

REVISED
CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING



Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, October 31, 2022 at 1:00 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

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

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register between Wednesday, October 26, 2022 at 5:00 p.m. and Friday, October 28, 2022 at 1:00 p.m. CT. Registration may be made by email at publiccommentregistration@cpsenergy.com or by phone at (210) 353-4662. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Group for which the individual is speaking, if applicable
- Agenda item # listed on the Agenda (any item other than #1, 2 or 3) about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com and will be shared with the Board prior to the start of the meeting.

The agenda packet is attached and can be found with other related informational material at:

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

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

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

Shanna M. Ramirez
Secretary of the Board
October 27, 2022



REVISED
CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON OCTOBER 31, 2022 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)

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

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Ricardo Renteria
3	PUBLIC COMMENT Pre-Registration is from Wednesday, October 26, 2022 5:00 PM – Friday, October 28, 2022 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	CHAIR'S REMARKS	Discuss	Dr. Willis Mackey
5	CEO'S REPORT	Discuss	Mr. Rudy Garza
6	RATE ADVISORY COMMITTEE (RAC) UPDATE	Discuss	Dr. Francine Romero
7	MONTHLY PERFORMANCE UPDATE	Discuss	Ms. Lisa Lewis
CONVENE TO EXECUTIVE SESSION			
8	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
9	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on 07/25/2022 B. Minutes of the Special Board meeting held on 8/23/2022 C. Minutes of the Regular Board meeting held on 09/06/2022 D. Payment to the City of San Antonio for September 2022 E. Financial Policies Annual Renewal (Ms. Julie Johnson) F. Procurements Items: 1. General Services: Engineering, Procurement & Construction for the Midtown 138kV Gas Insulated Substation (Mr. Richard Medina) 2. Commodity & Material Goods: Wood Poles – Additional Funding Request (Mr. Richard Medina) 3. Commodity & Material Goods: Wire Cable Additional Funding Request (Mr. Richard Medina)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
10	COMMITTEE REPORTS: A. Operations Oversight Committee (OOC) meeting held on 08/19/2022 (Dr. Francine Romero) B. Technology & Resilience (T&R) Committee meeting held on 09/28/2022 (Ms. Janie Gonzalez) C. Nominations Committee meeting held on 10/10/2022 (Dr. Willis Mackey)	Discuss	Dr. Willis Mackey

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 0099 CITY CLERK

OCTOBER 31, 2022 BOARD MEETING - AGENDA & NOTICE

11	VOTE TO REAPPOINT THE TRUSTEE REPRESENTING THE SOUTHEAST QUADRANT TO SERVE A SECOND TERM ON THE CPS ENERGY BOARD AND APPROVE RELATED RESOLUTION	Vote	Ms. Janie Gonzalez
12	ENERGY DELIVERY SERVICES (EDS) & WINTER PREPARATION UPDATE (EDS Leaders)	Discuss	Mr. Richard Medina
13	FY2024 FINANCING PLAN	Discuss & Vote	Mr. Cory Kuchinsky
14	ADJOURNMENT	Execute	Dr. Willis Mackey

If the Board meeting has not adjourned by 3:40 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.

THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE FOLLOWED DIRECTLY BY A MEETING OF THE SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION

0099 - CITY CLERK
2022 OCT 27 PM 09:03:04

Draft for review and approval
at the October 31, 2022 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JULY 25, 2022**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of July was held on Monday, July 25, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

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

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg

Also present were:

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

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Geronimo Gonzalez, Director, Debt Management.

III. PUBLIC COMMENT

Isabella Briseno, CPS Energy customer and teacher, requested relief for customers due to the high summer bills, and robust community input on the Spruce coal plants. Finally, she stated the public comment period is inaccessible as meetings are held in-person on Mondays at 1 p.m.

Alexander Papanatassiou, Texas Physicians, stated he appreciates the steps CPS Energy has taken in increasing renewables, but expressed his concern about future air quality and resulting health risks for Bexar County residents. He urged the Board of Trustees to close Spruce coal plants before 2030.

Draft for review and approval
at the October 31, 2022 meeting

Henrietta LaGrange, resident, stated that there are many things we can do for each other to protect from the sun and heat. She stated Mr. Garza is doing a great job and that she hears from employees that Mr. Garza is liked and respected.

IV. CHAIR'S REMARKS.

Chair Dr. Mackey noted that he appreciated the hard work of CPS Energy employees in achieving financial goals.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza discussed the record heat and demand for electricity. CPS Energy has set two new all-time load demand records, and ERCOT has set a new all-time record 11 times this summer. He expressed his appreciation for the employees working to ensure reliability. He also noted efforts on community outreach to inform customers about reliability and demand response.

Mr. Garza then expressed his appreciation for our customers. Commercial and industrial customers answered the calls for demand response and exceeded expectations.

He provided an introduction to the Monthly Performance Update and Tier 1 Updates, and noted that most of them are on track and we're doing the work expected by the Board of Trustees.

Mr. Garza then provided Trustee Dr. Romero a moment to provide an update on the activities of the Rate Advisory Committee (RAC). Trustee Dr. Romero stated she looks forward to sharing information on the important discussions the RAC is undertaking at each of their meetings and receiving board input and feedback at future meetings. She noted that RAC members work hard, ask good questions, and have really good ideas. She wants to ensure that the Board of Trustees is clear about objectives and she wishes to have two-way communication throughout the process. Finally, she noted that the update for the month of June is posted to the CPS Energy website.

Mr. Garza recognized the Texas Lineman's Rodeo Team. CPS Energy apprentices and journeymen were successful. He congratulated them and expressed his pride in their accomplishments. The Board of Trustees congratulated them and took commemorative photographs.

Finally, he recognized DeAnna Hardwick, Interim Vice President, Customer Strategy and her team on their efforts to bring past due accounts current and connecting to customers to resources that are available. Trustee Steen expressed concern at the level of past due balances and stressed that the current approach to reduce these accounts has not been successful and maybe be sending the message that results in customers not prioritizing the payment of their CPS Energy Bills.

VI. MONTHLY PERFORMANCE UPDATE

Mr. Benjamin Ethridge provided an update on the Tier 1 Metric Program. As of June 30, 2022, 12 of the 15 metrics are on track. The 3 at-risk metrics are 1) customer satisfaction, 2) recordable incident rate (RIR), and 3) portfolio commercial availability (PCA).

Draft for review and approval
at the October 31, 2022 meeting

VII. EXECUTIVE SESSION

At approximately 2:02 p.m., Ms. Shanna Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

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

The Board reconvened in open session at 2:43 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.

VIII. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Steen, seconded by Trustee Dr. Romero, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

A. Approval of Payment to the City of San Antonio for June 2022

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of June 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$320,497,269.57, less applicable exclusions. The revenue for the month of June 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$318,188,738.11
Gas revenue	19,287,194.87
Interest and other income	(92,136.45)
Gross revenue per CPS Energy financial statements	337,383,796.53
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(10,580,096.80)
LVG revenue per City Ordinance 100709	(118,801.38)

Draft for review and approval
at the October 31, 2022 meeting

Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(23,813,826.35)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>17,626,197.57</u>
Total excluded revenue	<u>(16,886,526.96)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$320,497,269.57</u>
City payment per Bond Ordinance for June 2022 based upon June 2022 revenue	\$44,869,617.74
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	935,832.18
Wholesale Special Contract Annual True Up	1,606,521.48
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	47,399,471.40
Utility services provided to the City for June 2022	<u>(3,404,391.55)</u>
Net amount to be paid from June 2022 revenue to the City in July 2022	<u>\$43,995,079.85</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)

June 2022	Actual	Budget	Variance	
Current Month* A	\$47,400	\$36,917	\$10,483	28.4%
Year-to-Date*	\$170,783	\$146,990	\$23,793	16.2%

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

** Includes a rounding adjustment of \$2 to agree to correctly rounded YTD amount.

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 \$43,995,079.85 representing 14% of applicable system gross revenues for the month of June 2022, such payment being net of City utility services (\$3,404,391.55), is hereby approved." The Board ratifies that June 2022 revenue was sufficient to recover \$26,049,049.15 in funds that were advanced to the City in prior fiscal months.

Draft for review and approval
at the October 31, 2022 meeting

B. Approval of Procurement Items:

1. Item Description: Residential and Commercial Energy Efficiency Services –
Additional Funding Request

Purchase Category: General Services

Supplies: CLEAResult Consulting, Inc.

2. Item Description: Competitively Sensitive Item

IX. FY2023 FINANCING PLAN RELATED APPROVALS

Mr. Geronimo Gonzalez, Director Debt Management, presented on two financing plan related approvals. The first is a surety policy, and the second is a private letter ruling. Mr. Geronimo requested approval by the Board of Trustees, and the Board discussed.

