

• **BROAD & MAJOR TOPICS – UPDATE ON THE CHAIR'S PRIORITIES:**

○ **ITEM 4 ON THE AGENDA:**

- CEO UPDATE – The search for a new Trustee Continues: Our website is up and running and advertising is ramping up.



The screenshot shows the CPS Energy website with a prominent announcement for a 2021 Board of Trustees vacancy. The announcement includes details about the application process, the role of the Board, and the composition of the Board.

2021 Vacancy Announcement:

CPS Energy is accepting applications from interested and qualified persons to be considered for the upcoming Board of Trustees vacancy. This vacancy requires that applicants reside in the northwest quadrant of CPS Energy's service area. To confirm the quadrant in which you reside, visit the [Quadrant Map Locator](#).

The deadline to submit an application is 5:00 PM CST, August 31, 2021.

To access the application and criteria for eligibility, [click here](#).

Background:

The CPS Energy Board of Trustees, in accordance with bond ordinances, governs the natural gas and electric utility. The Board consists of four citizens residing in each of the four geographical quadrants within Bexar County and the Mayor of San Antonio, who serves as an ex-officio member. Trustees may serve for a term of five years and are eligible to serve an additional five-year term.

The Board has full authority to make rules and regulations governing the furnishing of electric and gas service and full authority with reference to making extensions, improvements and additions to CPS Energy electric and gas systems, and to adopt rules for the orderly handling of CPS Energy affairs. While the Board serves as the governance authority over CPS Energy, the utility must go to the City Council for the following:

- Rate adjustments;
- Condemnation proceedings;
- Issuance of bonds, notes, or commercial paper; and
- Appointing Board members.

Composition:

- Five-member Board

Navigation buttons on the left side of the announcement include: Board of Trustees Application, Board Meetings & Presentations, Current Board of Trustees, Former Board of Trustees, and Quadrant Map with Council Districts.

Importantly, every Board Member works to support the company's customers who reside across its formal 1,500-mile service area. That area covers Bexar County and parts of seven surrounding counties. To obtain better geographic coverage and clarity, the Board selection process is aligned to four quadrants across Bexar County.

In the search for a new Trustee, the person will be selected from Quadrant 1. See the blue highlighted area on the map. Trustee Edward Kelley currently resides in Quadrant 1 and his final term as a Trustee will end on January 31, 2022.



CEO's Report for July 26, 2021

Board of Trustees Meeting

Anyone can quickly check the Quadrant they live in by visiting our website.

<https://secure.cpsenergy.com/mma/boardQData.jsp>

➔ Enter your address

Steps: Find The CPS Board Member From Your Quadrant

- Enter an address
- Click on the 'I am not a robot' button
- Click the 'Continue' button
- If needed, choose from a list of suggested addresses
- Quadrant Information for the address submitted and the Board Member from that Quadrant will be displayed.

Service Address

Street Number: Street Name:

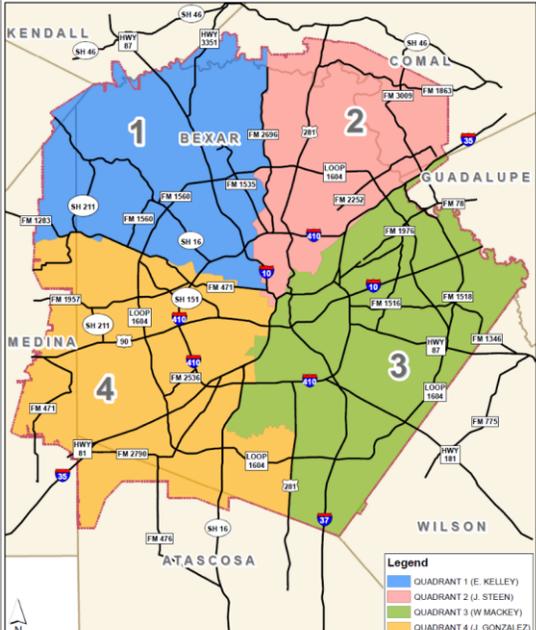
Apartment/Suite Number: Zip Code:

Optional

(Only enter the numbers and/or letters for your Apt, Suite, Trailer, Lot, Unit etc.)

