

# CPS ENERGY BOARD OF TRUSTEES

## NOTICE OF REGULAR MEETING

### BY TELEPHONE CONFERENCE

Pursuant to section 551.127 of the Texas Government Code, and in conjunction with the guidance and provisions provided by the Governor of Texas in the declaration of disaster and subsequent executive orders altering certain Open Meetings Act requirements, notice is hereby given of the CPS Energy Board of Trustees Regular Meeting **to be held on Monday, April 27, 2020, at 1:00 p.m., by telephone conference** in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

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.

**There will be no in-person public access to the meeting.**

**The meeting will be audio-streamed on cpsenergy.com.**

**The meeting is also available by calling toll-free 855-962-1328.**

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on the day of the Board meeting by phone at 210-353-4662. Registration is open for 1 hour, from 10:00 a.m. CT to 11:00 a.m. CT. Those registering to speak should be prepared to provide the following information:

- |   |  |
|---|--|
| • First & last name / group or organization   | • Group for which the individual is speaking |
| • City & state of residence                   | • Any required translation service           |
| • Phone and/or email address                  |  |
| • Agenda item # about which they are speaking |  |

**Speakers will be called to speak in the order that they register.**

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 telephonic 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.*



Carolyn E. Shellman  
Secretary of the Board  
April 22, 2020

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**CPS ENERGY BOARD OF TRUSTEES MEETING  
TO BE HELD ON APRIL 27, 2020 AT 1:00 PM  
BY TELEPHONE CONFERENCE  
1 (855) 962-1328**

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ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Mr. John Steen
2	SAFETY MESSAGE	Execute	Mayor Ron Nirenberg & Ms. Paula Gold-Williams
3	INVOCATION	Execute	Ms. Zandra Pulis
4	<b>PUBLIC COMMENT</b> (Pre-Registration scheduled from 10:00 AM – 11:00 AM @ (210) 353-4662) A. Chair's Announcements B. Comments	Discuss	Mr. John Steen
<b>UPDATE ON CHAIR'S PRIORITIES</b>			
5	CHAIR'S REMARKS	Discuss	Mr. John Steen
6	CEO'S REPORT	Discuss	Ms. Paula Gold-Williams
7	<b>ADDITIONAL UPDATES:</b> A. FY2021 Preliminary COVID-19 Financial Impacts (Mr. Gary Gold) B. Vehicle Procurement Contract (Mr. Fred Bonewell introducing Mr. Bert Hargesheimer) C. Other	Discuss	Ms. Paula Gold-Williams
<b>CONSENT AGENDA</b>			
8	<b>APPROVAL OF CONSENT ITEMS:</b> A. Minutes of the Regular Board Meeting held on 03/02/2020 B. Minutes of the Regular Board Meeting held on 03/30/2020 C. Payment to the City of San Antonio for March 2020 D. Procurement Items: I. General Services (Dr. Cris Eugster) II. Commodity and Material Goods (Mr. Fred Bonewell)	Vote	Mr. John Steen
<b>REGULAR AGENDA</b>			
9	RESOLUTION TO WAIVE LATE FEES (Ratify)	Vote	Ms. Paula Gold-Williams
10	APPOINTMENT(S) TO THE CITIZENS ADVISORY COMMITTEE	Vote	Mr. John Leal
11	ACCEPTANCE OF ANNUAL AUDITED FINANCIAL STATEMENTS (Ms. Jodi Dobson with Baker Tilly)	Vote	Mr. Gary Gold
12	<b>COMMITTEE REPORTS:</b> A. Operations Oversight Committee (OOC) Meeting held on 02/20/2020 (Dr. Willis Mackey) B. Technology & Innovation (T&I) Committee Meeting held on 02/20/2020 (Ms. Janie Gonzalez) C. OOC & T&I Aligned Risk Sub-Committee Meeting held on 02/20/2020 (Dr. Willis Mackey) D. Personnel Committee Meeting held on 04/17/2020 (Mr. Ed Kelley)	Discuss	Mr. John Steen

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April 27, 2020 Board Meeting - AGENDA

CONVENE TO EXECUTIVE SESSION			
13	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Mr. John Steen
RECONVENE TO OPEN SESSION			
14	ADJOURNMENT	Execute	Mr. John Steen
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.			

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# ***FY2021 PRELIMINARY COVID-19 FINANCIAL IMPACTS***

*PRESENTED BY:*

**Gary Gold**

VP – Corporate Services & Assistant Treasurer

April 27, 2020

*Informational Update*

# DISCLAIMER



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



# OBJECTIVES & TAKEAWAYS

- **REVIEW FINANCIAL RESULTS FORECAST**
- **HIGHLIGHT FINANCIAL PERFORMANCE & METRICS**



# AGENDA



- **NET INCOME FORECAST**
- **FLOW OF FUNDS**
- **KEY FINANCIAL METRICS**
- **ACTIONS & NEXT STEPS**



# NET INCOME

## POTENTIAL EFFECTS OF COVID-19



Description	FY2021		
	Budget	COVID-19 Medium Impact	COVID-19 High Impact
<b>Revenue available for nonfuel expenses</b>			
Electric	\$ 2,522.1	\$ 2,315.7	\$ 2,246.9
Gas	183.0	171.9	171.9
<b>Total operating revenue</b>	<b>2,705.1</b>	<b>2,487.6</b>	<b>2,418.8</b>
<b>Less:</b>			
Electric fuel, distribution gas & regulatory	995.1	939.4	921.8
Payments to the City of San Antonio	365.3	336.1	320.2
<b>Net operating revenue</b>	<b>1,344.7</b>	<b>1,212.1</b>	<b>1,176.8</b>
<b>Nonoperating revenue</b>	<b>71.2</b>	<b>70.2</b>	<b>69.9</b>
<b>Total revenue available for nonfuel expenses</b>	<b>1,415.9</b>	<b>1,282.3</b>	<b>1,246.7</b>
<b>Nonfuel expenses</b>			
Operation & maintenance	712.8	664.2	664.2
Depreciation, amortization & decommissioning	457.1	457.1	457.1
Interest & debt-related	242.1	225.8	225.8
<b>Total nonfuel expenses</b>	<b>1,412.0</b>	<b>1,347.1</b>	<b>1,347.1</b>
<b>Net income</b>	<b>\$ 3.9</b>	<b>\$ (64.8)</b>	<b>\$ (100.4)</b>

### Assumptions:

- **Operating Revenue**
  - Retail Electric Sales estimated to be 6% lower.
  - Assumes \$28M of Bad Debt; \$20M higher than budget; 50% greater than the recession level of 2008.
  - Wholesale Revenue Net Fuel reduced from budget to \$40M for the Medium Impact scenario. Lower market prices driven by assumed reduced ERCOT-wide demand.
- **Interest & debt-related**—reflects actuals from refinancing savings
- **O&M**—reflects identified cost savings; BU cost mitigations and reduction to labor associated with unfilled positions.

# FLOW OF FUNDS

## POTENTIAL EFFECTS OF COVID-19



(\$ in millions) Description	FY2021		
	Budget	COVID-19 Medium Impact	COVID-19 High Impact
Revenues, net of unbilled	\$ 2,758.2	\$ 2,537.8	\$ 2,468.8
Less: city payment (CP) per flow of funds	365.3	336.1	320.2
Revenues, net of unbilled & CP	2,392.9	2,201.7	2,148.6
Less: fuel & regulatory expense	995.1	939.4	921.8
Revenues, net fuel & regulatory	1,397.8	1,262.3	1,226.8
Operation & maintenance	714.4	668.6	668.6
Debt service	425.9	410.0	410.0
Total expenses	1,140.3	1,078.6	1,078.6
6% Gross Revenue to R&R	165.5	152.3	148.2
Remaining to R&R	92.0	31.4	-
Total R&R fund additions	\$ 257.5	\$ 183.7	\$ 148.2

### Assumptions:

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- **Interest & debt-related**—reflects actuals from refinancing savings
- **O&M**—reflects identified cost savings; BU cost mitigations and reduction to labor associated with unfilled positions.

