



# Interim President & CEO's Report for May 23, 2022 Board of Trustees Meeting

*Connecting. Listening. Engaging. Serving.*

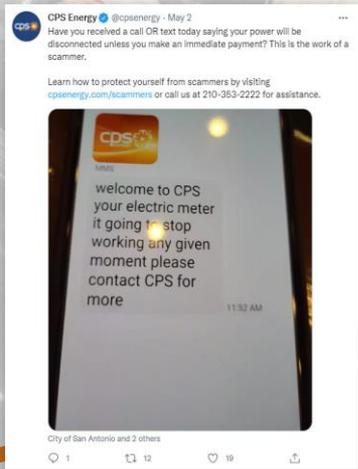
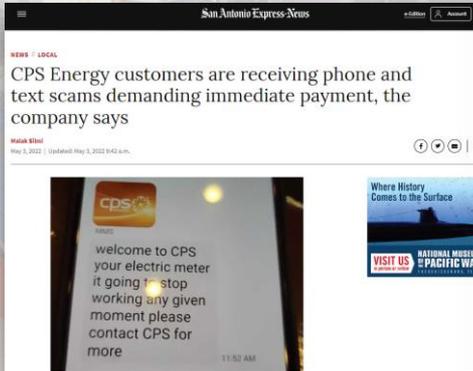
**Rudy Garza**  
*Interim President & CEO*

# AGENDA



- **2022 CUSTOMER SCAM AWARENESS**
- **MONTHLY FINANCIAL PERFORMANCE**
- **NATURAL GAS PRICE VOLATILITY & RESIDENTIAL BILL IMPACT**
- **CONTINUED TRANSPARENCY**
- **SYSTEM OPERATIONAL ACHIEVEMENT RECOGNITION**
- **CPS ENERGY IBEW LOCAL 500 UNITED WAY GOLF TOURNAMENT**
- **EMPLOYEE RECOGNITIONS**

# 2022 CUSTOMER SCAM AWARENESS NEWS & SOCIAL COVERAGE



# MONTHLY FINANCIAL PERFORMANCE REMAINS ON TRACK



## Q1 Year-To-Date:

- Financial performance is favorable year-to-date primarily due to higher weather-driven sales volume, lower O&M expenditures, & interest savings.

## Full Year Revised Forecast:

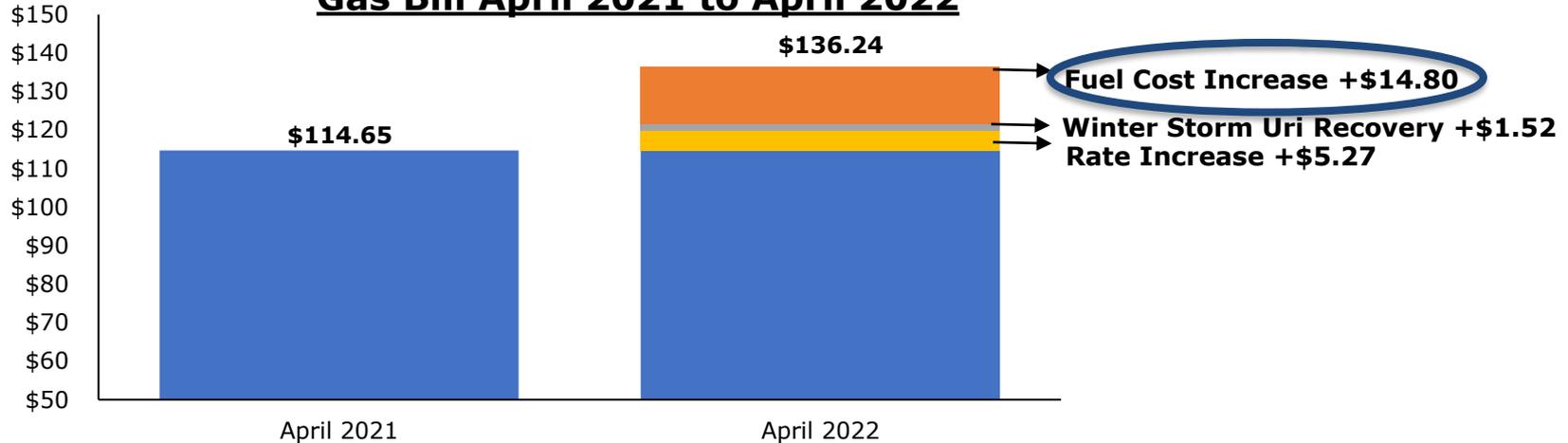
- With Q1 behind us, we are making a modest adjustment to our projected FY2023 Revenues & Expenses.
- The impact of this updated forecast on our financial metrics & Flow of Funds is minimal; ADSC, DCOH & Debt-to-Capital Ratio is still in line with our original budget forecasts.

# RESIDENTIAL BILL IMPACT



Natural Gas Prices have historically been volatile & driven by market forces. Despite our many efforts, it is impossible to fully insulate customers from rising natural gas costs, which are having an unavoidable impact on their bills.

