



President & CEO's Report for November 29, 2022 Board of Trustees Meeting

Connecting. Listening. Engaging. Serving.

Rudy D. Garza
President & CEO

AGENDA



- **SUBDIVISION CHALLENGES**
- **FINANCIAL TRANSACTION UPDATE**
- **SUPPLIER DIVERSITY GROWTH**
- **GRILLSGIVING**
- **JOINT TABLETOP EXERCISE**
- **EMPLOYEE RECOGNITION**

SUBDIVISION CHALLENGES

DISTRIBUTION TRANSFORMERS UNAVAILABLE



- **Primary drivers remain labor & raw material shortages, compounded by booming growth in our service area (50% increase compared to pre-pandemic levels)**
- **Competing with:**
 - **Growth on other systems**
 - **System hardening efforts**
 - **5G projects**
 - **EV demand for raw materials & manufacturer production time**
- **DOE engaged: considering use of Defense Production Act to address supply chain issues for distribution transformers**



Supply of critical equipment and materials is decreasing while demand continues to grow, widening the gap between what is available and what is needed.

UTILITY BUSINESS

Utility Supply Chain Chaos

July 19, 2022

Short supply of large transformers is concerning, but it's not the only challenge electric utilities face when it comes to supply chain.

Teresa Hansen



Home builders advised of transformer supply shortages

Texas Public Radio | By Brian Kirkpatrick
Published August 3, 2022 at 11:33 AM CDT



SUBDIVISION CHALLENGES

CONSTRUCTION IMPACTED DUE TO VOLUME OF MATERIALS REQUIRED



Current Material Impacts

Distribution Transformers

Insulated Cable

Poles (Wood & Steel)

Gas Risers & Regulators

Meter Cans (Commercial & Industrial)

Mitigations

Increased Sourcing Diversification

Continuous Specifications Review

**Procure Components,
Assemble In-House**

Refurbish/Re-Use Equipment

Review of Customer-Referred Material

We conducted a virtual meeting this month to allow our Developer Customers to hear directly about issues with Transformer Vendors.

- **Continued confidence in our credit strength drove Investor interest**
 - **2X orders received from 7 different Investors**
 - **Investor interest allowed us to reduce the expected interest rate by 3 basis points**
- **Good results for our community**
 - **Lower debt service costs using variable rate bonds instead of fixed rate bonds (*~3.00% vs 5.00%*)**

Despite challenging economic conditions, our strong credit & underwriter performance generated good demand for these bonds. This allowed us to lower yields, generating lower debt service for our customers.

SUPPLIER DIVERSITY GROWTH

Q4 SUPPLIER OUTREACH



CPS ENERGY LEAGUE OF UNITED LATIN AMERICAN CITIZENS - CONCILO ZAPATISTA

Please Join
CPS Energy & LULAC
for a Small/Medium Business Event

November 17, 2022
11:00 am - 2:00 pm

Alamo Post 2 - The American Legion
3518 Fredericksburg Rd.
San Antonio, TX 78201

TOPICS TO BE DISCUSSED:

- ★ Current and upcoming bid opportunities from Local Government Entities
- ★ Programs that support small / medium businesses
- ★ Resources available to veterans as well as veteran-owned businesses
- ★ Learn how to obtain certification as a Small, Minority, Woman and/or Veteran - owned Business Enterprise (SMWVBE)
- ★ Energy savings and rebate programs

To RSVP for Lunch, please contact: James Massey at 210-353-2238 or jMassey@cpsenergy.com

COME NETWORK WITH:

November 17
Small & Medium Business Event
2nd Annual
Partnered w/ LULAC
129 Small Business Attendees
21 Peer Agencies Represented

Small Business Opportunity Event

SUSTAINABLE TOMORROW ENERGY PLAN (STEP)

We are searching for the following specialties:
Home Repair, Home Inspection,
Blower Door Testing, Energy Auditing,
HVAC, Insulation, and More.

You're invited to learn about:

- CPS Energy's upcoming solicitation for weatherization services for single family homes
- A new multi-family weatherization initiative
- How to register to bid on CPS Energy proposals

Wednesday, November 30, 2022
5:30 - 7:00 PM
CPS Energy Headquarters
500 McCullough Ave.

