

**CPS ENERGY**  
**MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON SEPTEMBER 21, 2020**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of September was held on Monday, September 21, 2020 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). 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 Solutions Officer  
 Ms. Vivian Bouet, Chief Information Officer  
 Mr. Frank Almaraz, Chief Administrative & Business Development Officer  
 Mr. Rudy Garza, Interim Chief Customer Engagement Officer  
 Mr. Gary Gold, Interim Chief Financial Officer & Treasurer  
 CPS Energy Staff Members  
 City of San Antonio (City) officials  
 Interested Citizens

**I. ROLL CALL OF BOARD MEMBERS**

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

**II. SAFETY MESSAGE**

The Board meeting began with safety messages delivered by Mayor Nirenberg and Ms. Gold-Williams.

Mayor Nirenberg noted that the COVID-19 positivity rate has declined to 6% and other key indicators are trending in the right direction. He asked the community to continue practicing social distancing, wearing masks and taking other preventive measures. Mayor Nirenberg noted that the San Antonio City Council (Council) passed a balanced budget during its September 17, 2020 meeting.

Ms. Gold-Williams stated that CPS Energy continues to see a moderation of the workforce infection rate. Since the start of the pandemic, there have been 106 employees diagnosed as COVID-19 positive and zero employee deaths. Currently there are 47 quarantined and zero hospitalized employees. Ms. Gold-Williams noted that required screenings and voluntary temperature checks continue at customer service centers.

Chair Steen thanked Mayor Nirenberg and Ms. Gold-Williams for their leadership during this challenging time.

### III. INVOCATION

An invocation was delivered by Mr. Evan O'Mahoney, Vice President, Technology Services.

### IV. PUBLIC COMMENT

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

1. Ms. Alice Canestaro-Garcia, Energía Mía, urged a transition away from fossil fuels and towards cleaner, greener energy and jobs.
2. Mr. Richard Perez, President & CEO, San Antonio Chamber of Commerce, spoke positively about CPS Energy's historical success and effective leadership. He also offered suggestions for the potential Rate Advisory Committee (RAC).
3. Mr. Patrick Garcia, San Antonio Manufacturers Association (SAMA) Board of Directors member and small business owner, spoke positively about CPS Energy's historical success and effective leadership and questioned the need for the RAC.
4. Mr. David Fry, SAMA member and business owner, spoke in support of the current governance model and questioned the need for the RAC.
5. Mr. Mario Bravo, private citizen, expressed his gratitude for the opportunity to provide public comment but suggested that the registration process is overly restrictive. He asked CPS Energy to do a better job listening to its owners.

### V. CEO'S REPORT

Ms. Gold-Williams provided an overview of the meeting agenda.

Regarding the *FlexPOWER* Bundle Update, she recapped CPS Energy's mission and journey to do the right thing for our community. From the procurement of wind power 20 years ago and solar power in the 2011-2012 timeframe, to the Save for Tomorrow Energy Plan (STEP), and most recently, the development of the *Flexible Path* strategy, CPS Energy remains keenly focused on generation planning for the future, keeping in mind affordability and reliability, the two most important factors to our customers.

Ms. Gold-Williams also highlighted the rate advisory committee proposal that Ms. Shellman will present for information and discussion.

## VI. ADDITIONAL UPDATES

### FY2021 COVID-19 Financial Impacts, Cont.

Mr. Gold, Interim Chief Financial Officer & Treasurer, provided an update on the FY2021 COVID-19 Financial Impacts. It included actual results through August 31, 2020, and projections for the remainder of the fiscal year. Because of the uncertainty related to the full impact of COVID-19, these projections were noted to be preliminary and subject to change.

Mr. Gold explained that net income year-to-date was budgeted to be \$60.5 million. However, the actual year-to-date net income amount is \$94.2 million, a favorable variance of \$33.7 million. The favorability is driven by lower operations and maintenance (O&M) expense and lower interest and debt-related expenses, partially offset by lower wholesale revenues.

Reporting on August electric sales by customer segment, Mr. Gold noted that commercial and industrial customers used less power than projected. Residential customers, on the other hand, increased their usage. Overall, total system sales are approximately 0.1 percent above budget.

