

Feder, Kathijo

From: Mark E Marek <alamoillini@gmail.com>
Sent: Sunday, October 13, 2019 1:17 PM
To: Trustees
Subject: RE: [InternetMail] Tell Us What You Think of Our Energy Plans for The Future

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Ms. Gold-Williams,

Thank you for your reply and attached income statements.

The most concerning item to me of your email was the amount of power being supplied by solar and other alternatives to natural gas.

I support replacing coal AND nuclear with natural gas, since we are located in State of Texas which has and abundance of natural gas.

I don't support investing in wind, solar, storage or other alternative which are unknown with reliability and costs.

To my thinking, CPS Energy is increasing risk and costs of primary electric power.

I think the "balanced approach" is flawed.

CPS Energy should be primarily focused on providing the lowest cost of electric power available to the citizens (owners) of San Antonio. Secondarily, CPS Energy should be focused on exporting excess power generated to surrounding communities and the Texas power grid to generate revenue.

CPS Energy should not have ANY focus on promoting radical environmental public policies promoted by professional politicians or professional public policy advocates. I think that the wind, solar and other alternatives are NOT NEEDED and are being developed primarily as a response to professional radical environmental advocates and politicians.

In my opinion, CPS Energy Trustees and Board has managed to increase risk of reliability and affordability with the current approach.

Mark F Marek

SATXUSA 78245

From: Trustees <trustees@cpsenergy.com>

Sent: Friday, October 11, 2019 4:33 PM

To: alamoillini@gmail.com

Subject: RE: [InternetMail]Tell Us What You Think of Our Energy Plans for The Future

Dear Mr. Marek,

Please be aware that your recent email has been shared with our CPS Energy Board of Trustees. As their direct report and the company's Chief Executive Officer (CEO), I want to extend a sincere thank you for taking the time to share your thoughts. We know you, like most of our customers, are extremely busy, so your outreach is commendable and highly appreciated!

I want to provide you some additional context that I hope you will find helpful. First, please know that the closure of our older Deely coal units was not driven by haste or ideology. To the contrary, our country's and state's large shale reserves have enabled natural gas to generally become more of an economical fuel source than coal. This is especially true for older generating units. Even so, we still have two remaining, yet newer, coal units in our generation portfolio.

Second, while the current Presidential Administration is focused on keeping most plants across the nation operational, including nuclear and gas units, extensive regulations at the Federal level still exist. Accordingly, closing the much older Deely units helped us avoid spending over \$500 million solely on environmental investments that would not have increased the operational effectiveness or volume of energy produced from the older plant. Therefore, with the closure of the Deely units, we also lessened our regulatory risks.

Our Save for Tomorrow Energy Plan (STEP) was proactively implemented in 2008. STEP is an award-winning program that has allowed us to defer, not eliminate, an investment in a new power plant.

If we had built a power plant too soon, our Adjusted Debt Service Coverage (ADSC) Ratio would have increased notably. While rates supporting a new fossil plant are collected over decades, the applicable debt to build the plant would have been front loaded on the balance. This would have been a serious evaluation consideration for the global credit rating agencies that rate our credit quality (i.e., Fitch; Standards & Poor; and Moody). This is especially true since we have a long-term commitment with the agencies to reduce the company's debt levels, not increase them in any significant way.

If we had kept the Deely units, instead of having a very diversified generation portfolio as we do now, we would have been overly weighted in coal generation. Conversely, keep in mind that rating agencies expect all utilities to find objective, effective, and thoughtful ways to manage environmental risk.

Furthermore, in 2012, we proactively replaced the Deely capacity with a much younger gas plant. That unit is located in Seguin, TX, and has consistently functioned reliably for our San Antonio community and for the State of Texas.

We are carefully moving toward the future by building upon a broad generation and power supply strategy called the **Flexible Path**. Through this strategy, we are leveraging our current portfolio of "Tried and True Generation Technology, with the New." More explicitly, we are

optimizing our existing nuclear, coal, and gas units, as we carefully add more emerging technologies, including renewables and energy storage.

