

CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON MARCH 2, 2020

The Regular Meeting of the Board of Trustees of CPS Energy for the month of February was unable to be scheduled during that month. It was held in the Board Room at CPS Energy's Main Office, 145 Navarro Street, San Antonio, Texas on Monday, March 2, 2020. Chair John Steen called the meeting to order at 1:00 p.m.

Present were Board members:

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

Also present were:

Ms. Paula Gold-Williams, President & CEO
Dr. Cris Eugster, Chief Operating Officer
Ms. Carolyn Shellman, Chief Legal Officer & General Counsel and Board Secretary
Mr. Fred Bonewell, Chief Security, Safety & Gas Operations Officer
Ms. Felecia Etheridge, Chief, Business Excellence
Ms. Vivian Bouet, Chief Information Officer
Ms. Delores Lenzy-Jones, Chief Financial Officer & Treasurer
Mr. Frank Almaraz, Chief Administrative & Business Development Officer
Rudy Garza, Interim Chief Customer Engagement Officer

CPS Energy Staff Members
City of San Antonio officials
Interested Citizens

I. SAFETY MESSAGE

The Board meeting began with a safety message delivered by Mr. Heath Bentley, Environmental Analyst 2, Environmental Management.

In response to the Chair's request, Mayor Nirenberg commented on the Coronavirus Disease 2019 (COVID-19) health situation. Ms. Gold-Williams noted that CPS Energy has a pandemic policy that she is consulting. She commented on precautions that CPS Energy is taking, including increasing the availability of hand sanitizer throughout its facilities.

II. PUBLIC COMMENT

Chair Steen announced that public comments would be taken and outlined the guidelines for making public comment. The following people made comments:

1. Ms. Deedee Belmares, Public Citizen, spoke about the rate advisory committee (RAC) (item 13). She commented that the RAC will provide an opportunity for community members to have an active role in CPS Energy rate development. She noted that a request to CPS Energy for generation modeling information has gone unanswered. She also urged that the request for solar proposals be immediately issued given the upcoming decrease and ultimate expiration of the solar investment tax credit (ITC).
2. Mr. Alan Montemayor spoke about the RAC (Item 13). He voiced his support of the RAC and encouraged them to focus on equity. Mr. Montemayor stressed that CPS Energy has to proactively make a difference regarding climate change. He encouraged CPS Energy to integrate more electric vehicles (EVs) into its fleet of light-duty vehicles and to cease natural gas rebates. He stated that CPS Energy should consider the big picture of carbon and the health of our community.
3. Dr. Terry Burns, Sierra Club, spoke about the RAC (Item 13). He thanked the Board and CPS Energy for positive changes, such as implementing public comment and posting minutes and Board presentations online. Dr. Burns voiced support for the RAC and encouraged the Board to also support it. He stated that more than two models of research generation and rate structure should be studied. He acknowledged the RAC is a good step to improve coordination with the community. He urged transparency in the RAC process.
4. Mr. Greg Harman spoke about the RAC (Item 13). He noted that transparency and community integration into CPS Energy's decisions is his goal. Mr. Harman noted that it will take the entire community to achieve the desired greenhouse gas reductions. He expressed appreciation on behalf of the Sierra Club and himself to CPS Energy for moving in the direction of transparency and community integration; he hopes for something deeply collaborative. He stated that CPS Energy's contributions are necessary to meeting the goals of the Paris Agreement. He expressed his appreciation to Chair Steen and Dr. Mackey for recently meeting with him and for the "gas RFP". Mr. Harman highlighted the importance of a just transition that considers workers, their families and good jobs for the community.
5. Mr. Tuan Pham, President, PowerFin Partners, spoke about the RAC (Item 13). Mr. Pham reminded the Board that PowerFin has partnered with CPS Energy to operate the SolarHost program since 2015. He stated that non-rate decisions can financially impact CPS Energy and its customers. For example, if the *FlexPower* Bundle solar request for proposal (RFP) is delayed for 6 to 12 months, that will result in increased costs for the procurement of solar of about \$100 million over 25 years because of the reductions in the solar ITC. Mr. Pham also noted that natural gas complements and firms up solar power; it does not displace it. He noted that the SolarHost program [through which customers "host" solar panels that are installed and maintained for free] focuses on equity. He urged CPS Energy to proceed immediately with the solar RFP.