Regarding the potential effects of COVID-19 on net income for FY2021, a net loss of \$21.6 million is projected, assuming a Medium Impact scenario. A High Impact scenario is projected to result in a net loss of \$75.6 million. These projections are based on assumptions of lower wholesale and retail electric sales and higher bad debt levels partially offset by non-fuel expense savings.

Mr. Gold explained the drivers for the improvement from previous financial forecasts, namely higher net retail revenue, lower wholesale revenue due to higher wind volumes and lower debt-related expenses.

Turning to the Flow of Funds, Mr. Gold stated that, considering the effects of COVID-19, Repair & Replacement (R&R) Fund additions in a Medium Impact scenario are projected to be \$207.2 million, slightly higher from the August projections. A High Impact scenario is projected to result in R&R Fund additions of \$151.7 million, similar to August projections. Mr. Gold highlighted that actual capital expenditures year-to-date are \$44.7 million under budget, reflecting cost mitigations.

Turning to the key financial metrics, the forecasted Adjusted Debt Service Coverage (ADSC) is 1.51x for the Medium Impact scenario, slightly above the accountability plan threshold of 1.50x. In the High Impact scenario, ADSC is projected to be 1.38x. Days Cash on Hand (DCOH) for the Medium Impact scenario is projected at 170, better than the accountability plan's threshold of 150. In the High Impact scenario, DCOH is projected to be 158. The Debt Capitalization (DC) ratio is projected to be 60.5 percent for the Medium Impact scenario and 60.9 percent for the High Impact scenario, both favorable to the accountability plan threshold of 61.7 percent.

We continue to monitor the COVID-19 landscape and take the following steps to minimize its impact:

- Analyze actual sales results to better understand demand patterns
- Monitor accounts receivable and bad debt, and provide customers with information on assistance programs
- Focus on cash flows to ensure liquidity
- Prioritize ongoing spend to identify additional cost reductions and cash savings
- Scan for emerging risks
- Continue to provide monthly updates

### Cost Savings: EIT System Maintenance Contracts

Mr. O'Mahoney briefed the Board on cost savings associated with IT contract optimization. Savings strategies include leveraging renewal negotiations to obtain price reductions or value-add services, proactively assessing license usage and maintaining supported software versions. Specifically, renegotiating a data center infrastructure agreement and optimizing server software licensing will result in savings of over \$1 million in FY2021 and projected savings of \$700,000 through FY2023.

Chair Steen asked Ms. Gold-Williams to comment on CPS Energy's fiscal stewardship that has enabled operations to continue for six years without a rate increase.

Ms. Gold-Williams stated that our customers and Board have emphasized the importance of saving money and prudent fiscal management and that has resonated with our employees. We continue looking for savings while managing to our Guiding Pillars, connecting customers with helpful resources, and attracting partners to bring "goodness" to San Antonio.

### FLEXPOWER BUNDLE UPDATE

Ms. Gold-Williams announced that CPS Energy recently completed the 2019 Environmental Sustainability and Stewardship Report which contains information about CPS Energy's environmental accomplishments. The report will be made available to the public and shared with those who responded to the *FlexPOWER* Bundle request for information (RFI).

Dr. Eugster provided a preview of the *FlexPOWER* Bundle RFI responses received. Nearly 200 responses were received, including 25 from other countries. The responses will inform the forthcoming *FlexPOWER* Bundle request for proposals (RFP) to acquire up to 900 MW of solar power, 50 MW of energy storage, and all-source firming capacity. He noted that the RFI also sought responses for *FlexSTEP*, the next STEP iteration currently under development.

Of the responses to the *FlexPOWER* Bundle, solar energy and battery energy storage comprise 36 percent and 18 percent, respectively. Alternative technologies comprise 11 percent, gas-fired generation 6 percent and wind 3 percent.

Dr. Eugster provided insights about the solar responses. Project sizes range from 5 to 900 MWs and indicative pricing from \$18 to \$60 per MWh. He highlighted the geographical diversity of the offers, noting that 16 of the proposed projects are located in the San Antonio area.

