



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON MAY 23, 2022 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

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

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Debra Wainscott
3	PUBLIC COMMENT Pre-Registration on Friday, May 20, 2022 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	CHAIR'S REMARKS	Discuss	Dr. Willis Mackey
5	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
6	MONTHLY PERFORMANCE UPDATE	Discuss	Mr. Cory Kuchinsky
7	YEAR-END AUDIT (KPMG, Ms. Caroline Garcia)	Discuss	Mr. Cory Kuchinsky
CONVENE TO EXECUTIVE SESSION			
8	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
9	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on 2/28/22 B. Minutes of the Regular Board meeting held on 04/04/22 C. Payment to the City of San Antonio for April 2022 D. Procurement Items: 1. General Services: Vegetation Management and Right-of-Way Maintenance Services (Mr. Richard Medina) 2. Commodity & Material Goods: Substation 345kV Autotransformer Supply – Additional Funding Requested (Richard Medina) 3. Professional Services: Substation and Transmission Engineering Services – Additional Funding Requested (Mr. Richard Medina) 4. General Services: Millwright Maintenance Services (Mr. Benny Ethridge) 5. General Services: Streetlight Maintenance Services (Mr. Richard Medina)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
10	PROCUREMENT PREVIEW: MANAGED SERVICE PROVIDER – STAFF AUGMENTATION (Ms. Debra Wainscott)	Vote	Dr. Willis Mackey
11	COMMITTEE REPORTS: A. Technology and Resilience (T&R) Committee meeting held on 04/12/22 (Ms. Janie Gonzalez)	Discuss	Dr. Willis Mackey
12	CEO ANNUAL INCREASE	Discuss & Possible Vote	Dr. Willis Mackey
13	ENERGY EFFICIENCY & CONSERVATION PROGRAM (Mr. Rick Luna)	Vote	Dr. Willis Mackey

CPS - OFFICE
2022 MAY 19 AM 11:51:06

14	NOMINATION OF RATE ADVISORY COMMITTEE (RAC) MEMBERS (Ms. Ann Kinard)	Vote	Dr. Willis Mackey
15	APPOINTMENT OF TWO AT-LARGE POSITIONS TO THE CITIZENS ADVISORY COMMITTEE (CAC) (Ms. Yvonne Pelayo)	Vote	Dr. Willis Mackey
16	ADJOURNMENT	Execute	Dr. Willis Mackey
<p>If the Board meeting has not adjourned by 4:00 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.</p>			

0099 - CITY CLERK
 2022 MAY 18 AM 11:51:19

CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING

CPSR - CITY CLERK
2022 MAY 18 AM 11:51:02

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, May 23, 2022 at 1:00 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

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

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, April 22, 2022, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at publiccommentregistration@cpsenergy.com or by phone at (210) 353-4662. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Designate whether public comment will be provided in person or virtually
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

In-person commenters will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com. Note that written comments may not be read in full during the Board meeting.

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

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

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

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



Shanna M. Ramirez
Secretary of the Board
May 18, 2022



CPS Energy

Discussion with Those Charged with Governance

Audit results for the year ending January 31, 2022

Prepared on: May 17, 2022

Presented on: May 23, 2022



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Our commitment to you

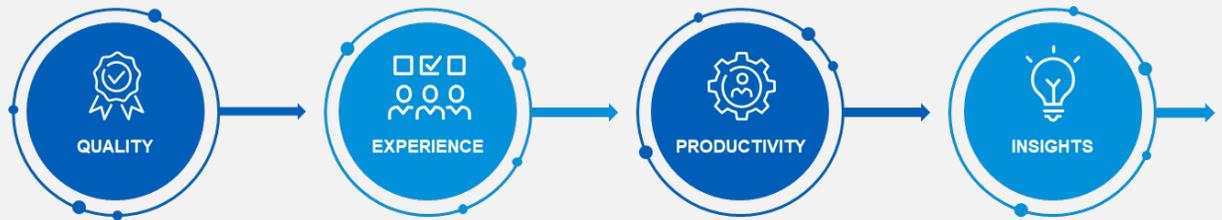


Delivering a better audit experience drives us.

With KPMG you can expect an experience that’s better for your team, organizations and the capital markets. An experience that’s built for a world that demands agility and integrity.

See patterns in what has passed. See where risks may emerge. See opportunities emerge. See opportunities to optimize processes. And see ahead to new possibilities.

We aim to deliver an exceptional client experience for CPS Energy by focusing on:



Audit results: Overview

Outstanding matters

Refer to slide 6.

Uncorrected Misstatements

One uncorrected misstatement. Refer to slide 8.

Deficiencies

None.

Corrected Misstatements

One corrected misstatement. Refer to slide 9.

Auditors' report

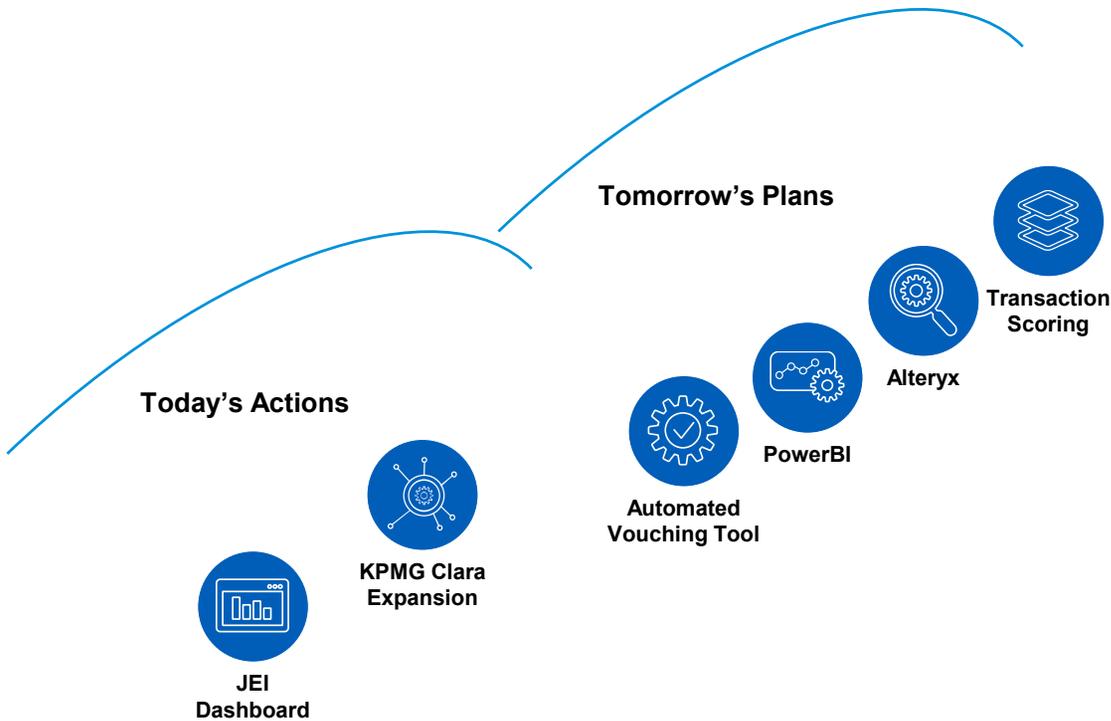
Refer to slide 11.

Other

None.

Expanding the use of technology

We aim to continually expand our use of technology across every stage of the audit, accounting for your own technology environment and team's feedback, to deliver a better audit experience.





Required Communications to Those Charged with Governance

Audit results for the year ending January 31, 2022

Prepared on: May 17, 2022

Presented on: May 23, 2022

Summary: Audit results required communications and other matters

		Response
Audit results	Outstanding matters	<p>Outstanding matters as of May 4, 2022 are as follows:</p> <ul style="list-style-type: none"> ○ Final letters (e.g., attorney and management representation letters) ○ Final review of audit procedures performed ○ Final review of consolidated financial statements ○ Satisfactory completion of subsequent events review ○ Review status of engagement partner and concurring review partner
	Significant unusual transactions	No significant unusual transactions identified during the audit.
	Uncorrected audit misstatements	See slide 8.
	Corrected audit misstatements	See slide 9.
	Financial presentation and disclosure omissions	No matters to communicate.
	Non-GAAP policies and practices	See slide 10.
	Material weaknesses and significant deficiencies in internal control	No matters to report.
	Auditors' report	See slide 11.
	Updates to our risk assessment and planned audit strategy	See slide 12.
	Significant accounting policies and practices	See slide 13.
	Significant accounting estimates	See slides 14 - 17.
	Significant financial statement disclosures	No matters to report.
	Group audit engagement considerations	See slide 18.
	Related parties	No matters to report.
Going concern	No matters to report.	

Summary: Audit results required communications and other matters

	Response
Subsequent events	No matters to report.
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Noncompliance with laws and regulations	No matters to report.
Significant difficulties encountered during the audit	No matters to report.
Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
Management's consultation with other accountants	No matters to report.
Difficult or contentious matters for which the auditor consulted	No matters to report.
Disagreements with management	No matters to report.
Other significant matters	No matters to report.
Written communications	Engagement letter, management representation letter, and summary of corrected and uncorrected misstatements to be distributed under separate cover.
Independence	See slides 19 – 21.
Inquiries	See slide 22.

Uncorrected audit misstatements

Description of misstatement	Quantitative income statement effect	
	Iron curtain	Rollover – year to date
Misstatement A Restricted Debt Service Revenue Bonds – Principal Bond Interest Payable	\$ 0	\$ 0
Total	\$ 0	\$ 0
Income before other changes in net position (in thousands)	33,372	33,372
Percentage	0%	0%

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.



Corrected audit misstatements

Description of misstatement	Debit	Credit
Misstatement B		
Capital assets, net	\$42,153,798	
Net position – unrestricted	\$13,169,092	
Other noncurrent liabilities		\$26,331,028
Other non-current assets		\$23,165,190
Deferred inflows of resources – leases		\$5,635,410
Accounts payable and accrued liabilities		\$191,262

Non-GAAP policies and practices

The Company has adopted certain accounting policies or practices that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. The Company has evaluated the effect of the application of such policies and practices on the basic financial statements (and its assessment of internal control over financial reporting) and concluded that such effect is immaterial to the 2022 basic financial statements.

Non-GAAP policies and practices	Impact of non-GAAP policies and practices
Debt – Principal and Interest Payment	<p>For long term revenue bonds which have interest and principal payments due 2/1, the Company pays the amounts due on 2/1, but records the payments as if it had been made on 1/31.</p> <p>The impact of the Non-GAAP policy is immaterial to the financial statements as cash is understated and the bond principal and interest payable accounts are also understated. There is no effect on the income statement as the interest expense has been recorded in the proper period.</p>

Auditors' report

Matters affecting the form and content of the auditors' report

- CPS Energy **will receive a clean, unmodified opinion.**
- The auditors' report on the City Public Service of San Antonio, Texas will have a paragraph related to Required Supplementary Information and an other matter.
 - U.S. generally accepted accounting principles require that management's disclosure and analysis must be presented to supplement the basic financial statements. Such information is the responsibility of management and, is an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. KPMG does not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Updated risk assessment and planned audit strategy

We have made the following significant changes to our audit plan

- Subsequent to our audit plan presentation on January 20, 2022 there was a change in scope as we are performing audit procedures on the asset balances utilized in the calculation of the Net Pension Liability and Net OPEB (asset) liability balances at 1/31/2022.
- No changes to identified significant risks:
 - Presumed risk of management override of internal controls
- Accounting estimates with an identified risk of material misstatement are as follows:
 - Fair value of Investments
 - Valuation of Net Pension Liability
 - Valuation of Net OPEB Asset
 - Commitments and Contingencies

Significant accounting policies and practices

Description of significant accounting policies and practices

- Application of new accounting pronouncements.
 - GASB Statement No. 87. Effective for reporting periods after June 15, 2021. The Company adopted this standard utilizing the retroactive method of adoption.

Audit findings

- Management bias. No matters to report.
- Estimates. No matters to report. The application of the new accounting pronouncement did not create new accounting estimates or modify existing estimates made by the Company.
- Effects on the financial statements or disclosures. The application of the new accounting pronouncement did not have a material effects on the Company's financial statements. Additional disclosures were required (refer to Note 17 – Leases).
- We believe management's assumptions and judgments are complete, accurate and appropriate.

Significant accounting estimates

Fair Value of Investments held by CPS and the Decommissioning Trusts

- The Company accounts for its investments based upon fair value measurement, which requires the fair value to be based upon the trading price as of measurement date (January 31, 2022).

Audit findings

Management's process used to develop the estimates

- The entity measures investments at fair value. Securities are valued based on the trading price on the measurement date.

Significant assumptions used that have a high degree of subjectivity

- There is no significant judgment in determining inputs.

Indicators of possible management bias

- No indicators of possible management bias were identified.

Conclusions

- We believe management's assumptions used for fair value estimates are appropriately accounted for and material matters are disclosed.

Significant accounting estimates

Valuation of Net Pension Liability

- The Company accounts for its Net Pension Liability in accordance with GASB Statement No.68, which is the difference between the total pension liability and Pension Plans Fiduciary net position as of measurement date.

Audit findings

Management's process used to develop the estimates

- The total Pension liability used to calculate the Net Pension liability is determined by actuarial valuations. The total Pension Plans Fiduciary net position used to calculate the Net Pension liability is determined as the fair value of the plan assets at measurement date.

Significant assumptions used that have a high degree of subjectivity

- Significant assumptions include discount rate, rate of return on investment, projected annual base salary, participant mortality, and demographic assumptions.

Indicators of possible management bias

- No indicators of possible management bias were identified.

Conclusions

- We believe management's assumptions used for the valuation of the Net Pension Liability are appropriately accounted for and material matters are disclosed.

Significant accounting estimates

Valuation of Net OPEB Asset

- The Company accounts for its Net OPEB Asset in accordance with GASB Statement No.75, which is the difference between the total OPEB liability and the Employee Benefit Plans Fiduciary net position as of measurement date. The valuation of the Net OPEB asset includes the following i) CPS Energy Group Health Plan, ii) CPS Energy Group Life Plan, and iii) CPS Energy Long Term Disability Income plan.

