



MONTHLY PERFORMANCE UPDATE

PRESENTED BY:

Integrated Planning

July 25, 2022

Informational Update

AGENDA



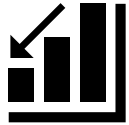
- **METRIC PROGRAM OVERVIEW**
- **FY2023 TIER 1 METRIC PERFORMANCE - YTD 6/30/22**
 - **PEOPLE**
 - **OPERATIONAL**
 - **FINANCE**

TIER 1 METRIC PROGRAM

OVERVIEW



12 of 15 metrics remain on track to meet year end targets



Metrics at-risk of meeting year end targets

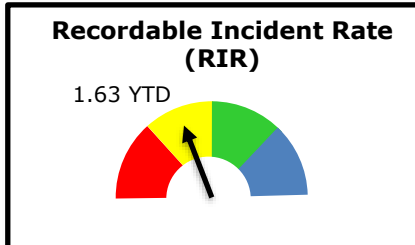
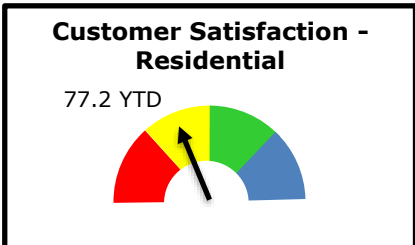
- Customer Satisfaction - Residential
- Enterprise Recordable Incident Rate (RIR)- New
- Portfolio Commercial Availability (PCA)- New

PEOPLE METRICS AS OF 6/30/22

SERVING OUR CUSTOMERS & BUILDING OUR CULTURE

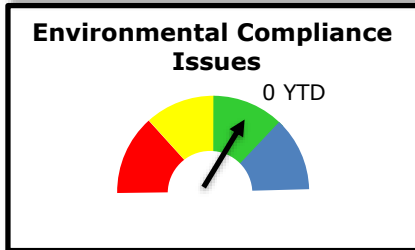


Things to Note



Employee Engagement - Enterprise

This metric is measured on an annual basis



Enterprise Readiness - Executives

This metric is measured on an annual basis

- Residential customer satisfaction remains at-risk given March rate increase and negative publicity from last year. Outreach to our community continues, focused on available bill assistance options for vulnerable customers.
- Recordable Incident Rate (RIR) is currently at-risk. YTD results are trending slightly higher than forecast. Operational leaders continue to stress stretching and warming up, as the majority of incidents are soft-tissue related.

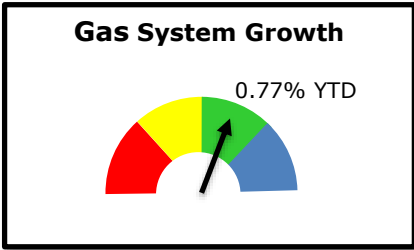
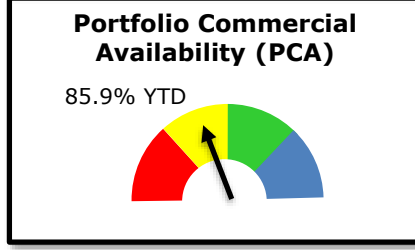
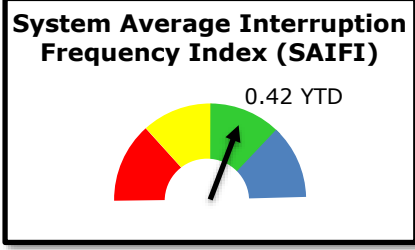
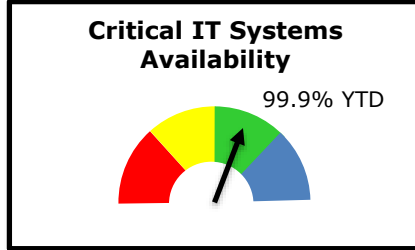
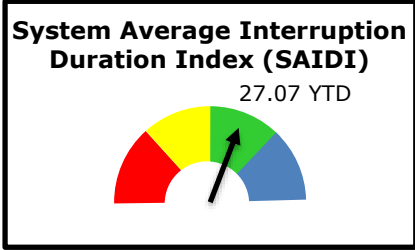
* Metric details in appendix

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

↑ Indicates current performance

OPERATIONAL METRICS AS OF 6/30/22

DELIVERING RELIABLE PERFORMANCE



- ### Things to Note
- Enhanced vegetation management is benefiting our reliability outcomes.
 - Power Generation PCA is at-risk, due mostly to unplanned plant maintenance Rio Nogales, Spruce 2 and Sommers 1. Continuous system stress and high demand has reduced downtime to manage plant operations as issues arise.
 - PCA recovery is dependent on future market pricing and continued power plant reliability.

