

CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its Regular Monthly Meeting **on Monday, November 15, 2021 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 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, November 12, 2021, 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.

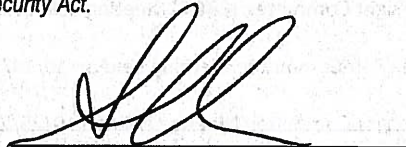
Written comments may be sent to publiccommentregistration@cpsenergy.com. Note that written comments will not be read during the Board meeting.

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.



Shanna M. Ramirez
Secretary of the Board
November 10, 2021



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON NOVEMBER 15, 2021 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

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Mr. Benny Ethridge
3	PUBLIC COMMENT Pre-Registration on Friday, November 12, 2021 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
5	ADDITIONAL UPDATES: A. Cost Savings: Recycling of Byproducts from Plants (Mr. Benny Ethridge) B. Winter Preparedness Progress Report (Mr. Paul Barham)	Discuss	Mr. Rudy Garza
6	PROCUREMENT PREVIEW: A. General Services – Context for items 8D1 & 8D2: Electrical Substation Civil Site Work & General Civil Construction Services & Underground Residential Electric Distribution & Terminations	Discuss	Mr. Lee Byrd
CONVENE TO EXECUTIVE SESSION			
7	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			
8	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board meeting held on 09/27/2021 B. Payment to the City of San Antonio for October 2021 C. Appointment to the Citizen's Advisory Committee (CAC) for District 1 (Ms. Julia Haynes) D. Procurement Items: 1. General Services: Electrical Substation Civil Site Work and General Civil Construction Services (Mr. Paul Barham) 2. General Services: Underground Residential Electric Distribution and Terminations (Mr. Paul Barham) 3. General Services: Competitively Sensitive Item (Mr. Frank Almaraz)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
9	COMMITTEE REPORTS: A. Audit & Finance (A&F) Committee Meeting held on 10/14/2021 (Mr. John Steen) B. Employee Benefits Oversight Committee (EBOC) Meeting held on 10/14/2021 (Mr. John Steen) C. A&F & EBOC Aligned Risk Sub-Committee Meeting held on 10/14/2021 (Mr. John Steen) D. Master Planning & Oversight Committee Meeting held on 10/25/2021 (Mr. Ed Kelley)	Discuss	Dr. Willis Mackey
10	REAL ESTATE: JONES AVENUE PROPERTY UPDATE	Discuss & Possible Vote	Mr. Curt Brockmann
11	FLEXPOWER BUNDLESM UPDATE	Discuss	Mr. Kevin Pollo
12	ADJOURNMENT	Execute	Dr. Willis Mackey
If the Board meeting has not adjourned by 4:00 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.			



COST SAVINGS: RECYCLING OF BYPRODUCTS FROM PLANTS

PRESENTED BY:

Benny Ethridge, PE
Senior VP, Power Generation

November 15, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **REVIEW THE BENEFITS OF COAL ASH RECYCLING**



AGENDA



- ***GUIDING PILLARS* ALIGNMENT**
- **BENEFITS OF RECYCLING**
- **RECYCLING AGREEMENT**
- **CUSTOMER SAVINGS**



OUR GUIDING PILLARS & FOUNDATION



Reliability



Customer Affordability



Security



Safety



Environmental Responsibility



Resiliency



● **Financially Responsible** ●

Recycling coal combustion by-products supports our **Guiding Pillars** with an emphasis on **Customer Affordability, Environmental Responsibility & Resiliency**.

OUR COMMITMENT TO SUSTAINABILITY

BENEFITS OF RECYCLING



Coal Ash

Coal Ash is commonly recycled for use in road base & concrete.



- We recycle over 99% of coal ash produced
- Benefits:
 - Reduces landfill disposal & costs
 - Conserves natural resources
 - Provides durable road-base & concrete additive materials
 - Reduces greenhouse gas emissions

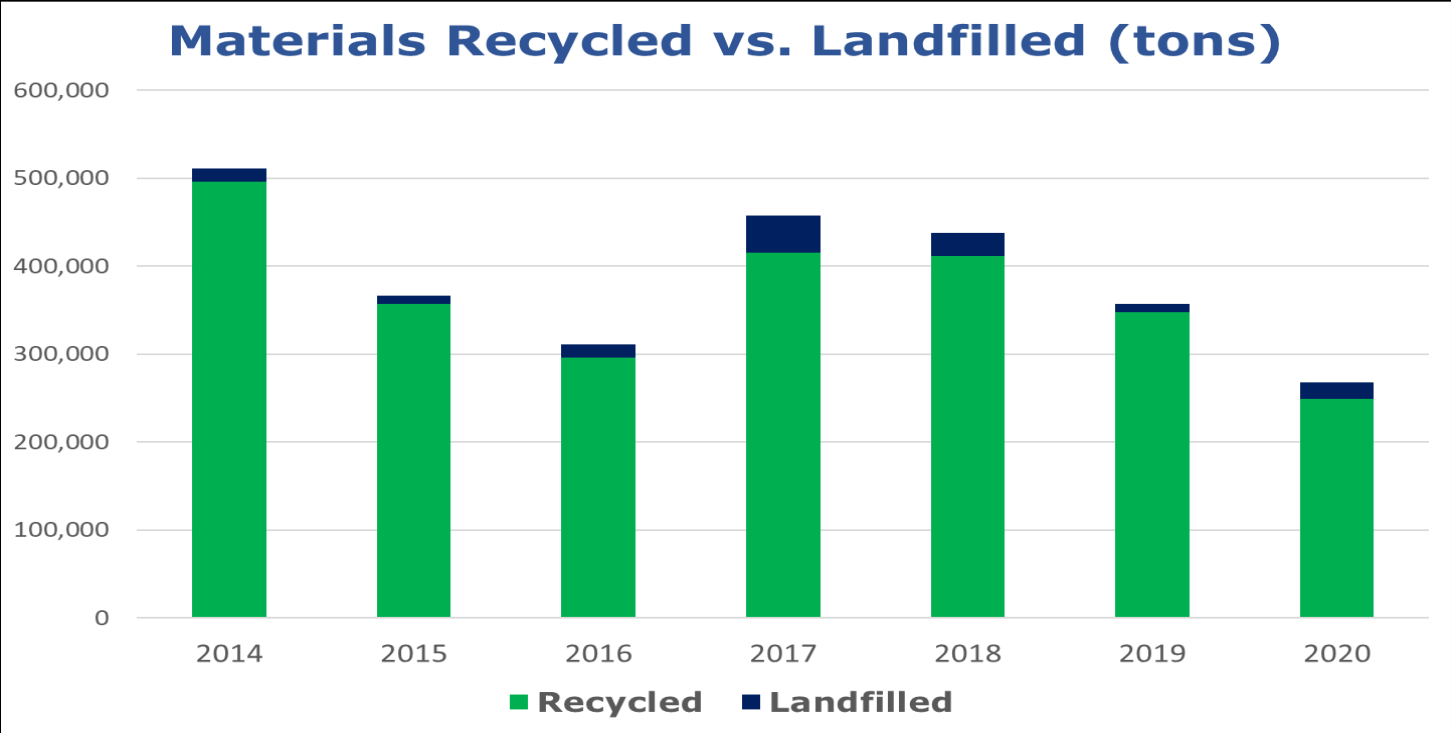
RECYCLING AGREEMENT



- A materials technology firm was contracted in 1978 to manage our coal ash recycling program
- We incentivized coal ash recycling
- This program avoids landfill disposal of coal ash & provides volume-based compensation for coal ash that is recycled

BENEFITS OF RECYCLING

MORE THAN COAL ASH



Our aggressive company-wide recycling program saves our customers money & preserves natural resources.

AVOIDED LANDFILL COSTS



- Over 5.5 million tons of coal ash has been recycled since 2005
- We have received ~ \$35 million in royalty payments during this period
- We avoided the construction of 6 local landfills at a savings of ~ \$72 million

**Recycling coal ash has saved our customers over
\$107 million since 2005!**



Thank You





WINTER PREPAREDNESS PROGRESS REPORT

PRESENTED BY:

Paul Barham

Chief Grid Optimization & Resiliency Officer (CGORO)

November 15, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **PROVIDE UPDATES ON ACTIONS TAKEN TO PREPARE FOR THE WINTER SEASON & PLANNED WORK**
- **PROVIDE STATUS OF THE CITY OF SAN ANTONIO (CoSA) COMMITTEE ON EMERGENCY PREPAREDNESS (CEP) REPORT RECOMMENDATIONS**



AGENDA



- **COMBINED ACTION LIST STATUS OVERVIEW**
- **CEP RECOMMENDATION STATUS OVERVIEW**
- **READINESS IMPROVEMENTS UPDATE**
- **NEXT STEPS**



OUR GUIDING PILLARS & FOUNDATION



Reliability



Customer Affordability



Security



Safety



Environmental Responsibility



Resiliency



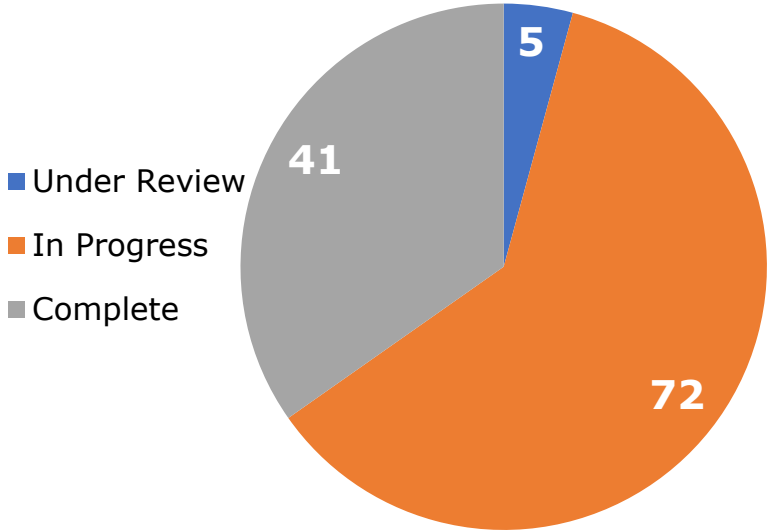
● *Financially Responsible* ●

Our actions in response to Winter Storm Uri impact all of our *Guiding Pillars* but are focused on improving *Resiliency*.