III. INVOCATION AND PLEDGE OF ALLEGIANCE

An invocation and the Pledge of Allegiance were delivered by Mr. Bentley. At Chair Steen's request, Mr. Bentley provided brief comments about his job with CPS Energy.

IV. CHAIRMAN'S REMARKS

Chair Steen did not provide any remarks.

V. CEO'S REPORT

Ms. Gold-Williams began her report by distributing an update on the *FlexPower* Bundle RFP and a San Antonio Express-News editorial regarding solid waste collection in unincorporated portions of CPS Energy's service area.

She provided context and insights into several items on the meeting agenda, particularly the items requiring Board approval.

Ms. Gold-Williams highlighted that in response to public input, Board meeting materials, including agenda items' objectives and takeaways, and videos are accessible on the CPS Energy website.

Ms. Gold-Williams noted that CPS Energy sets its budget from a conservative standpoint since weather, capacity and plant performance during the summer are uncertain. Currently, the reserve margin is expected to be higher than initially forecasted, so low prices may pressure our projected revenues.

Ms. Gold-Williams reiterated the ways that CPS Energy is addressing the COVID-19 outbreak. She highlighted the impact the global health concerns have had on the financial markets.

She informed the Board that CPS Energy is issuing an RFP for a consultant to assist with organizing responses and public input relating to the *FlexPower* Bundle RFP. She stressed our openness to different options for firming power.

Ms. Gold-Williams discussed the importance of partnerships, including those with governmental entities, for community and customers. She outlined CPS Energy's role in its partnerships with the City of San Antonio (CoSA) and Bexar County regarding the Alamo Area Regional Radio System (AARRS) and Residential Energy Assistance Partnership (REAP). She noted that CPS Energy currently provides billing service for solid waste collection services provided by CoSA. While CPS Energy's purpose does not include garbage collection, we attach to CoSA's authority and that allows us to support it. Regarding the editorial in the Express-News, Ms. Gold-Williams noted that CPS Energy has not declined any meetings about supporting solid waste collection in unincorporated portions of CPS Energy's service areas and we are ready to meet about it. She added that we do not drive the issue and we are aware of solutions that other governmental entities who do not own their utilities have implemented.

In response to Trustee Gonzalez, Ms. Gold-Williams replied that the capability of our billing system was a reason that CPS Energy started billing on behalf of CoSA for garbage collection. Trustee Gonzalez expressed concern about brand damage resulting from activities in which CPS Energy has a limited role.

Ms. Gold-Williams announced that in the recent Bexar Facts survey that gauges public opinion, CPS Energy received the highest approval rating of all municipal entities. She played a video excerpt of a KSAT program that highlighted the result. Ms. Gold-Williams stated that we are pleased that the work we do matters to the community and we are humbled and honored to receive the feedback. She invited Mr. Christian Archer, a member of the Bexar Facts team, to provide comments and context about the public opinion poll and results. After Mr. Archer responded to the Board's question, Ms. Gold-Williams congratulated the entire CPS Energy team on the results.

VI. EXECUTIVE SESSION

At approximately 2:02 p.m., Chair Steen 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 the following posted items:

- Real Property (§551.072)
- Competitive Matters (§551.086)
- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 3:12 p.m. Ms. Shellman reported that Real Property, Competitive Matters and Attorney-Client Matters, and no others, were discussed and no votes were taken in Executive Session.

VII. RATE ADVISORY COMMITTEE

Chair Steen asked Mayor Nirenberg to present this agenda item.

