



**CPS ENERGY BOARD OF TRUSTEES MEETING  
TO BE HELD ON OCTOBER 31, 2023 AT 1:00 PM  
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

*At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda.*

**AGENDA**

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	<b>CALL TO ORDER</b>	Execute	Ms. Janie Gonzalez
2	<b>SAFETY MESSAGE, INVOCATION &amp; PLEDGE OF ALLEGIANCE</b>	Execute	Ms. Julie Johnson
3	<b>PUBLIC COMMENT</b> Pre-Registration is from Wednesday, October 25, 2023 5:00 PM – Friday, October 27, 2023 1:00 PM. Dial (210) 353-4662 or email <a href="mailto:PublicCommentRegistration@CPSEnergy.com">PublicCommentRegistration@CPSEnergy.com</a>	Discuss	Ms. Janie Gonzalez
<b>UPDATE ON CHAIR’S PRIORITIES</b>			
4	<b>CHAIR’S REMARKS</b>	Discuss	Ms. Janie Gonzalez
<b>CONSENT AGENDA</b>			
5	<b>APPROVAL OF CONSENT ITEMS:</b> A. Minutes of the Regular Board meeting held on 09/25/2023 B. Payment to the City of San Antonio for September 2023 C. Procurements Items: 1. <b>General Services:</b> Call Center Support Services (Ms. DeAnna Hardwick) 2. <b>General Services:</b> Additional Funding Request: Overhead Electric Distribution Services (Mr. Richard Medina) 3. <b>General Services:</b> Additional Funding Request: Joint Trench Gas and Electric Service Installation (Mr. Richard Medina) 4. <b>General Services:</b> Additional Funding Request: New Electric and Gas Infrastructure Installation Services (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez

	<p>5. <b>General Services:</b> Additional Funding Request: Substation Electrical Construction Services (Mr. Richard Medina)</p> <p>6. <b>General Services:</b> Additional Funding Request: Integrated Security Services and Consulting (Mr. Jonathan Homer)</p> <p>D. Nuclear Decommissioning Trust Investment Manager Agreements Biannual Renewal (Julie Johnson)</p>		
<b>REGULAR AGENDA</b>			
6	<p><b>COMMITTEE REPORTS</b></p> <p>A. Operations Oversight Committee (OOC) meeting held on 9/18/2023 (Dr. Francine Romero)</p> <p>B. Technology and Resilience Committee (T&amp;R) meeting held on 9/27/2023 (Janie Gonzalez)</p> <p>C. Nominations Committee (NC) meeting held on 10/16/2023 (Janie Gonzalez)</p>	Discuss	Ms. Janie Gonzalez
7	<b>FINANCIAL POLICIES ANNUAL APPROVAL</b> (Ms. Julie Johnson)	Vote	Ms. Janie Gonzalez
8	<b>REVISED BENEFIT PLANS STATEMENT OF GOVERNANCE</b> (Ms. Debra Wainscott)	Vote	Ms. Janie Gonzalez
9	<b>WINTER 2023 PREPAREDNESS</b>	Discuss	Executive Leadership Team
10	<b>VOTE TO REAPPOINT THE TRUSTEE REPRESENTING THE SOUTHWEST QUADRANT TO SERVE A SECOND TERM ON THE CPS ENERGY BOARD AND APPROVE RELATED RESOLUTION</b>	Vote	Dr. Willis Mackey
11	<b>CEO RECOGNITION</b>	Discuss	Mr. Rudy Garza
12	<b>REVIEW OF ACTION ITEMS</b>	Discuss	Ms. Shanna Ramirez
<b>CONVENE TO EXECUTIVE SESSION</b>			
13	<p><b>EXECUTIVE SESSION:</b></p> <p>A. Attorney-Client Matters (§551.071) &amp; Competitive Matters (§551.074)</p> <p>B. Attorney-Client Matters (§551.071)</p>	Discuss	Ms. Janie Gonzalez

RECONVENE TO OPEN SESSION			
14	ADJOURNMENT	Execute	Ms. Janie Gonzalez
<p>If the Board meeting has not adjourned by 3:35 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>			

**CPS ENERGY**  
**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON SEPTEMBER 15, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of September was held on Monday, September 25, 2023 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 Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair  
Dr. Francine Romero, Vice Chair  
Dr. Willis Mackey  
Mr. John Steen  
Mayor Ron Nirenberg (arrived at 1:05 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO  
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary  
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer  
Ms. DeAnna Hardwick, Chief Customer Strategy Officer  
Mr. Evan O'Mahoney, Chief Information Officer  
Ms. Lisa Lewis, Chief Administrative Officer  
Erik Walsh  
CPS Energy staff members  
Interested Citizens

**II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE**

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Seth McCabe.

**III. PUBLIC COMMENT**

Henrietta La Grange, community member, provided commentary on her desire to participate in the next utility CEO meeting. She also discussed educating herself, investing in new technology, and improving on CPSE infrastructure.

**IV. CHAIR'S REMARKS**

Chair Gonzalez thanked and congratulated the generation planning and procurement teams and discussed some of their most recent accomplishments furthering the Vision 2027 plan, including the outstanding RFPs. She also encouraged others to continue to work with the leadership team to meet the goals for Vision 2027. Chair Gonzalez then discussed Grills Giving on October 21, 2023 and the impact it

has on more than 11,000 CPSE customers. Finally, Chair Gonzalez recognized Yom Kippur and thanked Cory Kuchinsky for attending on the holiday.

## V. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Steen, seconded by Mayor Nirenberg, moved that item 5C3 be removed from the consent agenda and approve the remaining consent items. Discussion ensued involving the removal of an item on the Consent Agenda per Robert's Rules and the deference to the Chair on calling for a vote on Trustee Steen's Motion. Chair Gonzalez noted that she was unaware that that Trustee Steen had any issue with the item. Trustee Steen noted that it was not required to inform her of an objection. The Chair declined to pull the item from the Consent Agenda and called for a vote on the entirety. Trustee Dr. Mackey, seconded by Mayor Nirenberg, then moved to approve the Consent Agenda in its entirety. All voted Trustees voted in the affirmative except Trustee Steen, who again noted his objection.

### A. Minutes of the Regular Board meeting held on August 28, 2023

### B. Approval of Payment to the City of San Antonio for August 2023

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 August 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$433,569,640.89, less applicable exclusions. The revenue for the month of August 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$478,172,825.93
Gas revenue	13,676,422.67
Interest and other income	5,099,871.45
Gross revenue per CPS Energy financial statements	<u>496,949,120.05</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(11,182,212.02)
LVG revenue per City Ordinance 100709	(4,140.88)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(24,235,442.40)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(27,957,683.86)</u>
Total excluded revenue	<u>(63,379,479.16)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$433,569,640.89</u>

City payment per Bond Ordinance for August 2023

based upon August 2023 revenue	\$60,699,749.72
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	1,011,541.46
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	61,698,791.18 <b>A</b>
Utility services provided to the City for August 2023	(3,010,663.40)
Net amount to be paid from August 2023 revenue to the City in September 2023	<u>\$58,688,127.78</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)

August 2023	Actual	Budget	Variance	
Current Month* <b>A</b>	\$61,699	\$45,274	\$16,425	36.3%
Year-to-Date*	\$266,288	\$263,394	\$2,894	1.1%

\* 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 \$58,688,127.78 representing 14% of applicable system gross revenues for the month of August 2023, such payment being net of City utility services (\$3,010,663.40), is hereby approved."

**C. Procurement Items:**

- Item Description:** Customer Construction Design & Engineering Services

**Purchase Category:** Professional Services

**Supplier:** Atwell, LC  
Binkley & Barfield, Inc.  
Black & McDonald Engineering Services, LLC  
C&D Utility Consulting, LLC  
Cobb, Fendley & Associates, Inc.  
EN Engineering, LLC  
LIA Engineering, Inc.  
Merrick & Company  
Pape-Dawson Engineering, LLC  
Select Power Systems, LLC  
TRC Engineers, Inc.
- Item Description:** Gas Engineering Services

**Purchase Category:** Professional Services

**Supplier:** Binkley & Barfield, Inc.  
Civil Design Services, Inc. dba CDS Muery

Cobb, Fendley & Associates, Inc. dba CobbFendley  
EnSite USA, Inc. dba EnSiteUSA  
Half Associates, Inc.  
KCI Technologies, Inc.  
LIA Engineering, Inc.  
TRA Pipeline Services, LLC dba TRC

3. **Item Description:** Wire & Cable  
**Purchase Category:** Commodity and Material Goods  
**Supplier:** Techline, Inc.  
KBS Electrical Distributors, Inc.  
Texas Electrical Cooperatives, Inc.

## VI. BOARD COMMITTEE ASSIGNMENTS

Chair Gonzalez put forth a Motion to approve the Board committee assignments including the changes set forth in this month's Board Packet. This Motion was seconded by Trustee Steen. Discussion ensued. Trustee Steen began reading a statement relating to the duty of obedience. However, Trustee Steen was asked to pause by Shanna Ramirez, General Counsel, as his comments concerned legal advice previously given to the Board and Trustee Steen. Ms. Ramirez noted the public session was not an appropriate forum to discuss legal advice. Chair Gonzalez then suspended further discussion and called for a vote. The Motion passed unanimously.

## VII. MULTI-YEAR FINANCIAL STRATEGY

Cory Kuchinsky discussed Vision 2027 and his multi-year rate plan that supports and enables Vision 2027. Mr. Kuchinsky noted in his presentation that this is not about an exact number but anticipated needs and the financial health of CPSE. Mr. Kuchinsky provided a historical overview of growth and investment and followed with a discussion of our current investments, funded through our last rate request, in resiliency, technology, security, people, and growth. Current threats and upcoming revenue requirements were also discussed. In closing, Mr. Kuchinsky disused the anticipated sequence of events and the need for Board alignment and community involvement in this process, including the input of City staff and Council.

Mayor Nirenberg briefly discussed Winter Storm Uri and the difference between that storm and the ERCOT conservation calls we have seen in recent weeks. He noted that CPSE performed and operated as designed - helping the lights stay on in Texas. The Mayor asked how the revenues from this summer change the need for a rate adjustment. Mr. Kuchinsky noted that Uri was a one-time event while revenue needs are an ongoing concern, and stated that the Mayor was correct in drawing that distinction. He also noted that the revenue increase seen the last few weeks was not something that enables a long-term plan. These sorts of events are not indicative of a normal market conditions, and are an outcome of market volatility. Mr. Kuchinsky stated his team was continuing to evaluate how the one-time revenues realized this summer can be used to serve our customers. Rudy Garza followed up noting that his teams were looking at debt buy back, infrastructure investment, and other potential uses. Mr. Kuchinsky noted that even with this bump in revenue, revenue was still generally down from what was conservatively forecasted.

Trustee Dr. Mackey commended the Power Generation teams for the job they have done this summer in keeping the plants going to generate wholesale revenue.



Trustee Dr. Romero also echoed that sentiment and noted these wholesale revenues were akin to getting a bonus vs. getting a raise. She then noted she would like to give the public a more detailed timeline on the upcoming rate request and the investments that will be coming up. She noted she would like to know how the “current threats” identified in Mr. Kuchinsky’s presentation were/are calculated into their analysis. Mr. Garza noted we do not take a request for a rate increase lightly and stated that we have been working closely with the City’s staff to stay within their timeline, which could change. DeAnna Hardwick then discussed upcoming dates for public comment/participation and live stream events.

Chair Gonzalez asked about the modeling used to calculate risk. Mr. Kuchinsky discussed the existence of those models and the fact that things may change in the coming years and that the goal is to strike a balance between what we need from the community and the risks CPSE faces. Mr. Garza noted that, for example, supply chain constraints must be factored into the plans. Same with ageing infrastructure and risk of cyber security threats.

Trustee Steen inquired as to whether 5.5% is still the anticipated rate increase. Mr. Kuchinsky stated he believes it is generally in line with the final number. Trustee Steen then inquired as to the date of the request for approval from the Board and City Council. Mr. Garza noted this is what was previously discussed and that the dates may change depending on the schedule set by the City. Next, Trustee Steen asked about the current threats as discussed in Mr. Kuchinsky’s presentation. Mr. Kuchinsky noted that the current threats portion of the presentation are to give context and raise awareness and the specific threats, noting they are in no particular order. Trustee Steen then inquired as to the number of customers behind on CPSE payments and asked whether this number has improved since July. Ms. Hardwick noted that they were unable to conduct disconnects in the month of August due to the extreme heat and stated that there was a slight decrease but that the numbers would be communicated to the Board in their monthly updates once they were finalized. Last, Trustee Steen asked about adding the burden of these customer arrearages to the other customers. Chair Gonzalez noted that the presentation was strait forward and that it has been made clear that no final decisions have been made as to what to do with the summer revenue and the final rate request and this is process that has to be worked through. Mr. Garza reiterated his previous comments about working with the City. Mr. Kuchinsky then discussed the customer installment plans and how they are factored into their forecasts. Trustee Steen noted it was likely City Council would want to know where these customers are located and asked if she had prepared a scatter map. Ms. Hardwick noted that the Council Members are getting updates on a monthly basis including customer arrearages and assistance. Trustee Steen then stated there has not been sufficient information about the two-year rate request cycle. Chair Gonzalez noted that the plan is posted and stated she is very confused by Trustee Steens comments as this has been a very public process that began with Mr. Garza’s predecessor. She objected to its character. Trustee Mackey noted that he was on the Board for the last rate increase and that he has been at countless City Council meetings, as well as other meetings, and that they have always made it clear to the City in those meetings that they were coming back in two years. Trustee Dr. Mackey noted that the two-year cycle is why City Council agreed to a lesser rate increase last time. Trustee Dr. Mackey also noted his objection to the implication that we do not need this rate increase. Mr. Garza noted that CPSE is number one in the state of Texas for residential rates right now and that the community has to make an investment in an asset that they own to make any transformation.

