



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON SEPTEMBER 25, 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	CALL TO ORDER	Execute	Ms. Janie Gonzalez
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Seth McCabe
3	PUBLIC COMMENT Pre-Registration is from Wednesday, September 20, 2023 5:00 PM – Friday, September 22, 2023 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Ms. Janie Gonzalez
UPDATE ON CHAIR’S PRIORITIES			
4	CHAIR’S REMARKS	Discuss	Ms. Janie Gonzalez
CONSENT AGENDA			
5	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on 08/28/2023 B. Payment to the City of San Antonio for August 2023 C. Procurements Items: 1. Professional Services: Customer Construction Design & Engineering Services (Ms. DeAnna Hardwick) 2. Professional Services: Gas Engineering Services (Mr. Richard Medina) 3. Commodity & Material Goods: Wire & Cable (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez
REGULAR AGENDA			
6	BOARD COMMITTEE ASSIGNMENTS	Vote	Ms. Shanna Ramirez
7	MULTI-YEAR FINANCIAL STRATEGY	Discuss	Mr. Cory Kuchinsky

8	CEO RECOGNITION	Discuss	Mr. Rudy Garza
9	REVIEW OF ACTION ITEMS	Discuss	Ms. Shanna Ramirez
CONVENE TO EXECUTIVE SESSION			
10	EXECUTIVE SESSION: A. Consultation concerning Competitive Matters (<i>Section 551.086</i>) & Attorney-Client Matters (<i>Section 551.071</i>)	Discuss	Ms. Janie Gonzalez
RECONVENE TO OPEN SESSION			
11	ADJOURNMENT	Execute	Ms. Janie Gonzalez
<p>If the Board meeting has not adjourned by 3:15 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>			
<p>THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE FOLLOWED BY A MEETING OF THE RISK MANAGEMENT COMMITTEE (RMC).</p>			

Draft for review and approval
at the September 25, 2023 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON AUGUST 28, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of August was held on Monday, August 28, 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

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
Ms. Deanna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, Chief Energy Supply Officer
Ms. Elaina Ball, Chief Strategy Officer
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. Brandyn Rodriguez, Director - Senior Manager for Corporate Responsibility.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, expressed her support and appreciation for Mr. Rudy Garza, President & CEO.

Mr. Arthur Rakowitz, community member, requested a closed session to discuss matters before the Board and presented a book about railroads, noting the need to have a rail system in San Antonio.

Mr. Calen Rude, community member, expressed concern about the direction of CPS Energy on several issues, and noted the responsibility that CPS Energy has to its customers to provide electricity.

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Mr. Alan Montemayor, Alamo Group of the Sierra Club, stated he provided a report on geothermal generation, and he urged awareness about the energy burden for ratepayers and the impacts of high heat.

IV. CHAIR’S REMARKS

Chair Gonzalez provided a moment of silence to honor those who lost their lives and those affected by the wildfires in Maui and the Northeast. She also asked that the moment of silence extend to the families of local community members Terri Williams, Billy Mahone, and Gilbert Duran and she recognized their contributions to the San Antonio community.

She then expressed her appreciation for our community partners in coordinating a response to ERCOT’s conservation appeals, and to customers for lowering usage in times of need.

Finally, she stated that it has been a humbling experience and privilege to serve on the Board of Trustees and to participate in the evolution of CPS Energy. Halfway through her first year as Chair, she expressed gratitude and stated she looked forward to ongoing collaboration to achieve the Vision 2027 plan.

V. COMMUNITY INPUT WORKING GROUP

Chair Gonzalez introduced the resolution and stated that strong connections between CPS Energy and the community is very important. Chair Gonzalez asked Ms. Ramirez to read the draft resolution. Trustee Dr. Mackey made a motion to approve, and Vice Chair Dr. Romero seconded the motion. The Board of Trustees discussed the resolution, and asked questions of staff. Trustee Steen noted that he supported sunseting the Rate Advisory Committee (RAC) but did not support the creation of another group to perform a similar function. Mr. Garza responded that the terms for RAC members have expired, and some members are ready to complete their work. He further stated that the 2023 Rate Request Community Input Working Group was a logical bridge between where we are today and where we’re going with the future of the Citizens Advisory Committee, and that the composition of the ad hoc group would be a mix of RAC & CAC members and representatives of key constituencies in which we interact.