In response to Trustee Kelley's inquiry, Dr. Eugster noted that variables such as solar radiance, type of technology and project size affect indicative pricing.

Regarding the battery storage responses, project sizes range from 10 to 400 MWs and storage duration ranges from 1 to 4 hours. Indicative pricing for capacity offers ranges from \$3 to \$15 per KW month.

In response to Dr. Mackey's question, Dr. Eugster explained that solar and battery storage are priced differently. Solar pricing is based on the amount of energy delivered. Battery storage can be used in different ways, so its pricing is based on capacity per month. He noted that the indicative battery pricing is lower than previously seen.

Dr. Eugster briefly described the alternative technologies submissions: compressed air energy storage (CAES), liquid air energy storage (LAES); thermal energy storage (TES), underground pumped hydro, and kinetic storage.

Submissions for firming capacity ranged from traditional technology, such as combustion turbine-based gas-fired generators, to innovative technologies and included integrated technology approaches, as well.

Dr. Eugster highlighted that 17 submissions for local distributed generation projects were received, ranging in size from 5 to 900 MWs.

Next, Mr. Garza noted that there were 37 submissions specifically related to *FlexSTEP*, ranging from traditional conservation and efficiency products to innovative technologies that incent behavioral energy efficiency inside customers' homes. Customer input regarding *FlexSTEP* continues to be gathered and a recommendation will be presented to the Board later this year.

Dr. Eugster noted that more than 70 responses contained an economic development component.

He also provided a perspective on challenges, noting that impacts of import tariffs are viewed as minimal. However, there is some level of COVID-19-related uncertainty on projects with commercial dates of 2021 and beyond.

A consortium comprised of Black & Veatch, Hahn Public and Electric Power Engineers was awarded the agreement to partner with CPS Energy on stakeholder engagement and the *FlexPOWER* Bundle RFP, which may be issue by the end of the year.

Trustee Gonzalez commented that systems of accountability should be included in *FlexPOWER* Bundle contracts to reinforce economic development obligations, ensure small business participation and protect intellectual property. She encouraged safely meeting environmental goals and transparency in this process.

Mayor Nirenberg inquired about the public and stakeholder engagement on the *FlexPOWER* Bundle.

Dr. Eugster replied that all information will be placed on the CPS Energy website so stakeholders can review it and provide input. Ms. Gold-Williams added that today's briefing is the first step of the engagement process. The objective is for people to give us feedback on the information. A public input session is another potential element of the process, but because of the pandemic, limitations must be considered. She reiterated that RFP issuance is targeted for the Fall, provided that sufficient outreach and feedback have occurred. The Board will be updated and their input sought on the engagement progress. Trustee Gonzalez suggested that a tool kit for marketing and outreach be developed to simplify communications about the *FlexPOWER* Bundle objectives and proposed solutions.

Mayor Nirenberg questioned whether the solar component of the *FlexPOWER* Bundle could be progressed faster than other components, noting that current global conditions may result in advantageous transactions.

Ms. Gold-Williams acknowledged that the solar component is the one most ready to proceed. She emphasized that, notwithstanding the comfort around solar, the purpose of the *FlexPOWER* Bundle is to help balance renewable energy with firming capacity, to provide a bundle that results in the best value for our customers. The components must be complementary.

## VII. PROCUREMENT PREVIEWS

### General Services – Gas Construction Services

Mr. Mike Fuentes, Director, Gas Construction, provided background and context for a procurement item for gas construction services on the Consent Agenda. The proposed construction contract to support gas growth and system reliability is with eight contractors and has a maximum value of \$120 million over three years. Mr. Fuentes highlighted that, based on the gas construction landscape, the maximum value may not be spent. He noted that all eight contractors maintain local offices, three are small businesses and two are minority-owned.

In response to Trustee Kelley's inquiry, Mr. Fuentes stated that of the eight contractors, several are new to CPS Energy; the remainder are currently CPS Energy contractors. He noted that the qualifications required for natural gas contractors by the Texas Railroad Commission (RRC) result in a limited discrete pool of contractors. He confirmed Trustee Kelley's belief that the contractors have been sufficiently vetted and are able to perform contract obligations.