Audit findings

Management's process used to develop the estimates

- The total OPEB liability used to calculate the Net OPEB (asset) liability is determined by actuarial valuations. The total Employee Benefit Plans Fiduciary net position used to calculate the Net OPEB (asset) liability is determined as the fair value of the plan assets at measurement date.

Significant assumptions used that have a high degree of subjectivity

- Significant assumptions include discount rate, rate of return on investment, participant mortality, demographic assumptions, per capita claims cost, and healthcare cost trend rates.

Indicators of possible management bias

- No indicators of possible management bias were identified.

Conclusions

- We believe management's assumptions used for the valuation of the Net OPEB Asset are appropriately accounted for and material matters are disclosed.

Significant accounting estimates

Accounting for contingencies

- The financial results of CPS Energy may be affected by judgments and estimates related to loss contingencies. Contingencies related to litigation and claims, as well as environmental and regulatory matters, also require the use of significant judgment and estimate.

Audit findings

Management's process used to develop the estimates

- The estimate of commitments and contingencies is accrued and disclosed in the financial statements if it can be reasonably estimated. Reasonable estimates may require judgement based on similar uncertainties and situations and require assistance from experts such as attorney's.

Significant assumptions used that have a high degree of subjectivity

- There is no significant judgment in determining inputs.

Indicators of possible management bias

- No indicators of possible management bias were identified.

Conclusions

- We believe management's assumptions used in determining the estimates related to Commitments and Contingencies are appropriately accounted for and material matters are disclosed.

Group audit engagement considerations

Full-scope audit				
Components	Name/location of component auditor	Planned responsibilities	Total assets (FY22) (in 000's)	Revenue (FY22) (in 000's)
Group Audit	KPMG US LLP, Albuquerque, NM	Financial statement audit for CPS Energy for the period ended January 31, 2022	\$11,785,225	\$2,762,548
South Texas Project	KPMG US LLP, Houston, TX	Audit of South Texas Project special purpose financials for the period ended December 31, 2021	\$967,098	\$0
Total full-scope audits			100%	100%
Total Coverage: Full-scope audit			100%	100%
Excluded from direct testing			0%	0%
Total consolidated			100%	100%

Group audit considerations

- There were no matters identified by our component auditors during the audit of the South Texas Project.

The financial statements of the CPS Energy fiduciary activities are audited by other auditors (BDO USA LLP) whose reports will be furnished to us.



Independence communications

The following are circumstances or relationships that, in our professional judgment, may reasonably be thought to bear on independence, and to which we gave significant consideration, in reaching the conclusion that independence has not been impaired.

Relationship	Description of relationship and relevant safeguards, if applicable	Fees (for services)
Access to KPMG's online professional library, Accounting Research Online (ARO)	Complimentary KPMG Accounting Research Online subscriptions which is a web-based financial reporting research tool.	\$-0-
Access to KPMG's Custom Learning Portal	Complimentary access to KPMG's Custom Learning Portal, which gives access to public training events, such as KPMG conferences, and self-study web-based training's.	\$-0-

In connection with our audit of the Company, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by the professional standards.

Audit and professional services fees

We have summarized the fees payable to our firm relating to the audit of the 2022 financial statements and all other professional services.

	2022 estimated
CPS Energy financial statement audit as of January 31, 2022, report on the Company's Schedule of Gross Revenue and Required Payments to the City of San Antonio, and agreed upon procedures for the compliance with the Public Funds Investment Act and Energy Price Risk Management Policy	\$408,250
Decommissioning Master Trust financial statement audit as of December 31, 2021 and agreed upon procedures for the Public Funds Investment Act	\$ 14,125
Decommissioning Master Trust (TCC Funded) financial statement audit as of December 31, 2021 and agreed upon procedures for compliance with the Public Funds Investment Act	\$ 14,125
SA Energy PFC integrated audit as of January 31, 2022 and agreed upon procedures for the compliance with the Public Funds Investment Act	\$41,000
Total estimated fees for 2022	\$ 477,500

Transparency report

2021 Transparency report

- Provides more granular detail on our commitment to continually enhance audit quality
- Outlines KPMG LLP's structure, governance and approach to audit quality
- Discusses how the firm aligns with the requirements and intent of applicable professional standards



In addition to this report, we are providing you with our Transparency Report Supplement: Assisting audit committees in meeting NYSE rules on auditor communications

Reports and supplements available at:
audit.kpmg.us/auditquality/transparency

Inquiries

The following inquiries are in accordance with AU-C 260

Are those charged with governance aware of:

- Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
- Any significant communications with regulators?
- Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
 - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
 - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

Do those charged with governance have knowledge of:

- Fraud, alleged fraud, or suspected fraud affecting the Company?
 - If so, have the instances been appropriately addressed and how have they been addressed?

Additional inquiries:

- What are those charged with governance's views about fraud risks in the Company?
- Who is the appropriate person in the governance structure for communication of audit matters during the audit?
- How are responsibilities allocated between management and those charged with governance?
- What are the Company's objectives and strategies and related business risks that may result in material misstatements?
- Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?
- What are those charged with governance's attitudes, awareness, and actions concerning (a) the Company's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud?
- Have there been any actions taken based on previous communications with the auditor?
- Has the Company entered into any significant unusual transactions?
- Whether the entity is in compliance with other laws and regulations that have a material effect on the financial statements?
- What are the other document(s) that comprise the annual report, and what is the planned manner and timing of issuance of such documents?
- Have any subsequent events occurred that might affect the financial statements?

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

This presentation to those charged with governance is intended solely for the information and use of those charged with governance and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.





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Draft for review and approval
at the May 23, 2022 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON FEBRUARY 28, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of February was held on Monday, February 28, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

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

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg (arrived at 1:03 p.m.)

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
CPS Energy staff members
City of San Antonio officials
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Andrew Higgins, Senior Director.

III. PUBLIC COMMENT

1. Henrietta Legrance expressed concerns about safety in the community, particularly in District 5. She stated there are not enough lights and repairs take too long. She would like to see more trimming of trees to prevent outages.
2. Anacua Garcia, Community Organizer, Southwest Workers Union, stated that the recent rate increase disproportionately impacts low income residents. She stated that there are families that received utility assistance, but still have utility debt and need additional assistance. She requested CPS Energy prioritize these working families.
3. DeeDee Belmares, Climate Justice Organizer for Public Citizen, urged CPS Energy to explore clean energy sources instead of lower emitting sources. She further requested the Board of

Draft for review and approval
at the May 23, 2022 meeting

Trustees act on the FlexPOWER Bundle. She requested an open and public process to the discuss closure of the Spruce Power Plants. She finally noted that the analysis of the STEP Program, shows that it is popular and effective, and requested that the Board make the solar program more effective.

4. Jake Tucker, resident of District 3, stated that he has assisted community members in obtaining utility assistance through EHAP, and that he believes utility rates are unaffordable when combined with other expenditures that are rising such as rental rates. He requested a more equitable rate structure, debt dismissal, and an end to household disconnections. He finally urged for the immediate closure of the Spruce Power Plant to address climate change.
5. Isabel Nineto, Texas Rising and student at UTSA, stated that CPS Energy should close the Spruce Power Plant earlier than 2030 and replace it with clean energy because natural gas negatively impacts air and water quality.
6. Christopher Majorca, resident of San Antonio and researcher at Rewiring America, stated that all utility companies need to transition away from coal and natural gas to cleaner sources. He stated CPS Energy should close the Spruce Power Plant not later than 2030 and replace it with a renewable energy source to combat environmental racism.
7. Julian Villareal, resident of District 5, stated that CPS Energy has an urgent need to act on climate change as evidenced by the report from the Intergovernmental Panel on Climate Change (IPCC) released today. He also stated that the STEP program needs to be enhanced and expanded to low-income residents. Mr. Villareal also provided his comments in Spanish.
8. Lexi Garcia, Texas Rising, expressed difficulties in signing-up for public comment. She stated that CPS Energy has an urgent need to act on climate change and must move to clean energy by closing the Spruce Power Plant by 2030 and replacing it with clean energy.
9. Emma Pabst, Sierra Club, stated she opposed the \$50M investment for new drainage ponds at the Spruce Power Plant. She stated the community has not had time to review and analyze the proposal to determine if it is the right option.
10. Terry Burns, former chair of Sierra Club, stated the expenditure for new drainage ponds at the Spruce Power Plant was not included in the previous budget discussion. He urged the Board to reject the approval and close the Spruce Power Plant.
11. Russel Seal, Sierra Club member and member of many other environmental organizations, stated that natural gas is a problem. He stated that CPS Energy should immediately close Spruce I and convert Spruce II to an intermediate plant utilizing cleaner fuel.
12. Dr. Meredith Maguire, Sierra Club, stated that distributed energy resources such as solar panels and battery storage are important to address climate change and would build micro grids to have greater demand management. She further stated that CPS Energy must develop rate incentives to reduce usage and develop an advanced rate design.

Draft for review and approval
at the May 23, 2022 meeting

IV. CEROMONIAL INSTALLATION OF DR. FRANCINE ROMERO

Chair Dr. Mackey welcomed Trustee Dr. Romero to the Board of Trustees. He noted that Trustee Dr. Romero was previously sworn-in by the City Clerk, and due to COVID-19 precautions the regular ceremony activities would not occur. The Board of Trustees took some photographs with Trustee Dr. Romero and welcomed her to the Board.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza began by congratulating Trustee Dr. Romero on her joining the Board.

Mr. Garza stated CPS Energy's refunding transaction was very successful. The high demand of CPS Energy's debt sold at a significant premium which reduced our debt by \$50M and achieved interest savings of nearly \$5M. This success signifies confidence in our credit.

Mr. Garza then gave an after-action report on Winter Storm Landon. He noted that outages were primarily from ice and trees. Longer outages were limited to four neighborhoods, and he noted that CPS Energy is increasing the Vegetation Management budget by 70% to address these harder to reach areas. He concluded by sharing information on efforts to inform the community on being prepared for winter weather.

Mr. Garza then stated that CPS Energy has ongoing supply chain constraints. He has sent a letter to PUC in response to their request to coordinate with them on supply chain challenges. CPS Energy is implementing medium and long-range actions to limit negative impacts, including refurbishing transformers.

Mr. Garza concluded with recognizing Ms. Teresa Green, Manager of Procurement for Commodities. Ms. Green stated that her team purchases all of the goods that CPS Energy crews and contractors use on a day-to-day basis, and that their hard work made this recognition possible.

Trustee Steen noted Trustee Kelley drafted his parting comments on his 11 years as a CPS Energy Trustee and his thoughts on the road ahead. Trustee Steen shared copies of Mr. Kelley's comments and asked that the comments be included in the minutes.¹

VI. RESOLUTION ON GENERATION PLANNING

Chair Dr. Mackey asked Ms. Shanna Ramirez to read the proposed resolution aloud.

Chair Dr. Mackey introduced and read a potential amendment. In discussion, Mayor Nirenberg suggested a potential amendment to the amendment. The Board of Trustees discussed the resolution and potential amendment language. Chair Dr. Mackey made a motion to adopt the resolution as amended and read his proposed amendment. The motion was seconded by Vice Chair Gonzalez, and upon a 4-1 vote, the resolution was approved as amended. Trustee Steen voted against the adoption of the resolution stating his concerns regarding the protection of competitive information and absence of confidentiality agreements for all Rate Advisory Committee members.

¹ The Statement of Ed Kelley, CPS Energy Board of Trustees is attached as Attachment A.

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at the May 23, 2022 meeting

**RESOLUTION REGARDING CPS ENERGY'S REMAINING COAL
UNITS AND GENERATION PORTFOLIO STRATEGY**

WHEREAS, CPS Energy continually strives to be financially responsible and a strong steward of the community's assets while effectively balancing Security, Safety, Reliability, Resilience, Customer Affordability and Environmental Responsibility; and

WHEREAS, CPS Energy and this Board of Trustees are constantly exploring new technologies, considering ways to innovate, and improving operations; and

WHEREAS, the Board of Trustees has charged CPS Energy to develop and execute its Flexible PathSM strategy, over the short, mid and long terms; and

WHEREAS, in early February 2021, CPS Energy issued its Flexible PathSM Resource Plan, and will continue to keep this Board of Trustees updated on its execution; and

WHEREAS, the impacts of the 2021 winter storm on CPS Energy and the entire ERCOT grid demonstrated the importance of reliability and resiliency through weatherization; and

WHEREAS, CPS Energy is committed to continually seeking public input about its generation strategy from all customer groups and stakeholders including the Rate Advisory Committee and Citizens Advisory Committee; and

WHEREAS, this generation strategy needs to consider a wide range of technologies, that creates a balanced generation portfolio to ensure high levels of Reliability and Resilience even during peak events; and

WHEREAS, this Board of Trustees directs CPS Energy management and our Rate Advisory Committee to consider the costs, timeline and generation alternatives necessary to transition from coal to lower emission cleaner alternatives by the 2030 timeframe; and

WHEREAS, the recommendations made after such considerations will be brought to the Board for oversight and consideration, and be shared publicly; and

WHEREAS, CPS Energy has over a team of over 3,000 talented and dedicated individuals whose mission it is to serve its customers with gas and electric utility service; and

WHEREAS, the generation planning shall consider retaining impacted employees, as well as hiring for the competencies and skills needed to operate, manage, and optimize new and evolving generation technologies.

WHEREAS, in 2019, the CPS Energy Board of Trustees adopted a resolution affirming its support for the City of San Antonio's Climate Action and Adaptation Plan, its goal to become carbon neutral by 2050, and its interim goals of reducing greenhouse gas emissions 41% from 2016 levels by 2030 and 71% by 2040;

NOW, THEREFORE, BE IT RESOLVED, CPS Energy Board of Trustees hereby directs CPS Energy to update and present its Flexible PathSM Resource Plan to this Board annually; and

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BE IT FURTHER RESOLVED, CPS Energy Board of Trustees hereby directs CPS Energy to provide to the Rate Advisory Committee, to the extent allowed by law, contractual obligation, security and confidentiality limitations, the assumptions and information utilized in the generation planning model. This will allow the Rate Advisory Committee to evaluate and have informed discussions on costs, risks, timeline, and generation alternatives available to lower emission alternatives while maintaining reliability. As requested, the Rate Advisory Committee will report their findings and make its recommendation to this Board.

