

CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING

CUSA - CITY CLERK
2022 JAN 26 AM 09:57:14

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, January 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 on Friday, January 28, 2022, from 7:00 a.m. CT to 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
- Designate whether public comment will be provided in person or virtually
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

In-person commenters, followed by virtual commenters, will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com. Note that written comments will not be read during the Board meeting.

The agenda packet is attached. It and other informational material may be found at:

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

A recording of the meeting will be made and 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.



Sharna M. Ramirez
Secretary of the Board
January 26, 2022



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON JANUARY 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;
- deliberations and other authorized action on real property under Section 551.072;
- prospective gifts or donations under Section 551.073;
- personnel under Section 551.074;
- security personnel or devices under Section 551.076;
- economic development negotiations under Section 551.087;
- deliberations, voting or taking final action on competitive matters under Section 551.086;
- deliberations regarding security audits and devices under Section 551.089; or
- deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

2022 JAN 26 AM 09:57:09 - 09:00:00

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Denae Myers
3	PUBLIC COMMENT Pre-Registration on Friday, January 28, 2022 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	CHAIR'S REMARKS	Execute	Dr. Willis Mackey
5	RECOGNITION OF TRUSTEE ED KELLEY	Vote	Dr. Willis Mackey
6	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
7	WINTER PREPAREDNESS PROGRESS REPORT	Discuss	Mr. Paul Barham
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 Special Board Meeting held on 10/04/2021 B. Minutes of the Special Board Meeting as the Risk Management Committee held on 11/01/2021 C. Minutes of the Regular Board Meeting held on 11/15/2021 D. Minutes of the Regular Board Meeting held on 12/13/2021 E. Payment to the City of San Antonio for December 2021 F. Procurement Items: None	Vote	Dr. Willis Mackey
REGULAR AGENDA			
10	MONTHLY FINANCIAL UPDATE & FY2023 BUDGET	Vote	Mr. Cory Kuchinsky
11	SCENIC LOOP CERTIFICATE OF CONVENIENCE & NECESSITY (CCN) (Mr. Lee Roy Perez)	Vote	Dr. Willis Mackey
12	COMMITTEE REPORTS: A. Master Planning & Oversight Committee Meeting held on 12/13/2021 (Mr. Ed Kelley)	Discuss	Dr. Willis Mackey
13	ADJOURNMENT	Execute	Dr. Willis Mackey
If the Board meeting has not adjourned by 4:30 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.			

City Public Service Board of San Antonio Resolution in Honor of Ed Kelley

WHEREAS, Mr. Ed Kelley has served the maximum of two five-year terms on the CPS Energy Board of Trustees, representing the Northwest Quadrant of the City, and held key leadership positions such as Board Chair, as well as Chair of several Board committees; and

WHEREAS, Mr. Kelley served in the role of Chair and during critical times of transition for CPS Energy and its Board of Trustees, provided valuable business guidance and leadership; and

WHEREAS, during his tenure, Mr. Kelley played a vital role in the selection of a President & CEO and several Board members, and he supported the Board in the appointment of over thirty new members to the Citizens Advisory Committee; and

WHEREAS, during his tenure, Mr. Kelley made outstanding contributions that solidified CPS Energy's financial position as a World-Class utility, maintained CPS Energy's competitive advantage, fostered the Greater San Antonio area's economic development, and helped CPS Energy and Greater San Antonio prepare for the challenges of the future; and

WHEREAS, during his tenure, CPS Energy's assets grew approximately 37.31 percent to a total of \$13,530,530,000 and CPS Energy conveyed \$3,572,063,000 to its owner – the City of San Antonio – as a return on investment; and

WHEREAS, during his tenure, the Board approved 15 new money bond transactions that totaled \$3,101,440,000 par amount of debt and 13 refunding bond transactions totaling \$3,021,800,000 that realized \$495,238,658 in gross lifetime debt service savings; and

WHEREAS, Mr. Kelley was a vital Board member of the SA Energy Acquisition Public Facility Corporation (PFC) prepaid gas transaction which enabled CPS Energy to purchase a 20-year supply of natural gas dedicated for use in CPS Energy's gas distribution system; and

WHEREAS, Mr. Kelley provided expert guidance, advice and strategic counsel on dozens of real estate transactions including the purchase and construction of the McCullough headquarters building and the sale of our downtown properties and others; and

WHEREAS, Mr. Kelley supported the development of EPIcenter and its mission; and

WHEREAS, Mr. Kelley worked with his fellow Trustees to support CPS Energy's 75th Anniversary of being owned by the City of San Antonio (COSA), as celebrated on October 24, 2017; and

WHEREAS, Mr. Kelley's strong real estate, financial expertise, business acumen, leadership and unselfish commitment of time and energy to the Board have greatly benefited not only CPS Energy but all its customers within the Greater San Antonio area.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees conveys to Mr. Kelley its deep and abiding gratitude for his unselfish service to CPS Energy and its customers; and

BE IT FURTHER RESOLVED that this Resolution be incorporated into the minutes of this meeting of the Board of Trustees.

Adopted this 31st day of January 2022

Dr. Willis Mackey, Chair & Trustee

Ms. Janie Gonzalez, Vice-Chair & Trustee

Mayor Ron Nirenberg

Mr. John Steen, Trustee



WINTER PREPAREDNESS PROGRESS REPORT

PRESENTED BY:

Paul Barham

Chief Grid Optimization & Resiliency Officer (CGORO)

January 31, 2022

Informational Update



AGENDA

- **WINTER PREPARATION STATUS OVERVIEW**
- **COMMITTEE ON EMERGENCY PREPAREDNESS (CEP) RECOMMENDATION STATUS OVERVIEW**
- **PREPARATION DISCUSSION**
- **NEXT STEPS**

We completed documentation of all actions for this winter season identifying both immediate actions & on-going plans. This was a significant effort expending various resources to ensure we addressed all CEP recommendations.

WINTER PREPARATION STATUS OVERVIEW



- CEP Recommendations
 - Addressed all recommendations for this winter
 - Submitted documentation of actions/plans to the Municipal Utilities Committee (MUC)
- Internal Combined Lessons Learned
 - Corrected or mitigated all items for this winter with plans put in place for those requiring longer term efforts or budget support

All items identified out of Winter Storm Uri have been addressed in preparation for this winter to ensure a better response to any severe winter event.



CEP RECOMMENDATION STATUS OVERVIEW

Market Redesign	Natural Gas (NG) Supply & Plant Operation	Load Shed Outage Management	Critical Facilities Support (CoSA & SAWS)	Communication Improvements (Stakeholder & Customer)
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Attend/monitor PUC & RRC meetings & rulemakings <input checked="" type="checkbox"/> PUC Market Redesign Blueprint (Phase 1) <input checked="" type="checkbox"/> Engaged with ERCOT in redesign execution <input checked="" type="checkbox"/> PUC review & update of price cap design <input type="checkbox"/> PUC Market Redesign Blueprint (Phase 2) 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Plant-Specific Weatherization <input checked="" type="checkbox"/> Secured additional NG contracts & NG Storage <input checked="" type="checkbox"/> Increased spare part inventory <input checked="" type="checkbox"/> ERCOT inspections <input checked="" type="checkbox"/> Raised daily NG withdrawal capacity <input type="checkbox"/> Revised plant outage plans <input type="checkbox"/> Phase 2 PUC Weatherization Requirements 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Improved Load Management program <input checked="" type="checkbox"/> Increased # of interruptible circuits <input checked="" type="checkbox"/> Raised Load Shed capacity <input checked="" type="checkbox"/> Completed third party assessment <input checked="" type="checkbox"/> Updated stakeholders on Load Shed process <input type="checkbox"/> Infrastructure & technology improvements 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Established list of critical facilities <input checked="" type="checkbox"/> Evaluated list of facilities for infrastructure improvements <input checked="" type="checkbox"/> Provided assessment, recommendation & projected costs to users <input checked="" type="checkbox"/> Improved operational coordination <input checked="" type="checkbox"/> Executive liaison for EOC <input type="checkbox"/> Survey & assess facilities for hardening & microgrids 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Revised Emergency Communications Plan <input checked="" type="checkbox"/> Launched Winter Reliability & Resiliency Campaign <input checked="" type="checkbox"/> Established Joint Information Center operating procedures <input checked="" type="checkbox"/> Trained with partner Public Information Officers <input type="checkbox"/> Conduct annual training & tabletop exercises

Legend: Black = Complete Blue = Future Programs

WINTER READINESS

EXTERNAL ACTIVITIES

- Electric Reliability Council of Texas (ERCOT) "Roadmap to Improving Grid Reliability", updated policies & procedures to increase "operating margin"
- Public Utility Commission of Texas (PUC) Rulemaking to Establish Electric Weatherization Standards (2 phases)
- Federal Energy Regulatory Commission's (FERC) Final Report "The February 2021 Cold Weather Outages in Texas & the South Central United States"
- PUC "Market Redesign Blueprint" (2 phases)
- Railroad Commission rulemaking around critical designation of natural gas infrastructure & natural gas curtailment standards



We remain actively engaged in multiple efforts at the state level to continue to improve overall grid resiliency & represent the interests of our community.

PROGRAM CLOSEOUT



This presentation is the closeout of updates on winter preparedness but strengthening resiliency & emergency response capability are a continuing focus. Next steps include:

- Response to any questions/requests from the MUC
- Summary report of actions for the Board of Trustees
- Assessment of FERC report & recommendations
- Monitor status of long-term action plans
- Identify funding requirements as required for action plans

Assessing risks & improving resiliency are on-going efforts as part of our updates to Board Committees & Continuous Improvement focus.



Thank You





Appendix



GLOSSARY / DEFINITIONS

Acronym or Word	Definition	Acronym or Word	Definition
PUC	Public Utilities Commission of Texas		
RRC	The Railroad Commission of Texas		
ERCOT	Electric Reliability Council of Texas		
EOC	Emergency Operations Center		

WINTER PREPARATIONS



Plant Operations & Support



- Enhanced weatherization completed
- Third-party validation of improvements
- Increased natural gas storage ability
- Moved plant maintenance schedule ahead of winter months

Outage Management



- Improved load shed capacity with more circuits to minimize customer impact, i.e., better rotation of outages
- Third-party validation of improvements
- Additional use of advanced technologies

Grid Operations & Support



- More collaboration with the City of San Antonio, Bexar County, SAWS & emergency managers
- Review of procedures completed
- Updated procedures for winter operations

Emergency Preparedness



- Ongoing participation in local, state & federal training
- Executive liaison assigned to regional Emergency Operations Center

Stakeholder Communications



- Ongoing collaboration with the City of San Antonio, Bexar County, SAWS & emergency operations
- Launched stakeholder text alerts
- Engaging in public input & feedback opportunities

Customer Communications



- Review & refresh communications plans
- Multi-pronged approach to reach customers
- Updated 100,000 customer contacts through Manage My Account to date
- Community Town Halls & Utility Assistance Fairs

Policy Activity



- Engaging with local, state & federal regulators & policy makers
- Participating in regulatory proceedings
- Involved in development of Electric Reliability Council of Texas (ERCOT) protocol revisions

We are committed to continuing overall infrastructure & communications improvements to ensure reliability & resiliency for our customers.

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

**CPS ENERGY
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON OCTOBER 4, 2021**

A Special Meeting of the CPS Energy Board of Trustees was held on Monday, October 4, 2021, in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. Chair Dr. Mackey called the meeting to order at 8:30 a.m.

Present were Board members:

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

Also Present was:

Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
CPS Energy staff members
Interested Citizens

I. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

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

II. PUBLIC COMMENT

Chair Dr. Mackey announced that public comments would be taken, and Ms. Landin outlined the guidelines for doing so. The following person made comments:

1. Mr. Martin Gutierrez, Director of Policy and Business Advocacy, Hispanic Chamber of Commerce, spoke on Agenda item 5. He expressed the Chamber's support for Ms. Denise Hernandez to serve on the Board of Trustees from the Northwest Quadrant. He described Ms. Hernandez's extensive business experience, including her role as Vice President of her family-owned company, True Flavors Catering.

III. EXECUTIVE SESSION

At approximately 8:37 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:

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- 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 10:33 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.

IV. CANDIDATES FOR THE NORTHWEST QUADRANT BOARD OF TRUSTEES POSITION

Chair Dr. Mackey opened the floor for Board of Trustees candidate nominations for the Northwest Quadrant. Mayor Nirenberg nominated Dr. Francine Romero. Trustee Kelley nominated Mr. Clayton Killinger. Mayor Nirenberg moved for a vote of the candidates. Trustee Steen requested that, prior to casting votes, the nominating Trustee provide information on their candidate.

Mayor Nirenberg stated that he has known Dr. Romero for a long time. She is an esteemed professional and can help us restore public confidence. She also has the competence and capability to help move the company forward on issues we are facing today and in the future. The Mayor also thanked the Nominations Committee and the Board for considering the more than twenty (20) strong candidates. The Board interviewed four (4) candidates and the Mayor feels that Dr. Romero is the best candidate to serve on the Board.

Trustee Kelley thanked the Board and Chair Dr. Mackey for dedicating many hours to evaluating the candidates. He felt the evaluation process was strong and transparent, resulting in four (4) outstanding final candidates. He also referenced the organization's six (6) Guiding Pillars and how they sit on a foundation of Financial Stability. We are a large company with a \$12B balance sheet, \$6B in debt and 1.3M customers that rely on us to make sound financial decisions. Trustee Kelley stated that the four (4) candidates are outstanding, but only one (1) has financial acumen, Mr. Clay Killinger. He has his undergraduate degree in finance, graduated summa cum laude from the University of Texas at San Antonio, has over forty (40) years in top finance positions, including Controller of Valero Energy, and Executive Vice President and Chief Financial Officer of CST brands.

The Board of Trustees voted as follows: Trustees Steen and Kelley voted for Mr. Clayton Killinger; Vice Chair Gonzalez, Mayor Nirenberg, and Chair Dr. Mackey voted for Dr. Francine Romero. With a majority of the votes from the Board of Trustees, Dr. Francine Romero was selected as the Northwest Quadrant Nominee. In addition, upon a motion by Trustee Kelley, seconded by Mayor Nirenberg and upon an affirmative vote by all members present, the Board of Trustees approved a show of support for the selection of Dr. Francine Romero.

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

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Kelley, and seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 10.43 a.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

DRAFT

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

**CPS ENERGY
MINUTES OF SPECIAL MEETING OF
THE BOARD OF TRUSTEES
CONVENING AS THE RISK MANAGEMENT COMMITTEE**

A Special Meeting of the CPS Energy Board of Trustees convening as the Risk Management Committee was held on Monday, November 1, 2021, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The meeting was also livestreamed on the CPS Energy website.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. John Steen
Mayor Ron Nirenberg (arrived at 12:06pm)

Also present were:

Ms. Paula Gold-Williams, President & CEO
Mr. Frank Almaraz, Chief Power, Sustainability & Business Development Officer
Mr. Paul Barham, Chief Grid Optimization & Resiliency Officer
Ms. Vivian Bouet, Chief Information Officer
Mr. Rudy Garza, Chief Customer & Stakeholder Engagement Officer
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Lisa Lewis, Chief Administrative Officer
Ms. Devi Kumar-Nambiar, Deputy General Counsel
CPS Energy Staff Members
City of San Antonio officials

I. CALL TO ORDER

Chair Dr. Mackey called the meeting to order at 12:00 p.m.

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, the invocation and Pledge of Allegiance were delivered by Ms. Denae Myers, Manager, Board Relations.

III. PUBLIC COMMENT

No persons were registered, so no public comment occurred.

IV. CEO'S REMARKS

No CEO Report was provided.

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V. ENTERPRISE RISK PROGRAM OVERVIEW

Mr. Chad Hoopingarner, Interim Vice President, Strategic Pricing & Enterprise Risk Management Solutions, began by reviewing the Enterprise Risk Program objectives. The principal objective is to identify and understand our risks, document them, and communicate them to the organization. The Risk Program is intended to ensure a balanced approach in managing the costs and benefits of our risk mitigation plans. Having a successful Enterprise Risk Program requires strong leadership and support at executive levels in the organization. It creates collaboration across business units and enables a broad perspective in defining risks. We obtain a multidimensional view of risks that comes from cross-program alignment and ensures the investments we are making consider risk as a priority.

Mr. Hoopingarner also briefly described our integrated planning process. It starts at the beginning of our fiscal year with the identification of strategic initiatives designed to mitigate identified risks. Thereafter, we go through financial and budget planning, and prioritization through the enterprise portfolio process. Throughout the year, risk mitigation plans are executed.

Mr. Hoopingarner discussed our enterprise risk landscape. Today's meeting will focus on extreme winter storm conditions and Mr. Almaraz will discuss our power and natural gas supply risk mitigation efforts.

Mr. Hoopingarner concluded his presentation by committing that we will continue to refresh our risk register, define risk mitigation tactics, and report on actions taken throughout the year at both the Aligned Risk Subcommittee and Risk Management Committee meetings.

VI. RATE REQUEST CONSIDERATIONS & RISKS

Chair Dr. Mackey announced that this item will not be presented.

VII. WINTER READINESS UPDATE

Mr. Almaraz began by showing what we are doing to enhance the weatherization of our power plants. Our priority is to address areas that experienced freezing or near freezing issues. In addition, we are having a third-party assess our facilities. Because the standards are not yet known, we are having the third-party assess our facilities against various standards. In addition, after each peak season (winter or summer), we gather lessons learned to further enhance our Reliability and Resiliency. The Board provided guidance that our plants should not schedule planned maintenance outages during the months of January and February.

Mr. Almaraz also discussed our risk mitigation efforts involving natural gas and power supply. During Winter Storm Uri (Uri), our natural gas use was thirty percent (30%) higher than our previous record and five and one-half (5 ½) times greater than our average February consumption. We are mitigating the risk of low gas supply by increasing our baseload gas purchases that we make at the beginning of each month. This avoids the price volatility that can occur throughout the month. We have also added a billion cubic feet of natural gas storage, which is a twenty percent (20%) increase of storage. We changed the composition of our stored natural gas so that we can withdraw twenty five percent (25%) more gas per day. Finally, we contracted with suppliers who have accepted the risk of floating gas prices that happen during the month. Therefore, we have sufficient amounts of natural gas to supply our customers and have substantially increased the price protection of acquiring it.

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at the January 31, 2022 meeting

Mr. Almaraz also described our plan for winter power purchases. We currently have eleven hundred megawatts (1,100 MW) of reserve power for our expected winter peak. In the next forty-five (45) days, we plan to purchase an additional three hundred megawatts (300 MW) of reserve power. This will result in fourteen hundred megawatts (1,400 MW) of reserve margin. Our planned reserve power will cover our anticipated risks and can be sold as excess capacity if it is not needed. This will better protect our customers against the risk of low gas supply.

We will continue to deliver on the commitments we have made to the Committee on Emergency Preparedness (CEP) complete our nine (9) point weatherization plan, make the previously mentioned power and natural gas purchases, and keep the Operations Oversight Committee (OOC), the City's Municipal Utility Committee (MUC), and the Board informed on our progress.

Mayor Nirenberg stated that slide eight (8) was very encouraging and appropriate because it shows the proactive steps we have taken for the upcoming winter. Mr. Almaraz pointed out that the reserve margin amount will be different for the summer. The Mayor asked if we have a reserve margin goal for the summer peak. Mr. Almaraz responded that our target for the summer peak is thirteen-point seven five percent (13.75%). Vice Chair Gonzalez acknowledged that although the plant maintenance costs are increasing, we are taking proactive actions to prepare for the winter. She further thanked the employees for all the work that has been done under very difficult circumstances.

Chair Dr. Mackey asked if the pipes in the temporary freeze protection enclosure were well insulated. Mr. Almaraz responded yes. Chair Dr. Mackey asked if the pipes that froze at the nuclear plant were also addressed. Mr. Almaraz responded yes. We have an internal person serving on the Board of the company that operates the nuclear plant. Mr. Almaraz and his team stay in contact with that person.

VIII. EXECUTIVE SESSION

At approximately 12:30 p.m., Ms. Kumar-Nambiar 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 possible 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); and
- Competitive Matters (§551.086).

The Board reconvened in open session at 1:11 p.m. and a quorum was re-established. Ms. Kumar-Nambiar reported that only the matters cited above, and no others, were discussed and no votes were taken in Executive Session.

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IX. ACTING PRESIDENT & CEO

Chair Dr. Mackey thanked Ms. Gold-Williams for her service to CPS Energy. He also thanked Mr. Frank Almaraz for his leadership and support.

On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon a vote of 3 members in favor and 1 dissent by Trustee Steen, the appointment of Mr. Garza as Interim President and CEO was approved. Trustee Steen stated that he voted no because he has a fundamental disagreement on how the Board looked to fill the interim president role. He further stated that Mr. Garza is a capable and valued executive and that he has full confidence and support in Mr. Garza.

X. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Chair Dr. Mackey, and seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 1:14 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

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at the January 31, 2022 meeting

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON NOVEMBER 15, 2021

The Regular Meeting of the Board of Trustees of CPS Energy for the month of November was held on Monday, November 15, 2021 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 1:01 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. Ed Kelley
Mr. John Steen
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. Frank Almaraz, Chief Power, Sustainability & Business Development Officer
Mr. Paul Barham, Chief Grid Optimization & Resiliency Officer
Ms. Lisa Lewis, Chief Administrative Officer
CPS Energy staff members
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Benny Ethridge, Senior Vice President, Power Generation.

III. PUBLIC COMMENT

Chair Dr. Mackey announced that public comments would be taken, and Ms. Loretta Kerner, Director, Board Relations & Chief of Staff to the CEO, outlined the guidelines for doing so. The following persons made comments:

1. Mr. Alan Montemayor, Chairman, Alamo Group of the Sierra Club, spoke on Agenda items 5B and 11. He wished Ms. Paula Gold-Williams well on her future endeavors and welcomed Mr. Garza as the new Interim President & CEO. He asked the Board to review a handout he delivered to them that contains several recommendations related to Winter Storm Uri. He also spoke on the topics of decarbonization, the City of San Antonio's (City) Climate Action & Adaptation Plan (CAAP), closure of the Spruce coal plants, elimination of natural gas subsidies, and incentives for electric vehicles (EVs) and other renewable resources.

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2. Ms. Prentice Miller ceded her time to Mr. Ed Hart.
3. Ms. Jane Macon ceded her time to Mr. Ed Hart.
4. Mr. Ed Hart, Chairman, San Antonio Museum of Art (SAMA), spoke on agenda item 10. On behalf of SAMA, he thanked the Board for the proposed revised conveyance agreement.
5. Mr. Terry Burns, Former Chair, San Antonio Sierra Club, spoke on agenda item 4. He spoke on topics of rate equity, Board governance and the search for a new CEO.

IV. INTERIM CEO'S REPORT

Mr. Garza began by highlighting some of our winter preparedness actions, noting that we have completed or are very close to completing many of these actions. Mr. Garza also reported that we held an internal Townhall to inform employees of these efforts and an external Tele-Townhall to inform the community of the same.

Mr. Garza also reported that we continue to hold Assistance Fairs throughout the city. As a result, approximately twenty-seven thousand (27,000) customers were removed from our disconnection list. We helped arrange over forty million dollars (\$40,000,000) in direct payment assistance to our customers. We have also been working with the City regarding American Rescue Plan Act (ARPA) funding and expect to receive twenty million dollars (\$20,000,000) to aid our customers.

Our finance team, led by Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, has been working with the City's finance team, led by Mr. Ben Gorzell, to get alignment on the financial need for a rate case. Mr. Garza thanked the Mayor, City Manager and City staff for working many hours on this matter. We expect to present the results of these discussions to the Board very soon.

Mr. Garza also announced that the new headquarters building was recently awarded a 2021 Best Projects Award from Engineering News - Record (ENR) under the renovation and restoration category. We will be featured in the December 13, 2021 issue of the ENR Magazine for Texas and Louisiana and will receive the award on December 17, 2021. In addition, we are automatically nominated for the ENR national Best of the Best Awards.

Mr. Garza also recognized one of our employees, Mr. Michael Blackmon, Supervisor, Contact Center. Mr. Blackmon began his career with CPS Energy on February 1, 2016. He has over fifteen (15) years of leadership experience, holds a Bachelor of Science degree in Business and two (2) Master's degrees in Arts Education and Organizational Management. He and his team support our agency portal, scam reporting, EV program and customer outreach effort team. Mr. Blackmon recently volunteered to participate at Mayor Nirenberg's Halloween Event. Mr. Blackmon briefly spoke to the Board about how he and his team assist customers with agency assistance information. Chair Dr. Mackey and Mayor Nirenberg thanked Mr. Blackmon for his service to our customers. The Mayor also thanked Mr. Garza and CPS Energy staff for attending these fairs. He explained that these in-person events help guide citizens to many agencies that provide various forms of help.

Trustee Steen asked for an update on the resumption of customer disconnections. Mr. Garza responded that we began by working with our business customers and are now focusing on residential

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customers. So far, we have reached out to approximately ninety thousand (90,000) customers. The number of eligible customers for disconnects has gone down from close to eighty thousand (80,000) to around sixty thousand (60,000). Mr. Garza also reported that we intend to establish a team to knock on doors and provide assistance information for customers who may not be able to leave their homes or who do not have access to the internet.

Trustee Kelley asked how the twenty million dollars in ARPA funds (\$20,000,000) from the City will be applied against the one hundred and thirty-five million dollars (\$135,000,000) of bad debt. Mr. Garza responded that it will be applied to the customers with the most need. For customers with an income below poverty guidelines, funds will be applied to their account. We believe that approximately thirteen million dollars (\$13,000,000) will be used to help these customers. The remaining seven million dollars (\$7,000,000) will be applied on a pro-rata basis for other low-income customers. We plan to utilize payment plans for many of our customers who are behind on their payments and believe we will know more about the balance of bad debt by February of next year. Vice Chair Gonzalez asked if we are tracking the number of times we assist a customer. Mr. Garza responded that we track the type of assistance we provide to a customer. There is a four hundred-dollar (\$400) limit for refund assistance per year per customer. The ARPA funds are separate from the refund assistance.

Mr. Garza stated recognition of Veterans Day and because ten percent (10%) of our employees are veterans, we prepared and presented a video recognizing them. Chair Dr. Mackey thanked our veteran employees for their service to CPS Energy and to our country.

V. ADDITIONAL UPDATES

A. Cost Savings: Recycling of Byproducts from Plants

Mr. Ethridge began his presentation by stating that recycling aligns with our Guiding Pillars. We have a strong commitment to sustainability and we recycle ninety-nine percent (99%) of coal ash produced. The benefits of recycling are that it reduces our landfill costs significantly, conserves our natural resources and reduces the cost of producing concrete locally for many projects in our community. In 1978, we entered into an agreement with a firm to manage our coal ash recycling and have done so since that time. In addition, the environmental team has been a champion for recycling across our organization. Power generation's fleet and coal ash make up eighty percent (80%) of our recycling efforts. The remaining twenty percent (20%) is made up of materials we no longer need in our business, such as metals, plastics, wood, batteries, etc.

Mr. Etheridge emphasized that we are focused on new generation as part of our Flexible PathSM and we are working in parallel to handle the coal ash that is produced today. Since 2005, we have recycled five and one-half (5 ½) tons of coal ash, which has paid us approximately thirty five million dollars (\$35,000,000) and avoided the construction of six (6) new landfills at a cost of seventy two million dollars (\$72,000,000) for a total savings to our customers of over one hundred and seven million dollars (\$107,000,000).

B. Winter Preparedness Progress Report

Mr. Barham provided an on our self-identified action item list for winter preparedness. He reported that one third (1/3) of the over one hundred (100) items on the list have been completed.

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Mr. Barham also reported on the status of our work on the City's Committee on Emergency Preparedness (CEP) recommendations. He stated that about one third (1/3) of the recommendations have been completed and approved. We will be submitting additional items to the Municipal Utilities Committee (MUC) for its review later this month. Overall, there has been a lot of progress made.

He also reported on the improvements we have made to our grid operations, noting the winter readiness activities reported weeks earlier by Mr. Almaraz will be completed by the end of the year. These activities include weatherization of our power plants, changes to the planned outage schedule and the strengthening of our fuel supply. In addition, we have made a lot of improvements to our planned management of a possible load shed event and feel we are prepared for a Uri-type event. The Operations Oversight Committee (OOC) recently received a load shed assessment from our consultant, Black & Veatch. The assessment will be ongoing to identify opportunities to improve our processes. We are also finalizing our activities in support of an attestation requirement mandated by the Texas Public Utilities Commission (PUC) and the Electric Reliability Council of Texas (ERCOT). These agencies recently updated their rules, setting expectations on how we are to be prepared this winter with regards to generation and transmission.

We also recognize that we needed to increase our collaboration with local partners, including our sister utility, San Antonio Water Systems (SAWS). We met with SAWS to review the details of our respective winter preparations. We have also improved our collaboration with the various entities represented at the Emergency Operations Center (EOC). For example, we recently met with San Antonio Fire Department (SAFD) leadership and provided them with a tour of our facilities and discussed ways to improve coordination among our organizations. We also met with the Southwest Texas Regional Advisory Council (STRAC), who represents hospitals and medical facilities to strengthen our coordination with them.

We recognize that the CEP and our customers have provided us with the feedback that we need to improve our communications. We have several teams working on this issue, and will be issuing a revised emergency communications plan by the end of the year. We tested existing tools that directly communicated with approximately four hundred and seventy thousand (470,000) customers through text, phone and email. We have information in our systems that will allow us to communicate rapidly with about ninety two percent (92%) of our customers. We also recently worked with the EOC to connect with the Joint Information Center, which is a group of different entities that are working on how to collaborate and communicate during an emergency.

Mr. Barham also reported on our policy activities. The CEP identified four (4) issues related to the electric system that would occur at the State level. Our Government Relations team has been monitoring these issues, as well as other issues such as market redesign. However, there are also issues involving the gas system that are being addressed by the Texas Railroad Commission. Overall, we are tracking thirty-six (36) topics involving both systems.

We will continue to provide a monthly update to both the Board and the MUC on our activities. In addition, we will provide information to the Board to assist in answering questions asked by our customers or other members of our community.

VI. PROCUREMENT PREVIEW

- A. General Services – Context for agenda items 8D1 & 8D2: Electrical Substation Civil Site Work & General Civil Construction Services & Underground Residential Electric Distribution & Terminations

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Mr. Lee Byrd, Director, Distribution Process & Support Services, began his presentation by stating that these projects are directly related to our Reliability, Resiliency, and Safety Guiding Pillars. These are contracts that include activities ranging from pre-construction meetings to construction closeout. The types of projects include rebuilding neighborhood loops, converting existing overhead lines to underground lines, replacing the direct-buried primary cable with cable inside of conduit, and terminating cables and connecting them to new transformers. The primary scope of the substation civil contract is for system-level improvements and customer growth projects.

Mr. Byrd also explained the need to use contractors as additional resources that augment our internal staff. They provide us with flexibility from a business continuity perspective and with relief for storm restoration efforts.

Both contracts were solicited through a Request for Proposal (RFP) process, which allows us to actively recruit and grow our small, minority, veteran-owned business groups. We have implemented a contractor performance program in which contractors are asked to directly contact neighbors and customers to find out if they have any questions or concerns related to completed work. We are also working on a post-construction survey that will be sent out to neighborhoods in which work was performed so that anonymous feedback on the performance of the contractor can be received. Chair Dr. Mackey thanked Mr. Byrd for this program.

We received eight (8) proposals and selected three (3) firms for the underground residential construction contract. Two of the firms are headquartered in San Antonio and one (1) is small and in a HUBzone. The companies that are non-diverse are committed to subcontracting ten percent (10%) to local diverse firms. This is a three (3) year contract worth forty-five million dollars (\$45,000,000). The forty-five million dollars (\$45,000,000) is allocated among the three (3) firms at fifteen million dollars (\$15,000,000) each.

We received sixteen (16) proposals and six (6) firms were selected for the substation civil contract. All six (6) firms are diverse. Five (5) of them are headquartered in the San Antonio area. This is a three (3) year contract valued at thirty million dollars (\$30,000,000). Each contractor was allocated five million dollars (\$5,000,000).

As part of the consent agenda, we are requesting that the three (3) companies listed for the underground residential electric distribution and electric terminations be awarded contracts for three (3) years totaling forty-five million dollars (\$45,000,000), and the six (6) companies listed for the electrical substation civil site work and general construction services be awarded contracts for three (3) years totaling thirty million dollars (\$30,000,000).

Trustee Kelley asked if the conversion from overhead to underground lines will lower the maintenance costs to serve these neighborhoods. Mr. Byrd responded yes, it is easier and less expensive to maintain an underground system because there is less wear and tear from the elements. Trustee Kelley asked if it also increases Reliability. Mr. Byrd responded yes and said it is for the same reason. Trustee Kelley asked how we are selecting neighborhoods for this program. Mr. Byrd responded that our engineering organization performs a risk-based analysis of the entire system and has strategically selected the areas that have the most outages or have the most risk for failure in the future. Trustee Steen asked if the areas have been selected. Mr. Byrd responded yes, the plan has been developed for 2022. Trustee Steen asked about

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the size of the 2022 plan. Mr. Byrd responded that we plan to spend one third (1/3) of the contract amount in 2022. Trustee Steen also asked what the cost of underground construction is and if we use directional drilling. Mr. Byrd responded yes, we use directional drilling when we go under streets and sidewalks and stated that underground construction is four (4) to five (5) times more expensive than overhead construction. Trustee Steen asked for a copy of the list of neighborhoods where we will install underground and Mr. Byrd agreed to provide it. Mayor Nirenberg suggested that considering the City's bond program and the County's infrastructure plans will open up streets, we should collaborate among utilities to underground lines. Vice Chair Gonzalez thanked our organization for making an intentional effort to include small businesses. She asked if the HUBzone is a federal or state HUBzone. Mr. Byrd responded that it is a federal HUBzone. She also asked if she could see an ongoing report on the money spent with small businesses and Mr. Byrd agreed we will provide the report. She suggested that we should consider state HUBzones because it might increase the number of diverse small businesses involved in our projects.

VII. EXECUTIVE SESSION

At approximately 2:10 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)
- 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 3:11 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 motion duly made by Trustee Steen, and seconded by Trustee Kelley, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved.

- A. **Approval of Minutes of the Regular Board Meeting held on September 27, 2021 were approved as presented.**
- B. **Approval of Payment to the City of San Antonio for October 2021**

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

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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 October 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$211,536,463.69, less applicable exclusions. The revenue for the month of October 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$209,001,496.79
Gas revenue	15,007,886.36
Interest and other income	(1,704,088.13)
Gross revenue per CPS Energy financial statements	<u>222,305,295.02</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(8,264,838.84)
LVG revenue per City Ordinance 100709	(12,638.85)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(14,882,607.84)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>12,391,254.20</u>
Total excluded revenue	<u>(10,768,831.33)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$211,536,463.69</u>
City payment per Bond Ordinance for October 2021 based upon October 2021 revenue	\$29,615,104.92
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	510,554.91
Wholesale Special Contract Annual True Up	117,076.92
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	30,230,236.75 A
Utility services provided to the City for October 2021	<u>(2,672,651.48)</u>
Net amount to be paid from October 2021 revenue to the City in November 2021	<u>\$27,557,585.27</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)

October 2021	Actual	Budget	Variance	
Current Month* A	\$30,230	\$28,011	\$2,219	7.9%
Year-to-Date*	\$272,324	\$277,259	(\$4,935)	-1.8%

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

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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 \$27,557,585.27 representing 14% of applicable system gross revenues for the month of October 2021, such payment being net of City utility services (\$2,672,651.48), is hereby approved."

C. Appointment to the Citizen's Advisory Committee (CAC) from District 1

Ms. Julia Haynes, Manager, Local Government Relations, informed the Board that District 1 Councilman Mario Bravo nominated Mr. Richard Farias to the CAC. Mr. Farias is the Director of Annual Giving for the Alamo Colleges District. Mr. Farias briefly described his background and shared that he informed Councilman Bravo that he wanted to get more involved in the community and the Councilman nominated him to the committee. Trustee Steen asked Mr. Farias what his impressions of CPS Energy were. Mr. Farias stated that he has broad information about the company but does not have a lot of specific knowledge and that he is interested to learn more about it. Trustee Kelley asked for Mr. Farias to elaborate about his residency in San Antonio. Mr. Farias responded that he grew up on the near northwest side of San Antonio and attended Health Careers High School and enjoyed literature and writing. He also attended both Incarnate Word University and UTSA. Mayor Nirenberg thanked Mr. Farias for his service and welcomed him to the CAC. Vice Chair Gonzalez and Chair Dr. Mackey also welcomed Mr. Farias to the CAC. Trustee Steen informed Mr. Farias that the vote for his approval to serve on the CAC will occur during the vote on the Consent Agenda.

D. Approval of Procurement Items

Two (2) Non-Competitively Sensitive Items and One (1) Competitively Sensitive Item

1. General Services: Electrical Substation Civil Site Work & General Civil Construction
Purchase Category: General Services
Supplier: Allbrite Constructors of Texas, Inc. D/B/A Allbrite Construction
Supplier: Dorazio Enterprises, Inc.
Supplier: E-Z Bel Construction, LLC
Supplier: HJD Capital Electric, Inc.
Supplier: Packet Construction, LLC
Supplier: Paloma Blanca Enterprises, Inc.

2. General Services: Underground Residential Electric Distribution and Electric Terminations
Purchase Category: General Services
Supplier: HJD Capital Electric, Inc.
Supplier: Mears Installation, LLC
Supplier: Zachry Underground & Utility Services, Inc.

3. General Services: Competitively Sensitive Item

*The listed Procurement Item to be attached as Attachment "A"

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IX. COMMITTEE REPORTS

Trustee Steen requested that the Board dispense with a reading of the reports and Trustee Kelley agreed. Chair Dr. Mackey accepted the submission of reports for the record in lieu of having them read during the meeting.

Audit and Finance (A&F) Committee Meeting held on October 14, 2021

A report of the A&F meeting, which took place on October 14, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "B") to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) Meeting held on October 14, 2021

A report of the EBOC meeting, which took place on October 14, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

A&F and EBOC Aligned Risk Sub-Committee Meeting held on October 14, 2021

A report of the A&F and EBOC Aligned Risk Sub-Committee meeting, which took place October 14, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

Master Planning and Oversight Committee (MPOC) Meeting held on October 25, 2021

A report of the MPOC meeting, which took place on October 25, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "E") to the meeting minutes.

X. REAL ESTATE: JONES AVENUE PROPERTY USE

RESOLUTION APPROVING THE CONVEYANCE OF A PORTION OF THE JONES AVENUE PROPERTY TO THE SAN ANTONIO MUSEUM OF ART AND FOR THE SALE OF THE BALANCE OF THE PROPERTY

WHEREAS, CPS Energy owns the property located at 326 West Jones Ave., which is an approximately 6.94-acre tract (the "Jones Avenue Property");

WHEREAS, by resolution dated March 30, 2015, the CPS Energy Board of Trustees declared the Jones Avenue Property surplus and had authorized the conveyance of approximately one-half (1/2) of the Jones Avenue Property, being located along Jones Avenue and having a portion of the Camden Street frontage (the portion of the Jones Avenue Property authorized to be conveyed to the San Antonio Museum of Art ("SAMA")(the "2015 Property"), subject to certain restrictions and conditions;

WHEREAS, pursuant to the March 30, 2015 resolution, CPS Energy and SAMA entered into a conveyance agreement for the future conveyance of the 2015 Property by CPS Energy to SAMA, but the agreement expired by its terms prior to the conveyance of the 2015 Property;

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WHEREAS, CPS Energy now desires to re-engage with SAMA and convey a smaller portion of the 2015 Property to SAMA, such portion being all or a portion of the approximately 1-acre of the 2015 Property generally depicted on the attached Exhibit A (the "2021 Property");

WHEREAS, CPS Energy desires to market for sale the portion of the Jones Avenue Property other than the 2021 Property (such portion of the Jones Avenue Property, the "Remaining Property");

WHEREAS, Chapter 272 of the Local Government Code which governs the sale or exchange of land by a municipality provides in Section 272.001 (k) that notice and bidding requirements do not apply to sales of land owned by a municipality operating a municipally owned electric or gas utility if the land is held by the municipal utility, provided that the governing body of the municipal utility adopts a resolution stating the conditions and circumstances of the sale and the public purpose that will be achieved by the sale;

WHEREAS, the proceeds from the sale of the Remaining Property will generate revenue which can be applied to the operation and development of the CPS Energy Electric and Gas Systems (the "Systems"); and

NOW, THEREFORE, BE IT RESOLVED:

1. The recitals to this Resolution are hereby incorporated by reference.
2. The CPS Energy Board of Trustees finds that the "public purpose" for conveying the 2021 Property is the enhancement for cultural resources in San Antonio and the increased educational and economic development benefits that accrue therefrom, making San Antonio a more attractive community for companies to relocate to and for people to live, including any increase in the CPS Energy customer base resulting therefrom; and the aforementioned increased benefits from the transfer will accrue to San Antonio and CPS Energy and are adequate consideration for the conveyance.
3. The CPS Energy Board of Trustees authorizes, but does not obligate, the President and CEO, or his/her designee(s), to: (i) take, any and all actions necessary or appropriate to identify the exact boundaries of the 2021 Property and the Remaining Property, provided the 2021 Property is all or a portion of the approximately 1-acre generally depicted on the attached Exhibit A; and (ii) to negotiate, execute, and deliver one or more definitive and binding transaction documents which such employee(s) or agent(s) deem necessary or appropriate to convey the 2021 Property to SAMA for its use for museum purposes, on such terms and subject to such restrictions or conditions as they deem appropriate including, without limitation, those deemed appropriate for the conveyance to comply with applicable law, restrictions on the use of the 2021 Property, allocation of environmental responsibility, a prohibition against any liens or encumbrances, and a prohibition against revenue generating activities
4. The CPS Energy Board of Trustees authorizes, but does not obligate, the President and CEO, or his/her designee(s), to take or to direct any employee or agent of CPS Energy to take, any and all actions necessary or appropriate to negotiate, execute and deliver one or more other ancillary documents in connection with the contemplated conveyance to SAMA. The CPS Energy Board of Trustees authorizes CPS Energy staff to take any and all action necessary to carry out and consummate the contemplated conveyance, or otherwise to give effect to the actions authorized

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hereby and the intent hereof or to observe and perform the obligations of CPS Energy and any agreements made in contemplation of the subject conveyance.