# KEY FINANCIAL METRICS, PART 1

## POTENTIAL EFFECTS OF COVID-19



Metric	FY2020 Actuals	Budget	Accountability Plans Threshold	COVID-19 Medium Impact	COVID-19 High Impact
<b>Adjusted Debt Service Coverage (ADSC)</b>	<b>1.94</b>	<b>1.60</b>	<b>1.50<sup>1</sup></b>	<b>1.45</b>	<b>1.35</b>
<b>Days Cash on Hand (DCOH)</b>	<b>225</b>	<b>161</b>	<b>150<sup>1</sup></b>	<b>150</b>	<b>142</b>

- Preliminary & subject to change
- Management will work to implement additional mitigations to improve financial performance

- ADSC & DCOH degraded resulting from COVID-19
- Could signal a monitor from Credit Ratings Agencies

### Legend

- Outside of Credit Ratings Agencies Guidance
- On Target with Credit Ratings Agencies Guidance

<sup>1</sup> Aligned to Credit Ratings Agency Guidance



## KEY FINANCIAL METRICS, PART 2

### POTENTIAL EFFECTS OF COVID-19



Metric	FY2020 Actuals	Budget	Accountability Plans Threshold	COVID-19 Medium Impact	COVID-19 High Impact
Debt Capitalization (DC)	59.9%	61.7%	61.7% <sup>1</sup>	61.0%	61.3%

- Preliminary & subject to change
- Management will work to implement additional mitigations to improve financial performance

➤ Could signal a monitor from Credit Ratings Agencies

#### Legend



On Target with Credit Ratings Agencies Guidance

<sup>1</sup> Aligned to the Financial Gate Protocol Set by the Board of Trustees



# ACTIONS & NEXT STEPS



- Continue to monitor COVID-19 landscape
- Review load forecasts, bad debt, etc. & adjust accordingly
- Prioritize ongoing operating & capital spend to identify additional cost reductions
- Iterate scenarios to determine financial outcomes
- Continue to provide updates





***Thank You***

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# ***VEHICLE PROCUREMENT CONTRACT***

*PRESENTED BY:*

**Fred Bonewell**

Chief Security, Safety & Gas Solutions Officer (CSSGSO)

**Bert Hargesheimer**

Senior Director, Fleet Operations & Safety

April 27, 2020

Approval Requested

# OBJECTIVES & TAKEAWAYS

- **PROVIDE INFORMATION ON CONSENT ITEM REGARDING PROCUREMENT**
- **PROVIDE CONTEXT ON PROCESS & BUCKET TRUCK SOLUTION**



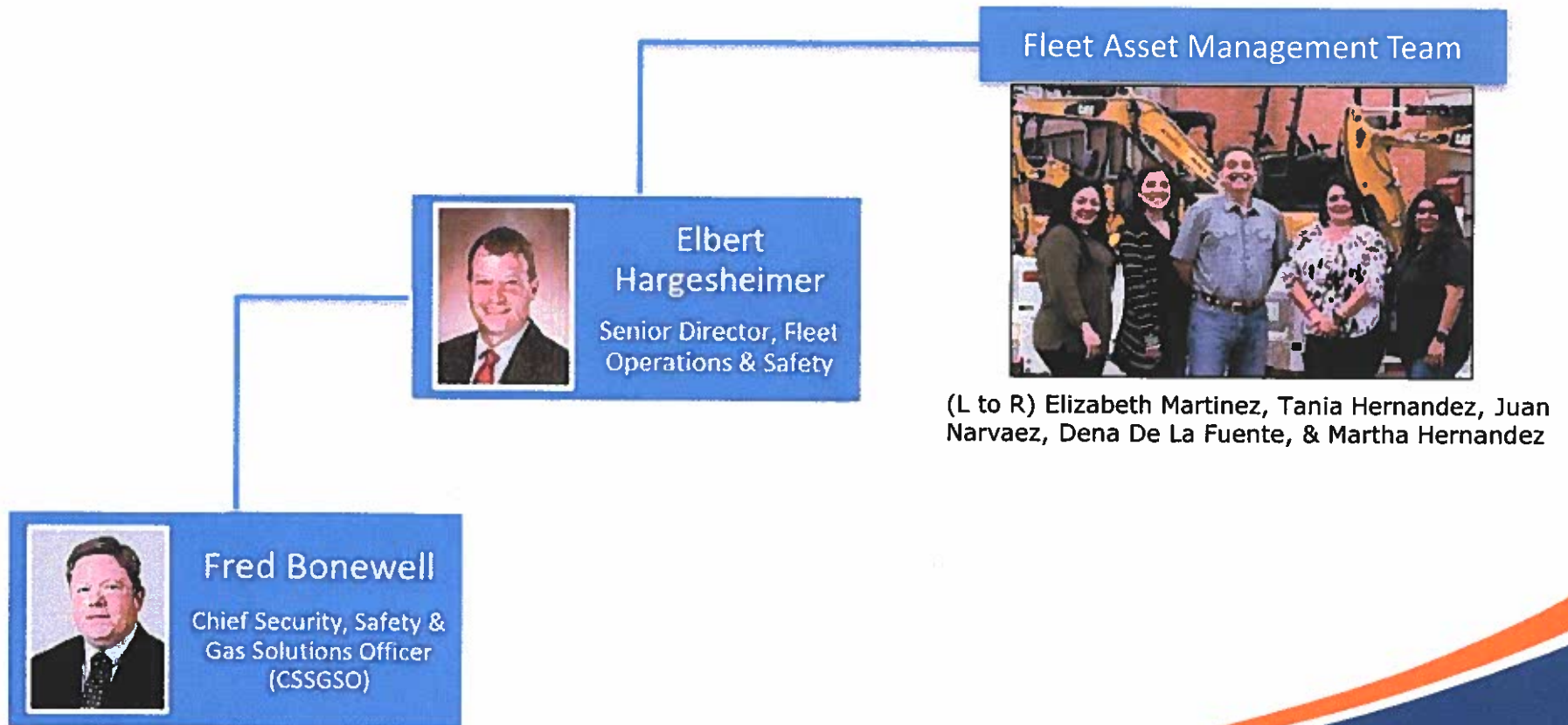
# AGENDA

- **FLEET ORGANIZATION**
- **GUIDING PILLARS**
- **CONTRACT DETAILS**
- **KEY ENHANCEMENTS**
- **SUPPLY EVOLUTION**



Unit observed during the truck demo

# FLEET ORGANIZATION



# OUR GUIDING PILLARS & FOUNDATION



**Reliability**



**Customer  
Affordability**



**Security**



**Safety**



**Environmental  
Responsibility**



**Resiliency**



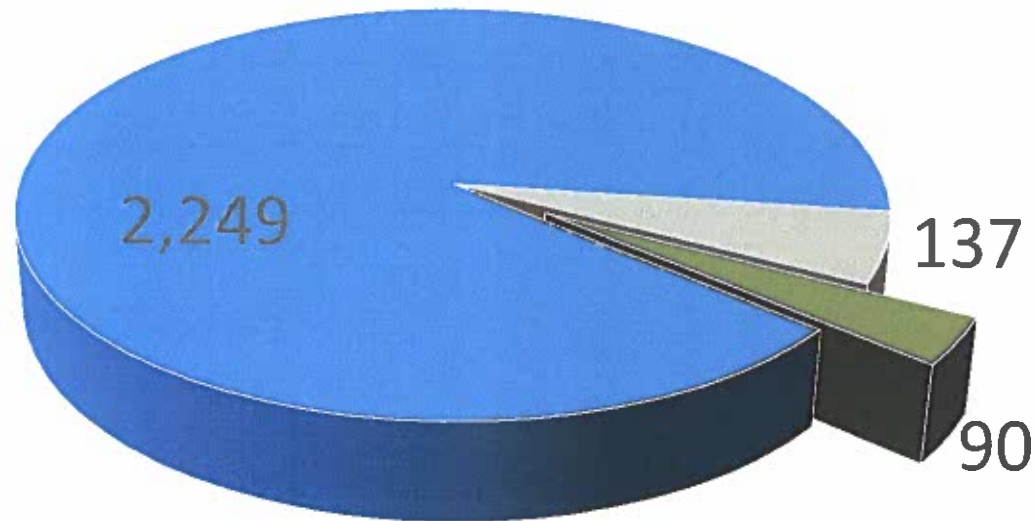
**FINANCIALLY  
RESPONSIBLE**

**This contract will provide our employees with bucket trucks that are safer, more reliable, & financially responsible.**