Our next step in moving our **Flexible Path** forward, is our **FlexPower Bundle** concept. This concept is currently contemplated as a diversified offering that includes solar, energy storage, and gas. With this package, we can blend the best of these technologies.

FLEXIBLE PATH IN ACTION
MAJOR STEP FORWARD

FLEXPOWER BUNDLE COMPONENTS

- 300-900 MEGAWATTS (MW)
- 10-50 MEGAWATTS (MW)
- 300-500 MEGAWATTS (MW)

NEWS SNIPPETS:

- CPS ENERGY'S PRESIDENT & CEO LAUNCHES COMMUNITY INPUT ON THE NEW "POWER BUNDLEFLEX"
CPS ENERGY NEWSROOM, JULY 10, 2019
- CPS Energy Proposes Adding New Solar, Batteries, Buying Natural Gas Power
RIVARD REPORT, JULY 10, 2019

cps ENERGY

24

Please be assured that whatever we propose and ultimately pursue in the future, we are committed to carefully balancing the six important value pillars below:

WE HAVE A BALANCED APPROACH
THESE CONSIDERATIONS ARE IMPORTANT

SECURITY **SAFETY** **RESILIENCY**

RELIABILITY **ENVIRONMENT** **AFFORDABILITY**

This is how we save our customers money and add value.

cps ENERGY

I also want to point out that we have consistently made money / net income, year-after-year. Through our optimization of revenues from our power plants and prudent cost control, we have produced net income, not losses, over the years. Below is the excerpt from the latest years of our audited financial statements, which are also available on our website.

| Summary of Revenues, Expenses and Changes in Net Position | | | | | | | |
|---|-------------------------------|--------------|--------------|---------------|---------------|------------|--------|
| (Dollars in thousands) | | | | | | | |
| | Fiscal Year Ended January 31, | | | Change | | | |
| | 2019 | 2018 | 2017 | 2019 vs. 2018 | 2018 vs. 2017 | | |
| | | Restated | Restated | | | | |
| Revenues and nonoperating income | | | | | | | |
| Electric | \$ 2,576,715 | \$ 2,439,858 | \$ 2,299,504 | \$ 136,857 | 5.6% | \$ 140,354 | 6.1% |
| Gas | 167,444 | 180,411 | 165,814 | (12,967) | -7.2% | 14,597 | 8.8% |
| Total operating revenues | 2,744,159 | 2,620,269 | 2,465,318 | 123,890 | 4.7% | 154,951 | 6.3% |
| Nonoperating income, net | 55,914 | 33,938 | 29,438 | 21,976 | 64.8% | 4,500 | 15.3% |
| Total revenues and nonoperating income | 2,800,073 | 2,654,207 | 2,494,756 | 145,866 | 5.5% | 159,451 | 6.4% |
| Expenses | | | | | | | |
| Operating expenses: | | | | | | | |
| Fuel, purchased power and distribution gas | 824,753 | 832,070 | 751,646 | (7,317) | -0.9% | 80,424 | 10.7% |
| Operation and maintenance | 573,491 | 540,104 | 515,131 | 33,387 | 6.2% | 24,973 | 4.8% |
| Annual OPEB and pension expense | 33,402 | 41,180 | 86,048 | (7,778) | -18.9% | (44,868) | -52.1% |
| Energy efficiency and conservation (STEP) | 69,124 | 80,731 | 102,211 | (31,607) | -14.4% | (21,480) | -21.0% |
| STEP net costs recoverable | 19,912 | 7,813 | (39,818) | 32,099 | 154.9% | 47,631 | 119.6% |
| Regulatory assessments | 86,202 | 84,083 | 74,965 | 2,119 | 2.5% | 9,118 | 12.2% |
| Decommissioning | 16,525 | 16,525 | 17,425 | - | - | (900) | -5.2% |
| Depreciation and amortization | 445,227 | 425,260 | 426,760 | 19,967 | 4.7% | (1,500) | -0.4% |
| Total operating expenses | 2,068,636 | 2,027,766 | 1,934,368 | 40,870 | 2.0% | 93,398 | 4.8% |
| Nonoperating expenses | | | | | | | |
| Interest and debt-related | 201,925 | 199,785 | 196,962 | 2,140 | 1.1% | 2,823 | 1.4% |
| Payments to the City of San Antonio | 361,351 | 338,455 | 324,469 | 22,896 | 6.8% | 13,986 | 4.3% |
| Total nonoperating expenses | 563,276 | 538,240 | 521,431 | 25,036 | 4.7% | 16,809 | 3.2% |
| Total expenses | 2,631,912 | 2,566,006 | 2,455,799 | 65,906 | 2.6% | 110,207 | 4.5% |
| Income before other changes in net position | 168,161 | 88,201 | 38,957 | 79,960 | 90.7% | 49,244 | 126.4% |
| Other payments to the City of San Antonio | (11,766) | (11,720) | (11,613) | (46) | -0.4% | (107) | -0.9% |
| Contributed capital | 54,936 | 43,868 | 59,459 | 11,068 | 25.2% | (15,591) | -26.2% |
| Special item - plant impairment | (182,723) | - | - | (182,723) | -100.0% | - | - |
| Effect of defined benefit plan funding obligations - STP | (8,145) | (10,610) | (9,320) | 2,465 | 23.2% | (1,290) | -13.8% |
| Change in net position | 20,463 | 109,739 | 77,483 | (89,276) | -81.4% | 32,256 | 41.6% |
| Net position - beginning | 3,493,564 | 3,383,825 | 3,306,342 | 109,739 | 3.2% | 77,483 | 2.3% |
| Net position - ending | \$ 3,514,027 | \$ 3,493,564 | \$ 3,383,825 | \$ 20,463 | 0.6% | \$ 109,739 | 3.2% |