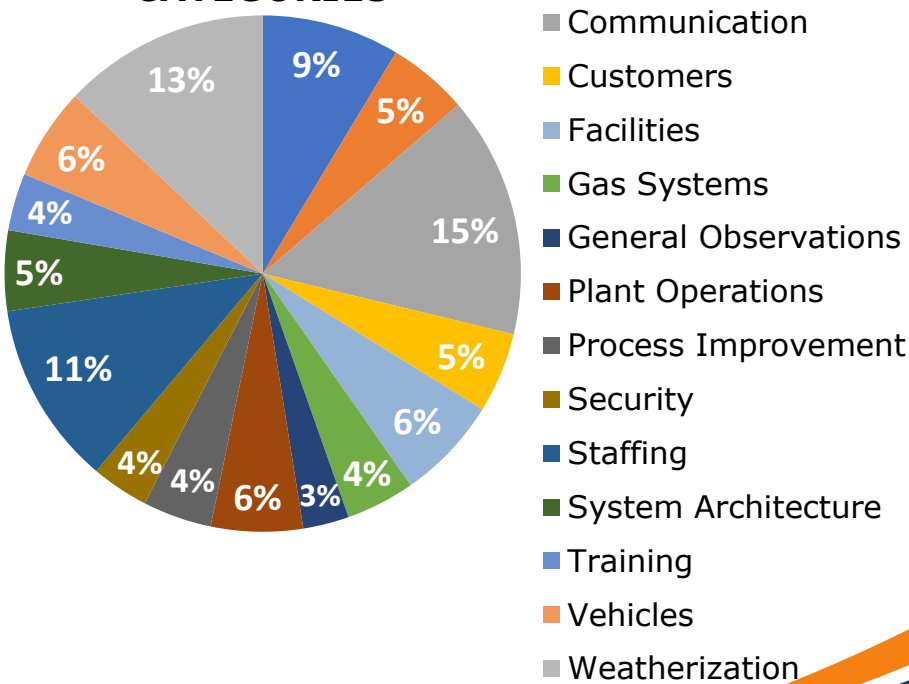
COMBINED ACTION LIST STATUS OVERVIEW



COMBINED ACTION LIST STATUS



COMBINED ACTION LIST CATEGORIES

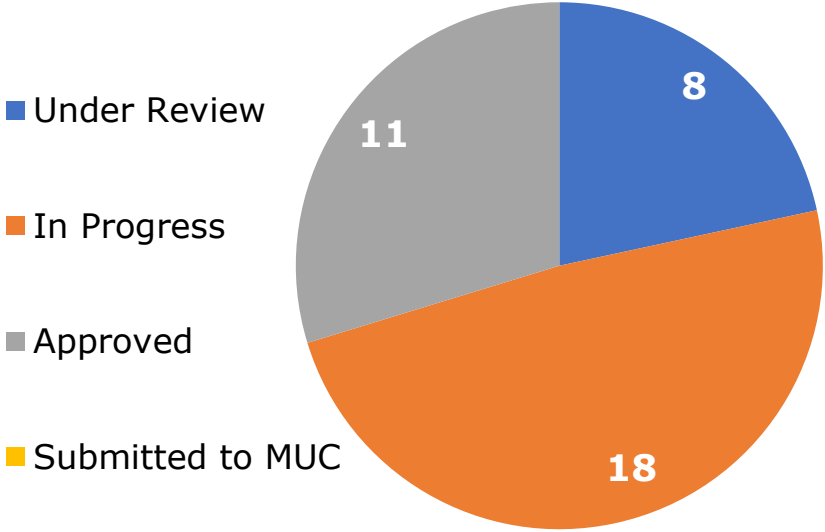


Progress continues in executing plans for completion of items by the end of year.

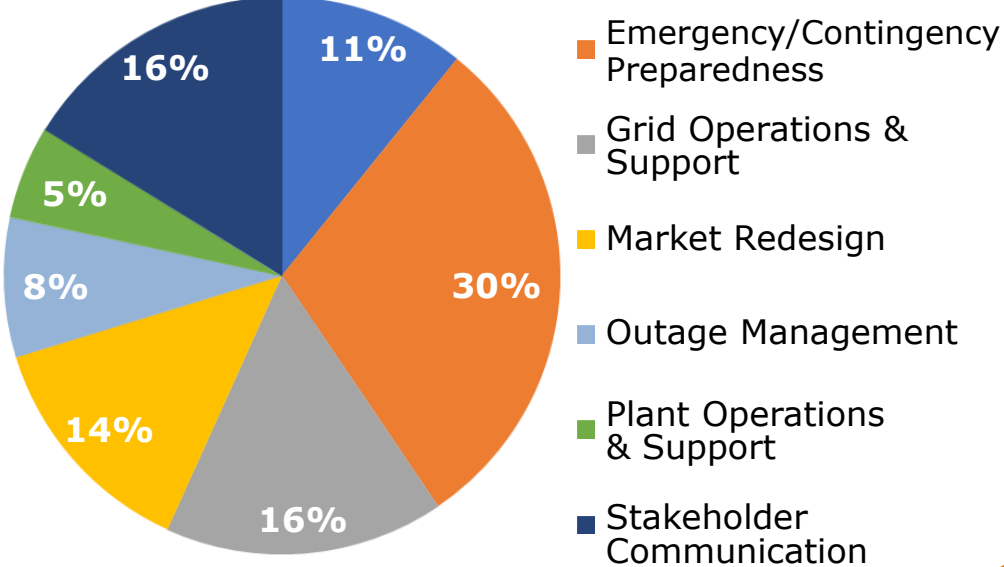
CoSA CEP RECOMMENDATION STATUS OVERVIEW



CEP RECOMMENDATION ACTION PLAN STATUS



CEP RECOMMENDATION CATEGORIES



Some mitigation strategies & actions related to the CEP recommendations may require long-term solutions; however, steady progress is being made.



WINTER READINESS GRID IMPROVEMENTS

- Plant Operations & Support
 - Repairs & upgrades to power plant weatherization are in place or part of upcoming scheduled outages
 - Natural Gas supply has been strengthened to support winter demand
- Outage Management
 - Load shed capacity has been increased
 - Load shed control program has been updated & tested
 - Completed load shed assessment by Third-Party consultant



**Repairs During
Winter Storm**



**Power Plant Freeze
Protection**

Adjusted seasonal plant maintenance is on track to be completed before winter & will significantly increase load shed capacity for an improved customer experience during an ERCOT directed load shed.

WINTER READINESS OPERATIONS IMPROVEMENTS



- Grid Operations & Support
 - Collaborate with SAWS, Emergency Operations Center (EOC) & others
 - Review & improvement of Blackstart procedures
 - Update field procedures for winter emergency operations
- Emergency/Contingency Preparedness
 - Several exercises for emergency preparedness
 - CPS Energy Executive assigned for EOC interface
 - Strengthening of internal emergency procedures & systems



EMC tour & overview with SAFD Leadership

WINTER READINESS COMMUNICATIONS IMPROVEMENTS



We are enhancing our **emergency communications plan** that addresses the opportunities identified internally & by the CEP.

Highlights include:

- Finalizing the plan before the end of the calendar year
- Utilizing input from lessons learned, customers & a communications consultant
- Focusing on:
 - Stakeholder Communications to ensure solid coordination
 - Customer Communications to provide timely, helpful information
 - Key information to support decision making at all levels
 - Joint Readiness Campaign with CoSA & Partner agencies
- Alignment & training with CoSA, EOC & Public Information Offices



Sample of Customer Communication

Timely communication of actionable information is critical for success.

WINTER READINESS POLICY ACTIVITY

- The CEP identified 4 issues to pursue at the state level:
 - Increase generation reserve capacity
 - Interconnects with neighboring grids
 - State support for firm supply during emergencies
 - Address price manipulation
- Our Government Relations team is actively involved in these & other critical issues at the state & federal levels
- Tracking 36 topics in 28 meetings (to date)



NEXT STEPS



- Continue status updates at monthly Municipal Utilities Committee (MUC) meetings & to the Board of Trustees
- Detailed updates at Operations Oversight Committee (OOC) meetings
- Continue completion of winter prep activities
- Identify funding requirements as required for action plans

Significant mitigation activities to address the CEP recommendations continue & will be completed prior to the end of the year.



Thank You





**PROCUREMENT PREVIEW:
SITE WORK & GENERAL CIVIL CONSTRUCTION
SERVICES & UNDERGROUND RESIDENTIAL
ELECTRIC DISTRIBUTION & TERMINATIONS**

PRESENTED BY:

Davis L. (Lee) Byrd

Director, Distribution Process & Support Services

November 15, 2021

*Approval Requested
on the Consent Agenda*

OBJECTIVES & TAKEAWAYS



- **PROVIDE AN OVERVIEW OF UNDERGROUND RESIDENTIAL DISTRIBUTION CONTRACTOR WORK**
- **PROVIDE AN OVERVIEW OF SUBSTATION CIVIL SITE CONTRACTOR WORK**
- **SEEK APPROVAL ON THE CONSENT AGENDA FOR 3 UNDERGROUND RESIDENTIAL DISTRIBUTION COMPANIES & 6 CIVIL SITE WORK COMPANIES**

AGENDA



- *GUIDING PILLARS*
- **CONTRACT SCOPE**
- **USE OF CONTRACT CONSTRUCTION FIRMS**
- **REQUEST FOR APPROVAL ON THE CONSENT AGENDA**

OUR GUIDING PILLARS & FOUNDATION



Our contract construction activities are focused on maintaining *Reliability, Resiliency, & Safety* while supporting customer growth.

CONTRACT SCOPE

UNDERGROUND CONSTRUCTION



- Primary focus:
 - Overhead-to-underground conversion projects in residential neighborhoods
 - Replacement of aging direct-buried primary cable
 - **Reliability** improvement projects
- Pre-construction meeting to construction completion



Underground rehab in progress

We are responsible for turning designs into reality & delivering a **Safe & Reliable** electric distribution system.