# FLEET COMPOSITION



Total Fleet:  
2,476 Vehicles  
& Equipment



■ Other Vehicles & Equipment    ■ Other Bucket Trucks    ■ Target Bucket Trucks

**This contract supports our bucket truck target replacement cycle of 10 years.**

# CONTRACT DETAILS



Cross-functional team to include: Fleet Asset Management, Fleet Operations, Overhead Operations & Union Representatives

Item	Description
Term	5 Years
Award	\$30 Million
Quantity	Approximately 90 Units

**All 3 qualified bucket manufacturers submitted a bid.**

# KEY ENHANCEMENTS



Pillar	Enhancement
Safety	<ul style="list-style-type: none"><li>• Increased truck stability</li><li>• Rescue feature – all linemen trained annually</li><li>• Additional safety enhancements</li></ul>
Environmental	<ul style="list-style-type: none"><li>• Idle reduction</li></ul>



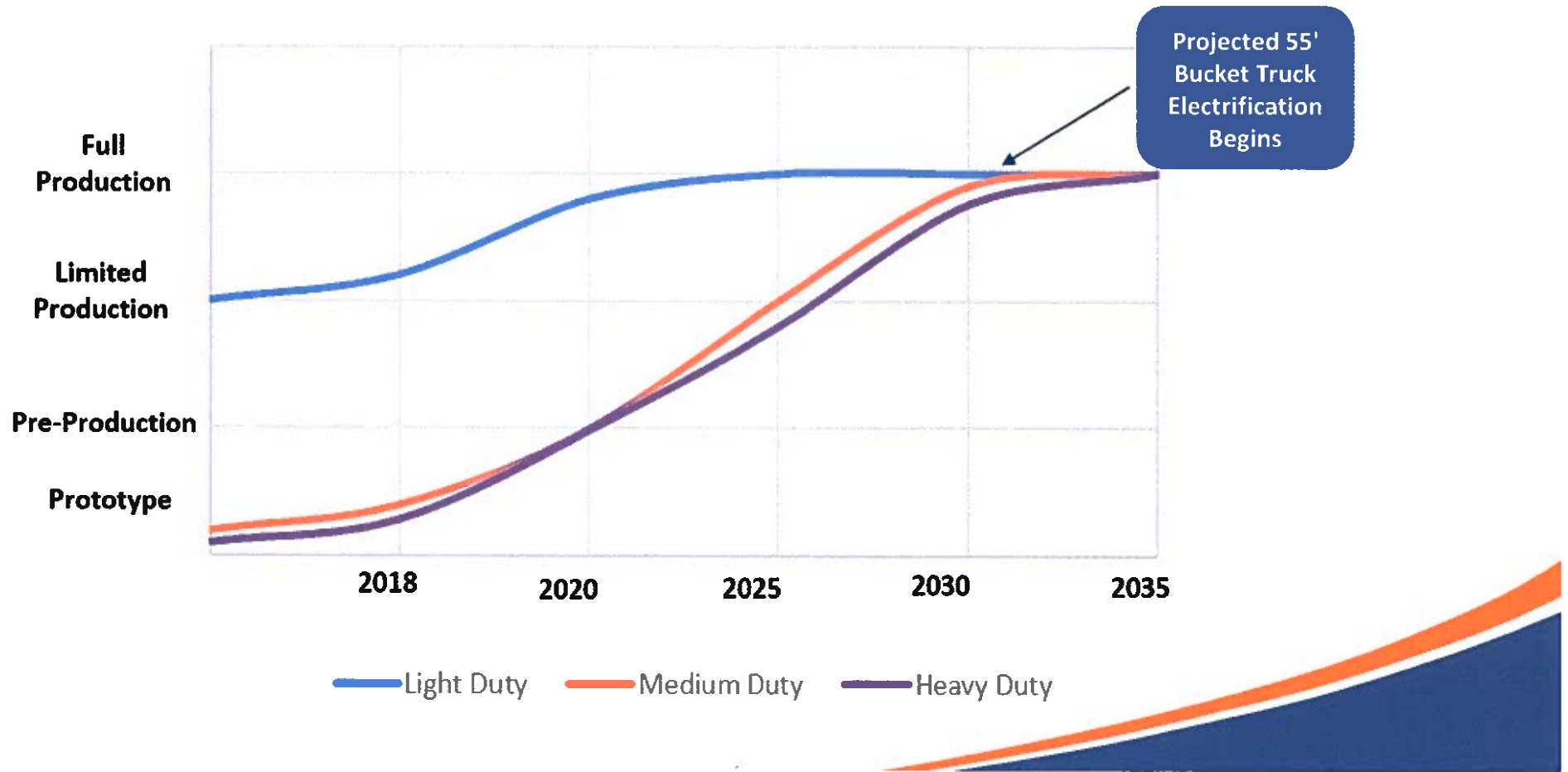
Current Trucks



Future Trucks

**We are leading the industry in safety design enhancements made to the 55' bucket trucks.**

# SUPPLY EVOLUTION





***Thank You***



**Draft for review and approval  
at the April 27, 2020 meeting**

**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:

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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.

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#### **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

**Draft for review and approval  
at the April 27, 2020 meeting**

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

**Draft for review and approval  
at the April 27, 2020 meeting**

**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.

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at the April 27, 2020 meeting**

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

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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.

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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

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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.

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**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	<u>9,686,872.41</u>
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:

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at the April 27, 2020 meeting**

(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 \$11,978,715.33 **B**

Correction to March 2019 and June 2019 City Payment calculation

Total \$95,512.84 **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.

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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

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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.

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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:

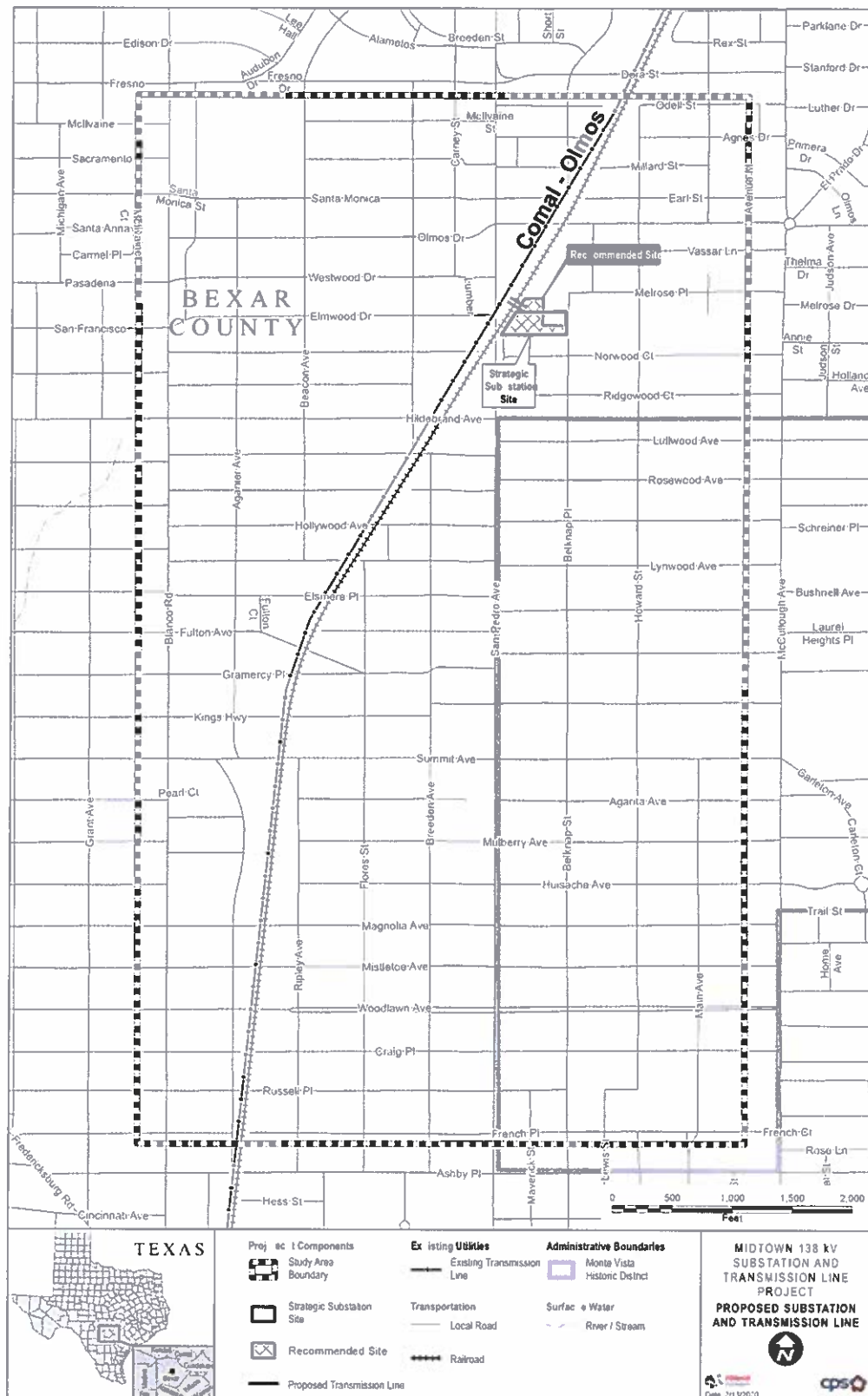
- Maximize use of existing rights-of-way,
- Minimize impacts to natural resources and environmentally sensitive land,
- Minimize the impacts to residential developments and habitable structures, and
- Minimize the overall impact of additional CPS Energy facilities in future years;

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](http://www.cpsenergy.com) (search word "Midtown").

## Exhibit "A"



**Draft for review and approval  
at the April 27, 2020 meeting**

**CPS ENERGY  
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES  
HELD VIA TELECONFERENCE CALL ON MARCH 30, 2020**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of March was held via telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19) on Monday, March 30, 2020. There was no in-person public access to the meeting. Chair John Steen called the meeting to order at 1:00 p.m.

Present via phone were Board members:

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

Also present via phone 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  
Mr. Rudy Garza, Interim Chief Customer Engagement Officer

CPS Energy Staff Members  
City of San Antonio officials  
Interested Citizens

**I. ROLL CALL OF BOARD MEMBERS**

Ms. Shellman called the roll. A quorum was present.

**II. SAFETY MESSAGE**

In response to the Chair's request, Mayor Nirenberg provided a brief update on the COVID-19 pandemic and the ways the City of San Antonio (CoSA) was responding. Chair Steen noted that the Mayor and Bexar County Judge Nelson Wolff provide daily televised COVID-19 briefings on local networks and encouraged Ms. Gold-Williams to remind CPS Energy employees of those briefings, noting that that he found them to be informative. He thanked the Mayor for his leadership during the pandemic crisis.

RECEIVED  
CITY OF SAN ANTONIO  
CITY CLERK

20 APR 22 AM 9:16

**Draft for review and approval  
at the April 27, 2020 meeting**

Ms. Gold-Williams briefed the Board on the many ways that CPS Energy is responding to the COVID-19 crisis while maintaining reliable electric and gas service to the community. She thanked city officials for their leadership and support.

**III. INVOCATION**

An invocation was delivered by Ms. Gold-Williams.

**IV. 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. Mr. Alan Montemayor stated that although he is a Sierra Club member, he was addressing the Board as a member of the public. Mr. Montemayor spoke regarding item 8, Editorial Comment. He thanked CPS Energy for maintaining electric power during the ongoing COVID-19 pandemic. He noted that though he is aware that the Board considers the public's best interest during executive sessions, he proposed aggressive measures towards climate change, the elimination of coal, and the electrification of CPS Energy's fleet. He concluded by suggesting that CPS Energy cease natural gas rebates.
2. Ms. Meredith McGuire, Sierra Club, addressed the safety message (item 2) and thanked CPS Energy for suspending disconnections during the COVID-19 pandemic. She stated that as a medical sociologist, she recognizes the need for rate restructuring. She expressed concern for the near and long-term economic impacts for area residents who have struggled in paying their utility bills. In conclusion, she urged that CPS Energy find a way to make electricity rates affordable.
3. Ms. Dee Dee Belmares, Public Citizen, addressed the public comment (item 4) and thanked CPS Energy for suspending disconnections during the COVID-19 pandemic. She expressed her concern over the global long-term financial effects of the pandemic. She also urged advancement of the proposed Rates Advisory Committee (RAC), noting that it would provide an opportunity for community input in rate development and resource planning.

**V. CHAIRMAN'S REMARKS**

Chair Steen did not provide any remarks.

**VI. CEO'S REPORT**

Ms. Gold-Williams briefed the Board related to the actions and activities taking place at CPS Energy in response to the COVID-19 pandemic, noting that CPS Energy will continue to carry out business operations, but with new precautionary measures in place.

Ms. Gold-Williams spoke on CPS Energy's Business Continuity Plan and Pandemic Preparedness Plan. She explained that both had already been in place but had recently been coupled together for the COVID-19 pandemic to ensure we are doing what is right for CPS Energy and its employees, customers and the community.

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at the April 27, 2020 meeting**

Ms. Gold-Williams noted that CPS Energy understands how the impact of the current pandemic has affected businesses and their employees across our community. Accordingly, CPS Energy has suspended disconnects of energy services, like it has done during summer peaks and the holidays. We are keeping our payment centers open with adjusted hours and are working with customers on payment arrangements. She stated that we are compassionate, creative and working with everyone during this community crisis.

She provided an overview of how CPS Energy segmented its workforce into three teams in alignment with CoSA's "stay at home" order: the blue team, primarily field workers and senior chiefs; the white team, office-essential employees who periodically work on-site while practicing social distancing; and the orange team, office-essential employees who predominantly work from home. She explained how employee screenings and facility cleanings were being conducted. She noted that we have utilized retired CPS Energy nurses to assist in the pandemic.

Ms. Gold-Williams reported that electric and gas construction projects are moving forward, as is construction at our new headquarters, adding that the project is not contemplated to fall behind. She said that we have not faced any difficulties in generating power for our community.

Ms. Gold-Williams reiterated that in light of the financial challenges resulting from the pandemic, CPS Energy will work with customers, including through pay arrangements. At this time, residential electrical usage appears to be increasing. We do not expect any power production challenges.

She thanked Trustee Gonzalez for her participation in a Facebook Live session during which they discussed CPS Energy's community assistance programs and outreach efforts.