In regards to the surety policy term extension and coverage increase to continue utilizing the Senior Lien lower cost of debt, Vice Chair Gonzalez made a motion for approval, which was seconded by Trustee Dr. Romero. It was unanimously approved.

In regards to the authorization for the private letter ruling, Trustee Steen made a motion for approval, which was seconded Vice Chair Gonzalez. It was unanimously approved.

X. PROCUREMENT ITEM: RESIDENTIAL & COMMERCIAL ENERGY EFFICIENCY SERVICES

Mr. Jonathan Tijerina, Vice President, Enterprise Risk & Development and Mr. Rick Luna, Interim Director, Technology and Product Innovation presented on a request for approval for a contract modification related to the Energy Efficiency & Conservation Program. The procurement will serve to continue the core programs by extending the term of the contract and aligning it to the Energy Efficiency & Conservation Program approved by the Board in May.

Trustee Dr. Romero made a motion to approval the contract modification, Vice Chair Gonzalez seconded. The Board of Trustee discussed the motion and asked questions. The motion was approved with a vote of 4-1. Trustee Steen voted against the motion, and read a written statement explaining his vote.¹

¹ Trustee Steen's requested his statement, explaining his reasons for voting against the motion, be included in the minutes. Trustee Steen's comments are attached.

Draft for review and approval
at the October 31, 2022 meeting

XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:38 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

DRAFT

Draft for review and approval
at the October 2022 meeting

**CPS ENERGY
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON AUGUST 23, 2022**

A Special Meeting of the Board of Trustees of CPS Energy was held on Tuesday, August 23, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Dr. Mackey called the meeting to order at 11:45 a.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg (arrived at 11:50 a.m.)

Also present were:

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

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Jessica L. Coxon, Board Manager.

III. PUBLIC COMMENT

Ron Ramsey, Electric Service Crew Foreman for CPS Energy and President of the International Brotherhood of Electrical Workers, Local 500. Mr. Ramsey stated on behalf of himself, the IBEW membership, and co-workers in attendance that they are in full support of Mr. Rudy Garza becoming the permanent leader of CPS Energy. He further stated that Mr. Garza has left a positive footprint throughout the utility as he has climbed the ranks, and that he has no doubt that with his experience, skills and leadership that he is the right choice for quarterback of CPS Energy.

Draft for review and approval
at the October 2022 meeting

IV. EXECUTIVE SESSION

At approximately 11:51 a.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)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074) (Duties, Employment and Evaluation of Interim President & CEO)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 1:29 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.

V. PERSONNEL COMMITTEE UPDATE

Vice Chair Gonzalez made a motion, based on information and data received from Russell Reynolds (the executive search firm) and feedback from the community and colleagues, to enter a 30-day negotiation period with the interim President & CEO candidate and suspend the search for a President & CEO. Trustee Dr. Romero seconded the motion. The Board of Trustees discussed the motion and asked questions. On a 4-0-1 vote, the motion was approved. Trustee Steen abstained, and stated his abstention was due to concerns that posted agenda did not provide sufficient notice to the public because it did not state Rudy Garza's name, and only states his title "Interim CEO & President".

VI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Gonzalez, seconded by Trustee Dr. Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 1:43 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

Draft for review and approval
at the October 31, 2022 meeting

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON SEPTEMBER 6, 2022

The Regular Meeting of the Board of Trustees of CPS Energy for the month of August was held on Tuesday, September 6, 2022 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Dr. Mackey called the meeting to order at 9 a.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Dr. Francine Romero
Mayor Ron Nirenberg

Also present were:

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

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

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

III. PUBLIC COMMENT

Patricia Major, retiree of CPS Energy, stated she meets with employees and there is concern about the benefits plans. She stated that in May 2021, changes occurred to the Administrative Committee and retirees feel there is a lack of communication. Finally, she stated that because retirees represent 45% of the plan participants, they would like to have more than one seat on the Administrative Committee.

Jose Perez, President & CEO of Hispanics in Energy, ambassador to the Department of Energy, and member of the National Petroleum Council, spoke in favor of Rudy Garza. He noted that the population of Bexar County is 62% Hispanic, and San Antonio is 65% Hispanic, but in its 162-year history, CPS Energy has never had a Hispanic CEO & President. He stated that the Board of Trustees has an outstanding

Draft for review and approval
at the October 31, 2022 meeting

individual performing on an interim basis who is also Hispanic, and the right thing to do is to select Mr. Rudy Garza.

Dr. Meredith McGuire, Co-Chair of Conservation Committee of the local Sierra Club, stated her concerns about the misrepresentation of data provided to the Board of Trustees in the past. She also stated her concern about declining tier rates, which she stated puts a burden on those that use less energy.

Richard Perez, President & CEO of the San Antonio Chamber of Commerce, expressed his support and support of the Chamber for Mr. Rudy Garza being named as President & CEO of CPS Energy. He stated that the business community has appreciated Mr. Garza's focus on communication and transparency. He further stated that Mr. Garza has the experience and leadership prowess to be the leader of CPS Energy and has the full support of the Chamber.

Henrietta LaGrange, resident, stated she feels the City of San Antonio should dedicate dollars to weatherization instead of a bill credit. She also expressed her support for Mr. Rudy Garza as President & CEO, and that she values the time he has given to the community.

Alan Montemayor, Chairman of the Alamo Group of the Sierra Club of San Antonio, urged the Board of Trustees to promptly close Spruce coal plants to improve air quality, health, and from a fiscal standpoint. He stated that while the Board will have the option to convert Spruce to natural gas, he urged the board to not do that. He urged the Board to go fully renewable, eliminating rebates for natural gas appliances.

IV. CHAIR'S REMARKS.

Chair Dr. Mackey thanked the speakers for their comments. He further stated that he has been able to tour each power plant and asked Mr. Garza to have the managers of each plant come to the next meeting to report on weatherization.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza provided some information on the City of San Antonio's proposal to provide a customer energy bill credit and provide an opportunity for the Board of Trustees to ask questions.

Mr. Garza then provided an update on the Inflation Reduction Act (IRA). There are two provisions that impact CPS Energy. First, the bill expands and extends Production Tax Credits (PTC) and Investment Tax Credits (ITC) for renewable energy. This may allow CPE Energy to have its own solar and wind production facilities. The IRA also provides \$30B in grants for electric utilities, and CPS Energy is coordinating with the City of San Antonio to apply for these grants.

He has continued engagement with the PUC Commissioners, meeting with them in July. The discussions focused on summer generation performance, our robust demand response program, and proposed changes to the ERCOT market.

Then, Mr. Garza provided information on the first of two joint tabletop exercises between CPS Energy, SAWS, City of San Antonio, Bexar County, and other entities. The success of the exercise demonstrated the need for more exercises to ensure preparedness in the future.

Draft for review and approval
at the October 31, 2022 meeting

The San Antonio Business Journal honored CPS Energy for our diversity in top leadership & board positions for diversity and inclusion.

Finally, Mr. Garza recognized the Customer Strategy team. The team includes almost 500 employees who work tirelessly to support our nearly 950k households. They address customer concerns and connect them with assistance, plan new construction, and ensure meters are accurate.

VI. MONTHLY PERFORMANCE UPDATE

Mr. Cory Kuchinsky provided an update on the financial performance of CPS Energy, noting we are halfway through the fiscal year. Overall, our key financial metrics are forecasted to be at acceptable levels. The Board of Trustees asked questions and discussed the information.

VII. EXECUTIVE SESSION

At approximately 10:17 a.m., Ms. Shanna Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

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

The Board reconvened in open session at 11:08 a.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.

VIII. RATE ADVISORY COMMITTEE (RAC) UPDATE

Trustee Dr. Romero stated that in the supplemental packet, there were summaries on the two most recent RAC meetings. She explained that a subcommittee was formed to evaluate potential peer review consultants and she asked Ms. Lisa Lewis, Chief Administrative Officer, to provide a report. Ms. Lewis stated that RAC followed standard processes for reviewing and selecting a peer review consultant.