VII. PROCUREMENT PREVIEW

A. General Services – Context for item 10 F1: Spruce Plant Drains Pond Project

Mr. Rudy Garza introduced Mr. Benny Etheridge and noted that the item has been included in the CPS Energy budget since 2014 to ensure compliance with federal regulation as EPA went through its rulemaking process.

Mr. Benny Etheridge provided a presentation on the EPA's Coal Combustion Residual Rule, and the resulting requirement that CPS Energy construct new drainage ponds at the Spruce Power Plant. Mr. Etheridge also requested board approval for the construction contract.

VIII. COMMITTEE ASSIGNMENTS

Chair Dr. Mackey stated the proposed committee assignments, and asked Mr. Rudy Garza about the discontinuation of the Master Planning Oversight Committee (MPOC). Mr. Garza responded that the work of the MPOC was largely complete, and that former Trustee Kelley suggested concluding the MPOC. On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the committee appointments were approved.

IX. EXECUTIVE SESSION

At approximately 2:41 p.m., Ms. Shanna Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

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

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The Board reconvened in open session at 3:55 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

X. APPROVAL OF CONSENT ITEMS

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

A. Approval of Payment to the City of San Antonio for January 2022 & Additional Transfer to the City of San Antonio for FY2022

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 January 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$200,143,984.93, less applicable exclusions. The revenue for the month of January 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$201,682,501.59
Gas revenue	45,111,627.77
Interest and other income	2,495,225.43
Gross revenue per CPS Energy financial statements	<u>249,289,354.79</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,087,562.61)
LVG revenue per City Ordinance 100709	(54,630.19)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(25,511,771.85)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	<u>(17,491,405.21)</u>
Total excluded revenue	<u>(49,145,369.86)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$200,143,984.93</u>
City payment per Bond Ordinance for January 2022 based upon January 2022 revenue	\$28,020,157.89
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	322,812.51
Wholesale Special Contract Annual True Up	583,156.67
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True Up/ (Down) per gas customer MOU	<u>(7,555.90)</u>
City payment per Bond Ordinance plus adjustments for	

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memorandums of understanding	28,906,071.17	A
Utility services provided to the City for January 2022	<u>(2,657,634.81)</u>	
Net amount to be paid from January 2022 revenue to the City in February 2022	<u>\$26,248,436.36</u>	

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

(Dollars in thousands)

January 2022	Actual	Budget	Variance	
Current Month* A	\$28,906	\$31,323	(\$2,417)	-7.7%
Year-to-Date**	\$352,460	\$360,277	(\$7,817)	-2.2%

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

** Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2022 – Additional Transfer per Bond Ordinance	
Total	<u>\$11,599,665.25</u> B

Approval of the following resolution is requested:

- A** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$26,248,436.36 representing 14% of applicable system gross revenues for the month of January 2022, such payment being net of City utility services (\$2,657,634.81), is hereby approved."
- B** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$11,599,665.25, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A.** The amounts paid routinely during the year, net;
- B.** The additional distribution paid once for the year.

B. Approval of Assistant Treasurer Appointee (Ms. Julie Johnson and Ms. San Juanita Loreda)

The following resolution was approved:

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**RESOLUTION APPROVING APPOINTMENT OF
ASSISTANT TREASURER FOR THE CPS ENERGY BOARD**

WHEREAS, the CPS Energy Board of Trustees is required to designate and authorize specific officers and staff to conduct financial transactions on behalf of CPS Energy; and

WHEREAS, Cory Kuchinsky serves as Treasurer to the Board of Trustees; and,

WHEREAS, Shannon R. Albert, who serves as an Assistant Treasurer and as the VP Business Excellence will be leaving CPS Energy after more than 22 years of service; and,

WHEREAS, effective February 28, 2022, San Juanita Loredo, who currently serves as the Director of Operations Budgeting, will assume responsibilities for managing and directing certain financial transactions that require Board of Trustees approval and will be providing support to the Board related to these financial matters; and,

WHEREAS, Shannon R. Albert will continue to serve as an Assistant Treasurer to the Board of Trustees through March 15, 2022, in order to assist in the transition of San Juanita Loredo as an Assistant Treasurer; and,

WHEREAS, Julie Johnson and Maricela Benavides will continue to serve as Assistant Treasurers to the Board of Trustees; and,

WHEREAS, one Treasurer and three Assistant Treasurers will facilitate effective and timely financial transaction coverage;

NOW, THEREFORE, BE IT RESOLVED that the CPS Energy Board of Trustees hereby approves the appointment of San Juanita Loredo as an Assistant Treasurer to the Board of Trustees, effective February 28, 2022.

C. Approval of Procurement Items:

1. General Services: Spruce Plant Drains Pond Project
Purchase Category: General Services
Supplier: Wood Group USA, Inc.

*The listed Procurement Item to be attached as Attachment "A".

XI. COMMITTEE REPORTS

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

Master Planning & Oversight Committee (MPOC) Meeting held on January 31, 2022

A report of the MPOC meeting, which took place on January 31, 2022, was posted with the public notice of this meeting and will be attached (as Attachment "A") to the meeting minutes.

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Employee Benefits Oversight Committee (EBOC) and Audit & Finance (A&F) & Aligned Risk Sub-Committee Meetings held on January 20, 2022

A report of the EBOC, A&F and Aligned Risk Sub-Committee meetings, which took place on January 20, 2022, was posted with the public notice of this meeting and will be attached (as Attachment “B”) to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) Meeting held on January 20, 2022

A report of the EBOC meeting, which took place on January 20, 2022, was posted with the public notice of this meeting and will be attached (as Attachment “C”) to the meeting minutes.

Audit & Finance (A&F) Meeting held on January 20, 2022

A report of the A&F meeting, which took place on January 20, 2022, was posted with the public notice of this meeting and will be attached (as Attachment “D”) to the meeting minutes.

XII. RATE ADVISORY COMMITTEE UPDATES

A. Amendment of Bylaws

Ms. Ann Kinnard, Director and Chief of Staff, Customer Service, presented the proposed amendment to the Rate Advisory Committee (RAC) Bylaws. The Board discussed the proposed amendment.

On a motion duly made by Mayor Nirenberg, seconded by Vice Chair Gonzalez, and on a 4-1 vote, the amendment to the bylaws was approved. Trustee Steen voted against the amendment to the RAC Bylaws. He noted that his opposition to the bylaws amendment is because the RAC is an advisory body to the Board of Trustees and its purpose is to provide thoughtful input and perspectives to CPS Energy management and the Board of Trustees on rate structure and rate design for proposed rate increases and generation planning issues, and to allow councilmembers to remove their appointees without cause would not be fair and would prevent thoughtful discussion at the RAC. He stated that RAC members put a tremendous amount of time and effort into learning about CPS Energy and its rate structure and should be able to complete their two-year term.

Chair Dr. Mackey requested that the bylaws be amended in the future to allow Trustees to remove appointees similar to this bylaw change for Councilmembers to ensure fairness.

B. New Appointees

Ms. Ann Kinnard, Director and Chief of Staff, Customer Service, provided a presentation on the nominees to the Rate Advisory Committee (RAC) by Councilmembers to represent two council districts:

- District 3 Nominee: Phyllis Viagran
On a motion duly made by Chair Dr. Mackey, seconded by Mayor Nirenberg, and on a 4-1 vote, the appointment of Councilmember Phyllis Viagran was approved. Trustee Steen voted

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against the appointment. He stated that he respectfully believes the appointment of a councilmember to the RAC was not contemplated when the RAC was established and created potential for the RAC to no longer be advisory in nature, especially if other councilmembers appointed themselves to the RAC. He also added that he believed this was an example of politization of CPS Energy.

- District 7 Nominee: Dr. Adelita Cantu
On a motion duly made by Trustee Steen, seconded by Trustee Dr. Romero, and on a 4-1 vote, the appointment of Dr. Adelita Cantu to the RAC was approved. Vice Chair Gonzalez voted against the appointment.

C. Nomination of Vice Chair - Chair Dr. Mackey tabled the nomination of the Vice Chair for the Rate Advisory Committee to allow more time for Trustee Dr. Romero to become more familiar with the Committee as its liaison.

XIII. WINTER STORM URI LONG-TERM DEBT APPROVAL

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented on the Winter Storm Uri Long Term Debt Approval and requested Board approval of the resolution. He noted that if the Board approved the long-term debt financing, CPS Energy would present it City Council for approval later in the week.

On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the following resolution was unanimously approved.

A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF TAXABLE OBLIGATIONS DESIGNATED AS "CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS" AS FURTHER DISTINGUISHED BY PURPOSE, SERIES, LIEN PRIORITY, TIME OF ISSUANCE, AND METHOD OF INTEREST RATE CALCULATION (WHETHER FIXED OR VARIABLE); THE APPROVAL OF AN OFFERING DOCUMENT RELATING TO EACH PUBLICLY SOLD SERIES OF OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the City Council) of the City of San Antonio, Texas (the City), authorizing the issuance of the currently outstanding first lien revenue bonds and junior lien revenue bonds, respectively (the Senior Lien Obligations and the Junior Lien Obligations, respectively, and collectively, the Outstanding Obligations), the complete management and control of the electric and gas systems (the Systems) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the Board), during the period of time any of the Outstanding Obligations are outstanding and unpaid; and

WHEREAS, the Board has determined that one or more taxable series of revenue refunding obligations designated as "City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds", as further distinguished by series, year of issuance, purpose of issuance, lien priority, time of issuance, and method of calculating interest rate (whether fixed or variable rate) for distinction in the event of multiple issuances (together, the Obligations), in the aggregate maximum principal amount of \$422,000,000 should

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now be issued by the City to provide funds for the purposes, as applicable, of (i) refunding the Refunding Candidates (as such term is defined in the hereinafter-defined Ordinance) and (ii) paying costs of issuance of the Obligations; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the issuance of additional obligations secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Ordinance and that will be on parity with or subordinate to certain of the heretofore issued Outstanding Obligations secured by and payable from, on a series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Obligations, consent to the issuance of the same, approve the ordinance authorizing each series of the Obligations (the Ordinance), including the approval and distribution of the disclosure documents relating thereto, as applicable, and agree to comply with all the terms and provisions of the Ordinance, including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Obligations; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. The City Council is hereby formally requested to authorize and sell taxable Obligations in one or more series, and as designated by series, purpose, lien priority, time of issuance, and method of interest calculation, in the manner hereinbefore described, in the aggregate maximum principal amount of \$422,000,000, and the Board by the adoption of this Resolution hereby evidences its consent to the issuance and sale of the Obligations and the payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Ordinance authorizing the issuance of the Obligations (as further designated to distinguish among series in accordance with the Ordinance) if issued in one or more series, substantially in the form attached to this Resolution as Exhibit A, such Ordinance being incorporated herein by reference for all purposes.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions governing the sale of each series of Obligations shall expire not later than the date of expiration that is specified in the Ordinance.

3. Any Preliminary Official Statement relating to each series of Obligations in substantially the form or forms presented at this meeting is hereby approved and deemed final for the purpose of complying with the United States Securities and Exchange Commission's Rule 15c2-12 and the President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer of the Board (whether serving in an interim or acting capacity) (each, an Authorized Official, and together, the Authorized Officials) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed

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appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to execute each final Official Statement on behalf of the Board.

4. The contract pertaining to the sale of each series of Obligations (collectively, the Purchase Contract), dated as of the date of the sale of the applicable series of Obligations and among the underwriter or underwriters or direct placement purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and any Authorized Official is hereby authorized to execute the Purchase Contract on behalf of the Board and to deliver it to the other parties thereto.

5. In lieu of a Purchase Contract for each respective series of Obligations, the Board reserves the right to alter the method of sale for any series of Obligations to a competitively bid sale for such series of Obligations. Such decision by the Board shall include execution of an official bid form (the Official Bid Form) relating to a particular series of Obligations, to be dated as of the date of the sale of the applicable series of Obligations and among the purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and each Authorized Official is hereby authorized to execute the applicable Official Bid Form relating to a particular series of Obligations on behalf of the Board and to deliver it to the other parties thereto.

6. The Board recognizes that provisions of the Ordinance, completed with respect to a series of Obligations, contain representations, covenants, and obligations of the City relating to the Obligations. Since the proceeds of the applicable series of Obligations will be entirely within the control and disposition of the Board, the Board specifically adopts the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

7. The Board recognizes that provisions of the Ordinance relating to "Continuing Disclosure of Information", contains covenants of the City relating to the Obligations that are publicly sold in the capital markets. Since certain financial information, financial status, operating data, and annual audits of the Systems will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the City Council in those provisions of the Ordinance.

8. In order to comply with various provisions of Texas law, various certificates must be provided to co-bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the issuance, sale, and delivery of each series of Obligations.

9. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the sale, issuance, and delivery of each series of Obligations and the funding, as applicable, of the escrow established in connection with the issuance of a series of refunding Obligations, a purpose of which is the refunding of any Refunding Candidates (including engagement of an escrow bidding agent to facilitate the acquisition of eligible securities to fund such escrow). This delegation shall last through the period of expiration as set forth in the Ordinance.

10. The Board hereby authorizes PPM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and another qualified co-bond counsel. In addition, the

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Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

11. Capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Ordinance.

12. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

13. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

XIV. REQUEST FOR PROPOSAL FOR AN INDEPENDENT OPERATIONAL EFFICIENCY REVIEW

Chair Dr. Mackey stated that he met with Mr. Rudy Garza on what items should be included in the request for proposal (RFP), and requested that Vice Chair Gonzalez be the contact person on behalf of the Board in developing the RFP. He stated his purpose in adding it to the agenda today is to get additional comments from the Board on the RFP. Trustee Steen objected to the RFP process, stating that it was announced to the public without a Board vote, and that it was being issued just after the approval of the rate case by the City of San Antonio. The Board of Trustees discussed the background, timeline and process for releasing the RFP and contracting for an independent operation efficiency review.

XV. ENERGY EFFICIENCY & CONSERVATION PROGRAM UPDATE

Mr. Rick Luna, Director, Technology & Product Innovation, stated the purpose in the program update was to be responsive to questions made by the Board in August 2021 and provide a timeline on the future of the energy efficiency & conservation program. Mr. Luna introduced Dr. Sanem Sergici of the Brattle Group to present their assessment and recommendations for the STEP Program.

