



# Interim President & CEO's Report for April 4, 2022 Board of Trustees Meeting

*Connecting. Listening. Engaging. Serving.*

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

# AGENDA



- **PROCUREMENT PREVIEW**
- **ENERGY EFFICIENCY & CONSERVATION UPDATE**
- **URI FINANCING & 2012 REFUNDING PRICING RESULTS**
- **CREDIT RATINGS UPDATE**
- **FY2023 PUBLIC BUDGET DOCUMENT**
- **SA TO DC RECAP**
- **LINEWORKERS' RODEO & EMPLOYEE RECOGNITION**

# PROCUREMENT PREVIEW

## URD & ELECTRIC CABLE TERMINATIONS



This informational email was sent to CPS Energy Board Members on **Wednesday, June 15, 2022**.  
 Also included were: Holly Garcia, Lorella Kemmer, Shaina Ramirez, David Ramer-Hamberger, Andrew Gleason, Jessica Lindsley, Kathy Garcia, Melissa Soriano, Richard Hefflin, Arlene Lundy, Erik Walsh, Ben Corzani, Zack Lyke, and Michelle Lagalla-Roloff.

Dear Members of the Board,

At the April 4 Board of Trustees Meeting, we will request your approval to award the contract of service for the installation of **underground residential electric distribution (URD)** and electric cable terminations. These services are essential to the continued effort to maintain existing, underground electrical infrastructure at subdivisions and apartment complexes. The current contract services will terminate on May 8, 2022.



Based on respondent submittals, it is recommended to award the contract to Trinity URD Electric, LLC, Cimbarlor, LLC, and Greenstone Services, LLC, based on the best value to CPS Energy. We award a total of \$10,500,000, with \$3,500,000 awarded to the contractor. A small, local contractor new to CPS Energy, among the contract awardees.

**CONTRACT OVERVIEW:**

This contract supports construction service activities for all residential electrical distribution cable terminations and maintenance requested by the CPS Energy Resource Management Team of this contract will ensure that all new underground residential infrastructure systems will continue to be installed and maintained at subdivisions and apartment complexes in the CPS Energy territory. The work to be performed under this agreement is for a three (3) year period beginning May 1, 2022 and ending May 1, 2025.

The contractors will be responsible for all work performed in accordance with CPS Energy drawings for URD systems. This contract will also provide resources in the event of emergency work during storms or other extreme conditions, as required.

**ANTICIPATED SPEND:**

Contract capital spend for three (3) year commitment is:

Fiscal Year	Annual Projected Spend
FY2023	\$2,900,000
FY2024	\$3,500,000
FY2025	\$3,500,000
FY2026	\$600,000 (first 3 months of year)
<b>Total</b>	<b>\$10,500,000</b>

Best Regards,  
 Nathalia Lopez, Legal Program Manager, General Counsel, on behalf of,

**Richard Medina**  
 Internal Ops | Energy Delivery Services  
 CPS Energy | 500 McCullough, San Antonio, Texas 78215 | MD: CT1501  
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- These services are essential to our continued effort to install new, & to maintain existing, underground electrical infrastructure systems for subdivisions & apartment complexes.
- This contract supports construction service activities for all underground residential electrical distribution cable terminations & maintenance.

**We will request your approval to award the contract of service for the installation of Underground Residential Electric Distribution (URD) & electric cable terminations.**

# ENERGY EFFICIENCY & CONSERVATION

## SEEKING YOUR FEEDBACK



- **We are continuing the conversation with you about a future Energy Efficiency & Conservation program.**
- **We want your feedback & direction on key decision points like:**
  - **Goals**
  - **Programs**
  - **Budget &**
  - **Term**
- **The current program funding ends on July 31, 2022.**

**We are highlighting key decision points for your consideration in setting the future of Energy Efficiency & Conservation.**

# URI FINANCING & 2012 REFUNDING PRICING RESULTS



- **Two strong performances in tough market conditions.**
- **Our credit strength attracted strong demand & favorable rates.**
  - **Our Uri transaction received 3X the orders needed from over 65 investors.**
  - **Our Refunding received 6X the orders needed from over 30 different investors.**
- **Good results for our community.**
  - **Our Uri transaction converted Uri costs to long-term debt, helping affordability for our customers.**
  - **Our Refunding generated \$3.5M in cashflows savings.**

**Our strong credit enabled us to generate excellent demand for our debt, despite a significant rise in interest rates. The strong demand allows us to lower yields & cushion impact to our customers.**

# UPDATE ON CREDIT RATINGS



- **Solid liquidity, metrics & the recently approved rate increase continue to demonstrate financial resilience.**
- **Winterization improvements & enhanced hedging practices to mitigate natural gas price-risk help manage exposure.**
- **Ratings are sensitive to several factors:**
  - **Actions by the state & market regulators like ERCOT.**
  - **Rate affordability, timing & need for future rate adjustments.**
  - **Resolution of Winter Storm Uri costs.**
  - **Reduction in leverage, without sacrificing capital investment in the system.**

Current			
	Rating	Outlook	Comments
Fitch	AA-	Negative	<i>No change</i>
S&P	AA-	Negative	<i>No change</i>
Moody's	Aa2	Stable	<i>No change</i>