RESPONSIBILITIES

TYPES OF PROJECTS



- Rebuild full neighborhood loops
- Convert existing overhead lines to underground
- Replace direct-buried primary cable with cable in conduit
- Terminate cables & connect to new transformers



New cable in conduit with new transformer

CONTRACT SCOPE

CIVIL SITE WORK CONSTRUCTION



- Primary focus:
 - Construct system & customer growth substation projects
 - **Reliability** & **Safety** improvement projects
- Pre-construction meeting to construction completion



Site work & grading for a new substation

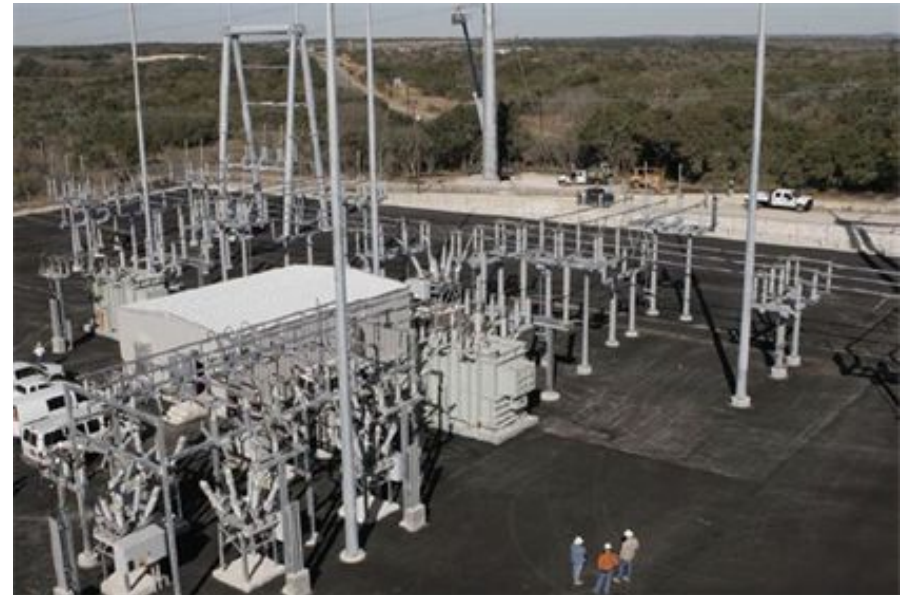
We are responsible for turning designs into reality & delivering a *Safe & Reliable* Substation & Transmission system.

RESPONSIBILITIES

TYPES OF PROJECTS



- Greenfield substation site construction
- Site expansion of existing substations
- Structure foundation installation
- Miscellaneous paving & drainage projects



Typical greenfield substation supported under these contracts

USE OF CONTRACTED CONSTRUCTION FIRMS

BENEFITS

- Provide additional resources to augment internal construction staff
- Utilize multiple construction firms for flexibility & continuity
- Additional support for storm restoration, as needed
- Project-specific competitive bidding between selected firms ensures us the best value



Installation of new foundations

Construction contractors support us in building a **Safe, Resilient & Reliable** Distribution, Substation & Transmission system.

PROCUREMENT REQUEST FOR PROPOSALS (RFP)



- Awarding Evaluation points to SWMV¹ & local businesses
- Focusing on growing a qualified & diverse vendor pool
- Actively recruiting SWMV¹ businesses
- Engaging with partnership agencies²
- Discussing & driving opportunities to “debundle” components of work to create additional subcontracting opportunities
- Subcontracting plans & vendor mentorship as part of vendor selection



CPS Energy Supply Chain
Facebook Live event

(1) Small / Women / Minority / Veteran Owned

(2) Fair Contracting Coalition, South Central Texas Regional Certification Agency, ...

CONSENT AGENDA REQUEST

UNDERGROUND CONSTRUCTION



- 8 proposals received
- 3 construction firms selected
 - 2 are headquartered in the San Antonio Metropolitan Area
 - 1 is small & HUBzone
 - Non-diverse firms are committed to subcontracting 10% to diverse firms
- Contract Overview
 - Term: 3 years
 - Term value: \$45M total



Underground rehab in progress

RECOMMENDED COMPANIES

UNDERGROUND CONSTRUCTION



Company Name	Local	Diverse	Award Amount
HJD Capital, Inc.	✓	✓	\$15,000,000
Zachry Underground & Utility Services, Inc.	✓		\$15,000,000
Mears Installation, LLC	✓		\$15,000,000
		Total:	\$45,000,000

CONSENT AGENDA REQUEST

CIVIL SITE WORK CONSTRUCTION



- 16 proposals received
- 6 construction firms selected
 - All 6 companies are diverse businesses
 - 5 are headquartered in the San Antonio Metropolitan area
- Contract Overview
 - Term: 3 years
 - Term value: \$30M total



Typical expansion project supported under this type of contract – added a transformer & switchgear in the newly paved area

RECOMMENDED COMPANIES

CIVIL SITE WORK CONSTRUCTION



Company Name	Local	Diverse	Awarded Amount
Allbrite Constructors of Texas, Inc.	✓	✓	\$5,000,000
Dorazio Enterprises, Inc.	✓	✓	\$5,000,000
E-Z Bel Construction, L.L.C.	✓	✓	\$5,000,000
HJD Capital Electric, Inc.	✓	✓	\$5,000,000
Paloma Blanca Enterprises, Inc.	✓	✓	\$5,000,000
Packet Construction, L.L.C.		✓	\$5,000,000
		Total:	\$30,000,000

REQUEST FOR APPROVAL



- We are requesting approval **as part of the Consent Agenda** for award of contracts to the:
 - 3 companies listed for Underground Residential Electric Distribution & Electric Terminations in the amount of \$45 million over 3 years
 - 6 companies listed for Electrical Substation Civil Site Work & General Construction Services in the amount of \$30 million over 3 years



Thank You





Appendix



GLOSSARY / DEFINITIONS

Acronym or Word	Definition
HUBZone	Historically Underutilized Business Zone. An area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation.

Draft for review and approval
at the November 15, 2021 meeting

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON SEPTEMBER 27, 2021

The Regular Meeting of the Board of Trustees of CPS Energy for the month of September was held on Monday, September 27, 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 1:00 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. Ed Kelley
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:09 p.m.)

Also present were:

Ms. Paula Gold-Williams, President & CEO
Mr. Fred Bonewell, Chief Operating Officer
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. Rudy Garza, Chief Customer & Stakeholder Engagement 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. Julia Haynes, Manager, Local Government Relations.

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. Jaime A. Martinez, Sr. Project Manager, UTSA SBDC COVID Business Recovery Accelerator, spoke on the collaboration between UTSA and CPS Energy's Energy to Business program.

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at the November 15, 2021 meeting

2. Ms. Lillian White, teacher and HUB coordinator for Sunrise Movement, spoke on CPS Energy's resumption of disconnects and the Spruce coal plant effects on the health of her students. She expressed support of the application by Dr. Adelita Cantu to the Board of Trustees.
3. Ms. Laura Richards, San Antonio Museum of Art (SAMA) supporter, yielded her time to Ms. Cecilia Herrera.
4. Mr. Brian C. Sparks, Network Director, NEISD, yielded his time to Ms. Cecilia Herrera.
5. Ms. Cecilia Herrera, retired Foreign Officer with the U. S. State Department and Board Member of SAMA, spoke on agenda item 11, Jones Avenue Property Use, supporting continued discussions with SAMA on CPS Energy's conveyance of the property to SAMA.
6. Mr. Joe Linson spoke on agenda item 11, Jones Avenue Property Use, in support of SAMA and requested that CPS Energy continue a dialogue with the museum regarding conveyance of the property to SAMA.
7. Mr. John Coleman, artist, spoke on agenda item 11, Jones Avenue Property Use, in support of continued discussions with SAMA on the conveyance of the property to SAMA.
8. Mr. Ed Hart, President, Sendero Wealth Management and Board Chairman of SAMA, spoke on agenda item 11, Jones Avenue Property Use, in support of continued discussions with SAMA on CPS Energy's conveyance of the property to SAMA.
9. Ms. DeeDee Belmares, Climate Justice, spoke in support for the application by Dr. Adelita Cantu to the Board of Trustees. In addition, Ms. Belmares spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, regarding an e-mail from Mr. Rudy Garza inviting the environmental stakeholders to discuss CPS Energy's **Flexible Path**SM Resource Plan. Ms. Belmares looks forward to the meeting.
10. Dr. Meredith McGuire, Trinity University Professor Emerita and Conservation Co-Chair, Sierra Club, San Antonio, Texas, spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, requesting a halt of consideration of rate increases until after residential rates are restructured.
11. Ms. Valerie Morales, Community Organizer and member of Climate Collectiva, spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, opposing the rate increase for those residents not able to pay their bills.
12. Mr. Terry Burns, Former Chair, Alamo Sierra Club, spoke in support of the application by Dr. Adelita Cantu to the Board of Trustees.
13. Ms. Isabella Nieto, Texas Rising and Student at UTSA, spoke in support of the application by Dr. Adelita Cantu to the Board of Trustees. Ms. Nieto also spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, against any rate increase and disconnection of accounts.

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at the November 15, 2021 meeting

14. Ms. Lexy Garcia, Texas Rising Regional Field Coordinator, spoke on agenda item 5, Pre-Rate Increase Consideration Period Updates, against disconnections and any rate increase. In addition, Ms. Garcia also spoke in support of the application by Dr. Adelita Cantu to the Board of Trustees.

IV. CEO'S REPORT

Ms. Gold-Williams provided an overview of her written report to the Board beginning with a discussion on CPS Energy's generating plants. We are entering a period where we typically do maintenance on the plants. Our high impact months are from June to September. During Winter Storm Uri, there were plants across the state doing maintenance. Typically, the industry has not had a winter peaking period that was substantial. As a result, generators usually take the months of October to May to perform maintenance. We inform ERCOT when we plan outages for maintenance. During Winter Storm Uri, we had one plant out for maintenance. However, eighty-five percent (85%) of CPS Energy's capacity was operational. There have been discussions in the industry, and at the Texas Legislature, about plants needing maintenance, planning for a winter peak, and evaluating an exclusion of planned maintenance during that time. CPS Energy has embraced that discussion. After Winter Storm Uri (Uri), we determined the need to plan for winter peaks and change the traditional outage schedule. Mr. Almaraz and his team have come up with a plan to help eliminate planned maintenance during the months of January and February. This will result in increased labor and power purchase costs.

Ms. Gold-Williams informed the Board that CPS Energy will continue to work with the Municipal Utilities Committee (MUC) and has made progress on a number of action items that the Committee on Emergency Preparedness (CEP) assigned us. We will attend monthly meetings and a City desktop exercise to improve communication processes among the City, SAWS and CPS Energy.