Trustee Steen moved to amend the resolution by adding clarifying language in the following clause: **“BE IT FURTHER RESOLVED**, the Board directs CPS Energy Management to convene a 2023 Rate Request Community Input Working Group (“Working Group”), as outlined in Attachment A, to provide informal, but thoughtful feedback on the planned rate increase to be voted upon by the Board this year and shall conclude and be dissolved at the conclusion of said rate request; and”.

Trustee Dr. Romero seconded the motion to amend, and the motion passed on a 4-1 vote, with Trustee Dr. Mackey voting against the motion.

The Board of Trustees returned to the original motion. The motion passed on a 4-1 vote, with Trustee Steen voting against the motion, reiterating that he could support dissolving the RAC, but could not support creating the 2023 Rate Request Community Input Working Group. The final resolution adopted reads as follows:

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RESOLUTION ON COMMUNITY INPUT COMMITTEES

WHEREAS, this Board of Trustees created the Rate Advisory Committee, a special purpose advisory group, to provide a forum for community stakeholders to share ideas and observations on CPS Energy's rate structure, rate design, proposed rate increases, and generation planning; and

WHEREAS, the Rate Advisory Committee began its work in May 2021, and its membership has dedicated a significant amount of time and effort in learning about the utility business and rate design function to provide thoughtful input and perspectives to CPS Energy Management and this Board of Trustees; and

WHEREAS, the Rate Advisory Committee has achieved its special purpose, its 21 members representing a broad and diverse cross-section of customers from the CPS Energy service area, delivering thorough and well-considered feedback on a rate increase, generation planning, and rate structure and design; and

WHEREAS, the Rate Advisory Committee completed its work by delivering the results of a survey whereby members provided input on how redesigning rates could lower the energy burden on lower income residential customers, specifically considering affordability as a combination of rate relief, energy conservation, and demand management; and

WHEREAS, the Citizens Advisory Committee was created in 1998 by the Board of Trustees to act as a sounding board for the community and provide input to CPS Energy business activities, and to serve as a trusted interface in facilitating two-way communication between CPS Energy and its customers; and

WHEREAS, this Board of Trustees recognizes that continued input from CPS Energy's customers about the utility's rate structure and the way CPS Energy recovers its costs through rates will help ensure that customer concerns and interests are consistently understood by CPS Energy in its decisions.

NOW, THEREFORE, BE IT RESOLVED, the CPS Energy Board of Trustees, expresses its utmost gratitude to all the CPS Energy customers that served on the Rate Advisory Committee, both past and present, for their work, dedication, robust discussions, and recommendations to this Board; and

BE IT FURTHER RESOLVED, the Board directs CPS Energy Management to consider the results and opinions expressed by the Rate Advisory Committee through its survey, evaluating potential short-term and long-term options to improve affordability in our utility's rates; and

BE IT FURTHER RESOLVED, the Board directs CPS Energy Management to convene a 2023 Rate Request Community Input Working Group ("Working Group"), as outlined in Attachment A, to provide informal, but thoughtful feedback on the planned rate increase to be voted upon by the Board this year and shall conclude and be dissolved at the

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conclusion of said rate request; and

BE IT FURTHER RESOLVED, the Rate Advisory Committee created by Board Resolution on December 14, 2020 is hereby dissolved; and

BE IT FURTHER RESOLVED, CPS Energy is to continue its public engagement activities on our rates, ensuring further conversations with our customers, and

BE IT FURTHER RESOLVED, CPS Energy Management shall propose changes to the customer input process in the form of amendments to the existing Citizens Advisory Committee's bylaws not later than May 31, 2024 to ensure that CPS Energy has a single advisory committee, comprised of a broad and diverse cross-section of customers, which provides thoughtful input on our rate structure and other important issues, primarily through the formation of specific subcommittees or task forces that can dedicate the time to learn about these important issues and support CPS Energy and our customers as we move into the future.

Trustee Dr. Romero introduced Mr. Reed Williams, Chair of the Rate Advisory Committee (RAC). She expressed that she was proud to serve as the Board liaison to the RAC and thanked the members for their service. Mr. Williams introduced all RAC members who were present in the audience, and he stated his appreciation for all RAC members hard work and dedication. He stated it was a diverse group of 21 individuals that came together and exemplified what our community can do when we put aside our fears and anger. He discussed the RAC's survey and focus on 1) rate relief, 2) energy conservation, and 3) demand response.

VI. EXECUTIVE SESSION

At approximately 2:25 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)
- Confidential Information Under Homeland Security Act (§418.183(f))

The Board reconvened in open session at 3:08 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.