Trustee Kelley also asked about any economic analyses performed on the various types of gas projects. Mr. Fuentes confirmed that economic feasibility studies are performed on large gas projects.

Trustee Gonzalez inquired about measures in place to offset risks of working with small businesses. In response, Mr. Bonewell noted that robust RRC requirements and Supply Chain review, as well as oversight by Gas Inspectors are among the measures that provide appropriate assurances of quality work.

### Professional Services – Pole Attachments

Mr. Rick Lopez, Director, Distribution Engineering, provided background and context for a procurement item for engineering support on the Consent Agenda. The proposed contract for engineering services in support of the pole attachment process is with two firms and has a value of \$2.5 million over three years. Selected firms will review pole attachment applications, engineering design, engineering review for safety and compliance, and perform post-construction inspection.

### Commodity & Material Goods – Cable & Wire

Mr. Darrell Clifton, Interim Vice President, Construction & Maintenance Services, provided background and context for a commodity and material goods procurement on the Consent Agenda. Maintenance, Repair and Operations (MRO) contracts, such as this proposed contract, bundle similar stock materials in large contracts for cost savings and efficiency. The proposed contract for cable and wire is with three vendors for 125 distinct materials. It has a value of \$32 million over three years.

Dr. Mackey expressed appreciation for the process used for this procurement.

## VIII. APPROVAL OF CONSENT ITEMS:

Dr. Mackey asked whether any diversity factors were included in the evaluation of the professional engineering services procurement. Mr. Lopez stated that the evaluation did not include such criteria.

Dr. Mackey requested a follow-up discussion with Dr. Eugster and Mr. Almaraz about the matter.

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

### Approval of Minutes

Minutes of the Special Board Meeting held on August 17, 2020, were approved as submitted.

### Approval of Payment to the City of San Antonio for August 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 August 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$269,937,342.88, less applicable exclusions. The revenue for the month of August 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$277,264,257.93
Gas revenue	9,398,697.34
Interest and other income	1,829,968.10
Gross revenue per CPS Energy financial statements	<u>288,492,923.37</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,947,293.34)
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	(10,242,634.74)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(1,365,652.41)</u>
Total excluded revenue	<u>(18,555,580.49)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$269,937,342.88</u>
City payment per Bond Ordinance for August 2020 based upon August 2020 revenue	\$37,791,228.00
City payment per memorandum of understanding (MOU)	

regarding wholesale special contracts	(2,240,361.02)	
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	35,538,366.98	A
Utility services provided to the City for August 2020	(2,537,890.54)	
Net amount to be paid from August 2020 revenue to the City in September 2020	\$33,000,476.44	

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

August 2020	Actual	Budget	Variance	
Current Month* A	\$35,538	\$45,074	(\$9,536)	-21.2%
Year-to-Date*	\$198,060	\$218,392	(\$20,332)	-9.3%

\* 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 \$33,000,476.44, representing 14% of applicable system gross revenues for the month of August 2020, such payment being net of City utility services (\$2,537,890.54), is hereby approved."

### Approval of Procurement Items

*Three (3) Non-Competitively Sensitive Items*

<b>Item Description:</b>	Gas Construction Contracts
<b>Purchase Category:</b>	General Services
<b>Supplier:</b>	Badeco, Inc. Benton-Georgia, LLC Bexar Pipeline & Utilities, Inc. Dimension Energy Services, LLC HMI Utilities, LLC Mastec North America, Inc. Mears Installation, LLC Wampole-Miller, Inc. Miller Bros Division of Wampole-Miller, Inc.

<b>Item Description:</b>	Pole Attachment Contracts
<b>Purchase Category:</b>	Professional Services
<b>Supplier:</b>	EN Engineering, LLC TRC Engineers, Inc

Item Description:	Maintenance, Repair and Operations (MRO) Contracts
Purchase Category:	Commodity & Material Goods
Supplier:	Techline, Inc. KBS Electrical Distributors, Inc. Texas Electrical Cooperative

\*The listed Procurement Items are attached as Attachment "A".