IX. APPROVAL OF CONSENT ITEMS

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

Draft for review and approval
at the October 31, 2022 meeting

A. Approval of Payment to the City of San Antonio for July 2022

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of July 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$351,124,984.17, less applicable exclusions. The revenue for the month of July 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$364,475,880.92
Gas revenue	16,483,298.15
Interest and other income	9,187,180.35
Gross revenue per CPS Energy financial statements	<u>390,146,359.42</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(10,310,044.64)
LVG revenue per City Ordinance 100709	(105,427.57)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(31,088,539.66)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>2,482,636.62</u>
Total excluded revenue	<u>(39,021,375.25)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$351,124,984.17</u>
City payment per Bond Ordinance for July 2022 based upon July 2022 revenue	\$49,157,497.78
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	(904,142.14)
Wholesale Special Contract Annual True Up	0.00
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	48,240,855.64 A
Utility services provided to the City for July 2022	<u>(3,399,385.28)</u>
Net amount to be paid from July 2022 revenue to the City in August 2022	<u>\$44,841,470.36</u>

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

Draft for review and approval
at the October 31, 2022 meeting

(Dollars in thousands)

July 2022	Actual	Budget	Variance	
Current Month* A	\$48,241	\$42,296	\$5,945	14.1%
Year-to-Date**	\$219,023	\$189,286	\$29,737	15.7%

* This amount does not include any additional funding authorized by the Board of Trustees.
** Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

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 \$44,841,470.36 representing 14% of applicable system gross revenues for the month of July 2022, such payment being net of City utility services (\$3,399,385.28), is hereby approved."

B. Approval of Procurement Item:

- 1. **Item Description:** Peer Review Services
Purchase Category: Professional Services
Supplier: Burns & McDonnell Engineering Company, Inc.
- 2. **Item Description:** Transmission and Advanced Distribution Management SCADA Systems
Purchase Category: General Services
Supplier: Open System International, Inc.

X. Committee Reports

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

XI. RECOMMENDATION REGARDING PRESIDENT & CEO SELECTION, INCLUDING PRESIDENT & CEO COMPENSATION PACKAGE AND CONTRACT; DISCUSSION AND POSSIBLE VOTE ON RUDY GARZA

Chair Dr. Mackey moved to select Mr. Rudy Garza as President & CEO of CPS Energy and approve an employment contract. The motion was seconded by Vice Chair Gonzalez. The Board of Trustees discussed the motion. On a 4-1 vote, the motion was approved.¹

XII. PROCUREMENT ITEM: GENERAL SERVICES: WEATHERIZATION PROGRAM

Mr. Rick Luna, Interim Director of Technology & Product Innovation, and Mr. Jesse Hernandez, Senior Director, Equity, Community Strategy & Engagement, provided information and requested approval for a one-year contract to approve a contract for weatherization and expend funds. The presentation included

¹ Trustee Steen requested his comments be included in the minutes. A full transcript of the meeting has been attached to these minutes.

Draft for review and approval
at the October 31, 2022 meeting

information on the Casa Verde program, which helps low-income customers implement weatherization programs.

Mayor Nirenberg moved approval, it was seconded by Trustee Dr. Romero, and was approved on a 4-1 vote. Trustee Steen voted against the motion.

XIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Gonzalez, seconded by Trustee Dr. Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 11:49 a.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

DRAFT

CPS Energy Board of Trustees Meeting October 31, 2022

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of September 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$323,540,476.41, less applicable exclusions. The revenue for the month of September 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$289,087,874.55
Gas revenue		17,236,192.75
Interest and other income		(5,301,775.62)
Gross revenue per CPS Energy financial statements		<u>301,022,291.68</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(12,546,076.16)
LVG revenue per City Ordinance 100709		(151,116.40)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(31,800,831.49)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>67,016,208.78</u>
Total excluded revenue		<u>22,518,184.73</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$323,540,476.41</u>
City payment per Bond Ordinance for September 2022 based upon September 2022 revenue		\$45,295,666.70
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		1,165,842.22
Wholesale Special Contract Annual True Up		0.00
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		46,449,008.92 A
Utility services provided to the City for September 2022		<u>(3,421,341.51)</u>
Net amount to be paid from September 2022 revenue to the City in October 2022		<u>\$43,027,667.41</u>

CPS Energy Board of Trustees Meeting October 31, 2022

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

(Dollars in thousands)

September 2022	Actual	Budget	Variance	
Current Month* A	\$46,449	\$40,445	\$6,004	14.8%
Year-to-Date	\$313,921	\$271,149	\$42,772	15.8%

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

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$43,027,667.41 representing 14% of applicable system gross revenues for the month of September 2022, such payment being net of City utility services (\$3,421,341.51), is hereby approved."



Executive Summary

CPS Energy Financial Policies Annual Approval October 31, 2022 Board Consent Agenda Item

ACTION REQUIRED:

- Board approval of CPS Energy Financial Policies Resolutions.
- Should you have any questions or need any additional information, please contact
 - Julie Johnson at 210-353-2462 (office)
 - Cory Kuchinsky at 210-353-5176 (office)

ATTACHMENTS (A-F) FOR THE FINANCIAL POLICIES: Summary of Changes

BACKGROUND:

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

POLICY	OWNER	TYPE OF CHANGE			
		<u>Administrative</u>	<u>Organizational</u>	<u>Procedural</u>	<u>Substantive</u>
CPS Energy Investment Policy⁽¹⁾	Cash & Liquidity Mgmt.	None	None	None	None
Nuclear Decommissioning Trust (NDT) Investment Policy⁽¹⁾	Cash & Liquidity Mgmt.	None	None	None	None
Financial Authorizations & Approvals Policy⁽¹⁾	Cash & Liquidity Mgmt.	None	None	None	None
Collateral Policy⁽¹⁾	Cash & Liquidity Mgmt.	None	None	None	None
Master Interest Rate Mgmt. Policy⁽¹⁾	Debt Mgmt.	None	None	None	None
Energy Price Risk Mgmt. (EPRM) Policy⁽²⁾	Enterprise Risk Mgmt.	✓	None	None	None

(1) There were no changes (other than the effective date).

(2) Added language clarifying processes pertaining to the resale of physical gas to the wholesale market.



Executive Summary

CPS Energy Financial Policies Annual Approval October 31, 2022 Board Consent Agenda Item

- At least once a year, CPS Energy Management presents the following Financial Policies to the Board of Trustees for review and approval:

Attachment:	Policy:
A	CPS Energy Investment Policy
B	NDT Investment Policy
C	Financial Authorizations & Approvals Policy for Banking, Investing & Hedging*
D	Collateral Policy*
E	Master Interest Rate Management Policy
F	Energy Price Risk Management Policy

*** These policies are included as appendices to the CPS Energy Investment Policy**

- The Texas Public Funds Investment Act (PFIA) and other State Laws require a public entity’s investment policy be reviewed at least annually.
- All Financial Policies were last brought to the Board for review / approval at the October 2021 Board Meeting.
- Changes are administrative in nature, intending to simplify or clarify language, and document existing processes.
- The proposed changes will not alter the overall investment strategy and operations of CPS Energy.
- See the attachments for further details of the changes.

Note: Due to the volume of pages related to the Financial Policies, we have opted to not include the full documents as part of the Board materials. Please note that the details of the proposed changes were sent previously in a Board email and further information is available for your review upon request.



ATTACHMENT A

Summary of Changes to the CPS Energy Investment Policy October 31, 2022 Board Consent Agenda Item

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	None	None

This Investment Policy (Policy):

- Sets forth formal guidelines for the investment and management of CPS Energy Funds, based on rules mandated by the Texas Public Funds Investment Act (PFIA). The funds governed by this Policy are the operational funds for CPS Energy and are invested over a short time horizon (less than 10 years).
- Establishes primary investment objectives: preservation and safety of principal, liquidity, yield of investment, competitive pricing, diversification and control of assets.
- Outlines overall investment strategy: to earn market yields, to maintain appropriate diversification and liquidity of investments, and to select maturities that match projected cash requirements.
- Requires controls to help ensure investments made comply with established guidelines; addresses written administrative procedures; controls against collusion; and provides for separation of functions, security safekeeping, delegation of authority and written confirmations and approvals.

SUMMARY OF CHANGES: There are no recommended changes to the CPS Energy Investment Policy other than updating the effective date as a result of the annual renewal.

CONTENTS:

- Board Resolution: CPS Energy’s “Investment Policy.”



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 has no proposed changes to the Policy other than 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, 2023.

Shanna M. Ramirez
Secretary of the Board



ATTACHMENT B

Summary of Changes to the CPS Energy South Texas Project (STP) Nuclear Decommissioning Trust (NDT) Investment Policy October 31, 2022 Board Consent Agenda Item

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	None	None

This NDT Investment Policy (Policy):

- Sets forth formal guidelines for the investment and management of the NDT funds and related activity, based on rules mandated by the Texas Public Funds Investment Act (PFIA). The funds governed by this Policy are invested over a long period of time to provide for the eventual decommissioning of CPS Energy’s 40% interest in the STP nuclear facility.
- Establishes primary investment objectives: preservation and safety of principal, liquidity, yield of investment, competitive pricing, diversification and control of assets consistent with the long-term goals of the Trusts.
- Outlines overall investment strategy: to earn market yields, to maintain appropriate diversification and liquidity of investments, and to select maturities that match projected cash requirements.
- Requires controls to help ensure investments comply with established guidelines; addresses written administrative procedures; and provides for separation of functions, security safekeeping, delegation of authority and written confirmations and approvals.