Mayor Nirenberg expressed his appreciation to CPS Energy for moving forward with the RAC. He noted his expectations that the RAC will allow for open discussions with community members regarding utility asset management, generation planning, affordability and challenges. Chair Steen recognized Mr. Mario Bravo, former Chair, Environmental Stakeholders Group. Chair Steen noted that during the January 27, 2020 Board Meeting, Mr. Bravo referenced the American Public Power Association (APPA) Public Participation Guide for Community Owned Utilities: An Implementation Guide, and that the proposed RAC resolution incorporates a number of its principles.

At Chair Steen's request, Ms. Shellman read the following proposed resolution:

RESOLUTION REGARDING A RATE ADVISORY COMMITTEE (RAC)

WHEREAS, CPS Energy continually strives to be financially responsible and a strong steward of the community's assets while effectively balancing its value pillars of Security, Safety, Reliability, Resilience, Customer Affordability and Environmental Impact; and

WHEREAS, to achieve the most effective balance among these important pillars, CPS Energy management and the CPS Energy Board of Trustees are constantly exploring new technologies, considering ways to innovate and improve current operations, and listening to our customers' ideas and concerns; and

WHEREAS, the utility's rate design is an important factor affecting all customers and the amount they pay for retail and gas services; and

WHEREAS, the Board of Trustees has charged CPS Energy's management to develop and execute diligently its *Flexible Path* strategy, over the short-, medium- and long-terms; and

WHEREAS, it is critical that CPS Energy's community be informed about and given an opportunity to provide input about the utility's approach and key decisions regarding rate design so that our customer concerns and interests are consistently understood and considered by the Board; and

WHEREAS, rate design will include helpful information about the assets owned by the utility and CPS Energy's approach to recover for their costs in the company's rates; and

WHEREAS, the Board is committed to providing forums for customers and stakeholders to share ideas and observations when important decisions are being made; and

WHEREAS, a way to further this goal of ensuring public participation is to provide balanced and objective information to assist the public in understanding alternatives and involve customers in an organized structure that can lead to public feedback including formal comments regarding rate design and recommendations for the management team and the Board of Trustees to consider; and

WHEREAS, the Mayor of San Antonio, an ex-officio member of the Board of Trustees, has recommended that the Board consider creating a customer committee to review CPS Energy's rates and provide input to the Board on different rate designs that might be considered.

NOW, THEREFORE, BE IT RESOLVED, that after careful reflection and in light of the foregoing, the CPS Energy Board of Trustees expresses its support for the Mayor's request and hereby directs CPS Energy executive management and staff to develop for discussion and subsequent additional consideration a rate committee framework and initiative that would achieve the goal of providing input to management and the Board on rate design issues and generation planning.

Mayor Nirenberg moved, and Dr. Mackey seconded, a motion to approve the resolution as read by Ms. Shellman.

At Dr. Mackey's request, Mayor Nirenberg clarified that the RAC will not supersede the authority of the Board. The Mayor noted that CPS Energy management will develop a proposed RAC framework for the Board's consideration, and Dr. Mackey noted that the Board may make changes to the proposal. Dr. Mackey also noted that other members of City Council are interested in the establishment of the RAC.

Trustee Kelley questioned the necessity of the RAC given that the CPS Energy Citizens Advisory Committee (CAC), with its structure and members' expertise, has provided invaluable service to the Board for 22 years. He believes the RAC is redundant and an affront to the CAC. He asked what gap the RAC is intended to fill.

Mayor Nirenberg responded that not all of the CAC positions have been filled for some time, nor has the CAC been asked to consider rate design. The RAC would be given a specific charge, framework, mission, and governance to consider rate design. He also noted that the RAC will differ in structure from the CAC, which considers the utility in whole and receives briefings in meetings that are not open to the public. Mayor Nirenberg suggested that if it is ultimately decided that both the CAC and RAC are needed, the RAC should stand, citing City Council's strong desire for the RAC.

