

Good morning/afternoon,

CPS Energy Supply Chain team continues to work with our suppliers and vendors to maintain a steady flow of materials to meet our customers' needs. This diligent work by our team has produced some improvement in sourcing construction material and has allowed our crews to continue to complete many jobs. However, the overall material supply situation remains challenging. Our suppliers and vendors continue working to replenish their stock as national materials levels continue to decline. As a result, we are asking our customers to allow for possible delays when planning your projects. Additionally, CPS Energy is seeing rapidly rising material costs that are associated with the shortages and ask impacted customers to consider the potential for rising construction costs when planning their projects.

Currently we are experiencing continued challenges with the following:

- Ethylene Resin (Manufacturing of polymers such as polyvinyl chloride or PVC)
- Vinyl Acetate Monomer (Adhesives, water-based paints, nonwoven textile fibers and more)
- Lumber
- Semiconductor Chips (Electronics)
- Solar Glass and Wafers (Solar Panels)
- Butadiene (Synthetic rubbers such as tires, plastic gloves, rubber hoses)
- Styrene (Latex, Synthetic rubbers and polystyrene resins)

CPS Energy is taking creative approaches to the materials shortage challenge through engagement of local manufacturers on the possibility of manufacturing materials locally. We are also conducting reviews of our standards to allow for temporary substitutes when an acceptable alternative is available to help keep customer projects moving forward. These discussions serve as major steps in managing the impact of this supply chain challenge.

Meeting our customers project needs and your satisfaction are our priority. We ask for your patience and understanding during this time. If your project is affected due to material shortages, a representative will reach out to update you on the situation and provide what information we have on when material is expected to be available. We look forward to working with you to get your service connected as quickly as possible.

Thank you for choosing to build in the San Antonio area!