SUMMARY OF CHANGES: There are no recommended changes to the NDT Investment Policy, other than updating the effective date as a result of the annual renewal.

CONTENTS:

- Board Resolution: CPS Energy’s “NDT Investment Policy.”



**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 has no proposed changes to the NDT Investment Policy ("Policy"), other than 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 31,2023.

Shanna M. Ramirez
Secretary of the Board



ATTACHMENT C

Summary of Changes to the CPS Energy Financial Authorizations & Approvals Policy for Banking, Investing & Hedging ("FAAP") October 31, 2022 Board Consent Agenda Item

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	None	None

This Policy:

- Designates CPS Energy officers ("Officers") and other staff who are authorized to approve various banking, investing and hedging transactions and relationships.
- Designates Investment Officers for CPS Energy, as defined by the Texas Public Funds Investment Act ("PFIA").
- Authorizes Officers to act in the name of CPS Energy to perform duties such as establishing, maintaining and closing bank accounts; authorizing or approving investment and banking transactions; and establishing, maintaining and closing trading authorizations for the investment of a) CPS Energy and the b) South Texas Project Nuclear Decommissioning Trusts funds.

SUMMARY OF CHANGES: There are no recommended changes to the FAAP other than updating the effective date of the Policy as a result of the annual renewal.

CONTENTS:

- Board Resolution: CPS Energy's "Financial Authorizations & Approvals Policy for Banking, Investing & Hedging."



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, 2023.

Shanna M. Ramirez
Secretary of the Board



ATTACHMENT D

**Summary of Changes to the CPS Energy Collateral Policy
October 31, 2022 Board Consent Agenda Item**

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	None	None

The Policy:

- Requires that deposits of CPS Energy funds in a bank or other financial institution be collateralized in accordance with the CPS Energy Collateral Policy (the "Policy") and the Texas Public Funds Collateral Act.
- Sets forth certain requirements regarding collateral pledged to CPS Energy to secure the deposits of public funds and collateral owned by CPS Energy and investments which are collateralized.

SUMMARY OF CHANGES: There are no recommended changes to the Policy, other than updating the effective date of the Policy as a result of the required annual renewal.

CONTENTS:

- Board Resolution: CPS Energy's "Collateral Policy."



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, 2023.

Shanna M. Ramirez
Secretary of the Board



Attachment E

Summary of Changes to the CPS Energy Master Interest Rate Management Policy October 31, 2022 Board Consent Agenda Item

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	None	None

This Master Interest Rate Management Policy (the "Policy"):

- Sets forth guidelines by which CPS Energy may actively manage its interest rate exposure to help protect and provide balance within its debt portfolio. Interest rate management transactions could be used primarily to hedge against the risk of rising interest rates. **While this Policy authorizes CPS Energy to utilize various interest rate hedging products, each transaction / program must be approved by both the CPS Energy Board of Trustees (Board) and the San Antonio City Council. Today's approval is renewal of the Policy only.**
- Was first approved by the Board in 2011, the Policy is presented annually to the Board for approval.

SUMMARY OF CHANGES: There are no recommended changes to the Policy, other than updating the effective date of the Policy as a result of the required annual renewal.

CONTENTS:

- Board Resolution: CPS Energy's "Master Interest Rate Management Policy."



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 has no proposed changes to the Master Interest Rate Management Policy, other than 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, 2023.

Shanna M. Ramirez
Secretary of the Board



ATTACHMENT F

Summary of Changes to the CPS Energy Energy Price Risk Management (EPRM) Policy October 31, 2022 Board Consent Agenda Item

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	None

The CPS Energy’s EPRM Policy sets forth formal guidelines for the execution of financial hedge transactions in connection with fuel price and power generation exposure. The guidelines are established in part based on rules mandated by the Texas Public Funds Investment Act (PFIA). Hedge Instrument transactions are allowed for the sole purpose of managing risks of financial uncertainty or loss associated with adverse volatility in the pricing of CPS Energy fuel purchases and wholesale electric sales in an effort to optimize the value of these assets for the benefit of CPS Energy customers.

SUMMARY OF CHANGES: The only proposed changes relate to documenting existing processes and updating the effective date of the Policy due to the annual renewal request. The Energy Portfolio Strategy Committee has reviewed the Policy and recommends approval with both changes.

CONTENTS:

- Board Resolution: CPS Energy’s “Energy Price Risk Management Policy Resolution.”



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:

- Documenting existing processes, 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, 2023.

Shanna M. Ramirez
Secretary of the Board



**CPS Energy Board of Trustees Meeting
October 31, 2022
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

- | | | |
|----|--------------------|---|
| 1. | Item Description: | Turnkey Construction Services for the "Midtown" 138kV Gas Insulated Substation (GIS) |
| | Purchase Category: | General Services |
| | Supplier: | Beta Engineering, LLC |
| | | |
| 2. | Item Description: | Wooden Poles - Additional Funding Request |
| | Purchase Category: | Commodity & Material Goods |
| | Supplier: | Stella-Jones Corporation |
| | | |
| 3. | Item Description: | Wire and Cable - Additional Funding Request |
| | Purchase Category: | Commodity & Material Goods |
| | Supplier: | Techline, Inc. |
| | | KBS Electrical Distributors, Inc. |

Approval: *Lisa D. Lewis*
 Lisa Lewis, Chief Administrative Officer

Approval: *Rudy Garza*
 Rudy Garza, President & CEO



**CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 1**

Item Description	Turnkey Construction Services for the “Midtown” 138kV Gas Insulated Substation (GIS)
Purchase Order Value	\$20,715,000
Purchase Category	General Service
Department	Substation Engineering
VP T&D Engineering & Grid Transformation	Ricardo Maldonado
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to Beta Engineering, LLC, a non-local, non-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 for engineering, procurement, and construction services for the new “Midtown” 138kV Gas Insulated Substation (GIS) to include all site work, all foundation and below-grade electrical, the GIS building, the 138kV GIS, and the relay & control room. The scope of the contract excludes the procurement costs for the transmission line terminals, the transmission line switches, the procurement and installation costs for the 40MVA power transformer and metal-clad switchgear, and the labor costs for the final commissioning of the substation.

This contract will allow CPS Energy to construct a compact substation within a limited footprint to serve development from major commercial and multi-family complexes. These customers require capacity which adjacent substations cannot adequately and reliably serve. This project will be completed in approximately three (3) years.

Subcontracting Opportunities

Beta Engineering, LLC has committed to subcontracting 40% of the overall spend to the following diverse businesses:

- Dorazio Enterprises, Inc. is a local, small firm providing site development design and construction, civil design and construction, and the GIS building design and construction services.
- KV Power is a non-local, veteran-owned firm providing electrical construction services.



**CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 1**

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
Project schedule and technical requirements;	20
Safety records and training program	20
Experience and qualifications to perform the Services	15
The overall cost	15
Experience, warranty, quality control, and contingencies relating to the supply of Goods	10
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	5
The financial soundness of the Respondent	5
TOTAL	100

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Beta Engineering, LLC	Non-Local / Non-Diverse	78	\$20,715,000	2204605	
TOTAL			\$20,715,000		

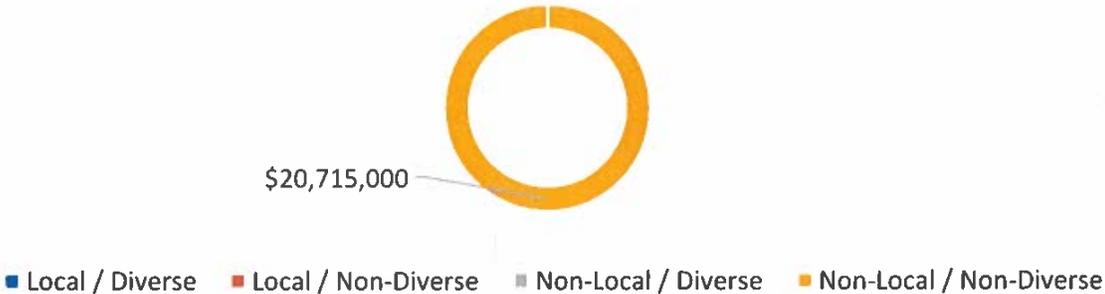
Nine (9) additional respondents were not recommended for award: Ampirical Solutions, LLC; Aubrey Silvey Enterprises, Inc.; Black & Veatch Corporation; Evers & Sons, Inc.; Higher Power Electrical, LLC; Kiewit Infrastructure South Co; Mitsubishi Electric Power Products, Inc.; Schneider Engineering, LLC; and Wampole-Miller, Inc. dba Miller Bros. Division of Wampole-Miller, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$1,818,729	0.2%	\$14,633,646	\$4,262,625	\$0
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0



CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 1

Procurement Item: General Services





CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 2

Item Description		Wooden Poles - Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$9,500,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$10,500,000
Projected Cumulative Purchase Order Value	(D)	\$20,000,000
Purchase Category		Commodity & Material Goods
Department		Distribution Engineering
VP T&D Engineering & Grid Transformation		Ricardo Maldonado
EVP Energy Delivery Services		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for the supply of wooden poles. This contract was previously awarded to Stella-Jones Corporation, a non-local, non-diverse firm, as the respondent who provided the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of various size wooden poles required to provide electric service to our customers. This additional funding request will support on-going projects and support the growth of the CPS Energy service territory and will fully fund the contract through its current expiration on June 30, 2023, based on current projections.