VII. APPROVAL OF CONSENT ITEMS

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

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- A. **Minutes of the Regular Board meeting held on July 31, 2023**
- B. **Approval of Payment to the City of San Antonio for July 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 July 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$351,267,056.95, less applicable exclusions. The revenue for the month of July 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$361,858,246.82
Gas revenue	13,337,071.72
Interest and other income	3,909,627.31
Gross revenue per CPS Energy financial statements	<u>379,104,945.85</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(8,821,860.08)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(18,117,759.02)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(898,269.80)</u>
Total excluded revenue	<u>(27,837,888.90)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$351,267,056.95</u>
City payment per Bond Ordinance for July 2023 based upon July 2023 revenue	\$49,177,387.97
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	935,367.62
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True up/ (down) per gas customer MOU	<u>49.00</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	50,100,304.59 A
Utility services provided to the City for July 2023	<u>(3,151,119.37)</u>
Net amount to be paid from July 2023 revenue to the City in August 2023	<u>\$46,949,185.22</u>

Draft for review and approval
at the September 25, 2023 meeting

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)

July 2023	Actual	Budget	Variance	
Current Month* A	\$50,100	\$45,972	\$4,128	9.0%
Year-to-Date*	\$204,589	\$218,120	(\$13,531)	-6.2%

* 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 \$46,949,185.22 representing 14% of applicable system gross revenues for the month of July 2023, such payment being net of City utility services (\$3,151,119.37), is hereby approved."

C. Procurement Items: None.

VIII. COMMITTEE REPORTS

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

- A. Audit and Finance Committee meeting held on July 20, 2023
- B. Employee Benefits Oversight Committee meeting held on July 20, 2023
- C. Personnel Committee meeting held on August 16, 2023

IX. FY2024 SECOND QUARTER PERFORMANCE UPDATE

Dr. John Soltau, Director for Strategic Alignment, Planning & Performance presented an update on the FY2024 scorecard. He noted that eleven of the enterprise metrics are on track and discussed the three metrics at-risk. He also discussed the operational efficiency review, and noted we are incorporating the recommendations in our FY2024 and FY2025 business plans.

Ms. DeAnna Hardwick, Chief Customer Strategy Officer, presented an update on accounts receivable. She noted that even with the record-breaking heat, past-due balances are down \$36M and more than half of the past due accounts are enrolled in installment plans.

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented an update on our financial performance. He noted that overall performance is favorable to plan due to higher than forecasted electric sales, lower fuel prices, stronger wholesale revenue, and investment income.

The Board of Trustees discussed and asked questions.

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X. CEO RECOGNITION

Mr. Garza recognized the Data Center Transformation Team. Mr. Garza noted that the Data Center Transformation Team has moved us away from legacy systems, which has enhanced the resiliency of our critical business applications.

Next, Mr. Garza recognized the Personal Protection Equipment (PPE) Lab Team. He noted he recently took a tour of the PPE Lab – and that it is a small but mighty team. All PPE is tested for a higher voltage than specs – and they remove failing products from circulation and protects our line crews.

XI. REVIEW OF ACTION ITEMS

Ms. Ramirez reported that there were three actions from the previous meeting, which are either closed or will be closed after the Risk Management Committee occurs. She reported that there were two action items from today: 1) include Trustee Steen’s comments on the resolution in the minutes, and 2) create a one-page summary of the RAC survey results.

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Mayor Nirenberg, seconded by Vice Chair Romero and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:52 p.m. by Chair Janie Gonzalez.

Shanna M. Ramirez
Secretary of the Board

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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	496,949,120.05
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	(27,957,683.86)
Total excluded revenue	(63,379,479.16)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$433,569,640.89
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
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	\$58,688,127.78

A

CPS Energy Board of Trustees Meeting September 25, 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)

August 2023	Actual	Budget	Variance	
Current Month* A	\$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."



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September 25, 2023
APPROVAL of PROCUREMENT ITEMS
Table of Contents

<p>1. Item Description: Purchase Category: Supplier:</p>	Customer Construction Design & Engineering Services
	Professional Services
	Atwell, LLC
	Binkley & Barfield, Inc.
	Black & McDonald Engineering Services, LLC
	C&D Utility Consulting, LLC
	Cobb, Fendley & Associates, Inc.
	EN Engineering, LLC
	LJA Engineering, Inc.
	Merrick & Company
	Pape-Dawson Engineering, LLC
	Select Power Systems, LLC
	TRC Engineers, Inc.