Ms. Gold-Williams highlighted supply chain challenges, specifically getting certain equipment and materials needed to operate our system. We, along with the industry, are having trouble obtaining transformers. Transformers are needed to support new growth and regular system maintenance. We have been utilizing proactive maintenance practices to extend the existing inventory's life.

In response to the Board's request for updates on CPS Energy's plans to solve energy challenges and the plan for utility scale projects, she also gave an update on the **FlexPOWER Bundle**SM. We believe there is a lot of benefit from distributed generation. We have a target of 900 MW of solar, and carved out about 50 MW to help with distributed solar locally. We have a distributed solar campaign running in both our **STEP** program and **FlexPOWER Bundle**SM. We continue to update the community and obtain feedback. A sample from our customer survey indicates that **Reliability** and **Affordability** are the primary concerns for our customers.

Ms. Gold-Williams also gave a preview of agenda items 5 A. and B, Pre-Rate Increase Consideration Period Updates. We are committed to better communication to the public. We gave a media update on today's presentation before the Board meeting. We are going to continue to give the community information about why we are here after 8 years without a rate increase and get feedback. We will not ask for more than is needed. We have financial pressures due to the pandemic, Uri, necessary investment in our infrastructure, the need to keep our equipment well maintained and the need to keep our employees well trained to continue to serve our community. We have saved over \$900 million since 2010. Although the rate increase is projected to be around ten percent (10%), we continue to fine tune the numbers to try and reduce.

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Ms. Gold-Williams informed the Board about agenda item 6, Proactive Transformer Replacements. A CPS Energy study was shared that showed the cost of failing transformers, which was over \$300,000 per unit. In 2009, we implemented a program that reduced transformers failures by sixty-eight percent (68%) with preventative maintenance and proactive replacement. We have avoided approximately \$6 million in hard costs under this program.

Ms. Gold-Williams also informed the Board that there will be a discussion about the use of the Jones Avenue property. A prior agreement made between SAMA and CPS Energy to convey the property expired in 2019. She is requesting the Board's approval for next steps on the future handling of this property, either to continue negotiations with SAMA and enter into a new agreement, or market the entire property and use the proceeds to help our customers.

Trustee Steen noted a recent panel for the North Chamber of Commerce called the State of Utilities, during which Mr. Robert Puente stated that SAWS has a list of action items from Uri and progress reports are provided at every SAWS Board Meeting. Trustee Steen asked for CPS Energy to do the same. Ms. Gold-Williams responded that we are working on a consolidated list of action items. We utilize the CEP for a comprehensive overview of all activities and have created a dashboard. Chair Dr. Mackey agreed with Trustee Steen's request and asked that a plan be provided by December 15, 2021. In addition, Chair Dr. Mackey asked Mr. Bonewell about the engagement of Black & Veatch. Mr. Bonewell responded that Black & Veatch was retained to consult on load shed. Chair Dr. Mackey asked when the status report will be provided to the Board. Ms. Gold-Williams responded that it will be delivered prior to the October 2021 Board meeting. Chair Dr. Mackey also requested that the report indicate money spent to remediate winter storm issues.

Mayor Nirenberg asked what the response data indicated about the **FlexPOWER Bundle**SM Tele-Townhalls. Ms. Gold-Williams responded that over a thousand people called in, and committed to providing more specific information. Vice Chair Gonzalez requested that the data be divided by zip codes or by council district, whichever is easier, and by priority.

Vice Chair Gonzalez also requested an update on decisions being made by the MUC.

Chair Dr. Mackey asked the Mayor if the City of San Antonio Chief Financial Officer (CFO) can meet with him, Mr. Cory Kuchinsky, and Ms. Shannon Albert. The Mayor responded that the City CFO has been regularly meeting with Mr. Kuchinsky and Ms. Gold-Williams.

Vice Chair Gonzalez inquired about the cost of environmental cleanup if the Jones Avenue property was sold. Ms. Gold-Williams responded that CPS Energy has already done environmental cleanup and added that we monitor water from the property and are working with the Texas Commission on Environmental Quality (TCEQ) on this matter.

V. PRE-RATE CASE CONSIDERATION PERIOD UPDATES

Enhancing Community Engagement

Mr. Garza's presentation will describe the process of how CPS Energy connects, listens and engages with the community. Our general approach is to meet with customers in the community. During the pandemic,

Draft for review and approval
at the November 15, 2021 meeting

we were not holding in-person events; however, since February of this year, we have held nearly 600 community events and this fall, we expect our leadership to continue conversations with our community.

Mr. Garza described scheduled customer engagement events regarding our proposed rate increase. In addition, he also displayed a slide previously shown to the Board that describes the engagement process that CPS Energy will follow to inform all stakeholders. Mr. Garza acknowledged that the RAC is performing the work it was charged to do in this process and in addition, the CAC will receive information and decide whether to support the rate increase. The most important aspect of this engagement process is to gather feedback and present it to the Board and City Council.

Mr. Garza described the input process from the Advisory Committees. The RAC met recently for three (3) hours to understand the financial condition of the company, including how costs are allocated among customers. In addition, we plan to go before the CAC to keep them updated on our progress and receive their input.

Mr. Garza detailed several methods we use to connect with the community, including: events with our residential and commercial customers; engagement with local partners such as the real estate council; chambers and social services agencies; the gathering of feedback from customers through phone calls; in-person conversations and surveys; Tele-Townhalls; media partner outreach; and lastly, we educate our employees with the right messaging, so all of our team members can be community ambassadors.

Mr. Garza also described how we engage stakeholders in the community by segments including, the community at large, commercial customers, economic development, and environmental and governmental agencies. We track touchpoints and report out on how many presentations have been delivered on the proposed rate increase, what feedback we have received, and who we have been unable to notify. Mr. Garza also provided a list of several upcoming events that the community can attend. This list is displayed at www.cpsenergy.com/stakeholders. He also described the various assistance programs available to our customers.

We will have a Bill Estimator on our website that assists customers in understanding the impact a potential rate increase may have on their bill. Customers can call (210) 353-2222 for assistance on delinquent bills.

Vice Chair Gonzalez asked when the Board can expect to receive a presentation from the RAC. Mr. Garza responded that although the Committee is not ready to provide a presentation, it is hard at work.

Vice Chair Gonzalez requested that the RAC provide the following information: a breakdown of the rate structure, specifically, both the fixed and O&M costs associated with solar customers; the breakdown of costs for residential and commercial accounts that have solar panels; and the cost to customers. She stressed that continued investment in solar should not burden low income customers. Mr. Garza responded that the Committee will be looking at the proposed rate case, as well as a long-term view on alternative rate-making structures. Vice Chair Gonzalez wants the RAC to provide the financial analysis on this matter.

Vice Chair Gonzalez also shared an experience from a senior citizen customer that received great customer service during a high bill inquiry, including qualification information for an assistance program. She commended the CPS Energy employee who provided that service.

Draft for review and approval
at the November 15, 2021 meeting

Trustee Steen noted the increased level of customer engagement in this current process and also highlighted the recent bill insert that reminded customers to call us for assistance in lieu of being disconnected.

Mayor Nirenberg asked for an update on our outreach to those eligible for disconnection. Mr. Garza responded that we had approximately 2,000 business accounts past due and only 40 accounts were disconnected. We have made 90,000 calls, reached 70,000 customers and nearly 63,000 customers are on a payment plan. The Mayor asked for a report to be shared with the Board. Mr. Garza stated that we routinely provide disconnection information to the City and other partner agencies. The Mayor asked how much CPS Energy is coordinating with the San Antonio Housing Authority (SAHA) and its tenants. Mr. Garza responded that SAHA is one of our primary partners. The Mayor asked that we continue to work closely with them.

Mayor Nirenberg also asked for information on the selection of focus groups used in the customer engagement process. Mr. Garza stated that we use a local company to assist us in selecting various demographic segments of customers for our focus groups.

Mayor Nirenberg asked about the information that is shared on the proposed rate increase to the various groups and the type of feedback we are looking to receive. Mr. Garza responded that we plan to use a standard stakeholder presentation, the CAC will hear comprehensive information and the RAC will receive the most detailed information. In addition, we anticipate feedback on topics such as **Affordability**, resource planning and other operational matters. We intend to respond to the entities that provide us feedback. Further, Vice Chair Gonzalez requested that the RAC provide financial analysis on the fixed and O&M costs applied to the various rate classes of customers. Ms. Gold-Williams responded that management will create the detailed financial analysis and the RAC will opine on it and provide the Board with recommendations.

Drivers for a Potential Increase

Mr. Kuchinsky began his presentation by highlighting that since the last rate increase, the complexity of providing service has increased significantly, and our over \$900 million of savings over that time has allowed CPS Energy to operate without a rate increase. Mr. Kuchinsky acknowledged the great efforts by our employees to achieve this result. We have been investing in our community and assets at today's costs, but our rates reflect 2013 pricing. In addition, we require improvements and upgrades to our technology to better serve the community. Moreover, we have achieved these results with three hundred fewer employees than we had eight years ago.

Mr. Kuchinsky stated that the themes of **Resiliency**, **Reliability**, technology/**Security**, and employees are the drivers for a potential rate increase. We will invest in resiliency of our grid, such as enhanced freeze protection and improved load shed capabilities, as well as improved outreach and communication to our customers. Our community continues to grow and as assets age, we will also invest in improving the reliability of our system such as pole replacements, new transformers, and underground lines. These investments will result in shorter times for connection of customers and decreased frequency and duration of outages. We need to replace a data center that is near end of life and implement new federal security requirements. Due to growth in the community and the thirty percent of employees who will be eligible to retire in the next 5 years, we will invest in our employees to improve customer service, while offering highly skilled jobs to our community.

Draft for review and approval
at the November 15, 2021 meeting

Mr. Kuchinsky informed the Board that the prior estimated percentage rate increase is still being reviewed for possible reductions and he further stated that one way to best serve our community is for CPS Energy to remain financially healthy. Customers benefit from an affordability perspective when the company is financially healthy due to lowered borrowing costs. Mr. Kuchinsky showed a table demonstrating what our metrics look like with, and without, a rate increase.

Chair Dr. Mackey requested that slide 12 be used when meeting with the City's CFO. Trustee Kelley remarked that the information on slide 12 is very important. He indicated that a one percent (1%) increase in our interest rates could cost our company \$60 million a year. Trustee Kelley also stated that some of the people he has spoken with are not aware of our company's cost savings efforts, such as the \$900 million in savings. He also added that in twelve (12) years, we have only had one rate increase of four and one-quarter percent (4 ¼%). He encouraged the company to communicate these efforts at community events.