5. The CPS Energy Board of Trustees finds that a "public purpose", generating revenue for the operation and development of the Systems, will be achieved by the sale of the Remaining Property and, as such, the transaction is exempt from the notice and bidding requirements of Chapter 272 of the Local Government Code.
6. The CPS Energy Board of Trustees hereby authorizes, but does not obligate, the President and CEO, or his/her designee(s), to determine a final sales price and to take such action as is deemed necessary and appropriate to carry out the purposes and intent of this Resolution and complete the sale of all or a portion of the Remaining Property.

On motion duly made by Trustee Kelley, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the resolution was unanimously approved. Trustee Kelley thanked Chair Dr. Mackey for ensuring that the property transaction with SAMA was accomplished.

XI. FLEXPOWER BUNDLESM UPDATE

Mr. Kevin Pollo, Vice President, Energy Supply & Market Operations, provided an update on our FlexPOWER BundleSM. Our Flexible PathSM is our overarching approach to transform our generation fleet into lower or non-emitting resources. For over twenty (20) years, we have demonstrated significant reductions in our emissions. The FlexPOWER BundleSM is the next step along this journey. Mr. Pollo highlighted our Big Sun Community Solar project, which was a local impact project and the type of opportunity we would like to grow as part of our FlexPOWER BundleSM. Mr. Pollo mentioned that we are coming to the end of the FlexPOWER BundleSM RFP process and indicated that we expect to make an announcement on the full FlexPOWER BundleSM awards by next spring, noting that we will be making an announcement on solar sooner. Although this FlexPOWER BundleSM will be coming to an end, our Flexible PathSM journey will continue.

In addition, Mr. Pollo presented our generation and fuel mix as of 2010 and 2018, and what this might look like in 2040 had we not embarked on our Flexible PathSM a potential scenario of a dramatic increase of renewable penetration into our portfolio. When our nuclear generation is considered along with renewables and flexible generation, we show a potential of almost eighty percent (80%) of our generation fleet being non-emitting.

Mr. Pollo also discussed the aging plants in our portfolio. Almost thirty percent (30%) of our capacity currently comes from plants that are over forty (40) years old. The three (3) oldest units are Braunig 1, 2 and 3. Part of the FlexPOWER BundleSM is the capacity additions that we are making to our portfolio to replace the three (3) Braunig units. In total, we are looking to transform about three thousand megawatts (3,000 MW) of generation.

As we have worked through the FlexPOWER BundleSM process, we have seen many opportunities to optimize the approach to our portfolio. This includes different types of capacity such as solar, energy storage and firming. The FlexPOWER BundleSM process allows us to evaluate projects individually and as part of a bundle so that we can optimize how we will select the projects.

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We have referred to our approach to our FlexPOWER BundleSM as thinking global and applying local. To apply local, we decided to separate our goal of nine hundred megawatts (900 MW) of solar into three (3) categories. The priority solar projects consist of up to two hundred megawatts (200 MW). The other large-scale solar projects consist of up to six hundred and fifty megawatts (650 MW). The remaining fifty megawatts (50 MW) will be local, small-scale solar selections. We recognize that these small projects do not enjoy the economies of scale that larger projects do, but we can strategically site them to relieve overloaded circuits. Another benefit is to add solar to areas of our community where solar presence is not as marked as other areas. A further benefit is to generate power locally, which can shield us and our customers from certain costs associated with the larger grid. Vice Chair Gonzalez requested a follow up meeting to clarify the various company priorities and RFPs related to the FlexPOWER BundleSM.

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Kelley, and seconded by Mayor Ron Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:40 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

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**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON DECEMBER 13, 2021**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of December was held on Monday, December 13, 2021 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 3:35 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. Ed Kelley
Mr. John Steen
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. Frank Almaraz, Chief Power, Sustainability & Business Development Officer
Mr. Paul Barham, Chief Grid Optimization & Resiliency Officer
Ms. Vivian Bouet, Chief Information Officer
Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer
Ms. Lisa Lewis, Chief Administrative 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. Loretta Kerner, Director, Board Relations & Chief of Staff to the CEO.

III. PUBLIC COMMENT

Chair Dr. Mackey announced that public comments would be taken, and Ms. Kerner outlined the guidelines for doing so. The following person made comments:

Mr. Alan Montemayor, Chairman, Alamo Group of the Sierra Club, requested that CPS Energy consider any rate increase from a social justice perspective. In addition, he also stated that the Sierra Club will ask City Council to not approve a change in rates until CPS Energy eliminates coal by 2030. He also asked that CPS Energy consider disconnections for delinquent accounts from a social justice perspective.

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IV. INTERIM CEO'S REPORT

Mr. Rudy Garza highlighted three (3) areas of focus: (1) rebuild customer trust, (2) strengthen customer and stakeholder relations, and (3) improve employee morale. He discussed his efforts in each area to date, highlighting several key activities he has achieved as well as his goals for the next 30, 60, and 90-day period involving the three (3) focus areas.

Trustee Steen acknowledged the positive feedback he has received regarding Mr. Garza. Trustee Steen inquired about executive departure and Mr. Garza responded that employees have left the company for various reasons, including retirement and being sought after by other companies. He stated that we have a great succession plan and acknowledged and added there is work to be done to ensure our compensation strategy remains competitive. He further explained we have had conversations with the credit rating agencies regarding retention and demonstrate our ability to backfill vacancies in accordance with our succession plan. This action has had a positive impact during those conversations.

Vice Chair Gonzalez stated that Mr. Garza serving as Interim President & CEO was a result of a succession plan. She further stated that Mr. Garza is working with the Board Personnel Committee and People and Culture team to address employee retention.

Mayor Nirenberg stated customer trust requires good reliable service. He stated that we have thousands of employees that deserve credit for working at CPS Energy. We have service-minded employees that take on the mission to serve the public and he thanked the employees for their service. Mr. Garza shared that City Council told him that to request a rate increase, we must rebuild customer trust. However, it is difficult to rebuild customer trust if service levels decline. The most critical component to build customer trust is to ensure customers receive the service they need from us.

Trustee Kelley stated the incoming President & CEO, should examine the operational environment, including the financial condition of the company. He also stated that we have surveyed our customers more than any other company where he has worked. He advised that we should focus on identifying and meeting key customer demands. In addition, he would like for us to focus on the financial and operational challenges we are facing. Mr. Garza responded that the proposed rate increase is to address our financial challenges. From an operational perspective, customers have asked us to prepare for the upcoming winter season. We have prepared our plants and improved our load shed plans.

Chair Dr. Mackey asked that Mr. Garza continue to focus on the three areas of focus including the financial and operational challenges facing the company. He also recognized Mr. Garza for the good work done with City Council and County Commissioners' Court.

Mr. Garza recognized Mr. Paolo Solorzano, P.E., Plant Engineer at the Braunig Power Station. Mr. Garza served as a mentor to Mr. Solorzano, and wanted to recognize Mr. Solorzano's efforts in leading the AvR combustion turbine 1 restoration project. This turbine experienced an unplanned outage. Utilizing his plant experience and project management expertise, Mr. Solorzano was able to effectively lead the repair effort and return the unit to operation four (4) weeks ahead of schedule. Mr. Solorzano's positive attitude, ability to manage multiple work activities and attention to detail contribute to his success as a valuable member of our team.

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

Mr. Solorzano thanked the Board for the recognition and stated that he is one of many power generation and plant employees that could be recognized today. He appreciates how the team works together in a collaborative, efficient and safe way. We have a great team that realizes the critical and essential nature of the service we provide to our community.

Chair Dr. Mackey asked what we learned last winter and what we have done to alleviate it from happening again. Mr. Solorzano responded that there is always room for improvement and have a detailed list of lessons learned.

Trustee Steen asked Mr. Solorzano what drew him to work at CPS Energy. Mr. Solorzano responded that he was an intern at CPS Energy, had a favorable experience at the Spruce Power Plant and decided that CPS Energy would be a good place to work. Trustee Steen also asked Mr. Solorzano what he believes to be the biggest challenge at the company. Mr. Solorzano responded that the biggest challenge is losing valuable knowledge from people ready to retire and attracting new people with experience to help bolster the knowledge base of the company.

Mayor Nirenberg thanked Mr. Solorzano for sharing his story and for his service to CPS Energy. He also stated that he is the kind of person we should be developing at the company.

V. RESOLUTION FOR POLICY REVIEW

Chair Dr. Mackey requested the review of certain policy, practices and guidelines and asked Ms. Ramirez to review the policies and suggest changes to improve as stated in the proposed resolution, which was read aloud:

Resolution for Policy Review

WHEREAS, the CPS Energy Board of Trustees has become aware of recent media reports regarding the use of company purchasing cards by former top CPS executives in a manner that may be damaging to public trust in CPS Energy;

WHEREAS, the CPS Energy Board of Trustees believes that maintaining public trust is vital for any entity entrusted with ratepayer funding;

WHEREAS, the CPS Energy Board of Trustees seeks to better understand and to improve upon CPS Energy's existing ethics, expense, and meals policies and procedures and the enforcement thereof;

BE IT RESOLVED by the CPS Energy Board of Trustees that the General Counsel Office of CPS Energy shall conduct a review of all applicable ethics, expense, and meals policies and procedures and provide a report to the CPS Energy Board of Trustees of the results of the review and recommended actions for strengthening CPS Energy's ethics, expense, and meals policies and procedures and the enforcement thereof.

On a motion duly made by Vice Chair Gonzalez, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the resolution was unanimously approved. In accordance with the resolution, Ms. Ramirez will present a report to the Board by the next regular Board meeting.

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

VI. RATE INCREASE

Chair Dr. Mackey acknowledged that City staff has given positive feedback regarding the work Mr. Kuchinsky and his team have done on the proposed rate increase.

Mr. Kuchinsky provided an update on the company's latest discussions with City staff and City Council. During the last two (2) weeks, the company's leadership team attended two (2) B Session meetings at City Council on December 1, 2021, and on December 8, 2021. Both CPS Energy and City staff addressed the revised approach to the proposed rate request, which focuses on the immediate financial pressures. It enables financial and staffing stabilization, and supports the immediate infrastructure investments that are required. In addition, the revised approach allows the Board, the Rate Advisory Committee (RAC), and our community time to consider the complex policy issues of generation planning, rate design and equity. Going forward, we intend to take an incremental and more frequent approach for rate requests.

Mr. Kuchinsky stated that the proposed base rate increase of 3.85% will generate approximately \$73M annually and have a bill impact of \$3.84 for an average residential customer. This proposal also includes an offset to the base rate for customers that qualify for the Affordability Discount Program (ADP). In addition, we are proposing an increase to the ADP by an additional fourteen thousand (14,000) customers for a total of sixty-five thousand (65,000) customers. This will result in a \$16.84 per month, or approximately \$200 annual benefit, for customers who qualify for the program. City Council approved \$20M of American Rescue Plan Act (ARPA) funding that can be applied to qualified customers. Lastly, Mr. Kuchinsky discussed that the proposed regulatory asset will be established for up to \$1B, made up of paid amounts related to Winter Storm Uri fuel and related costs, estimates as \$418M to date. These costs will be collected after over twenty-five (25) years, resulting in an estimated \$1.26 per month bill impact for an average residential customer. We recommend the proposed base rate increase and regulatory asset to become effective March 1 of next year (2022). For customers not on the ADP, there will be a \$5.10 bill impact for an average residential electric and gas customer.

There will be a Public Input Session tonight, December 13, 2021. Tomorrow, we will attend a City Council B Session meeting and host a Tele-Town Hall online for the broader community. On January 10, 2022, we plan to formally present our recommendation to the Board for approval at a Special Board Meeting. Members of the RAC and Citizens Advisory Committee (CAC) will also attend that meeting to share their perspective on the rate request. If approved, the Board Resolutions on the rate request and regulatory asset will be submitted to City Council for approval on January 13, 2022.

Chair Dr. Mackey expressed appreciation to the full explanation of the request. Chair Dr. Mackey also thanked the Mayor and City Council for approving the \$20M in ARPA funding that will assist our customers.

Trustee Steen complimented Mr. Garza and Mr. Kuchinsky for their communication to the community and media on the proposal. Trustee Steen noted that the rate increase does not recover the unpaid customers balances accrued during the pandemic and asked for that amount. Mr. Kuchinsky responded that it is approximately \$130M. The \$20M in ARPA funding will provide CPS Energy with near-term liquidity and assisting qualified customers. CPS Energy will resume its process of collection and will monitor its progress for the next twenty-four (24) months. We anticipate that once this process resumes, we may receive up to fifty percent (50%) of the amounts owed. If we do not collect what we anticipate, we will have to incorporate

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at the January 31, 2022 meeting

the remaining amount into our next rate request. Trustee Steen stated that the rate increase is to address immediate financial need and he believes this debt is an immediate financial need.

Trustee Kelley expressed his concern regarding the City involvement in the rate request process and the influence of politics in setting the increase amount. In his opinion, we are transitioning to a City department and this will result in credit downgrades. Trustee Kelley emphasized that we were established as a business and need to run as a business.

Mayor Nirenberg stated that we became a community asset the day we were bought by the City of San Antonio. The Mayor asked for Mr. Garza and Mr. Kuchinsky to explain the process on how we arrived at the 3.85% rate request. Mr. Garza stated that the team worked every day for three (3) weeks on the rate model. We will continue to plan on a ten (10) year basis to ensure we have the assets and the strategic plans to operate and serve our community but there are decisions the Board needs to make regarding the future of our generation assets and rate structure. We decided to stabilize our current need knowing that we will return every couple of years. It was not a number directed by the City. Mr. Kuchinsky added that this process is about communication and partnership. We discussed the key elements in our rate request and debated the things that can wait a couple of years with the City for policy considerations by the Board and RAC.

Trustee Steen asked Mr. Kuchinsky if his biggest concern is the debt to capitalization metric. Mr. Kuchinsky answered yes because our current metric is above our 60% threshold. We plan to lower the metric over the course of the next 5 or 6 years back to 60%. In our conversations with both the City and the Credit Rating Agencies, they are focused on where we project our number to be in the future.

Trustee Steen raised concerns regarding rising interest rates and the fact that our ultimate rate increase request was much lower than originally estimated.

Vice Chair Gonzalez noted the improved alignment she observed with the expectations of the City and County. She further stated Uri highlighted areas that needed attention, noted the opportunity to determine what we want CPS Energy to look like in the future as one of the fastest growing cities in the nation. She emphasized the need to focus the same level of reliability and resiliency to all customers.

VII. WINTER PREPAREDNESS PROGRESS REPORT

Mr. Barham provided an update on the status of our work on the City's Committee on Emergency Preparedness (CEP) recommendations. Most of the items are complete. Of the 37 recommendations, we have submitted 14 of the items as complete to the Municipal Utilities Committee (MUC). A total of 22 of the items are in our final documentation and review process and one (1) is slightly delayed. We expect to submit most of these items to the MUC this week and one (1) possibly next week. We will be wrapping up all of these items by the end of this year (2021). In addition, we will be issuing a revised communication plan this month. Our communications team has been working very closely with SAWS and the City to develop a joint emergency preparedness program that will roll out in January 2022.

Mr. Barham spoke briefly about the winter preparedness. Chair Dr. Mackey complimented the third-party validations of improvements and increased natural gas storage. He reminded the Board that we are part of a larger grid. The Electric Reliability Council of Texas (ERCOT) has a roadmap to improve grid reliability that consists of a 60-point action plan. All our power plants and transmission systems are fully

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

prepared in accordance with Public Utility Commission (PUC) and ERCOT requirements. Some of our power plants inspected by ERCOT to ensure that they are prepared for winter. This week, we will have our transmission systems inspected. In addition, the Federal Energy Regulatory Commission (FERC) issued its final report showing the winter storm with 28 formal recommendations. We expect the PUC to issue its final roadmap on the market redesign process. Throughout the next year, we will be engaged in meeting these market redesign requirements and continue to inform the Board and other stakeholders on the status of our activities.

Trustee Steen complimented the Consolidating Action Items and confirmed our plan is to complete the listed items by the end of the calendar year. He asked for clarification on the status of pending versus in progress. Trustee Steen noted we have only completed 40% of the action plan items and confirmed the remaining 60% of items will be completed by the end of the year.

Trustee Steen complimented Mr. Barham's effort and overall contributions to CPS Energy.

Chair Dr. Mackey for additional load shed improvement details. Mr. Barham explained we have increased the number of circuits available for firm load shed by 33% and updated our load shed process to accommodate load sheds larger than Uri. Mr. Garza noted that by increasing the number of circuits subject to load shed, a greater number of customers will be impacted but their experiences should be more consistent.

Mayor Nirenberg noted that ERCOT has guaranteed that the lights will not go out but there are many utilities across the state that are scrambling to meet winter preparedness goals. CPS Energy is doing everything we can but we require ERCOT to be accountable.

VIII. EXECUTIVE SESSION

With the consent of the Board, Chair Dr. Mackey announced that Executive Session items will be deferred.

IX. APPROVAL OF CONSENT ITEMS

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

Approval of Minutes

Minutes of the Regular Board Meeting held on October 25, 2021, were approved as presented.

Approval of Payment to the City of San Antonio for November 2021

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 November 2021 is based on actual gross revenue per the New Series Bond Ordinance of

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at the January 31, 2022 meeting

\$180,773,903.40, less applicable exclusions. The revenue for the month of November 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$171,606,340.62
Gas revenue	19,962,213.11
Interest and other income	1,593,860.33
Gross revenue per CPS Energy financial statements	<u>193,162,414.06</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,632,521.14)
LVG revenue per City Ordinance 100709	(61,587.84)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(13,607,514.98)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	8,913,113.30
Total excluded revenue	<u>(12,388,510.66)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$180,773,903.40</u>
City payment per Bond Ordinance for November 2021 based upon November 2021 revenue	\$25,308,346.48
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	624,795.59
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	25,920,642.07 A
Utility services provided to the City for November 2021	<u>(2,680,110.67)</u>
Net amount to be paid from November 2021 revenue to the City in December 2021	<u>\$23,240,531.40</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)

November 2021	Actual	Budget	Variance	
Current Month* A	\$25,921	\$25,003	\$918	3.7%
Year-to-Date*	\$298,245	\$302,262	(\$4,017)	-1.3%

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

Approval of the following resolution is requested:

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

"**BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$23,240,531.40 representing 14% of applicable system gross revenues for the month of November 2021, such payment being net of City utility services (\$2,680,110.67), is hereby approved."

Flexible Rate Revolving Note (FRRN) Renewal

Mr. Kuchinsky explained that this is a short-term liquidity instrument that requires annual renewal. We have had this program in place since 2008. It is a 20-year program that City Council approved, however, the liquidity component requires annual renewal. \$100M of the \$418M that we have paid for Uri costs is caused on this note. The instrument expires at the end of February 2022. We are asking the Board to renew the liquidity approval so that we can carry it for another 12 months.

Trustee Kelley asked for clarification on the changes of certain fees and the net impact on pricing. Mr. Kuchinsky confirmed the net benefit to CPS Energy. Trustee Kelley requested clarification on the percentage of fixed capital given inflation concerns.

Procurement Item

Mr. Almaraz explained this is a 3-year service agreement for turbine overhaul support for our combustion turbine aeroderivative units with 2 companies, TransCanda Turbine, Inc. and GE Packaged Power, LLC. Work will be assigned to each company based upon a scope of work for services that need to be done.

Trustee Steen complimented Mr. Almaraz's efforts and overall contribution to CPS Energy.

Chair Dr. Mackey asked Mr. Almaraz what he sees positive about our winter preparedness and what the Board can do to help. Mr. Almaraz responded that the Board has done a good job of pushing the company to think broadly. He also stated that we have completed our weatherization plan and planned maintenance outage will conclude this week. Chair Dr. Mackey expressed his gratitude for the hard work of our employees and by Mr. Almaraz, Mr. Barham, and Mr. Garza in preparing our plants for the winter.

X. COMMITTEE REPORTS

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

Operations Oversight Committee (OOC) Meeting held on November 8, 2021

A report of the OOC meeting, which took place on November 8, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "B") to the meeting minutes.

Operations Oversight Committee (OOC) Aligned Risk Sub-Committee Meeting held on November 8, 2021

A report of the OOC Aligned Risk Sub-Committee meeting, which took place on November 8, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

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

Master Planning and Oversight Committee (MPOC) Meeting held on November 15, 2021

A report of the MPOC meeting, which took place on November 15, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “D”) to the meeting minutes.