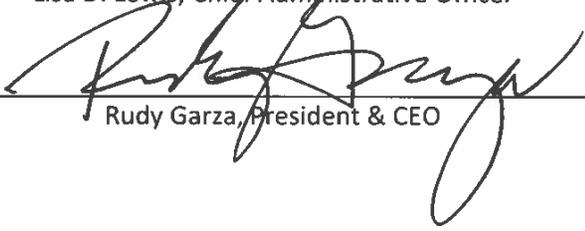
<p>2. Item Description: Purchase Category: Supplier:</p>	Gas Engineering Services
	Professional Services
	Binkley & Barfield, Inc.
	Civil Design Services, Inc. dba CDS Muery
	Cobb, Fendley & Associates, Inc. dba CobbFendley
	EnSite USA, Inc., dba EnSiteUSA
	Halff Associates, Inc.
	KCI Technologies, Inc.
	LJA Engineering, Inc.
	TRC Pipeline Services, LLC. dba TRC

- 3. **Item Description:**
- Purchase Category:**
- Supplier:**

Wire & Cable
Commodity and Material Goods
Techline, Inc.
KBS Electrical Distributors, Inc.
Texas Electrical Cooperatives, Inc.

Approval: 

Lisa D. Lewis, Chief Administrative Officer

Approval: 

Rudy Garza, President & CEO



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Procurement Form 1

Item Description	Customer Construction Design & Engineering Services
Purchase Order Value	\$66,000,000
Purchase Category	Professional Services
Department	Customer Value Optimization
VP Customer Design & Delivery	Karma Nilsson
Chief Customer Strategy Officer	DeAnna Hardwick

Detailed Description

CPS Energy staff recommend that a contract be awarded to C&D Utility Consulting, a local/diverse business, Select Power Systems, LLC, a diverse business, and Atwell, LLC, Binkley & Barfield, Inc., Black & McDonald Engineering Services, LLC, Cobb, Fendley & Associates, Inc., EN Engineering, LLC, LJA Engineering, Inc., Merrick & Company, Pape-Dawson Engineering, LLC, and TRC Engineers, Inc., all local businesses, as the respondents 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 design and professional engineering services for electrical and gas distribution projects associated with new customer construction efforts. This contract will allow CPS Energy to continue to support customer growth by providing engineering resources focused on the design and execution of new customer construction projects. This contract will expire on September 30, 2026.

Subcontracting Opportunities

All large business awarded a contract have committed to subcontract a portion of the services to one or more diverse businesses.

The solicitation method for this procurement was a Request for Qualifications (RFQ)¹. 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	70
Safety records and training program	20
The financial soundness of the Respondent	10
TOTAL	100

¹ CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



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Procurement Form 1

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
EN Engineering, LLC	Local	93	\$11,000,000	2213158	
Cobb, Fendley & Associates, Inc.	Local	92	\$6,000,000	2213159	
Binkley & Barfield, Inc.	Local	89	\$6,000,000	2213160	
Merrick & Company	Local	88	\$6,000,000	2213161	
C&D Utility Consulting, LLC	Local/Diverse (Emerging Small)	87	\$6,000,000	2213162	Corporate headquarters based in San Antonio Metropolitan Area
TRC Engineers, Inc.	Local	86	\$6,000,000	2213165	
Atwell, LLC	Local	85	\$5,000,000	2213163	
Select Power Systems, LLC	Diverse (Small)	85	\$5,000,000	2213164	
Black & McDonald Engineering Services, LLC	Local	85	\$5,000,000	2213167	
LJA Engineering, Inc.	Local	83	\$5,000,000	2213168	
Pape-Dawson Engineering, LLC	Local	78	\$5,000,000	2213166	Corporate headquarters based in San Antonio Metropolitan Area
TOTAL			\$66,000,000		

Eight (8) additional respondents were not recommended for award: Alisto Engineering Group, Burns & McDonnell, Electric Power System Inc., HBK Engineering, LLC, Halff Associates Inc., Mesa Associates, Inc., Schneider Engineering, LLC, and SEG Engineering, LLC.