Trustee Kelly questioned the need for a committee to study rate design since CPS Energy has had only one rate increase in 9 years, as distinguished from the San Antonio Water System (SAWS) which has a rate advisory committee, but also has more frequent rate increases. He characterized this matter as “political eyewash”.

Ms. Gold-Williams noted that we are willing to talk about issues with whomever. She committed to looking at the responsibilities of the CAC and the proposed RAC, noting that the CAC looks at many issues and that they may not have the capacity to undertake the contemplated functions of the RAC. Trustee Kelley noted that he would like to know whether the CAC is amenable to performing those functions. Ms. Gold-Williams agreed to follow up with him. She clarified that rate design is different and more complex than the rate-setting that CPS Energy has historically performed.

Trustee Gonzalez stated that she sees both sides of the issue. The CAC, whose members are identified by members of Council, was established for a reason and it should not be dismissed. She noted that while she values public input and supports the formation of the RAC, she also wants to evaluate the need for another committee. She stated that she is in favor of transparency and inclusivity, but not more bureaucracy.

In response to an inquiry by Dr. Mackey, Mayor Nirenberg stated that the CAC would be the first place to look for RAC candidates. To offer perspective, the Mayor noted that CPS Energy is a \$2.8 billion public utility whose CAC currently has 10 of its 15 seats filled, so the notion that adding an RAC will overload it with public input is not accurate.

Chair Steen called for a vote and upon an affirmative vote of 4-1, Trustee Kelley voting against, the foregoing resolution was approved.

Ms. Gold-Williams and the Board continued to briefly discuss the CAC.

Mayor Nirenberg left the meeting at this time.

VIII. RESOLUTION FOR APPROVAL OF REAL ESTATE ITEM(S)

Mr. Almaraz reminded the Board that CPS Energy is using a full market process to market and sell properties that are no longer needed for use in the operation of the gas and electric systems and are being vacated in connection with the move to our new headquarters.

The Villita Assembly Building (VAB), the subject property of the resolution under consideration, was constructed in 1958 on the site of San Antonio’s first power plant. Currently, the historic 24,785 square foot building hosts CPS Energy’s large events and is available for rent by the public.

Mr. Almaraz requested approval of a resolution authorizing, but not obligating, the President & CEO, or her designee(s) to complete the sale of the Villita Assembly Building.

At Chair Steen’s request, Mr. Almaraz explained that CPS Energy is consolidating a number of work locations into the new headquarters. This will result in better customer service and reduced energy consumption; it will not result in any job losses. Proceeds from the sale of the surplus properties will offset the cost of the new headquarters. Trustee Kelley added that the new headquarters is an excellent financial

deal for CPS Energy. Trustee Gonzalez and Mr. Almaraz highlighted the purchase price is not the only factor that is considered when selling the surplus properties; rather, the totality of terms resulting in the best value for the community is considered.

Ms. Gold-Williams noted that the VAB is a special property and we have worked to balance a competitive price with a buyer who is mindful of its meaning to the community. Trustee Gonzalez agreed.

On motion duly made by Dr. Mackey, seconded by Trustee Gonzalez, and upon affirmative vote by all members present, the following resolution was approved:

RESOLUTION APPROVING THE SALE OF REAL PROPERTY

WHEREAS, CPS Energy owns the Villita Assembly Building (VAB) as well as the underlying real estate, the property described in this resolution (the "Property"); and

WHEREAS, by resolution of the Board of Trustees on September 24, 2018, the Property was declared surplus and deemed no longer needed for use in the operation of the gas and electric systems; and

WHEREAS, CPS Energy retained commercial real estate broker, CBRE, to market the Property for sale; and

WHEREAS, the Board of Trustees evaluated the bids for the purchase of the Property and decided that the Property should be sold to the identified buyers pursuant to the terms and price negotiated by CPS Energy.

NOW, THEREFORE, BE IT RESOLVED:

1. The recitals to this Resolution are hereby incorporated by reference.
2. The Board of Trustees of CPS Energy hereby approves the sale of the Property in accordance with the terms and prices negotiated by CPS Energy, and authorizes, but does not completely obligate, the President & CEO, or her designee(s), to complete the sale of the Property.