VI. COST SAVINGS: PROACTIVE TRANSFORMER REPLACEMENTS

Mr. Barham introduced Mr. Lee Byrd, Director, Distribution Process & Support Services, who provided the presentation on CPS Energy's Proactive Transformer Replacement Program. From a **Guiding Pillars** perspective, this program ties to **Reliability** and **Resiliency**. We have 253 transformers in our system each serving approximately 3,500 customers. Their average age is under seventeen (17) years and their life expectancy is fifty (50) years.

Mr. Byrd stated that in the early 2000s, we were experiencing high unexpected failures. Failure requires us to immediately replace the transformer, which involves overtime costs, diversion of equipment from other projects and delays planned projects from getting implemented. Overall, it is more expensive to replace unplanned failures.

Mr. Byrd outlined the program solution, which involved a partnership with the Electric Power Research Institute (EPRI) for research, benchmarking against other utilities and our internal generation team for best practices, and implementation of an internally-developed multi-factor algorithm that assessed the risk of the units and prioritized the units from worst to best. The prioritized list became the punch list for replacement of the units. As a result, beginning in 2009, we saw unit failures drop from 1.6 per year to 0.5 per year, which led to savings of \$5.7 million. We have improved the program by adding the monitoring of transformer oil, storing spare units and refining the algorithm.

VII. PROCUREMENT PREVIEW

General Services – Context for Item 9C1 – Underground Infrastructure Installation Services

Mr. Darrell Clifton, Vice President, Construction & Maintenance Services, began his presentation by stating that this request aligns with our **Guiding Pillars** of **Reliability**, **Safety** and **Resiliency**. The scope of the underground construction contracts is a large complex system of customer growth projects and focuses on improving the **Reliability** of our distribution system. Underground projects include large underground systems leaving our substations, converting overhead systems and adjustments for civic improvement projects. The main benefits of using contractors is augmenting our internal staff and the flexibility to complete projects.

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at the November 15, 2021 meeting

Mr. Clifton stated that this procurement went through an RFP process, allowing us to award points to local and diverse businesses. It will help us grow a diverse and qualified vendor pool.

He displayed a graph showing the need for underground infrastructure. We expect our contract spend to triple over the next three (3) years due to customer growth and our underground strategy.

He stated that we received eight (8) proposals and selected three (3) firms. All three (3) are local, with two (2) being small and diverse firms, and one non-diverse firm that is committed to subcontracting twenty percent (20%) to small and diverse firms. This is a \$72 million contract for a three (3) year term. Mr. Clifton highlighted that one of the selected firms, Bartek Construction, was formerly a subcontractor and is now a prime contractor. Mr. Clifton also stated that the work will be divided evenly among the three (3) firms and requested approval as part of the consent agenda.

Chair Dr. Mackey stated that he watched one of the contractors perform underground work on his property and asked on three (3) separate occasions not to disturb his irrigation system. They damaged his irrigation system at a cost of \$280. He called CPS Energy to report his concern about this company. He further stated that he will not support the competency of this firm and indicated that the work by the firm at his location is a reflection of CPS Energy.

Ms. Gold-Williams stated that we contacted the firm about the substandard work performed at Chair Dr. Mackey's location. We also talked about a higher standard to review their work. The firm has made commitments to us about its improvements.

Trustee Kelley asked if CPS Energy can receive feedback from homeowners about the experience they have with our contractors. Ms. Gold-Williams agreed to close the loop on this matter and other similar matters involving contractors.

Vice Chair Gonzalez asked if the company is working on a proposed vendor rating survey. Ms. Gold Williams responded that our CAO proposed a framework to be reviewed by the Board on our scoring system from a diverse vendor perspective. Vice Chair Gonzalez stated that she appreciates the initiatives on diversification, de-bundling, and subcontracting opportunities contained in today's presentation.

Mayor Nirenberg requested that the company provide the Board with information on vendors being proposed for award of contracts. Mr. Clifton informed the Board that we have scorecards on all selected vendors. Our scorecard considers safety, customer complaints and other information. Contractors must maintain an acceptable level on these items to become and to continue to be a CPS Energy supplier.

VIII. EXECUTIVE SESSION

At approximately 3:19 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)

Draft for review and approval
at the November 15, 2021 meeting

- 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 5:04 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.

IX. APPROVAL OF CONSENT ITEMS

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

Approval of Payment to the City of San Antonio for August 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 August 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$247,108,177.25, less applicable exclusions. The revenue for the month of August 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$291,421,770.54
Gas revenue	12,732,973.14
Interest and other income	<u>(66,472.30)</u>
Gross revenue per CPS Energy financial statements	<u>304,088,271.38</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,884,066.64)
LVG revenue per City Ordinance 100709	(1,695.83)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(25,686,967.91)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(23,407,363.75)</u>
Total excluded revenue	<u>(56,980,094.13)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$247,108,177.25</u>

Draft for review and approval
at the November 15, 2021 meeting

City payment per Bond Ordinance for August 2021 based upon August 2021 revenue	\$34,595,144.82	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	27,663.98	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	34,610,308.80	A
Utility services provided to the City for August 2021	(2,701,062.35)	
Net amount to be paid from August 2021 revenue to the City in September 2021	<u>\$31,909,246.45</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)

August 2021	Actual	Budget	Variance	
Current Month* A	\$34,610	\$38,710	(\$4,100)	-10.6%
Year-to-Date*	\$205,120	\$211,370	(\$6,250)	-3.0%

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

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 \$31,909,246.45 representing 14% of applicable system gross revenues for the month of August 2021, such payment being net of City utility services (\$2,701,062.35), is hereby approved."

Appointment to the Rate Advisory Committee (RAC) from District 3

Mr. Garza introduced Ms. Brenda Pacheco, Retired Contract Administrator – American Mutual Funds, as the District 3 Nominee to the RAC.

Approval of Procurement Items - September 2021

One (1) Non-Competitively Sensitive Item

Item Description: Underground Infrastructure Installation Services
Purchase Category: General Services
Supplier: Bartek Construction
Supplier: HUD Capital Electric, Inc.
Supplier: Zachry Underground Utility Services, Inc.

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

Draft for review and approval
at the November 15, 2021 meeting

X. COMMITTEE REPORTS

Operations Oversight Committee (OOC) Meeting held on August 17, 2021

A report of the OOC meeting, which took place on August 17, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “B”) to the meeting minutes.

OOC Aligned Risk Sub-Committee Meeting held on August 17, 2021

A report of the OOC Aligned Risk Sub-Committee meeting, which took place on August 17, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “C”) to the meeting minutes.

Nominations Committee (NC) Meeting held on August 26, 2021

A report of the NC meeting, which took place on August 26, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “D”) to the meeting minutes.

Technology & Resilience (T&R) Committee Meeting held on August 26, 2021

A report of the T&R Committee meeting, which took place on August 26, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “E”) to the meeting minutes.

T&R Aligned Risk Sub-Committee Meeting held on August 26, 2021

A report of the T&R Aligned Risk Sub-Committee meeting, which took place on August 26, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “F”) to the meeting minutes.

Master Planning Oversight Committee Meeting (MPOC) held on August 30, 2021

A report of the MPOC meeting, which took place on August 30, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “G”) to the meeting minutes.

Nominations Committee (NC) Meeting held on September 8, 2021

A report of the NC meeting, which took place on September 8, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “H”) to the meeting minutes.

On motion duly made by Trustee Kelley, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, that the Committee Reports be read into the minutes of this meeting was unanimously approved.

Draft for review and approval
at the November 15, 2021 meeting

XI. JONES AVENUE PROPERTY USE

Mr. Curt Brockmann, Interim VP, Compliance, Ethics & Facility Master Planning, began his presentation by stating that we apply our **Guiding Pillars** when we decide to sell property, such as considering if the property is no longer needed for **Reliability** or **Resiliency** purposes, if the property is **Safe** and meets environmental standards, and if the sale of the property benefits our customers and community.

He stated that CPS Energy has owned the Jones Avenue property for nearly one hundred (100) years, that it is about seven (7) acres and is located four (4) blocks north of our current location on the San Antonio River. The property served several functions until 2014, such as distribution, system protection and general electric operations. However, in 2015, the Board of Trustees declared this property surplus and the Board at that time directed the CEO to divide the property in half, convey the southern half (also known as south Jones) to the SAMA and market/sell the northern half.

Mr. Brockmann also stated that in support of our **Environmental Responsibility** pillar, we performed clean-up work such as the removal of a communications tower in the summer of 2018, cleaned the soil on the entire tract, managed shallow ground water and monitored the potential impacts to adjacent properties.

He also stated that we were unable to complete the conveyance to SAMA by 2019 and the agreement expired. Considering the changes to our financial landscape and community priorities, CPS Energy is seeking direction from the Board to either resume negotiations with SAMA for the benefit of the arts and education community or market and sell the combined seven (7) acres for the financial benefit of all customers, especially those who need payment support or any other motion the Board deems necessary.

Trustee Steen asked for clarity on the motion. Chair Dr. Mackey responded that the motion authorizes the CEO to explore all marketing options and for continued discussions with SAMA on the highest and best use of the property. Trustee Steen further stated that the motion is ambiguous about what we are doing with SAMA based upon the expired arrangements. Trustee Kelley stated that he interprets the motion to instruct the CEO to discuss with SAMA the highest and best use of the property. We are continuing discussions with SAMA and others who are interested in the property.

Mayor Nirenberg stated that this property is public property and that he interprets the motion to authorize the CEO to have discussions with SAMA and bring resolution. If there is no resolution with SAMA, then we are authorizing the CEO to market the property and to have the Chair be involved in those discussions. Trustee Kelley agreed with the Mayor's interpretation.

On a motion duly made by Chair Dr. Mackey, and seconded by Trustee Kelley, and upon a vote of four (4) members in favor and one (1) dissent by Trustee Steen, the Board authorizes the CEO to explore all marketing options for the sale of the entire property with continued discussions with SAMA on the highest and best use of the property, 6.94 acres, located at 326 Jones Avenue.

XII. APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC) FOR DISTRICT 9

Mr. Garza introduced Julia Haynes, Manager, Local Government Relations, who informed the Board that District 9 Councilman John Courage has nominated Mr. Tom Corser to the CAC. Mr. Corser is a retired Software and Cloud Transformation Leader.