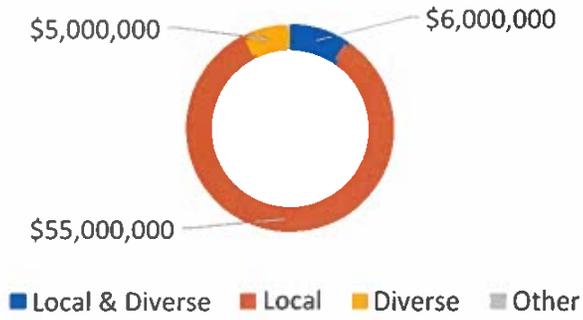
Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$5,000,000	0.5%	\$20,000,000	\$26,000,000	\$15,000,000
\$773,000,000	Non-Fuel O&M	\$0	NA	\$0	\$0	\$0

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



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Procurement Form 1

Procurement Item: Professional Services





**CPS Energy Board of Trustees Meeting
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Procurement Form 2**

Item Description	Gas Engineering Services
Purchase Order Value	\$16,000,000
Purchase Category	Professional Services
Department	Gas Solutions
VP Gas Solutions	Richard Lujan
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that contracts be awarded to Binkley & Barfield, Inc., Civil Design Services, Inc. dba CDS Muery, Cobb, Fendley & Associates, Inc. dba CobbFendley, Half Associates, Inc., KCI Technologies, Inc., LJA Engineering, Inc., and TRC Pipeline Services, LLC. dba TRC, all local firms, and EnSite USA, Inc., dba EnSiteUSA as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for engineering services for natural gas infrastructure. This contract will allow CPS Energy to plan civic, system improvement, customer growth, and system renewal projects for the natural gas system. This contract will expire on September 30, 2026.

Subcontracting Opportunities

All firms have committed to subcontracting 20% of overall spend to diverse businesses.

The solicitation method for this procurement was a Request for Qualifications (RFQ)². 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	60
Safety records and training program	20
The ability to meet CPS Energy's requirements	15
The financial soundness of the Respondent	5
TOTAL	100

² CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



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Procurement Form 2**

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Cobb, Fendley & Associates, Inc. dba CobbFendley	Local	99	\$2,000,000	2214596	
LJA Engineering, Inc.	Local	98	\$2,000,000	2214600	
Binkley & Barfield, Inc.	Local	97	\$2,000,000	2214494	
TRC Pipeline Services, LLC. dba TRC	Local	95	\$2,000,000	2214601	
KCI Technologies, Inc.	Local	95	\$2,000,000	2214599	
Halff Associates, Inc.	Local	93	\$2,000,000	2214598	
EnSite USA, Inc., dba EnSiteUSA		92	\$2,000,000	2214597	
Civil Design Services, Inc. dba CDS Muery	Local	92	\$2,000,000	2214595	Corporate headquarters based in San Antonio Metropolitan Area
TOTAL			\$16,000,000		

Eleven (11) additional respondents were not recommended for award: Alisto Engineering Group, Inc.; Atwell LLC.; Black and McDonald; Burns & McDonnell; Campos EPC LLC; Engineering Utility Solutions, Inc.; ENTRUST Solutions Group; HBK Engineering, LLC.; Pape-Dawson Consulting Engineers, Inc.; TTL, Inc.; and Vickrey & 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	\$1,000,000	0.11%	\$5,000,000	\$5,000,000	\$5,000,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

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



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Procurement Form 2

Procurement Item: Professional Services



■ Local & Diverse ■ Local ■ Diverse ■ Other



**CPS Energy Board of Trustees Meeting
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Procurement Form 3**

Item Description		Wire & Cable Additional Funding Request
Original Cumulative Purchase Order Value	(A)	\$32,075,000
Previously Added Funds	(B)	\$37,925,000
Additional Funds Requested	(C)	\$100,000,000
Projected Cumulative Purchase Order Value	(D)	\$170,000,000
Purchase Category		Commodity & Material Goods
Department		Construction & Maintenance Services
VP Construction & Maintenance Services		Darrell Clifton
Chief Energy Delivery Officer		Richard Medina

Detailed Description

CPS Energy staff recommends that additional purchase order funding be approved for an existing contract for the supply of wire & cable. This contract was previously awarded to Techline, Inc. and KBS Electrical Distributor, Inc., both local and diverse firms, and Texas Electrical Cooperatives, Inc. a local firm, as the respondents who will provide the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

CPS Energy staff is requesting a 3-year renewal of this contract due to the turbulent supply chain landscape. These contracts are for the procurement of various types of wire & cable required to provide electric service to our customers. This additional funding request will support the growth of the CPS Energy service territory, which has resulted in an unanticipated amount of new and on-going projects that will fully fund these contracts through the new expiration on October 31, 2026, 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
September 25, 2023
Procurement Form 3**