November 30
Weatherization Event
Partnered w/ Community Engagement
692 Trade Contractors Contacted

BEXAR COUNTY BUSINESS CONFERENCE 2022

COMMODITIES SERVICES CONSTRUCTION

www.Bexar.org/smwbe or 210.335.2478

WEDNESDAY, DECEMBER 7, 2022 • 7AM - 3PM • FREEMAN EXPO HALL • SAN ANTONIO, TX

VISIT OUR WEBSITE FOR ALL THE DETAILS, PRESENTERS AND SCHEDULE: WWW.BEXAR.ORG/SMWBE

BREAKFAST MC
KEITH W. WILSON
Executive Director
US Army (Ret.), IC Military & Veterans Services Center

BREAKFAST SPEAKER
TED JAMES
Region VI Administrator
South Central Region, SBA

TOPIC: "Growing Your Business Market - Federal Opportunities & Resources"

LUNCH MC
JELYNNE LESBLANC JAMISON
President/CEO,
The Center for Health Care Services

KEYNOTE SPEAKER
JIMMY HOLMES
President & Publisher
San Antonio Business Journal

TOPIC: "Connecting with the Public & Private Sectors for Business Recovery & Growth"

BEXAR COUNTY COURTY

NELSON W. ROOP, County Judge
REBECA BISHOP, Commissioner, Precinct 1
JUSTIN BISHOP, Commissioner, Precinct 2
MARAHLYN BISHOP, Commissioner, Precinct 3
TOMMY CAUSEY, Commissioner, Precinct 4

VETERANS Business & Resource Center
Sponsored by CPS Energy

Linking Small, Minority, Women, and Veteran Business Owners to opportunities for OVER 22 YEARS!

MEET FEDERAL STATE & LOCAL AGENCIES PLUS Private Companies Who Want to Do Business With You!

University Health

CONFERENCE PROGRAM

December 7
SMWVBO Conference
Annual Event
Title Sponsor
4,000 Attendees

GRILLSGIVING 2022

A CELEBRATION OF MEAT & MUSIC



- 28 Barbeque Teams
- 1,280 in Attendance
- +1.7M Media Touchpoints
- \$221,000 Total Raised



Life on the Handline Team & Friends



Fat Side Up Team & Friends



Vice Chair & BBQ Judge, Janie Gonzalez



Headliner: The Powell Brothers



Rudy D. Garza visiting teams

This was time for fellowship with our community & an opportunity to raise funds to support those in need.

JOINT TABLETOP EXERCISES

PREPARING FOR WINTER



- **We hosted a second Joint Tabletop Exercise on 11/16**
 - **CoSA, SAWS, Bexar County & other agencies**
 - **Severe winter event designed to test/enhance interagency cooperation & processes**
- **Huge overall success**
 - **Utilized Multi-Agency Coordination (MAC) Group model**
 - **Included members from Texas Department of Emergency Management (TDEM), 2-1-1, & Whataburger**

Our Incident Management Team discusses strategy at the simulated Incident Response Center (IRC)



MAC Group members discuss scenarios with exercise facilitators

The success of the exercise demonstrated the strides made to improve communication & agency interoperability during a severe weather event.

EMPLOYEE RECOGNITION

CYBERSECURITY TEAM

Jonathan Homer – Chief Security Officer
Brandon Pixley – Director of Cybersecurity
Darren Hulskotter – Sr. Mgr. Cyber Ops
Christopher Knox – Sr. Mgr. Risk & Assurance
Bryan Medina – Mgr. Threat & Vuln. Mgmt.
Vijaya Babu Pounraj – Mgr. Infrastructure Security

Analysts:

- Tyrone Anderson
- David Bernal
- Brandon Daugherty
- Ramiro De Los Santos
- Erika Garza
- Donny Henderson
- Deborah Jarmon
- Michael Lanier
- George McCauley
- Osvaldo Perez
- Jason Plant
- Santos Taboada
- Miguel Tarango
- Luis Reyes

Key Accomplishments in 2022:

- Established 5-Year Strategy
- Securely Configured New Cloud Environment
- Securely Configured New Gas Environment (BTE/Gas SCADA/Int. Security Project)
- Implemented New Corporate Endpoint Security & Network Monitoring Tools
- Implemented New OT Network Monitoring & Endpoint Detection & Response Tools
- Analyzed 2,508 Malicious Phishing Emails
- Mitigated 2,278 Segregation of Duties Risks in SAP

October was Cybersecurity Awareness Month. We hosted 4 Lunch & Learns, had 10 teams participate in a virtual cyber escape room, & interviewed 3 Chiefs supporting CSAM.



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

Customer Assistance Programs

- cpsenergy.com/assistance

Rate Information & Bill Estimator

- cpsenergy.com/newrates

Community Fairs & more

- cpsenergy.com/events

Social Media



CPSEnergy



@cpsenergy



CPS Energy



[cps_energy](https://www.instagram.com/cps_energy)



CPS Energy



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