Each year, our net income has been consistently reinvested back into the business for the benefit of our customers and community. **We have done all of this while keeping our rates affordable; we have not raised our rates in six years!**

Please also know that we estimate we will again have a solid net income this fiscal year as well. This is true even without any revenue contributions from the Deely units that were closed last year. We are successfully optimizing the revenues of our existing nuclear, gas, coal, wind, and solar generation, while carefully controlling our enterprise costs.

I want to thank you again for being a thoughtful and engaged CPS Energy customer! It is our absolute pleasure to serve you and all of our customers in the San Antonio metropolitan area. If there is any additional information or assistance that I can provide you, please do not hesitate to reach out to our organization again.

Sincerely,

Paula Gold Williams, President & CEO, on behalf of,
The CPS Energy Board of Trustees

Copy to: The CPS Energy Board of Trustees
City of San Antonio City Council
City of San Antonio Leadership

From: Mark E Marek - SATXUSA <alamoillini@gmail.com>

Sent: Tuesday, September 17, 2019 12:09 PM

To: Trustees <trustees@cpsenergy.com>

Subject: [InternetMail]Tell Us What You Think of Our Energy Plans for The Future

EXTERNAL EMAIL: Do not click any links or open any attachments unless you trust the sender and know the content is safe.

As a citizen of San Antonio, State of Texas and USA, property owner in zip code 78250, ratepayer of CPS Energy I am opposed to the current policy of cps energy to retire/discontinue the use of coal, natural gas and nuclear power generation in favor of alternatives such as wind and solar.

This policy is resulting in a deficit of capacity instead of a surplus of capacity and a resulting loss of income.

Mark E. Marek

San Antonio, Texas USA

From: CPS Energy SaveNow Programs <CPSEnergy@franklinenergy.com>

Sent: Tuesday, September 17, 2019 11:41 AM

To: alamoillini@gmail.com

Subject: SaveNow@ Home Newsletter