## Combined Residential Electric & Gas Bill April 2021 to April 2022



In total, average combined residential electric & gas bills for April 2022 were ~20% higher than bills in April 2021, mainly driven by fuel.

# CONTINUED TRANSPARENCY





## The Rising Cost of Natural Gas Impacts Energy Bills

**Rising Natural Gas Costs**

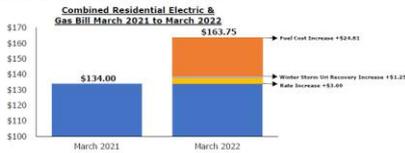
The price of natural gas is determined by an open market. The market is influenced by domestic and international forces that have caused significant price increases over the last year. Current natural gas prices are the highest in almost 15 years, since November 2008. CPS Energy cannot control the natural gas market and does not benefit financially from the higher prices. Costs for fuel are passed directly to customers as part of the Fuel Adjustment Charge. The Fuel Adjustment Charge reflects Generated Power Costs for fuel associated with our nuclear, coal, and natural gas units; Renewable Power Costs which are purchases of wind, solar, and landfill gas; Market Power Purchases of fuel from the open market; and the Save for Tomorrow Energy Plan (STEP) which covers a portion of the cost associated with energy efficiency programs. Learn more about your energy bill at [cpsenergy.com/billhelp](https://cpsenergy.com/billhelp).

We work diligently to protect our community from rising natural gas prices and to ensure availability of natural gas during peak demand. Our strategies include financial hedging instruments to lock in the cost of gas months in advance, long-term gas prepay at discounted prices, natural gas storage to be used when prices increase, and baseload gas purchases made at the beginning of the month so they are not subject to daily price volatility. Less than half of our electric generation capacity is susceptible to natural gas price increases because we have a diversified fuel strategy for electric generation. Learn about our strategies and find more information regarding the impact of natural gas costs on energy bills and our financial performance at [cpsenergy.com/fuelcostsmemo](https://cpsenergy.com/fuelcostsmemo).

**Impact to Customer Bills**

Despite our efforts, average combined residential electric and gas bills for March 2022 were ~22% higher than bills in March 2021. Increases in natural gas fuel costs were responsible for elevating residential March 2022 bills by ~18%. Our recent rate increase and additional fuel purchases were responsible for ~4%, a small portion of this increase. The majority of the current bill impact is a result of gas market pricing we cannot control. Even our ongoing work to lessen high prices is still not enough to protect our customers from rising natural gas costs.

**Combined Residential Electric & Gas Bill March 2021 to March 2022**



Month	Total Bill
March 2021	\$134.00
March 2022	\$163.75

Breakdown for March 2022:

- Fuel Cost Increase: +\$28.81
- Electric Revenue DR Recovery Increase: +\$1.25
- Rate Increase: +\$3.69

We encourage you to take measures to reduce your energy usage, especially heading into the hot summer months.

- Get simple energy conservation tips for your home at [cpsenergy.com/tips](https://cpsenergy.com/tips).
- We offer rebate programs at [cpsenergy.com/savenow](https://cpsenergy.com/savenow) to help offset the cost of energy efficiency upgrades to your home or business.
- Our Casa Verde Weatherization Program helps income-qualifying homeowners and renters reduce energy loss (and costs) with free energy efficiency improvements. Customers can apply for the program at [cpsenergy.com/casaverde](https://cpsenergy.com/casaverde).

If you need assistance with your energy bill, please contact Customer Service at (210) 353-2222 or visit [cpsenergy.com/assistance](https://cpsenergy.com/assistance).

## Rising Cost of Natural Gas Messaging



000002 000000001  
CUSTOMER  
1224 HAPPY LANE  
SAN ANTONIO TX

Customer Number: XXXXXXXX

Greetings: CUSTOMER,

The CPS Energy Board of Trustees is currently examining the future of our investment in energy efficiency and conservation programs. A range of options will be considered by our Board during its May 23 meeting and if approved, a recommendation will be sent to City Council for approval on Thursday, June 16. We are reaching out today to share information on the investment you made in community energy efficiency and conservation programs, which have benefited all CPS Energy customers.

In 2009, CPS Energy launched the Save for Tomorrow Energy Plan (STEP), which challenged us to reduce our community's energy demand by 771 Megawatts (MW) by 2020, roughly the equivalent of a large power plant. Thanks to customer participation in our Demand Response and Energy Efficiency programs, we exceeded our goal one year ahead of time and under budget. A study has shown STEP helped save 6.3 Terawatt-hours (TWh) of electricity, which has led to more than 553 million in customer bill savings. By 2019, STEP saved our customers enough energy to power over 104,000 homes and provided 680 annual jobs.

Programs under STEP include rebates for weatherization, appliances, and even energy-efficient light bulbs. All our customers contribute to the STEP program through their monthly bills. Funding for the program is recovered through our electric base rates and the monthly electric fuel adjustment. Visit [cpsenergy.com/billhelp](https://cpsenergy.com/billhelp) for more information on these charges. Last year, customers contributed ~\$0.00348 per kWh to the program.