She commented that CPS Energy is open for business and that she is appreciative of our community and our CPS Energy employees as we continue to work through the challenges resulting from the pandemic.

She mentioned that a Request for Proposals (RFP) was recently issued to identify a consultant to assist with managing the RAC process. The deadline for responses to the RFP has been extended due to the pandemic.

Dr. Mackey congratulated Ms. Gold-Williams for her efforts on regularly updating the Board during the COVID-19 pandemic. In response to Dr. Mackey's inquiry, Ms. Gold-Williams stated that CPS Energy will continue to feature women in recognition of Women's History Month, to include Jaime Rochelle, former CPS Energy CEO.

Chair Steen expressed his appreciation to Ms. Gold-Williams for her leadership.

**VII. RESOLUTION FOR APPROVAL OF REAL ESTATE ITEM(S)**

Mr. Almaraz reminded the Board that CPS Energy has used a full market process to sell surplus properties in anticipation of with the move to the new headquarters.

Mr. Almaraz requested approval of a resolution authorizing, but not obligating, the President & CEO, or her designee(s) to complete the transactions for the sale of the following properties:

**Draft for review and approval  
at the April 27, 2020 meeting**

1. CPS Energy's main office building at 145 Navarro Street, built in 1928 on .84 acres;
2. CPS Energy's interest in the Tower Life Building parking garage, built in 1955 and comprising 155 parking spaces;
3. the Navarro Building at 146 Navarro Street, built in 1968 on 1.3 acres, and its integrated parking garage comprising almost 600 parking spaces; and
4. the 44,000 square-foot surface parking lot comprising 108 parking spaces at 121 Navarro Street (adjacent to the Mexican Consulate), acquired in 1993.

Chair Steen recommended giving Ms. Gold-Williams authorization to complete the real property sales, thus avoiding the need to reconvene the Board for that purpose.

Chair Steen then requested that Ms. Shellman read the following proposed resolution:

**RESOLUTION APPROVING THE SALE OF REAL PROPERTY**

**WHEREAS**, CPS Energy owns the Main Office Building, Navarro Building and Garage, the surface parking lot adjacent to the Mexican Consulate, and an interest in the Tower Life Garage, as well as the underlying real estate, the property described in this resolution (the "Properties"); and

**WHEREAS**, by resolution of the Board of Trustees on September 24, 2018, the Properties were 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 Properties for sale; and

**WHEREAS**, the Board of Trustees previously evaluated the prior bids for the purchase of the Properties and decided that the Properties should be sold to the identified buyers, pursuant to the terms and price ultimately 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 authorizes, but does not completely obligate, the President & CEO, or her designee(s), to complete the sale of the Properties.

Chair Steen called for discussion.

Ms. Gold-Williams commented that she remains focused on the Board's objectives and priorities of the real property transactions and, although she will be authorized to complete the transactions, she will continue to update the Board on these matters.

**Draft for review and approval  
at the April 27, 2020 meeting**

Dr. Mackey moved that the resolution be approved, and Trustee Gonzales seconded. Ms. Shellman called the roll and upon affirmative vote by all members present, the resolution was unanimously approved.

**VIII. EXECUTIVE SESSION**

Chair Steen reported that the posted voting item relating to real estate matters was discussed in open session and an Executive Session was not needed.

**IX. APPROVAL OF CONSENT ITEMS:**

Trustee Kelly moved that the Consent Agenda be approved, and Trustee Gonzalez seconded. Ms. Shellman called the roll 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 February 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 February 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$160,565,390.86, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$10,524,959.43. Under the previously approved agreement with the City, CPS Energy will advance to the City \$10,524,959.43 against future months' revenue for fiscal year 2021. The revenue for the month of February 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$157,712,865.79
Gas revenue	18,777,032.10
Interest and other income	3,201,398.97
Gross revenue per CPS Energy financial statements	<u>179,691,296.86</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,719,693.48)
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	(4,990,731.06)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(8,415,481.46)</u>
Total excluded revenue	<u>(19,125,906.00)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$160,565,390.86</u>

**Draft for review and approval  
at the April 27, 2020 meeting**

City payment per Bond Ordinance for February 2020 based upon February 2020 revenue	\$22,479,154.72	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	507,559.19	
Wholesale Special Contract Annual True Up	0.00	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	22,974,213.91	<b>A</b>
Utility services provided to the City for February 2020	(2,405,951.16)	
Net amount to be paid from February 2020 revenue to the City in March 2020	<u>\$20,568,262.75</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)

February 2020	Actual	Budget	Variance	
Current Month* <b>A</b>	\$22,974	\$25,517	(\$2,543)	-10.0%
Year-to-Date*	\$22,974	\$25,517	(\$2,543)	-10.0%

\* 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 \$20,568,262.75 representing 14% of applicable system gross revenues for the month of February 2020, such payment being net of City utility services (\$2,405,951.16), is hereby approved. The total amount to be recovered from future revenues for fiscal year 2021 is \$10,524,959.43."

**Reaffirmation of Board Committee Assignments (No changes at this time)**

**REAFFIRMATION OF CPS ENERGY BOARD OF TRUSTEES COMMITTEE ASSIGNMENTS**

- Audit & Finance Committee (A&F)  
John Steen, Chair  
Dr. Willis Mackey
- CEO Search Committee (CEO SC)  
John Steen, Chair  
Janie Gonzalez
- Employee Benefits Oversight Committee (EBOC)  
John Steen, Chair  
Dr. Willis Mackey

**Draft for review and approval  
at the April 27, 2020 meeting**

4. Master Planning Oversight Committee (MPOC)  
Ed Kelley, Chair  
John Steen
5. Nominations Committee (NC)  
Ed Kelley, Chair  
John Steen
6. Operations Oversight Committee (OOC)  
Dr. Willis Mackey, Chair  
Janie Gonzalez
7. Personnel Committee (PC)  
Ed Kelley, Chair  
Janie Gonzalez
8. Risk Management & Aligned Subcommittees (RMC)  
Dr. Willis Mackey, Chair  
All trustees are members
9. Technology & Innovation Committee (T&I)  
Janie Gonzalez, Chair\*  
Dr. Willis Mackey

\* Provides oversight of information technology projects and information technology security.

#### **X. ADJOURNMENT**

At this time, Chair Steen noted that this was the first meeting held via teleconference in CPS Energy's 77 years of service. He thanked Ms. Gold-Williams and Ms. Denae A. Myers, Board Relations Manager, Office of the President & CEO, for its smooth transition. Ms. Gold-Williams also expressed special recognition to team members, including Ms. Lorette Kerner, Interim Director Board Relations & Chief of Staff, Office of the President & CEO, Ms. Zandra Pulis, Deputy General Counsel and Chief Records Management Officer, and Ms. Shellman for their role in executing this meeting.

There being no further business to come before the Board and upon a motion duly made by Trustee Kelley, and seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 1:52 p.m. by Chair Steen.

---

Carolyn E. Shellman  
Secretary of the Board

## CPS Energy Board of Trustees Meeting April 27, 2020

### Approval of Payment to the City of San Antonio for March 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 March 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$156,108,988.93, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the total 6% requirement to the Repair and Replacement account and the City Payment by \$22,476,977.14. Under the previously approved agreement with the City, CPS Energy will advance to the City \$22,357,622.38 against future month's revenues for fiscal year 2021. The revenue for the month of March 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$166,542,721.00
Gas revenue	9,739,171.43
Interest and other income	3,337,914.72
Gross revenue per CPS Energy financial statements	<u>179,619,807.15</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,308,010.05)
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	(9,308,773.88)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(8,894,034.29)</u>
Total excluded revenue	<u>(23,510,818.22)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$156,108,988.93</u>
City payment per Bond Ordinance for March 2020 based upon March 2020 revenue	\$21,855,258.45
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	514,863.93
Wholesale Special Contract Annual True Up	0.00
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	22,357,622.38 <b>A</b>
Utility services provided to the City for March 2020	<u>(2,354,242.80)</u>
Net amount to be paid from March 2020 revenue to the City in April 2020	<u>\$20,003,379.58</u>

## CPS Energy Board of Trustees Meeting April 27, 2020

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)

March 2020	Actual	Budget	Variance	
Current Month* A	\$22,358	\$24,074	(\$1,716)	-7.1%
Year-to-Date*	\$45,332	\$49,591	(\$4,259)	-8.6%

\* 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 \$20,003,379.58 representing 14% of applicable system gross revenues for the month of March 2020, such payment being net of City utility services (\$2,354,242.80), and including the current month deficiency, is hereby approved." The total amount to be recovered from future month's revenues for fiscal year 2021 is \$33,001,936.57, inclusive of \$119,354.76 necessary to satisfy the 6% Repair and Replacement requirement year-to-date and \$32,882,581.81 advanced to the City.