Trustee Steen expressed concern with utilizing the Brattle Group because they have an extensive working history with CPS Energy. He urged the approach previously advocated for by Ed Kelley, in which an independent, detailed review of the program was needed to determine if there was still a basis for the program. Trustee Steen encouraged that such an independent report be completed.

XVI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Gonzalez, and seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:14 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

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**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON APRIL 4, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of March was held on Monday, April 4, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Dr. Mackey called the meeting to order at 1:01 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg (arrived at 1:07 p.m., left at 3:03 p.m.)

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Vivian Bouet, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, EVP
CPS Energy staff members
City of San Antonio officials
Interested Citizens

II. SAFETY MESSAGE, MOMENT OF REMEMBRANCE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Ricardo Luna, Interim Director of Technology and Product Innovation.

Mr. Luna noted the passing on Mr. Gary Gold, a former employee who retired as the Chief Financial Officer & Treasurer after serving 16 years at CPS Energy. Mr. Luna noted CPS Energy's appreciation for Mr. Gold's contributions and led those in attendance in a moment of silence.

III. PUBLIC COMMENT

There were not any persons present to provide public comment, so no public comment occurred.

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IV. CHAIR'S REMARKS.

Chair Dr. Mackey thanked the employees of CPS Energy for keeping the lights on this winter. He noted his appreciation for being #1 in the state and #5 in the nation for solar energy. He requested a short report on CPS Energy's preparation for the summer, and Mr. Rudy Garza noted that the report will occur at the May Regular Board Meeting.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza provided an overview of the underground residential electric distribution (URD) and electric cable termination procurement item on the consent agenda. He noted that the services are essential to our continued efforts to install new electrical infrastructure and to maintain the existing underground system. He further stated that multiple vendors were selected for a total award of \$10M which is consistent with the Board's challenge to diversify and select new vendors.

Mr. Garza then noted that the purpose of staff's presentation on a future Energy Efficiency & Conservation Program was to receive feedback and direction on key decision points and noted that current program funding ends on July 31, 2022.

Mr. Garza reported that the Uri financing and 2012 refunding pricing performances were strong. He noted that converting the Uri costs into long-term debt will help affordability, and that the refunding generated \$3.5M in savings for our customers. He noted that all three credit rating agencies reaffirmed our debt ratings.

Mr. Garza informed the Board that the FY2023 approved budget has been published on our website to increase transparency with our customers.

Mr. Garza then reported on the "SA to DC" trip organized by the San Antonio Chambers of Commerce. CPS Energy met with our Texas Congressional delegation and other members of Congress and had collaborative conversations with them.

Finally, Mr. Garza invited our American Public Power Association's Lineworkers' Rodeo members into the Board Room. Mr. Garza noted that these gentlemen are the heart and soul of our wire business – and competed against 55 other public utilities in technical events. He congratulated the linemen on behalf of CPS Energy, thanked them for their hard work. He invited Mr. Andrew Hernandez, an apprentice lineman with 18 years of service, and Mr. Robert Webb, a troubleshooter in service restoration with 16 years of service to the podium. They both stated their appreciation for the support they received and being able to participate in the rodeo. They also look forward to the next linemen's rodeo.

VI. EXECUTIVE SESSION

At approximately 1:36 p.m., Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

Draft for review and approval
at the May 23, 2022 meeting

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

The Board reconvened in open session at 2:41 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

VII. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Romero seconded by Trustee Steen, and upon affirmative vote of three members the following items on the Consent Agenda were unanimously approved. (Following Executive Session, Vice Chair Gonzalez and Mayor Nirenberg were temporarily absent from the dais. Vice Chair Gonzalez returned to the dais at 2:43 p.m. and Mayor Nirenberg returned at 2:44 p.m.)

- A. **Minutes of the Special Meeting held on December 13, 2021.**
- B. **Minutes of the Special Meeting held on January 10, 2022.**
- C. **Minutes of the Regular Meeting held on January 31, 2022.**
- D. **Approval of Payment to the City of San Antonio for February 2022**

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of February 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$218,407,304.82, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$17,624,207.28. Under the previously approved agreement with the City, CPS Energy will advance to the City \$17,624,207.28 against future months' revenues for fiscal year 2023. The revenue for the month of February 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$216,623,800.96
Gas revenue	48,349,216.92
Interest and other income	(2,912,531.11)
Gross revenue per CPS Energy financial statements	262,060,486.77

Draft for review and approval
at the May 23, 2022 meeting

Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,220,344.09)
LVG revenue per City Ordinance 100709	(192,418.57)
Fuel cost component of off-system nonfarm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(23,745,396.47)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	<u>(12,495,022.82)</u>
Total excluded revenue	<u>(43,653,181.95)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$218,407,304.82</u>
City payment per Bond Ordinance for February 2022 based upon February 2022 revenue	\$30,577,022.67
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	<u>786,842.66</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	31,363,865.33
Utility services provided to the City for February 2022	<u>(2,789,940.98)</u>
Net amount to be paid from February 2022 revenue to the City in March 2022	<u>\$28,573,924.35</u>

A

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

(Dollars in thousands)

February 2022	Actual	Budget	Variance	
Current Month* A	\$31,364	\$26,290	\$5,074	19.3%
Year-to-Date*	\$31,364	\$26,290	\$5,074	19.3%

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

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$28,573,924.35 representing 14% of applicable system gross revenues for the month of February 2022, such payment being net of City utility services (\$2,789,940.98), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2023 is \$17,624,207.28.

E. Appointment to a Successor Records Management Officer (Resolution attached as Attachment "A")

Draft for review and approval
at the May 23, 2022 meeting

F. Approval of Procurement Items:

- 1. General Services:** Installation of Underground Residential Electric Distribution (URD) and Electric Cable Terminations
Purchase Category: General Services
Supplier: Cimbafor, LLC
Greenstone Electric Services, LLC
Trinity URD Electric, LLC

*The listed Procurement Item to be attached as Attachment "B"

VIII. CEO SEARCH UPDATE

Vice Chair Gonzalez, as Chair of the Personnel Committee, provided an update on the CEO search. She stated that the Personnel Committee interviewed several qualified executive search firms, and recommends Russell Reynolds Associates. She further recommended that Ms. Lisa Lewis, Chief Administrative Officer, negotiate and execute a contract with the firm to conduct a search for candidates.

IX. ENERGY EFFICIENCY & CONSERVATION PROGRAM

Mr. Rudy Garza introduced Mr. Rick Luna, Interim Director of Technology and Product Innovation, and noted that the purpose of the presentation is to receive feedback from the Trustees on the future of an Energy Efficiency & Conservation Program.

Mr. Luna provided an introduction presentation to the discussion, and then sought feedback from the Board on overarching goals and priorities, overall budget, and program length. The Board of Trustees provided comments and feedback on a future Energy Efficiency & Conservation Program.

X. FLEXPOWER BUNDLE UPDATE

Mr. Kevin Pollo, Vice President of Energy Supply & Market Operations, provided an update on the FlexPOWERSM Bundle. Mr. Pollo provided information on our current generation portfolio, a recap of the FlexPOWERSM Bundle in process and contracts to be executed, and information on firming resources and future planning.

XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Gonzalez and seconded by Trustee Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:22 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting May 23, 2022

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

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

Gross revenue per CPS Energy financial statements		
Electric revenue		\$219,966,796.68
Gas revenue		17,728,007.64
Interest and other income		(5,798,453.08)
Gross revenue per CPS Energy financial statements		<u>231,896,351.24</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(7,882,665.01)
LVG revenue per City Ordinance 100709		(179,576.51)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(18,670,275.19)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>(3,929,935.97)</u>
Total excluded revenue		<u>(30,662,452.68)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$201,233,898.56</u>
City payment per Bond Ordinance for April 2022 based upon April 2022 revenue		\$28,172,745.80
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		770,379.04
City Payment reduction per gas customer billing adjustment MOU		<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding		28,930,624.84 A
Utility services provided to the City for April 2022		<u>(2,800,363.15)</u>
Net amount to be paid from April 2022 revenue to the City in May 2022		<u>\$26,130,261.69</u>

CPS Energy Board of Trustees Meeting May 23, 2022

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

(Dollars in thousands)

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

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

Approval of the following resolution is requested:

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



**CPS Energy Board of Trustees Meeting
May 23, 2022
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1.	<p>Item Description:</p> <p>Purchase Category:</p> <p>Supplier:</p>	<table border="1"> <tr> <td><u>Managed Service Provider - Staff Augmentation</u></td> </tr> <tr> <td>General Services</td> </tr> <tr> <td>Broadleaf Results, Inc.</td> </tr> </table>	<u>Managed Service Provider - Staff Augmentation</u>	General Services	Broadleaf Results, Inc.							
<u>Managed Service Provider - Staff Augmentation</u>												
General Services												
Broadleaf Results, Inc.												
2.	<p>Item Description:</p> <p>Purchase Category:</p>	<table border="1"> <tr> <td><u>Vegetation Management and Right-of-Way Maintenance Services</u></td> </tr> <tr> <td>General Services</td> </tr> <tr> <td>Asplundh Tree Expert, LLC</td> </tr> <tr> <td>Chemical Weed Control, Inc.</td> </tr> <tr> <td>Davey Tree Surgery Company</td> </tr> <tr> <td>McCoy Tree Surgery Co.</td> </tr> <tr> <td>Paloma Blanca Enterprises, Inc.</td> </tr> <tr> <td>Pannell Contracting LLC dba Pannell Co.</td> </tr> <tr> <td>Pozzi Enterprises, Inc. dba Border Construction Services</td> </tr> <tr> <td>The Arbor Experts, LLC</td> </tr> </table>	<u>Vegetation Management and Right-of-Way Maintenance Services</u>	General Services	Asplundh Tree Expert, LLC	Chemical Weed Control, Inc.	Davey Tree Surgery Company	McCoy Tree Surgery Co.	Paloma Blanca Enterprises, Inc.	Pannell Contracting LLC dba Pannell Co.	Pozzi Enterprises, Inc. dba Border Construction Services	The Arbor Experts, LLC
<u>Vegetation Management and Right-of-Way Maintenance Services</u>												
General Services												
Asplundh Tree Expert, LLC												
Chemical Weed Control, Inc.												
Davey Tree Surgery Company												
McCoy Tree Surgery Co.												
Paloma Blanca Enterprises, Inc.												
Pannell Contracting LLC dba Pannell Co.												
Pozzi Enterprises, Inc. dba Border Construction Services												
The Arbor Experts, LLC												
3.	<p>Item Description:</p> <p>Purchase Category:</p> <p>Supplier:</p>	<table border="1"> <tr> <td><u>Substation 345kV Autotransformer Supply – Additional Funding Request</u></td> </tr> <tr> <td>Commodity & Material Goods</td> </tr> <tr> <td>Royal Smit Transformers BV dba Smit Transformatoren BV</td> </tr> </table>	<u>Substation 345kV Autotransformer Supply – Additional Funding Request</u>	Commodity & Material Goods	Royal Smit Transformers BV dba Smit Transformatoren BV							
<u>Substation 345kV Autotransformer Supply – Additional Funding Request</u>												
Commodity & Material Goods												
Royal Smit Transformers BV dba Smit Transformatoren BV												

4.

Item Description:	<u>Substation and Transmission Engineering Services – Additional Funding Request</u>
Purchase Category:	Professional Services
Supplier:	M&S Engineering, LLC
	Schneider Engineering, LLC

5.

Item Description:	<u>Millwright Maintenance Services</u>
Purchase Category:	General Services
Supplier:	Alin Machining Co dba Power Plant Services
	Mechanical Dynamics & Analysis LLC
	Power Services Group, Inc.
	Reliable Turbine Services, LLC
	ST Cotter Turbine Services, Inc.
	TurbinePROS, LLC
	Universal Plant Services Inc.

6.

Item Description:	<u>Streetlight Maintenance Services</u>
Purchase Category:	General Services
Supplier:	Chain Electric Company
	HJD Capital Electric, Inc.
	The L. E. Myers Company

Approval: 

 Lisa Lewis, Chief Administrative Officer

Approval: 

 Rudy Garza, Interim President & CEO



**CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 1**

Item Description	Managed Service Provider - Staff Augmentation
Purchase Order Value	\$70,000,000
Purchase Category	General Services
Department	People & Culture
VP People & Culture	Debra Wainscott
Chief Administrative Officer	Lisa Lewis

Detailed Description

CPS Energy staff recommend that a contract be awarded to Broadleaf Results, Inc. a local, diverse firm as the respondent who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract will allow CPS Energy to procure contractors at market rates to fill short-term needs for critical business functions, ultimately helping to ensure customer reliability and affordability. Through this contract, the vendor manages staff augmentation services, allowing streamlined invoicing, work time approval, reporting under one umbrella, and consistency of rates for role types. This contract will expire on August 31, 2025.

Subcontracting Opportunities

Broadleaf Results, Inc. has committed to subcontracting 30% of overall spend to the following diverse businesses providing labor services:

- ACS Group is an Asian American-owned business
- Bridgewater Consulting Group Inc. is a local, African American-owned business
- Icon Information Consultants is a local, woman-owned business
- Intigrow is a small, Asian American-owned business
- Labor On Demand is a local, small, woman-owned business
- NCR Solutions is a local, small business
- Preferred Counsel is a local, small business
- Smartsoft International Inc. is a small business
- Vaco San Antonio LLC is a local, small business

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	30
The ability to meet CPS Energy's requirements	30
The overall cost	20
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
TOTAL	100



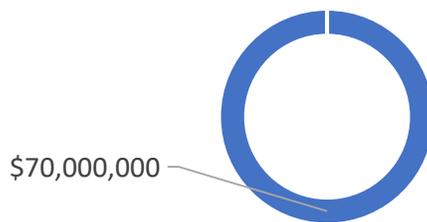
CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 1

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Broadleaf Results, Inc.	Local / Diverse (Woman-owned)	87	\$70,000,000	2200455	
TOTAL			70,000,000		

Ten (10) additional respondents were not recommended for award: Acro Service Corporation; Industrial Staffing Services Incorporated dba Evaluent Talent Solutions; InGenesis, Inc.; iSymphony LLC dba iSymphony; Metasys Technologies, Inc. dba MetaProcure; Peak Technical Services, Inc. dba Peak Technical Staffing USA; Rose International, Inc.; System One Holdings, LLC; The Act 1 Group, Inc. dba AgileOne; and Workspend, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$5,833,334	0.8%	\$23,333,333	\$23,333,333	\$17,500,000

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 2

Item Description	Vegetation Management and Right-of-Way Maintenance Services
Purchase Order Value	\$55,000,000
Purchase Category	General Services
Department	Technical Services Distribution
VP System Operations & Customer Reliability	LeeRoy Perez
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to McCoy Tree Surgery Co.; Paloma Blanca Enterprises, Inc.; Pannell Contracting LLC dba Pannell Co.; Pozzi Enterprises, Inc. dba Border Construction Services; and The Arbor Experts, LLC; all five of which are local, diverse firms, and; Chemical Weed Control, Inc., which is a non-local, diverse firm, and Asplundh Tree Expert, LLC and Davey Tree Surgery Company, both of which are local, non-diverse 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 to provide vegetation management and right-of-way maintenance services as needed and as requested by CPS Energy. This work will be performed on various CPS Energy gas and electric easements located in the San Antonio Metropolitan Area and other remote easements. These contracts will expire on May 31, 2025.