Subcontracting Opportunities

There are no subcontracting opportunities associated with these contracts; however, the work associated with the installation of this material provides opportunity for other CPS Energy construction contractors where prime and subcontracting opportunities to local and diverse companies are available.

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

Evaluation Criteria	Points
Overall Cost	90
Economic Development (local & diverse consideration)	10
TOTAL	100



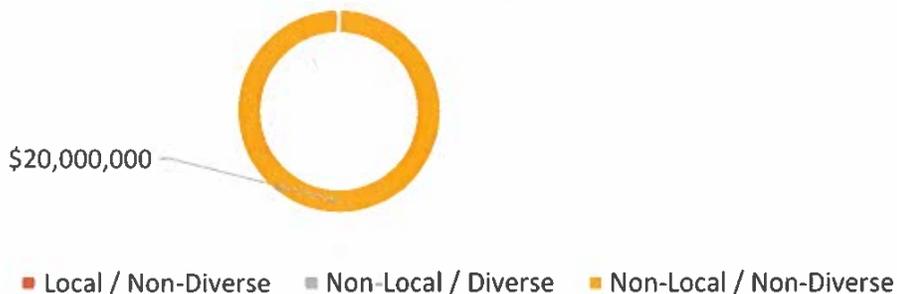
**CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 2**

Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Stella-Jones Corporation	Non-Local/Non-Diverse	\$9,500,000	\$0	\$10,500,000	3071162
		(A)	(B)	(C)	
Totals		\$9,500,000	\$0	\$10,500,000	
Projected Cumulative Purchase Order Value (D)				\$20,000,000	

Two (2) additional respondents were not recommended for award: Techline, Inc. and Texas Electric Cooperative, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$8,600,000	1.0%	\$8,600,000	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$1,400,000	0.2%	\$1,400,000	\$0	\$0

Procurement Item: General Services





**CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 3**

Item Description		Wire and Cable - Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$32,075,000
Previously Added Funds	(B)	\$7,325,000
Additional Funds Requested	(C)	\$30,600,000
Projected Cumulative Purchase Order Value	(D)	\$70,000,000
Purchase Category		Commodity & Material Goods
Department		Construction & Maintenance Services
VP Construction & Maintenance Services		Darrell Clifton
EVP Energy Delivery Services		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for the supply of wire and cable. This contract was previously awarded to Techline, Inc. local/diverse firm, KBS Electrical Distributors, Inc. a local/diverse firm, Texas Electric Cooperatives, Inc. a local/non-diverse firm, as the respondents who provided the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of various type of wire and cable required to provide electric service to our customers. This additional funding request will support on-going projects and support the growth of the CPS Energy service territory and will fully fund the contract through its current expiration on October 31, 2023, based on current projections.

Subcontracting Opportunities

There are no subcontracting opportunities associated with these contracts; however, the work associated with the installation of this material provides opportunity for other CPS Energy construction contractors where prime and subcontracting opportunities to local and diverse companies are available.

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

Evaluation Criteria	Points
The overall cost	90
Economic Development (local & diverse consideration)	10
TOTAL	100

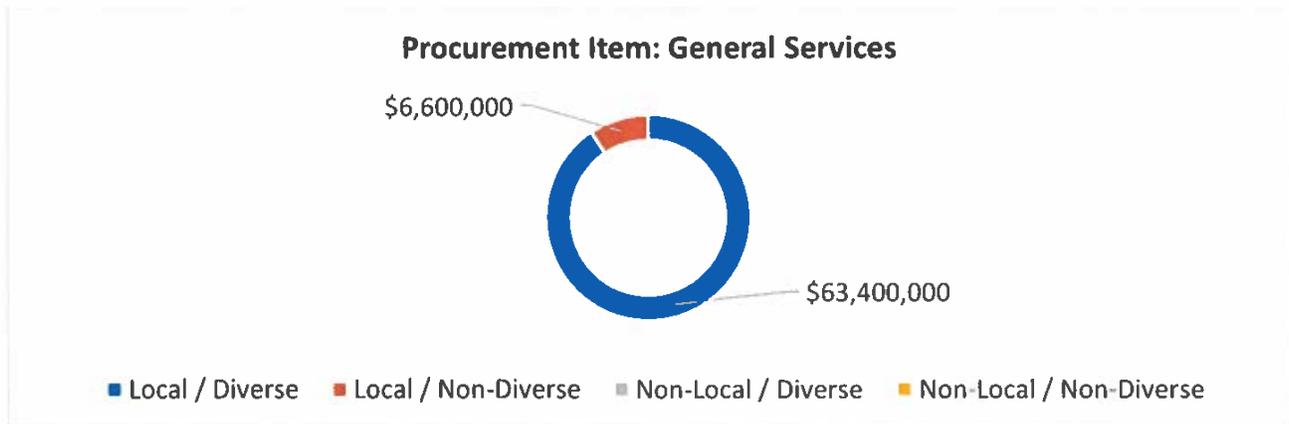


**CPS Energy Board of Trustees Meeting
October 31, 2022
Procurement Form 3**

Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Techline, Inc.	Local/Diverse (Woman-Owned)	\$18,575,000	\$6,425,000	\$18,000,000	3070099
KBS Electrical Distributors, Inc.	Local/Diverse (Small)	\$9,000,000	\$900,000	\$10,500,000	3070100
Texas Electric Cooperatives, Inc.	Local/Non-Diverse	\$4,500,000	\$0	\$2,100,000	3070101
		(A)	(B)	(C)	
	Totals	\$32,075,000	\$7,325,000	\$30,600,000	
	Projected Cumulative Purchase Order Value (D)			\$70,000,000	

Five (5) additional respondents were not recommended for award: American Wire Group LLC.; Trillium Development LTD Co.; Anixter, Inc.; Stuart C Irby Co; Wesco Distribution, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$20,010,000	2.4%	\$20,010,000	\$0	\$0
\$729,676,030	Non-Fuel O&M	\$2,990,000	0.4%	\$2,990,000	\$0	\$0





OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 19, 2022 MEETING PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO FOR REPORT AT THE OCTOBER 31, 2022 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on August 19, 2022. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on June 15, 2022.
- B. Received an update on Generation Performance that included:
 - a. Highlights of May through July weather patterns
 - b. An overview of FY23 Generation actual performance compared to plan
 - c. A review of drivers of lost generation and an update on our fuel supply
 - d. And an overview of our historical generation mix
- C. Received a presentation on the New Service District Proposed Campus that included:
 - a. An overview of strategic planning for future service districts and proposed path to construct the first new service facility in 60 years
- D. Received an update on the LiDAR & Vegetation Management program that included:
 - a. An update on the results of our technology investments in improving our vegetation management program
- E. Received an update on the Major Insurance Coverage Renewal that included:
 - a. An overview of our major insurance coverage and a review of our renewal process
 - b. And a discussion on next steps to partner with business units & our insurance carriers to assist in managing/reducing potential risk exposure & losses
- F. Received a preview of Procurement items that included:
 - a. A review of the supply chain disruption
 - b. A discussion on upcoming new purchase orders
 - c. And a review of existing purchase orders that require increased funding
- G. Received an update on Debt Capitalization as a Tier 1 Metric that included:
 - a. A discussion on the Board feedback on upgrading Debt Capitalization to a Tier 1 Metric

The next meeting of the Operations Oversight Committee meeting is November 10, 2022.



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 28, 2022 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE OCTOBER 31, 2022 BOARD OF TRUSTEES MEETING

The Technology & Resilience Committee met on September 28, 2022. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on April 12, 2022.
- B. Received a status update on the Smart Energy Education Program, the Evolve Transformation – ERP, and an overview of the Asset360 tool.
- C. Three new action items were generated from this session.

The next meeting of the Technology & Resilience Committee will be held December 14, 2022.



NOMINATIONS COMMITTEE (NC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 10, 2022 MEETING

PREPARED FOR COMMITTEE CHAIR DR. WILLIS MACKEY

FOR REPORT AT THE OCTOBER 31, 2022 BOARD OF TRUSTEES MEETING

The Nominations Committee met on October 10, 2022. As part of the Nominations Committee Meeting agenda, the Committee:

- A. Recommended Dr. Willis Mackey for a second term on the CPS Energy Board of Trustees and asked that this item be placed on the October 31, 2022 Board of Trustees agenda for consideration by the full Board.
- B. Discussed the term lengths and potential rotation for chair and vice chair.



