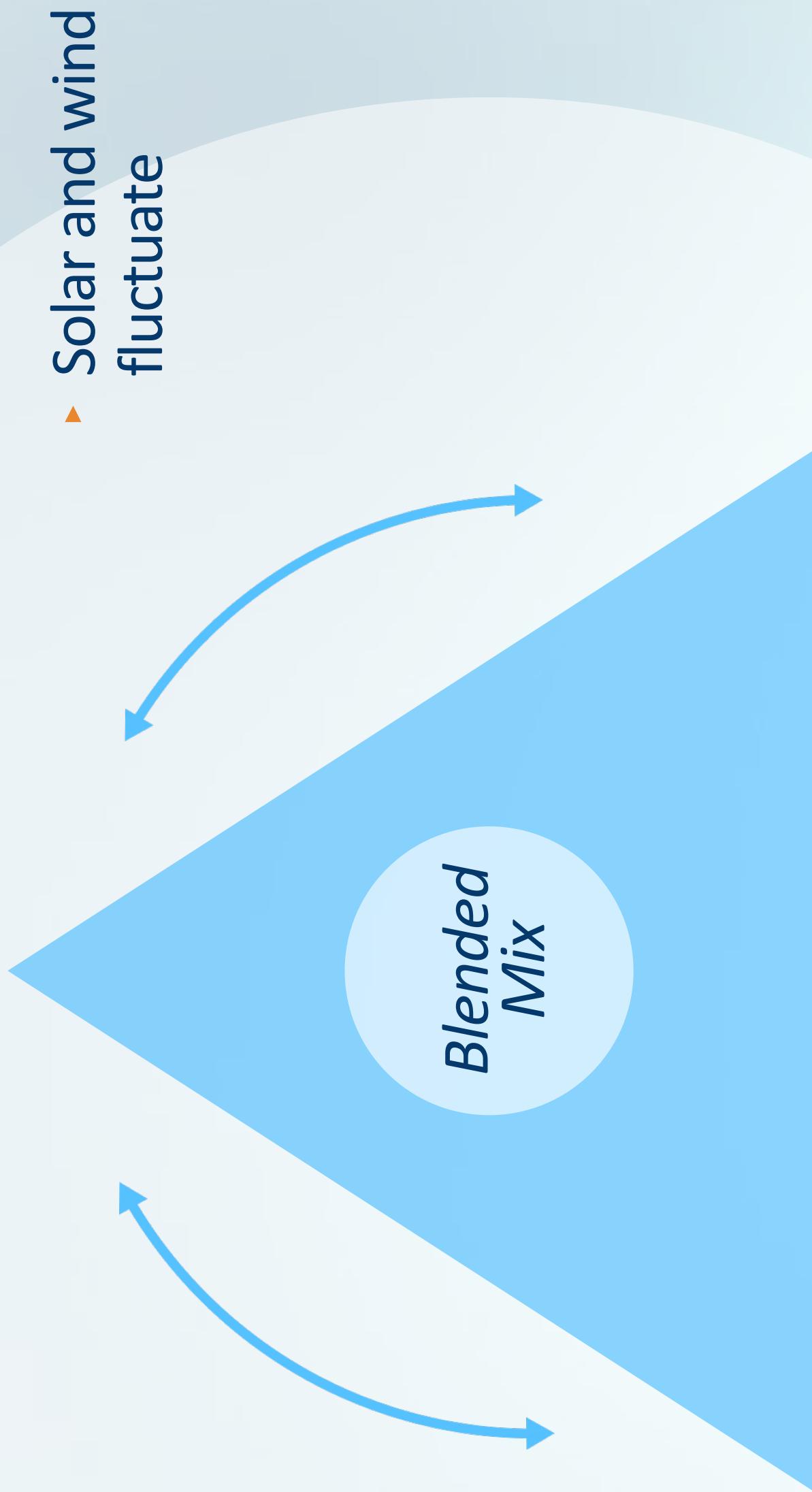
Taking the right steps



Generation Planning

RELIABILITY

- Dispatchable energy is controllable
- Environmental and health impacts



- Solar and wind fluctuate

AFFORDABILITY

- CAAP goal progress
- Increased reliability risks and costs

CLEANER ENERGY

Connecting with Our Community



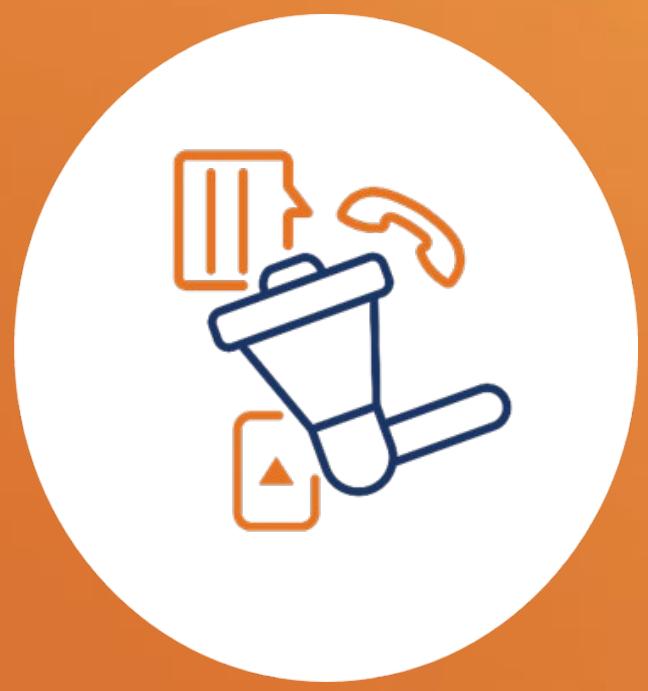
Community Engagement

Community-wide engagement opportunities, including community resource fairs, pop-ups, events with council districts and suburban cities, tele-town hall, and our public survey.



Stakeholder Engagement

Events and meetings with stakeholders, including local chambers and organizations, committees, and partner agencies.



Marketing & Communications

Ongoing outreach and awareness conducted through media relations, social media, website, newsroom and electronic newsletters.



Employee Engagement

Direct engagement conducted with CPS Energy employees through in-person, virtual, and print and electronic communication.

We will continue to
Connect, listen and engage

November

- D2 Community Fair
- Community Pop-Up
- Community Survey
- Stakeholder Meetings

December

- D7 Community Fair
- Community Pop-Up
- Community Survey