IX. ADDITIONAL UPDATES

Cost Savings: Post Construction Design Review

Mr. Bonewell introduced Mr. Gregory Lee, Interim Chief of Staff, Security, Safety & Gas Solutions. Mr. Lee briefed the Board about cost savings realized through the use of process improvement tools in the post-construction design review process.

Mr. Lee explained that a Gas Solutions Continuous Improvement team engaged in a Lean Six Sigma initiative to optimize the review of post-construction designs, or "as-builts". The team used the DMAIC (design, measure, analyze improve, and control) method to reduce by 67percent the amount of time needed for review of as-builts, increasing the amount of time that can be spent on other functions that drive customer

satisfaction. This translates to a \$96,700 annualized savings impact. He noted that the quality of the as-built designs also improved as a result of the initiative.

Trustee Gonzalez commented on the value of Six Sigma training for CPS Energy and its contractors, noting, however, that such training can be expensive for small businesses.

Financial Update

Ms. Lenzy-Jones presented the preliminary and unaudited FY2020 Financial Performance Report to the Board.

For FY2020, revenues net fuel and regulatory expense (Net Revenues) are \$161.7 million, \$159.6 million higher than planned due to higher wholesale margin, higher retail sales, lower interest rates, and operations and maintenance (O&M) expense mitigations. She noted that our power plants performed very well during the year. Non-operating revenues are \$18.5 million higher than planned due to excellent investment management.

Ms. Lenzy-Jones noted the key drivers for net income in FY2020. Higher retail sales accounted for \$18.1 million, higher wholesale margin for \$65.7 million, O&M expense mitigations for \$26.6 million, and financing plan savings for \$25.2 million.

Turning to the flow of funds and capital expenditures, Ms. Lenzy-Jones noted that O&M and debt service are both favorable to budget. Total repair and replacement (R&R) account additions for FY2020 are \$113 million. Capital expenditures are approximately \$45.5 million under budget due to planned contributions in aid of construction (CIAC) and project deferrals.

Responding to Dr. Mackey, Mr. Gary Gold, Vice President Accounting, noted that there is \$392 million in the general fund and \$532 million in the R&R accounts.

Turning to the key financial metrics, the Adjusted Debt Service Coverage (ADSC) for FY2020 is 1.94, better than the accountability plan threshold of 1.50 for the year. Days Cash on Hand for FY2020 is 225, higher than the accountability plan threshold of 150 for the year. Debt Capitalization ratio is currently forecasted to be 59.9 percent, better than last year's ratio, 61.8percent, and lower than the accountability plan threshold of 63 percent. Ms. Gold-Williams highlighted that the debt ratio was achieved by using cash to optimize debt levels. Trustee Kelley, a strong proponent of a lower debt ratio, positively commented on the achievement. Ms. Gold-Williams noted that the ratio may fluctuate, but she was proud to have achieved it.

Ms. Lenzy-Jones stated that we continue to monitor business landscape changes and look for cost control and savings.

The Board took a short break at this time.

Appointments to the Citizens Advisory Committee

Mr. John Leal, Director, Local Government Relations, informed the Board that there are two candidates recommended for appointment to the CAC. Mr. Leal recapped the history and purpose of the

CAC and described the duties and activities of its members. He noted that CAC members may serve a maximum of 3 consecutive two-year terms. Mr. Leal identified the 10 Council-appointed CAC members, noting that 3 members whose terms have expired and are term-limited remain invited to, and often attend, CAC meetings until their replacements have been appointed. He noted that an appointment for District 6 will be before the Board at its March 30, 2020 meeting.

Mr. Leal introduced Mr. Frank Gonzalez who has been recommended for appointment by Councilperson Dr. Adriana Rocha-Garcia as the District 4 representative. Mr. Gonzalez is an area manager for Alpha Environmental Management Company with a degree in ecosystem science and management from Texas A&M University. He is active in environmental conservation efforts in San Antonio and Texas, and a community volunteer.