* Metric details in appendix

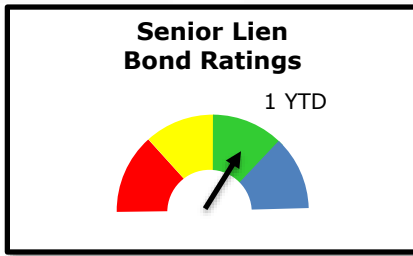
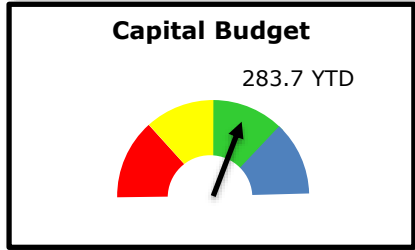
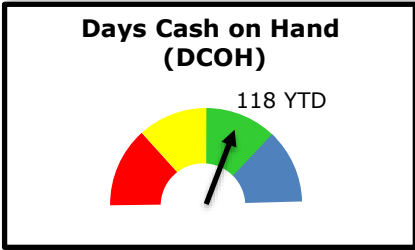
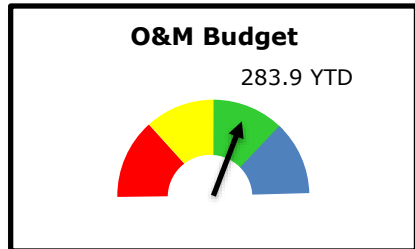
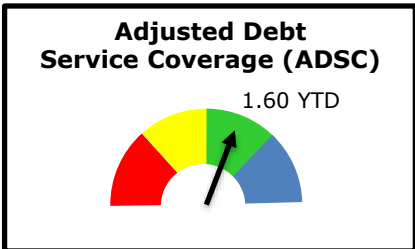
■ Achieved ■ On Track ■ At Risk ■ Unrecoverable/Not Achieved

↑ Indicates current performance

FINANCIAL METRICS AS OF 6/30/22



FISCAL RESPONSIBILITY & TRANSPARENCY



- ### Things to Note
- Bad Debt continues to impact our financials driven by higher fuel costs which increase our customer's bills.
 - Closely monitoring DCOH performance. Seasonality in the warmer weather is the key driver for YTD performance.
 - We continue to support our customer needs through programs such as American Rescue Plan Act funds (ARPA).

* Metric details in appendix

Achieved On Track At Risk Unrecoverable/Not Achieved ↑ Indicates current performance



Thank You



APPENDIX



TIER 1 METRICS

ADDITIONAL INFORMATION

FY2023 TIER 1 METRIC SUMMARY

AS OF JUNE 30, 2022



Tier	Unrecoverable		At Risk		On Track		Achieved		Total Metrics
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	
1	0	0%	3	20.0%	12	80.0%	0	0%	15

FY2023 OUTLIER SUMMARY-

Tier 1	Unrecoverable	N/A
	At Risk	Customer Satisfaction - Residential
	At Risk	Enterprise Recordable Incident Rate - (RIR)
	At Risk	Portfolio Commercial Availability - (PCA)