- Stakeholder Meetings

January

- Community Tele-Town Hall
- D1 Community Fair
- Bexar County Community Fair
- D6 Community Fair
- Community Survey
- Stakeholder Meetings

February

- Community Survey
- Stakeholder Meetings
- Board Consideration

Thank You

Appendix

Connecting with Our Community

Community Engagement

Stakeholder Engagement

- Community Events: 13
- Community Events Touchpoints: 1,931
- Community Events Attendance: 300
- Jan 13, 2026, Tele-Town Hall Attendance (phone, Facebook, and website): 5,040
- Public Meetings Livestream Views: 503
- Survey Participation: 582
- Focus Group Attendance: 46

Marketing & Communications

- Stakeholder Events: 11
- Stakeholder Events Attendance: 300
- Digital Toolkits/E-Blast Distributed: 1
- Digital Toolkits/E-Blast Distribution Reach: 2,072
- CEO Engage Newsletter Reach (1 newsletter): 17,743

Employee Engagement

- Social Media Impressions: 14,537
- Webpage Visits: 10,300
- Media Coverage: 10
- Community Value Letter: 941,028
- October 28, 2025, SA Report Sponsored Article: 30,000
- December 11, 2025, SA Report Sponsored Article: 30,000

- Employee Newsletter Stories: 4
- Employee Newsletter Reach: 3,650
- November 19, 2025, Employee Town Hall Participant: 917