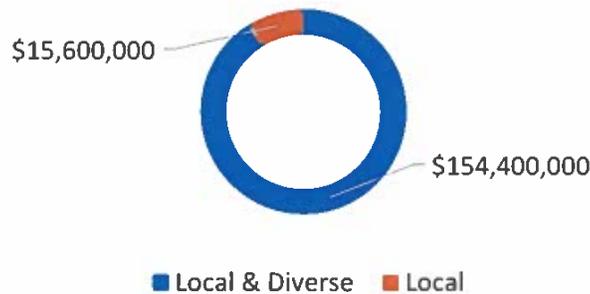
Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Techline, Inc.	Local/Diverse (Woman-Owned)	\$18,575,000	\$24,425,000	\$62,000,000	3073977
KBS Electrical Distributor, Inc.	Local/Diverse (Small)	\$9,000,000	\$11,400,000	\$29,000,000	3073978
Texas Electrical Cooperatives, Inc.	Local	\$4,500,000	\$2,100,000	\$9,000,000	3073979
		(A)	(B)	(C)	
Totals		\$32,075,000	\$37,925,000	\$100,000,000	
Projected Cumulative Purchase Order Value (D)				\$170,000,000	

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 FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$10,000,000	1.06%	\$30,000,000	\$30,000,000	\$20,000,000
\$773,000,000	Non-Fuel O&M	\$1,000,000	0.14%	\$3,500,000	\$3,500,000	\$2,000,000

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

Procurement Item: Commodity & Material Goods





CPS ENERGY BOARD OF TRUSTEES

COMMITTEE ASSIGNMENTS

Committee	Members
Audit & Finance	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Employee Benefits Oversight	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Operations Oversight	Dr. Francine Romero (Chair) Mr. John Steen
Technology & Resilience	Ms. Janie Gonzalez (Chair) Dr. Francine Romero
Personnel	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Nominations	Dr. Willis Mackey (Chair) Ms. Janie Gonzalez
Risk Management	Dr. Willis Mackey (Chair) All CPS Energy Board of Trustees Members

September 20, 2023



MULTI-YEAR FINANCIAL STRATEGY

PRESENTED BY:

Cory Kuchinsky, CPA

Chief Financial Officer & Treasurer

September 25, 2023

Informational Update



AGENDA



- **MISSION AND VISION 2027**
- **MULTI-YEAR PLAN**
- **HIGH INVESTMENT PERIOD**
- **CURRENT THREATS**
- **RATE EVALUATION PROCESS**
- **ANTICIPATED TIMELINE**



MISSION & VISION 2027

STRATEGICALLY ALIGNED ACTIONS



- Grid and Generation Resiliency
- ERP Transformation
- Operational Efficiency Review



- Maintain our Credit Ratings
- Strategic Financial Transactions
- Grants and Partnerships



- Situational Communication
- Community Engagement
- Small Business Partnerships



- Attract and Retain Talent
- Safety Observations and Training
- One Team



- Community Informed Power Generation Plan
- Rate Design Discussions Begun with our community
- Increased Local Spend

Deliver our mission by execution of our Vision 2027.

MULTI-YEAR RATE PLAN

ENABLES VISION 2027



FY2023	FY2024	FY2025	FY2026	FY2027
✓	-	In line with original estimate	-	TBD

We are refreshing our plan and budget.



Anticipated need is an estimated \$100M-\$120M in additional annual funding.

