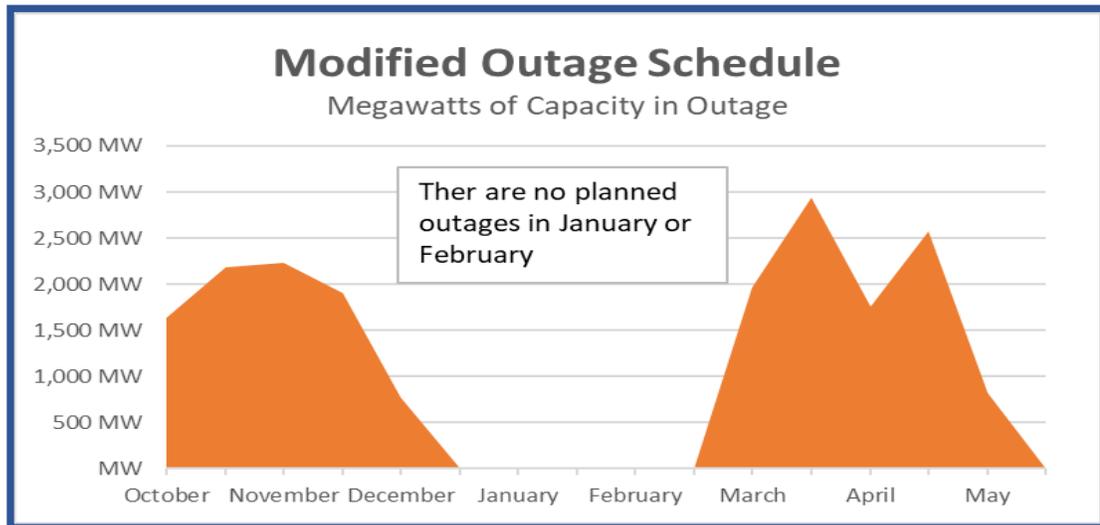


- **BROAD & MAJOR TOPICS:**

- **RELIABILITY – OUR GENERATING PLANTS:**

- Proactive work is ongoing to our power plants based on lessons learned during Winter Storm Uri. This is a summary highlight of the proactive steps that our Power Generation (PG) and Energy Supply & Market Operations (ESMO) teams have taken thus far.
- Working together, the teams have successfully revisited and modified our power plant planned outage schedule strategy to ensure outages are no longer scheduled in January and February. These adjustments will increase generation capacity in the peak winter months to better serve our customers. See the graph below.



Our PG team is working on our annual winter preparation efforts at each of our generation facilities. The plant teams are also moving forward with some other initiatives this year to improve plant performance. **Frank Almaraz, our Chief Power, Sustainability, & Business Development Officer will provide more information about this soon.**

- **THE MUNICIPAL UTILITIES COMMITTEE (MUC):**

The Committee on Emergency Preparedness (CEP) has transitioned to the Municipal Utilities Committee (MUC). There is a meeting this Wednesday, September 29. The Chair, Councilperson John Courage (District 9), thoughtfully moved a major meeting from the last Tuesday of the month in September to accommodate a cross-organization operational exercise that includes the City of San Antonio, SAWS, and CPS Energy.

- **SUPPLY CHAIN CHALLENGES CONTINUE:**

Material Procurement pressures are continuing. We recently issued a press release to share that global and national supply chain issues are starting to slow our business down.

We will continue to work with developers to try to mitigate the impact to economic development.



- **FlexPOWER BundleSM UPDATE:**

- **New Distribution Carveout:**

- ❖ **Consistent with the Board's guidance over time, we have been working towards identifying a subset of solar projects that can provide high local impact.**
- ❖ This local impact carveout is currently estimated at 50MW of smaller-scale, local distributed solar that would be a sub-component of the **FlexPOWER Bundle's** 900MW solar goal.
- ❖ To accomplish this, we are planning to issue another Request for Proposal (RFP) that focuses on distributed solar projects that bring local installers, or other forms of local impact, into the **FlexPOWER Bundle**.
- ❖ **To be clear, the 900MW goal has not changed; this local impact carveout is part of the total 900MW goal.**
- ❖ This RFP will welcome small and local businesses to compete on equal footing, rather than with the larger transmission-scale projects that can take advantage of economies of scale.