CPS Energy Board of Trustees Meeting  
April 27, 2020  
**APPROVAL of PROCUREMENT ITEMS**  
Table of Contents

*Two (2) Non-Competitive Sensitive Items*

1. **Purchase Category:** General Services  
**Supplier:** Mastec North America, Inc.  
**Supplier:** Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Mears Installation LLC
2. **Purchase Category:** Commodity and Material Goods  
**Supplier:** Terex Utilities Inc

Approval:

A handwritten signature in blue ink, appearing to read "Paula Gold-Williams", written over a horizontal line.

Paula Gold-Williams, President & CEO

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CPS Energy Board of Trustees Meeting  
April 27, 2020  
PROCUREMENT FORM 1

Department	Energy Delivery Services
Division	Customer Construction
Purchase Order Value	\$50,000,000
Purchase Category	General Services
Senior VP Energy Delivery Services	Paul Barham
Chief Operating Officer	Cristopher Eugster

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (if applicable)
Mastec North America, Inc.	36 Months	\$ 18,000,000	36%	2189740	Local / Diverse	Male Owned, Large Hispanic, Local
Wampole-Miller, Inc. dba Miller Bros Division of Wampole-Miller, Inc.	36 Months	\$ 18,000,000	32%	2189742	Local / Non-Diverse	Male Owned, Large Non-Minority, Local
Mears Installation LLC	36 Months	\$ 18,000,000	32%	2189741	Local / Non-Diverse	Male Owned, Large Non-Minority, Local

Project Description
The electric & gas infrastructure installation services contract is for the installation of new electric and gas facilities being installed for new residential subdivision communities and new multi-family communities within the CPS Energy service boundaries. This scope of work has been labeled as a "Turnkey Process" where the projects are 100% completed by CPS Energy contract vendors within the standards set by CPS Energy. This process has been in place for three (3) years with great success and has increased efficiencies with our community development partners. This contract was competitively bid through the procurement process and the three (3) companies above were awarded accordingly.

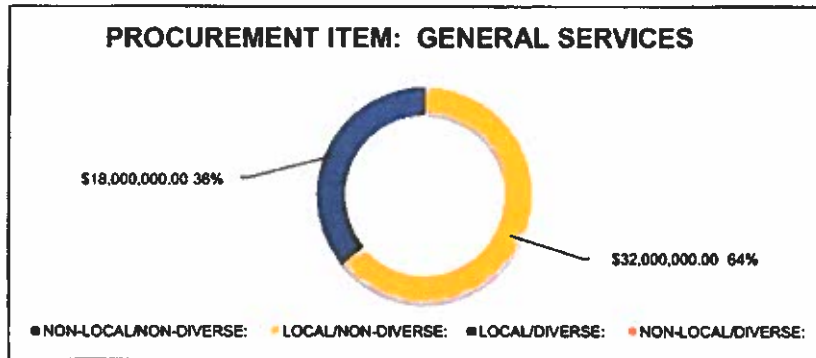
Value Proposition & Summary
CPS Energy will have the resources needed to perform services to address the growth of new electric and gas utilities in new subdivisions and multi-family projects. These services will sustain CPS Energy's financial viability by meeting customer demand which increases our customer base.

Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
21	\$684,100,000	Capital	\$18,600,000	2.43%
21	\$712,800,000	O&M	\$0	0.00%

Competitive Information: ☐ YES ☒ NO Collective #: 7000157504  
If yes, reason \_\_\_\_\_  
This procurement item is not competitively sensitive; therefore, there are no restrictions on disclosure to the public.

PROCUREMENT ITEM: GENERAL SERVICES

NON-LOCAL/NON-DIVERSE:	\$ -
LOCAL/NON-DIVERSE:	\$ 32,000,000.00
LOCAL/DIVERSE:	\$ 18,000,000.00
NON-LOCAL/DIVERSE:	\$ -
	\$ 50,000,000.00





CPS Energy Board of Trustees Meeting

April 27, 2020

PROCUREMENT FORM 2

Department	Fleet Operations & Safety
Division	Fleet Asset Management
Purchase Order Value	\$30,000,000
Purchase Category	Commodity & Material Goods
Sr Dir Fleet Operations Safety	Bert Hargeshelmer
Chief Security Safety & Gas Solns Officer	Fred Bonewell

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (if applicable)
Terex Utilities Inc	60 Months	\$ 30,000,000	100%	2189050	Local / Non-Diverse	Male Owned, Large Non-Minority, Local

Project Description
This contract is for the purchase of approximately 90, 55-foot bucket trucks to support CPS Energy Electric Operations.

Value Proposition & Summary
This contract will provide our employees with the vehicles necessary to repair and maintain powerlines that provide electricity to our community. The specifications for these trucks have been completed with safety in the forefront. With this contract in place, CPS Energy will be more strategic on replacement of this vehicle class. The specifications include an auxiliary power unit which powers the aerial bucket while the vehicle is turned off, thus reducing the environmental impact.

Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
21	\$684,100,000	Capital	\$6,000,000	0.88%
21	\$712,800,000	O&M	\$0	0.00%

Competitive Information:

☐ YES ☒ NO

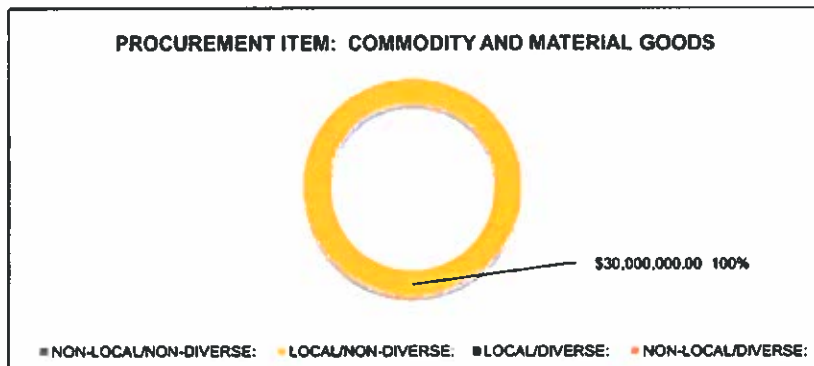
Collective #: 7000151983

If yes, reason

This procurement item is not competitively sensitive; therefore, there are no restrictions on disclosure to the public.