FY2023 TIER 1 METRIC REPORT

AS OF JUNE 30, 2022



Metric Name	Business Unit	Measure Frequency	Unit	Target Indicator	Historical Actuals		Current Year			Year-End Forecast	Latest Estimate
					FY 2021 CY 2020	FY 2022 CY 2021	YTD Target	YTD Actual	Year-End Target		
Enterprise Readiness – Executives	Administration	annually	%	↑	88	83	75	N/A	75	On Track	N/A
Enterprise Recordable Incident Rate - (RIR)	Administration	monthly	#	↓	1.31	1.68	1.41	1.63	1.41	At Risk	1.58
Employee Engagement – Enterprise	Administration	annually	#	↑	4.10	3.99	N/A	N/A	4.04	On Track	N/A
Critical IT System Availability	Business & Technology Excellence (BTE)	monthly	%	↑	99.8	99.9	99.9	99.9	99.5	On Track	99.9
Customer Satisfaction – Residential ¹	Customer Strategy	quarterly	#	↑	83.2	78.9	79.0	77.2	79.0	At Risk	77.9
System Average Interruption Duration Index (SAIDI) ¹	Energy Delivery Services	monthly	#	↓	56.85	67.68	29.58	27.07	63.70	On Track	61.19
System Average Interruption Frequency Index (SAIFI) ¹	Energy Delivery Services	monthly	#	↓	0.93	1.01	0.46	0.42	0.98	On Track	0.94
Portfolio Commercial Availability ¹	Energy Supply	monthly	%	↑	93.9	77.1	88.9	85.9	88.9	At Risk	79.6
Adjusted Debt Service Coverage	Financial Services	monthly	#	↑	1.59	1.66	1.50	1.60	1.79	On Track	1.87
Capital Budget ²	Financial Services	monthly	\$	↓	630.8	689.5	314.0	283.7	832.9	On Track	785.3
Days Cash on Hand	Financial Services	monthly	#	↑	209	182	145	118	170	On Track	169
Enterprise Senior Lien Bond Ratings ³	Financial Services	monthly	#	=	1	0	1	1	1	On Track	1
O&M Budget	Financial Services	monthly	\$	↓	654.9	618.5	285.3	283.9	729.7	On Track	733.1
Gas System Growth	Gas Solutions	monthly	%	↑	2.33	1.97	0.77	0.77	1.85	On Track	1.85
Environmental Compliance Issues - NOE & NOV (Category A & B) Enterprise	Legal & General Counsel	monthly	#	↓	1	0	0	0	0	On Track	0

¹ These Metrics are measured on a calendar year cycle for industry comparison purposes

² Gross of CIAC

³ A measure of the senior lien bond ratings as measured by Fitch, Moody's, and Standard & Poor's (Fitch = AA-, Moody's = Aa2, Standard & Poor's = AA-) such that "1" represents the maintenance of current ratings, a "2" (or "0") indicates an upgrade (or downgrade) in one or more ratings.



***FINANCIAL SERVICES
UPDATE
AS OF JUNE 30, 2022***

ELECTRIC SALES

BY CUSTOMER SEGMENT- JUNE FY2023*

Customer Sector	Usage Growth	% of Total Load	% Impact on Total Usage
Residential	15.1%	46.3%	7.0%
Churches & Services	5.1%	6.7%	0.3%
Manufacturing	3.7%	2.2%	0.1%
Retail	5.5%	5.1%	0.3%
Educational Services	5.3%	5.0%	0.3%
Hotel & Food Services	6.2%	4.4%	0.3%
Other**	5.3%	30.3%	1.6%
Total System		100.0%	9.9%

*Billed June actual performance to budget.

**Other sector includes other commercial sectors, food & wood product manufacturing, municipals, lighting, etc.

ELECTRIC SALES

BY CUSTOMER SEGMENT- YTD FY2023*

Customer Sector	Usage Growth	% of Total Load	% Impact on Total Usage
Residential	13.5%	42.5%	5.8%
Churches & Services	5.0%	6.9%	0.3%
Manufacturing	17.9%	2.3%	0.4%
Retail	2.9%	5.2%	0.2%
Educational Services	2.8%	5.0%	0.1%
Hotel & Food Services	2.9%	4.5%	0.1%
Other**	0.4%	33.6%	0.2%
Total System		100.0%	7.1%

*Billed June actual YTD performance to budget.

**Other sector includes other commercial sectors, food & wood product manufacturing, municipals, lighting, etc.

KEY FINANCIAL METRICS

REVISED FORECAST VS. BUDGET



	<u>Threshold</u>	<u>FY2023 Budget</u>	<u>FY2023 Forecast</u>	<u>Variance Favorable (Unfavorable)</u>
Debt Service Coverage Ratio	1.50	1.79	1.87	0.08
Debt Capitalization Ratio	<60%	61.66%	60.89%	0.77%
Days Cash On Hand	150	170	169	(1)

Our revised forecast shows modest improvement in our coverage and leverage metrics driven by stronger energy demand and favorable debt management. Our DCOH metric is tracking closely to the approved budget.