Subcontracting Opportunities

Asplundh Tree Expert, LLC and Davey Tree Surgery Company have both committed to subcontracting 10% of overall spend to diverse 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	30
The overall cost	30
Safety records and training program	20
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
TOTAL	100



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 2

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
McCoy Tree Surgery Co.	Local / Diverse (Veteran-Owned)	82%	\$9,200,000	2200459	Corporate headquarters based in San Antonio Metropolitan Area Scope: Tree Trimming
The Arbor Experts, LLC	Local / Diverse (Woman-Small, Hispanic American-Owned)	81%	\$9,200,000	2200462	Scope: Tree Trimming
Davey Tree Surgery Company	Local / Non-Diverse	81%	\$9,200,000	2200458	Scope: Tree Trimming
Asplundh Tree Expert, LLC	Local / Non-Diverse	73%	\$9,200,000	2200456	Scope: Tree Trimming
Pannell Contracting LLC dba Pannell Co.	Local / Diverse (Woman-Small)	71%	\$9,200,000	2200790	Scope: Tree Trimming
Paloma Blanca Enterprises, Inc.	Local / Diverse (Small)	85%	\$3,000,000	2200460	Corporate headquarters based in San Antonio Metropolitan Area Scope: Right-Of-Way Clearing
Pozzi Enterprises, Inc. dba Border Construction Services	Local / Diverse (Small)	69%	\$3,000,000	2200461	Corporate headquarters based in San Antonio Metropolitan Area Scope: Right-Of-Way Clearing
Chemical Weed Control, Inc.	Non-Local / Diverse (Woman-Small)	25%	\$3,000,000	2200457	Scope: Right-Of-Way Clearing & Specialized Chemical Services
TOTAL			\$55,000,000		

There were no additional respondents.

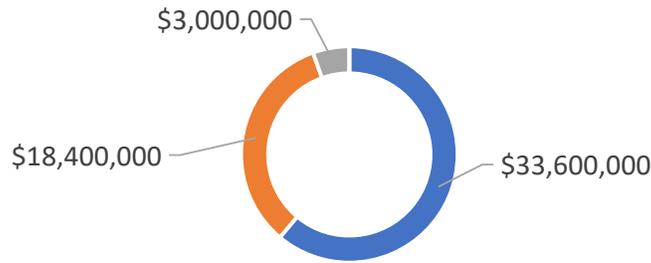


CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 2

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$500,000	0.06%	\$1,100,000	\$1,200,000	\$1,200,000
\$729,676,030	Non-Fuel O&M	\$11,500,000	1.57%	\$13,000,000	\$13,200,000	\$13,300,000

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 3

Item Description		Substation 345kV Autotransformer Supply – Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$5,200,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$15,000,000
Projected Cumulative Purchase Order Value	(D)	\$20,200,000
Purchase Category		Commodity and Material Goods
Department		Substation Engineering
Vice President T&D Engineering & Grid Transformation		Ricardo Maldonado
EVP Energy Delivery Services		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for the supply of 345kV substation autotransformers. This contract was previously awarded to Royal Smit Transformers BV dba Smit Transformatoren BV, a non-local, non-diverse firm, as the respondent who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of 345kV substation autotransformers. This additional funding request will allow CPS Energy to provide for an unforeseen influx of projects that requires immediate procurement of substation autotransformers. This contract will expire on 07/31/2023.

Subcontracting Opportunities

There are no subcontracting opportunities associated with this contract, as Royal Smit Transformers BV dba Smit Transformatoren BV self-performs all work associated with the supply of these autotransformers in the Netherlands. However, the work associated with the installation of this autotransformer provides opportunity for other CPS Energy construction contractors where prime and subcontracting opportunities to local and diverse companies are available.

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

Evaluation Criteria	Points
Price Schedule	60
Plant locations, Delivery, and Contingencies	14
Manufacturer Past Performance	25
Organization & Manufacturing Capability	1
TOTAL	100



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 3

Recommended Respondent(s) & Award

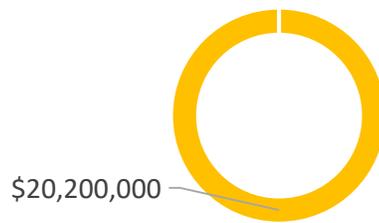
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added Funds	Additional Funds Requested	PO#
Royal Smit Transformers BV dba Smit Transformatoren BV	Non-Local / Non-Diverse	\$5,200,000	\$0	\$15,000,000	3067762
		(A)	(B)	(C)	
Totals		\$5,200,000	\$0	\$15,000,000	
Projected Cumulative Purchase Order Value (D)				\$20,200,000	

Five (5) additional respondents were not recommended for award: HICO, Hyundai, Mitsubishi, SPX Waukesha, and TBEA.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$15,800,000	\$4,400,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: Commodities



■ Local / Diverse
 ■ Local / Non-Diverse
 ■ Non-Local / Diverse
 ■ Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 4

Item Description		Substation & Transmission Engineering Services - Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$15,000,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$12,000,000
Projected Cumulative Purchase Order Value	(D)	\$27,000,000
Purchase Category		Professional Services
Department		Substation and Transmission Engineering
Vice President T&D Engineering & Grid Transformation		Ricardo Maldonado
EVP Energy Delivery Services		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for substation and transmission professional engineering services. This contract was previously awarded to Schneider Engineering, LLC and M&S Engineering, LLC, both local, non-diverse firms, 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 supports both the substation and transmission engineering departments with engineered design packages for substations, including power transformation equipment, as well as design packages for transmission lines, which include transmission structures and associated hardware and conductors. Maintaining this contract with this additional funding request will allow CPS Energy to keep pace with a sizable influx of large customer load and generation interconnect projects that were not known at the time the original purchase orders were developed and approved. These contracts expire on July 31, 2024.

Subcontracting Opportunities

The highly technical nature and speed of work associated with these professional engineering service contracts make this work impractical to outsource. No diverse businesses responded to this RFQ.



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 4

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

Evaluation Criteria	Points
Experience	24
Key Team Members	24
Past Performance	20
Resources	18
Overall Compatibility	8
Licenses and Certifications	6
TOTAL	100

Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Reallocated Funds	Additional Funds Requested	PO#
Schneider Engineering, LLC	Local / Non-Diverse	\$7,500,000	(\$2,570,379.66)	\$6,000,000	2178026
M&S Engineering, LLC	Local / Non-Diverse	\$7,500,000	\$2,570,379.66	\$6,000,000	2178025
		(A)	(B)	(C)	
Totals		\$15,000,000	\$0	\$12,000,000	
Projected Cumulative Purchase Order Value (D)				\$27,000,000	

Fourteen (14) additional respondents were not recommended for award: Ampirical; Black & Veatch Corporation; Commonwealth; Electrical Consultants, Inc; EN Engineering; Electrical Power Systems International; Kiewit; Power Engineers; Quanta Utility; Saber Power Systems; Sargent and Lundy, LLC; Stanley Consults; TRC Engineers, Inc; and Worley Parsons.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$6,000,000	0.7%	\$8,000,000	\$5,000,000	\$0
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

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

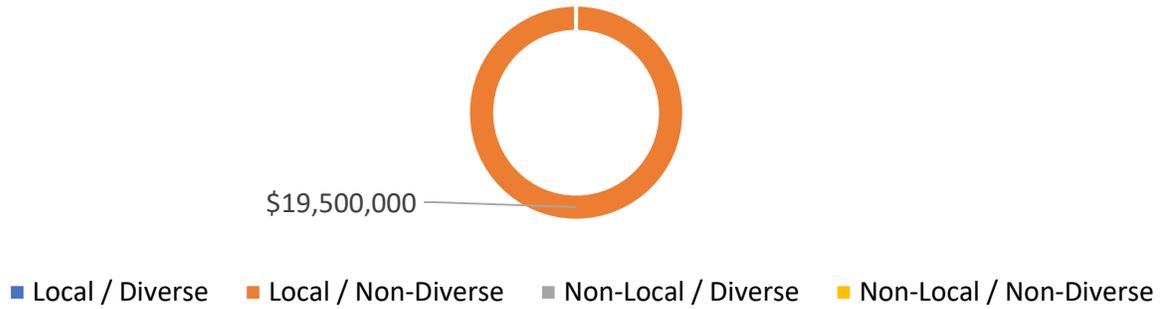


CPS Energy Board of Trustees Meeting

May 23, 2022

Procurement Form 4

Procurement Item: General Services





**CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 5**

Item Description	Millwright Maintenance Services
Purchase Order Value	\$15,000,000
Purchase Category	General Services
Department	Power Generation
Sr. Director, PG Central Support	Jeffrey Kruse
EVP Energy Supply	Benjamin Ethridge

Detailed Description

CPS Energy staff recommend that contracts be awarded to ST Cotter Turbine Services, Inc., a non-local, woman-owned firm; Mechanical Dynamics & Analysis LLC, a local, non-diverse firm; and Power Services Group, Inc., Turbo PROS, LLC, Reliable Turbine Services, LLC, Alin Machining Co dba Power Plant Services, and Universal Plant Services, all five of which are non-local, non-diverse 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 provide highly specialized support from various millwright maintenance contractors with experience and knowledge of large steam turbine maintenance, high pressure boiler feed pump maintenance, large boiler fan maintenance, and other mechanical machinery in our power plants. 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 April 30, 2025.

Subcontracting Opportunities

All awarded companies have committed to subcontract a portion of the work to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. 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	35
The overall cost	20
Safety records and training program	20
The financial soundness of the Respondent	10
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	5
TOTAL	100



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 5

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
ST Cotter Turbine Services, Inc.	Non-Local / Diverse (Woman Owned)	70%	\$2,142,857.15	2200554	
Mechanical Dynamics & Analysis LLC	Local / Non-Diverse	68%	\$2,142,857.14	2200553	
Power Services Group, Inc.	Non-Local / Non-Diverse	74%	\$2,142,857.15	2200558	
TurbinePROS, LLC	Non-Local / Non-Diverse	69%	\$2,142,857.14	2200557	
Reliable Turbine Services, LLC	Non-Local / Non-Diverse	66%	\$2,142,857.14	2200556	
Alin Machining Co dba Power Plant Services	Non-Local / Non-Diverse	63%	\$2,142,857.14	2200552	
Universal Plant Services Inc.	Non-Local / Non-Diverse	63%	\$2,142,857.14	2200555	
TOTAL			\$15,000,000		

Seven (7) additional respondents were not recommended for award: Pilgrim Construction Co., LLC; Texas Industrial Services Specialties, Inc.; Trinity Services LLC; GE Steam Power, Inc.; TEI Construction Services, Inc.; Revak Keene Turbomachinery; and Texas Compression, LLC.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$0	0%	\$0	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$4,150,000	0.6%	\$4,200,000	\$3,500,000	\$3,150,000



CPS Energy Board of Trustees Meeting May 23, 2022 Procurement Form 5

Procurement Item: General Services



■ Local / Diverse ■ Local / Non-Diverse ■ Non-Local / Diverse ■ Non-Local / Non-Diverse



**CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 6**

Item Description	<u>Streetlight Maintenance Services</u>
Purchase Order Value	\$12,000,000
Purchase Category	General Services
Department	Construction and Maintenance Services
VP Construction & Maintenance Services	Darrell Clifton
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to HJD Capital Electric, Inc. a local, diverse firm, and Chain Electric Company and The L. E. Myers Company, both local, non-diverse firms, as the respondents who will provide services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts will provide maintenance and repair services for the existing streetlight systems currently maintained by CPS Energy within the City of San Antonio and Bexar County, which ensures safety and security of the roadways via reliable illumination across CPS Energy’s service area. This contract will expire on June 2, 2025.

Subcontracting Opportunities

All awarded companies have committed to subcontract a portion of the work to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. 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	30
The overall cost	20
Safety records and training program	20
The ability to meet CPS Energy’s requirements	15
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	5
TOTAL	100



CPS Energy Board of Trustees Meeting
May 23, 2022
Procurement Form 6

Recommended Respondent(s) & Award

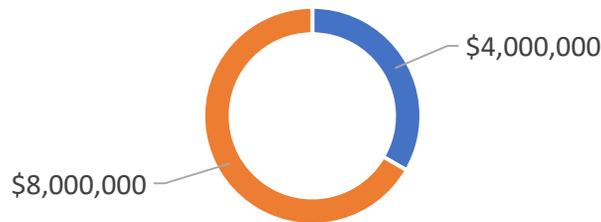
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Chain Electric Company	Local/Non-Diverse	77	\$4,000,000	2200485	
HJD Capital Electric, Inc.	Local / Diverse (Small, HUBZone)	76	\$4,000,000	2200486	Corporate headquarters based in San Antonio Metropolitan Area
The L. E. Myers Company	Local/Non-Diverse	65	\$4,000,000	2200487	
TOTAL			\$12,000,000		

One (1) additional respondent was not recommended for award: Renegade Group Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$3,200,000	0.4%	\$3,650,000	\$3,650,000	\$1,500,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: General Services



■ Local / Diverse ■ Local / Non-Diverse ■ Non-Local / Diverse ■ Non-Local / Non-Diverse



***PROCUREMENT PREVIEW:
MANAGED SERVICE PROVIDER
- STAFF AUGMENTATION***

PRESENTED BY:

Debra Wainscott
VP, People & Culture

May 23, 2022
Approval Requested



AGENDA



- **MANAGED SERVICE PROVIDER (MSP) PROGRAM CONTRACT SCOPE**
- **BACKGROUND OF SERVICES PROVIDED AND FUTURE NEEDS**
- **REQUEST FOR APPROVAL**

The objective today is to provide procurement preview for a new Managed Service Provider (MSP) contract, requesting approval.