CEO Search Committee Meeting held on November 11, 2021

A report of the CEO Search Committee meeting, which took place on November 11, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “E”) to the meeting minutes.

CEO Search Committee Meeting held on November 29, 2021

A report of the CEO Search Committee meeting, which took place on November 29, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “F”) to the meeting minutes.

XI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Kelley, and seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:26 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting January 31, 2022

Approval of Payment to the City of San Antonio for December 2021

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 December 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$176,537,966.73, less applicable exclusions. The revenue for the month of December 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$172,501,504.17
Gas revenue	23,137,479.83
Interest and other income	5,312,419.03
Gross revenue per CPS Energy financial statements	<u>200,951,403.03</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,619,919.67)
LVG revenue per City Ordinance 100709	(135,737.61)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(16,271,274.94)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(1,386,504.08)</u>
Total excluded revenue	<u>(24,413,436.30)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$176,537,966.73</u>
City payment per Bond Ordinance for December 2021 based upon December 2021 revenue	\$24,715,315.34
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	606,787.41
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	25,309,602.75 A
Utility services provided to the City for December 2021	<u>(2,548,466.69)</u>
Net amount to be paid from December 2021 revenue to the City in January 2022	<u><u>\$22,761,136.06</u></u>

CPS Energy Board of Trustees Meeting January 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)

December 2021	Actual	Budget	Variance	
Current Month* A	\$25,310	\$26,692	(\$1,382)	-5.2%
Year-to-Date*	\$323,555**	\$328,954	(\$5,399)**	-1.6%

* 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 \$22,761,136.06 representing 14% of applicable system gross revenues for the month of December 2021, such payment being net of City utility services (\$2,548,466.69), is hereby approved."



MONTHLY FINANCIAL UPDATE & FY2023 BUDGET

PRESENTED BY:

**Cory Kuchinsky, CPA
CFO & Treasurer**

January 31, 2022

Approval Requested



DISCLAIMER



We continue to work through the unprecedented global, national, state, & local implications of COVID-19 & the Winter Storm Uri. Our current financial projections were prepared in-light of COVID-19 & the Winter Storm Uri for preliminary informational discussion purposes only. Due to the Winter Storm Uri & the changing COVID-19 environment, these financial projections are preliminary & subject to change at any time in the future. Please be assured that we worked hard to thoroughly think through our financial analysis. This said, since there is tremendous uncertainty across the current economic & financial landscapes, the actual results for this fiscal year could be lower, comparable, or higher than what we are projecting at this time.

AGENDA



- **FY2022 MONTHLY FINANCIAL UPDATE**
- **FY2023 BUDGET PROPOSAL & REQUEST FOR APPROVAL**

FY2022 key metrics are forecasted within thresholds & our FY2023 Budget Proposal is consistent with our recently reviewed & approved rate request.

FY2022 MONTHLY FINANCIAL UPDATE

NET INCOME

(11 months actuals/1 forecast)



Description	FY2022		
	Budget	Forecast	Variance: Favorable (Unfavorable)
Revenue available for nonfuel expenses			
Electric	\$ 2,493.2	\$ 2,517.3	\$ 24.1
Gas	206.3	198.1	(8.2)
Total operating revenue	2,699.5	2,715.4	15.9
Less:			
Electric fuel, distribution gas & regulatory	1,023.5	1,090.2	(66.7)
Payments to the City of San Antonio	360.3	351.6	8.7
Net operating revenue	1,315.7	1,273.6	(42.1)
Nonoperating revenue	35.9	37.3	1.4
Total net revenue available for nonfuel expenses	1,351.6	1,310.9	(40.7)
Nonfuel expenses			
Operation & maintenance	687.5	650.0	37.5
Depreciation, amortization & decommissioning	476.0	463.8	12.2
Interest & debt-related	222.5	206.1	16.4
Total nonfuel expenses	1,386.0	1,319.9	66.1
Net Income (Loss)	\$ (34.4)	\$ (9.0)	\$ 25.4

Rate Increase:

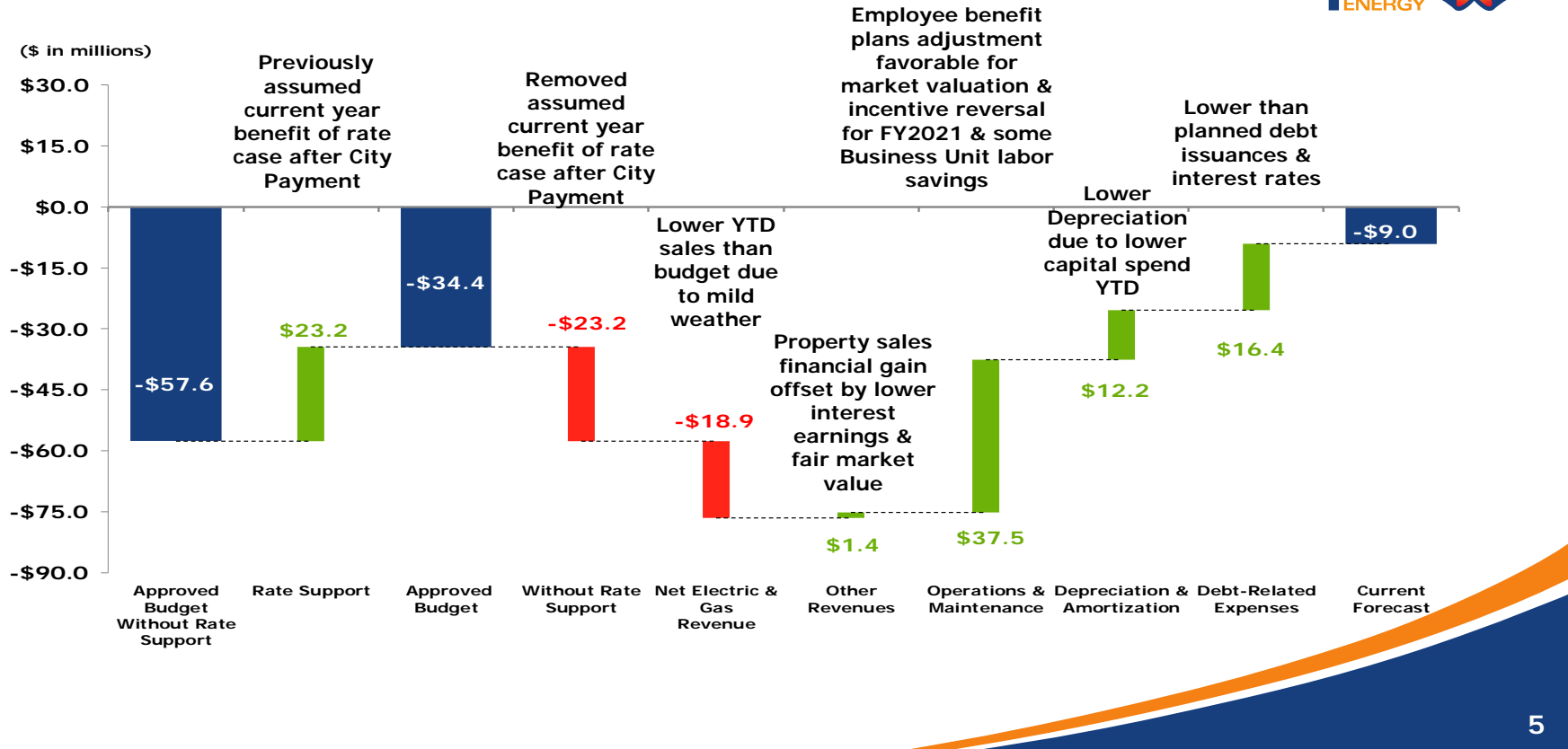
Includes a rate increase effective next year, FY2023, no current year benefit assumed.

Assumptions:

- **Operating Revenue**
 - Electric Billed Sales estimated to be 1.6% lower than budget.
 - Gas billed sales estimated to end the year at 7.3% lower than budget due to anticipated milder weather.
 - No ARPA Funds in FY2022; \$20M expected in FY2023.
 - Property Sales: Gains of \$9.9M (Main Office, Lot 2 & Tower Life Garage).
- **Interest & debt-related**
 - Lower than planned debt issuances & interest rates.
- **O&M**
 - Employee benefit plans adjustment due to favorable market valuation.
 - Incentive reversal for FY2021 & some Business Unit labor savings.
- **Depreciation**
 - Lower due to capital spend.

FY2022 MONTHLY FINANCIAL UPDATE

NET INCOME DRIVERS



FY2022 MONTHLY FINANCIAL UPDATE

KEY FINANCIAL METRICS



Metric	FY2021 Actuals	FY2022 Budget	Accountability Plans Threshold	Latest Estimate(LE) Forecast
Adjusted Debt Service Coverage (ADSC)	1.59	1.57	1.50	1.63
Days Cash on Hand (DCOH)	209	181	150	171
Debt Capitalization (DC)	60.5%	65.1%	65.1%	61.9%

A FY2022 Net Loss is anticipated, but the key metrics are forecasted within thresholds & trending up with the rate increase approved for FY2023.

PREVIOUSLY APPROVED BASE RATE INCREASE & REGULATORY ASSET



Received approval of the 3.85% base rate increase.



Received approval to:

- *Create a regulatory asset of up to \$1.005B*
- *Pass through \$418M in costs starting March 1, 2022*

Our FY2023 Budget contains the same financial outlook & proposed O&M & Capital levels reviewed in detail during the rate request process.

GOVERNANCE & BUDGET APPROVAL

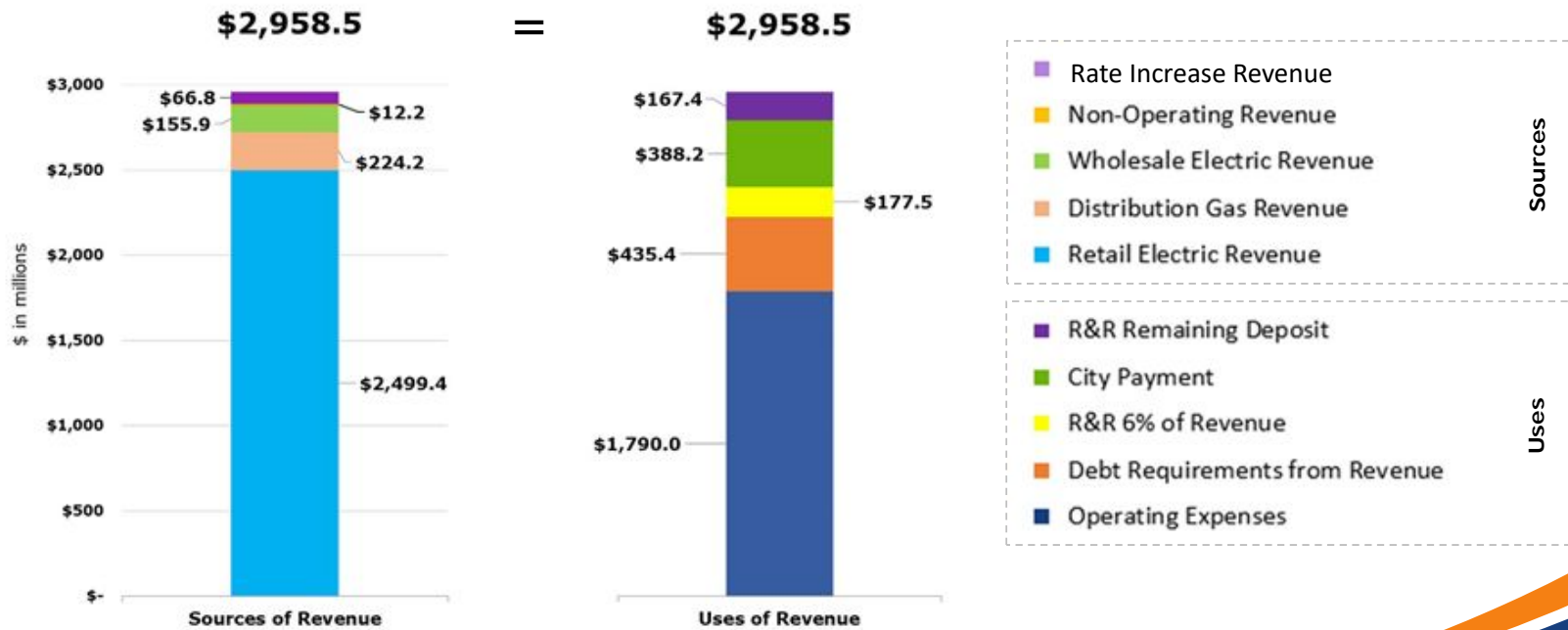


BUDGET COMPONENT	GOVERNANCE	APPROVAL
RATE SUPPORT	Requests approved by you & Council	Approved Jan 13, 2022
FUEL PURCHASES	Governed by Procurement policy with material fuel purchases approved by you	✓
DEBT ISSUANCE	Bond Issuances approved by you & Council	✓
R&R ADDITIONS	Governed by Bond Ordinance	✓
CITY PAYMENT	Approved Monthly by you	✓
NON-FUEL O&M	Approved Annually by you	Requested Today
CAPITAL	Approved Annually by you	Requested Today

To execute on our FY2023 O&M & Capital Budget, your approval will be requested.



PROJECTED FY2023 REVENUE REQUIREMENTS

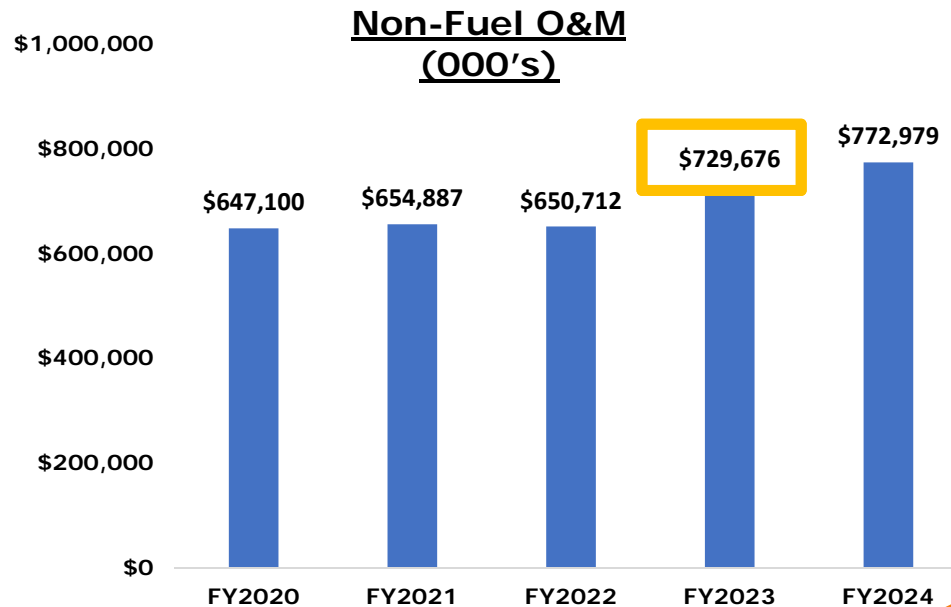


With the approved rate request, our revenue will equal our costs.

NON-FUEL O&M



- Our O&M budget remains consistent with our recently approved rate request.
- Increasing O&M is driven by investments to make infrastructure more resilient (i.e., prepare for extreme weather), technology assessments & stabilizing staffing levels.



* FY2022 based on 8 Months Actual & 4 Months Estimate

NON-FUEL O&M EXPENSES

FY2023 BUDGET \$729.7M

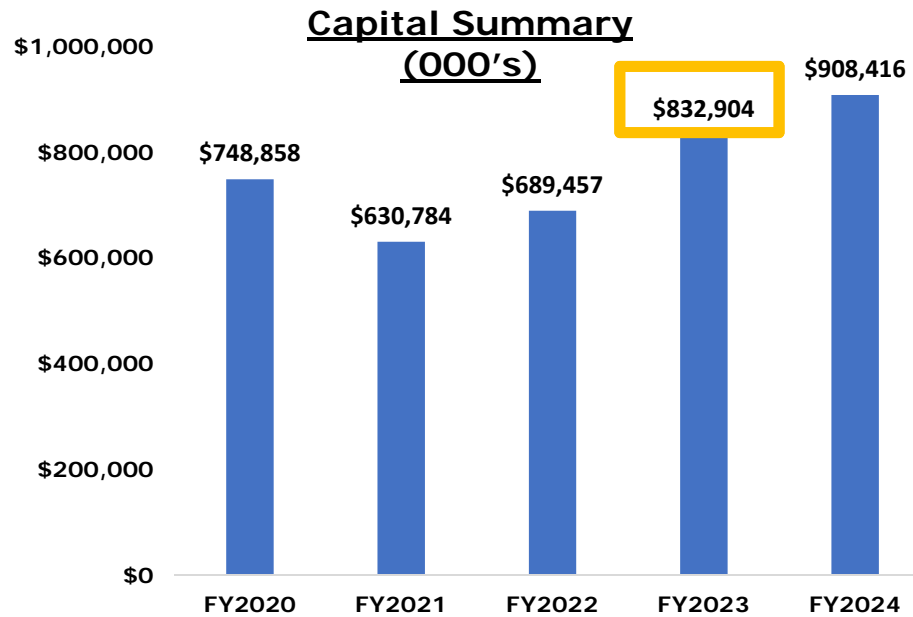


\$328.7M	Labor Wages, Salaries & Benefits
\$219.9M	Power Sustainability & Resiliency Generation fleet overhauls & seasonal readiness maintenance to maximize plant availability & minimize downtime
\$62.4M	Electric & Gas Infrastructure Reliability Electric & gas distribution & transmission infrastructure maintenance, work to minimize quantity & duration of customer outages
\$75.9M	Technology Maintain & assess current enterprise technology systems & design future state of technology platforms
\$42.8M	Customer & Community Engagement & Shared Services Investment in programs that promote engagement with customer & stakeholders - Key business areas critical to core operations including Financial Services, Legal, Administration, Integrated Security

CAPITAL PLAN



- Our Capital budget remains consistent with our recently approved rate request.
- We are including dollars for projects associated with Infrastructure Resiliency, Technology & Growth.



* FY2022 based on 8 Months Actual & 4 Months Estimate

CAPITAL PLAN

FY2023 BUDGET \$832.9M



\$302.7M	Infrastructure Modernization Includes upgrades at existing power plants, grid reliability enhancements & technological improvements
\$242.9M	Customer Growth Primarily upgrading & extending service to new customers
\$163.1M	System Growth Primarily gas & electric transmission & distribution system investments
\$86.3M	Environmental/Legislative/Reg & Special Projects Primarily projects to address CEP recommendation & to comply with existing or new regulations
\$37.9M	Civic Improvements Required infrastructure changes to support City, State & Federal capital projects

FINANCING PLAN

FUNDING ALLOCATIONS



	<i>Current LE</i>	<i>Forecast</i>				
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Debt Funding	65.02%	36.57%	54.80%	39.82%	45.24%	50.81%
Cash Funding	34.98%	63.43%	45.20%	60.18%	54.76%	49.19%

FY2022 required more debt funding. For FY2023 & into the future, we will be back to maintaining an even ~50/50 funding mix for our capital program.

FY2023 BUDGET PROPOSAL

METRICS SUMMARY



	<u>Threshold</u>	<i>Current LE</i>	<i>Forecast</i>		<u>Subsequent Trend</u>
		<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	
Debt Service Coverage Ratio	1.50	1.63	1.79	1.67	↑
Debt Capitalization Ratio	<60%	61.86%	61.66%	62.28%	↓
Days Cash On Hand	150	171	170	170	Flat
Net Income	>\$0	-\$9.0M	\$77.2 M	\$17.8M	↑

The approved rate increase included in the FY2023 Budget ensures our financial health continues.

REQUEST FOR APPROVAL



Requesting Your Approval of Capital & Non-Fuel O&M Budget for FY2023

The **FY2023** proposed budget will fund investments that will benefit our community & meet our commitments, including:

- Funding & plan expense for employee benefit obligations
- Addressing immediate needs for **Infrastructure Resiliency & Technology**
- Meeting the customer **Growth** of our community
- Investing in **People** as the labor market & the needs of our customers evolve

	Budget
(\$ in millions)	FY2023
Capital	\$832.9
Non-Fuel O&M	\$729.7

IN CLOSING



- We will keep you informed through our Monthly Financial Update reports
- We will monitor issues that may impact the FY2023 Budget execution:
 - Inflation, interest rates, supply chain challenges
 - Disputed fuel costs from Winter Storm Uri
 - Past due customer balances resulting from the pandemic
 - Electric & Gas sales growth & demand trends
- We look forward to reporting on the progress of those commitments made to you, CoSA & our Community during the rate request process:
 - Generation Planning
 - Rate Design
 - External Reviews
 - Credit Rating Engagements
- **We recognize the importance of transparency & public engagement**



Thank You





SCENIC LOOP CERTIFICATE OF CONVENIENCE & NECESSITY (CCN)

PRESENTED BY:

LeeRoy Perez

Senior Director, Substation & Transmission

January 31, 2022

Approval Requested



AGENDA

SCENIC LOOP CCN APPLICATION



- NEW PUBLIC UTILITY COMMISSION OF TEXAS (PUC) REQUIREMENT FOR US
- PROJECT SUMMARY
- PUBLIC INVOLVEMENT
- PUC PROCESS
- PUC DECISION SUMMARY
- APPROVAL REQUEST

We are requesting your approval to proceed with the project by means of a Resolution.