## VIII. CEO RECOGNITION

Mr. Garza presented the Core Value Award Honorees.



## IX. REVIEW OF ACTION ITEMS

Action items from last month are closed.

Upcoming action items are as follows:

- Trustee Romero requested additional details on agenda item 7.
- Trustee Steen requested actual dates on agenda item 7.
- Trustee Steen also requested outside legal counsel review his request to remove item 5C3 from the consent agenda. Ms. Ramirez said it is more appropriately discussed outside of open session and that she would follow up with Trustee Steen and Chair Gonzalez on this matter.

## X. EXECUTIVE SESSION

At approximately 2:15 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:

- Attorney-Client Matters (§551.071)
- Competitive Matters (§551.086)

The Board reconvened in open session at 3:04 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.

## XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Chair Gonzalez and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:05 p.m. by Chair Janie Gonzalez.

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Shanna M. Ramirez  
Secretary of the Board

# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Approval of Payment to the City of San Antonio for September 2023

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 September 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$359,529,487.18, less applicable exclusions. The revenue for the month of September 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue	\$278,461,951.90	
Gas revenue	12,042,625.18	
Interest and other income	3,850,778.65	
Gross revenue per CPS Energy financial statements	<u>294,355,355.73</u>	
Excluded revenue		
School and hospital revenue per City Ordinance 55022	(9,757,911.53)	
LVG revenue per City Ordinance 100709	(6,861.43)	
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(14,896,351.19)	
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>89,835,255.60</u>	
Total excluded revenue	<u>65,174,131.45</u>	
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$359,529,487.18</u>	
City payment per Bond Ordinance for September 2023 based upon September 2023 revenue	\$50,334,128.21	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	737,223.01	
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	51,058,851.22	<b>A</b>
Utility services provided to the City for September 2023	<u>(3,267,729.81)</u>	
Net amount to be paid from September 2023 revenue to the City in October 2023	<u>\$47,791,121.41</u>	

## CPS Energy Board of Trustees Meeting October 31, 2023

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)

September 2023	Actual	Budget	Variance	
Current Month <b>A</b>	\$51,059	\$43,701	\$7,358	16.8%
Year-to-Date	\$317,347	\$307,095	\$10,252	3.3%

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 \$47,791,121.41 representing 14% of applicable system gross revenues for the month of September 2023, such payment being net of City utility services (\$3,267,729.81), is hereby approved."



**CPS Energy Board of Trustees Meeting  
October 31, 2023  
APPROVAL of PROCUREMENT ITEMS  
Table of Contents**

1.	<b>Item Description:</b>	<b>Call Center Support Services</b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	A to Z Call Center Services, LP dba The CMI Group
2.	<b>Item Description:</b>	<b>Additional Funding Request: Overhead Electrical Distribution Services</b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	Chain Electric Company
		Greenstone Electrical LLC
		Pike Electric LLC
3.	<b>Item Description:</b>	<b>Additional Funding Request: Joint Trench Gas and Electric Service Installation Services</b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	Greenstone Electrical Services LLC
		Mears Installation LLC
		Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.

4.	<b>Item Description:</b>	<b>Additional Funding Request: New Electric and Gas Infrastructure Installation Services</b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	Badeco Inc.
		Benton-Georgia, LLC
		MasTec North America, Inc.
		Mears Installation LLC
		Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.

5.	<b>Item Description:</b>	<b>Additional Funding Request: Substation Electrical Construction Services</b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	E.P. Breaux Utility Services, LLC
		The L.E. Myers Co., Inc.

6.	<b>Item Description:</b>	<b>Additional Funding Request: Integrated Security Services and Consulting</b>
	<b>Purchase Category:</b>	<b>General Services</b>
	<b>Supplier:</b>	TriCorps Security, Inc.
		Whitman Consulting-Security Services-Private Instigators, LLC

**Approval:**

Lewis, Lisa D. Digitally signed by Lewis, Lisa D.  
Date: 2023.10.12 09:03:08 -05'00'

Lisa Lewis, Chief Administrative Officer

**Approval:**

Garza, Rudy D. Digitally signed by Garza, Rudy D.  
Date: 2023.10.12 12:54:49 -05'00'

Rudy Garza, President & CEO



# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 1

Item Description	Call Center Support Services
Purchase Order Value	\$20,000,000
Purchase Category	General Services
Department	Customer Experience Operations
VP Customer Experience Operations	Christen Waggoner
Chief Customer Strategy Officer	DeAnna Hardwick

#### Detailed Description

CPS Energy staff recommend that a contract be awarded to A to Z Call Center Services, LP dba The CMI Group, a diverse firm, as the respondent who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is needed for call center support to supplement call center staffing levels. This contract will allow CPS Energy to enhance the level of service and minimize hold times for customers who contact CPS Energy for an array of services. This contract will expire on November 30, 2026.

#### Subcontracting Opportunities

A to Z Call Center Services, LP dba The CMI Group is a diverse business and does not plan to subcontract any services.

**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	65
The overall cost	15
The ability to meet CPS Energy's requirements	10
Economic Development (local & diverse consideration)	10
<b>TOTAL</b>	<b>100</b>



# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 1

#### Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
A to Z Call Center Services, LP dba The CMI Group	Diverse (Woman-Owned)	92	\$20,000,000	2214997	
<b>TOTAL</b>			<b>\$20,000,000</b>		

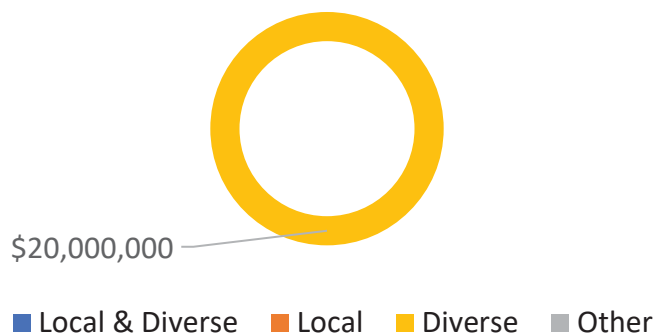
Twenty-six (26) additional respondents were not recommended for award: Amtex System Inc.; Anwsernet Inc.; Buchanan Technologies Inc.; CBE Customer Solutions Inc.; CGI Technologies and Solutions Inc.; Contact Us Teleservices Inc dba Atento US; ConvergeOne Government Solutions; Datamatics Global Services Inc.; F.H. Cann & Associates Inc.; First Contact, LLC; Foundever; Gatestone & Co International Inc.; Glowtouch LLC; Goodwill Industries of San Antonio, HGS Inc.; InfoCision Inc.; Okin Process; Oveana LLC; Rose International Inc.; Sistema Technologies Inc.; Tech Mahindra Limited; Tele Network Inc.; TelNet Worldwide Inc.; Tpusa Inc.; TTEC Government Solutions; and Virtuoso Sourcing Group.

#### Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$0	\$0	\$0
\$773,000,000	Non-Fuel O&M	\$625,000	0.08%	\$6,500,000	\$6,500,000	\$6,375,000

Our current approved budget and latest estimates support these new purchase orders.

#### Procurement Item: General Services







## CPS Energy Board of Trustees Meeting

### October 31, 2023

### Procurement Form 2

Item Description		Additional Funding Request: Overhead Electrical Distribution Services
Original Cumulative Purchase Order Value	(A)	\$71,000,000
Previously Added Funds	(B)	\$68,000,000
Additional Funds Requested	(C)	\$21,000,000
Projected Cumulative Purchase Order Value	(D)	\$160,000,000
Purchase Category		General Services
Department		Resource Management
VP Construction & Maintenance		Darrell Clifton
Chief Energy Delivery Officer		Richard Medina

### Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for overhead electrical distribution services. This contract was previously awarded to Greenstone Electrical Services LLC a local, diverse firm, and Pike Electric LLC and Chain Electric Company, both local firms, as the respondents who provided the goods or services at the best value for CPS Energy.

This contract is for installation and maintenance of overhead electric distribution system services and temporary overhead construction services. This additional funding request will support the growth of the CPS Energy service territory which has resulted in an unanticipated number of new projects that will continue throughout the current contract period. This additional funding request will fully fund the contract through its expiration on February 29, 2024, based on current projections.

### Subcontracting Opportunities

Chain Electric Company and Pike Electric LLC have both committed to subcontract a portion of the overall spend to diverse businesses.



## CPS Energy Board of Trustees Meeting October 31, 2023 Procurement Form 2

### Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Chain Electric Company	Local	\$44,000,000	\$26,400,000	\$8,000,000	2194588
Greenstone Electric LLC	Local/Diverse (Small, HUBzone, Woman-owned)	\$10,000,000	\$22,100,000	\$8,000,000	2194589
Pike Electric LLC	Local	\$17,000,000	\$19,500,000	\$5,000,000	2194590
		(A)	(B)	(C)	
<b>Totals</b>		<b>\$71,000,000</b>	<b>\$68,000,000</b>	<b>\$21,000,000</b>	
<b>Projected Cumulative Purchase Order Value (D)</b>				<b>\$160,000,000</b>	

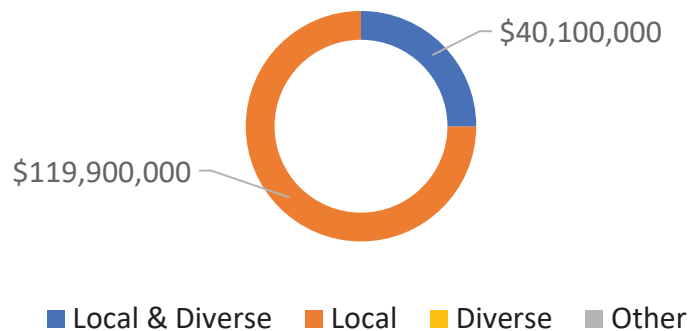
Nine (9) additional respondents were not recommended for award on 2/22/21: Bird Electric Enterprises; KV Power, LP; Power Line Services, Inc.; Renegade Well Services, LLC; Sayer Construction, LLC; Source Power, LLC; Southeast Power Corp.; The L E Myers Co.; and Line Tech Services.

### Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$48,208,680	5.1%	\$8,034,780	\$0	\$0
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

### Procurement Item: General Services





## CPS Energy Board of Trustees Meeting

### October 31, 2023

### Procurement Form 3

Item Description		Additional Funding Request: Joint Trench Gas and Electric Service Installation Services
Original Cumulative Purchase Order Value	(A)	\$40,500,000
Previously Added Funds	(B)	\$0
<b>Additional Funds Requested</b>	<b>(C)</b>	<b>\$42,000,000</b>
<b>Projected Cumulative Purchase Order Value</b>	<b>(D)</b>	<b>\$82,500,000</b>
Purchase Category		General Services
Department		Resource Management
VP Construction & Maintenance Services		Darrell Clifton
Chief Energy Delivery Officer		Richard Medina

### Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for joint trench gas and electric service installation services. This contract was previously awarded to Greenstone Electric Services, LLC, a local, diverse firm, and Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc. and Mears Installation, LLC, both local firms, as the respondents who provided the goods or services at the best value for CPS Energy.

This contract is for installation of new gas and electric underground service from the main distribution lines, typically from the edge of the street to new residential homes. This additional funding request will support the growth of the CPS Energy service territory which has resulted in an unanticipated number of new projects that will continue throughout the current contract period. This additional funding request will fully fund the contract through its expiration on April 30, 2025, based on current projections.

### Subcontracting Opportunities

Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc. and Mears Installation, LLC have both committed to subcontract a portion of the overall spend to diverse businesses.



# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 3

#### Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Greenstone Electrical Services, LLC	Local / Diverse (Small)	\$13,500,000	\$0	\$14,000,000	2200767
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.	Local	\$13,500,000	\$0	\$14,000,000	2200769
Mears Installation, LLC	Local	\$13,500,000	\$0	\$14,000,000	2200768
		(A)	(B)	(C)	
<b>Totals</b>		<b>\$40,500,000</b>	<b>\$0</b>	<b>\$42,000,000</b>	
<b>Projected Cumulative Purchase Order Value (D)</b>				<b>\$82,500,000</b>	

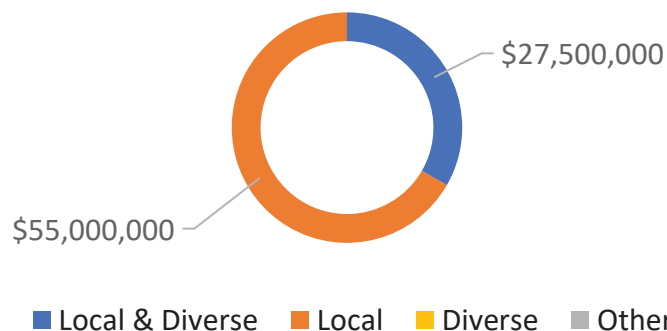
Eight (8) additional respondents were not recommended for award on 4/25/22: Bartek Construction Co, LLC; Benton-Georgia, LLC; BorePro; Dimension Energy; HJD Capital Electric, Inc.; HMI Services, Inc.; Primoris T&D, LLC; Zachry Underground & Utility Services, Inc.

#### Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$14,925,264	1.6%	\$14,925,264	\$3,731,316	\$0
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

#### Procurement Item: General Services





## CPS Energy Board of Trustees Meeting

### October 31, 2023

### Procurement Form 4

Item Description		Additional Funding Request: New Electric and Gas Infrastructure Installation Services
Original Cumulative Purchase Order Value	(A)	\$81,000,000
Previously Added Funds	(B)	\$0
<b>Additional Funds Requested</b>	<b>(C)</b>	<b>\$50,000,000</b>
<b>Projected Cumulative Purchase Order Value</b>	<b>(D)</b>	<b>\$131,000,000</b>
Purchase Category		General Services
Department		Resource Management
VP Construction & Maintenance Services		Darrell Clifton
Chief Energy Delivery Officer		Richard Medina

### Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for new electric and gas distribution infrastructure installation services. This contract was previously awarded to Badeco, Inc., Benton-Georgia, LLC, and MasTec North American, Inc., all local, diverse firms, and Mears Installation, LLC and Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc., both local firms, as the respondents who provided the goods or services at the best value for CPS Energy.

This contract is for installation of new electric and gas distribution lines within new subdivisions and apartment complexes; typically before the homes/apartments are constructed. This additional funding request will support the growth of the CPS Energy service territory which has resulted in an unanticipated number of new projects that will continue throughout the current contract period. This additional funding request will fully fund the contract through its expiration on April 30, 2025, based on current projections.

### Subcontracting Opportunities

Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc. and Mears Installation, LLC have both committed to subcontract a portion of the overall spend to diverse businesses.



# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 4

Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Mears Installation, LLC	Local	\$16,200,000	\$0	\$10,000,000	2200770
Benton-Georgia, LLC	Local/Diverse (African American-Owned)	\$16,200,000	\$0	\$10,000,000	2200772
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.	Local	\$16,200,000	\$0	\$10,000,000	2200771
Badeco, Inc.	Local/Diverse (Small)	\$16,200,000	\$0	\$10,000,000	2200773
MasTec North America, Inc.	Local/Diverse (Hispanic American-Owned)	\$16,200,000	\$0	\$10,000,000	2200774
<b>Totals</b>		<b>\$81,000,000</b>	<b>\$0</b>	<b>\$50,000,000</b>	
<b>Projected Cumulative Purchase Order Value (D)</b>				<b>\$131,000,000</b>	

Three (3) additional respondents were not recommended for award on 4/25/22: Bartek Construction Co.; Bexar Pipeline & Utilities, Inc.; HMI Utilities, LLC.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2025 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2026 PO Spend	Projected FY2027 PO Spend	Projected FY2028 PO Spend
\$940,520,261	Capital	\$39,092,616	4.2%	\$39,092,616	\$9,773,154	\$0
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

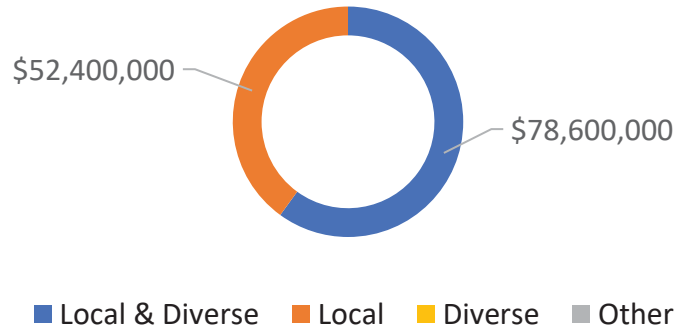


# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 4

#### Procurement Item: General Services







**CPS Energy Board of Trustees Meeting**  
**October 31, 2023**  
**Procurement Form 5**

Item Description		<b>Additional Funding Request: Substation Electrical Construction Services</b>
Original Cumulative Purchase Order Value	<b>(A)</b>	\$5,000,000
Previously Added Funds	<b>(B)</b>	\$0
<b>Additional Funds Requested</b>	<b>(C)</b>	<b>\$25,000,000</b>
<b>Projected Cumulative Purchase Order Value</b>	<b>(D)</b>	<b>\$30,000,000</b>
Purchase Category		General Services
Department		Substation Engineering
Vice President T&D Engineering & Grid Transformation		Ricardo Maldonado
Chief Energy Delivery Officer		Richard Medina

**Detailed Description**

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for substation electrical construction services. This contract was previously awarded to E.P. Breaux Utility Services, LLC, a diverse firm, and The L.E. Myers Co., Inc., a local firm, as the respondents who provided the goods or services at the best value for CPS Energy.

These contracts are for electrical construction services for new and existing CPS Energy substation projects. These contracts will allow CPS Energy to support the influx of unanticipated projects, including generation interconnects, large customer loads (data centers), and generation retirements. These contracts will expire on June 18, 2027.

**Subcontracting Opportunities**

CPS Energy requires a diverse subcontracting commitment for all projects executed under this contract.



# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 5

#### Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
E.P. Breaux Utility Services, LLC	Diverse (Small, African American Owned)	\$2,500,000	\$2,250,000	\$18,750,000	2202297
The L.E. Myers Co., Inc.	Local	\$2,500,000	-\$2,250,000	\$6,250,000	2202295
		(A)	(B)	(C)	
<b>Totals</b>		<b>\$5,000,000</b>	<b>\$0</b>	<b>\$25,000,000</b>	
<b>Projected Cumulative Purchase Order Value (D)</b>				<b>\$30,000,000</b>	

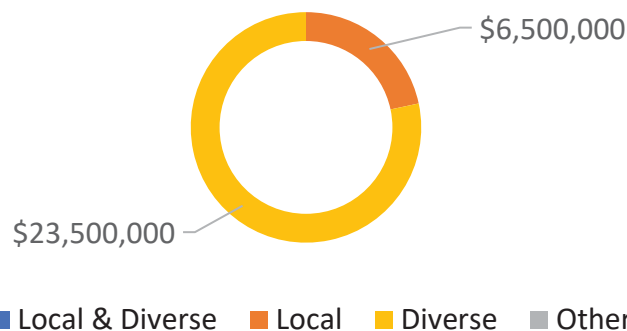
Twelve (12) additional respondents were not recommended for award on 6/23/22: Bobcat Heavy Civil, LLC; Chapman Construction; Dacon Corporation; Energy Erectors, Inc.; Great Southwestern Construction; Integrated Power Co.; Jingoli Power; J.M. Davidson Inc.; Koontz Electric Company Inc.; North Houston Pole Line; Saber Power Services; Sayers Construction.

#### Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2025 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2026 PO Spend	Projected FY2027 PO Spend	Projected FY2028 PO Spend
\$940,520,261	Capital	\$6,250,000	0.66%	\$6,250,000	\$6,250,000	\$6,250,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

#### Procurement Item: General Services





## CPS Energy Board of Trustees Meeting

### October 31, 2023

### Procurement Form 6

Item Description		Additional Funding Request: Integrated Security Services and Consulting
Original Cumulative Purchase Order Value	(A)	\$2,700,000
Previously Added Funds	(B)	\$4,924,000
<b>Additional Funds Requested</b>	<b>(C)</b>	<b>\$3,600,000</b>
<b>Projected Cumulative Purchase Order Value</b>	<b>(D)</b>	<b>\$11,224,000</b>
Purchase Category		General Services
Department		Integrated Security
VP Chief Integrated Security Officer		Jonathan Homer
Chief LEO General Counsel & Board Secretary		Shanna Ramirez

### Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for physical security services and consulting services. This contract was previously awarded to TriCorps Security, Inc. a local firm, and Whitman Consulting-Security Services-Private Instigators, LLC, a local, 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 provides critical security personnel including, but not limited to: Personal Protection Officers (PPO) for executive protection and travel, 24/7/365 cyber defense analysts for the Security Operations Center (SOC), Level IV PPO mobile patrol and certified instructors to conduct civilian response to active shooter events. This contract will continue to provide CPS Energy with a higher caliber of security training, detection, monitoring, and response for physical and cyber security. Additional funds are requested after this contract was used to add cyber defense analysts and the addition of a dedicated patrol to combat copper theft. The operational plan for this contract has changed considerably over the last two years to accommodate the growth of CPS Energy's infrastructure and security environment, and enables response to security events posing a threat to CPS Energy. This contract expires on July 5<sup>th</sup>, 2024, and the additional funds will continue operations until the new contract can be established.

### Subcontracting Opportunities

Due to the highly specialized nature of this contract, subcontracting opportunities do not exist.



# CPS Energy Board of Trustees Meeting

## October 31, 2023

### Procurement Form 6

#### Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
TriCorps Security, Inc.	Local	\$1,500,000.00	\$5,387,463.88	\$3,600,000	2197805
Whitman Consulting-Security Services- Private Investigations, LLC	Local / Diverse (Small, Veteran Owned, Hispanic American Owned)	\$1,200,000.00	-\$463,463.88	\$0	2197804
		(A)	(B)	(C)	
<b>Totals</b>		<b>\$2,700,000</b>	<b>\$4,924,000</b>	<b>\$3,600,000</b>	
<b>Projected Cumulative Purchase Order Value (D)</b>				<b>\$11,224,000</b>	

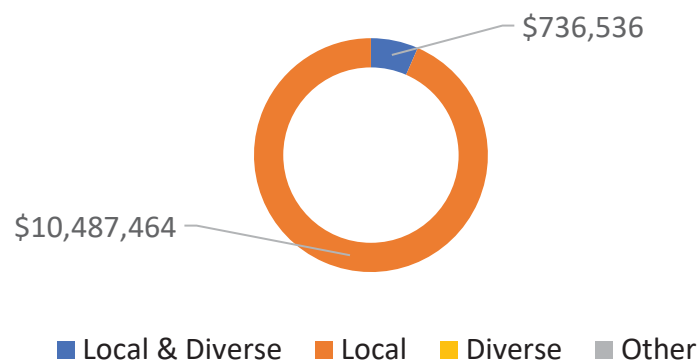
Three (3) additional respondents were not recommended for award on July 6, 2021: Vets Securing America, Inc.; Universal Protection Service; and LP dba Allied, Reese Security Associates, LLC.

#### Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$0	\$0	\$0
\$773,000,000	Non-Fuel O&M	\$4,104,497	0.5%	\$3,600,000	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

#### Procurement Item: General Services





# Executive Summary

## Renewal / Approval of Investment Manager (IM) Agreements for the STP Nuclear Decommissioning Trusts (NDTs) October 31, 2023 Board Consent Agenda Item

### **ACTION REQUIRED:**

- Requesting approval of a) renewal of all existing NDT IM Agreements and b) amendment to three of the IM Agreements.
- Should you have any questions or need additional information, please contact Julie Johnson at 210-353-2462 (office) / 210-289-3490 (cell) or Cory Kuchinsky at 210-353-5176 (office) / 210-415-2941 (cell).

### **BACKGROUND:**

- CPS Energy staff provides oversight of the activities and performance of the following two NDTs:
  - 28% CPS Energy NDT (the 28% Trust) and
  - 12% Texas Central Company (TCC) Funded NDT (the 12% Trust)
- CPS Energy utilizes nine IMs to manage the investment of assets in both the 28% Trust and the 12% Trust. CPS Energy staff, with the assistance of its Investment Consultant, Callan, LLC (Callan), oversees NDT IM performance.
- Our CPS Energy Investment Policy and the Texas Public Funds Investment Act (PFIA) require CPS Energy Board (Board) approval for the initial contract and any related extension of IM Agreements for the 28% Trust and the 12% Trust. IM Agreements, whether initial or an extension, are valid for a period of two years.
  - The IM Agreements were last renewed by the Board in October 2021, effective February 1, 2022.
- The CPS Energy NDT Investment Committee (NDT IC), in conjunction with Callan, has determined that
  - IM performance has been acceptable relative to the benchmarks and IM fees are competitive relative to their peers.



# Executive Summary

## Renewal / Approval of Investment Manager (IM) Agreements for the STP Nuclear Decommissioning Trusts (NDTs)

### October 31, 2023 Board Consent Agenda Item

- o The following IM Agreements with the six IMs listed below need only to be renewed (with no updates).

Investment Manager	Portfolio Managed	Asset Class	Renew for 2 years
Earnest Partners <sup>(2)</sup>	28% & 12%	International Equity	✓
William Blair	28% & 12%	International Equity	✓
Dodge & Cox	28% Only	Fixed Income	✓
Galliard	28% & 12%	Fixed Income	✓
Garcia Hamilton <sup>(2)</sup>	28% & 12%	Fixed Income	✓
Pugh <sup>(2)</sup>	28% & 12%	Fixed Income	✓

- o The following IM Agreements with the three IMs listed below need to be renewed, and we request approval for the proposed changes in investment strategies highlighted below.