It is estimated your investment in the energy efficiency and conservation programs was \$XX.XX in 2021.

We are currently evaluating strategies for creating the next phase of a dynamic, future-focused program that builds on our model of delivering energy savings and empowering customer choice.

A plan overview and annual reports can be found on the City of San Antonio - Office of Sustainability website at [sanantonio.gov/sustainability/Energy/SaveforTomorrow](https://sanantonio.gov/sustainability/Energy/SaveforTomorrow). The Assessment and Benchmarking of STEP conducted in February 2022, along with additional information, is on our website at [cpsenergy.com/STEP](https://cpsenergy.com/STEP). We invite you to pre-register for public input at our next board meeting. You can see previous board presentations and find upcoming meetings and presentations on this topic at [cpsenergy.com/boardmeetings](https://cpsenergy.com/boardmeetings). Lastly, you can visit the Rate Advisory Committee (RAC) page to sign up for public comment at [cpsenergy.com/RAC](https://cpsenergy.com/RAC).

We hope you are interested in learning more about the future of our energy efficiency and conservation programs. CPS Energy values our relationship with customers like you, and we look forward to your input.

Best Regards,



Jonathan Tijerina  
Vice President, Enterprise Risk & Development

## STEP Letter to Customers

**Pay Online** [www.cpsenergy.com](https://www.cpsenergy.com)

**Pay-By-Phone** 1-877-257-1172

**Customer Service** (210) 353-2222

**Gas or Electric Trouble** (210) 353-4357

**"Se Habla Español"**

Read the enclosure sent with this bill or visit [cpsenergy.com/fuelcostsmemo](https://cpsenergy.com/fuelcostsmemo) to learn how rising natural gas prices are impacting energy bills nationwide. Learn about energy efficiency and conservation to save energy and reduce your bill.

Lea el anexo enviado con esta factura o visite [cpsenergy.com/memodelcombustible](https://cpsenergy.com/memodelcombustible) para saber como el aumento de los precios del gas natural están afectando a las facturas de energía en todo el país. Infórmese sobre la eficiencia energética y la conservación de la energía y reducir su factura.

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## On-Bill Messaging: Rising Cost of Natural Gas

# SYSTEM OPERATIONAL ACHIEVEMENT RECOGNITION (SOAR)



- **The American Public Gas Association (APGA) has presented us with its SOAR recognition for excellence in operating our natural gas utility.**
- **To achieve this recognition, we showed how we strive to improve our operating capabilities, overcome challenges, & adapt to our changing environment.**
- **Out of approximately 750 APGA members, we were selected for the SOAR Bronze level by our peers on the APGA Operations & Safety Committee.**

# CPS ENERGY IBEW LOCAL 500 UNITED WAY GOLF TOURNAMENT



## BENEFITTING REAP



- 280 players & 50+ employee volunteers returned to the courses of TPC San Antonio on May 12 to fundraise for REAP during the annual CPS Energy IBEW Local 500 United Way Golf Tournament.
- Notable team wins include our own IBEW Local 500 3rd Place Canyon's win & Chair Dr. Mackey's team placing 1st on the Oaks Course.

**Through the generous support of our business partners, the event was sold out & exceeded fundraising expectations by netting \$130,000 for REAP.**

# EMPLOYEE RECOGNITION –

## STEFFI OCKENFELS



### Project/Program Lead, Corporate Responsibility

**Steffi Ockenfels** is responsible for defining & developing Corporate Social Responsibility (CSR) strategies & aligning programs, sponsorships, & volunteer activities to our corporate & community objectives.

Steffi is a member of Class 37 of Leadership San Antonio (LSA) & participated in Leadership SAISD. She holds certificates in both Corporate Citizen Leadership & Practice from Boston College's Center for Corporate Citizenship.

She has a B.A. in Sociology, as well as a Masters of Public Administration degree from UTSA, & an MBA in Marketing from Regis University.

She started as a Product Manager/Market Researcher with CPS Energy in 2005 & has also worked as a Corporate Affairs & Public Policy Program Manager.

# EMPLOYEE RECOGNITION –

## KAREN SANDERS



### Project/Program Lead - Employee Programs

**Karen Sanders** works on our Corporate Responsibility team to ensure that CPS Energy is represented in the community using a one-company mindset. She provides the perspective required for CPS Energy to identify the opportunities & risks that can build value or threaten assets, before the impact shows on surveys & spreadsheets.

Karen has a B.B.A in Marketing from UTSA. Prior to working for CPS Energy, she worked for the United Way of San Antonio & Bexar County & the Texas Migrant Council as a Career Consultant for Texas Temporary Assistance for Needy Families (TANF) recipients. She also has an extensive retail & wholesale management background.

She started in our Community Programs department in January 2003.

# 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



# GLOSSARY / DEFINITIONS



Acronym or Word	Definition	Acronym or Word	Definition
O&M	Operations & Maintenance		
ADSC	Adjusted Debt Service Coverage		
DCOH	Days Cash On Hand		
REAP	Residential Energy Assistance Program		
SAISD	San Antonio Independent School District		