- **Community Engagement Around the *FlexPOWER* Bundle:**
We are ramping up our communication around this initiative.

CURRENT STAKEHOLDER ENGAGEMENT

RAMPING UP ENGAGEMENT FOR FEEDBACK & ANNOUNCEMENTS

TODAY



December 2020

- Global RFP Launch & Engagement Kickoff
- Sustained High Level Customer & Community Engagement

Continued Feedback & Engagements

- “Ramp Up” Customer & Community Engagement

Fall/Winter

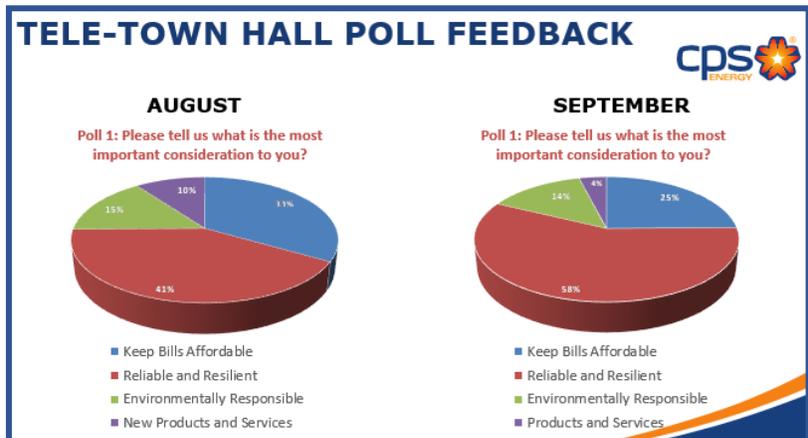
- Ongoing Customer & Community Engagement
- Milestone announcements & engagement to include Priority Solar Award & Local Impact RFP

We are engaging with our customers & community for feedback and awareness of the *FlexPOWER* Bundle.

- ❖ We held two virtual Community Town Halls on August 12 and September 14 that focused on updates on the *Flexible Path* and the *FlexPOWER Bundle*.
- ❖ Corporate Communications and the *FlexPOWER Bundle* team will continue to keep our internal employees and community apprised of the progress.

Initiative Town Hall Survey Responses:

Our customers continue to prioritize **Reliability** and **Affordability** as most important to them.





CEO's Report for September 27, 2021

Board of Trustees Meeting

- **UPDATE ON THE CHAIR'S PRIORITIES:**

- **ITEMS 5 A & B: PRE-RATE INCREASE CONSIDERATION PERIOD UPDATES:**

- **Enhancing Community Engagement:**

Each year we engage in a multi-channel outreach campaign that includes updates about our financial condition and whether we may need a rate increase. Since a new Increase process is imminent this year, we have launched a "Pre-Consideration Period" in which we are ramping up our community communication.

CURRENT COMMUNICATION
RAMPING UP ENGAGEMENT FOR PRE-RATE INCREASE CONSIDERATION PERIOD

<p>Today</p> <p>Last 8 Years</p> <p>Sustained High Level Customer & Community Engagement</p>	<p>Pre-Rate Increase Consideration Period</p> <p>"Ramp Up" Customer & Community Engagement</p>	<p>Fall</p> <p>Rate Increase Period</p> <p>Elevated Customer & Community Engagement</p>
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We are constantly engaging with our customers & community; as we enter this new period we look to take it to a new level.