Investment Manager	Trust	Asset Class		Investment Manager	Trust	Asset Class
Rhumblin <sup>(1)</sup> (S&P 500 Index)	28%	Domestic Equity Index Fund	➔	Rhumblin (Russell 3000)	28%	Domestic Equity Index Fund
State Street (Russell 2000 Index)	28%	Domestic Equity Index Fund				
Duff & Phelps	28% & 12%	International Equity Index Fund	➔	State Street	28% & 12%	International Equity Index Fund



## Executive Summary

### Renewal / Approval of Investment Manager (IM) Agreements for the STP Nuclear Decommissioning Trusts (NDTs) October 31, 2023 Board Consent Agenda Item

- The above changes will:
  - 1) Reduce fees. Moving our International Equity Index Strategy from Duff & Phelps to State Street will lower fees by 5 basis points.
  - 2) Better align IMs between the 28% Trust and the 12% Trust. Moving to the Rhumblin 3000 Index Fund from the Rhumblin S&P 500 Index Fund and the State Street Russell 2000 Index Fund will make the 28% Trust consistent with the 12% Trust for domestic equities.
  - 3) Better align index funds with their benchmarks.
- IM Agreements have been reviewed by Cash and Liquidity Management and Legal Services to ensure compliance with CPS Energy policies and guidelines.
- CPS Energy staff will continue to monitor IM performance to ensure satisfactory investment returns relative to their benchmark. In the event CPS Energy would need to terminate an IM in the future, IM Agreements carry termination clauses that allow CPS Energy to terminate the IM Agreement with the required written notice.

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#### **CONTENTS:**

- Board Resolution: CPS Energy's NDT IM Agreements.

Note: Due to the volume of pages related to the IM Agreements, we have not included the full documents as part of the materials. Please note they are readily available for your review upon request.

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**NUCLEAR DECOMMISSIONING  
TRUST  
INVESTMENT MANAGER AGREEMENTS  
RESOLUTION**

The following resolution relating to the Nuclear Decommissioning Trust activities of the City of San Antonio, acting by and through the City Public Service Board ("CPS Energy") was presented for consideration and approval by the Board of Trustees:

**WHEREAS**, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric system in the Board of Trustees of CPS Energy (the "Board"), including management and control over the purchasing activities of the systems; and

**WHEREAS**, the Board is responsible for the prudent handling and control of funds and investments of the City Public Service Decommissioning Master Trust for the South Texas Project (the "28% NDT"), and the City Public Service Decommissioning Master Trust Agreement Related to the South Texas Project Interest Acquired from AEP Texas Central Company (the "12% NDT"), pursuant to the South Texas Project Nuclear Decommissioning Trust Investment Policy (the "Policy"); and

**WHEREAS**, Texas Government Code Section 2256.003(b), a section of the Public Funds Investment Act ("PFIA"), requires that the Board of Trustees approve contracts with investment management firms to help implement the Policy and provide CPS Energy with investment advice; and

**WHEREAS**, CPS Energy Management recommends and desires approval of a resolution to renew Investment Manager Agreements with the following managers for the 28% NDT through January 31, 2026:

Dodge & Cox  
Earnest Partners, LLC  
Garcia Hamilton Associates  
RhumbLine Advisors  
William Blair Investment Mgmt. LLC

Duff & Phelps Investment Mgmt.  
Galliard Capital Mgmt., Inc.  
Pugh Capital Mgmt., Inc.  
State Street Global Advisors

**WHEREAS**, CPS Energy Management recommends and desires the approval of a resolution to renew Investment Manager Agreements with the following managers for the 12% NDT through January 31, 2026:

Duff & Phelps Investment Mgmt.  
Galliard Capital Mgmt., Inc.  
Pugh Capital Mgmt, Inc.  
William Blair Investment Mgmt. LLC

Earnest Partners, LLC  
Garcia Hamilton Associates  
RhumbLine Advisors

WHEREAS, the CPS Energy management and the NDT Investment Committee recommends

- 1) 12% Trust - Entering into an investment agreement with State Street Global Investors Trust Company substantially similar to the 28% Trust agreement, pursuant to negotiated agreements,
- 2) Both the 12% Trust and 28% Trust - Investing in the State Street Global Investors Trust Company–MSCI ACWI ex US Non Lending Index Strategy (international equity), and
- 3) 28% Trust – Investing in the RhumbLine – Russell 3000 Index Strategy (domestic equity) similar to the 12% Trust agreement.

**WHEREAS**, with regard to the 28% Trust, the CPS Energy management and the NDT Investment Committee desires approval to invest in the following with existing Investment Managers:

- State Street Global Investors Trust Company–MSCI ACWI ex US Non Lending Index Strategy (international equity) (pursuant to negotiated agreement documents)
- RhumbLine – Russell 3000 Index Strategy (domestic equity) (pursuant to negotiated agreement documents)

**WHEREAS**, with regard to the 12% Trust, the CPS Energy management and the NDT Investment Committee desires approval to invest in the following:

- State Street Global Investors Trust Company–MSCI ACWI ex US Non Lending Index Strategy (international equity) (pursuant to negotiated agreement documents)

**WHEREAS**, CPS Energy Management finds that all the agreements are compliant with the Policy and requirements of the PFIA; and

**WHEREAS**, the identified Investment Manager Agreements will each be valid for a two-year period, after which extensions will require additional Board approval, as required by the PFIA.

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves and adopts the Nuclear Decommissioning Trust Investment Manager Agreements as discussed herein.

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Shanna M. Ramirez  
Secretary of the Board

## OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 18, 2023 MEETING

#### PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO

#### FOR REPORT AT THE OCTOBER 31, 2023 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on September 18, 2023. As part of the agenda, the Committee:

- A. Reviewed meeting minutes from the prior meeting held on June 29, 2023, but deferred approval pending requested edits.
- B. Received a preview of Procurement items that included:
  - a. An overview of how San Antonio's significant, historical growth levels are driving spend.
  - b. A request for increased funding for the Joint Trench Gas and Electric Service Installation Purchase Order
  - c. A request for increased funding for the New Subdivision Installation Purchase Order
  - d. A request for increased funding for the Substation Construction Purchase Order
  - e. A request for increased funding for the Overhead Electric Distribution Services Purchase Order
  - f. A new contract for Supplemental Call Center Support
  - g. A new contract for Electric Distribution Design and Engineering Services
  - h. And an overview of future funding requests for the fourth quarter of fiscal year 2024.
- C. Received a 2023 NERC Audit Update that included:
  - a. An overview of NERC and NERC Compliance
  - b. An overview of the 2023 NERC Audit
  - c. A review of the 2023 Audit Milestones
  - d. And a discussion on the results of the audit.
- D. Received a presentation on the Customer Experience strategy and Bundled Care approach that included:
  - a. An overview of the data-driven strategy to gain insights from three pillars of customer experience data
  - b. A discussion on the Voice of the Customer insights and customer communication preferences
  - c. An overview of our residential customer segmentation and customer journeys
  - d. A review of next steps, including commercial customer segmentation

- e. And a discussion on how our Customer Response Unit works with more than 200 agency partners to provide bundled support – a holistic approach to bringing support to our customers with the highest energy burden.

The next meeting of the Operations Oversight Committee meeting is December 5, 2023.



## **TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING**

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 27, 2023 MEETING**

#### **PREPARED FOR BOARD CHAIR JANIE GONZALEZ**

#### **FOR REPORT AT THE OCTOBER 31, 2023 BOARD OF TRUSTEES MEETING**

The Technology & Resilience Committee met on September 27, 2023. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on July 5, 2023.
- B. Received Evolve Program, ERP Transformation, and Data Strategy and Governance updates.
- C. No new action items were generated from this session.

The next meeting of the Technology & Resilience Committee will be held November 30, 2023.



## **NOMINATIONS COMMITTEE (NC) MEETING**

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 16, 2023 MEETING**

#### **PREPARED FOR COMMITTEE CHAIR DR. WILLIS MACKEY**

#### **FOR REPORT AT THE OCTOBER 31, 2023 BOARD OF TRUSTEES MEETING**

The Nominations Committee met on October 16, 2023. As part of the Nominations Committee Meeting agenda, the Committee:

- A. Recommended Ms. Janie Gonzalez for a second term on the CPS Energy Board of Trustees and asked that this item be placed on the October 31, 2023 Board of Trustees agenda for consideration by the full Board.



# FINANCIAL POLICIES ANNUAL RENEWAL

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*PRESENTED BY:*  
**Julie Johnson, CPA**  
Vice President – Finance & Accounting

**October 31, 2023**  
*Requesting Approval*

- **Annual Approvals**
- **Summary of Changes**
- **Request for Approval**

Our objective is to request approval of the financial policies at the October 31, 2023 meeting.



## 6 FINANCIAL POLICIES INCLUDED FOR REVIEW

We make it a best practice to review and approve all financial policies annually.

- **What policies are included for review and approval?**
  - CPS Energy Investment Policy<sup>(1)</sup>
  - Collateral Policy
  - NDT Investment Policy<sup>(1)</sup>
  - Energy Price Risk Management Policy
  - Financial Authorizations and Approval Policy
  - Master Interest Rate Management Policy

<sup>(1)</sup> Required to be renewed annually per Public Funds Investment Act (PFIA)

# SUMMARY OF CHANGES

## AUDIT AND FINANCE COMMITTEE

Policy	Administrative	Organizational	Procedural	Substantive
CPS Energy Investment Policy	✓ <sup>(1)</sup>			
NDT Investment Policy	✓ <sup>(1)</sup>			✓ <sup>(2)</sup>
Financial Authorizations	No Changes <sup>(3)</sup>			
Collateral Policy	No Changes <sup>(3)</sup>			
Energy Price Risk Mgmt. Policy	✓ <sup>(1)</sup>			
Master Interest Rate Mgmt. Policy	✓ <sup>(1)</sup>			

Reviewed and Recommended by the Board Audit and Finance Committee and the NDT Investment Committee.

(1) Minor edits and updated effective date.  
(2) Updated target asset allocations, etc., (see next slide).  
(3) No changes proposed other than effective date.

# SUMMARY OF CHANGES

## NDT INVESTMENT POLICY – 28% AND 12% TRUSTS

Asset Class
US Equity
Non-US Equity
Real Estate Investment Trust (REITs) <sup>(1)</sup>
Total Equities and Other
Fixed Income
Total Investments

Existing Allocation	Proposed Revised Allocation	Net Change
14%	22%	8%
13%	14%	1%
9%	4%	-5%
36%	40%	4%
64%	60%	-4%
100%	100%	0%

<sup>(1)</sup> REIT rebalancing cap reduced from 11% to 6%

Proposed updates to the asset allocation are recommended by Callan, the NDT investment consultant, to optimize performance.

- **We are requesting approval of the following Financial Policies:**
  - CPS Energy Investment Policy
  - Collateral Policy
  - NDT Investment Policy
  - Energy Price Risk Management Policy
  - Financial Authorizations and Approval Policy
  - Master Interest Rate Management Policy

**Approval of the financial policies meets policy requirements and allows us to manage investments and other financial aspects of our business.**



**THANK YOU**



# APPENDIX

ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
REAP	Residential Energy Assistance Partnership	NDT	Nuclear Decommissioning Trust
REIT	Real Estate Investment Trust	PFIA	Public Funds Investment Act

# DIRECT AND NDT INVESTMENT COMMITTEE MEMBERSHIP

Members	Title
Cory Kuchinsky	CFO & Treasurer
Julie Johnson	VP, Finance & Accounting & Assistant Treasurer
Maricela Benavides	Managing Principal, Financial Systems & Special Projects & Assistant Treasurer
San Juanita Loredó	Director, Treasury & Financial Operations & Assistant Treasurer
Domingo Villarreal	Principal, Wholesale Power Solutions
David Ramirez	Senior Director & Controller
Cheryl Yager	Senior Manager, Investment Management





## INVESTMENT POLICY RESOLUTION

The following resolution relating to the investment activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees ("Board"):

**WHEREAS**, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric systems in the Board, including management and control over the purchasing activities of the systems; and

**WHEREAS**, the Board is responsible for the prudent handling and control of funds and investments of CPS Energy; and

**WHEREAS**, the Texas Public Funds Investment Act ("PFIA") requires that the governing body of a local government review its investment policies and investment strategies not less than annually during the fiscal year; and

**WHEREAS**, CPS Energy Management desires to modify the Policy, as attached, with non-substantive changes which are administrative in nature and include:

- Clarifying existing language, and
- Updating the effective date;

**WHEREAS**, CPS Energy desires the approval of a resolution a) acknowledging that a review of the Policy has been completed and b) adopting the Policy with the proposed changes; and

**WHEREAS**, CPS Energy Management has verified and represents to the Board that the Policy as attached hereto is in compliance with the requirements of the CPS Energy operating procedures, the PFIA, the Bond Ordinances and the Commercial Paper Ordinances.

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves and adopts the Policy, as attached hereto, effective January 31, 2024.

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Shanna M. Ramirez  
Secretary of the Board



## **NUCLEAR DECOMMISSIONING TRUST INVESTMENT POLICY RESOLUTION**

The following resolution relating to the Nuclear Decommissioning Trust ("NDT") activities of the City of San Antonio, Texas acting by and through the City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees (the "Board"):

**WHEREAS**, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric system in the Board, including management and control over the purchasing activities of the systems; and

**WHEREAS**, the Board is responsible for the prudent handling and control of funds and investments of CPS Energy, the City Public Service Decommissioning Master Trust for the South Texas Project (the "28% Trust"), and the City Public Service Decommissioning Master Trust Agreement Related to the South Texas Project Interest Acquired from AEP Texas Central Company (the "12% Trust (TCC Funded)"); and

**WHEREAS**, the Texas Public Funds Investment Act ("PFIA") requires that the governing body of a local government review its investment policies and investment strategies not less than annually during the fiscal year; and

**WHEREAS**, CPS Energy Management desires to modify the CPS Energy South Texas Project NDT Investment Policy ("Policy"), as attached, with substantive changes and include:

- Modifying target asset allocations,
- Clarifying existing language, and
- Updating the effective date;

**WHEREAS**, CPS Energy desires the approval of a resolution  
a) acknowledging that a review of the Policy has been completed and  
b) adopting the Policy with the proposed changes.