## IX. COMMITTEE REPORTS

### Operations Oversight Committee (OOC) Meeting

Dr. Mackey stated that a report of the OOC meeting, which took place on August 18, 2020, was posted with the public notice of this meeting and attached hereto as Attachment "B".

### Technology & Innovation Committee (T&I) Meeting

Dr. Mackey stated that a report of the T&I Committee meeting, which took place on August 18, 2020, was posted with the public notice of this meeting and attached hereto as Attachment "C".

### OOC & T&I Aligned Risk Sub-Committee Meeting

Dr. Mackey stated that a report of the OOC and T&I Aligned Risk Sub-Committee meeting, which took place on August 18, 2020, was posted with the public notice of this meeting and attached hereto as Attachment "D".

## X. RATE ADVISORY COMMITTEE (RAC): INITIAL PRESENTATION

Ms. Shellman provided a preview of recommendations from CPS Energy management on the proposed RAC. She commented that the expectation is that following this preview and discussion, the Board will further discuss the proposal at its October 2020 Board meeting.

She reviewed RAC activities to date, beginning with Mayor Nirenberg's January 2020 memo requesting that CPS Energy establish a RAC to review current and future rate structures and fees. CPS Energy staff immediately began working on the request. In March 2020, Mayor Nirenberg expounded on the objectives and benefits of a rate committee and the CPS Energy Board adopted a resolution directing staff to develop and propose a RAC framework with the goals of providing input on rate design and power generation to the Board and management.

Ms. Shellman explained the internal process and activities that led to the development of the proposed RAC framework. In March 2020, CPS Energy issued an RFP for a rate consultant to serve as an advisor to the RAC and assist it with developing its input to the Board. She noted the key role that the Public Participation for Community-Owned Utilities: An Implementation Guide (Public Participation Guide), issued by the American Public Power Association (APPA), served in developing the proposed framework. The CPS Energy team consulted SAWS for insights about its rate advisory committee. Additionally, two members of the SAWS rate advisory committee provided feedback on committee opportunities for improvement. Information from Austin Energy and input from our Citizens Advisory Committee (CAC) were also obtained.

The proposed RAC structure includes 21 members, 10 appointed by San Antonio City Council and 11 appointed by the CPS Energy Board, including the mayor. A Technical Advisory Committee comprised of CPS Energy staff, a consultant, City designees and other experts, would analyze and explain technical matters to the RAC.

One proposed member qualification includes being a current customer who lives within the CPS Energy service area. Representatives with varying skills and experience from all customer segments are desired to form a diverse RAC. Proposed bylaws have been drafted that outline governance for RAC membership, chairpersons, subcommittees and meetings.

Regarding the RFP for a RAC consultant, 11 proposals were received and evaluated. Interviews are currently being scheduled with the top five respondents. A final selection will follow the Board's final step in the RAC establishment process.

Ms. Shellman explained that the proposed RAC is envisioned to be a complementary community stakeholder providing advice and input to the Board and CPS Energy management, alongside the CAC and other community partners such as chambers of commerce, the environmental stakeholder group, and business stakeholder committees.

RAC meetings are proposed to be open and transparent, include public comment, and be readily accessible via livestream and subsequent website posting.

Ms. Shellman highlighted the proposed mission statement: to provide helpful and unique knowledge and customer insights to CPS Energy's efforts and projects related to rate structure and design with the ultimate goals of weighing into helping management balance its value pillars and increasing understanding of public issues and concerns. She noted that the RAC will receive and build foundational knowledge about the utility business and rate design function in order to discuss, review and provide thoughtful input and perspectives regarding CPS Energy's rate structures. CPS Energy will provide the RAC with balanced and objective information to assist the RAC's understanding of the rate process. Additionally, CPS Energy commits to ensuring that the RAC's input is considered and that the decision-making process considers public issues and concerns. Ms. Shellman stressed, however, that CPS Energy's bond covenants require that ultimate accountability for decisions on rates resides with the Board and Council.