## PROCUREMENT ITEM: COMMODITY AND MATERIAL GOODS

NON-LOCAL/NON-DIVERSE:	\$ -
LOCAL/NON-DIVERSE:	\$ 30,000,000.00
LOCAL/DIVERSE:	\$ -
NON-LOCAL/DIVERSE:	\$ -
	\$ 30,000,000.00



### RESOLUTION RATIFYING WAIVER OF LATE PAYMENT FEES

**WHEREAS**, in consideration of the challenges facing our community caused by COVID-19 and the economic pressures that are related to the on-going and evolving shelter at home and social distancing community directives, CPS Energy quickly announced publicly a helpful plan to temporarily suspend its process of disconnecting the electric and gas services of customers who cannot pay all or part of their utility bills; and

**WHEREAS**, CPS Energy has historically suspended disconnects for short and definitive periods of time during the peak of the summer and the December holidays to help its customers; and

**WHEREAS**, CPS Energy has an established payment plan program that is offered to customers who need additional time and installments to pay their bills; and

**WHEREAS**, as a whole, CPS Energy's customers typically have a proven history of paying their monthly bills, resulting each year in a very low level of write offs / uncollectible balances, which in turn lowers operating costs and keeps everyone's bills affordable; and

**WHEREAS**, pursuant to CPS Energy's tariffs and its terms and conditions of service, late payment fees are customarily applied to customer account balances that are not paid in full at the end of each billing cycle; and

**WHEREAS**, CPS Energy routinely collects approximately \$7.5 million annually through late payment fees, but is willing to forego new late fee charges, in part, to assist customers who cannot pay their current bills on a timely basis due to economic distress and business disruption caused by COVID-19; and

**WHEREAS**, CPS Energy is currently asking customers needing payment assistance to call for information about helpful payment plans at (210) 353-2222 to avoid interruption of their critical utility services when the disconnection suspension period ends; and

**WHEREAS**, to ensure its updated processes are formalized and well-documented, CPS Energy requests ratification from the Board of Trustees for the waiver of late fees, as contained in current CPS Energy tariffs, conditioned upon each customer establishing a payment plan and making timely payments on it during the disconnection suspension period that is currently in place as a result of the COVID-19 pandemic.

**NOW, THEREFORE, BE IT RESOLVED**, that the CPS Energy Board of Trustees hereby confirms and ratifies the waiver of late fees as contained in current CPS Energy tariffs for customers who make timely payments as part of a payment plan established during the period of suspended disconnects that is currently in place due to the COVID-19 pandemic. The late fee requirements of the tariffs will be reinstated automatically when the disconnect suspension period ends, as declared by CPS Energy's President & CEO or her designee, or when the Board takes further action on this matter.

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# ***APPOINTMENTS TO THE CITIZENS ADVISORY COMMITTEE (CAC)***

***PRESENTED BY:***

**John Leal**

Director, Local Government Relations

April 27, 2020

***Approval Requested***



# OBJECTIVES & TAKEAWAYS



- **REVIEW APPOINTMENT PROCESS**
- **PRESENT EXISTING MEMBERSHIP**
- **COVER ACTIONABLE DUTIES & RESPONSIBILITIES**
- **RECOMMEND NEW APPOINTEES**



# AGENDA



- **TOPICS & ACTIVITIES**
- **FACILITY TOURS**
- **REQUEST APPROVAL OF DISTRICTS 6 & 8  
CAC APPOINTMENTS**



# APPOINTMENT PROCESS

























- 2 year terms
- Maximum 3 consecutive terms
- Members are approved by the Board of Trustees
  - City Councilmembers nominate a candidate
  - Members of the public may nominate candidates & candidates may also self nominate



# COUNCIL APPOINTEES



DISTRICT 1		DISTRICT 2		DISTRICT 3		DISTRICT 4		DISTRICT 5	
									
Roberto Trevino Councilmember	Juan Cano CAC	Jada Andrews-Sullivan Councilmember	Michelle Lugalia-Holton CAC	Rebecca Viagran Councilmember	Diana Aguirre Martinez CAC	Dr Adriana Rocha Garcia Councilmember	Frank Gonzalez CAC	Shirley Gonzales Councilmember	Andy Castillo CAC
DISTRICT 6		DISTRICT 7		DISTRICT 8		DISTRICT 9		DISTRICT 10	
									
Melissa Cabello Havrda Councilmember	Raquel Zapata CAC	Ana Sandoval Councilmember	Roger Plasse CAC	Manny Pelaez Councilman	John Kelly CAC	John Courage Councilmember	Joe Yakubik CAC	Clayton Perry Councilmember	Allie Watters CAC

 Appointees being considered today  
 Term has expired, serves as needed

# AT-LARGE APPOINTEES



**David Walter**  
Chair



**Luisa Casso**  
Chair Elect



**Bill Day**  
Vice Chair



**Mayor Mary Dennis**  
CAC



**Mary Ellen Veliz**  
CAC

# TOPICS & ACTIVITIES



- Annual Budget Review
- ***Flexible Path*** strategies, our energy future
- STEP Program Updates
- ***FlexSTEP*** feedback
- Substation Projects; future Routing & Siting Projects
- Legislative Session Preview



CAC Members visited the State Capitol in 2019 during the legislative session.

... and many others throughout the year!

# FACILITY TOURS



- New Call Center, ESS (SwRI)
- Energy Management Center (EMC)
- Energy Market Operation Center (ESMO)



CAC Members touring the Calaveras Power Station (2019).

# CAC APPOINTMENT

## COUNCIL DISTRICT 6



### Ms. Raquel Zapata

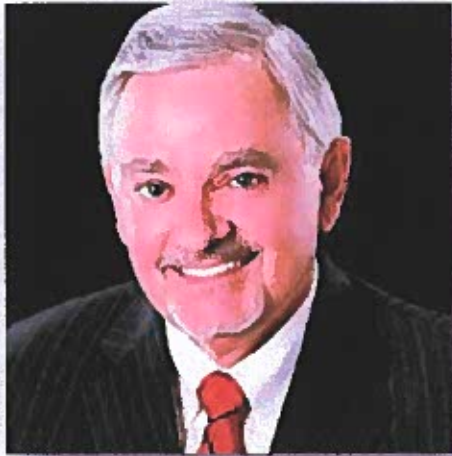
- Sr. Program Manager, Business Development, DAWSON
- Past President of the Great Hearts Monte Vista Board of Directors
- Community Involvement:
  - Member, San Antonio Police Dept. Civilian Advisory Review Board
  - Volunteer, Bridging Whole Health

# CAC APPOINTMENT

## COUNCIL DISTRICT 8



### Mr. John Kelly



- Former TxDOT San Antonio District Engineer
- Currently retired; has previously served as a consultant for AECOM & CH2M (*now Jacobs*) companies
- President, Crownridge of Texas Owners Association





# REQUEST FOR APPROVAL

- **Ms. Raquel Zapata**  
District 6 appointment made by  
Councilmember Melissa Cabello Havrda
- **Mr. John Kelly**  
District 8 appointment made by  
Councilmember Manny Pelaez





***Thank You***





April 1, 2020

CPS Energy Board of Trustees &  
CPS Energy President and CEO

RE: April 2020 Board of Trustee Agenda Item: Citizens Advisory Committee  
Appointment

Respectfully,

On behalf of the Citizens Advisory Committee, I request that the following item be placed on the agenda of the Board of Trustee meeting for Monday, April 27, 2020 and that the Board approve the following:

- Councilwoman Melissa Cabello Havrda, District 6, has appointed **Raquel Zapata** to the CPS Energy Citizens Advisory Committee. With Board approval her first term will commence, April 1, 2020 and will expire March 31, 2022.
- City Councilman Manny Pelaez, District 8, has appointed **John Kelly** to the CPS Energy Citizens Advisory Committee. With Board approval his first term will commence April 1, 2020 and will expire March 31, 2022.

Both nominees have been invited to listen to the Board meeting and they look forward to your confirmation and consideration to the Citizens Advisory Committee.

If you have any questions, please feel to contact me at (210) 353-3072 or at my mobile (210) 232-9928.

Regards,

A handwritten signature in blue ink, appearing to read "John C. Leal".