**WHEREAS**, CPS Energy management has verified and represents to the Board that the Policy as attached hereto complies with the requirements of the U.S. Nuclear Regulatory Commission, the Public Utility Commission of Texas, the PFIA, the Texas Property Code Subtitle B, Title 9, where applicable and the requirements of the 28% Trust and the 12% Trust (TCC Funded).

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves and adopts the Policy as attached hereto, effective January 31, 2024.

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Shanna M. Ramirez  
Secretary of the Board

## **FINANCIAL AUTHORIZATIONS AND APPROVALS POLICY FOR BANKING, INVESTING AND HEDGING RESOLUTION**

The following resolution relating to the banking, investing and hedging activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the Board of Trustees ("Board"):

**WHEREAS**, the Board of Trustees of the City Public Service Board of San Antonio, Texas, is required to designate and authorize specific CPS Energy Officers and staff to conduct financial transactions on behalf of CPS Energy, the City Public Service Restated Decommissioning Master Trust for the South Texas Project, the City Public Service Decommissioning Master Trust Agreement Related to the South Texas Project Interest Acquired from AEP Texas Central Company; and Hedge Instrument transactions on behalf of CPS Energy; and

**WHEREAS**, a CPS Energy Financial Authorizations and Approvals Policy for Banking, Investing and Hedging ("the Policy") must be provided to banks, investment firms, brokers and other counterparties in order to conduct transactions in the daily operations of CPS Energy; and

**WHEREAS**, CPS Energy Management has no proposed changes to the Policy other than the effective date;

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves the attached CPS Energy Financial Authorizations and Approvals Policy for Banking, Investing and Hedging, effective January 31, 2024.

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Shanna M. Ramirez  
Secretary of the Board



## **COLLATERAL POLICY RESOLUTION**

The following resolution relating to the collateral activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the Board of Trustees ("Board"):

**WHEREAS,** Texas Government Code Section 2257.023 requires that CPS Energy adopt a policy concerning the collateral pledged to secure the deposit of CPS Energy funds in a depository bank or other financial institution; and

**WHEREAS,** CPS Energy Management has no proposed changes to the Collateral Policy other than the effective date.

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves the attached CPS Energy Collateral Policy, effective January 31, 2024.

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Shanna M. Ramirez  
Secretary of the Board



## MASTER INTEREST RATE MANAGEMENT POLICY RESOLUTION

The following resolution relating to interest rate management agreements and transactions of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees ("Board"):

**WHEREAS**, Texas Government Code Section 1371.056, requires that the City Council (the "*City Council*") of the City of San Antonio, Texas (the "*City*"), adopt a risk management policy governing entering into and managing interest rate management agreements and transactions in anticipation of, related to, or in connection with the authorization, issuance, security, purchase, payment, sale, resale, redemption, remarketing, or exchange of debt obligations of the City as a condition to the execution of any such agreement or transaction; and

**WHEREAS**, Texas Government Code Section 1502.070 and various ordinances of the City Council vests management and control of the CPS Energy electric and gas systems (the "*Systems*") in the Board; and

**WHEREAS**, it is in the best interests of the customers of the Systems that the Board and the City be authorized to enter into interest rate management agreements to manage the net interest expense borne by debt obligations of the City issued and to be issued to finance or refinance eligible costs of Systems' projects and/or other permitted costs and payable from revenue of the Systems; and

**WHEREAS**, on November 28, 2011, the Board approved the Master Interest Rate Management Policy, which has subsequently been updated; and

**WHEREAS**, CPS Energy Management desires to modify the Master Interest Rate Management Policy, as attached, with non-substantive changes that are administrative in nature and include:

- Clarifying existing language, and
- Updating the effective date;

**NOW THEREFORE BE IT RESOLVED** that the Board hereby ratifies and approves the attached CPS Energy Master Interest Rate Management Policy, as revised, effective January 31, 2024.

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Shanna M. Ramirez  
Secretary of the Board



## ENERGY PRICE RISK MANAGEMENT POLICY RESOLUTION

The following resolution relating to the investment and hedging activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees ("Board"):

**WHEREAS**, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric systems in the Board, including management and control over the purchasing activities of the systems; and

**WHEREAS**, the Board is responsible for the prudent handling and control of energy hedge instruments; and

**WHEREAS**, the Texas Public Funds Investment Act ("PFIA") requires that the governing body of a local government review its investment policies and investment strategies not less than annually; and

**WHEREAS**, by policy, the Board shall review CPS Energy's Energy Price Risk Management ("EPRM") Policy on an annual basis and approve any changes thereto; and

**WHEREAS**, CPS Energy Management desires to modify the EPRM Policy, as attached, with non-substantive changes which are administrative in nature and include:

- Clarifying existing language, and
- Updating the effective date;

**WHEREAS**, CPS Energy desires the approval of a resolution a) acknowledging that a review of the Policy has been completed and b) adopting the Policy with the proposed changes; and

**WHEREAS**, CPS Energy Management has verified and represents to the Board that the Policy as attached hereto is in compliance with the requirements of the PFIA.

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves and adopts the Policy, as attached hereto, effective January 31, 2024.

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Shanna M. Ramirez  
Secretary of the Board



# **BENEFIT PLANS STATEMENT OF GOVERNANCE (SOG) UPDATE**

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*PRESENTED BY:*  
**Debra Wainscott, SHRM-SCP**  
VP, People & Culture  
Chair, Administrative Committee

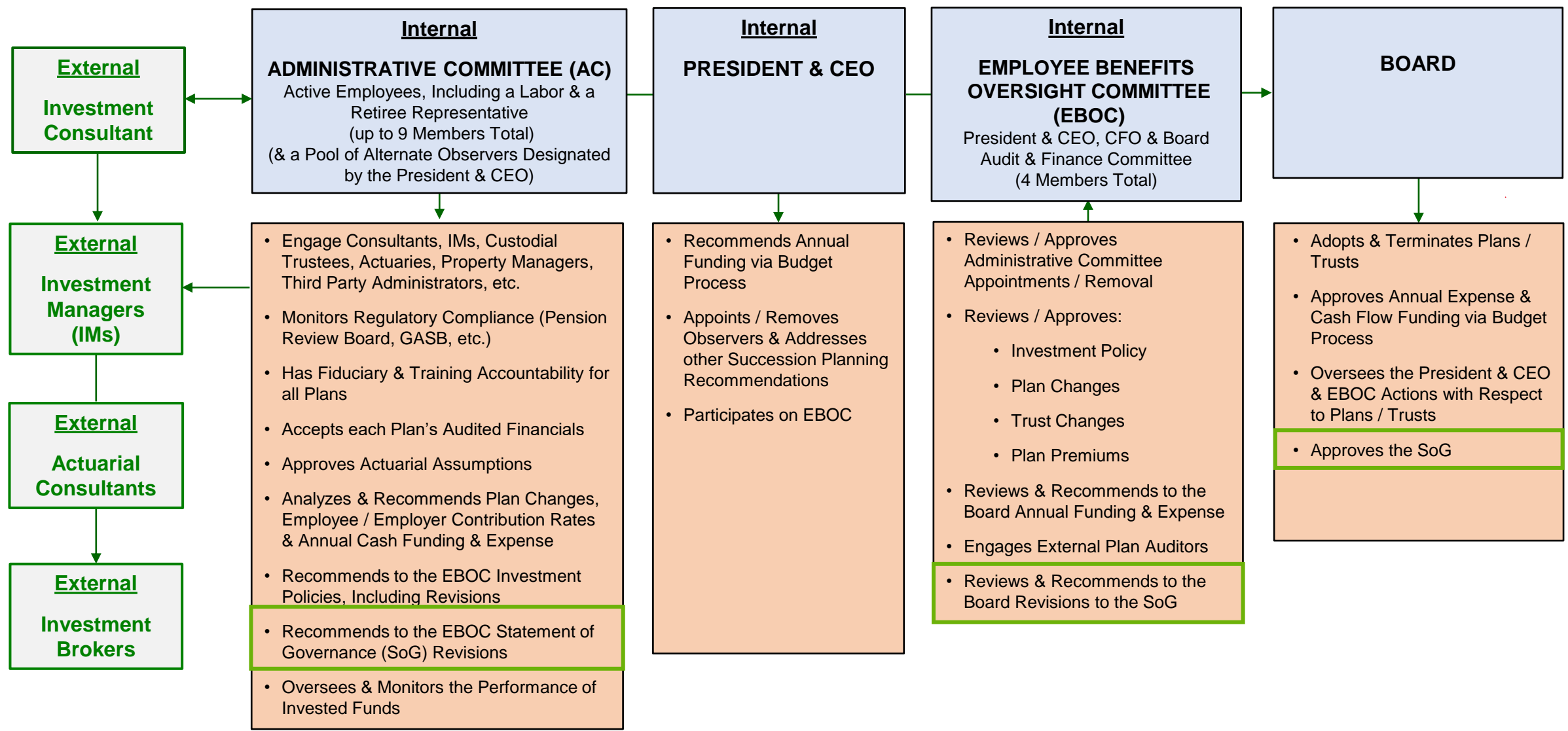
**October 31 , 2023**  
*Approval Requested*

- **Governance Overview**
- **Statement of Governance (SoG) Proposed Revisions**

Request approval of SoG with proposed revisions.



# GOVERNANCE OVERVIEW



# POLICY CHARTER UPDATES

## BOARD COMMITTEE LEVEL



Administrative	Organizational	Procedural	Substantive
✓	✓	None	None

Both the Administrative Committee (AC) and Employee Benefits Oversight Committee (EBOC) approved the recommendation of the proposed changes.

# STATEMENT OF GOVERNANCE (SOG)

## PROPOSED REVISIONS



	TYPE OF CHANGE	PROPOSED CHANGE	REASON FOR PROPOSED CHANGE	REDLINE REFERENCE
1	O	Update length of service for AC members from 6-year to 5-year term (with a maximum of 10 years total)	To encourage good governance while focusing on membership continuity, similar to CPS Energy Board guidelines	Page 8
2	A	Other updates and clarifications	To improve clarity and readability	Various pages

Board approval is requested.



**THANK YOU**



# APPENDIX



# Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance October 31, 2023 Board of Trustees Regular Agenda Item

## **PURPOSE:**

- Request Board approval of the proposed changes to the CPS Energy Employee Benefit Plans Statement of Governance (SoG).
- Should you have any questions or need any additional information, please contact
  - Debra Wainscott, Administrative Committee (AC) Chair, at 210-353-4740 or
  - Gautam Shringarpure, AC Vice Chair, at 210-353-2710.

## **BACKGROUND:**

The following is a high-level summary of the extent of the changes that are being proposed herein:

Administrative	Organizational	Procedural	Substantive
✓	✓	None	None

The SoG primarily:

- Ensures that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, and
- Delegates certain activities and responsibilities regarding the Plans.

The SoG is reviewed annually by the AC, which recommends any changes to the EBOC. The EBOC reviews and recommends proposed changes, which are taken to the full Board of Trustees for final approval.

**SUMMARY OF CHANGES:** Most of the revisions to this document are to update the length of service for AC members. The AC will continue to manage investments with a primary focus on the safety and preservation of principal. These changes have been recommended by the AC (on September 19, 2023) and EBOC (on October 16, 2023). Approval of these changes is requested at the October 31, 2023, Board meeting.

	<u>Type of Change</u>	<u>Proposed Change</u>	<u>Reason for Proposed Change</u>	<u>Diligent Redlined Reference</u>
1	O	Update length of service for AC members from 6-year to 5-year term (with a maximum of 2 terms, or 10 years in total)	To encourage good governance while focusing on membership continuity, similar to CPSE Board guidelines	Page 8



## Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance October 31, 2023 Board of Trustees Regular Agenda Item

	<u>Type of Change</u>	<u>Proposed Change</u>	<u>Reason for Proposed Change</u>	<u>Diligent Redlined Reference</u>
2	A	Other updates and clarifications	To improve clarity and readability	Various pages

### CONTENTS:

- Updated SoG (w/o Appendices) (Red-lined): CPS Energy's Employee Benefit Plans Statement of Governance
- Updated SoG (w/o Appendices) (Clean): CPS Energy's Employee Benefit Plans Statement of Governance



# **CPS Energy Employee Benefit Plans**

## **Statement of Governance**

### **Contents**

I.	Overall Philosophy of Governance.....	1
II.	Authority .....	2
A.	Source of Authority .....	2
B.	Duties of the Board Regarding the Plans and Trusts.....	2
C.	Delegation of Authority .....	2
D.	Committee Relationship.....	3
III.	Governance, Roles and Responsibilities.....	3
A.	The Board.....	3
B.	The Employee Benefits Oversight Committee.....	3
C.	The President / CEO.....	6
D.	The Administrative Committee .....	7

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To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”), the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health, Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, the Plan or Trust document shall control.

### **I. Overall Philosophy of Governance**

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.



The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the Administrative Committee to live by the policies articulated herein and to govern with excellence.