NEW PUC REQUIREMENT

SENATE BILL 776 (2015)



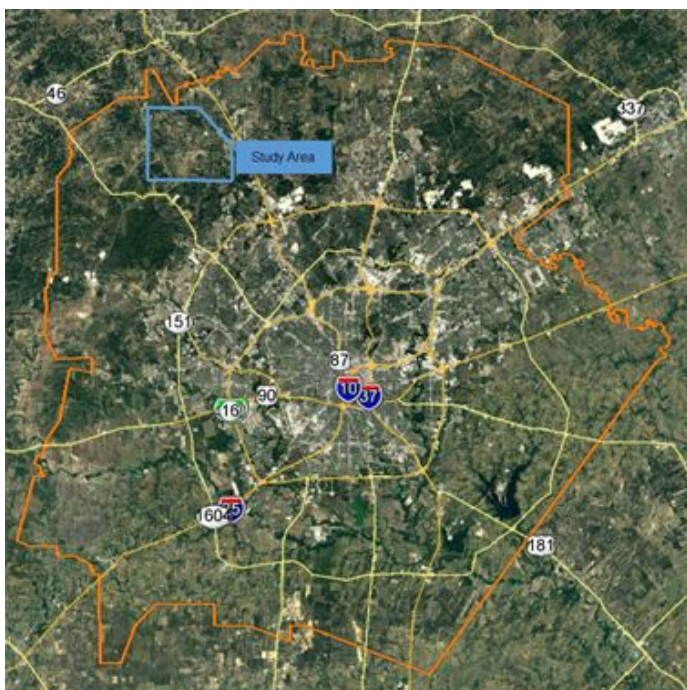
- Beginning September 1, 2021, PUC approval is required for the construction of municipally owned transmission line facilities located outside of the City of San Antonio (CoSA) boundaries.
- PUC Commissioners must approve the project need & transmission line route, & they have approved both for this project.

The PUC approves the project need & routing; our Board approves the project to proceed with the PUC's decision.

SCENIC LOOP SUBSTATION



PROJECT NEED

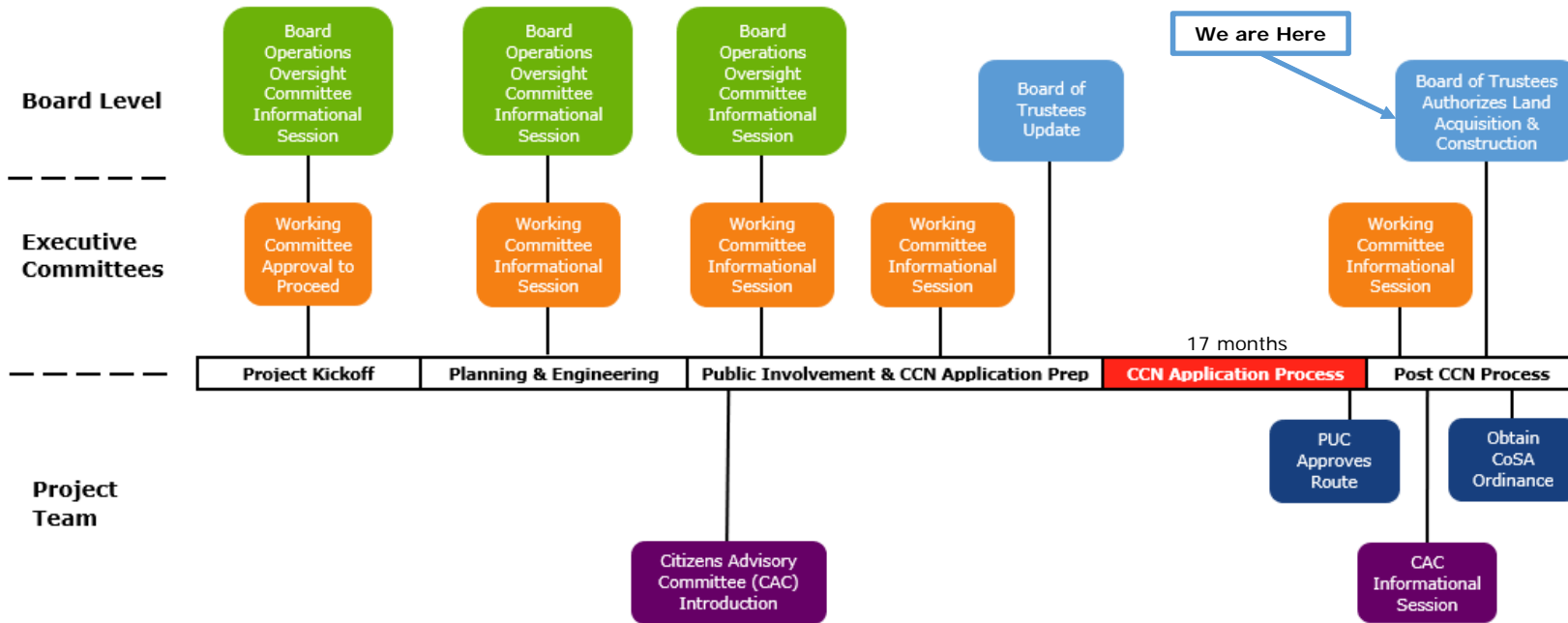


Scenic Loop Study Area

- Improve reliability by expanding electric capacity in the northwest area of Bexar County with a new substation
- Strengthen distribution line reliability
- ~4.5 miles of transmission line
- Project is located outside the San Antonio city boundary
- Targeted in-service date of June 2024

The population of Bexar County is projected to grow by more than 1.1 million people by 2040.

SCENIC LOOP PROCESS



A Board resolution to begin land acquisition & construction is being requested today.

REGULATORY AUTHORITY



PUC APPLICATION PROCESS

- Application filing
- Intervenors identified
- Discovery
- Route adequacy hearing (if necessary)
- Direct testimony
 - Project need
 - Engineering design/cost
 - Routing
 - Regulatory compliance/notice
- Other testimony (Intervenors, PUC Staff, Our rebuttal)
- Hearing on the merits
- Proposal for decision
- PUC consideration
- **Final Order**



PUC Decision Summary

DECEMBER 16, 2021



- During the Open Meeting held on December 16, 2021, the PUC Commissioners unanimously approved the need for the project & approved Route Z2 for the new transmission line connecting to proposed Substation Site 7.
- The Final Order was issued on January 12, 2022 & considered many factors, including:
 - Adequacy of existing service & need for the project,
 - Alternative routes, community values, impact to residences, visual impact & aesthetics, impact to schools, prudent avoidance, recreational & park areas,
 - The views of the Texas Parks & Wildlife Department,
 - Environmental integrity, historical & cultural values,
 - Engineering constraints, comparisons of land uses & land types,
 - Paralleling compatible rights-of-way & property boundaries, costs, &
 - Alternative route accommodations due to landowner preference.



PUC APPROVED ROUTE

ROUTE Z2 / SUBSTATION SITE 7



- 32 habitable structures within 300 feet
- Shortest route at 4.5 miles
- Lowest cost of 33 alternative routes at \$37.6M
- 71% parallels existing roads & property lines

LEGEND

- Approved T-line Route Z2 to Site 7
- Existing Ranchtown to Menger Creek T-Line

REQUEST FOR APPROVAL



Project team requests Board approval to:

- Proceed with land acquisition & construction of the transmission line & substation.
 - Request City Council for an Ordinance for Eminent Domain & exercise authority only as necessary.





Thank You





Appendix

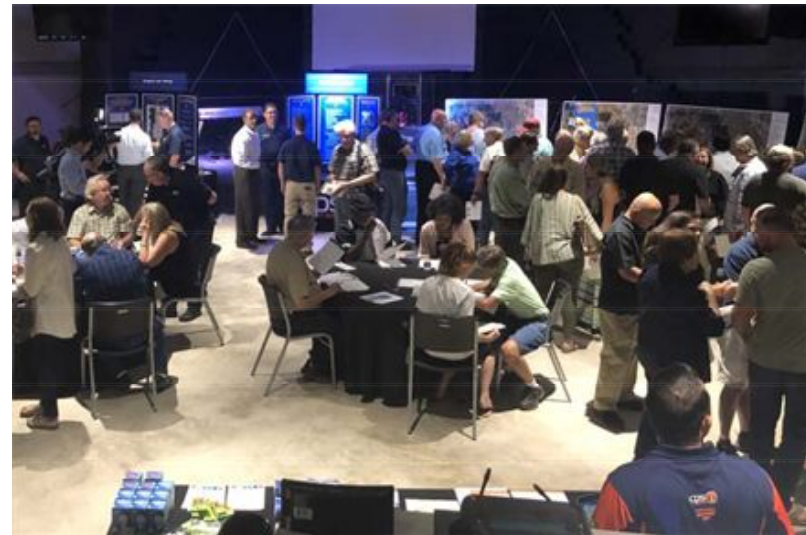


SCENIC LOOP PROJECT

INITIAL PUBLIC INVOLVEMENT



- Informed landowners of proposed Scenic Loop project
- Educated the public on PUC process
- Obtained customer feedback
 - 186 questionnaires received to date
 - New alternative substation locations identified based on landowner input
- Engaged with numerous public contacts following the open house



Scenic Loop Open House - public information booths

The project team held an open house on October 3, 2019.

A RESOLUTION

APPROVING THE CONSTRUCTION OF THE SCENIC LOOP SUBSTATION AND TRANSMISSION PROJECT AND THE ACQUISITION OF EASEMENT RIGHTS, FEE SIMPLE TITLE AND PROPERTY EXCHANGES OVER AND ACROSS CERTAIN PROPERTIES LOCATED IN NORTHWEST BEXAR COUNTY, TEXAS, EITHER BY PURCHASE THROUGH NEGOTIATIONS OR BY THE PROCESS OF EMINENT DOMAIN, FOR EXPANSION AND OPERATION OF THE CITY OF SAN ANTONIO ELECTRIC SYSTEM, INCLUDING THE CONSTRUCTION, OPERATION AND MAINTENANCE OF A SUBSTATION, ELECTRIC TRANSMISSION LINES, DISTRIBUTION LINES, COMMUNICATION SYSTEMS, AND RELATED APPURTENANCES.

WHEREAS, the Public Utility Commission of Texas ("PUC") has affirmed the need for a new substation to satisfy the power needs and to enhance reliability of the CPS Energy electric system within northwest Bexar County, Texas (the "Scenic Loop Substation and Transmission Project");

WHEREAS, the Scenic Loop Substation and Transmission Project has a projected in-service date by June 2024;

WHEREAS, CPS Energy, using staff resources and a team of engineering, environmental, and other professionals (the "Project Team"), has followed the PUC's Routing/Siting Process to have the PUC select the transmission route that should be constructed on this project in Docket No. 51023 before the PUC;

WHEREAS, in accordance with the PUC's Routing/Siting Process, CPS Energy staff held an open house meeting and solicited public input, submitted geographically diverse routes to the PUC for consideration, notified all Affected Landowners, filed testimony on the need, constructability, environmental impact, and completeness of project, participated in hearings on the adequacy and merits of the routes, and provided input on this project to the PUC Commissioners at commission open meetings.

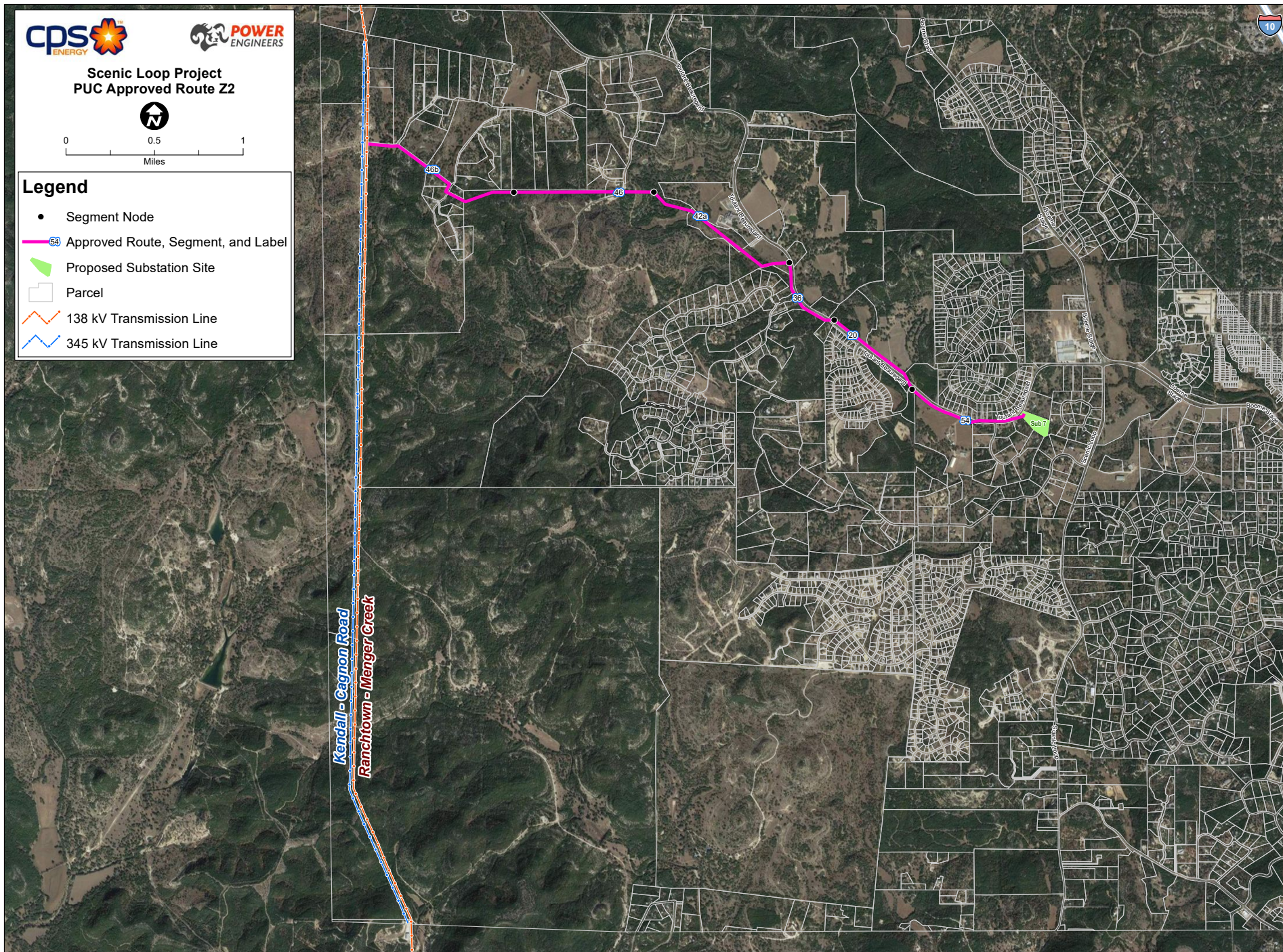
WHEREAS, at the close of the PUC process in Docket No. 51023, for the project the PUC Commissioners unanimously selected Route Z2 to substation site 7 located on Toutant Beauregard Road approximately one-half mile west of the intersection of Scenic Loop Road and Toutant Beauregard Road as shown on the Project Site Map attached as Exhibit "A" to this Resolution (the "Project Site Map");

WHEREAS the Board adopts the PUC's selected Route Z2 to substation site 7 to be constructed on this Project.

WHEREAS, the Board approves of the construction the overall Scenic Loop Substation and Transmission Project and associated electric transmission and distribution lines, substation, communication systems and related appurtenances and the acquisition of easement rights, fee simple title and property exchanges over and across properties in northwest Bexar County, Texas, along the selected route of the electric transmission line, any required distribution lines and the substation site, for the construction, operation and maintenance of the City of San Antonio Electric System, including the construction, operation and maintenance of the Scenic Loop Substation and Transmission Project, either by purchase through negotiations, or by the process of eminent domain approved by the San Antonio City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY PUBLIC SERVICE BOARD OF TRUSTEES that:

1. The recitals to this Resolution are hereby incorporated for all purposes.
2. The Board adopts the PUC's selection of Route Z2 to substation site 7 to be constructed.
3. The Board hereby approves the CPS Energy Scenic Loop Substation and Transmission Project to be constructed as generally depicted on the Project Site Map attached to this Resolution as Exhibit "A" and hereby incorporated for all purposes and directs CPS Energy staff and attorneys to proceed with the necessary steps to undertake and complete the Scenic Loop Substation and Transmission Project.
4. The Board authorizes the President and CEO of CPS Energy and/or his/her designee to determine the exact site for CPS Energy's substation and associated electric transmission in accordance with the PUC's final order in Docket No. 51023 as generally depicted on the Project Site Map and associated distribution lines.
5. The Board finds that the acquisition of easement rights, fee simple title to properties, and property exchanges along the selected electric transmission route and substation site, and for any required distribution line routes is necessary and desirable for the important public purpose of the construction, operation and maintenance of the City of San Antonio's Electric System, including the CPS Energy Scenic Loop Substation and Transmission Project. The Board hereby authorizes acquisition of easement rights, fee simple title and property exchanges necessary for CPS Energy's Scenic Loop Substation and Transmission Project, either by purchase through negotiations or by the process of eminent domain, as well as all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary title and rights.
6. The Board directs CPS Energy staff to continue to ensure that members of the public may obtain the current Project Site Map at www.cpsenergy.com (search word "Scenic Loop").





Control Number: 51023



Item Number: 950

PUC DOCKET NO. 51023
SOAH DOCKET NO. 473-21-0247 2022 JAN 12 PM 12:09

APPLICATION OF THE CITY OF SAN § PUBLIC UTILITY COMMISSION
ANTONIO TO AMEND ITS §
CERTIFICATE OF CONVENIENCE § OF TEXAS
AND NECESSITY FOR THE SCENIC §
LOOP 138-KV TRANSMISSION LINE §
IN BEXAR COUNTY §

ORDER

This Order addresses the application of the City of San Antonio, acting by and through the City Public Service Board (CPS Energy), to amend its certificate of convenience and necessity (CCN) for the Scenic Loop 138-kilovolt (kV) transmission line in Bexar County, Texas. The Commission referred this proceeding to the State Office of Administrative Hearings (SOAH) on September 29, 2020, and SOAH issued a proposal for decision on July 26, 2021. The SOAH administrative law judges (ALJs) recommended that the Commission approve the proposed transmission line and associated facilities along route Z2, which will comprise segments 54, 20, 36, 42a, 46, and 46b. The SOAH ALJs filed a letter making some minor corrections to the proposal for decision on October 27, 2021, including to finding of fact 27. The Commission adopts the proposal for decision to the extent provided in this Order.

The Commission makes the following changes to the proposal for decision. The Commission finds that the SOAH ALJs erred in their analysis of community values. The questionnaire responses at the public meeting and afterwards reflected that *impact to residences* was a major concern. The SOAH ALJs analyzed the impact to residences by considering bisecting property—particularly undeveloped property—and cutting through neighborhoods. However, neither of these necessarily relates to impact to residences. The overriding consideration of the impact to residences in this proceeding is the number of habitable structures affected, i.e., the Commission’s policy of prudent avoidance. The Commission’s analysis of the impact to residences should focus on that factor.

Not cutting through neighborhoods and not bisecting undeveloped property are still valid considerations in terms of aesthetics and environmental integrity. They simply do not pertain to the impact to residences. The Commission also clarifies that although route Z2 has more habitable

structures within 300 feet of its centerline compared to some of the other focus routes, route Z2 is still on balance the route that best addresses all the factors in PURA and the Commission's rules. To correct the proposal for decision's analysis regarding community values, the Commission modifies finding of fact 98, deletes findings of fact 108 and 123, adds finding of fact 132A, and moves findings of fact 106 and 107 to become 193A and 193B. The Commission also modifies finding of fact 133 to clarify that consideration of private recreational and park areas is limited to those that are *open to the public*.

The Commission adds new findings of fact 65A through 65I to reflect additional procedural history that occurred after the proceeding was remanded from SOAH to the Commission. The Commission deletes proposed finding of fact 1 because it is improper as a finding of fact. The Commission modifies proposed finding of fact 2 for completeness. The Commission modifies proposed findings of fact, conclusions of law, and ordering paragraphs throughout the Order to delete the terms *Project* and *transmission facilities* and replace them with alternative phrasing such as *transmission line* or *transmission line and associated facilities*, depending on the context.