I'm not a robot  reCAPTCHA
Privacy - Terms

CPS ENERGY BOARD OF TRUSTEES QUADRANTS

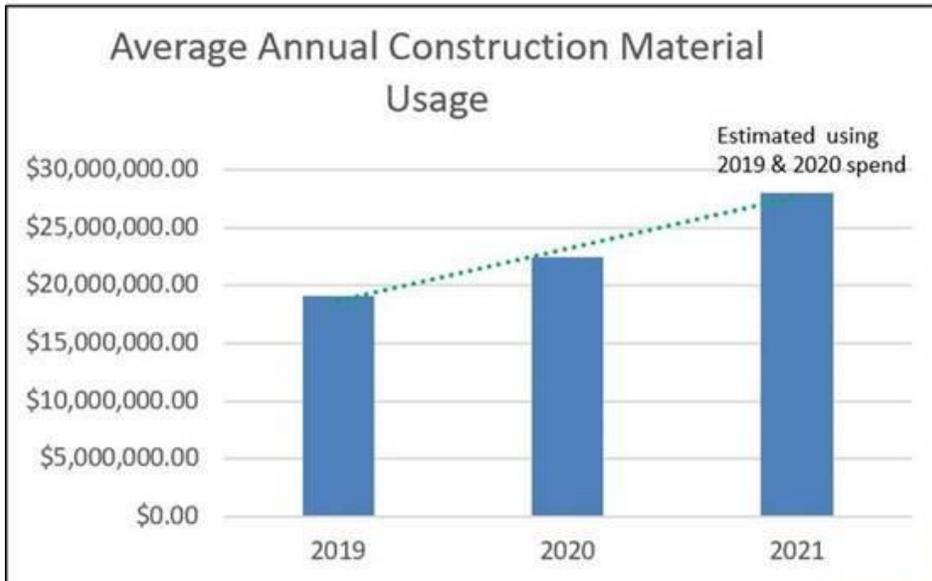


Legend

- QUADRANT 1 (E. KELLEY)
- QUADRANT 2 (J. STEEN)
- QUADRANT 3 (W. MACKEY)
- QUADRANT 4 (J. GONZALEZ)



CEO UPDATE – Increasing Material Procurement Pressures: Our average annual construction material consumption correlates to the upward trend in our city's growth:

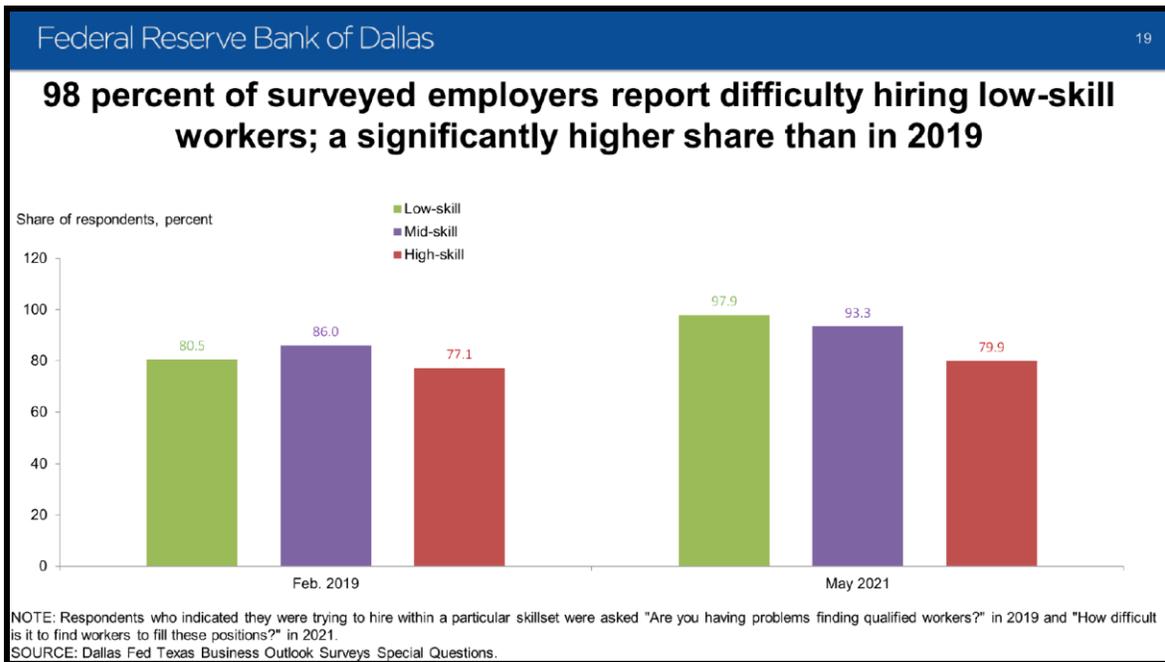


To date, we have avoided a significant stock-out that could pause or stop work. As the issues continue, and as the hurricane/storm season ramps up, we face more risks. Externally, we have leveraged relationships with peer utilities to share items when possible, and we are expanding our delivery options to prevent a work-stop due to critical components sitting in a warehouse or on a dock for want of drivers.

In the coming weeks you are likely to see and hear more about the Supply Chain challenges we are facing, as we work to share direct messaging with those in our community who partner with us to serve customers and support growth. This includes the builder/developer community and the general public.

Please know that we are leveraging every resource we have to address these challenges. We welcome any questions you may have and would be happy to provide more information on our current operation or proposed strategy.

CEO UPDATE – Increasing Labor Pressures are Occurring at All Levels of Our Company: San Antonio, and the nation, are currently in a sellers' (worker's) market. This is affecting our hiring and retention of team members. We are down in headcount, beyond our strategic hiring-freeze threshold levels. **There is fierce competition for talent.**



CEO UPDATE – Credit Ratings Agencies: We continue to meet with them to keep them informed.

**STANDARD
& POOR'S**

Fitch Ratings

MOODY'S



CEO's Report for July 26, 2021

Board of Trustees Meeting

CEO UPDATE – The Rate Advisory Committee (RAC): There have been five (5) meetings to date. See the summary provided below.

MEETING/ TOPIC	DESCRIPTION
COMPLETED:	
5/27/2021	<ul style="list-style-type: none">• RAC Introduction led by Chair Williams and Vice Chair Portillo-Morales• Additional Attendees:<ul style="list-style-type: none">○ Mayor Nirenberg○ Vice Chair Gonzalez
6/10/2021	<ul style="list-style-type: none">• CPS Energy Overview
6/24/2021	<ul style="list-style-type: none">• Rate Design & Trends – Principles• Additional Attendees:<ul style="list-style-type: none">○ The Brattle Group
7/8/2021	<ul style="list-style-type: none">• Rate Design & Trends• Additional Attendees<ul style="list-style-type: none">○ The Brattle Group○ No One Signed Up for Public Input
7/22/2021	<ul style="list-style-type: none">• Cost of Service• Additional Attendees<ul style="list-style-type: none">○ The Brattle Group○ One (1) Person Signed Up for Public Input
UPCOMING:	
8/5/2021	<ul style="list-style-type: none">• CPS Energy will focus on our numbers
OTHER INFORMATION:	
Questions from RAC members	<ul style="list-style-type: none">• Working Through Questions – Posting to Website, as completed• APPA Reference Books sent to members



CEO's Report for July 26, 2021

Board of Trustees Meeting

- **ITEM 4 ON THE AGENDA – FEATURING A FLEXSTEPSM UPDATE:**
 - **FlexSTEPSM Update:** As requested, you will receive an update today about our Energy Efficiency & Conservation Programs.
 - ❖ We are appreciative of the previous approval by you and the San Antonio City Council to fund **STEP** through July of 2022.
 - ❖ Our community continues to save energy.
 - ❖ Today, we will preview our approach to addressing the associated vendor contracts under the programs, which will expire next month.

 - **ITEM 5 OPTIMIZED BUDGET PLANNING – NOW & IN THE FUTURE:**
 - This is also additional context for ITEM 10.
 - All but one (1) question to date has been addressed.
 - Relative to the one request of spend by zip code, we were able to create helpful information by quadrant.

 - **ITEM 6 CARING FOR CUSTOMERS:**
 - We will describe the many ways we have helped customers through the pandemic. We will also describe our updated plans to move to the new normal that re-establishes standard industry processes, including disconnects. We will continue to passionately help customers every day.
-