## **II. Authority**

### **A. Source of Authority**

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

### **B. Duties of the Board Regarding the Plans and Trusts**

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

### **C. Delegation of Authority**

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, and CPS Energy staff. This legal and fiduciary responsibility requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. Standard of Care: The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Clarity and Specificity: The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. Formality: The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes delegation of authority to another must be memorialized in writing (*e.g.*, through minutes,

resolution, etc.).

#### **D. Committee Relationship**

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

### **III. Governance, Roles and Responsibilities**

#### **A. The Board**

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopt and terminate Plans and / or Trusts;
- approve annual expense and cash flow funding (employer / employee contributions) related to the Plans through the budget process;
- provide input, as determined necessary, to the EBOC on changes and / or amendments to the Plans and / or the Trusts;
- approve this Statement of Governance and revisions made thereto;
- oversee the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

Board members may request any information they need to make informed decisions related to the Benefit Plans.

#### **B. The Employee Benefits Oversight Committee**

##### **1. Membership**

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer ("CFO") and the two Board Audit & Finance Committee members.<sup>1</sup> EBOC members shall include persons duly authorized to hold the named role (*i.e.*, "Interim President / CEO" or "Acting CFO"). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans' participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

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<sup>1</sup> The CPS Energy Board Audit & Finance Committee's membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.

- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. All members of the EBOC shall be provided general training and continuing education related to the Committee members' general fiduciary role and standard of care for the Plans and Trusts.

## 2. Standard of Care

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

## 3. Reporting

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
  - i. Review / Approval of Plan Changes / Amendments, and / or
  - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide a response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

#### 4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee or may give his / her proxy to another member to vote on his / her behalf.

## 5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve or reject the appointment and / or removal of members to the Administrative Committee (other than the Labor Representative<sup>2</sup>) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- review expense and cash flow funding (employer / employee contributions) related to the Plans after review of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and projected expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

<sup>2</sup> Defined as the President or his/her designee of the labor organization recognized by CPS Energy that comprises the largest membership (Labor Organization).

- on at least an annual basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

### **C. The President / CEO**

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act as the liaison for communication and information flow between the Board and a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input to the Administrative Committee and EBOC on CPS Energy's budgetary constraints related to cash flow funding (employer / employee contributions) and expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

### **D. The Administrative Committee**

#### **1. Membership**

- a. Number. The Administrative Committee shall consist of up to nine (9) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of current employees (excluding the President / CEO and the Ex Officio members noted below) to maintain the right balance of skills and experience, including financial expertise.
- b. Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- c. Ex Officio, Non-Voting Members. The CPS Energy Vice President of People & Culture (or equivalent role or title or such individual's designee), the CFO, and the Vice President of Finance & Accounting (or equivalent role or title or such individual's designee) and the Administrative Committee Secretary (if not already an Administrative Committee member) shall be *ex officio*, non-voting members of the Administrative Committee. Ex Officio designation does not preclude the individuals noted above from serving as active Administrative Committee Members. In the event that an

individual holding one of the offices noted as Ex Officio is appointed to serve as an active Administrative Committee Member, their designee, if any, will serve in an Ex Officio status.

- d. Diversification of Members. It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. Chair and Vice Chair. The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. Secretary. The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. Length of Service. ~~Nothing in this Statement of Governance prohibits the same individual(s) from serving unlimited consecutive terms.~~
  - i. Recognizing and balancing the value of membership continuity and the long-term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed for a period term of six (6) five (5) years, with the intent that the adjusted as needed to allow for staggered terms of the Administrative Committee members shall generally may be staggered-reappointed for one additional five (5) year term (maximum of 10 years total).
  - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of ~~six (6) five (5)~~ years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee. The Labor Representative may be reappointed for one additional five (5) year term (maximum of 10 years total).
- h. Attendance and Participation. Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor

Organization leadership and the President / CEO, with input from other Administrative Committee members.

- i. Compensation. The Administrative Committee members shall perform their duties without compensation from the Trusts.
- j. Training. Members of the Administrative Committee, Ex Officio members and Observers shall receive all applicable and timely training and continuing education consistent with the Administrative Committee members' role and standard of care, including, but not limited to, Tex. Local Gov't Code section 172.007 risk pool training and Texas Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.
- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any such expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

## 2. Standard of Care

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.<sup>3</sup>

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

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<sup>3</sup> The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).



### 3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee or may give his / her proxy to another member to vote on his / her behalf.

#### **4. Responsibilities & Duties**

The Administrative Committee shall be responsible for the following:

##### **Plan Design and Funding Related Roles:**

- review and provide input to the President / CEO on expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and expenses related to the Plans;
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- order, receive, and review an actuarial valuation at least every year for each Plan;
- analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- select, monitor, and terminate the Plans' and / or Trusts' investment consultants, investment managers, custodial trustee(s), and other service providers;
- appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;

##### **Financial Responsibilities and Reporting Roles:**

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and review reports of the financial condition and of the receipts and disbursements of the Trusts from the Trustee;
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;

### **Investment-Related Roles:**

- recommend an investment policy;
- review the investment policy, including asset allocation, at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

### **Administrative Roles:**

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the Trusts;
- complete annual declaration process related to Administrative Committee duties (mid-year for existing members ~~&~~and within three months of effective date for new members);
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- administer and interpret the Trusts' provisions;
- establish administrative procedures regarding the Administrative Committee roles under this Statement of Governance;
- monitor CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the employee's Contribution Accumulation, Benefit Service, and in the case of retired employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and
- any other responsibility that may arise as a result of applicable state or federal law.

Demonstrative Chart of Responsibilities

Responsibilities	Board	EBOC	CEO	Administrative Committee
Adopt or reject Plans / Trust	X			
Approve changes to Plans / Trusts		X		
Approve benefit expenses related to the Plans via Budget Process	X			
Approve cash flow funding (Employer / Employee contributions) via Budget Process	X			
Approve Health Plan premiums		X		
Approve or reject Investment Policies		X		
Approve or reject Funding Policies		X		
Liaison to provide information re Plans / Trusts		X (Board)	X (external)	X (all others)
Appoint and remove Administrative Committee Members (other than the Labor Representative)		X		
Appoint Administrative Committee Observers			X	
Select Plans' Administrators				X
Administer Plans				X
Engage auditor(s)		X		
Engage actuary(s)				X
Engage a qualified firm to evaluate Pension Plan investment practices & performance				X
Engage consultant(s) (investment managers, Agents, attorneys)				X
Engage trustees / custodians to hold Plan assets	X			



# WINTER 2023 PREPAREDNESS

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*PRESENTED BY:*

**EXECUTIVE LEADERSHIP TEAM**

**October 31, 2023**  
*Informational Update*

- **SUMMER RECAP**
- **WINTER WEATHER OUTLOOK**
- **TEAM READINESS:**
  - **ENERGY SUPPLY**
  - **ENERGY DELIVERY SERVICES**
  - **CUSTOMER STRATEGY & COMMUNICATIONS**

**Our team will share an update on how we are preparing for upcoming winter conditions.**



# SUMMER RECAP





# SUMMER 2023

## BY THE NUMBERS<sup>1</sup>

**85,464<sup>MW</sup>**  
ERCOT Peak Demand



**6.6%**  
increase  
from  
2022

**5,703<sup>MW</sup>**  
CPS Energy Peak Demand



**5.4%**  
increase  
from  
2022



**75** Days > 100°F  
**100** Days > 95°  
**16** Record-Highs Broken



**94%**  
Summer  
Equivalent Availability  
Factor (EAF)



New Demand Records  
**10** ERCOT  
**5** CPS Energy



MWh  
**13M+** Demand Served  
**16M+** Energy Generated  
**10K+** Demand Reduced

## Our Mission

To serve our community through reliable, competitively priced, and sustainable energy services in an equitable manner.

<sup>1</sup> Based on 2023 Summer (May through September)

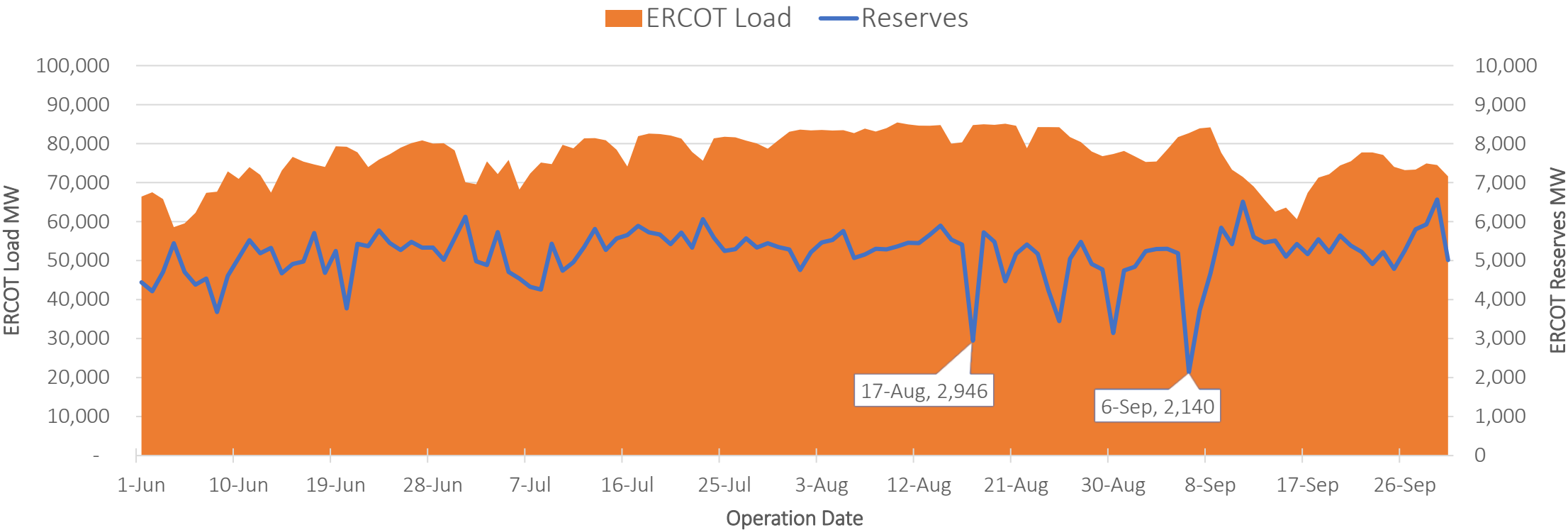


# ERCOT SUMMER 2023

## PEAK LOAD & RESERVES



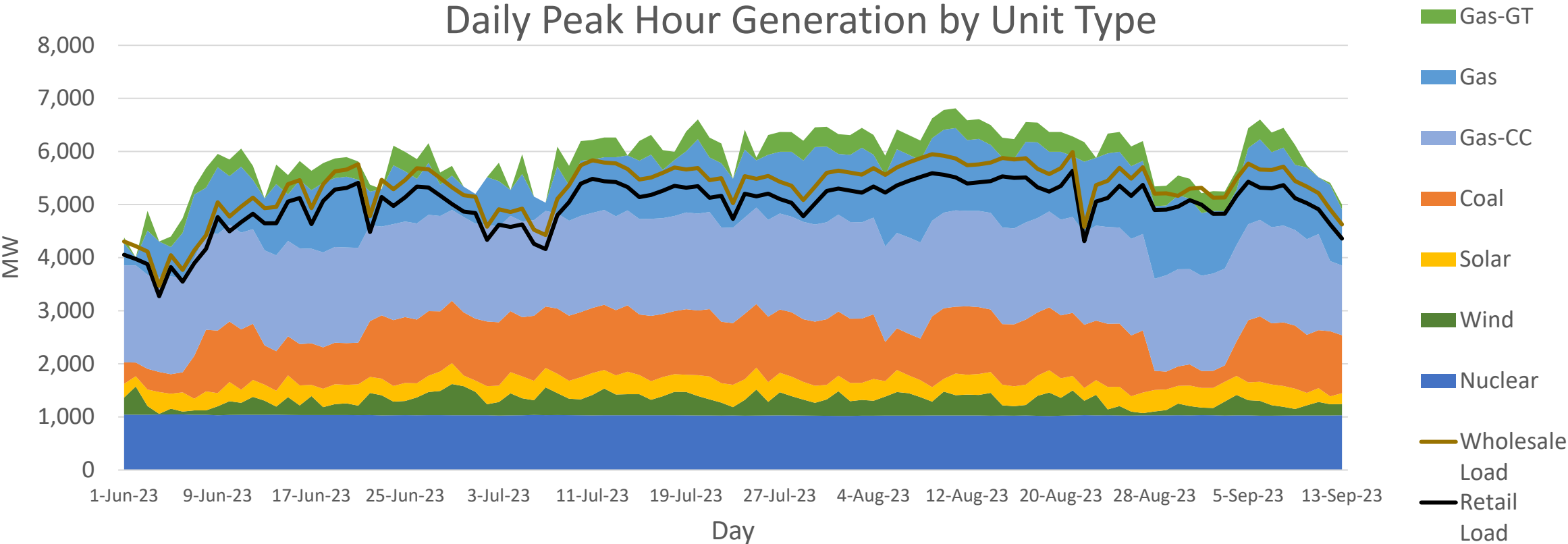
ERCOT Daily Peak Load and Minimum Reserves MW



CPS Energy fleet was available and delivering during the periods of lowest ERCOT reserve.

# CPS ENERGY SUMMER 2023

## GENERATION AVAILABILITY



High unit availability benefited CPS Energy customers. Both Summer EAF and Portfolio Commercial Availability were at 94% through August.