NET INCOME

YEAR TO DATE ACTUAL VS. BUDGET

Description	FY2023		
	Budget	Actuals	Variance: Favorable (Unfavorable)
(\$ in millions)			
Revenue available for nonfuel expenses			
Electric	\$ 1,038.5	\$ 1,239.7	\$ 201.2
Gas	89.6	132.5	42.9
Total operating revenue	1,128.1	1,372.2	244.1
Less:			
Electric fuel, distribution gas & regulatory	422.5	621.8	(199.3)
Payments to the City of San Antonio	147.0	170.8	(23.8)
Net operating revenue	558.6	579.6	21.0
Nonoperating revenue	15.0	(6.0)	(21.0)
Total revenue available for nonfuel expenses	573.6	573.6	-
Nonfuel expenses			
Operation & maintenance	285.3	283.9	1.4
Depreciation, amortization & decommissioning	202.6	198.3	4.3
Interest & debt-related	94.2	89.2	5.0
Total nonfuel expenses	582.1	571.4	10.7
Net Income (Loss)	\$ (8.5)	\$ 2.2	\$ 10.7

Highlights:

Operating Revenue

- YTD Electric Billed Sales are 7.1% higher than budget
- Electric revenue higher due to weather-driven sales consumption and higher fuel costs (which are reflected in higher fuel charges on the bill), partially offset by:
- Wholesale Revenue Net Fuel which is currently under budget, driven by higher additional fuel costs in May and June

Non-Operating Revenue

- Primarily driven by lower fair market value of investment portfolios from rising interest rates

Operating & Maintenance

- YTD Favorable due to timing of multiple BTE initiatives & STP plant investment projects, which were somewhat offset by higher than planned weather events, gas leak repairs, and plant maintenance costs

Interest & debt-related

- Reflects favorable execution to plan

Due to weather related demand, Net income is favorable YTD.

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

NET INCOME

5+7 LE FORECAST VS. BUDGET

Description	FY2023		
	Budget	Forecast	Variance: Favorable (Unfavorable)
Revenue available for nonfuel expenses			
Electric	\$ 2,716.6	\$ 3,120.8	\$ 404.2
Gas	229.7	362.0	132.3
Total operating revenue	2,946.3	3,482.8	536.5
Less:			
Electric fuel, distribution gas & regulatory	1,069.9	1,535.0	(465.1)
Payments to the City of San Antonio	388.2	448.1	(59.9)
Net operating revenue	1,488.2	1,499.7	11.5
Nonoperating revenue	36.4	29.2	(7.2)
Total net revenue available for nonfuel expenses	1,524.6	1,528.9	4.3
Nonfuel expenses			
Operation & maintenance	729.7	733.1	(3.4)
Depreciation, amortization & decommissioning	486.2	481.9	4.3
Interest & debt-related	231.5	223.7	7.8
Total nonfuel expenses	1,447.4	1,438.7	8.7
Net Income (Loss)	\$ 77.2	\$ 90.2	\$ 13.0

Highlights:

- **Operating Revenue**
 - Electric Billed Sales are forecasted to be 3.3% higher than budget
 - Revenue higher due to weather-driven sales growth and higher fuel costs (which are reflected in higher fuel charges on the bill)
 - ~\$10M net reduction to revenue as past due accounts remain high
- **Non-Operating Revenue**
 - Primarily driven by lower fair market value of investment portfolios
- **Operating & Maintenance**
 - Primarily driven by vegetation management, multiple initiatives within Customer Strategy, gas leak survey and repair costs plus AvR overhauls, offset by lower spend on plant investment projects at STP
- **Interest & debt-related**
 - Reflects favorable execution to plan

Currently, we are projecting full year net income to be favorable to budget.

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

FLOW OF FUNDS

YEAR TO DATE ACTUAL VS. BUDGET

(\$ in millions)	FY2023		
	Budget	Actuals	Variance: Favorable (Unfavorable)
Description			
Revenues, net of unbilled	\$ 1,117.8	\$ 1,347.1	\$ 229.3
Less: city payment (CP) per flow of funds	147.0	170.8	(23.8)
Revenues, net of unbilled & CP	970.8	1,176.3	205.5
Less: fuel & regulatory expense	417.9	618.8	(200.9)
Revenues, net fuel & regulatory	552.9	557.5	4.6
Operation & maintenance	286.1	284.6	1.5
Debt service	177.6	170.7	6.9
Total expenses	463.7	455.3	8.4
6% Gross Revenue to R&R	67.1	80.8	13.7
Remaining to R&R	22.1	21.4	(0.7)
Total R&R fund additions	\$ 89.2	\$ 102.2	\$ 13.0
Total gross non-transmission capital	\$ 232.2	\$ 259.7	\$ (27.5)