Mr. Leal profiled Ms. MaryEllen Veliz, Deputy Chief of Staff for Congressman Lloyd Doggett (TX-35), who was unable to attend the Board meeting. Ms. Veliz is recommended for an at-large position by the CAC. She has served as a volunteer coordinator for Judge Nelson Wolff and is actively involved in the New Leaders Counsel of San Antonio, a leadership training group. She holds a political science degree from the University of Texas at San Antonio.

At the Board's request, Mr. Gonzalez, a native San Antonian, provided a brief background, information about his job and his desires to serve on the CAC.

Trustee Gonzalez positively commented about Ms. Veliz.

On motion by Trustee Gonzalez, seconded by Dr. Mackey, and upon affirmative vote by all Trustees present, Mr. Gonzalez' nomination to the CAC was approved.

Trustee Kelley positively commented on the experience of CAC members, such as Mr. Gonzalez, and referenced his earlier comment about the RAC.

On motion by Dr. Mackey, seconded by Trustee Kelley, and upon affirmative vote by all Trustees present, Ms. Veliz's nomination to the CAC was approved.

The Board unanimously approved Mr. Gonzalez's and Ms. Veliz's appointments to the CAC.

Other

No other updates were provided.

X. APPROVAL OF CONSENT ITEMS:

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

Approval of Minutes

Minutes of the Regular Board Meeting held on January 14, 2020, and the Special Board Meeting held on January 27, 2020 were approved as submitted.

Approval of Payment to the City of San Antonio for January 2020

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 January 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$170,664,397.77, less applicable exclusions. The revenue for the month of January 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$149,281,453.31
Gas revenue		16,236,735.65
Interest and other income		8,406,001.57
Gross revenue per CPS Energy financial statements		<u>173,924,190.53</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(5,241,787.15)
LVG revenue per City Ordinance 100709		0.00
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(7,704,878.02)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		9,686,872.41
Total excluded revenue		<u>(3,259,792.76)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$170,664,397.77</u>
City payment per Bond Ordinance for January 2020 based upon January 2020 revenue		\$23,893,015.69
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		742,418.34
Wholesale Special Contract Annual True Up		0.00
City Payment reduction per UTSA gas billing adjustment MOU		(12,500.00)
Annual True Up per UTSA MOU		<u>7,108.00</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding		24,630,042.03 A
Utility services provided to the City for January 2020		<u>(2,445,335.52)</u>
Net amount to be paid from January 2020 revenue to the City in February 2020		<u>\$22,184,706.51</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)

January 2020	Actual	Budget	Variance	
Current Month* A	\$24,630	\$30,691	(\$6,061)	-19.7%
Year-to-Date*	\$342,893	\$343,861	(\$968)	-0.3%

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

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2020 – Additional Transfer per Bond Ordinance			
Total		<u>\$11,978,715.33</u>	B
Correction to March 2019 and June 2019 City Payment calculation			
Total		<u>\$95,512.84</u>	C

Approval of the following resolution is requested:

A "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$22,184,706.51, representing 14% of applicable system gross revenues for the month of January 2020, such payment being net of City utility services (\$2,445,335.52), is hereby approved."

B "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio, in the amount of \$11,978,715.33, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

C "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio, in the amount of \$95,512.84, representing a correction to the March 2019 and June 2019 payment calculation, is hereby approved."

CPS Energy's management team has verified that collectively all the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A. The amounts paid routinely during the year, net;
- B. The additional distribution paid once for the year.
- C. The corrected net amount for March 2019 and June 2019.

XI. COMMITTEE REPORTS

Employee Benefits Oversight Committee (EBOC) Meeting

Dr. Mackey reported on the EBOC meeting which took place on January 21, 2020. An Executive Summary and Chair Report, as well as minutes of the meeting, were included in the March 2, 2020 Board Book for the Board's reference.