MSP PROGRAM

CONTRACT SCOPE



- MSP Program
 - 3rd-party provider manages multiple temporary / contract workers under 1 umbrella contract
 - Streamlines recruiting, invoicing, work time approval, and reporting under 1 contract
 - Uses on-site representative for increased efficiency

In FY2019, we moved from 12+ staffing agency contracts to 1 vendor managing multiple subcontractor suppliers under 1 contract.

MSP PROGRAM

BACKGROUND AND FUTURE NEEDS



- During the pandemic the MSP has provided flexibility in addressing short- and long-term hiring needs
- Spend for the initial 3-year contract and the 1-year extension that ends on 8/31/22 is estimated to total \$52 million
- Will be critical to our ability to meet needs as we scale up for the ERP Transformation project

The leveraging of Staff Augmentation Contractors during the pandemic enabled us to stay agile and control staffing levels.

CONTRACT OVERVIEW

MSP PROGRAM CONTRACT



- Contract Overview
 - Term: 3 years
 - Term Value: \$70 million
- Cross-functional evaluation team from People & Culture (HR), Business & Technology Excellence (IT), IT Security, Financial Services
- Evaluated 11 Respondents; short-listed 2
 - Both suppliers were comparable in their ability to meet our needs



RECOMMENDED COMPANY

MSP PROGRAM CONTRACT



- Recommended Company
 - Broadleaf Results, Inc.
 - Woman-owned, national firm, with a local office
 - Committed to our local and diverse procurement goals
 - Final selection was determined by the combination of the shortlist and implementation evaluations
 - Offering the Best Value, significantly reduced EIT and administrative implementation costs



REQUEST FOR APPROVAL



- We are requesting approval for the award of the contract:
 - Broadleaf Results, Inc. in the amount of \$70 million over 3 years



Thank You





Appendix





Managed Service Provider Spend by Supplier 2/1/21-1/31/22

Supplier	Total Spend	Percent of Spend	Category
Intigrow	\$ 1,758,082.00	10.22%	Diverse
Broadleaf Results	956,493.00	5.56%	Diverse
Icon Information Consultants	394,227.00	2.29%	Diverse
Artech	192,803.00	1.12%	Diverse
E-Solutions	177,140.00	1.03%	Diverse
ACS Group	165,692.00	0.96%	Diverse
Bridgewater Consulting Group Inc	138,866.00	0.81%	Diverse
Randstad	3,508,105.00	20.40%	Local
Apex Systems	1,124,082.00	6.54%	Local
Modis	1,075,884.00	6.25%	Local
Manpower	849,445.00	4.94%	Local
Insight Global	709,756.00	4.13%	Local
Vaco San Antonio LLC	550,788.00	3.20%	Local
System One	334,374.00	1.94%	Local
Kforce	162,425.00	0.94%	Local
Labor On Demand	343,993.00	2.00%	Local/Diverse
		72.34%	
Ettain Group LLC	2,204,369.00	12.82%	Non-Local / Non-Diverse
Integrity	1,180,452.00	6.86%	Non-Local / Non-Diverse
Smartsoft International Inc	732,156.00	4.26%	Non-Local / Non-Diverse
INT Technologies	372,971.00	2.17%	Non-Local / Non-Diverse
Acara Solutions	268,526.00	1.56%	Non-Local / Non-Diverse
	\$ 17,200,629.00	27.66%	
Broadleaf's estimated markup	\$ 516,018.87	(Markup is paid by the subcontractor suppliers)	



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 12, 2022 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE MAY 23, 2022 BOARD OF TRUSTEES MEETING

The Technology & Resilience Committee met on April 12, 2022. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on August 26, 2021.
- B. Received a status update on the Security Update, Energy Efficiency & Conservation, Evolve Transformation, & Enterprise Resource Planning.
- C. Four new action items were generated from this session.

The next meeting of the Technology & Resilience Committee Meeting will be held in August 2022.



ENERGY EFFICIENCY & CONSERVATION PROGRAM

PRESENTED BY:

Rick Luna

Director, Technology & Product Innovation

May 23, 2022

Approval Requested



AGENDA

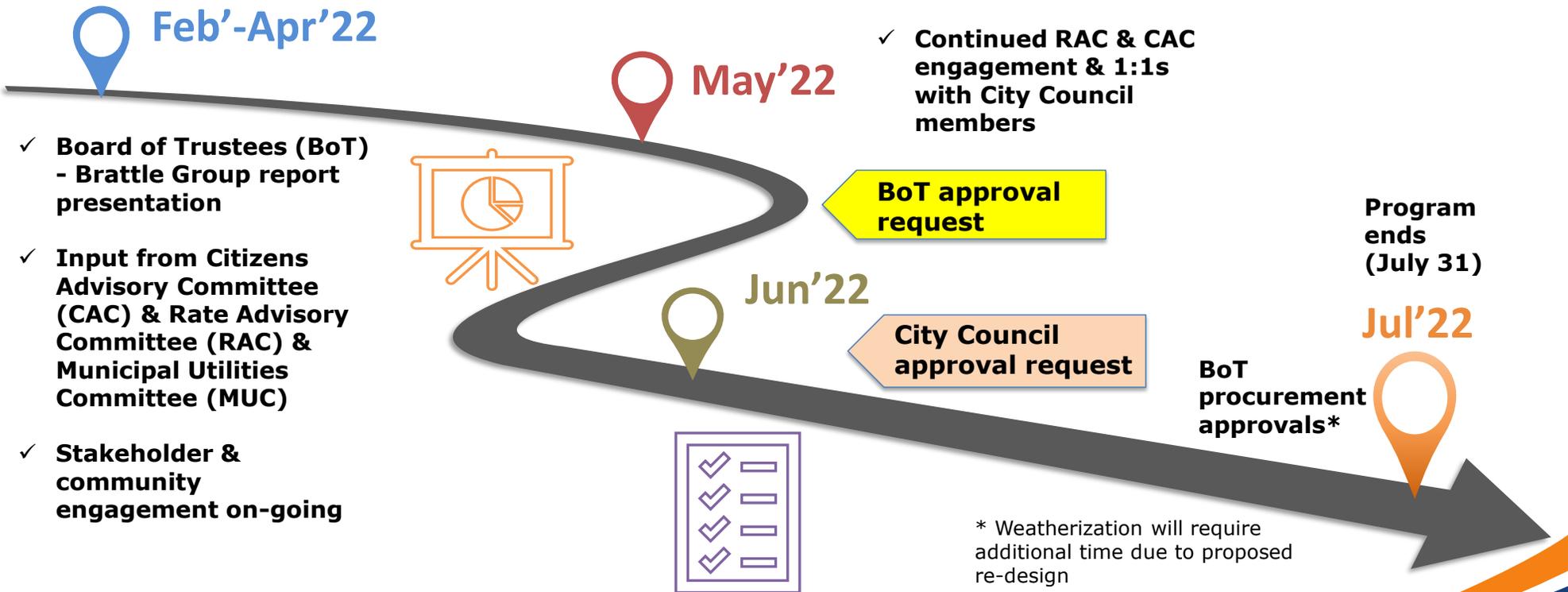


- **OUR ROAD TO TODAY**
- **STAKEHOLDER ENGAGEMENT**
- **3 PROGRAM OPTIONS**
- **APPROVAL REQUEST**

Our objective today is to request your approval for a new energy efficiency & conservation program.



WORKSTREAMS IN-FLIGHT

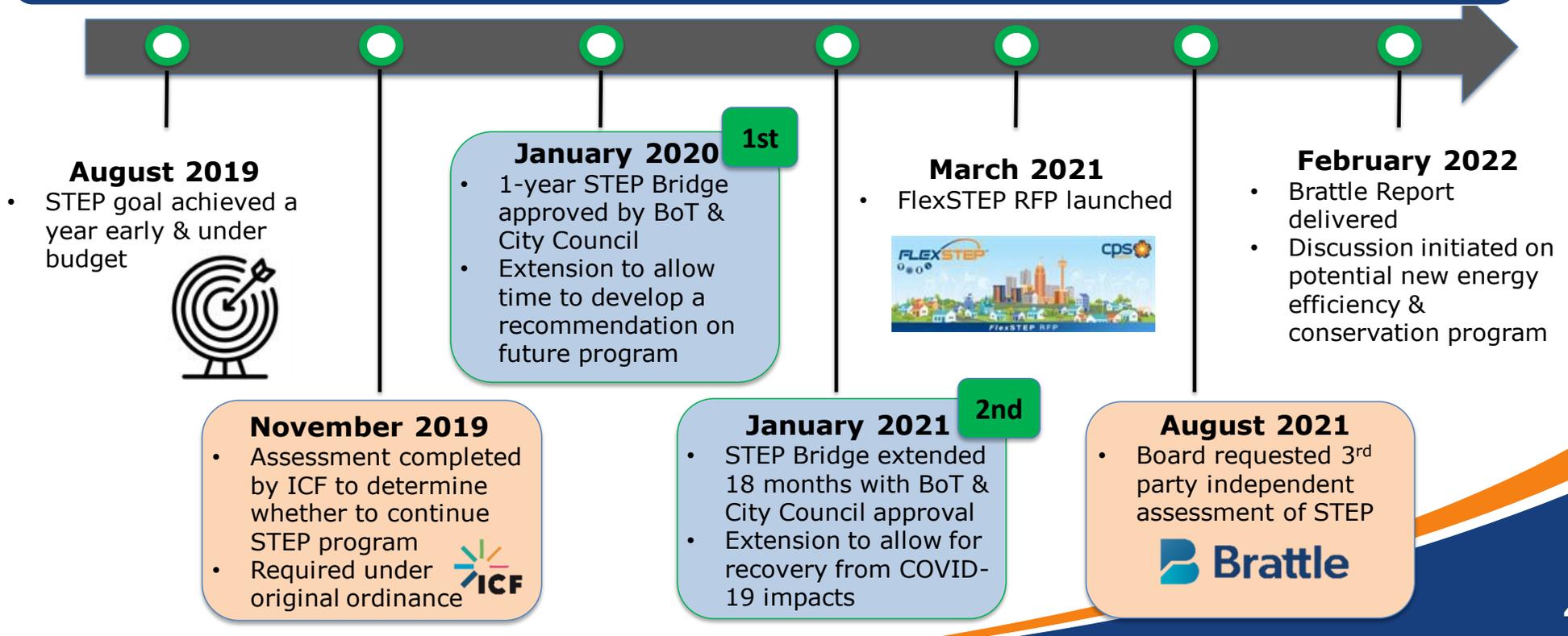


Workstreams are building toward a summer decision on the future of our Energy Efficiency & Conservation program.

OUR ROAD TO TODAY



Discussions on the future of energy efficiency & conservation started almost 3 years ago when the original STEP goal was achieved.



RECENT ENGAGEMENTS



We've engaged the RAC, CAC & City Council throughout the process of developing the options we're presenting today.



Rate Advisory Committee (RAC)

- June & September 2021 – Deep dive on STEP programs
- March 2022 – Recap of Brattle Report
- April 2022 – Discussion of key decision points
- May 2022- Consideration of 3 options



Citizens Advisory Committee (CAC)

- March 2022 – Recap of Brattle Report
- April 2022 – Discussion of key decision points
- May 2022- Consideration of 3 options

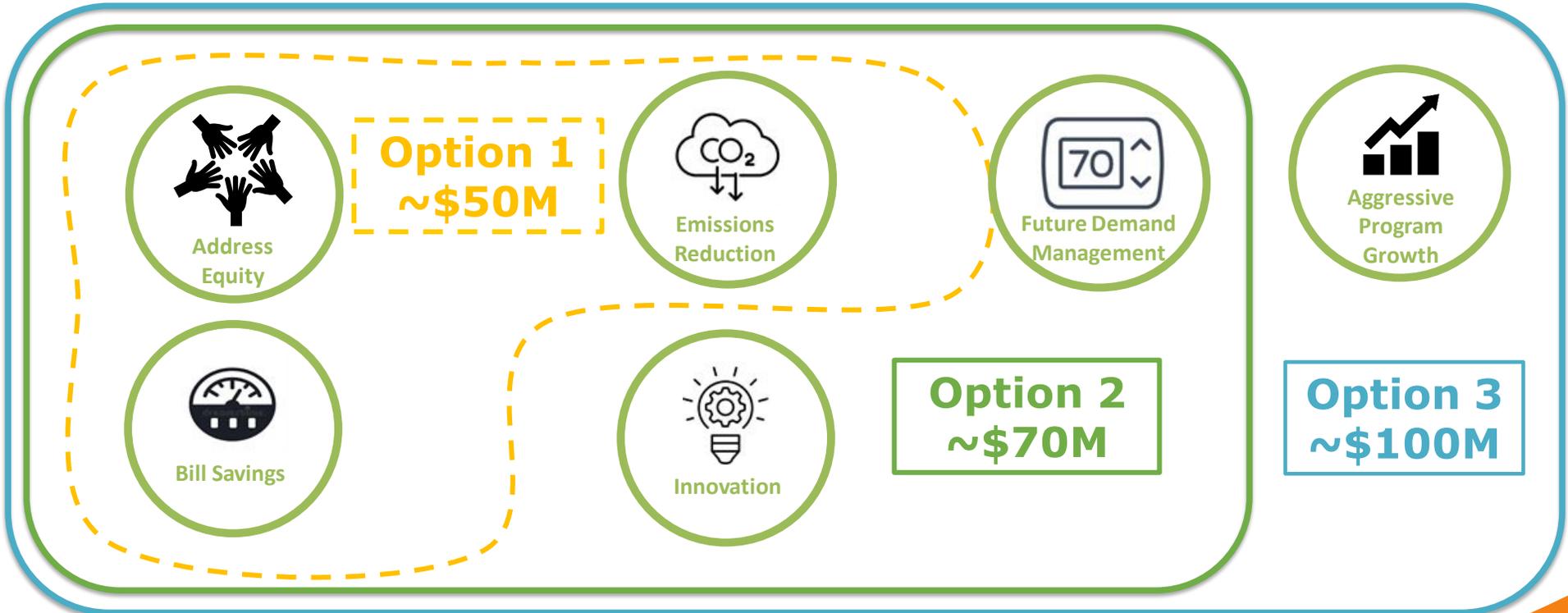


City Council

- April – Program options discussed with Municipal Utilities Committee (MUC)
- May 2022 – 1:1s with Council members

PROGRAM OPTIONS

3 SCENARIOS FOR CONSIDERATION



These program options are designed to meet multiple goals & scaled at different bill impact levels.