Highlights:

- **Revenue (operating & non operating), net of unbilled:**
 - YTD Electric Billed Sales are 7.1% higher than budget
 - Electric revenue higher due to weather-driven sales consumption and higher fuel costs (which are reflected in higher fuel charges on the bill) partially offset by:
 - Wholesale Revenue Net Fuel which is currently under budget driven by higher additional fuel costs in May and June
- **Operating & Maintenance**
 - YTD Favorable due to timing of multiple BTE initiatives & STP plant investment projects, which were somewhat offset by higher than planned weather events, gas leak repairs, and plant maintenance costs
- **Debt Service**
 - Reflects favorable execution to plan
- **Capital**
 - Higher primarily due to customer growth

R&R contributions are favorable to budget YTD.

FLOW OF FUNDS

5+7 LE FORECAST VS. BUDGET

Description	FY2023		
	Budget	Forecast	Variance: Favorable (Unfavorable)
(\$ in millions)			
Revenues, net of unbilled	\$ 2,958.5	\$ 3,513.4	\$ 554.9
Less: city payment (CP) per flow of funds	388.2	448.1	(59.9)
Revenues, net of unbilled & CP	2,570.3	3,065.3	495.0
Less: fuel & regulatory expense	1,058.8	1,526.2	(467.4)
Revenues, net fuel & regulatory	1,511.5	1,539.1	27.6
Operation & maintenance	731.2	734.0	(2.8)
Debt service	435.4	429.9	5.5
Total expenses	1,166.6	1,163.9	2.7
6% Gross Revenue to R&R	177.5	210.8	33.3
Remaining to R&R	167.4	164.4	(3.0)
Total R&R fund additions	\$ 344.9	\$ 375.2	\$ 30.3
Total gross non-transmission capital	\$ 618.9	\$ 682.0	\$ (63.1)

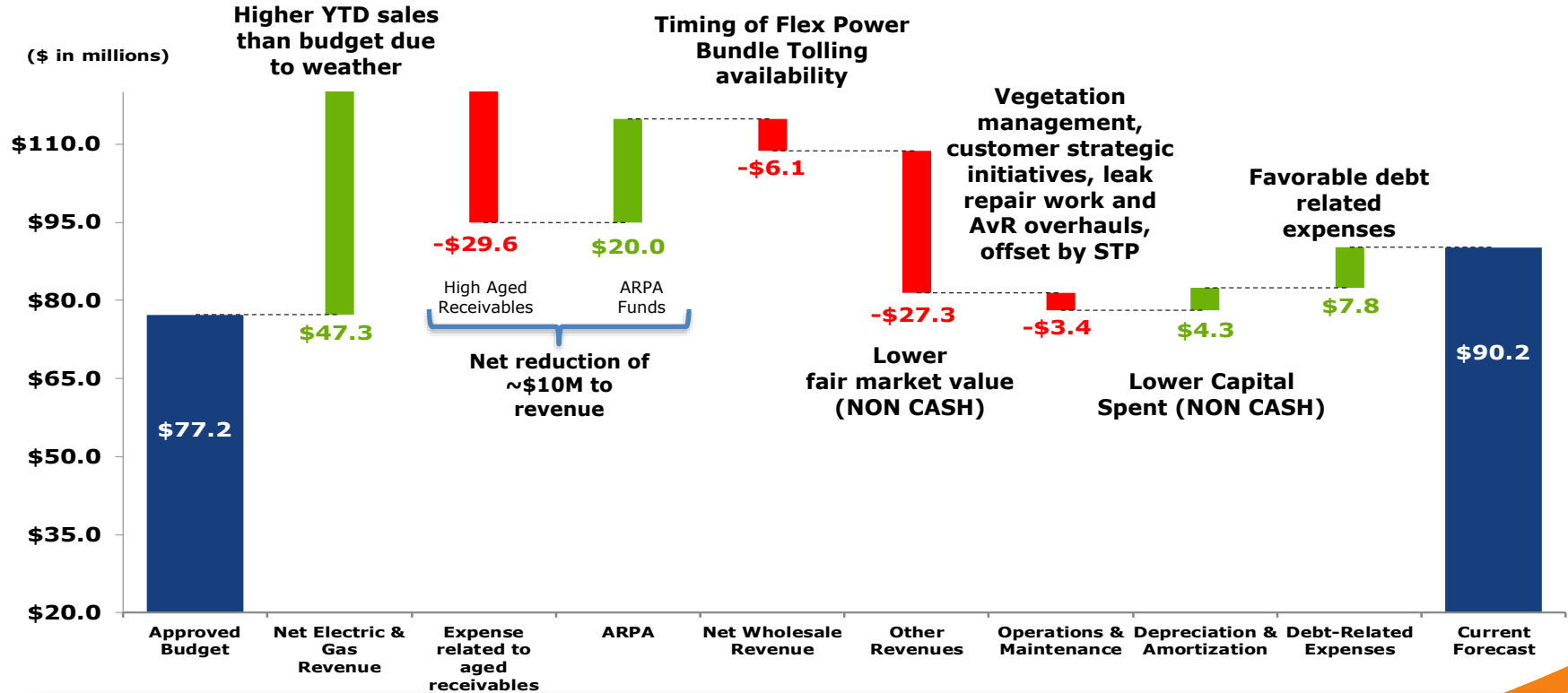
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- **Operating & Maintenance**
 - Primarily driven by vegetation management, multiple initiatives within Customer Strategy, gas leak survey and repair costs plus AvR overhauls, offset by lower spend on plant investment projects at STP
- **Debt Service**
 - Reflects favorable execution to plan