John C. Leal  
Director, Local Government Relations  
Gov't Regulatory Affairs & Public Policy

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# CPS Energy Report on Fiscal Year 2020 Financial Audit

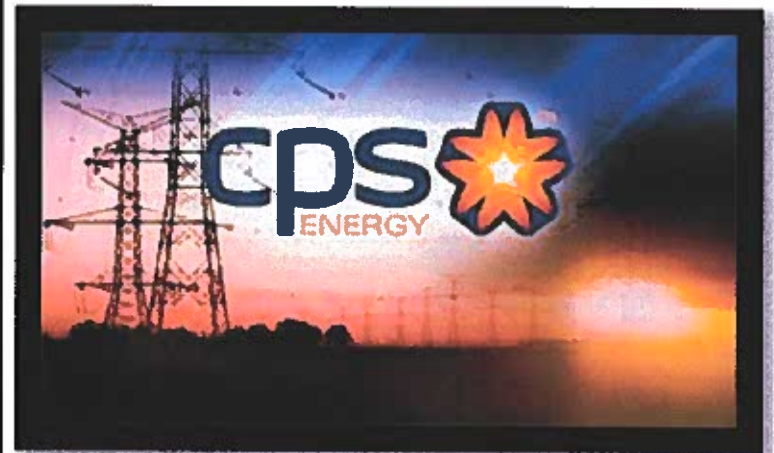
Presented by:

Jodi Dobson, CPA, Partner  
Baker Tilly Virchow Krause, LLP

April 27, 2020



The information provided herein is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties for which such information or consultation is an opinion upon which any person may rely. The intended recipients of this communication and any other persons who are subject to any limitation on the disclosure of the tax treatment for tax purposes of any transaction or matter that is the subject of this communication and any other persons Baker Tilly Virchow Krause, LLP has not as Baker Tilly is a member of the global network of Baker Tilly International Inc., the members of which are separate and independent legal entities. © 2018 Baker Tilly Virchow Krause, LLP



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## Audit presentation topics

- > Audit overview
- > Internal control communication
- > Auditor's communication with those charged with governance
- > Questions



## Audit overview

- > We appreciate the work done by CPS Energy accounting staff and management in preparing for and assisting in the audit!
- > Total hours approximated 2,800

## Audit overview

- > Audit performed in accordance with Generally Accepted Auditing Standards.
- > Audit is based on assessment of control risk in key business process areas. Below are several key areas of review:
  - Pension and OPEB fund and liabilities
  - Investments
  - City payment and additional transfers
  - Unbilled revenues/revenue recognition
  - Energy market accounting
  - Asset retirement obligations
  - Assets under construction and plant in service
  - Review of Audit Services' work order, cash disbursement, inventory observation and ITGC
  - Analytical review of statement of net position and statement of revenues, expenses and changes in net position



## Audit overview

- > Audit objective – obtain reasonable assurance that financial statements are free from material misstatement.
- > Financial statements received an *Unmodified Opinion* (clean opinion)



## Internal control communication

### AU-C Section 265

#### *Communicating Internal Control Related Matters Identified in an Audit*

Material weaknesses noted in CPS Energy's internal control:

- > None noted

Significant deficiencies noted in CPS Energy's internal control:

- > None noted

Management discussion items:

- > Ongoing improvement opportunities to continue enhancement of controls over information technology



## Auditor communication with Those Charged with Governance

Area to be Communicated	Area to be Communicated
Our responsibility under Auditing Standards Generally Accepted in the United States	Other Information in Documents Containing Audited Financial Statements
Planned Scope and Timing of the Audit	Accounting Policies
Accounting Estimates	Financial Statement Disclosures

## Auditor communication with Those Charged with Governance

Area to be Communicated	Area to be Communicated
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Consultations with Other Independent Accountants	Disagreements with Management
Auditor Independence	Management Representations
Other Audit Findings or Issues	



## Audit summary

# Thank You!

We appreciate the work performed by CPS Energy's accounting staff, management, and Audit Services staff in preparing for and assisting in the audit!

We would be happy to answer any questions regarding the audit.



## OPERATIONS OVERSIGHT COMMITTEE MEETING

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 20, 2020 MEETING PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY FOR REPORT AT THE MARCH 30, 2020 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on February 20, 2020. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on December 5, 2019.
- B. Received a Power Generation Update, that included:
  - a. a description of the generation units, historical and expected operations given recent market dynamics;
  - b. rotor replacement timing & process, and expected submittal for Board consideration in November 2020;
  - c. a description of coal ash, changes in the coal ash rule, and an overview of the compliance plan.
- C. Received a New Substation Routing & Siting Update, including:
  - a. the need for a new substation inside the city limits;
  - b. the internal process that will be followed; and
  - c. a review of the project timeline and next steps.
- D. Received an Update on the **FlexPOWER** Bundle, including:
  - a. the status of the Request for Proposal to hire a consultant for the **FlexPOWER** Bundle; and
  - b. a review on the project timeline and next steps.
- E. Received a report on Maximizing Customer Insights, including:
  - a. overall feedback from customers; and
  - b. a description on how customer insights maximize our programs.
- F. Received a Smart Streetlight / Smart City Update, including:
  - a. the RFP framework & project benefits;
  - b. a discussion on of the Smart City partnership with COSA; and
  - c. a review of the project timeline.
- G. Received a Renewable Natural Gas Update, including:
  - a. a description of the new energy product;
  - b. the value to the community; and
  - c. a review of the project timeline.

The next meeting of the Operations Oversight Committee is scheduled for May 14, 2020.



## TECHNOLOGY & INNOVATION COMMITTEE MEETING

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 20, 2020 MEETING PREPARED FOR COMMITTEE MEMBER, TRUSTEE JANIE GONZALEZ FOR REPORT AT THE MARCH 30, 2020 BOARD OF TRUSTEES MEETING**

The Technology & Innovation Committee met on February 20, 2020. As part of the Technology & Innovation Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on December 3, 2019.
- B. Received a status update on the FY2021 People-Focused Value Enabled by Technology and Digital Update.
- C. Reviewed the new action items generated from this session.

The next meeting of the Technology & Innovation Committee Meeting is to be determined.

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## **OPERATIONS OVERSIGHT & TECHNOLOGY & INNOVATION ALIGNED RISK SUB-COMMITTEE MEETING**

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 20, 2020 MEETING**

#### **PREPARED FOR COMMITTEE MEMBER, DR. WILLIS MACKEY**

#### **FOR REPORT AT THE MARCH 30, 2020 BOARD OF TRUSTEES MEETING**

The Operations Oversight & Technology & Innovation Aligned Risk Sub-Committee met on February 20, 2020. As part of the Operations Oversight & Technology & Innovation Aligned Risk Sub-Committee agenda, the Sub-Committee:

- A. Approved meeting minutes from the prior meetings, held on December 3, 2019, & December 5, 2019.
- B. Reviewed & discussed action items from the previous meetings.
- C. Received presentations on risks & mitigations focused on the following topics:
  - a. Renewal Natural Gas Project
  - b. Potential Pandemic (Coronavirus)
  - c. Digital Transformation
  - d. Guiding Innovation with Change Management

The next meeting of the Operations Oversight & Technology & Innovation Aligned Risk Sub-Committee is scheduled for May 14, 2020.

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## PERSONNEL COMMITTEE

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 17, 2020 MEETING

PREPARED FOR COMMITTEE CHAIR, MR. ED KELLEY

FOR REPORT AT THE APRIL 27, 2020 BOARD OF TRUSTEES MEETING

The Personnel Committee met on April 17, 2020. The Committee:

- A. Approved meeting minutes from the meeting held on January 9, 2020, and reviewed open action items; and
- B. Received an update from Todd Williams of ScottMadden on the FY20 and FY21 Enterprise Accountability Programs. The metrics identified for FY21 were prepared and calibrated prior to the current pandemic situation. The Committee tasked ScottMadden to keep us apprised of relevant utility operations benchmarking during this unprecedented time.

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