The Commission expands proposed finding of fact 11 into multiple findings of fact for completeness and modifies proposed finding of fact 20 to become new finding of fact 11B. The Commission deletes proposed findings of fact 18, 19, 126, and 127 because they are duplicative of facts stated elsewhere in the Order. The Commission modifies proposed findings of fact 53, 55, and 57 to accurately reflect the parties that filed direct testimony, cross-rebuttal testimony, and requests for a hearing and corrects factual errors in proposed findings of fact 103 and 170. The Commission modifies proposed finding of fact 162 and adds new finding of fact 162A to include language that is standard in the Commission's electric CCN orders.

Finally, the Commission makes non-substantive changes for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I. Findings of Fact

The Commission adopts the following findings of fact.

Applicant

1. DELETED.

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SOAH Docket No. 473-21-0247

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2. CPS Energy owns and operates facilities to generate, transmit, distribute, and sell electricity in the Electric Reliability Council of Texas (ERCOT) region.
3. CPS Energy provides electric service under CCN number 30031.

Application

4. On July 22, 2020, CPS Energy filed with the Commission an application to amend CCN number 30031 to build, own, and operate a transmission line and associated facilities: a new double-circuit 138-kV transmission line in Bexar County connecting a new substation to the electric grid.
5. The application was assigned Docket No. 51023.
6. CPS Energy retained POWER Engineers, Inc. to prepare an environmental assessment and routing analysis for the proposed transmission line, which was included as part of the application.
7. In Order No. 5 filed on August 21, 2020, the Commission ALJ found the application sufficient and materially complete.
8. SOAH Order No. 5, filed on December 11, 2020, required CPS Energy to file an amendment to the application on or before December 23, 2020. On December 22, 2020, CPS Energy filed amendments to the application and the environmental assessment and routing analysis (the amended application).
9. No party challenged the sufficiency of the application or the amended application.

Description of Transmission Line

10. The new transmission line will connect a new load-serving electric substation (the Scenic Loop substation) located in the vicinity of the intersection of Scenic Loop Road and Toutant Beauregard Road in northwestern Bexar County to the existing Ranchtown-to-Menger Creek 138-kV transmission line to the west.
11. The transmission line will have two 138-kV circuits, with each circuit having two conductors per phase.

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- 11A. The supporting structures will be steel monopole structures for the typical tangent, angle, and dead-end structures. The structures for the transmission line will generally be from 70 to 130 feet tall.
- 11B. CPS Energy proposed a right-of-way width for operational clearances of approximately 100 feet.
- 11C. CPS Energy plans to use 795 kilo circular mils ACSS/TW Drake conductors, with a continuous summer static current rating of 1848 amperes and a continuous static line capacity at operating and design voltage of 441 megavolt-amperes.

Description of the Associated Facilities

- 11D. The Scenic Loop substation is a new load-serving electric substation in northwestern Bexar County. The Scenic Loop substation is a three-unit site with one 138–35 kV, 100-megavolt-ampere transformer and one four-feeder switchgear. The substation will be looped into the existing Ranchtown-to-Menger Creek 138-kV transmission line, requiring two 138-kV line terminals. The substation will include one 138-kV circuit switcher and a 2000-A main bus design. It will also be configured for the future installation of a 138-kV capacitor bank.
- 12. CPS Energy will design, operate, maintain, and own the transmission line and all associated facilities approved in this Order, including conductors, wires, structures, hardware, and easements. CPS Energy will also design, operate, maintain, and own the new electric load-serving Scenic Loop substation that will be constructed in conjunction with the transmission line.

Routes

- 13. The original application included 29 primary alternative routes composed from 48 route segments.
- 14. The amended application includes 31 primary alternative routes composed from 49 route segments.

15. During this proceeding, two additional alternative routes configured from route segments in the amended application (routes Z2 and AA2), were determined to be viable and were proposed and supported by some intervening parties.
16. The alternative routes range from approximately 4.46 to 6.91 miles in length.
17. The route alternatives under consideration in this proceeding have an estimated total cost ranging between approximately \$37.6 million and approximately \$56.1 million for transmission and substation facilities.
18. DELETED.
19. DELETED.
20. The routes for the transmission line are based on a typical right-of-way width for operational clearances of approximately 100 feet.

Public Input

21. CPS Energy held the public open house meeting for the transmission line and associated facilities on October 3, 2019, at the Cross Mountain Church student center in the study area.
22. CPS Energy mailed written notices of the open house meeting to all owners of property within 300 feet of the centerline of each preliminary alternative segment.
23. CPS Energy also mailed or hand-delivered notices of the public meeting to local public officials and various state and federal officials, including the United States Department of Defense Siting Clearinghouse.
24. In total, CPS Energy mailed 592 meeting notices for the public meeting.
25. Notice of the public meeting was additionally published in the *San Antonio Express-News*, a newspaper of general circulation in Bexar County on September 22 and 29, 2019.
26. A total of 172 people signed in as attending the public meeting.
27. Attendees were provided questionnaires, and CPS Energy received a total of 186 completed questionnaires.

28. The purpose of the public meeting was to solicit input from landowners, public officials, and other interested persons about the transmission line and associated facilities, the preliminary alternative route segments, and the alternative substation sites. Further, the public meeting was designed to promote a better understanding of the transmission line and associated facilities, including the purpose, need, potential benefits and impacts, and Commission certification process; inform the public about the routing procedure, schedule, and route-approval process; and gather and understand the values and concerns of the public and community leaders.
29. The public feedback received by CPS Energy was evaluated and considered in determining the routes to be included in the application. Based on input, comments, information received at and following the public meeting, and additional analyses conducted by CPS Energy and POWER Engineers, some preliminary alternative route segments were modified, some preliminary alternative route segments were deleted, and additional alternative route segments were added. One substation alternative was relocated, and two additional substation options were added.
30. Written information was provided to the Department of Defense Siting Clearinghouse about the study area and the nature of the transmission line and associated facilities.
31. On September 11, 2019, the Department of Defense Siting Clearinghouse reported that the transmission line and associated facilities will have minimal impact on military operations conducted in the area.

Notice of Application

32. On July 22, 2020, CPS Energy:
 - a. mailed by first class mail or hand-delivered direct written notice of the filing of the application to each landowner directly affected by the construction of the transmission line and associated facilities, as determined by review of the appraisal district tax data for Bexar County;
 - b. mailed by first-class mail or hand-delivered direct written notice of the filing of the application to the county government of Bexar County, as well as the municipalities of the City of San Antonio, the City of Fair Oaks Ranch, the City of Grey Forest, and the City of Helotes as the municipalities located within five miles of the requested facilities;

- c. mailed by first class mail or hand-delivered direct written notice of the filing of the application to Pedernales Electric Cooperative and Bandera Electric Cooperative, which are neighboring utilities that provide electric utility service within five miles of the requested facilities, and sent notice of the application to LCRA Transmission Services Corporation; and
 - d. mailed by first class mail or hand-delivered written notice of the filing of the application to other interested entities, including the Office of Public Utility Counsel, the Texas Department of Transportation, the Northside Independent School District, and the Department of Defense, and provided a copy of the application via FedEx to the Texas Parks and Wildlife Department.
33. Attachment 12 to the application is a copy of the letter provided to the Texas Parks and Wildlife Department in conjunction with delivery of the application.
 34. On July 28, 2020, CPS Energy published public notice of the application in the *San Antonio Express-News*, a newspaper of general circulation in Bexar County, Texas.
 35. On August 11, 2020, CPS Energy filed an affidavit attesting to the provision of notice of the application to the Office of Public Utility Counsel; and notice of the application to cities, counties, neighboring utilities, the Department of Defense Siting Clearinghouse, and directly affected landowners.
 36. On August 11, 2020, CPS Energy filed an affidavit attesting to published notice of the application in the *San Antonio Express-News*, a newspaper of general circulation in Bexar County, Texas.
 37. In Order No. 5 filed on August 21, 2020, the Commission ALJ approved CPS Energy's provision of notice of the application in this proceeding.

Intervenors

38. In Order No. 4 filed on August 19, 2020, the Commission ALJ granted the motions to intervene filed by Bexar Ranch, L.P., Jerry Rumpf, Monica Gonzalez De La Garza, Patrick Cleveland, Monica Esparza, Lucia Zeevaert, and Clint and Mary Hurst.
39. In Order No. 7 filed on August 25, 2020, the Commission ALJ granted the motions to intervene filed by Peter Eick, Jay and Amy Gutierrez and The Gutierrez Management Trust, Clearwater Ranch Property Owners Association, Toutant Ranch, Ltd. and ASR Parks, LLC, and Lisa and Clinton Chandler.

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40. In Order No. 8 filed on September 17, 2020, the Commission ALJ granted the motions to intervene filed by Nick Valenti, Jeff Audley and Darrell Cooper, Islam Hindash, Laura Rendon, Elis Latorre-Gonzalez, Brad Jauer, BVJ Properties LLC, Hamzeh Alrafati, Adrianna Rohlmeier, Anton Shadrock, Byron Eckhart, Carlos Garcia, Casey and Molly Keck, Francis Van Wisse, Kurt and Brenda Ohrmundt, Max and Meg Garoutte, Michael and Rosalinda Sivilli, Paolo Salvatore and Clear Run LLC, Samer and Elizabeth Ibrahim, Lonnie Arbuthnot, Gregory Hamon, Miao Zhang, Ronald Meyer, Ed Chalupa, Sophia Polk, The San Antonio Rose Palace, Inc. and Strait Promotions, Inc., Margaret Couch, Sunil Dwivedi, Brandon McCray, Steven Herrera, Gregory Altemose, Mark Dooley, Jesse Delee, Raul and Katie Garcia, Adam Schrage, Adam Sanchez, Lori Espinoza, Vic Vaughan, Primarily Primates, Inc., Clifford Stratton, Scott Lively, Beatriz Odom, Bernd Vogt and Inge Lechner-Vogt, Gail Ribalta, Kenneth Mark and Tawana Timberlake, Thomas Parker, Douglas Comeau for the Comeau Family Trust, Steve and Cathy Cichowski, Olytola Adetona, Vincent Billingham, Alfred and Janna Shacklett, Ruben and Kristin Mesa, Don Durlinger, Robert Ralph, Paul Rockwood, Anaqua Springs Homeowners Association, Laura Biemer, Joan Arbuckle and John Huber, Lawrence Barocas, Roy Barrera III, Brittany Sykes, Aline Knoy, Roy Barrera, Jr., Cynthia Rocha, Charlene Jean Alvarado Living Trust, Robert Barrera, Brian Woods for Northside Independent School District, Eric and Laurie White, Sanjay Kumar, Martin Salinas, Jr., Lynn Ginader, Lauren Pankratz, Michael Berry, Guillermo Cantu, Jr., and Amanda Barrella.
41. In Order No. 9 filed on September 28, 2020, the Commission ALJ granted the motions to intervene filed by Save Huntress Lane Area Association, Stephen Rockwood, Mark Barrera, Henry and Rosan Hervol, Jennifer Royal, Michael Wilburn, Burdick-Anaqua Homes, Ltd, Armando Valdez, James Lee, Francisco and Barbara Arroyo, Anne Warner, Doug Boazman, Paul Craig, Adrian and Catherine Chavez, Richard Olivarez, Eloy Olivarez, Dora Broadwater, Guajalote Ranch, Inc., Yvette Reyna, Lawrence Kroeger, Mike Swientek, Carmen Ramirez, Roy Barrera Sr., Robert and Leslie Bernsen, Russell and Brook Harris, Raul Martinez, Chip and Pamela Putnam, John Taylor, Brian Lee, Linda Hansen, Charles Rockwood, Melissa and Michael Rosales, Philip and

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Yajaira Paparone, Alejandro Medina, Robert Freeman, Duaine and Joann Smith, Kristy Woods, John Jared Phipps, Charlie Zimmer, and Andrew and Yvonne Krzywonski.

42. In SOAH Order No. 3 filed on December 1, 2020, the SOAH ALJs granted the motions to intervene filed by Chris and Michelle Booth, Geoffrey Grant, Kristina and Christopher Stroud, Kim Ury, Monica and Chris Casady, James Brigham, Mike Leonard, David Burke, Elizabeth and John Kupferschmid, Rodolfo Santoscoy, Joy and Michael Escriva, Mark and Maricela Siegel, James Galusha, Marlin Sweigart, Suzan Corral, James Gillingham, Scott Streifert, Donna Balli, Judith Catalon, Carrie Clayton, David Walts, Michael and Maria Roxana Hope-Jones, Gregory Godwin, Roberto Sanchez, Chandler Mross, Jim Flores, Joel and Cortney Comp, Daniel Lonergan, James Middleton, Alan Hibberd, Richard Hauptfleisch, Ronald Schappaugh, The Deitchle Family Trust, Joshua and Kristi-Marie Standing Cloud, Raul Figueroa, Betsy Omeis, Anupama Atluri, Barbara and Ernie Centeno, Jordan and Donna Reed, Peter Eick, Mary Ebensberger, and Pinson Interests Ltd LLP, and Crighton Development Co.

43. In SOAH Order No. 10 filed on March 26, 2021, the SOAH ALJs dismissed the following intervenors for failing to file direct testimony or a statement of position: Olytola Adetona, Francisco and Barbara Arroyo, Anupama Atluri, Denise Baker, Donna Balli, Amanda Barrella, Mark Barrera, Vincent Billingham, Doug Boazman, Dora Broadwater, Burdick-Anaqua Homes, Ltd, Guillermo Cantu, Carrie Clayton, Joel and Cortney Comp, Douglas Comeau, Joy and Michael Escriva, Monica Esparza, Lori Espinoza, Raul and Katie Garcia, Linda Hansen, Henry and Rosan Hervol, Islam Hindash, Lawrence Kroeger, Andrew and Yvonne Krzywonski, Inge Lechner-Vogt, Brian Lee, Mike Leonard, Kenneth Mark, Brandon McCray, Eloy and Raquel Olivarez, Thomas Parker, Robert Ralph, Bruce Reid, Evangelina Reyes, Gail Ribalta, Cynthia Rocha, Ryan and Jennifer Royal, Adam Sanchez, Roberto Sanchez, Alfred and Janna Shacklett, Duaine and Joann Smith, Joshua and Kristi-Marie Standing Cloud, Marlin Sweigart, Mike Swientek, John and Renee Taylor, The Deitchle Family Trust, Tawana Timberlake, Armando Valdez, Vic Vaughan, Bernd Vogt, Anne Warner, Michael Wilburn, Kristy Woods, Miao Zhang, and Charlie Zimmer.

44. In SOAH Order No. 14 filed on May 4, 2021, the SOAH ALJs dismissed the following intervenors for failing to file direct testimony or a statement of position: Hamzeh Alrafati, Michael and Kenya Berry, Chris and Michelle Booth, Monica and Chris Casady, Barbara and Ernie Centeno, Dooley Properties, LLC (Mark Dooley), Mary Bensberger, James Galusha, Geoffrey Grant, Richard Hauptfleisch, Michael and Maria Roxana Hope-Jones, Elis Latorre-Gonzalez, James Lee, Scott Lively, Daniel Lonergan, Ronald Meyer, Chandler Mross, Richard Olivarez, Philip and Yajaira Paparone, John Jared Phipps, Jordan and Donna Reed, Laura Rendon, Rodolfo Santoscoy, Adam Schrage, Scott Streifert, Kim Ury, and David Walts. In the order, the SOAH ALJs also granted the late-filed motion to intervene of Maria Concepcion Uriarte-Azcue and denied the late-filed motion to intervene of Scott Luedke.

Alignment of Intervenors

45. Except to the extent that parties with similar interests chose to be represented jointly by the same legal counsel when making an appearance, no parties were formally aligned by the ALJs for purposes of the hearing.

Route Adequacy

46. Patrick Cleveland, Anaqua Springs Homeowners Association, and Brad Jauer and BVJ Properties, LLC filed pleadings challenging whether the application provided an adequate number of reasonably differentiated routes to conduct a proper evaluation or seeking modifications to the routes proposed in the application and requesting a hearing on route adequacy. Clearwater Ranch Property Owners Association filed a response in opposition to the challenges to route adequacy.
47. Toutant Ranch LTD, Pinson Interests LTD, LLP, and Crighton Development Co. (the Dreiss Interests) filed a statement on route adequacy and request for approval of proposed agreed amendments to CPS Energy's application.
48. In SOAH Order No. 4 filed on December 4, 2020, the SOAH ALJs granted the Dreiss Interests' request, ordered CPS Energy to amend the application in accordance with the request, and ordered a hearing on route adequacy, which was held on December 10, 2020.

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49. In SOAH Order No. 5 filed on December 11, 2020, the SOAH ALJs denied the challenges to route adequacy described in finding of fact 46 and found that CPS Energy had proven that the application proposed an adequate number of reasonably differentiated routes for the ALJs and the Commission to conduct a proper evaluation.
50. The amended application provides an adequate number of reasonably differentiated routes to conduct a proper evaluation.

Pre-Filed Testimony

51. On November 6, 2020, CPS Energy filed in support of the application the direct testimonies of Scott Lyssy, Adam Marin, Lisa Meaux, and George Tamez. The testimony of Ms. Meaux was admitted at the route adequacy hearing and the remaining testimony was admitted at the hearing on the merits.
52. On December 22, 2020, CPS Energy filed the supplemental direct testimony of Ms. Meaux as attachment 6 to the amended application. This testimony was subsequently admitted at the hearing on the merits.
53. The direct testimony of the following witnesses was filed by intervening parties: Richard LePere, on behalf of Guajalote Ranch, Inc.; Steve and Cathy Cichowski, on behalf of themselves; Steve Cichowski, Sunil Dwivedi, M.D., and Lauren Pankratz, M.D. on behalf of Anaqua Springs Homeowners Association; Mark Anderson on behalf of Anaqua Springs Homeowners Association and Brad Jauer and BVJ Properties, LLC; Roy R. Barrera, Sr., Carmen Barrera Ramirez, Roy R. Barrera III, Robert J. Barrera, and Roy R. Barrera, Jr., on behalf of themselves; Mark Turnbough, PhD, Michael Bitter, Sarah Bitter, Stephen Bitter, and Vincent Terracina, on behalf of Bexar Ranch L.P.; Brad Jauer and Carl Huber, on behalf of Brad Jauer and BVJ Properties, LLC; Brian Andrews, on behalf of Lisa Chandler, Clinton R. Chandler, and Chip and Pamela Putnam; Rosemarie Alvarado, on behalf of the Charlene Jean Alvarado Living Trust; Joe R. Acuna and Villa Strangiato, LLC, L.W. Arbuthnot, Jeffrey Audley and Darrell Cooper, Byron and Gina Eckhart, Carlos Garcia and Christina Garcia, Max and Peggy Garoutte, Gume Garza, Robert Gume Garza and Loreda Sol Investments LLC, Carlos and Rosa Guzman and CRG Properties LLC, Gregory Hamon, Russell Harris and Brook Harris, Samer

Ibrahim and Elizabeth Ibrahim, Casey and Molly Keck, Alejandro Medina, Peter and Melanie Morawiec, Kurt Ohrmundt and Brenda Ohrmundt, Kurt Rohlmeier and Adrianna Rohlmeier, Paolo Salvatore and Clear Run LLC, Michael and Rosalinda Sivilli, Mariana and Francis VanWisse, and Michael and Shawn Stevens, on behalf of Clearwater Ranch Property Owners Association and Michael Stevens on behalf of Sven and Sofia Kusterman and Clearwater Ranch Property Owners Association; Paul Craig, on behalf of himself; Jay A. Gutierrez, on behalf of himself, Amy L. Gutierrez, and the Gutierrez Management Trust; Patrick Cleveland, on behalf of himself; Stephen Rockwood, on behalf of himself; Paul Rockwood, on behalf of himself; Jacob Villareal, on behalf of Northside Independent School District; Brooke Chavez, on behalf of Primary Primates; Jason Buntz, on behalf of San Antonio Rose Palace and Strait Promotions; Cynthia Grimes, David Clark, Jerry Rumpf, and Harold L. Hughes Jr., on behalf of the Save Huntress Lane Area Association; Joan Arbuckle, Robert Bernsen, Laura Biemer, Steven Gomez Herrera, Betsy Omeis, Yvette Reyna, and Brittany Sykes, all Scenic Hills and Serene Hills pro se intervenors; Tom Dreiss, on behalf of the Dreiss Interests; Robert C. Freeman and Rachel M. Freeman, on behalf of themselves; and Lucia Zeevaert on behalf of herself. With the exception of the Freeman testimony, the remaining testimony was admitted at the hearing on the merits. The Freemans did not appear at the hearing on the merits, and their testimony was not offered.

54. On March 22, 2021, Commission Staff filed the direct testimony of its witness, John Poole. Commission Staff filed errata to Mr. Poole's testimony on April 26 and 27, 2021. This testimony was admitted at the hearing.
55. Cross-rebuttal testimony of the following witnesses was filed by intervening parties and subsequently admitted at the hearing: Mr. LePere, on behalf of Guajalote Ranch, Inc.; Mr. Turnbough, Mr. Bitter, and Ms. Bitter on behalf of Bexar Ranch L.P.; and Ms. Grimes, Mr. Clark, Mr. Rumpf, and Mr. Hughes Jr., on behalf of the Save Huntress Lane Area Association. This testimony was admitted at the hearing.
56. On April 7, 2021, CPS Energy filed the rebuttal testimony of Mr. Lyssy, Mr. Marin, Ms. Meaux, and Mr. Tamez. CPS Energy filed errata to Mr. Lyssy's rebuttal testimony on April 26, 2021. This testimony was admitted at the hearing.