Currently, we are projecting FY2023 R&R contributions to track favorably to budget.

FY2023 REVISED NET INCOME FORECAST

BUDGET TO FORECAST WALK-FORWARD

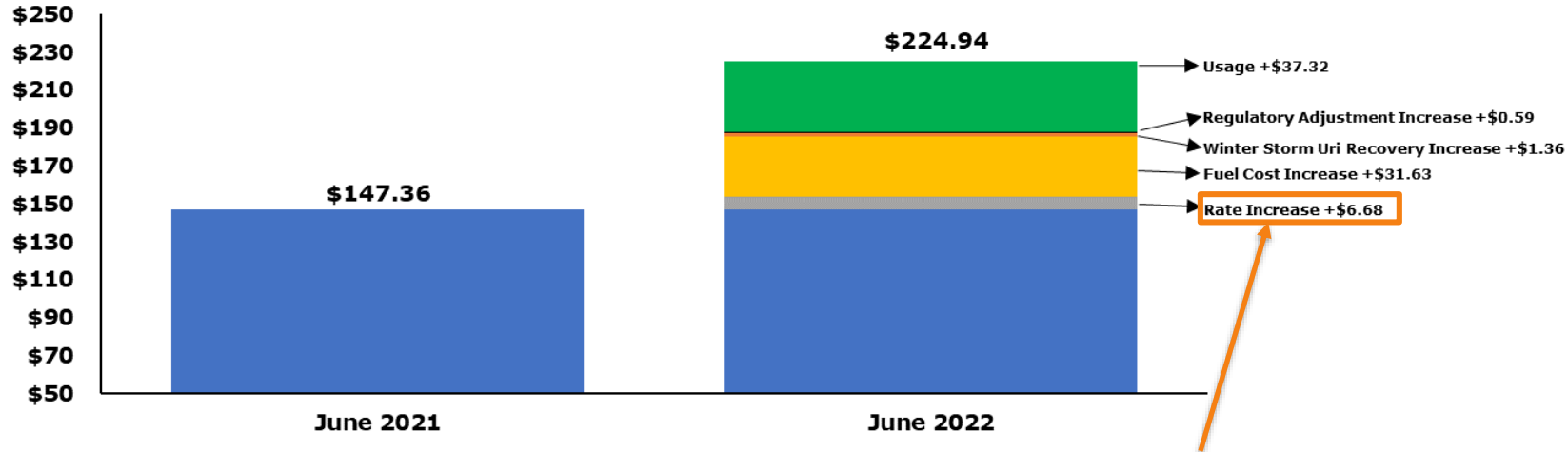


The net effect of these forecast improved net income modestly to bring it above the budget for the full year, from strong energy sales and lower expenses.