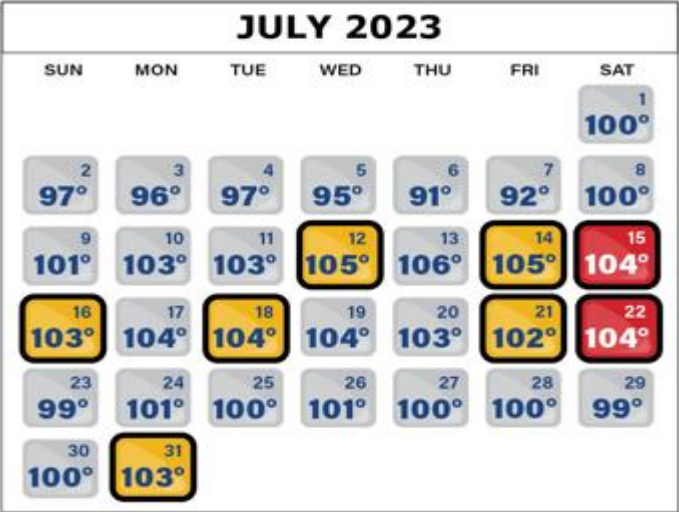
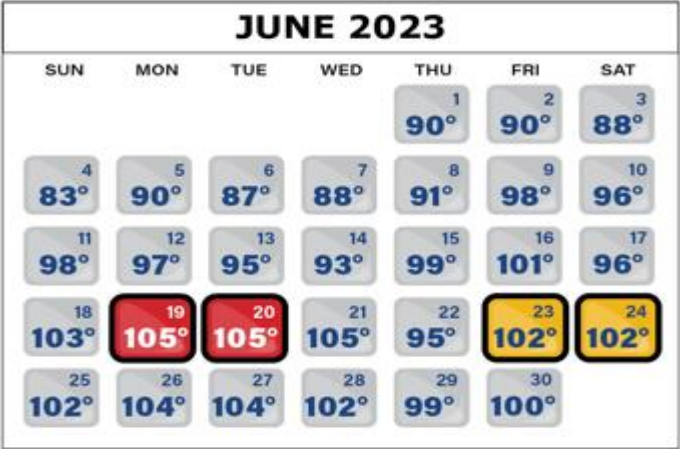
Data through 9/13/2023

# RECORD SETTING SUMMER

## SAN ANTONIO



### MAXIMUM DAILY TEMPERATURE



NEW RECORD HIGH TIED RECORD HIGH

Source: National Weather Service (weather.gov)

## Summer 2023

(June-August)

### Hottest on record

- 75 Days of 100° or higher
- 16 Record highs broken
- 15 Record highs tied
- Warmest month (Aug) ever
- 23 Consecutive 100° days (July 30-Aug 21)
- Highest observed Heat Index: 117°
- 5<sup>th</sup> Driest Summer with 2.02"



# **WINTER WEATHER OUTLOOK**



# 2023-24 WINTER OUTLOOK

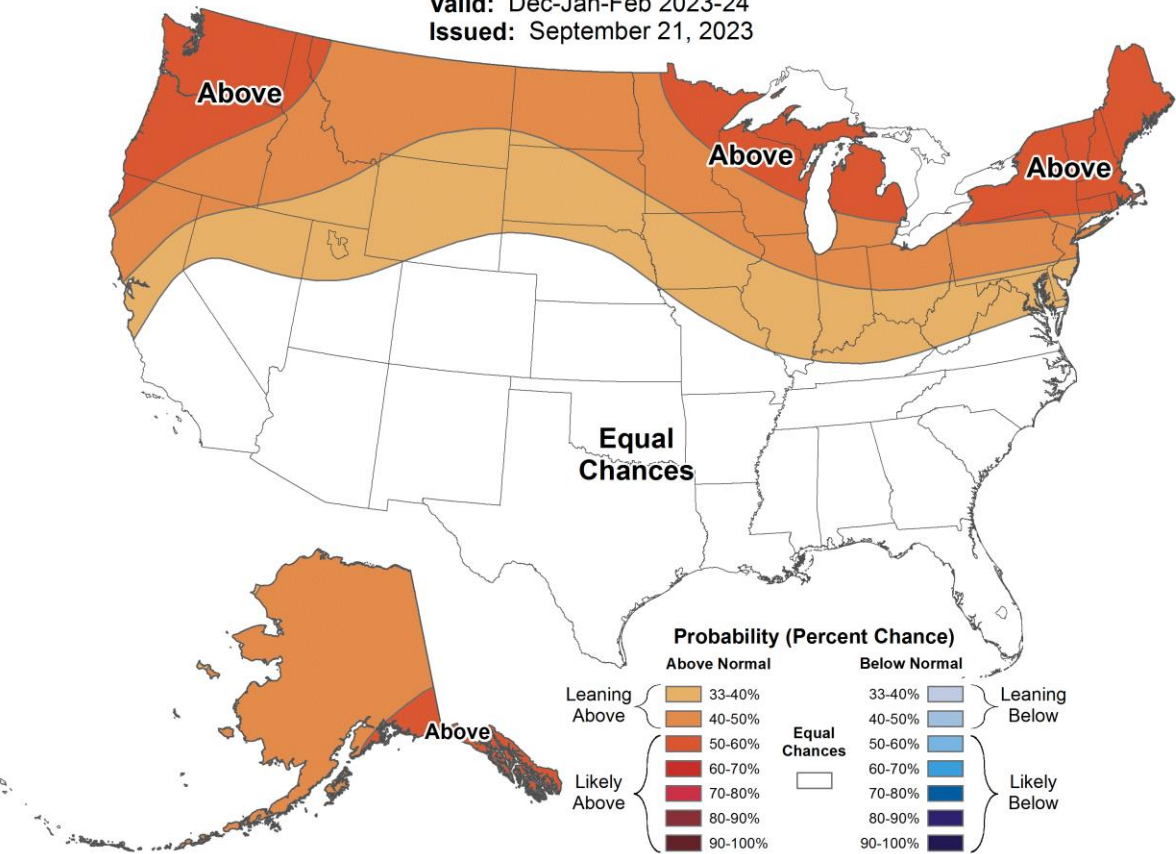
## PRELIMINARY FORECAST



### Seasonal Temperature Outlook



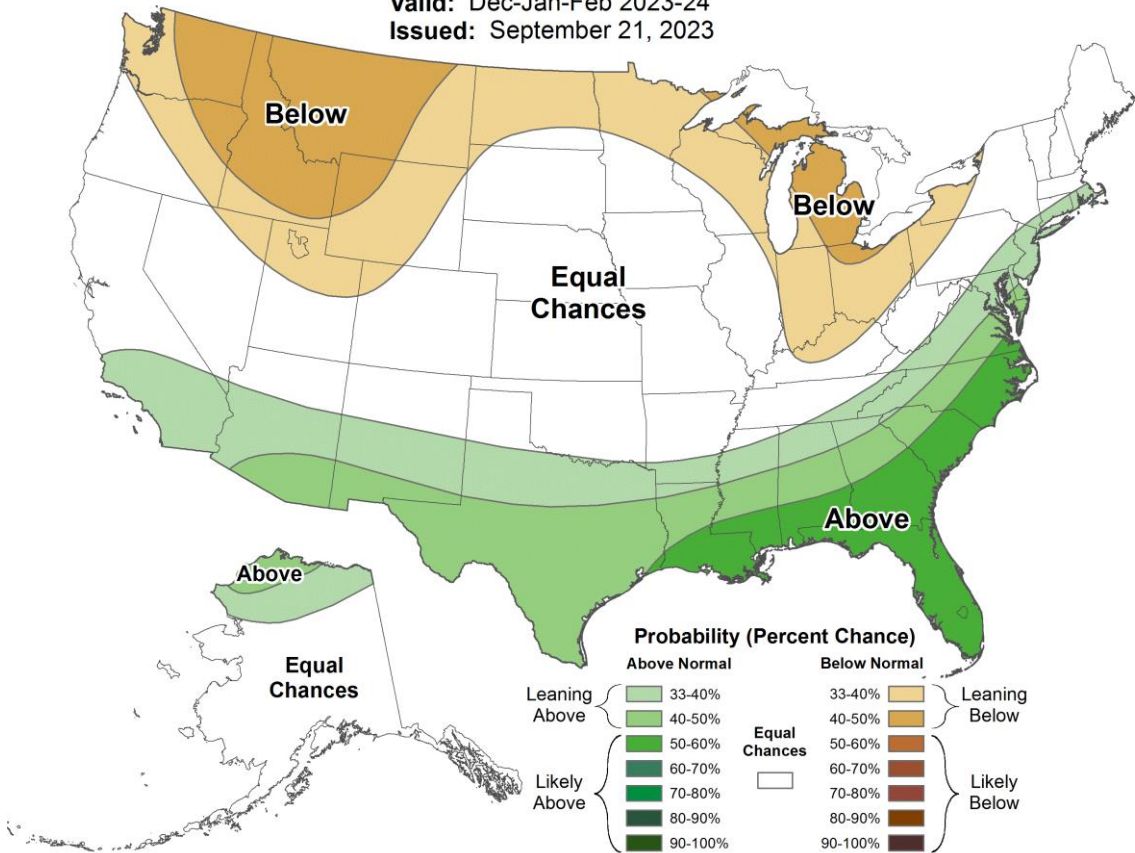
Valid: Dec-Jan-Feb 2023-24  
Issued: September 21, 2023



### Seasonal Precipitation Outlook



Valid: Dec-Jan-Feb 2023-24  
Issued: September 21, 2023



Temperature outlook shows equal chances meaning no clear indication of above, near, or below normal temperatures. Precipitation is expected to be above normal due to a strong El Niño.

# THE TWO FARMERS ALMANAC'S



## 2023-24 WINTER OUTLOOK

*The BRRR is Back!*



FarmersAlmanac.com



## THE OLD FARMER'S ALMANAC WEATHER MAP FOR WINTER 2023-24



THIS ILLUSTRATION IS AVAILABLE TO DOWNLOAD FOR PUBLICATION AT [ALMANAC.COM/MEDIA](https://almanac.com/media).



No clear indication of what Winter will be like.





# **TEAM READINESS:**

**ENERGY SUPPLY**  
**ENERGY DELIVERY SERVICES**  
**CUSTOMER STRATEGY & COMMUNICATIONS**



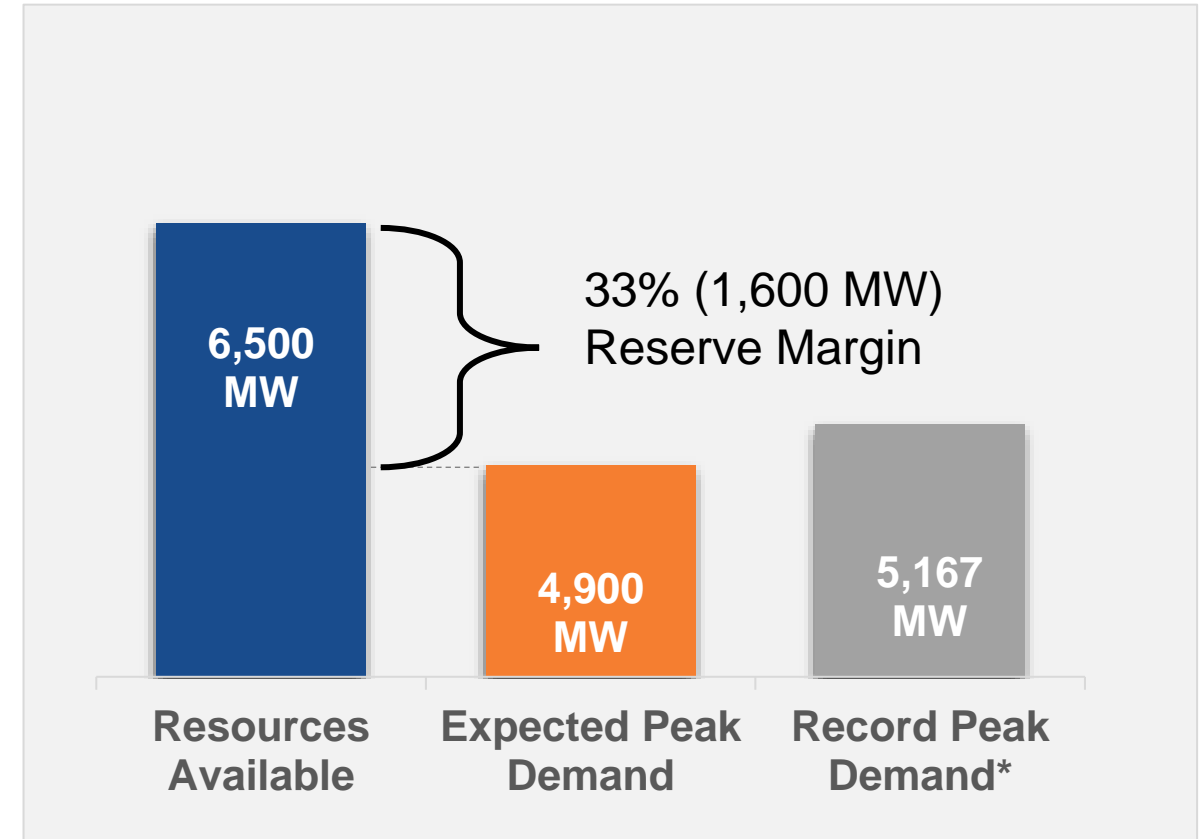
# ENERGY SUPPLY



## WINTER RESOURCE ADEQUACY

- Units prepared for winter operations
- No unit outages scheduled during Jan-Feb
- Declaration of Winter Preparedness will be submitted to ERCOT by December 1st
- Natural Gas suppliers contacted to confirm weatherization activities completed prior to December 1st
- ERCOT seeking 3000 MW of additional capacity for winter season