Referral to SOAH for Hearing

57. On August 5, 2020, Clearwater Ranch Property Owners Association filed a request for hearing at SOAH. Anaqua Springs Homeowners Association, Patrick Cleveland, and Bexar Ranch L.P. also requested a hearing.
58. On September 14, 2020, Commission Staff requested that the docket be referred to SOAH for a hearing.
59. On September 29, 2020, the Commission referred this case to SOAH and identified a number of issues to be addressed.

Hearing and Post-Hearing

60. In SOAH Order No. 1 filed on October 2, 2020, the SOAH ALJs provided notice of a prehearing conference, described jurisdiction, and provided other information.
61. On October 22, 2020, the SOAH ALJs convened a prehearing conference by videoconference.
62. In SOAH Order No. 2 filed on November 23, 2020, the SOAH ALJs memorialized the prehearing conference held on October 22, 2020, and provided notice of the hearing on the merits set to begin on March 29, 2021.
63. In SOAH Order No. 6 filed on January 6, 2021, the SOAH ALJs adopted proposed amendments to the procedural schedule and noted that the hearing on the merits would be held by videoconference beginning on May 3, 2021, and that a prehearing conference would be held by videoconference beginning at 10:00 a.m. on April 30, 2021.
64. The hearing on the merits convened by videoconference on May 3, 2021 and concluded on May 7, 2021. The following parties made appearances, either personally or through their representatives, and participated in the hearing on the merits: CPS Energy; Lisa and Clinton R. Chandler; Chip and Pamela Putnam; the Charlene Jean Alvarado Living Trust; Maria Conception Uriarte-Azcue; Roy Barrera, III; Roy Barrera, Jr.; Roy R. Barrera, Sr.; Robert Barrera; the Save Huntress Lane Area Association; Jay and Amy Gutierrez; the Gutierrez Management Trust; Primarily Primates, Inc.; Bexar Ranch, LP; Guajalote Ranch, Inc.; the Clearwater Ranch Property Owners Association; Patrick Cleveland; Northside

Independent School District; The San Antonio Rose Palace, Inc. and Strait Promotions, Inc.; Anaqua Springs Homeowners Association; Brad Jauer and BVJ Properties, LLC; Steven and Cathy Cichowski; Robert and Leslie Bernsen; Laura Biemer; James Brigham; Paul Craig; Peter Eick; Raul Figueroa; Steven Herrera; John Huber and Joan Arbuckle; Betsy Omeis; Yvette Reyna; Paul Rockwood; Stephen Rockwood; Mark Siegel; Brittany Sykes; Dreiss Interests; Melissa Rosales; Ronald Schappaugh; Kristina Stroud; and Commission Staff.

65. The evidentiary record closed on May 7, 2021, and the hearing record closed on May 28, 2021, after the filing of closing written arguments and proposed findings of fact and conclusions of law.

Return to the Commission

- 65A. The SOAH ALJs filed a proposal for decision on July 26, 2021.
- 65B. On October 27, 2021, the SOAH ALJs filed a letter making minor corrections to the proposal for decision.
- 65C. The Commission considered this proceeding at its October 28, 2021 open meeting and heard oral argument.
- 65D. On November 2, 2021, the Commission remanded the docket to Docket Management for CPS Energy to file additional evidence regarding need for the proposed transmission line and associated facilities as well as information regarding route Y.
- 65E. On November 8, 2021, CPS Energy filed additional evidence regarding need for the proposed transmission line and associated facilities.
- 65F. In Order No. 12 filed on November 8, 2021, the Commission ALJ admitted the additional evidence filed by CPS Energy on that same day.
- 65G. At its November 18, 2021 open meeting, the Commission determined that CPS Energy had not complied with its order requesting additional evidence regarding need.
- 65H. On December 2, 2021, CPS Energy filed additional evidence regarding need for the proposed transmission line and associated facilities.

- 65I. In Order No. 13 filed on December 8, 2021, the Commission ALJ admitted the additional evidence filed by CPS Energy on December 2, 2021.

Adequacy of Existing Service and Need for the Project

66. CPS Energy retained Burns & McDonnell Engineering Company, Inc. to prepare an independent need analysis for the transmission line and associated facilities, which was included as part of the application.
67. The transmission line and associated facilities are needed to meet the existing and forecasted retail electric service demand of customers in northwest Bexar County and to address reliability risks and improve reliability in the area.
68. Load growth at a compound annual growth rate of approximately four to seven percent in northwest Bexar County is currently served by the existing La Sierra and Fair Oaks Ranch substations. The forecasted load growth for the La Sierra and Fair Oaks Ranch substations is expected to exceed the planning capacity for the area by 2025.
69. The existing distribution circuits within the La Sierra substation and some of the circuits originating at the Fair Oaks Ranch substation are up to eight times longer than the average distribution circuit within CPS Energy's system and serve thousands of customers.
70. The average length of the eight distribution circuits primarily serving the Scenic Loop area from the La Sierra and Fair Oaks Ranch substations is approximately 36.13 miles. Following the construction of the Scenic Loop substation, the length of the circuits connected to La Sierra, Fair Oaks Ranch, and Scenic Loop will decrease to an average of approximately 24 miles.
71. The length and loading on these La Sierra and Fair Oaks Ranch circuits have resulted in lower reliability to the customers served by those circuits.
72. CPS Energy's analysis shows that even with system reconfiguration improvements on the existing distribution facilities immediately prior to the filing of this application, without a new substation in northwest Bexar County, the CPS Energy customers served from the La Sierra and Fair Oaks Ranch substations will continue to experience lower reliability than CPS Energy's system averages.

73. The Scenic Loop substation provides CPS Energy with a load serving substation geographically intermediate to the Fair Oaks Ranch and La Sierra substations in a manner that will cut the average length and loading of distribution circuits serving end-use customers by 50% or more.
74. The transmission line and associated facilities are needed to address local reliability needs of existing and future end-use consumers based on actual and forecasted electric load and identified system limitations in meeting this electric load.
75. The transmission line and associated facilities are a tier 4 neutral project under the classifications established by ERCOT. Therefore, the transmission line and associated facilities are not required to be, and were not, submitted to the ERCOT regional planning group for review and comment.
76. No party challenged the need for the transmission line and associated facilities.
77. Electric customers within the area of the transmission line and associated facilities will benefit from the improved transmission system reliability and capacity provided by the transmission line and associated facilities.
78. CPS Energy considered a distribution-only alternative.
79. Distribution alternatives are not adequate to resolve the need for the transmission line and associated facilities in a cost-effective manner.
80. A distribution-only alternative would only delay the need for the transmission line and associated facilities by a few years at most or would cost significantly more than the transmission line and associated facilities and would not address the reliability concerns of the lengthy circuits currently existing in the area because of the lack of a substation in the vicinity.
81. No party has argued that a distribution alternative would resolve the need for the transmission line and associated facilities.

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Effect of Granting Certificate on the Applicant and Other Utilities and Probable Improvement of Service or Lowering of Cost

82. Electric utilities serving the proximate area of the transmission line and associated facilities include Pedernales Electric Cooperative and Bandera Electric Cooperative. LCRA interconnects with the CPS Energy transmission line that serves as the tap point for the transmission line approved in this Order.
83. The transmission line approved in this Order taps into an existing CPS Energy transmission line and is proposed to provide service wholly within CPS Energy's existing service territory.
84. CPS Energy has coordinated with LCRA, and LCRA has not raised any concerns with the transmission line interconnection other than identifying protective relay setting changes at the Menger Creek substation.
85. Pedernales Electric Cooperative and Bandera Electric Cooperative did not intervene or otherwise express any concern or opposition to the transmission line and associated facilities.
86. The transmission line and associated facilities will not adversely affect service by other utilities in the area.
87. With the new transmission line and facilities, CPS Energy will be able to continue to provide reliable service.

Alternative Routes

88. POWER Engineers' project team included professionals with expertise in different environmental and land-use disciplines (geology and soils, hydrology and water quality, terrestrial ecology, wetland ecology, land use and aesthetics, and cultural resources) who were involved in data acquisition, routing analysis, and environmental assessment for the transmission line and associated facilities.
89. To identify preliminary alternative route segments for the transmission line, POWER Engineers delineated a study area, sought public official and agency input, gathered data regarding the study area, performed constraints mapping, identified preliminary alternative route segments and alternative substation sites, and reviewed and adjusted the preliminary

alternative route segments and alternative substation sites following field reconnaissance and the public meeting.

90. From the preliminary alternative route segments, POWER Engineers and CPS Energy identified 29 reasonable, feasible alternative routes. In identifying these, POWER Engineers considered a variety of information, including input from the public and public officials, geographic diversity within the study area, and an inventory and tabulation of a number of environmental and land use criteria.
91. The amended application identified 31 reasonable, feasible alternative routes. Two additional routes were subsequently identified, bringing the number of viable routes to 33. The 33 alternative routes range from approximately 4.5 to 6.9 miles in length.
92. CPS Energy reviewed the alternative routes with regard to cost, construction, engineering, and right-of-way maintenance issues and constraints and conducted field reviews.
93. At the time it filed its original application, CPS Energy identified route Z as the route that best addressed the Commission's routing criteria. Route Z was functionally replaced by route Z1 with the filing of the amended application.
94. The Texas Parks and Wildlife Department provided comments recommending route DD as having the least impact on environmental integrity and wildlife habitat.
95. Commission Staff submitted evidence supporting the choice of route P as the route that best meets the statutory and regulatory criteria and best addresses the concerns raised by the Texas Parks and Wildlife Department and the parties.
96. Intervenors and intervenor groups also opposed or supported certain routes based on a southern or northern orientation in the study area. Eight focus routes were identified by CPS Energy as the routes most opposed or supported by intervenors, Commission Staff, and the Texas Parks and Wildlife Department: the southern routes (routes P, R1, and W) and northern routes (routes Z1, Z2, AA1, AA2, and DD).

Community Values

97. To ascertain community values for the transmission line and associated facilities, CPS Energy held a public meeting on October 3, 2019.

98. The most common concerns or issues presented by the landowners at the public meeting and afterward were impact to residences (58%); visibility of the structures (6%); proximity to schools, places of worship, and cemeteries (2%); and impact to endangered species and their habitat (2%).
99. POWER Engineers and CPS Energy added, removed, and modified segments in response to engineering constraints; landowner comments; landowner offers to donate right-of-way; previously unidentified features (such as a cemetery); and better paralleling of property lines. In addition, CPS Energy added substations 6 and 7 and moved substation 1 to the south—all due to landowner willingness to sell the respective properties to CPS Energy.

Impact to Residences

100. Land use in the study area is primarily residential, mostly suburban and some rural. All routes have habitable structures within 300 feet of the route centerline.
101. Much of the study area is under active development for residential use, and the number of habitable structures is therefore expected to increase significantly.
102. Routes Q1 and U1 have the fewest habitable structures within 300 feet of the route centerline (12 structures), and route A has the most habitable structures within 300 feet of the route centerline (72 structures). The average number of habitable structures for all routes is 37 structures within 300 feet of the centerline.
103. For the focus routes, the number of habitable structures within 300 feet of the centerline ranges from 13 to 33, as follows: route R1 (13); route P (17); route W (29); route AA2 (30); routes Z1 and AA1 (31); route Z2 (32); and route DD (33).
104. Routes DD, Z1, Z2, AA1, and AA2 originate at substation 7, cross the northern portion of the study area, and follow Toutant Beauregard Road for some length.
105. Routes P, R1, and W originate at substation 6 and cross the southern portion of the study area.
106. DELETED.
107. DELETED.
108. DELETED.

Visual Impact and Aesthetics

109. None of the alternative routes has any portion of the routes located within the foreground visual zone of interstate highways, U.S. highways, or state highways; farm-to-market roads; or parks or recreational areas.
110. All of the alternative routes will have visual impacts on the surrounding areas. The study area is in the Texas Hill Country, where the views and vistas are valued by the community.
111. An existing distribution line runs along Toutant Beauregard Road. The road also has natural gas and water pipelines running along it, a tall cell phone tower, and a recently-added microwave transmission corridor.
112. The visual landscape along Toutant Beauregard Road has already been disturbed, including by multiple contemporary yard art pieces on the Heidemann Ranch along the east side of Toutant Beauregard Road.
113. Substation 7 is located on a large lot with heavy vegetation that can be used to screen the substation from view. Substation 7 is triangular in shape and only a small section at one point of the triangle borders a short section of road.
114. Substation 6 is rectangular in shape and the longer edge fronts onto Scenic Loop Road, where there is less vegetation to screen the substation from view.
115. The intervenors whose properties are closest to substation 7 support substation 7 because it causes less overall harm to their neighborhood than substation 6.
116. Route Z2 uses an existing transportation and utility corridor that has already fragmented the visual landscape and uses a substation that has heavy vegetation and provides the potential to screen the substation from view.

Impact to Schools

117. One school is currently in the study area: Sara McAndrew Elementary School, part of the Northside Independent School District. The elementary school property was purchased under a dual-campus plan, and a middle school is planned for the site.

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118. Northside Independent School District opposes routes using segment 41, including route DD. Northside Independent School District is concerned about routes using segments 34 and 35 (route DD) and 42a (routes Z1, Z2, AA1, and AA2).
119. Eight existing elementary schools in Northside Independent School District have electric transmission lines at distances comparable to the distance between routes Z1, Z2, AA1, and AA2 and Sara McAndrew Elementary School. One school is also in relative proximity to a substation.
120. Some intervenors whose children currently attend the elementary school expressed support for route Z2.
121. Route Z2 reduces the impact to the elementary school and future middle school.
122. All routes in the application adequately address the expressed community values.
123. DELETED.

Prudent Avoidance

124. Prudent avoidance is defined in 16 TAC § 25.101(a)(6) as the “limiting of exposures to electric and magnetic fields that can be avoided with reasonable investments of money and effort.”
125. Whenever possible, CPS Energy and POWER Engineers avoided identifying alternative route segments near habitable structures.
126. DELETED.
127. DELETED.
128. Route W has three habitable structures within 100 feet of its centerline. The other focus routes have one structure within 100 feet of the centerline.
129. Route R1 has 19 fewer habitable structures within 300 feet of its centerline than does route Z2. Route R1 costs \$5.88 million more than route Z2. Each of the 19 additional structures avoided by route R1 is avoided at an average cost of \$309,000 per structure.

130. All the alternative routes presented in the amended application, as well as the additional routes presented in the course of this proceeding, conform to the Commission's policy of prudent avoidance.
131. The proposed transmission line has been routed in accordance with the Commission's policy on prudent avoidance.
132. The construction of the transmission line along route Z2 complies with the Commission's policy of prudent avoidance.
- 132A. Although route Z2 has more habitable structures within 300 feet of its centerline compared to some of the other focus routes, route Z2 is still on balance the route that best addresses all the factors in PURA and the Commission's rules.

Recreational and Park Areas

133. CPS Energy and POWER Engineers did not identify any parks and recreational areas crossed by or within 1,000 feet of any alternative route. Private recreational areas that are not open to the public were not included.
134. Two private recreational areas were identified by intervenors. The owners of the 15 lots in High Country Ranch hold undivided interests in a 300-acre preserve that is open to the owners for hunting, wildlife observation, and other outdoor recreational activities. Anaqua Springs has acreage on either side of the guardhouse at the neighborhood entrance that the property owners consider to be dedicated parkland.
135. Neither the High Country Ranch preserve nor the Anaqua Springs parkland is a park and recreational area required to be considered by the Commission.
136. Route Z2 has no parks or recreational areas within 1,000 feet of its centerline.
137. None of the alternative routes for the transmission line, including route Z2, is expected to have a significant impact on the use or enjoyment of a park or recreational area.

Texas Parks and Wildlife Department

138. The Texas Parks and Wildlife Department provided information and recommendations regarding the preliminary study area for the transmission line and associated facilities to POWER Engineers on August 1, 2019.

139. On September 16, 2020, after the application had been filed, the Texas Parks and Wildlife Department filed a letter (dated September 10, 2020) containing its comments and recommendations regarding the transmission line and associated facilities. The letter primarily addressed the mitigation of potential burdens on wildlife and natural resources. The Texas Parks and Wildlife Department initially recommended route AA.
140. On March 1, 2021, after the amended application had been filed by CPS Energy, the Texas Parks and Wildlife Department filed a second letter containing its comments and recommendations regarding the transmission line and associated facilities.
141. In its comment letter filed on March 1, 2021, the Texas Parks and Wildlife Department recommended route DD for the transmission line. The Texas Parks and Wildlife Department stated that route DD appears to be the route that causes the least adverse impacts to natural resources.
142. The Texas Parks and Wildlife Department comment letter addressed issues relating to effects on ecology and the environment but did not consider other factors the Commission and utilities must consider in siting transmission lines and associated facilities.
143. Among the focus routes, route DD has the highest number of habitable structures within 300 feet of its centerline (33 structures). Route DD uses segment 41 that crosses over Northside Independent School District property slated for a construction of a new middle school, and it is estimated to cost \$1.36 million more than the estimated cost of route Z2.
144. POWER Engineers and CPS Energy have taken into consideration the recommendations offered by the Texas Parks and Wildlife Department.
145. It is appropriate that, before beginning construction, CPS Energy undertake appropriate measures to identify whether a potential habitat for endangered or threatened species exists and to respond as required.
146. The standard mitigation requirements included in the ordering paragraphs in this Order, coupled with CPS Energy's current practices, are reasonable measures for a utility to

undertake when constructing a transmission line and are sufficient to address the Texas Parks and Wildlife Department's comments and recommendations.

Environmental Integrity

147. CPS Energy and POWER Engineers evaluated the effects on environmental integrity from the transmission line and associated facilities and set out those effects in detail in the environmental assessment and routing analysis.
148. Correspondence with the Texas Natural Diversity Database, the Texas Parks and Wildlife Department, and the United States Fish and Wildlife Service indicates 40 animal species are federally or state-listed endangered or threatened or have candidate status, for Bexar County.
149. Of the 40 federally or state-listed endangered or threatened (or candidate) species in Bexar County, the following species may occur in the study area:
 - a. the whooping crane may potentially occur temporarily as a rare transient during migration if suitable foraging habitat is available;
 - b. state-listed species such as the wood stork and Cagle's map turtle may, but are not expected to, occur due to lack of potential suitable habitat;
 - c. if suitable habitat is available, the reddish egret, tropical parula, white-faced ibis, and zone-tailed hawk may occur;
 - d. bald eagles and their nests may be present if suitable habitat is available;
 - e. if suitable aquatic habitat is available, the Cascade Caverns salamander, Texas salamander, toothless blindcat, and widemouth blindcat may occur;
 - f. if suitable cave or karst habitat is present and available, the study area may contain the Madla Cave meshweaver, two unnamed beetles (*Rhadine exilis* and *Rhadine infernalis*), and the Helotes mold beetle;
 - g. Texas wild rice is not expected to occur due to the lack of suitable habitat; and
 - h. the Bracted twistflower may occur if suitable habitat is available.

150. If any of these species is observed or encountered, CPS Energy will coordinate with the Texas Parks and Wildlife Department or the United States Fish and Wildlife Service, or both, as appropriate, to determine necessary avoidance and mitigation measures. CPS Energy will also conduct a site-specific karst survey before construction. CPS Energy plans to span all surface waters crossed by the approved route and to implement sedimentation prevention measures.
151. If suitable habitat is available, the golden-cheeked warbler may occur in the study area as indicated by the Diamond Model C (2010) and 2019 aerial imagery used by POWER Engineers. The golden-cheeked warbler is listed as endangered by both the Texas Parks and Wildlife Department and the United States Fish and Wildlife Service.
152. Crossing undisturbed upland woodlands or brushlands causes fragmentation of potential habitat for the golden-cheeked warbler as well as wildlife in general.
153. The study area is experiencing sustained residential growth, which is continuing to fragment the environment and wildlife habitat.
154. Route P crosses the most acreage of potential moderate-high- and high-quality modeled habitat for the golden-cheeked warbler of all 33 alternative routes at 25.11 acres. Route W is tied for the lowest acreage crossed by any alternative route over potential moderate-high- and high-quality modeled habitat for the golden-cheeked warbler at 2.95 acres.
155. Among the focus routes, route DD has the least right-of-way across upland woodlands or brushlands, at 3.12 miles. Among the focus routes, route W has the most right-of-way across upland woodlands or brushlands at 6.03 miles.
156. Among the focus routes, route Z2 has the second-lowest impact on acreage of moderate-high- and high-quality modeled habitat for the golden-cheeked warbler (8.92 acres); has the second-lowest length of right-of-way across upland woodlands or brushlands (3.53 miles); and does not disturb the large intact areas of wildlife and modeled golden-cheeked warbler habitat on Bexar Ranch and Guajalote Ranch.
157. None of the alternative routes has any length of right-of-way across designated habitat of federally listed endangered or threatened species.