Draft for review and approval
at the November 15, 2021 meeting

On motion duly made by Trustee Kelley, and seconded by Mayor Nirenberg, and upon affirmative vote by all members present, the appointment of Mr. Corser to the CAC was approved.

XIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Chair Dr. Mackey, and seconded by Trustee Kelley, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:25 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

CPS Energy Board of Trustees Meeting November 15, 2021

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 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><u>\$211,536,463.69</u></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><u>\$27,557,585.27</u></u>

CPS Energy Board of Trustees Meeting November 15, 2021

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.

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."



***APPOINTMENT TO THE
CITIZENS ADVISORY COMMITTEE
(CAC) FOR DISTRICT 1***

PRESENTED BY:

Julia Carrillo Haynes

Manager, Local Government Relations

November 15, 2021

Approval Requested

OBJECTIVES & TAKEAWAYS



- **PROVIDE A BRIEF OVERVIEW OF THE CAC**
- **PRESENT THE NEW APPOINTMENT FOR DISTRICT 1**




COUNCIL APPOINTEES



RICHARD FARIAS
DISTRICT 1



LAWSON PICASSO
DISTRICT 2



DIANA AGUIRRE
MARTINEZ
DISTRICT 3



FRANK GONZALEZ
DISTRICT 4



ANDY CASTILLO
DISTRICT 5




RAQUEL ZAPATA
DISTRICT 6



DR. ADELITA
CANTU
DISTRICT 7



JOHN KELLY
DISTRICT 8



TOM CORSER
DISTRICT 9



ALLIE WATTERS –
Vice Chair
DISTRICT 10

Appointee being considered today

The Government Relations team engages with City Council offices on any vacant & expiring terms & will return to the Board of Trustees with updates on new appointments.

AT-LARGE MEMBERS



Luisa Casso
Chair



Bill Day
Chair Elect



Mayor Mary
Dennis

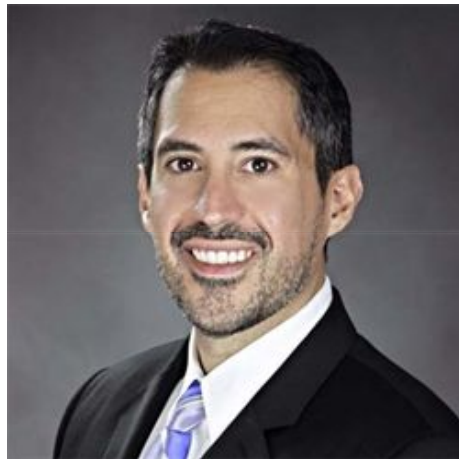


MaryEllen
Veliz



David Walter

CAC APPOINTMENT DISTRICT 1 COUNCILMAN MARIO BRAVO



RICHARD FARIAS

- Director of Annual Giving, Alamo Colleges District
- Began career in higher education in 2006
- Lifelong resident of San Antonio
- Years of engagement in community organizations



Thank You





Appendix



APPOINTMENT PROCESS



- Two (2) year terms; maximum (3) consecutive terms
- Each City Council member appoints (1) member
- All five (5) At-Large members are nominated by the community & interviewed by the CAC
- All CAC Members are approved by the Board of Trustees

EXPIRED & SOON TO BE EXPIRING TERMS



Council Appointments
<ul style="list-style-type: none">• Andy Castillo – Dist. 5<ul style="list-style-type: none">○ 02/21○ Currently serving on Rate Advisory Committee (RAC)

At-Large
<ul style="list-style-type: none">• David Walter<ul style="list-style-type: none">○ 01/22• Chair Luisa Casso<ul style="list-style-type: none">○ 02/22• Mayor Mary Dennis<ul style="list-style-type: none">○ 11/22

The Government Relations team will return to the Board of Trustees with updates on any new candidates.

CONTINUED OUTREACH & REMOTE MEETINGS



- Meetings continue via WebEx & hybrid (in-person & virtual)
- Despite the challenges of COVID-19, CAC members have stayed engaged & have adjusted to a virtual format!



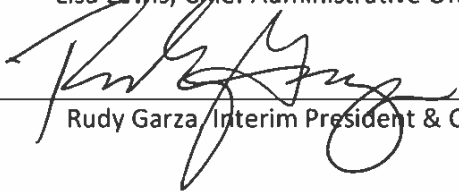
**CPS Energy Board of Trustees Meeting
November 15, 2021
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

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

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

Approval: 

Lisa Lewis, Chief Administrative Officer

Approval: 

Rudy Garza, Interim President & CEO



CPS Energy Board of Trustees Meeting

November 15, 2021

Procurement Form 1

Item Description	Underground Residential Electric Distribution and Electric Terminations
Purchase Order Value	\$45,000,000
Purchase Category	General Services
Department	Construction and Maintenance Services
Vice President	Darrell Clifton
Chief Grid Optimization & Resiliency Officer	Paul Barham

Detailed Description

CPS Energy staff recommend that contracts be awarded to three (3) respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below. These recommended respondents include:

- 1 local/diverse firm
- 2 local/non-diverse firms

These contracts will provide replacement of padmount transformers, aging single phase underground primary cable, aging secondary cable in existing residential subdivisions and apartments, and overhead-to-underground conversion projects. The contracts will allow CPS Energy to ensure **Safe, Reliable** services to our customers and to our system throughout the CPS Energy service territory. These three-year contracts will expire on December 15, 2024.

Subcontracting Opportunities

Zachry Underground & Utility Services, Inc. has committed to subcontract 10% of overall contract spend to the following diverse businesses:

- Four B Paving, Inc. is a local, small, woman-owned business providing asphalt paving services.
- Morlandt Electric Co Inc. is a local, small business providing pole line services.
- Bartek Construction is a local, small business providing directional boring services.

Mears Installation, LLC has committed to subcontract 10% of overall contract spend to Cimbafor, LLC, a local, small business providing electric termination services.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	30
The overall cost	20
Safety records and training program	20
The ability to meet CPS Energy's requirements	15
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	5
TOTAL	100



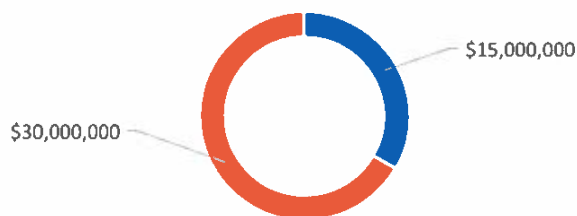
**CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 1**

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
HJD Capital Electric, Inc.	Local / Diverse (Small, HUBzone)	85.7	\$15,000,000	2199284	Corporate headquarters based in San Antonio Metropolitan Area
Zachry Underground & Utility Services, Inc.	Local / Non-Diverse	75.0	\$15,000,000	2199285	Corporate headquarters based in San Antonio Metropolitan Area
Mears Installation, LLC	Local / Non-Diverse	66.8	\$15,000,000	2199286	
TOTAL			\$45,000,000		

Five (5) additional respondents were not recommended for award: 3S Services, LLC; Wampole-Miller, Inc. dba Miller Bros.; Renegade Group, LLC; Power Line Services, Inc; and BComm Constructors, LLC.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY22 PO Spend	% of FY22 Annual Corp Budget	Projected FY23 PO Spend	Projected FY24 PO Spend	Projected FY25 PO Spend
\$714,300,000	Capital	\$1,500,000	0.21%	\$15,000,000	\$15,000,000	\$13,500,000
\$687,500,000	Non-Fuel O&M	\$0	0.00%	\$0	\$0	\$0

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse



CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 2

Item Description	Electrical Substation Civil Site Work & General Civil Construction
Purchase Order Value	\$30,000,000
Purchase Category	General Services
Department	Grid Optimization & Resiliency
Senior Director	LeeRoy Perez
Chief Grid Optimization & Resiliency Officer	Paul Barham

Detailed Description

CPS Energy staff recommend that contracts be awarded to six (6) respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below. These recommended respondents include:

- 5 local/diverse firms
- 1 non-local/diverse firm

This procurement is for general and substation civil construction services. Services include sitework, installation of foundations, fences, access roads and driveways, grading, drainage and storm water pollution prevention measures. These contracts are necessary to meet CPS Energy’s commitment to cost effective and **Safe** construction services to support the **Reliability** and **Resiliency** of our electric system. These contracts are for a three-year term and will expire on November 30, 2024.

Subcontracting Opportunities

All six companies recommended for award are classified as diverse businesses. Additionally, all six companies committed to subcontracting 10% of contract spend to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	25
Company overview/firm overview	20
Safety records and training program	20
The ability to meet CPS Energy’s requirements	15
Economic Development (local & diverse consideration)	10
The overall cost	5
The financial soundness of the Respondent	5
TOTAL	100



**CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 2**

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Paloma Blanca Enterprises, Inc.	Local / Diverse (Small)	89.4	\$5,000,000	2198973	Corporate headquarters based in San Antonio Metropolitan Area
Dorazio Enterprises, Inc.	Local / Diverse (Small)	86.9	\$5,000,000	2198969	Corporate headquarters based in San Antonio Metropolitan Area
Allbrite Constructors of Texas, Inc. D/B/A Allbrite Construction	Local / Diverse (Small)	82.5	\$5,000,000	2198968	Corporate headquarters based in San Antonio Metropolitan Area
E-Z Bel Construction, LLC	Local / Diverse (Small, Hispanic American)	81.2	\$5,000,000	2198971	Corporate headquarters based in San Antonio Metropolitan Area
Packet Construction, LLC	Non-Local / Diverse (Small)	80.2	\$5,000,000	2198974	
HJD Capital Electric, Inc.	Local / Diverse (Small, HUBzone)	78.2	\$5,000,000	2198972	Corporate headquarters based in San Antonio Metropolitan Area
TOTAL			\$30,000,000		

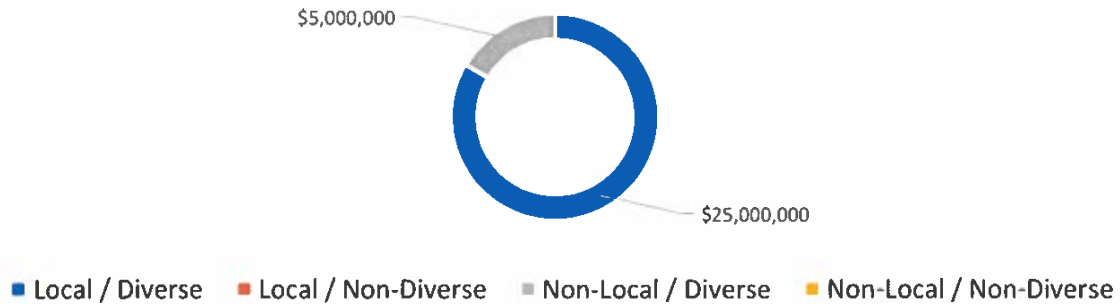
Ten (10) additional respondents were not recommended for award: Wampole-Miller, Inc. dba Miller Bros.; Zachry Underground & Utility Services, Inc.; K. West Group, LLC; Chancellor Construction, LLC; D. Grimm, Inc.; Pronto Sandblasting, Coating, and Oilfield Services Co. Inc.; Southeast Power Corporation; Ernest P. Breaux Electrical, LLC; Evers & Sons Inc.; and Principle Services LLC.



CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 2

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY22 PO Spend	% of FY22 Annual Corp Budget	Projected FY23 PO Spend	Projected FY24 PO Spend	Projected FY25 PO Spend
\$714,300,000	Capital	\$500,000	0.07%	\$10,000,000	\$10,000,000	\$9,500,000
\$687,500,000	Non-Fuel O&M	\$0	0.00%	\$0	\$0	\$0

Procurement Item: General Services





COMPETITIVELY SENSITIVE ITEM



AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 14, 2021 MEETING PREPARED FOR CHAIR JOHN STEEN FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on October 14, 2021. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 28, 2021.
- B. Received an update on Enterprise Compliance:
 - a. Regulatory agencies are still exercising enforcement discretion as necessary, and many regulatory agencies' employees are working remotely. Also, it is anticipated that the Texas Commission on Environment Quality (TCEQ) will change Bexar county's current designation of marginal for nonattainment to moderate in early 2022.
 - b. Provided an update on gas compliance and regulatory audits conducted by the Railroad Commission and shared that work has been occurring with operations areas since early September 2021 in relation to winter weather preparations.
 - c. Discussed TCEQ extension discretion regarding allowances for variances above permitting limits and that the Chairman of the Public Utility Commission of Texas (PUCT) has been informed of our concerns regarding exceeding permitting limits.
- C. Received an update on the Ethics Program, including a summary of cases that were opened and closed through September 17, 2021, and a trend analysis for FY2021 first Quarter versus FY2022 first Quarter.
- D. Received an update on financial policies annual renewals, which included an overview of managed investments and proposed changes to financial policies.
- E. Received an update on the Nuclear Decommissioning Trust and renewal of investment manager agreements.
- F. Received Audit Services Update:
 - a. Provided status of projects for FY2022 and reviewed the results of five projects completed since the last Committee meeting.
 - b. Discussed the options for performing the external quality assessment which is required to be performed every 5 years. Informed the Committee of our plan to conduct a full assessment and there was no objection with proceeding with that approach.

The next meeting of the Audit & Finance Committee will be held in January 2022.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 14, 2021 MEETING PREPARED FOR COMMITTEE CHAIR JOHN STEEN FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING

The EBOC met on October 14, 2021. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 28, 2021.
- B. Reviewed the Action Item list from the July 28, 2021 Meeting.

The Committee also received presentations regarding:

- C. A Benefit Plans Statement of Governance Update, which included a review of the 2021 meeting calendar and proposed revisions to the Statement of Governance (SoG) in preparation for full Board of Trustees approval. The EBOC approved to present the SoG proposed revisions to the full Board of Trustees at the October Board meeting.
- D. A Benefits Plans Investment Policy (IP) Update, which included a recommendation for proposed near-term changes to IP asset allocation targets. The EBOC approved this recommendation.
- E. A Benefits Plans Investment Consultant (IC) Request for Proposal (RFP) Update, which included a discussion of the IC role and a review of the IC RFP timeline.
- F. A Benefits Plans Financial Update, which included a review of investment performance to date.
- G. A Benefit Plans Improvement Plan Update, which included items related to continued improvement initiatives being led by the Administrative Committee (AC).
- H. An update on a Benefit Plans Internal Controls Audit conducted by Audit Services and a plan to provide an update on audit findings to the EBOC at the next regularly scheduled meeting in January 2022.
- I. A Benefit Plans Trustee Services Recommendation, which included a request for approval to engage J.P. Morgan as the Trustee for the next 5-year term. The EBOC approved this recommendation.
- J. A Benefit Plans External Audit Engagement Update, which included an update on finalizing a 5-year agreement with BDO, the new external audit firm that is scheduled to start the external audit process in November 2021.
- K. The Restatement of Benefit Plan Documents, which included a summary of Benefit Plans document restatements and a request for approval. The EBOC approved this recommendation.

The next meeting of the EBOC will be held in January 2022.



**AUDIT & FINANCE & EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)
ALIGNED RISK SUB-COMMITTEE**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 14, 2021 MEETING
PREPARED FOR COMMITTEE MEMBER, MR. JOHN STEEN
FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING**

The Audit & Finance & EBOC Aligned Risk Sub-Committee met on October 14, 2021. As part of the Audit & Finance & EBOC Aligned Risk Sub-Committee (Sub-Committee) agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on July 28, 2021
- B. Reviewed the action item from the previous meeting
- C. Discussed the enterprise risk landscape
- D. Heard from risk owners on managing our financial health risk and the importance of investing in our people

The next meeting of the Sub-Committee is to be determined.



MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 2021 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING

The MPOC met on October 25, 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 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 November 15, 2021.



FLEXPOWER BUNDLESM **UPDATE**

PRESENTED BY:

Kevin Pollo

VP, Energy Supply & Market Operations (ESMO)

November 15, 2021

Informational Update



OBJECTIVES & TAKEAWAYS

- **PROVIDE AN UPDATE ON THE *FLEXPOWER* BUNDLESM**
- **DISCUSS THE POTENTIAL FOR A CARVEOUT FOR PROJECTS WITH EXCEPTIONAL LOCAL IMPACT**