RESOLUTION ELECTING DR. WILLIS MACKEY TO CPS ENERGY BOARD OF TRUSTEES

WHEREAS, Dr. Willis Mackey, a resident of the southeast quadrant of the CPS Energy service area, was first appointed to the CPS Energy Board to serve a 5-year term commencing on April 6, 2018 and expiring on January 31, 2023; and

WHEREAS, Dr. Mackey has expressed a willingness and desire to continue to serve on the Board; and

WHEREAS, the Board appreciates Dr. Mackey's expertise, his contributions to the work of the Board and his willingness to continue service; and

WHEREAS, under the provisions of CPS Energy bond ordinances, Dr. Mackey is eligible to serve another 5-year term as a member of the Board of Trustees following the expiration of his current term of service in January 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of CPS Energy that Dr. Willis Mackey 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, 2023 through January 31, 2028.

I, Shanna M. Ramirez, Secretary of the Board of Trustees of CPS Energy, do hereby certify that the foregoing is a true and exact copy of a resolution which was unanimously passed and approved at the meeting of the Board of Trustees of CPS Energy, held on October 31, 2021, at which a quorum was present.

WITNESS MY HAND AND SEAL OF THE CPS ENERGY BOARD OF TRUSTEES on the 31st day of October, 2022.

Shanna M. Ramirez
Secretary of the Board



ENERGY DELIVERY SERVICES (EDS) & WINTER PREPARATION UPDATE

PRESENTED BY:

Richard Medina

EVP, Energy Delivery Services

PRESENTED BY:

LeeRoy Perez

VP, System Operations &
Customer Reliability

PRESENTED BY:

Rick Maldonado

VP, T&D Engineering & Grid
Transformation

PRESENTED BY:

Darrell Clifton

VP, Construction & Maintenance
Services

October 31, 2022

Informational Update

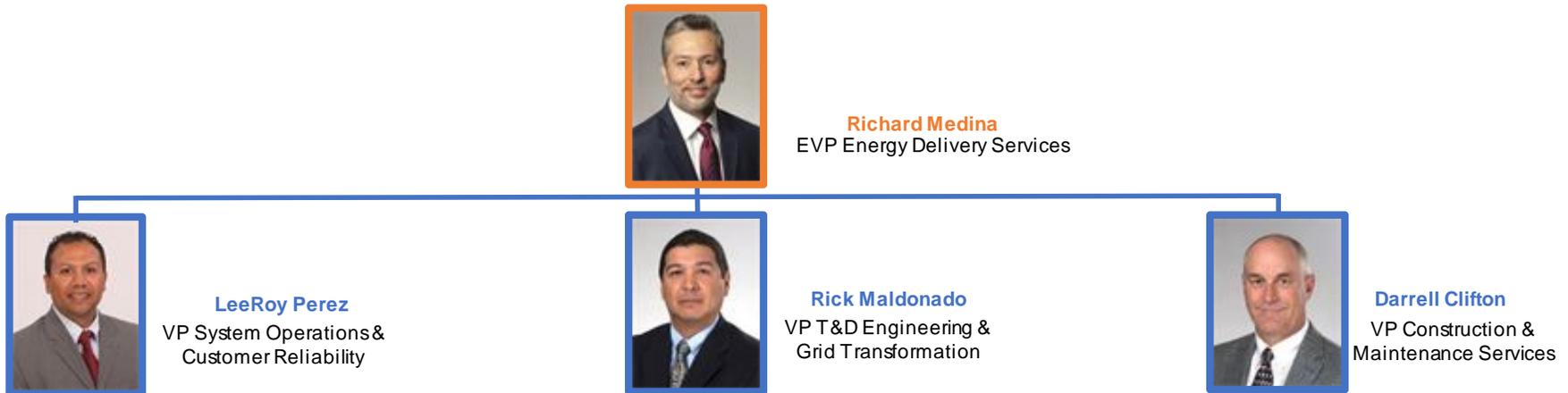
AGENDA



- **EDS ORG STRUCTURE**
- **ELECTRIC SYSTEM OVERVIEW**
- **SYSTEM OPERATIONS & RELIABILITY**
- **TRANSMISSION & DISTRIBUTION ENGINEERING & GRID TRANSFORMATION**
- **CONSTRUCTION & MAINTENANCE**

EDS teams will share our current efforts to support our community and highlight how we are preparing for upcoming winter conditions.

ENERGY DELIVERY SERVICES TEAM



ELECTRIC SYSTEM



Map of our service territory outlined in blue

*as of Jan 31, 2022

- Service area: 1,515 sq miles
- Electric customers: 907,526*
- Transmission miles: 1,555*
- Substations: 96
- Overhead miles: 8,166
- Underground miles: 6,770

SYSTEM OPERATIONS & RELIABILITY OVERVIEW



- Energy Management Center (EMC) control room staffed **24/7/365**
 - Monitor & control the electric transmission & distribution system
 - **Continuous coordination with ERCOT**
- Manage & acquire real-time data from remote controlled field devices (Supervisory Control And Data Acquisition - **SCADA**)
- Electric First Responder for customer outages & electric emergencies
- Manage **reliability & vegetation management** program
- Inspect, repair & maintain transformers & **distribution automation** devices
- Collaborate with **partner agencies** for enhanced communication



EMC Control Room



LiDAR view of a circuit showing vegetation encroachment



CPS Energy Crews

SYSTEM OPERATIONS & RELIABILITY

PREPARING FOR WINTER



SAFETY	OPERATIONAL	EQUIPMENT
<ul style="list-style-type: none">• Cold stress signs• Backfeed hazard awareness• Fire rated clothes layering• Hazardous driving conditions	<ul style="list-style-type: none">• System improvements• Refresher training• Load flow analysis• Collaboration with Emergency Ops Center	<ul style="list-style-type: none">• Inspections & testing• Identify & correct deficiencies• Inventory checks

Employee Preparations



Critical Component Improvements

Equipment Maintenance



Preparation for low temperature events reinforces reliability & resiliency in the winter months.

SYSTEM OPERATIONS & RELIABILITY

PREPARING FOR WINTER



- **Load Shed Enhancements**
 - Increased capacity
 - Smart switches & situational awareness dashboards
- **Training**
 - ERCOT & internal Blackstart
 - Load shed readiness
- **Drills & Exercises**
 - ERCOT
 - Winter & severe weather drill
 - Fall outage coordination
 - Emergency Ops Center
 - Joint natural disaster exercises (severe flooding/tornado/winter storm)



Joint Emergency
Tabletop Exercise

Communication & collaboration are critical components of preparedness.

T&D ENGINEERING & GRID TRANSFORMATION OVERVIEW



Transmission

- Planning & modeling w/ ERCOT
- Design, build & maintain all Transmission Assets
- Facilitate solar & battery interconnects
- EMP resilience collaborations



Substation

- Design, build & maintain
- Supporting growth of both Data Center & Residential load
- First Gas Insulated Substation at Midtown
- Advanced monitoring & analytics on key equipment



Distribution

- Plan & design system for reliability & growth
- Smart switch deployment
- Integrating solar, EVs & distributed energy resources
- Microgrid deployments
- Smart streetlight controls & solar streetlights

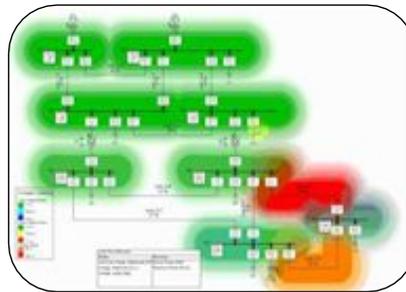
T&D ENGINEERING & GRID TRANSFORMATION

PREPARING FOR WINTER



SAFETY	OPERATIONAL	EQUIPMENT
Working & driving in hazardous conditions refresher training	Optimize system for peak load conditions & contingency response	Weatherize key assets & leverage equipment sensors & monitors

Preparing our People



Performing System Contingency Modeling

Preparing our Equipment



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

CONSTRUCTION & MAINTENANCE OVERVIEW



- **People & Resources**

- 140+ Internal & contract crews for emergency response
- Onboarding new employees to support customer response & city growth

- **Mutual Aid Membership**

- American Public Power Association
- Texas Mutual Assistance Group
- Texas Public Power Corridor



Mutual Aid Crews in Florida supporting Lakeland Electric

We maintain 8,166 miles of overhead lines & 6,770 miles of underground lines.

