



Process for Allocating 3-Phase Transformers to Projects

Introduction

CPS Energy has worked diligently to help mitigate the global supply chain issues that have affected our community. We are working through shortages of key materials and equipment, including transformers. The impact of the supply chain challenges has resulted in extended lead times & delayed deliveries of material, ultimately resulting in current and expected future delays to CPS Energy and customer projects requiring 3-Phase transformers. Due to this, CPS Energy has created a process for organizing projects into a “3-Phase Transformer Allocation List” in order to provide as much information as possible.

Please note that CPS Energy expects the underlying conditions impacting the supply of transformers to continue for the next 3-5 years. Customers should take extended transformer delivery timeframes into account when planning projects.

Process for Estimating Allocation Schedule

Guardrails to the Process

- Transformers are **not** reserved for a specific project unless the stipulations for CPS Energy purchase of customer-referred materials have been met. Reference the *Process for Reviewing Customer Material* document and request form.
- When transformers are received & available for use, they will first be allocated to projects that are fully ready to receive a transformer; the two requirements for a project being fully ready are defined below. Stated another way, in-stock transformers will not be held for projects that are not ready and CPS Energy may allocate a unit to other projects requiring the same size transformer.
- CPS Energy must maintain an appropriate stock of each size of transformer for emergency use to replace in-service transformers that have failed or are deemed to be at risk of near-term failure. These “safety-stock” units cannot be allocated to new construction projects.
- CPS Energy must maintain our system and reliability for our customers. To do this, projects are planned, and stock assigned to these projects cannot be allocated to new construction projects.

Organization of the “3-Phase Transformer Allocation List”

- CPS Energy maintains a list by transformer voltage class and size for all projects.
- The primary function of this list is to ensure that adequate orders are placed to cover all current and future project needs.
- The list is organized by the “requested completion date” as captured in CPS Energy’s project management software.
- Planned deliveries are tied to the list by the project requested completion date in order to provide initial estimated allocation dates of a transformer to customers. **Note that this is an estimated date only and actual allocation of a transformer to a project will be based on deliveries received and project readiness as described herein.**
- There are two requirements that must be met for a customer-driven project to be fully ready to be allocated a transformer are:
 1. The CPS Energy CIAC invoice has been paid by the customer

2. The CPS Energy inspection of customer-constructed infrastructure is complete and acceptable, as logged by CPS Energy's project management software
- The list of projects will be evaluated every time a transformer is received to determine which projects meet the above-stated requirements.
 - **Transformers will be allocated to the first project on the list that meets the transformer size need and all requirements to be determined by CPS Energy as ready for construction.**
 - If no projects are ready, the transformers will be held in stock and allocated to the next project that meets the readiness criteria.
 - If two or more projects are ready at the time a transformer is received, the transformer will be allocated to the customer project with the earliest CIAC payment date recorded by CPS Energy's business management system OR to a CPS Energy system improvement deemed critical.