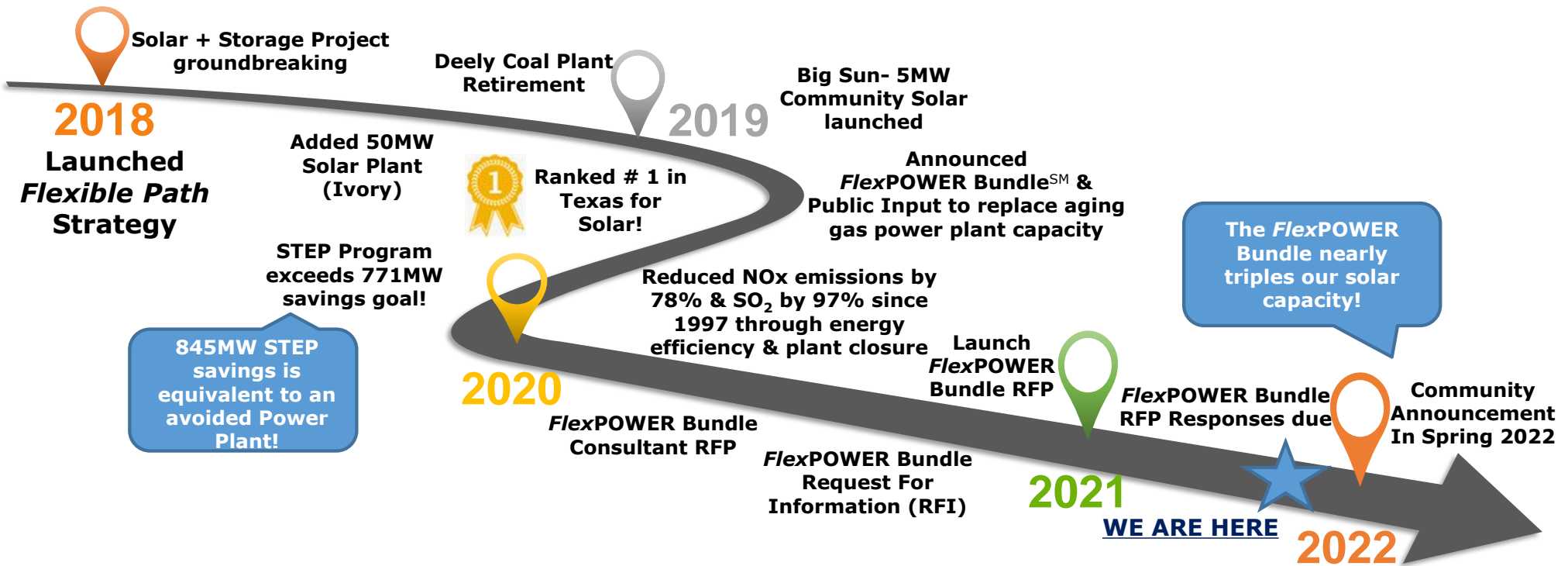
AGENDA



- ***FLEXPOWER BUNDLE*SM UPDATE**
- **POTENTIAL FOR LOCAL IMPACT SOLAR REQUEST FOR PROPOSAL (RFP)**

OUR FLEXIBLE PATHSM JOURNEY

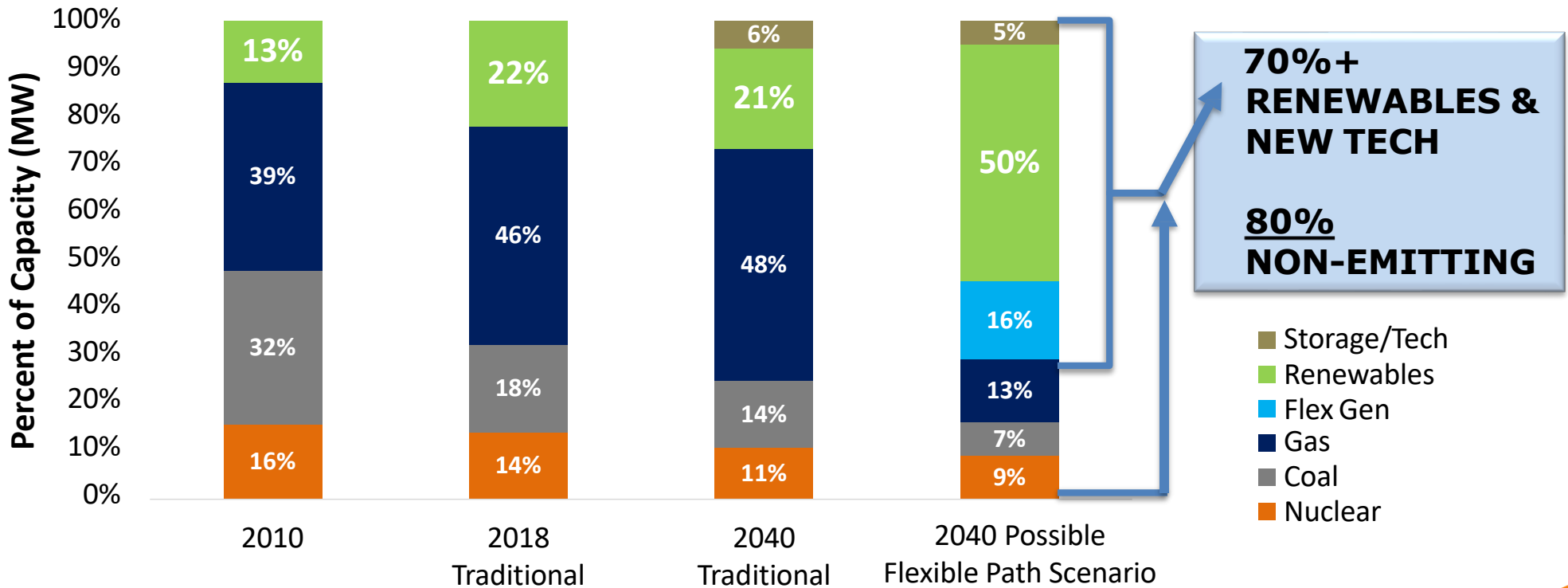
DELIBERATE CHANGES = BIG IMPACT



With the RFP evaluation phase well underway, we are nearing a milestone on our Flexible Path journey for our community.

FLEXIBLE PATHSM

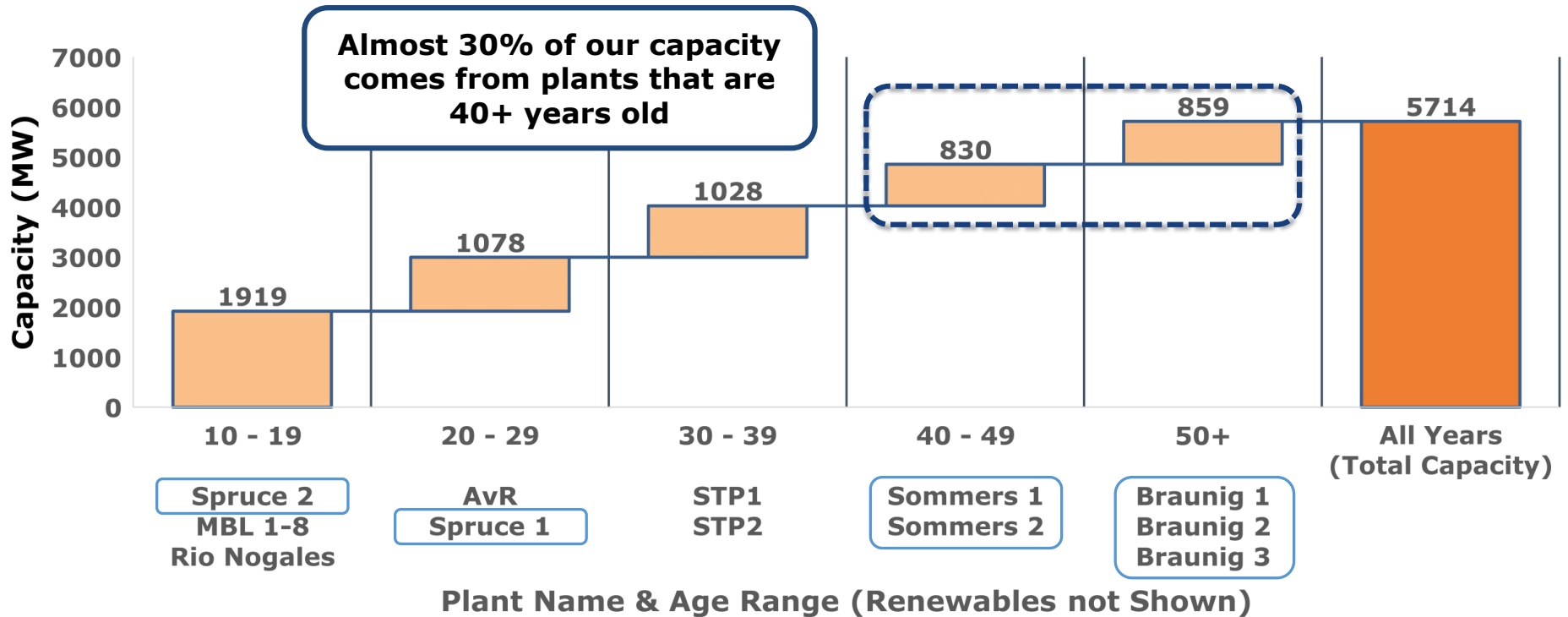
BALANCED DESIGN DRIVES PROGRESS



We will adjust our plan as new competing technologies provide more benefits.

FLEXIBLE PATHSM

OUR PLANTS ARE AGING

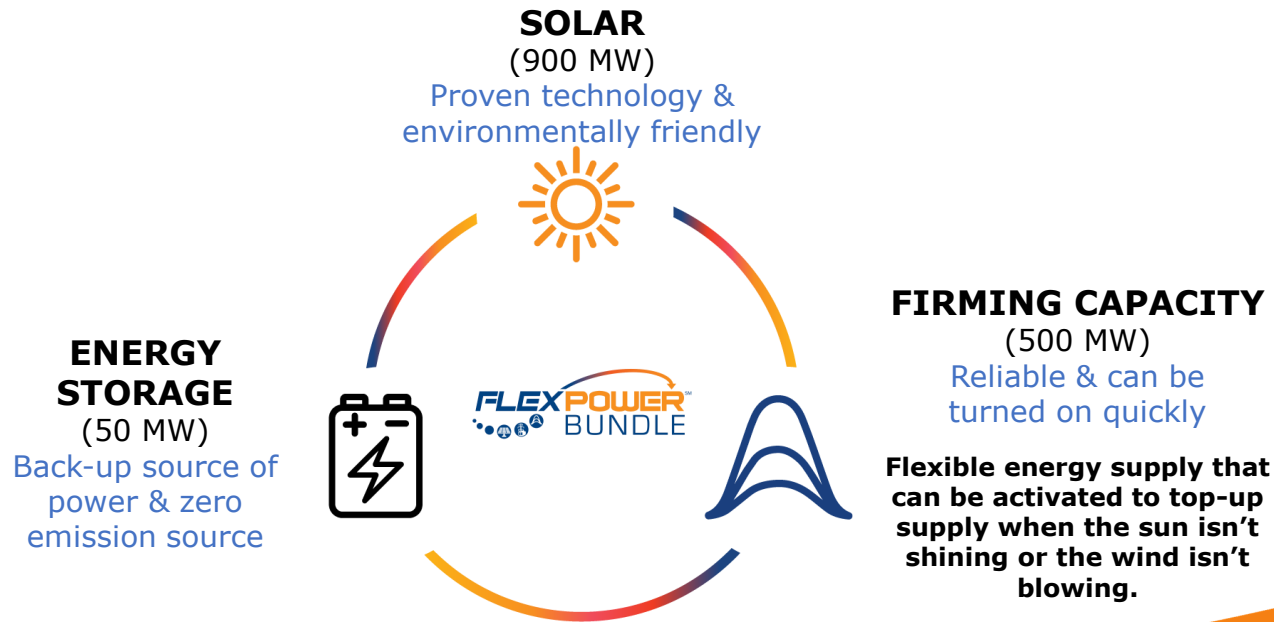


The *FlexPOWER* Bundle is the next step in replacing our aging gas steam infrastructure. Future decisions will need to be made on the Sommers & Spruce units.

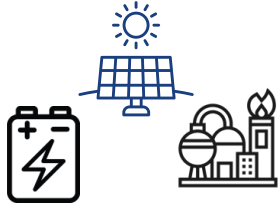
OPTIMIZATION PROCESS IS UNDERWAY



Our global RFP successfully illuminated what the market had to offer. We want to intentionally refine & give more specific guidance for companies who have compelling offerings that can achieve significant local impact for our community.



FLEXPOWER BUNDLESM RFP UPDATE



Priority Solar is our current focus, & we are continuing to evaluate our final bundle candidates



Using our **Guiding Pillars**, we are evaluating not just on price, but also on quality & impact for our community



We are evaluating individual projects as well as the whole “bundle”

We are proud to be pioneering a new way to think about procuring energy resources for all components of the *FlexPower Bundle*SM & welcome your feedback!

FLEXPOWER BUNDLESM **APPLYING LOCAL**



**Up to 900 MW
SOLAR**

A photograph of solar panels installed on a grassy field under a bright sun with rays of light. The image is enclosed in a dashed black border.

**Up to 50 MW
STORAGE**

An icon of a battery with five segments, each containing a blue and white globe, set against a dark wood-grain background.

**Up to 500 MW
ALL-SOURCE
FIRMING**

A photograph of a city skyline at night with lights reflecting on water. The image is enclosed in a solid black border.

Priority Solar Selection
**Large-scale Solar:
Up to 200 MWs**

Other Solar Projects
**Various-scale Solar:
Up to 650 MWs**

**Local Impact Solar
Selection**
**Small-scale Solar:
Up to 50 MWs**

A large bracket on the left side of this block groups the three categories. The bottom category is enclosed in a dashed orange border.

We are exploring refining market guidance focused on a 50 MW subset of the Solar component of the *FlexPOWER BundleSM*. This RFP will be a great opportunity for local installers & projects!

FLEXPOWER BUNDLESM

NEXT PHASE – LOCAL IMPACT RFP



Specific & intentional guidance on distribution-level proposals can deliver projects with direct, positive impacts to our community.

- Smaller & local firms compete with similarly sized projects, not larger, remotely-located projects.
- Smaller projects do not benefit from economies of scale, but they can offer relief of overloaded circuits.
- Potential for solar in areas of town where it is currently sparse.





Thank You