CONSTRUCTION & MAINTENANCE PREPARING FOR WINTER



SAFETY	OPERATIONAL	EQUIPMENT
<ul style="list-style-type: none"> • Cold stress signs • Hazardous driving conditions • Personal voltage detector checks • Backfeed hazard awareness 	<ul style="list-style-type: none"> • Complete critical maintenance • Outage communication with System Operator & Customer Success during major events 	<ul style="list-style-type: none"> • Vehicle checks • Emergency stock readiness

Employee Preparations



Emergency Stock

Alternative Construction Methods



Business Continuity Exercises

We are engaging our employees with our #OneTeam concept & continue to build confidence with our community.



Thank You





Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition	Acronym or Word	Definition
EMP	Electromagnetic Pulse		
ERCOT	Electric Reliability Council of Texas		
EV	Electric Vehicle		



FY2024 FINANCING PLAN

PRESENTED BY:

**Cory Kuchinsky, CPA
CFO & Treasurer**

October 31, 2022

Approval Requested



AGENDA



- **FY2024 FINANCING PLAN**
 - INTEREST RATE ENVIRONMENT
 - FINANCING PLAN OBJECTIVES
 - ANNUAL ROUTINE TRANSACTIONS
 - NEW PROPOSED TRANSACTION
- **REQUEST FOR APPROVAL**

Our objective today is to request approval for transactions that will allow us to seek debt service savings for our customers as well as maintain current & provide additional liquidity.

FY2024 FINANCING PLAN

INTEREST RATE ENVIRONMENT



Federal Reserve Chairman Jerome Powell



yahoo/finance

Fed again hikes interest rates by 75 basis points in aggressive bid to fight inflation

Bloomberg

US Edition

Powell Signals More Pain to Come With Fed Sending Rates Higher

- Fed delivers its third straight 75 basis point increase
- Fed chair says rates to rise until 'sufficiently restrictive'

The Federal Reserve recently announced another .75% increase to the Fed Funds rate to combat inflation. More interest rate increases are expected through 2024. We continue to strategize to keep debt costs low & seek to reduce customer costs.

Source: CNBC, Yahoo Finance & Bloomberg, September 21, 2022

FY2024 FINANCING PLAN

FINANCING PLAN OBJECTIVES



- Remain aligned with approved rate request & upcoming budget request
- Be ready to execute via delegation
 - Interest Rates are volatile, favorable opportunities require quick action
- Keep current liquidity available
 - Extend terms of various agreements to take advantage of short-term credit
- Seek opportunities to increase liquidity
 - Stay aligned to capital forecasts & build capacity for emergency mitigation



The financing plan gives us flexibility to execute responsibly amidst interest rate headwinds & allows us to evaluate proactive liquidity solutions.

FY2024 FINANCING PLAN

ANNUAL ROUTINE TRANSACTIONS



- 2014 Jr Lien Refunding - seeking re-authorization; current Board authorization expires Oct 2022; can achieve debt service savings via refunding
- \$100M Flexible Rate Revolving Note - seeking to extend or replace provider agreement with Wells Fargo; which expires Feb 2023
- \$500M Flexible Rate Revolving Note - seeking to extend provider's agreements with Wells Fargo, Frost, & JP Morgan; which expire April 2023
- \$200M Commercial Paper (CP) Series B - seeking to extend or replace liquidity agreement with State Street, which expires Jun 2023
- \$600M FY2024 TECP Refunding - seeking to refund outstanding Tax-Exempt Commercial Paper; estimated transaction date is in the first half of 2023

These are annual routine transactions. The transactions will not add to the debt portfolio or negatively impact our financial metrics.

FY2024 FINANCING PLAN

NEW PROPOSED TRANSACTION



- Commercial Paper (CP) Program increase from \$700M to \$1.0B
 - CP continues to be a low interest rate option for capital plan financing
 - Previously increased from \$450M to \$600M in 2012 & to \$700M in 2019
 - Seeking to extend capacity to match increasing average annual capital spend

Budget Cycle Rolling Avg Data	FY2012	FY2019	FY2021	FY2023	*FY2024	*FY2024 (+ ERP & Generation estimates)	*Projected
Avg Annual Capex (6yr avg)	\$543	\$632	\$840	\$847	\$880	\$1,002	\$1,002
CP Capacity	\$600	\$700	\$700	\$700	\$700	\$700	\$1,000
Ratio of CP to Capital	111%	111%	83%	83%	80%	70%	100%

* Data is estimated & is being refreshed as part of our annual budget process

The CP Program has allowed us to fund a portion of our capital program with low-cost short-term debt.

REQUESTS FOR APPROVAL



Authorization, without the obligation, to execute the following transactions by delegating authority to the Chief Executive Officer or Chief Financial Officer over the next 12 months:

Proposed Potential Transactions: Executable before 10/31/2023	Authorization Amount / Reason	Required Approval	
		Board	Council
2014 Jr Lien Refunding	\$200M	Y	Y
Flexible Rate Revolving Note – Series A \$100M Term Extension	Term expires on 02/24/2023	Y	N
Flexible Rate Revolving Note – \$500M Term Extensions	Term expires on 04/26/2023	Y	Y
Commercial Paper Program (1) Series B extension (2) Program capacity increase (3) Refunding	(1) Series B expires 06/21/2023 (2) \$1.0B (3) \$600M	Y	Y

These financing transactions will help provide bond refunding opportunities & additional liquidity to support our operations & generate potential debt service savings to our customers.



Thank You





Appendix



FY2024 FINANCING PLAN

2014 JR LIEN REFUNDING



- Current authority to refund expires October 2022
- Call date of 02/01/2024
- Able to refund on a tax-exempt basis within 90 days of call date
- Provides an opportunity to observe market conditions with goal of obtaining lower interest costs
- Can achieve debt service savings for our customers via refunding

FY2024 FINANCING PLAN

\$100M FLEXIBLE RATE REVOLVING NOTE



- 1 Year term, previously extended on 02/24/2022
- Next expiration is on 02/24/2023
- Seeking to extend term via current or new provider
- Program provides additional short-term liquidity & flexibility as needed
- If not renewed, provider agreement will expire making liquidity unavailable

FY2024 FINANCING PLAN

\$500M FLEXIBLE RATE REVOLVING NOTE

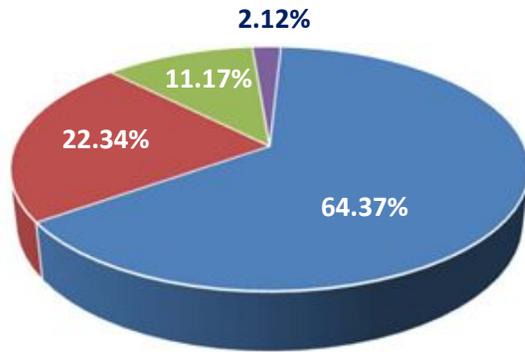


- Current purpose is for Winter Storm Uri obligations
- \$500M provider's agreements expire on 04/26/2023
- Seeking to extend term via current or new providers
- Program provides additional short-term liquidity & flexibility as needed
- If not renewed, provider's agreements will expire making liquidity unavailable

DEBT PORTFOLIO OVERVIEW



Portfolio by Debt Type



<u>Debt Type</u>	<u>Par Outstanding ⁽¹⁾</u>	<u>% of Total</u>	
■ Sr. Lien Fixed	\$4,096,790	64.37%	} Long-Term Debt \$5.52B, 86.71% Fixed
■ Jr. Lien Fixed	1,421,950	22.34%	
■ Jr. Lien Variable Rate	711,040	11.17%	
■ Commercial Paper	135,000	2.12%	} Short-Term Debt \$0.84B, 13.29% Variable
■ Flex Rate Revolving Note	-	0.00%	
Total Portfolio	\$6,364,780	100.00%	

Note: Data as of 9/1/2022.
¹ \$s in thousands.