Initial RAC education curriculum will be developed to include: governance; history and context related to CPS Energy's current and past practices; utility industry acumen, trends and best practices; local operating environment considerations; legal and regulatory parameters; utility-specific financial acumen; and current rate design.

In closing, Ms. Shellman highlighted the materials and information contained in the presentation appendices. She reiterated that CPS Energy staff is prepared to incorporate any feedback for further discussion at the October 2020 Board meeting.

Chair Steen thanked the team for the work done on the RAC proposal and asked about the estimated budget. Ms. Shellman stated that the external rate consultant and internal labor to support the RAC comprise the largest expense items. She stressed that the budget is estimated and projected through FY2022. Chair Steen clarified that the estimated costs for FY2021, ending January 31, 2021, are \$168,200 and for FY2022,

ending January 31, 2022, are \$859,600. Ms. Shellman noted that the budget includes a meeting facilitator to drive full engagement from all RAC members.

Dr. Mackey recommended that diversity be considered when selecting the meeting facilitator. He thanked the team for the proposal and noted that he was fine with what was presented.

Trustee Gonzalez acknowledged the amount of work done and that is left to do. She noted that progress on the RAC has been the subject of critical feedback. In response to Trustee Gonzalez' question about an anticipated timeline, Ms. Shellman stated that if the Board finalizes details in October 2020, the consultant could be selected in the November 2020 timeframe and potential RAC members could be identified in January or February 2021.

Trustee Gonzalez expressed her concern about the amount of resources that will be needed to support another group in addition to the Board and the CAC. She questioned the timing of efforts toward the proposed RAC and wondered about impacts to the Board, CAC and the potential changes to CPS Energy's business model in May 2021.

Mayor Nirenberg thanked the team for its work. He requested that our team meet with the City's Office of Public Utilities team to get their feedback on the RAC strawman. He noted that the strawman addresses the two major focus areas of the RAC, rate design and generation planning, and requested that the Climate Action and Adaptation Plan (CAAP) be included in the RAC baseline curriculum.

Ms. Shellman and Ms. Gold-Williams responded to numerous questions from Mayor Nirenberg about the RAC strawman. As proposed, one RAC co-chair would be selected by the Council and the other by the Board of Trustees. The Board would also select 11 RAC members and Council would select an additional 10 members. The consultant, contemplated to have substantive industry experience, will be a resource to the RAC for broad utility rate design issues, as well as for public engagement. Ideally, the consultant should be able to explain the technical complexities of rate design to the RAC. The meeting facilitator would facilitate collaboration among RAC members.

Mayor Nirenberg acknowledged that the Board would not cede any authority to the RAC, which would only provide input and feedback to the Board. Ms. Shellman and Ms. Gold-Williams noted that real-world challenges and issues identified by CPS Energy management and the Board, as well as customer input and RAC interests, would be used in setting the RAC agendas.

Mayor Nirenberg noted that despite the broad goal to provide input on rate design and power generation, the RAC charge is extremely focused and he looks forward to more discussion about that. He recommended the team consider the SAWS process as instructive.

Chair Steen acknowledged Mr. Bravo for reminding the Board about the APPA Public Participation Guide.

Trustee Kelley questioned the need for another committee. He noted that according to customer surveys, competitively-priced and reliable energy are the two things customers want the most and CPS Energy is currently delivering both. The proposed RAC will not have an impact on or address either. He expressed concern that approximately \$1 million will be needed to support the proposed RAC through

FY2022. And although SAWS has a rate advisory committee, Trustee Kelley argued that CPS Energy is different and should not be compared to SAWS.

Trustee Kelley enumerated facts about CPS Energy that support its service to the community.

- CPS Energy has the lowest energy cost of any city in Texas and among the lowest of any city in the country
- CPS Energy has among the highest reliability factor of any energy company in the country
- Renewable energy comprises 22 percent of CPS Energy's generation fleet
- CPS Energy is number 1 in Texas for solar capacity, number 2 in Texas for wind capacity, and number 2 in the country for solar capacity among municipally-owned utilities
- CPS Energy maintains among the highest credit ratings of any utility in the country

He emphasized that CPS Energy annually transfers 14 percent of its gross revenues, equaling \$350 million in 2019, to the City's general fund, comprising one-third of its budget. He stressed that without this transfer, the largest revenue item in the City's budget - taxes - would need to be increased.