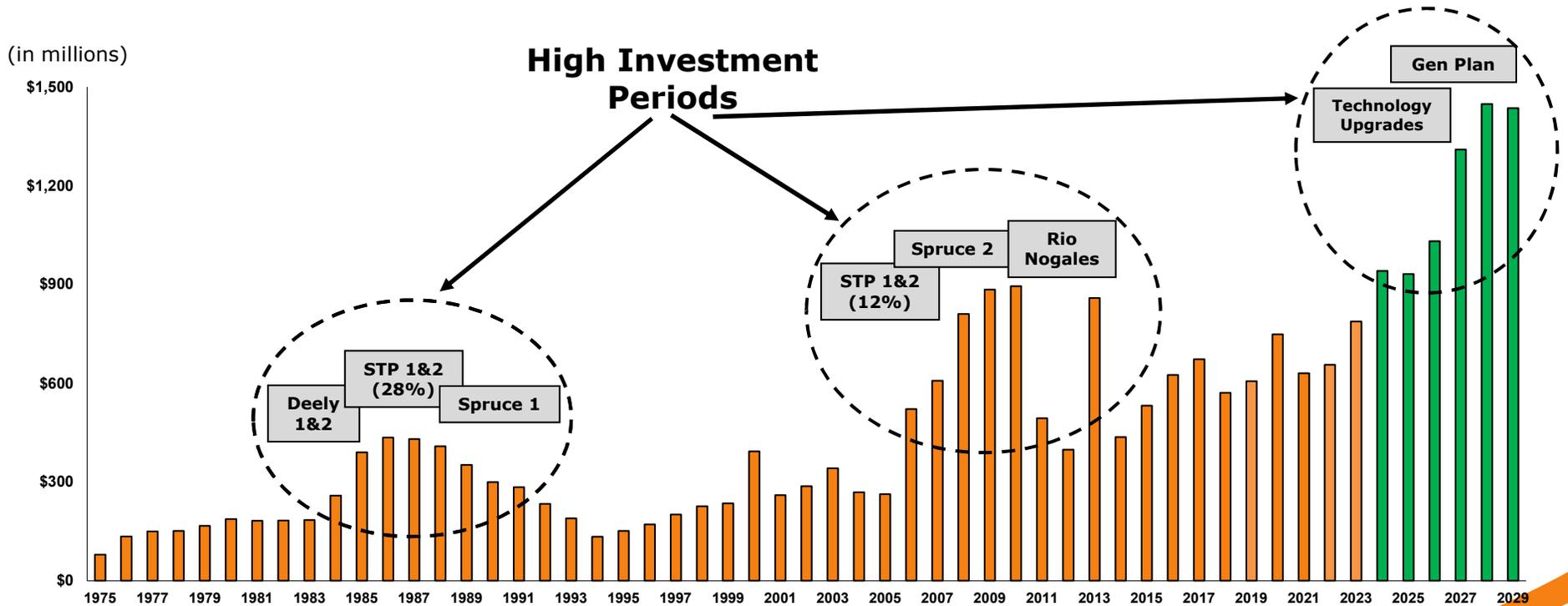


This enables Vision 2027 and maintains our financial health.

We are now validating the details of our multi-year rate plan. We will provide a preliminary recommendation at the October 31st Board of Trustees meeting.

HISTORICAL OVERVIEW

CYCLES OF GROWTH AND INVESTMENT



Meeting the needs of our community requires periods of high investment and corresponding revenue support.

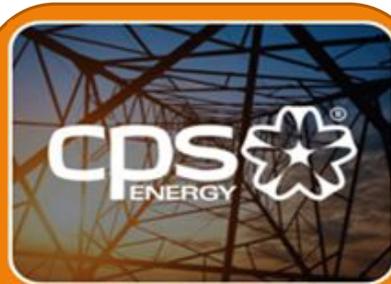
PHASED INVESTMENT

Vision 2027 Dimensions



Infrastructure Resiliency

- Maintain distribution systems
- Investments in plants to address age, extreme weather and transition to new generation plan
- Address supply chain and inflation impacts



Technology & Security

- Aging technology
- Increase efficiency for partners and employees
- Modernize our customer offerings and level of service
- Increase physical and cyber security posture



People

- Retain and attract employees
- Reinforce our front line to prepare for retirements
- Build our bench for key functions and positions
- Prepare for the implementation of our key community investments



Growth

- Keep pace with San Antonio's growth
- New installations, infrastructure and resources to support expanding customer base
- Address supply chain and inflation impacts



Although partially funded, continued support is needed for these investments.

CURRENT THREATS



Security



Extreme Weather



Decarbonization and Electrification



Regulatory and Market Changes



Inflation and Economic Pressures



Digital Transformation



Outstanding Receivables



Customer Expectations



Aging Infrastructure



Supply Chain Constraints

Global risks to business impact our operating environment.