RESIDENTIAL BILL IMPACT



Combined Residential Electric & Gas Bill June 2021 to June 2022



Although the rate increase portion of the bill is higher during the summer (Jun-Sep), bills are still projected to experience +~\$3-4 on average due to the rate increase for the full year

The rising cost of natural gas has resulted in an unavoidable impact on customers' bills.

Note: Winter storm Uri Recovery = $\$0.00087 \times 1413$ kWh (average electric usage for June) + $\$0.013349 \times 10$ CCF (average gas usage for June)







***COMMUNITY COMMITMENTS
UPDATE
AS OF JUNE 30, 2022***

COMMUNITY COMMITMENTS MONTHLY UPDATE

HIGH LEVEL STATUS ON HOW WE ARE BETTER SERVING OUR CUSTOMERS

Legend

On-Track At-Risk

Strategic Objectives	Major Commitments	Status	Update
 <p>Community Partnership & Growth</p>	Energy Efficiency & Conservation Program Public Input		<ul style="list-style-type: none"> Engagement efforts continue to educate on the potential of future programs New "STEP" program and goals were approved in June for new 5-year plan.
	Generation Resource Planning Public Input		<ul style="list-style-type: none"> Engaged with Rate Advisory Committee (RAC) on Gen Plan Update; items presented: Energy Market Transformation, RAC Consultants (Modeling support for CPSE and a RAC Advisor), and Modeling, Assumptions & Scenarios. Briefed the Board & Citizen Advisory Committee (CAC) on Gen Plan progress & timeline. Next CAC update will be in July
	Rate Design Public Input		<ul style="list-style-type: none"> Cost of service study with outside vendor is underway (targeting October completion); Rate Design discussions planned to begin with the RAC once Cost of Service Study is complete.
 <p>Customer Experience</p>	Connect Customer with Support		<ul style="list-style-type: none"> Added 4K customers to Affordability Discount Program; Currently 62k customers with target of 65K customers Total number of ARPA credits applied increased to 6k for residential customer accounts for ~ \$6.9M
 <p>Engaged & Service Oriented Culture</p>	Safety Culture Fundamentals		<ul style="list-style-type: none"> Safety Training and BBS completions are on track
	Retain & Attract Talent		<ul style="list-style-type: none"> Exceeded Q1 hiring goals and expect to exceed projections for the Q2. However, turnover remains higher than historical average with headcount slightly increasing since FY22 year-end Compensation market pricing efforts are helping close the gap in competing for talent; however, our ability to compete on compensation for advanced level STEM roles remains at risk
 <p>Operational Evolution</p>	Strengthen Generation Capabilities to meet Extreme Conditions		<ul style="list-style-type: none"> MBL West fuel oil design activities continue; gas turbine modification proposal being updated MBL West & East freeze protection project in procurement process Working with Market Policy team on proposed PUC Phase 2 weatherization requirements Awarded contractor work package for Coal Yard garage panel installation Priority 2 work packages are currently 78% complete Negotiating contracts for natural gas transportation & storage services
	Enhance Communication & Grid Management in Major Events		<ul style="list-style-type: none"> Increased emergency work due to multiple storm events in May/June \$4.78M YTD; 242 miles of planned trimming completed LiDAR data for CPS Energy service territory processing completed Deployed 65 automated reclosers to better manage outages & grid; 45% of 144 goal completed Situational Awareness Solution - RFP development near completion; 10+ potential platform providers identified for RFP response
	Support Expanding Community		<ul style="list-style-type: none"> Mitigated all impacts to projects through alternative designs & continue to maintain consistent updates to customers Project delays continues to increase with continued supply chain issues Continued residential & commercial growth
	Digital ERP Plan to Mitigate System End of Life		<ul style="list-style-type: none"> ERP Business Case and Transformation roadmap walkthrough with CEO & Direct Reports completed. Technology RFP detailed planning started with Legal and Supply Chain. Digital & Data Transformation site observations and leadership interviews underway with detailed planning in-progress to support strategic roadmap development.
	IT System Modernization		<ul style="list-style-type: none"> Vendor selected and approved by SCADA steering committee in June. Team presented strategy to Operations & Oversight Committee. 100% complete with business & IT interviews for data center application migrations. Initial High-level wave plan was presented in June with detailed planning scheduled through August.