### Our Winter Peak Position



\* Winter peak demand record occurred Dec-2022

**Winter readiness activities will be completed by December 1<sup>st</sup> to meet the needs of our community.**

# POWER GENERATION

## PREPARING FOR WINTER

### Plant Weatherization Program ✓

- People
- Process
- Equipment



Employee Preparations

### Heating Systems



### Plant Weatherization Enhancements ✓

- Comply with Public Utility Commission requirements
- New weatherization enhancements



Critical Components

### Permanent Enclosures



**Enhancements to the weatherization program are in place to deliver plant reliability during extreme winter weather.**



# **ENERGY DELIVERY SERVICES**

# WINTER PREPAREDNESS

## OVERVIEW

SAFETY	OPERATIONAL	EQUIPMENT
<ul style="list-style-type: none"><li>• Cold stress signs</li><li>• Back-feed hazard awareness</li><li>• Fire rated clothes layering</li><li>• Hazardous driving conditions</li></ul>	<ul style="list-style-type: none"><li>• System improvements</li><li>• Refresher training</li><li>• Load flow analysis</li><li>• Collaboration with Emergency Ops Center</li><li>• Gas Pressure Increases</li></ul>	<ul style="list-style-type: none"><li>• Inspections &amp; testing</li><li>• Identify &amp; correct deficiencies</li><li>• Inventory checks</li><li>• 109 Smart switches installed</li></ul>



Employee Prep



System Improvements



Pressure Increases



Equipment Maintenance

**We leverage lessons-learned to enhance system performance & emergency response during significant events.**



# OPERATIONS & RELIABILITY

## WINTER PREPAREDNESS

### Coordination

- CoSA Emergency Operations Center (EOC) Community Preparedness Workshop
- PUC & Emergency Management Collaboration Event

### Drills & Exercises

- ERCOT outage coordination meeting
- ERCOT severe weather drill
- Grid security & resilience exercise (GridEx)

### Load Shed

- Maintain increased capacity
- Maintain readiness

### Trainings

- Load shed
- ERCOT-led & internal Blackstart training



Arc & Spark demo for  
City EOC Community Preparedness Workshop

**Communication and collaboration with our partners are critical components of our preparedness activities.**

# **GAS SOLUTIONS**

## **WINTER PREPAREDNESS**

- In 2022, the Texas Railroad Commission (RRC) established Rule 3.66 requiring critical gas facilities on the state's Electric Supply Chain Map to weatherize & ensure sustained operation during a weather emergency
- Several of our facilities serving our generation fleet meet this criteria
- Working with a third-party Engineering firm, we conducted a risk assessment of these facilities & enhanced our winterization procedures to meet the requirements
- By December 1<sup>st</sup>, a Weather Emergency Attestation describing our compliance with the rule will be submitted



**Gas Pressure Control Team performing inspection & maintenance of critical infrastructure**





# **CUSTOMER STRATEGY & COMMUNICATIONS**

# SUMMER RECAP

- We deployed 37 demand response events this summer and reduced an estimated 250 MWs, enough to power up to 50,000 homes.
- Over the summer months we saw a 181% increase in page views utilizing receipt QR codes and sanitizing stations.

Summer 2022 (June – September)	Summer 2023 (June – September)
75 “Green Days” – Everyday Conservation	56 “Green Days” – Everyday Conservation
42 “Yellow Days” – Peak Energy Demand	60 “Yellow Days” – Peak Energy Demand
0 “Orange Alert – Grid Reliability Risk	1 “Orange Alert Day” – Grid Reliability Risk





# OUTREACH HIGHLIGHTS

## Proactive Communications

- Participated in 28 media interviews from June – September

## Partner & Stakeholder Engagement

- Shared with over 500 stakeholders:
  - June – Beat the Heat/Conservation
  - August – ERCOT Voluntary Conservation Notice
  - August – Teletownhall
    - Total live caller attendees: 3,248
    - Video attendees: 284
    - Spanish Speaking Attendees: 36
- Customer Payment Walk-In Centers
  - Color-coded flyer and magnet distribution

## Industry Recognition

- Chartwell Silver Award for Excellence in Communication
- Color-coded Energy Conservation Campaign



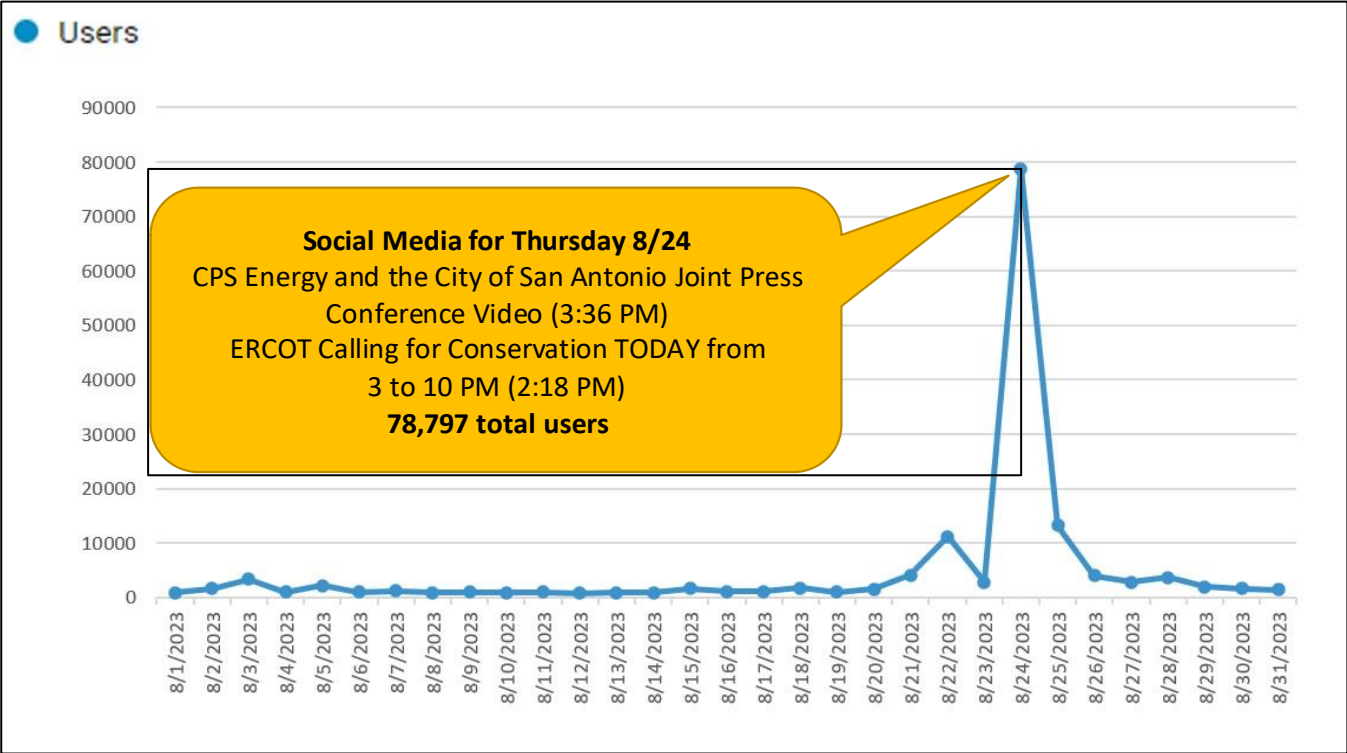
# SUMMER RECAP



In August, CPS Energy saw a 341.3% increase in Page Views for the Conservation Levels webpage.

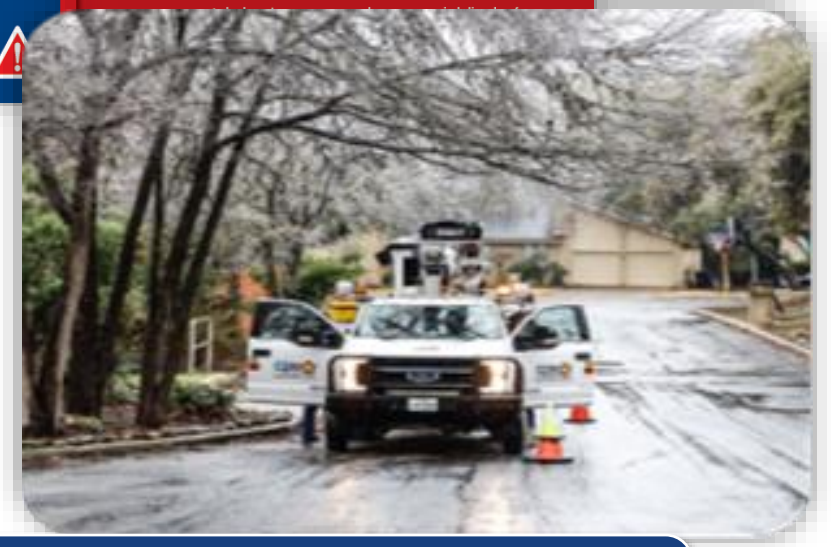
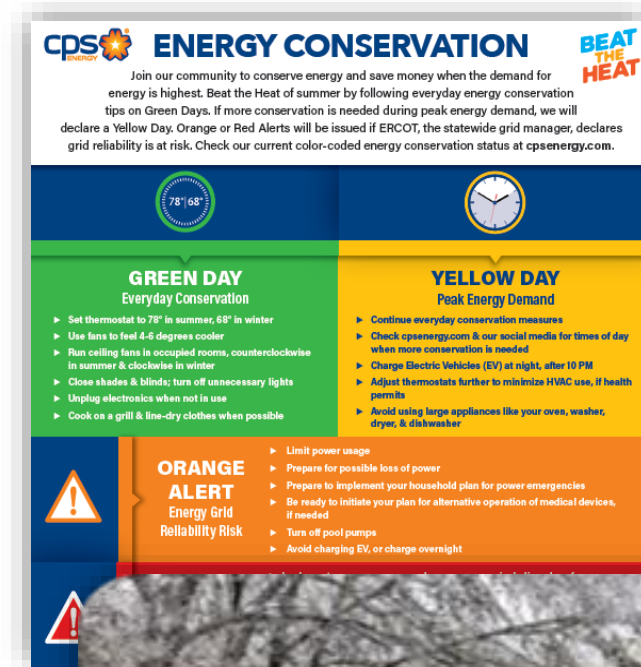
- August 17 - announcement for voluntary conservation from the Electricity Reliability Council of Texas (ERCOT).
  - 351,882 emails and 20,970 text messages were sent to our customers
- Aug. 24 – Joint press conference
- Sept. 6 – ERCOT declares EEA2

	June 2023 Page Views	July 2023 Page Views	August 2023 Page Views	September 2023 Page views	Total Page Views
Conservation Levels	6,666	6,277	27,702	11,334	51,979
Savings Programs & Energy Tips	9,270	10,035	12,225	7,917	39,447
SaveNow - Main Page	7,349	6,378	6,440	4,429	24,596
Energy Alerts	6,535	4,487	6,382	3,992	21,396
Energy Saving Tips	7,127	3,896	3,805	1,566	16,394
Energy Preparations & Safety Tips	994	484	4,173	2,597	8,248
Energy Cost Calculator	725	824	984	769	3,302



# WINTER PREPAREDNESS

- Enhance Energy Conservation messages for winter
- Continue to use color coded system (Color of the Day)
- Design a Winter Demand Response Program for large commercial customers
- Work with Enterprise Safety on employee communication of winter weather hazard awareness
- Provide tips and reminders for those who work remotely to proactively plan for business continuity
- Winter Preparedness and Freezing Weather Condition Toolkits
- Training and tabletop exercises with local Emergency Response contacts and Partner Public Information Officers



**We are ready to encourage conservation and provide emergency messaging to our customers and stakeholders.**





**THANK YOU**



# APPENDIX

ACRONYM OR WORD	DEFINITION
ERCOT	Electric Reliability Council of Texas
MDT	Mobile Data Terminal
PUC	Public Utility Commission



## **RESOLUTION ELECTING JUANITA "JANIE" GONZALEZ TO CPS ENERGY BOARD OF TRUSTEES**

**WHEREAS**, Ms. Janie Gonzalez, a resident of the southwest quadrant of the CPS Energy service area, was first appointed to the CPS Energy Board to serve a 5-year term commencing on February 1, 2019 and expiring on January 31, 2024; and

**WHEREAS**, Ms. Gonzalez has expressed a willingness and desire to continue to serve on the Board; and

**WHEREAS**, under the provisions of CPS Energy bond ordinances, Ms. Gonzalez is eligible to serve another 5-year term as a member of the Board of Trustees following the expiration of her current term of service in January 2024.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of CPS Energy that Ms. Juanita "Janie" Gonzalez is hereby elected, for City Council consideration and confirmation, to serve a second 5-year term on the CPS Energy Board of Trustees, beginning effective February 1, 2024 through January 31, 2029.

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Shanna M. Ramirez  
Secretary of the Board