PROGRAM DESIGN

ALIGNING PROGRAMS TO GOALS



Program Categories	Option 1 \$50M	Option 2 \$70M	Option 3 \$100M
Weatherization	✓	✓	✓ +
Energy Efficiency	✓	✓	✓ +
Demand Response	✓	✓	✓ +
Traditional Solar Rebates			
Multifamily Weatherization	✓	✓	✓ +
Targeted Low-Income Programs	✓	✓	✓ +
Educational/ Behavioral Programs	✓	✓	✓ +
EV Charging Programs	✓	✓	✓ +
Non-Traditional Solar Options*		✓	✓ +
Battery Storage		✓	✓ +
Electrification			

Existing Programs

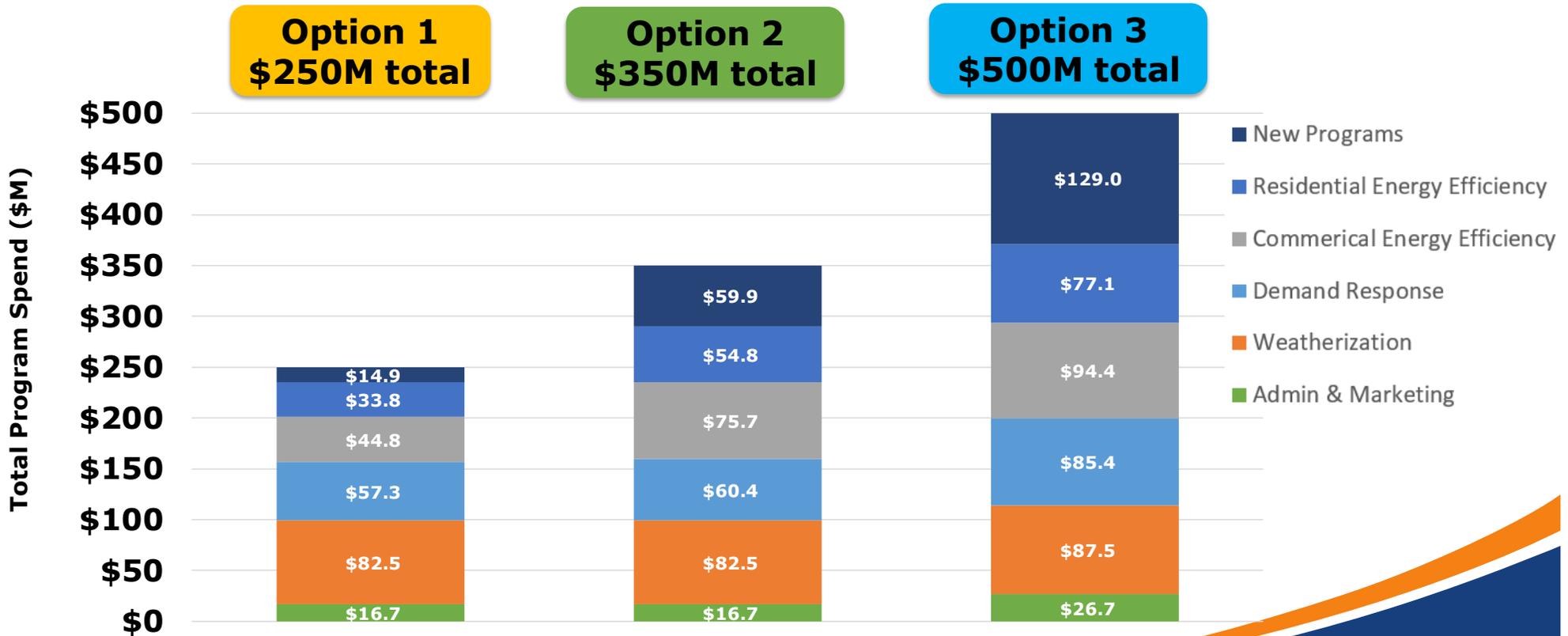
Potential New Programs

*Non-Traditional Solar Options would include community solar & other programs that lower the barrier for entry to solar.

ESTIMATED BUDGETS



These are estimated budgets by program category over the 5-year term.



All figures based on a 5 year program.



PROGRAM OUTCOMES

5 YEAR TARGETS



	Option 1	Option 2	Option 3
Demand Reduction 	~ 265 MW of incremental demand reduction	~ 410 MW of incremental demand reduction	~ 565 MW of incremental demand reduction
Energy Savings* 	~ 0.70% of energy savings per year	~ 1.00% of energy savings per year	~ 1.30% of energy savings per year
Equity 	~ 16,000 homes & ~ 10,400 multifamily units weatherized	~ 16,000 homes & ~ 20,000 multifamily units weatherized	~ 18,000 homes & ~ 30,000 multifamily units weatherized

* Energy savings as a percentage of annual electric sales.

These options are designed to deliver outcomes that matter to our customers & community.

PROGRAM OUTCOMES

BENEFITS



	Option 1	Option 2	Option 3
Avg. Monthly Bill Impact*	~\$2.50	~\$3.50	~\$5.00
Total Program Cost	~\$250M	~\$350M	~\$500M
Systems Benefits** 	~\$475M <i>in lifetime avoided fuel & capacity costs</i>	~\$665M <i>in lifetime avoided fuel & capacity costs</i>	~\$950M <i>in lifetime avoided fuel & capacity costs</i>
Emissions Reduction*** 	~1.2 million <i>tons of avoided carbon</i>	~1.85 million <i>tons of avoided carbon</i>	~2.2 million <i>tons of avoided carbon</i>

* Bill impact figures are based on CY2021 average residential usage of 1,045 kWh per month & are subject to change.

** Based on target Utility Cost Test (UCT) of 1.90 over the life of the program.

*** Emissions are based on FY2022 emissions factors. Avoided figures based on cumulative emission reductions over the 5-year program.

Benefits are calculated based on a 5-year program.

BENEFITS OF OPTION 2 (\$70M)



Demand Management

- Reduce need for additional capacity
- Realize operational benefits from demand response
- Support enabled technology in homes & businesses



Bill Savings

- Help customers reduce electric bills through efficiency
- Support educational & behavioral programs



Address Equity

- Large focus on Weatherized homes for our most vulnerable customers
- Expand into multi-family weatherization
- Support for additional low income programs



Innovation

- Launch new innovative programs
- Support electric vehicle, battery storage opportunities



Emissions Reduction

- Reduce carbon emissions
- Align with Climate Action & Adaptation Plan (CAAP)

The \$70M option can achieve these objectives with no incremental impact to customer bills.

CURRENT STEP CONTRIBUTION

RECOVERY BY RATE GROUP



2021 Average Bill & STEP Amounts Per Customer Group

Rate Group	Total Bill	\$ Contributed to STEP per Bill	STEP % of Bill
Residential	\$ 119.89	\$ 3.63	3.0%
Small Commercial	\$ 538.65	\$ 18.09	3.4%
Large Commercial	\$ 10,986.82	\$ 408.25	3.7%
Extra Large Commercial	\$ 82,709.20	\$ 3,365.19	4.1%
Super Large Commercial	\$426,247.21	\$ 19,378.94	4.5%

We have added a way for customers to view what they are contributing to the STEP program on an average basis

To calculate your own monthly contribution to the STEP program, please follow the calculation below:

$$\begin{array}{rcl}
 \mathbf{\$0.00348} & \times & \mathbf{1,000 \text{ kWh}} & = & \mathbf{\$3.48} \\
 \text{Average STEP} & & \text{Monthly} & & \text{Average} \\
 \text{contribution factor} & & \text{Consumption} & & \text{contribution to} \\
 & & \text{(or Usage)} & & \text{STEP per month} \\
 & & & & \text{for a customer} \\
 & & & & \text{with 1,000 kWh in} \\
 & & & & \text{monthly usage}
 \end{array}$$

More information can be found at: www.cpsenergy.com/en/about-us/programs-services/save-for-tomorrow-energy-plan.html

APPROVAL REQUEST



Staff recommends continuing an energy efficiency & conservation program:

- Approval of a new 5-year energy efficiency & conservation program
- Options 1, 2, 3 or abstention (allow program to end)
- Goals on incremental demand reduction, energy savings, & weatherization
- All options will include:
 - Built-in check-in to ensure the program is on track at year 3
 - Annual reporting of results with same accountability procedures as the original STEP program

Without action, the energy efficiency & weatherization programs will end on July 31, 2022.

With your approval, we will take this item to the City Council for their consideration in June.



Thank You





APPENDIX



FUTURE BILL IMPACT BY OPTION & RATE GROUP



Estimated Monthly STEP Bill Impact

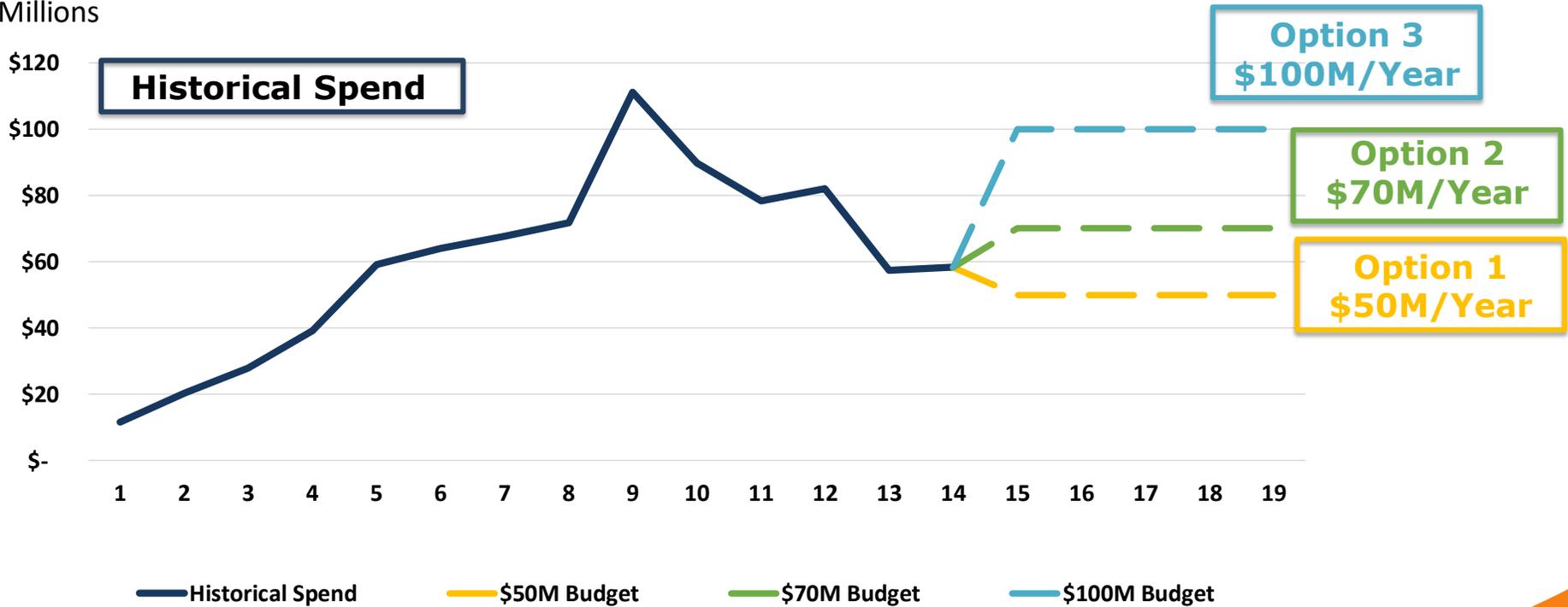
Rate Group	Option 1 \$50M	STEP % of Total Bill	Option 2 \$70M	STEP % of Total Bill	Option 3 \$100M	STEP % of Total Bill
Residential	~\$2.50	~2.1%	~\$3.50	~2.9%	~\$5.00	~4.2%
Small Commercial	~\$12.40	~2.3%	~\$17.35	~3.2%	~\$24.80	~4.6%
Large Commercial	~\$279.80	~2.5%	~\$392.20	~3.6%	~\$559.65	~5.1%
Extra Large Commercial	~\$2,311.75	~2.8%	~\$3,240.30	~3.9%	~\$4,623.45	~5.6%
Super Large Commercial	~\$13,300.80	~3.1%	~\$18,643.30	~4.4%	~\$26,601.55	~6.2%

Bill impact projections are based on CY2021 average customer usage & are subject to change.