PEOPLE FIRST COMMUNICATION 1 OF 2
WE USE MULTIPLE METHODS TO LISTEN TO OUR CUSTOMERS & COMMUNITY

<p>CONNECT WITH OUR COMMUNITY</p>	<p>ENGAGE WITH OUR PARTNERS</p>	<p>GATHER FEEDBACK</p>
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▪ **Drivers for a Potential Increase:**

- ❖ CPS Energy has not had a rate increase in eight (8) years and has had only one (1) rate increase in the last 12 years. The needs of our community have increased, but we have managed to operate without an increase, avoiding three (3) over the last decade.
- ❖ We have looked for ways to operate our community assets efficiently and frugally.
- ❖ We have generated \$906M in cost savings since 2010.
- ❖ When the time comes, and we ask for a rate increase, we are forecasting a bill impact of around 10%. See the illustrative example below.

BILL IMPACT SCENARIOS

**WE ARE FOCUSED ON AFFORDABILITY
WHILE SERVING OUR CUSTOMERS**



Description	General Scenarios	
General Estimate of an Average Monthly Bill	\$100.00	\$150.00
Estimated Percentage of Rate to be Fine Tuned	10%	10%
Estimated Dollar Increase	\$10.00	\$15.00

**We will engage our community about
delivering value & affordability.**

○ **ITEM 6 – COST SAVINGS, PROACTIVE TRANSFORMER REPLACEMENTS:**

▪ **SUPPORTING RELIABILITY:**

- ❖ We were averaging 1.6 unexpected transformer failures per year in the early 2000s. This is an industry-wide issue and has been reviewed and documented in a Department of Energy [study](#).
- ❖ Unexpected failures are more expensive due to expedited activities. There was an opportunity to save \$301K per avoided incident.
- ❖ We established a cross-functional team that implemented an equipment health algorithm based on industry research and benchmarking. The algorithm is used to risk rank the equipment.
- ❖ The program was implemented in 2009 and has resulted in a 68% reduction in failures.
- ❖ Program savings to date are currently \$5.7M.

- **ITEMS 7 and 9C1: PROCURMENT PREVIEW – Underground Infrastructure Installation Services:**
 - **SUPPORTING RELIABILITY, RESILIENCY & SAFETY:**
 - ❖ These contracts will provide underground three-phase infrastructure, substation exits, and overhead-to-underground conversions.
 - ❖ The RFP process included diverse subcontracting.

- **ITEM 9B – RATE ADVISORY COMMITTEE (RAC) MEMBERSHIP UPDATE: Board Approval is needed.**

REQUEST FOR APPROVAL





**Councilwoman
Phyllis Viagran,
District 3**



**RAC Nominee
Brenda Pacheco,
District 3**

Ms. Brenda Pacheco

- Retired, Contract Administrator – American Mutual Funds

- **ITEM 11 – JONES AVENUE PROPERTY USE:**
 - In 2015, the CPS Energy Board of Trustees declared the former Jones Avenue Service Center, located at 326 W. Jones Ave, a surplus property that was no longer needed to support operations. In April 2016, the last truck officially rolled through the gate.
 - In 2015, the Board to Trustees directed former CEO Doyle Beneby to negotiate with the San Antonio Museum of Art (SAMA) to convey the southern half of the 6.94-acre Jones Avenue property (Jones South) to SAMA. The remaining 3.5 acres were designated to be sold.
 - The SAMA conveyance provisions were developed and agreed upon on September 22, 2015.
 - The conveyance agreement had to be extended several times as CPS Energy and SAMA worked through the required details of the conveyance.

- Ultimately, the documents conveying the property were not finalized before the agreement ended on December 31, 2019.
- Since then, our focus has been navigating the global pandemic and February's Winter Storm.
- To take any action regarding the property now, management must have updated direction from the Board. There are two suggested resolutions for consideration:
 - ❖ The Board may direct CPS Energy management to resume negotiations with SAMA; or
 - ❖ The Board may direct management to market and sell the almost 7-acre property.

○ **ITEM 12: APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC) – Board Approval is needed.**

CAC APPOINTMENT
DISTRICT 9



Mr. Tom Corser

- Retired Software & Cloud Transformation Leader
- Over 20 years in the technology industry
- New to San Antonio