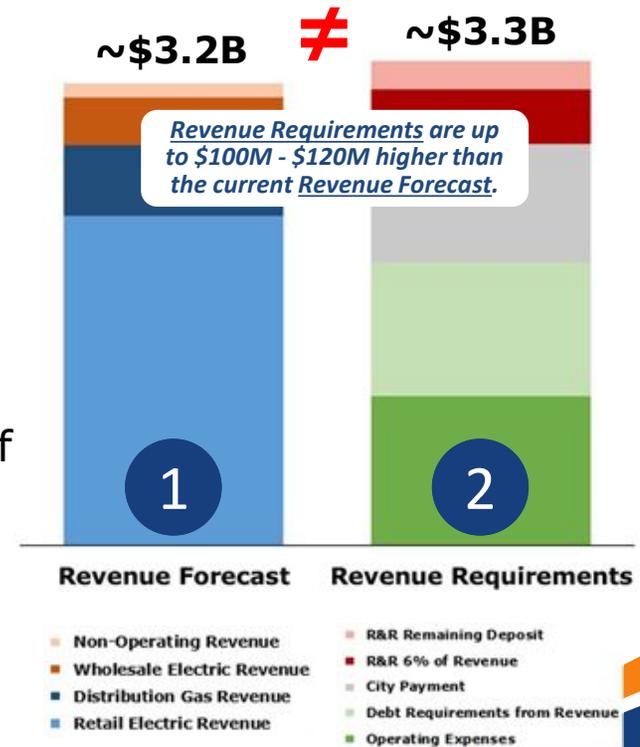
REVENUE REQUIREMENTS

RATE EVALUATION PROCESS IS UNDER WAY



Does Not Equal

- 1 Develop a revenue forecast
(How much money is coming in)
- 2 Develop our revenue requirements
(How much money is going out)



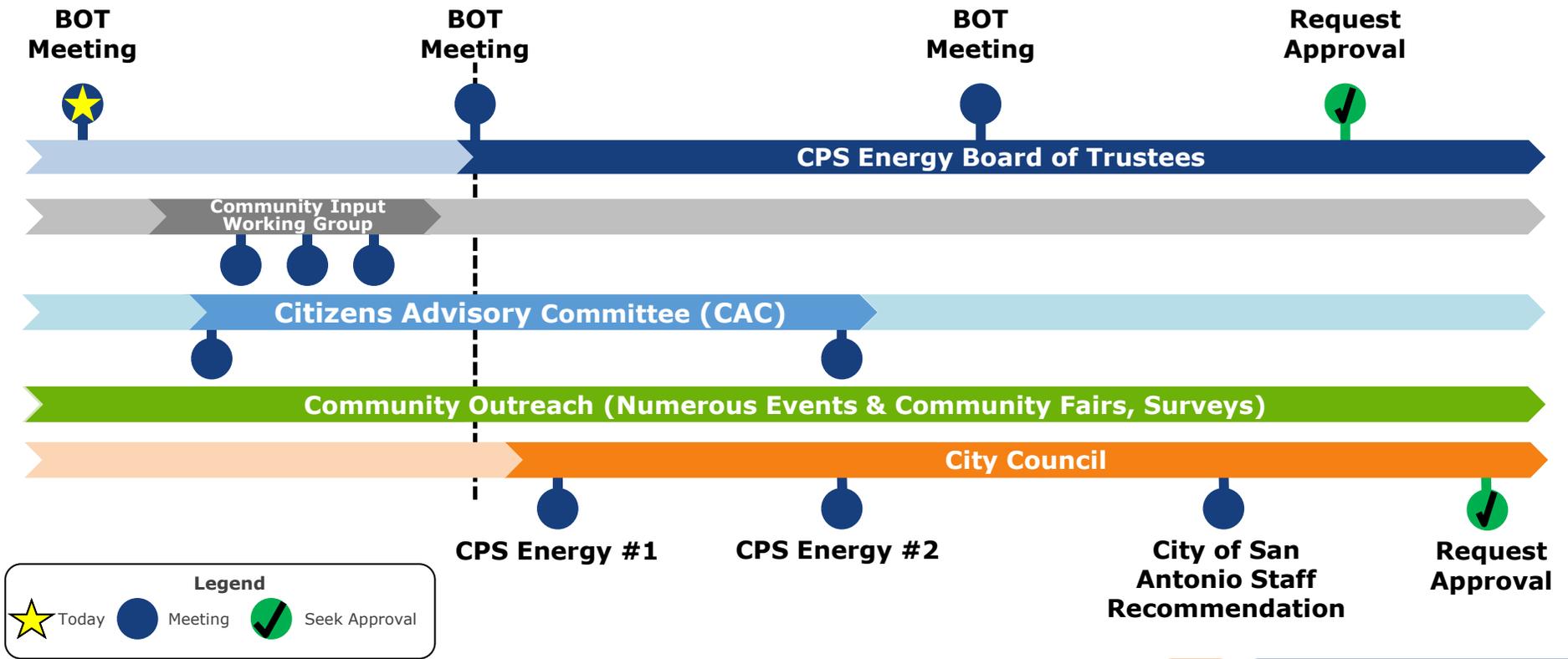
If *Revenue Forecast* < *Revenue Requirements* **...seek additional funding.**

- 3 Align with Board of Trustees and regulator (City of San Antonio) ★ *We are here.*
- 4 Seek stakeholder input (including Public and Working Group)
- 5 Board and City Council approval

The cost to serve our customers is increasing.

ANTICIPATED TIMELINE

CONTINUED COMMUNITY DIALOGUE





Thank You