**S&P, Fitch & Moody's all reaffirmed our Credit Ratings; further signaling confidence in our financial profile.**



- **The approved budget for this year has been published on our website.**
- **It aligns with our recent rate request.**
- **It includes:**
  - **Operating & capital budget details**
  - **An organizational overview & business unit details**
  - **Governance, history & planning processes**

**This document creates accountability for the commitments we made to our community & ensures transparency with our customers.**

# SA TO DC RECAP



**As part of the San Antonio Chamber of Commerces' annual federal advocacy trip, "SA to DC," members of our team, including Interim President & CEO Rudy Garza & Board Vice Chair Janie Gonzalez, participated with San Antonio business representatives to advance our community's federal priorities. During the event, the group participated in meetings with elected officials, networking sessions, & collaborative conversations.**

# LINEWORKERS' RODEO



- **The American Public Power Association's (APPA) Lineworkers' Rodeo is the foremost showcase of public power lineworker skill & knowledge.**
- **At the Rodeo, journeyman & apprentice lineworkers compete for professional recognition, attend training courses, & practice essential skills in a safe environment.**

# EMPLOYEE RECOGNITION – LINEWORKERS' RODEO PARTICIPANTS



Jacob Hubble, Chris Martinez, Alfred Duque, Blane Torre, Kyle Roberts, Howard Zimmerman, Robin Bendele, Johnny Garcia, Andrew Hernandez, Jason Gallo, Bo Green, Travis Wiatrek, Efrain Kerby, Clint Stevens, Jake Juarez, Clint Tieken, Stephen James, Jack Carrasco, Andrew Berger, Robert Webb, & Kenny Byrom

# STAY INVOLVED & CONNECTED



## Board of Trustees' Meetings

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

## Rate Advisory Committee (RAC)

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

## Customer Assistance Programs

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

## Rate Information & Bill Estimator

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

## Utility Assistance Fairs, ARPA Events, & more

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

## Social Media



CPSEnergy



Cps\_energy



@Cpsenergy



CPS Energy

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



***Thank You***





# *Appendix*



# COMMUNITY COMMITMENTS MONTHLY UPDATE

As of 3/31/22

**Legend**  
■ On-Track ■ At-Risk

Driver	Major Commitments	Status	Update
 <b>Customers &amp; Community</b>	Energy Efficiency & Conservation Program Public Input		<ul style="list-style-type: none"> <li>Ramping up engagement efforts including education &amp; potential impacts about program authorization ending in July of 2022</li> </ul>
	Generation Resource Planning Public Input		<ul style="list-style-type: none"> <li>Presented back cast simulation to Rate Advisory Committee (RAC), reviewing with subcommittee</li> <li>Developing RAC activity schedule</li> </ul>
	Rate Design Public Input		<ul style="list-style-type: none"> <li>Engaged an outside vendor to conduct a new cost of service study, a critical component to transparent &amp; data driven discussions</li> </ul>
	Connecting Customers with Support		<ul style="list-style-type: none"> <li>Added 5K customers to our Affordability Discount Program; Currently 57,316 customers are enrolled, with a target of 65,000 customers</li> <li>Received &gt;10k ARPA applications &amp; allocated ~\$725k of \$20M Target</li> <li>Manually processing ~500 ARPA apps/week; adding resources &amp; working with the City of San Antonio on auto-qualifications &amp; extending time frame covered</li> </ul>
 <b>People</b>	Safety Culture Fundamentals		<ul style="list-style-type: none"> <li>Operational leaders are preparing learning plans &amp; observation refresh training is being updated for delivery in April</li> </ul>
	Retain & Attract Talent		<ul style="list-style-type: none"> <li>Project exceeding front-line hiring goal for Q1, ability to compete on compensation for advanced technical roles remains at risk</li> </ul>
 <b>Infrastructure Resiliency</b>	Strengthen Generation Capabilities to meet Extreme Conditions		<ul style="list-style-type: none"> <li>Lee West fuel oil system design in progress</li> <li>Executing Request for Proposal (RFP) process for natural gas transportation &amp; storage services</li> <li>Developing work packages for operating procedure updates &amp; prioritizing 2 equipment upgrades</li> </ul>
	Enhance Communication & Grid Management during Major Events		<ul style="list-style-type: none"> <li>Reclosures (field switches) installation &amp; vegetation management proceeding as planned</li> </ul>
 <b>Reliable Growth</b>	Support Expanding Community & Civic Improvements		<ul style="list-style-type: none"> <li>Continued residential &amp; commercial growth</li> <li>Supply chain delays are impacting projects; maintaining consistent updates to customers &amp; working through alternative designs, where possible</li> </ul>
 <b>Technology</b>	Digital ERP Plan to Mitigate System End-of-Life		<ul style="list-style-type: none"> <li>Significant progress of current/future state assessment to inform scope of replacement technology &amp; supporting business case</li> </ul>
	Data Center Transformation		<ul style="list-style-type: none"> <li>Onboarded partners to support execution of data center migration activities</li> <li>Finalized application migration strategy &amp; held kick-off meetings with internal business stakeholders</li> </ul>

**Our first quarter ends 4/30/22 & a detailed report will be delivered at the end of May.**