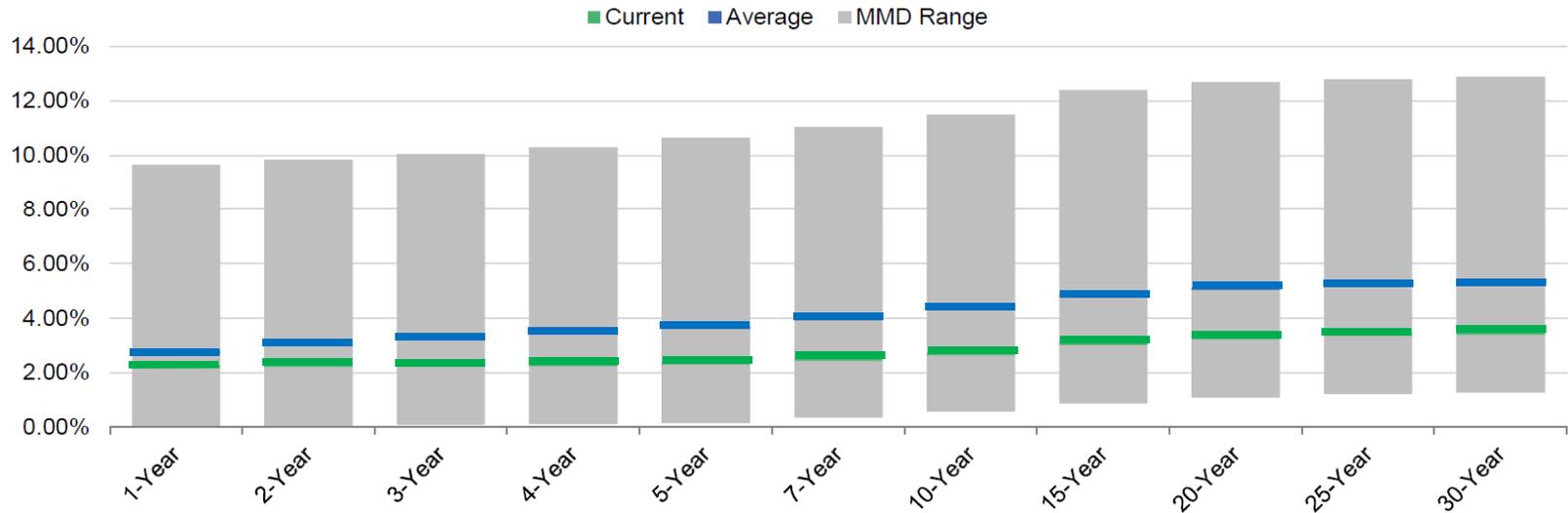
Financing decisions are made to support the capital program with emphasis on maintaining financial metrics & keeping our debt portfolio diversified.

TAX-EXEMPT RATES

JUNE 8, 1981 - SEPTEMBER 12, 2022



AAA MMD Rate Position
(June 8, 1981, Inception to September 12, 2022)

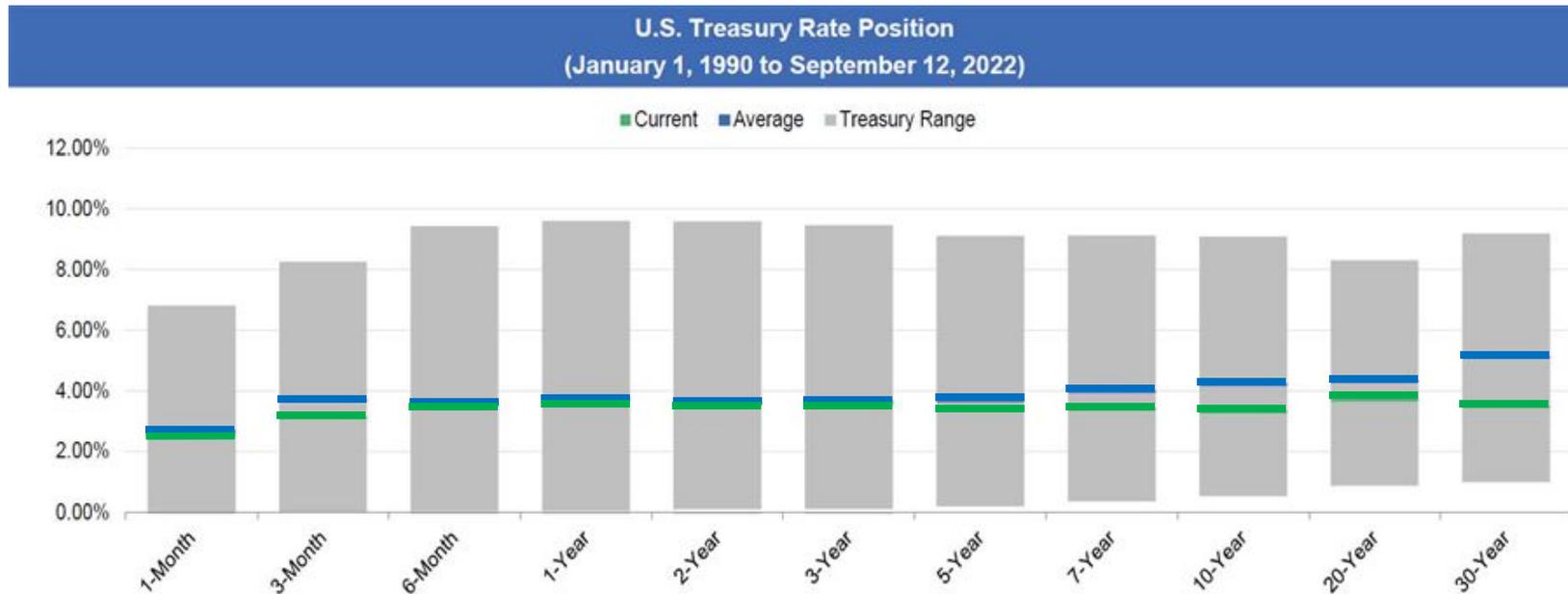


Source: PFM & Thomas Reuters, 9/12/2022

Notwithstanding the recent interest rate volatility, levels are still below long-term averages, potentially providing a good opportunity to issue debt.

TAXABLE RATES

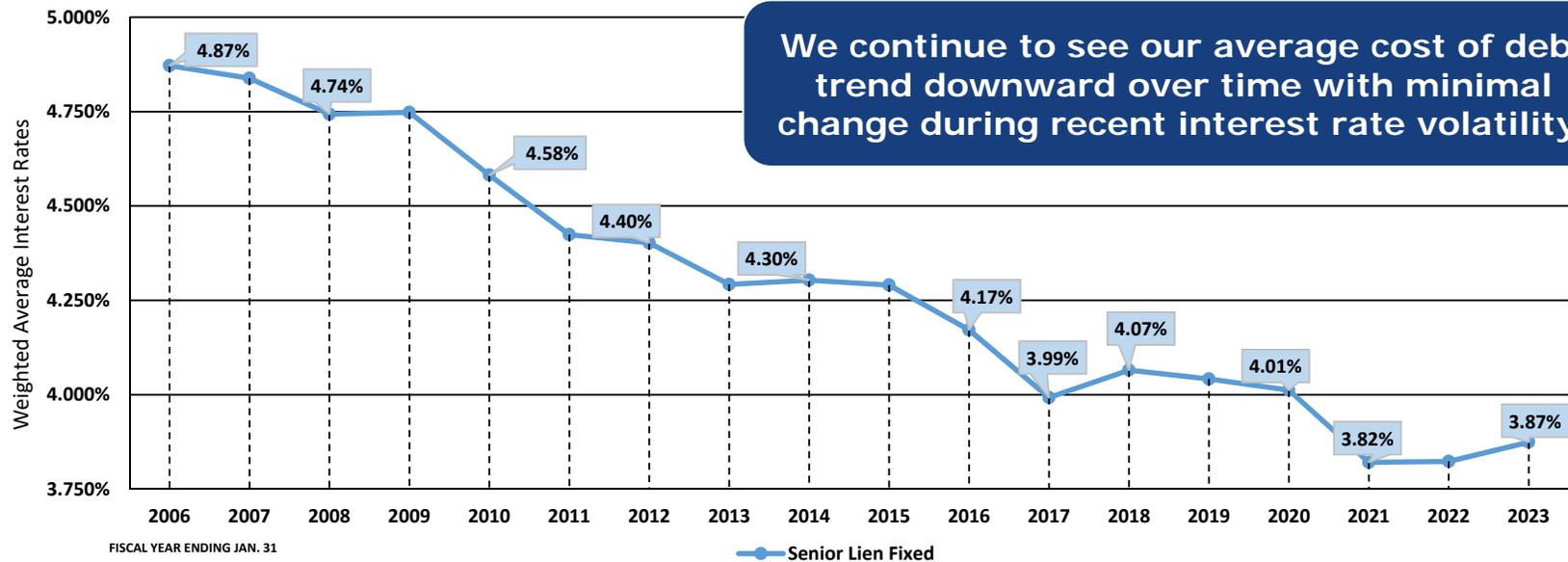
JANUARY 1, 1990 - SEPTEMBER 12, 2022



Source: PFM & Thomas Reuters, 9/12/2022

Unlike tax-exempt rates, taxable rates are near long-term averages for most of the curve, highlighting the importance of issuing long-term debt on a tax-exempt basis.

PRUDENT DEBT MANAGEMENT



Our cost of Senior Lien debt, which represents about 64% of our debt portfolio, has trended down from 4.87% in FY2006. During this period, we refinanced \$3.97B of debt to achieve over \$568M of gross debt service savings.

Note: All numbers unaudited; FY2023 data as of 5/1/2022.