158. The transmission line and associated facilities are not anticipated to significantly adversely impact populations of any federally listed endangered or threatened species.
159. The transmission line and associated facilities will cause only short-term impacts to soil, water, and ecological resources.
160. No significant effects are expected to occur on wetland resources, ecological resources, endangered and threatened species, or land use as a result of constructing the proposed transmission line and associated facilities.
161. CPS Energy will mitigate any effect on federally listed plant or animal species according to standard practices and measures taken in accordance with the Endangered Species Act.
162. It is appropriate that CPS Energy protect raptors and migratory birds by following the procedures outlined in the following publications: *Reducing Avian Collisions with Power Lines: The State of the Art in 2012*, Edison Electric Institute and Avian Power Line Interaction Committee, Washington, D.C. 2012; *Suggested Practices for Avian Protection on Power Lines: The State of the Art in 2006*, Edison Electric Institute, Avian Power Line Interaction Committee, and the California Energy Commission, Washington, D.C. and Sacramento, CA 2006; and *Avian Protection Plan Guidelines*, Avian Power Line Interaction Committee and United States Fish and Wildlife Service, April 2005. It is appropriate for CPS Energy to take precautions to avoid disturbing occupied nests and take steps to minimize the burden of construction on migratory birds during the nesting season of the migratory bird species identified in the area of construction.
- 162A. It is appropriate for CPS Energy to exercise extreme care to avoid affecting non-targeted vegetation or animal life when using chemical herbicides to control vegetation within rights-of-way. The use of chemical herbicides to control vegetation within rights-of-way is required to comply with the rules and guidelines established in the Federal Insecticide, Fungicide, and Rodenticide Act and with Texas Department of Agriculture regulations.
163. It is appropriate that CPS Energy minimize the amount of flora and fauna disturbed during construction of the transmission line.

164. It is appropriate that CPS Energy re-vegetate cleared and disturbed areas using native species and consider landowner preferences and wildlife needs in doing so.
165. It is appropriate that CPS Energy avoid causing, to the maximum extent reasonably possible, adverse environmental effects on sensitive plant and animal species and their habitats as identified by the Texas Parks and Wildlife Department and the United States Fish and Wildlife Service.
166. It is appropriate that CPS Energy implement erosion-control measures and return each affected landowner's property to its original contours unless otherwise agreed to by the landowners. It is appropriate that CPS Energy not be required to restore original contours and grades where different contours or grades are necessary to ensure the safety or stability of the transmission line's structures or the safe operation and maintenance of the transmission line.
167. It is unlikely that the presence of the transmission line and associated facilities along any route will adversely affect the environmental integrity of the surrounding landscape.
168. All of the alternative routes are environmentally acceptable.

Historical and Cultural Values

169. To identify historical and cultural resources in the study area, POWER Engineers and CPS Energy consulted the Texas Historical Commission; Texas Archeological Research Laboratory; Texas Archeological Sites Atlas and Texas Historical Sites Atlas; Texas Department of Transportation historic bridges database; National Park Service databases; and the National Registry of Historic Places. POWER Engineers also documented areas with a high potential for occurrence of historical and cultural resources not yet identified.
170. POWER Engineers identified 36 previously recorded archaeological sites and 11 cemeteries in the study area. Nineteen archaeological sites are within 1,000 feet of the alternative routes, and five of these sites are crossed by routes.
171. CPS Energy identified and summarized the number of known or recorded historic or prehistoric sites within 1,000 feet of the right-of-way of each proposed route. The

minimum number of known archaeological sites crossed by any route is zero, while the maximum is five.

172. The minimum number of additional known archaeological sites within 1,000 feet of the centerline of any route is zero, while the maximum is 12.
173. One official Texas historical marker is within the study area and commemorates the Scenic Loop, Boerne Stage, and Toutant historic corridor.
174. The Scenic Loop, Boerne Stage, and Toutant Beauregard Roads are also designated as a Texas Historic Highway.
175. The Texas Department of Transportation considers the Boerne Stage Road a historic resource eligible for listing in the National Registry of Historic Places.
176. The Scenic Loop, Boerne Stage, and Toutant historic corridor follows an existing transportation corridor, and parts of it parallel an interstate highway.
177. The visual landscape in the Scenic Loop, Boerne Stage, and Toutant historic corridor is already fragmented, including by multiple contemporary yard art pieces on the Heidemann Ranch along the east side of Toutant Beauregard Road.
178. In the study area, there are three resources listed in the National Registry of Historic Places: the R. L. White Ranch Historic District; the Heidemann Ranch Historic District; and the Maverick-Altgelt Ranch and Fenstermaker-Fromme Farm Historic District.
179. No adverse impacts are expected to known elements of any of the three sites listed in the National Registry of Historic Places.
180. All of the alternative routes cross areas with a high potential for cultural resources. The lowest right-of-way mileage across areas with a high potential for cultural resources is 1.44 miles (routes H and X1) and the most is 4.77 miles (route U1). The focus routes range between 2.34 miles (route DD) and 3.35 miles (route AA1).
181. Route Z2 adequately addresses concerns about archaeological, historical, or cultural resources while balancing other factors the Commission must consider.

182. Construction of the approved route is not expected to adversely affect archaeological or historical resources.

Engineering Constraints

183. There are no significant engineering constraints along any of the alternative routes that cannot be adequately addressed by using design and construction practices and techniques usual and customary in the electric utility industry.
184. All alternative routes are viable, feasible, and reasonable from an engineering perspective.

Other Comparisons of Land Uses and Land Types

a. Radio Towers and Other Electronic Installations

185. No known AM radio transmitters were identified within the study area or within 10,000 feet of the primary alternative routes.
186. The number of FM radio transmitters, microwave towers, and other electronic communication towers located within 2,000 feet of any of the alternative routes ranges from zero for numerous routes to one for multiple other routes.
187. Communication tower 501 is a tower that is registered with the Federal Communications Commission, includes microwave antennae, and is located 279 feet from the nearest segment, which is segment 32.
188. No routes or segments in this case are expected to create any concerns related to communications towers, including access to such, and no communications facilities present any concerns related to any routes or segments.

b. Airstrips and Airports

189. There is one public or military airport registered with the Federal Aviation Administration and equipped with at least one runway longer than 3,200 feet within 20,000 feet of the routes (the Boerne Stage Field Airport) located north of the study area.
190. No private airstrips were identified within 10,000 feet of the centerline of any of the alternative routes.

191. There are no heliports registered with the Federal Aviation Administration located within 5,000 feet of the centerline of any of the alternative routes and no public or military airports registered with the Federal Aviation Administration and equipped with runways shorter than 3,200 feet within 10,000 feet of the routes.

c. Irrigation Systems

192. None of the alternative routes presented in the application or proposed by intervenors crosses land irrigated by traveling irrigation systems.
193. The presence of the transmission line and associated facilities along the approved route is not expected to adversely affect any agricultural lands with known traveling irrigation systems.

d. Miscellaneous

- 193A. Routes P and R1 bisect the interior of the Save Huntress Lane Area Association and Clearwater Ranch neighborhoods and cross through individual properties.
- 193B. Routes P, R1, and W cut across and bisect large portions of the Bexar Ranch, one of the largest intact properties in the study area. Route W also crosses and bisects the Guajalote Ranch, another large and undeveloped tract.

Using or Paralleling Compatible Rights-of-Way and Paralleling Property Boundaries

194. In developing alternative routes, CPS Energy and POWER Engineers took into account the use or paralleling of existing right-of-way (e.g., public roads and highways, railroads, and telephone utilities), apparent property boundaries, and natural or cultural features.
195. The highest percentage of paralleling of compatible right-of-way or property boundaries is on route A (83%).
196. The lowest percentage of paralleling of compatible right-of-way or property boundaries is on route S (49%).
197. The percentage of paralleling of compatible right-of-way and property boundaries on route Z2 is 71%.

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Costs

198. CPS Energy prepared cost estimates for all 31 alternative routes presented in the amended application, as well as two additional routes presented for consideration in this proceeding.
199. Route Z2 is estimated to be the least expensive route of all 33 alternative routes, with an estimated cost of \$37.6 million, which includes the cost of the new Scenic Loop substation.
200. Route O is estimated to be the most expensive route, with an estimated cost of \$56.1 million, which includes the cost of the new Scenic Loop substation.

Alternative Routes Accommodations Due to Landowner Preference

201. CPS Energy entered into an agreement with the Dreiss Interests that altered originally proposed segments that were contained entirely within property owned or controlled by the Dreiss Interests.
202. The CPS Energy agreement with the Dreiss Interests provided mechanisms whereby the Dreiss Interests would donate right-of-way for the construction of the transmission line such that no additional costs would be incurred as a result of the accommodations.
203. The accommodations resulting from the CPS Energy agreement with the Dreiss Interests would not diminish the electric efficiency or reliability of the transmission line and associated facilities.

Seven-Year Time Limit

204. It is reasonable and appropriate for a CCN order not to be valid indefinitely because it is issued based on the facts known at the time of issuance.
205. Seven years is a reasonable and appropriate limit to place on the authority granted in this Order for CPS Energy to construct the transmission line and associated facilities.

Renewable Energy

206. The Texas Legislature established a goal in PURA § 39.904(a) for 10,000 megawatts of renewable capacity to be installed in Texas by January 1, 2025. This goal has already been met.
207. The transmission line and associated facilities approved in this Order will not affect the goal for renewable energy development established in PURA § 39.904(a).

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Coastal Management Program

208. Under 16 TAC § 25.102(a), the Commission may grant a certificate for the construction of a transmission line and associated facilities within the coastal management program boundary only when it finds that the proposed facilities comply with the goals and applicable policies of the Coastal Management Program or that the proposed facilities will not have any direct and significant effect on any of the applicable coastal natural resource areas specified in 31 TAC § 501.3(b).
209. No part of the transmission line and associated facilities approved by this Order is located within the coastal management program boundary as defined in 31 TAC § 503.1(b).

Permits

210. Before beginning construction of the transmission line and associated facilities approved by this Order, CPS Energy will obtain any necessary permits from the Texas Department of Transportation if the facilities cross state-owned or -maintained properties, roads, or highways.
211. Before beginning construction of the transmission line and associated facilities approved by this Order, it is appropriate for CPS Energy to conduct a field assessment to identify water resources, cultural resources, potential migratory bird issues, and threatened and endangered species' habitats impacted as a result of the transmission line and associated facilities. As a result of these assessments, CPS Energy will identify any additional permits that are necessary, will consult any required agencies, will obtain all necessary permits, and will comply with the relevant permit conditions during construction and operation of the transmission line and associated facilities.
212. Before beginning construction of the transmission line and associated facilities, CPS Energy will obtain any necessary permits or clearances from federal, state, or local authorities.
213. Before commencing construction, CPS Energy will obtain a general permit to discharge under the Texas pollutant discharge elimination system for stormwater discharges associated with construction activities as required by the Texas Commission on Environmental Quality. In addition, because more than five acres will be disturbed during

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construction of the transmission line and associated facilities, CPS Energy will prepare the necessary stormwater-pollution-prevention plan, submit a notice of intent to the Texas Commission on Environmental Quality, and comply with all other applicable requirements of the general permit.

214. Before construction, CPS Energy will obtain all permit or regulatory approvals that are required from the United States Army Corps of Engineers, the United States Fish and Wildlife Service, the Texas Commission on Environmental Quality, the Texas Historical Commission, the state historic preservation offices, and any county in which the transmission line and associated facilities are built.
215. After designing and engineering the alignments, structure locations, and structure heights, CPS Energy will make a final determination of the need to notify the Federal Aviation Administration based on the final structure locations and designs. If necessary, CPS Energy will use lower-than-typical structure heights, line marking, or line lighting on certain structures to avoid or accommodate requirements of the Federal Aviation Administration.

II. Conclusions of Law

The Commission adopts the following conclusions of law.

1. CPS Energy is a municipally owned utility as defined in PURA § 11.003(11) and 16 TAC § 25.5(71).
2. CPS Energy is required to obtain the approval of the Commission to construct the proposed transmission line and associated facilities and provide service to the public using the line and those facilities. PURA § 37.051(g).
3. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 37.051, 37.053, 37.054, and 37.056.
4. SOAH exercised jurisdiction over this proceeding under PURA § 14.053 and Texas Government Code §§ 2003.021 and 2003.049.
5. The application is sufficient under 16 TAC § 22.75(d).

6. Notice of the application was provided in compliance with PURA § 37.054 and 16 TAC § 22.52(a).
7. Additional notice of the approved route is not required under 16 TAC § 22.52(a)(2) because it is wholly composed of properly noticed segments contained in the original CCN application or modifications agreed to by all affected landowners.
8. CPS Energy provided notice of the public meeting in compliance with 16 TAC § 22.52(a)(4).
9. The hearing on the merits was set, and notice of the hearing was provided, in compliance with PURA § 37.054 and Texas Government Code §§ 2001.051 and 2001.052.
10. The Commission processed this docket in accordance with the requirements of PURA, the Administrative Procedure Act,¹ and Commission rules.
11. Construction of the transmission line on route Z2 is necessary for the service, accommodation, convenience, or safety of the public within the meaning of PURA § 37.056(a).
12. The Texas Coastal Management Program does not apply to the transmission line or associated facilities approved by this Order, and the requirements of 16 TAC § 25.102 do not apply to the application.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission adopts the proposal for decision, including findings of fact and conclusions of law, except as discussed in this Order.
2. The Commission amends CPS Energy's CCN number 30031 to include the construction and operation of the transmission line along route Z2, which will comprise the following segments: 54, 20, 36, 42a, 46, and 46b. The new transmission line will connect the Scenic Loop substation, a new load-serving electric substation in northwestern Bexar County to

¹ Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.902.

be constructed at substation site 7, to the existing Ranchtown-to-Menger Creek 138-kV transmission line to the west. The Commission is certifying two circuits in this proceeding.

3. CPS Energy must consult with pipeline owners or operators in the vicinity of the approved route regarding the pipeline owners' or operators' assessment of the need to install measures to mitigate the effects of alternating-current interference on existing metallic pipelines paralleled by the electric transmission line approved by this Order.
4. CPS Energy must conduct surveys, if not already completed, to identify metallic pipelines that could be affected by the transmission line approved by this Order and cooperate with pipeline owners in modeling and analyzing potential hazards because of alternating-current interference affecting metallic pipelines being paralleled.
5. CPS Energy must obtain all permits, licenses, plans, and permission required by state and federal law that are necessary to construct the transmission line and associated facilities approved by this Order, and if CPS Energy fails to obtain any such permit, license, plan, or permission, it must notify the Commission immediately.
6. CPS Energy must identify any additional permits that are necessary, consult any required agencies (such as the United States Army Corps of Engineers and United States Fish and Wildlife Service), obtain all necessary environmental permits, and comply with the relevant conditions during construction and operation of the transmission line and associated facilities approved by this Order.
7. Before commencing construction, CPS Energy must obtain a general permit to discharge under the Texas pollutant discharge elimination system for stormwater discharges associated with construction activities as required by the Texas Commission on Environmental Quality. In addition, because more than five acres will be disturbed during construction of the transmission line and associated facilities, CPS Energy must, before commencing construction, prepare the necessary stormwater-pollution-prevention plan, submit a notice of intent to the Texas Commission on Environmental Quality, and comply with all other applicable requirements of the general permit.

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8. If CPS Energy encounters any archeological artifacts or other cultural resources during construction, work must cease immediately in the vicinity of the artifact or resource. CPS Energy must report the discovery to, and take action as directed by, the Texas Historical Commission.
9. Before beginning construction, CPS Energy must undertake appropriate measures to identify whether a potential habitat for endangered or threatened species exists and must respond as required.
10. CPS Energy must use best management practices to minimize the potential impact to migratory birds and threatened or endangered species that is presented by the route approved by this Order.
11. CPS Energy must follow the procedures to protect raptors and migratory birds as outlined in the publications: *Reducing Avian Collisions with Power Lines: State of the Art in 2012*, Edison Electric Institute and Avian Power Line Interaction Committee, Washington, D.C. 2012; *Suggested Practices for Avian Protection on Power Lines: The State of the Art in 2006*, Edison Electric Institute, Avian Power Line Interaction Committee, and the California Energy Commission, Washington, D.C. and Sacramento, CA, 2006; and the *Avian Protection Plan Guidelines*, Avian Power Line Interaction Committee and United States Fish and Wildlife Service, April 2005. CPS Energy must take precautions to avoid disturbing occupied nests and take steps to minimize the burden of construction of the transmission line on migratory birds during the nesting season of the migratory bird species identified in the area of construction.
12. CPS Energy must exercise extreme care to avoid affecting non-targeted vegetation or animal life when using chemical herbicides to control vegetation within the rights-of-way. Herbicide use must comply with rules and guidelines established in the Federal Insecticide, Fungicide, and Rodenticide Act and with Texas Department of Agriculture regulations.
13. CPS Energy must minimize the amount of flora and fauna disturbed during construction of the transmission line and associated facilities, except to the extent necessary to establish appropriate right-of-way clearance for the transmission line. In addition, CPS Energy must re-vegetate using native species and must consider landowner preferences and wildlife

needs in doing so. Furthermore, to the maximum extent practical, CPS Energy must avoid adverse environmental effects on sensitive plant and animal species and their habitats, as identified by the Texas Parks and Wildlife Department and the United States Fish and Wildlife Service.

14. CPS Energy must implement erosion-control measures as appropriate. Erosion-control measures may include inspection of the rights-of-way before and during construction to identify erosion areas and implement special precautions as determined reasonable to minimize the impact of vehicular traffic over the areas. Also, CPS Energy must return each affected landowner's property to its original contours and grades unless otherwise agreed to by the landowner or the landowner's representative. However, the Commission does not require CPS Energy to restore original contours and grades where a different contour or grade is necessary to ensure the safety or stability of the transmission line's structures or the safe operation and maintenance of the line.
15. CPS Energy must cooperate with directly affected landowners to implement minor deviations in the approved route to minimize the disruptive effect of the transmission line and associated facilities approved by this Order. Any minor deviations from the approved route must only directly affect the landowners who were sent notice of the transmission line in accordance with 16 TAC § 22.52(a)(3) and have agreed to the minor deviation.
16. The Commission does not permit CPS Energy to deviate from the approved route in any instance in which the deviation would be more than a minor deviation without first further amending the relevant CCN.
17. If possible, and subject to the other provisions of this Order, CPS Energy must prudently implement appropriate final design for this transmission line so as to avoid being subject to the Federal Aviation Administration's notification requirements. If required by federal law, CPS Energy must notify and work with the Federal Aviation Administration to ensure compliance with applicable federal laws and regulations. The Commission does not authorize CPS Energy to deviate materially from this Order to meet the Federal Aviation Administration's recommendations or requirements. If a material change would be

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necessary to comply with the Federal Aviation Administration's recommendations or requirements, then CPS Energy must file an application to amend its CCN as necessary.

18. CPS Energy must include the transmission line and associated facilities approved by this Order on its monthly construction progress reports before the start of construction to reflect the final estimated cost and schedule in accordance with 16 TAC § 25.83(b). In addition, CPS Energy must provide final construction costs, with any necessary explanation for cost variance, after the completion of construction when CPS Energy identifies all costs.
19. The Commission limits the authority granted by this Order to a period of seven years from the date this Order is signed unless, before that time, the transmission line is commercially energized.
20. The Commission denies all other motions and any other requests for general or specific relief that the Commission has not expressly granted.

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Signed at Austin, Texas the 12th day of January 2022.

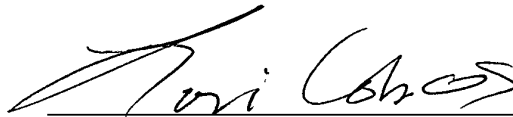
PUBLIC UTILITY COMMISSION OF TEXAS



PETER M. LAKE, CHAIRMAN



WILL MCADAMS, COMMISSIONER



LORI COBOS, COMMISSIONER



JIMMY GLOTFELTY, COMMISSIONER

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MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE DECEMBER 13, 2021 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE JANUARY 31, 2022 BOARD OF TRUSTEES MEETING

The MPOC met on December 13, 2021. As part of the MPOC agenda, the Committee:

- A. Discussed the operation and activities in and around the McCullough Building.
- B. Reviewed the status, current and potential buyers, marketing strategies and/or contract & closing deadlines for the following properties:
 - 1. Main Office Building;
 - 2. Tower Garage;
 - 3. Villita Assembly Building;
 - 4. Surface Parking Lot #2;
 - 5. Northside Customer Service Center; &
 - 6. Mission Road Power Plant and Gugert Street.
- C. Discussed disposition of Jones North and Jones South and reviewed property features and information.
- D. Discussed strategic property purchase opportunities that support electric and gas system reliability, resiliency and customer growth, as well as potential property sale opportunities.

The next meeting of the MPOC is January 31, 2022.