Audit & Finance (A&F) Committee Meeting

Dr. Mackey reported on the A&F Committee meeting which took place on January 21, 2020. An Executive Summary and Chair Report, as well as minutes of the meeting, were included in the March 2, 2020 Board Book for the Board's reference.

A&F and EBOC Aligned Risk Sub-Committee Meeting

Dr. Mackey reported on the A&F and EBOC Aligned Risk Sub-Committee meeting which took place on January 21, 2020. An Executive Summary and Chair Report, as well as minutes of the meeting, were included in the March 2, 2020 Board Book for the Board's reference.

XII. MIDTOWN SUBSTATION UPDATE

Mr. LeeRoy Perez, Director, Substation & Transmission Engineering, presented an update on the Midtown Substation Routing & Siting project. He provided a brief overview of the project that culminates in the request before the Board to approve the recommended site. The project is intended to increase capacity in the north central area to increase capacity and reliability. The target date for energizing the substation is January 2023.

Mr. Perez reviewed characteristics of the recommended site, a 2.1-acre site at 2215 Belknap Place (Site) for the proposed Midtown Substation. CPS Energy recommends the Site because of, among other things, its close proximity to an existing transmission line. He reviewed the extensive public engagement process of the project, noting that the CAC and community had multiple opportunities to provide feedback, much of which was directly addressed by CPS Energy. Additional outreach, including through social media, was also conducted. Mr. Perez reviewed modifications made to the project based on additional feedback received since the most recent Board briefing at its January 14, 2020 meeting. Those modifications addressed topics raised at the Board Public Input Session held on February 4, 2020, including water drainage, landscaping, lighting, and asphalt color. Notably, Mr. Basileo Rocha, EDS Project Manager II, Substation & Transmission Engineering, has been designated as a project liaison directly in response to customers' requests. A follow-up letter with our responses to the feedback, as well as Mr. Rocha's information, has been sent to the community.

Responding to Trustee Gonzalez' inquiry, Trustee Kelley positively commented about the CPS Energy team. He emphasized being cognizant that real property brokers act in CPS Energy's best interest.

Chair Steen positively commented on the process used for this substation siting.

On motion duly made by Trustee Kelley, seconded by Trustee Gonzalez, and upon affirmative vote by all members present, the attached resolution was unanimously approved.

XIII. MAXIMIZING CUSTOMER INSIGHTS

Ms. DeAnna Hardwick, Vice President, Customer Success, provided an informational presentation about how CPS Energy uses customer feedback to maximize our programs. Using insights into customer behaviors and preferences from a variety of sources, CPS Energy tailors its communication methods and its products and services to improve customer experience and meet customers' needs.

Ms. Hardwick discussed the concept of “bundled customer care”, whereby we identify an optimal suite of customer care products, programs and resources to assist a customer’s specific circumstances. On average, a customer can receive up to \$1,300.00 in assistance from partner agencies throughout the year. Ms. Hardwick noted that customer insights are also important for programs, such as the Save for Tomorrow Energy Program (STEP) Bridge and *FlexSTEP*, that focus on keeping bills affordable.

In conclusion, Ms. Hardwick stated that we will continue to use customer insights to inform communication options, improve digital and non-digital experiences, enhance the value of our products and services, and ensure that we have the right partnerships to support our customers.

XIV. ADJOURNMENT

There being no further business to come before the Board and upon a motion duly made by Trustee Gonzalez, seconded by Dr. Mackey, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:47 p.m. by Chair Steen.