PROGRAM SCALE RELATIVE TO HISTORICAL SPEND



\$ in Millions



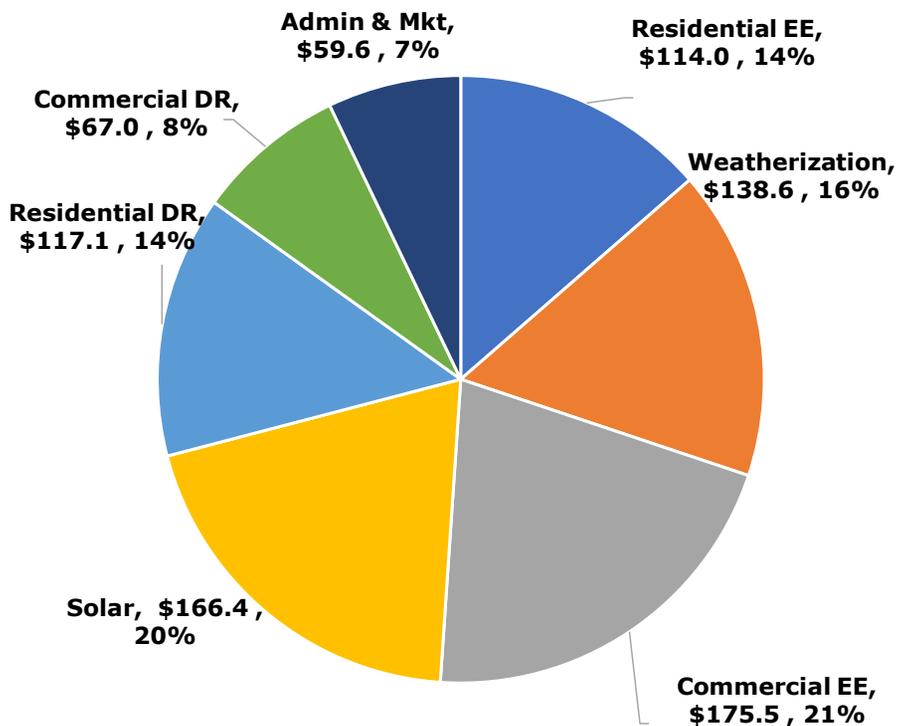
**Option 1 is comparable to early years of STEP.
Option 2 is 10% higher than STEP over its 12-year life.**

HISTORICAL STEP ACHIEVEMENTS

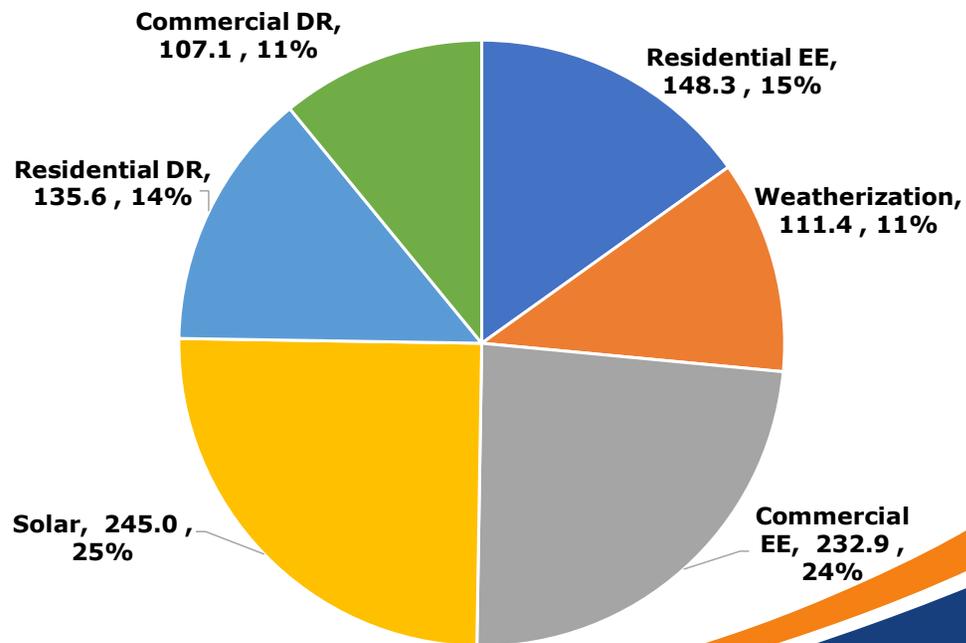
FY09-FY22



Dollars spent **\$838M**



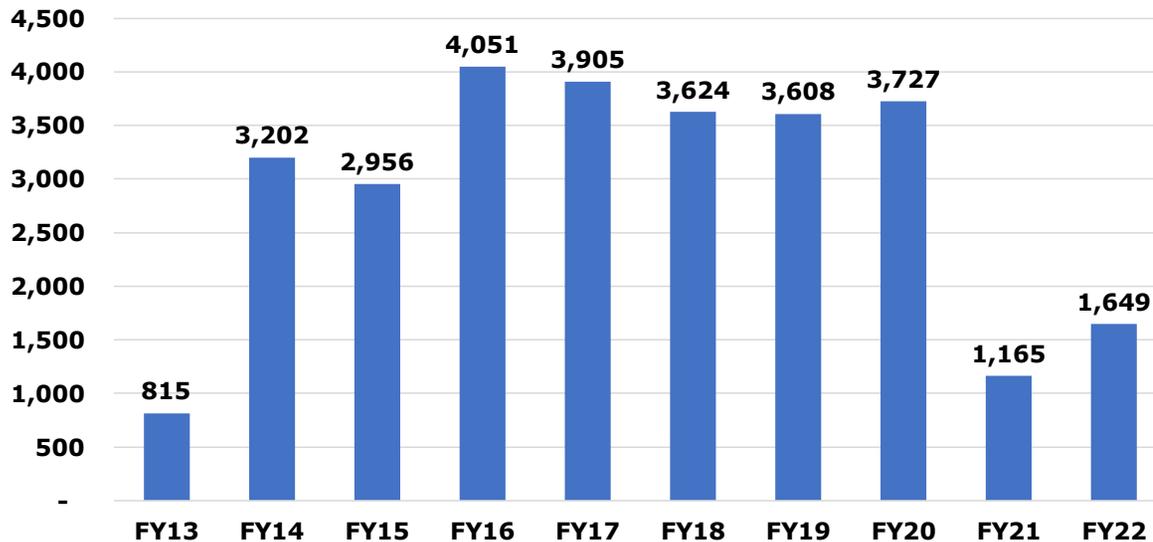
MW Achieved **980 MW**



WEATHERIZATION PAST PERFORMANCE



Homes Weatherized by Year (STEP)
28,700 Homes since FY13



Note: FY21 & FY22 figures are lower due to the impact of COVID-19.

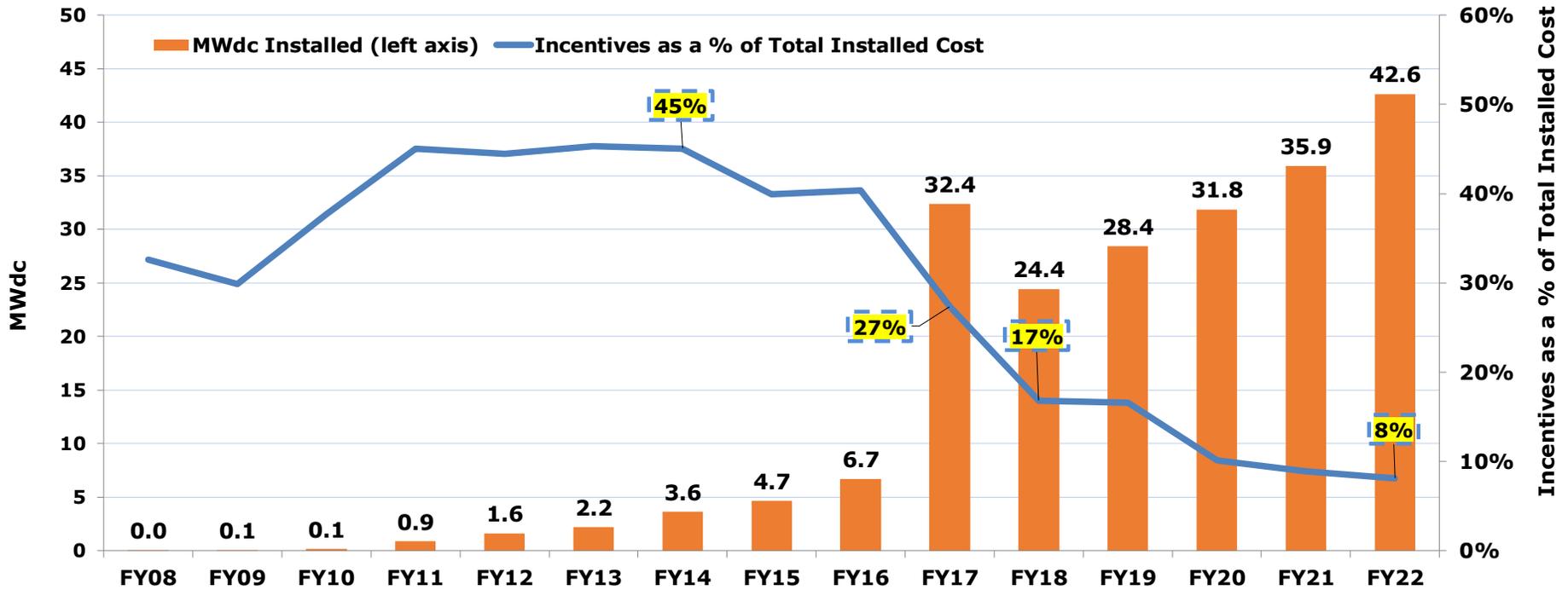
FY22 Measure Mix

Measures	# of homes measure was installed in
Air infiltration	1,556
Attic insulation	1,529
Solar screens	1,471
LED lightbulbs	1,346
Wall insulation	661
Hot water heater	390
Floor insulation	245
Duct sealing	186

Customers save an estimated \$450 annually after weatherization services have been completed in their home

TRADITIONAL SOLAR REBATES

ADOPTION RELATIVE TO REBATE LEVEL (RESIDENTIAL)



In FY2022, the solar rebate offset 8% of the cost of an installed residential system.



NOMINATION OF RATE ADVISORY COMMITTEE (RAC) MEMBERS

Presented by:

Ann Kinnard

Director, Chief of Staff Customer Strategy

May 23, 2022

Approval Requested

AGENDA



- **APPROVE NEW RAC MEMBER NOMINATED BY TRUSTEE DR. ROMERO**

This update will seek approve a new RAC member nominted by Trustee Dr. Romero.

COUNCIL MEMBER NOMINATIONS



District	Nominee	Zip Code	Quadrant	Profession
1	John Agather	78212	2	Musician
2	Anacua Garcia	78220	3	Community Organizer
3	Phyllis Viagran	78214	3	City Councilwoman
4	Peter Onofre	78245	4	Operations Administrator
5	Andy Castillo	78211	4	Designer
6	Alvaro Rodriguez	78250	1	Sales
7	Dr. Adelita Cantu	78228	1	Associate Professor
8	Michael Kennick	78203	1	Electric Engineer
9	Ann Marie Nikolich	78230	1	Exec. Asst.
10	Jack Hebdon	78209	2	Developer Partner



BOARD APPOINTEES



Trustee	Nominee	Zip Code	Quadrant	Profession
Chair Dr. Mackey	Wayne Eddington	78148	3	Civil Engineer
	Anthony Edwards	78258	2	VP Community Prgm
Vice Chair Gonzalez	Michael Sanchez	78249	1	Real Estate Investor
	DeeDee Belmares	78109	3	Organizer
Trustee Dr. Romero	Curtis Anastasio	78230	1	Public Board Service
	Christopher T. Fullerton Norman Dugas	78230 78023	1	Researcher Attorney Residential RE Developer
Trustee Steen	Dana McGinnis	78212	2	Investment Advisor
	Jim Berg	78209	3	Business Owner
Mayor Nirenberg	Reed Williams, Chair	78209	2	Grape Farmer
	Dr. Olufemi Osidele	78253	4	Consultant
All	Anita Ledbetter	78223	3	Executive Director

REQUEST FOR APPROVAL



Christopher Fullerton

Christopher T. Fullerton

- Member of the City of San Antonio Drainage and Flood Control Community Bond Committee
- Member of the City of San Antonio Planning Commission Technical Advisory Committee
- Hunters Creek voluntary Neighborhood association Board President
- Member San Antonio Chamber of Commerce

REQUEST FOR APPROVAL



- Request approval of new RAC member



Thank You





APPOINTMENT OF TWO AT-LARGE POSITIONS TO THE CITIZENS ADVISORY COMMITTEE (CAC)

PRESENTED BY:

Yvonne Pelayo

Sr. Director, Local Government Relations

May 23, 2022

Approval Requested

AGENDA



- **REVIEW OF APPOINTMENT PROCESS**
- **CURRENT CAC MEMBERS**
- **SOLICITATION PROCESS FOR AT-LARGE POSITIONS**
- **REQUEST APPROVAL OF TWO (2) AT-LARGE APPOINTMENTS**

APPOINTMENT PROCESS



- Terms are for 2-years; may serve 3 consecutive terms, for a maximum of 6 total years
- Each City Council member appoints 1 member
- At-Large members are nominated by the community & interviewed by the CAC
- All CAC Member appointments are approved by the Board of Trustees

CAC MEMBERS



 <p>RICHARD FARIAS DISTRICT 1</p>	 <p>LA WSON PICASSO DISTRICT 2</p>	 <p>DIANA AGUIRRE MARTINEZ DISTRICT 3</p>	 <p>FRANK GONZALEZ DISTRICT 4</p>	 <p>ANDY CASTILLO DISTRICT 5</p>
 <p>RAQUEL ZAPATA DISTRICT 6</p>	 <p>DR. ADELITA CANTU DISTRICT 7</p>	 <p>JOHN KELLY - Vice Chair DISTRICT 8</p>	 <p>TOM CORSER DISTRICT 9</p>	 <p>ALLIE WATTERS - Chair Elect DISTRICT 10</p>
 <p>BILL DAY - CHAIR</p>	 <p>MARY DENNIS</p>	 <p>MARYELLEN VELIZ</p>	 <p>VACANT</p>	 <p>VACANT</p>

2022 SOLICITATION PROCESS



January At-Large Term Expiration - David Walter

February At-Large Term Expiration - Luisa Casso

- March**
- **Outreach campaign:**
 - Print Media
 - Radio
 - Social Media
 - **43 Applicants Received**

April
CAC Conducted Interviews

May
CAC Finalizes Selection & requests BoT Approval

The last At-Large solicitation in 2020 generated only 3 applicants.

CAC APPOINTMENT TWO AT-LARGE POSITIONS



Andra Clapsaddle

- Retired Air Force Civil Engineer
- BS in Civil Engineering, MS in Environmental Quality Engineering
- Recent graduate Master's Leadership Program San Antonio
- Resident of Helotes



Stephen Bonnette

- Civil Engineer - Public Works & Transportation
- BS in Civil Engineering
- San Antonio Resident for 23 years
- Active in boards & committees (local, county & state)

REQUEST FOR APPROVAL



- **Andra Clapsaddle**
At-Large Position
- **Stephen Bonnette**
At-Large Position





Thank You