Carolyn E. Shellman
Secretary of the Board

A RESOLUTION

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

WHEREAS, CPS Energy staff identified the need for a new substation to enhance reliability of the CPS Energy electric system within north central San Antonio, Bexar County, Texas (the "Midtown Substation and Transmission Project");

WHEREAS, the Midtown Substation and Transmission Project has a recommended in-service date by January 2023;

WHEREAS, CPS Energy, using staff resources and a team of engineering, environmental, and other professionals (the "Project Team"), has followed the CPS Energy Facility Routing/Siting Process to identify a proposed site for the substation that would minimize human and environmental impacts to the greatest extent practicable;

WHEREAS, the process used by CPS Energy included notification of land owners adjacent to potential substation sites and area public officials, maintenance of internet-based information, and the receipt of public comments regarding substation sites and electric transmission and distribution line routes through an open house meeting, correspondence, phone calls and other meetings;

WHEREAS, at the close of process, CPS Energy staff recommended to the CPS Energy Board of Trustees ("Board") a site that is located near the intersection of San Pedro Avenue and the Union Pacific Railroad and north of the intersection of Belknap Place and Norwood Court, with the transmission lines following a route that begins at an existing CPS Energy transmission line located west of the Union Pacific Railroad and extending east to the recommended site, as shown on the Project Site Map attached as Exhibit "A" to this Resolution (the "Project Site Map");

WHEREAS, the Board has considered the public impacts of selecting the preferred site through correspondence and other contacts with the public, through communications with CPS Energy staff, through communications with the members of the Citizens Advisory Committee, and the fact that the Citizens Advisory Committee unanimously passed a motion supporting the proposed site for the substation and associated electric transmission and distribution lines;

WHEREAS, the Board agrees with the Project Team's determination that the CPS Energy recommended substation site for the Midtown Substation and the routes for the associated electric transmission and distribution lines have one of the lowest impacts of the site alternatives on both the human and natural environments because such site and route will, to the greatest extent practicable when compared to other sites:

- Maximize use of existing rights-of-way,
- Minimize impacts to natural resources and environmentally sensitive land,
- Minimize the impacts to residential developments and habitable structures, and
- Minimize the overall impact of additional CPS Energy facilities in future years;

WHEREAS, the Board finds necessary and desirable the construction of the Midtown Substation and associated electric transmission and distribution lines, communication systems and related appurtenances and the acquisition of easement rights, fee simple title and property exchanges with outside entities over and across properties in north central San Antonio, Bexar County, Texas at the recommended site and along the route of the electric transmission and distribution lines, for the construction, operation and maintenance of the City of San Antonio Electric System, including the construction, operation and maintenance of the Midtown Substation and Transmission Project, either by purchase through negotiations, or by the process of eminent domain approved by the San Antonio City Council.

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

1. The recitals to this Resolution are hereby incorporated for all purposes.
2. The Board finds that the Midtown Substation and Transmission Project is of great importance to the public, and that CPS Energy has taken into account appropriate environmental, health and safety concerns in designating the recommended site and route.
3. The Board hereby approves the CPS Energy Midtown Substation and Transmission Project to be constructed on the recommended site and route, as generally depicted on the Project Site Map attached to this Resolution as Exhibit "A" and hereby incorporated for all purposes, and directs CPS Energy staff and attorneys to proceed with the necessary steps to undertake and complete the Midtown Substation and Transmission Project.
4. The Board reaffirms the CPS Energy practice of taking all necessary and reasonable steps to minimize disturbance on affected properties.
5. The Board authorizes the President and CEO of CPS Energy and/or her designee to determine the exact site for CPS Energy's substation site and associated electric transmission and distribution lines at the recommended site and route as depicted generally on the Project Site Map.
6. The Board finds that the acquisition of easement rights, fee simple title to properties, and property exchanges with outside entities at the recommended site and along the electric transmission and distribution lines route is necessary and desirable for the important public purpose of the construction, operation and maintenance of the City of San Antonio's Electric System, including the CPS Energy Midtown Substation and Transmission Project. The Board hereby authorizes acquisition of easement rights, fee simple title and property exchanges with outside entities necessary for CPS Energy's Midtown Substation and Transmission Project, either by purchase through negotiations or by the process of eminent domain, as well as all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary title and rights.
7. The Board directs CPS Energy staff to ensure that members of the public may obtain the current Project Site Map at www.cpsenergy.com (search word "Midtown").

Exhibit "A"