Trustee Kelley reiterated his belief that the proposed RAC is not needed. He cautioned against the "slippery slope" of "political domination" on which it would place CPS Energy.

Trustee Gonzalez noted her agreement with many of Trustee Kelley's sentiments, but disagreed that the RAC is a futile committee. She emphasized her concerns about the timeline, noting that she favors further discussion and some steps forward but is cautious about implementing the RAC given other significant pending matters.

In response to Dr. Mackey's inquiry, Mayor Nirenberg noted that the transfer from CPS Energy is used for general purposes as part of its overall budget. He agreed to provide additional information to Dr. Mackey regarding its uses.

## XI. EXECUTIVE SESSION

At approximately 4:18 p.m., Chair Steen announced that the required notice had been posted and that after a short break, 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:

- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 5:35 p.m. Ms. Shellman reported that only Attorney-Client Matters, and no others, were discussed and no votes were taken in Executive Session.

**XII. ADJOURNMENT**

There being no further business to come before the Board and upon a motion duly made by Dr. Mackey and seconded by Trustee Kelley, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:36 p.m. by Chair Steen.



*Carolyn E. Shellman*

Carolyn E. Shellman  
Secretary of the Board



CPS Energy Board of Trustees Meeting  
September 21, 2020  
PROCUREMENT FORM 1

Item Description	Gas Construction Contracts
Purchase Order Value	\$120,000,000
Purchase Category	General Services
Department	Security, Safety & Gas Solutions
Senior Director	Richard Lujan
Chief Security, Safety & Gas Solutions Officer	Fred Bonewell

**What we plan to do & why it is of value to our customers & company**

The Gas Construction contract for the next three (3) years will support customer growth and contribute to increased reliability, safety and regulatory compliance. The contract will make up approximately 60% of Gas Solutions projected annual capital spend and approximately 3% of Operations & Maintenance (O&M) spend. This contract is critical to the installation of all new gas infrastructure within our gas system. This includes civic improvement projects, system renewal projects, customer growth projects, system improvement projects, gas maintenance and additional workload related to the JBSA acquisition/renewal. The system improvement projects are critical for the reliability of our gas system and the system renewal projects are key to replacing the aging infrastructure and reducing the risks associated with potential gas leaks. The current contract will expire 10/01/2020. This is a recurring procurement item.

**Subcontracting opportunities associated with the contracts**

HMI Utilities, LLC is offering subcontracting opportunities to Macias Directional Boring, LLC, a small, minority business. Mastec North America, Inc. is offering subcontracting opportunities to AAA Affordable Plumbing, a small, diverse, local business. Wampole-Miller, Inc. Miller Bros Division of Wampole-Miller, Inc. is offering subcontracting opportunities to JARCO, a small, diverse, local business.

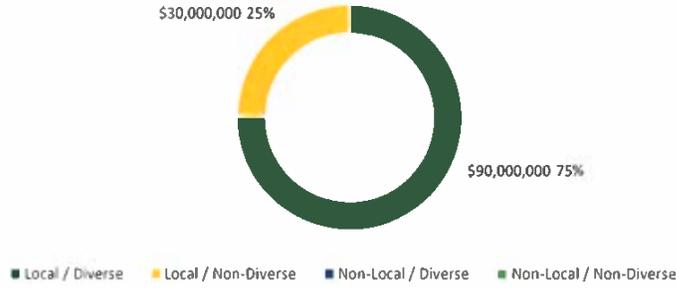
**Recommended Supplier(s) & Spend**

Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
Badeco, Inc.	Local / Diverse	Male, Small, No Hub/Vet, Non Minority	Three (3) Years	\$ 15,000,000	2191632	Corporate headquarters based in San Antonio
Benton-Georgia, LLC	Local / Diverse	Male, Large, No Hub/Vet, African American	Three (3) Years	\$ 20,000,000	2191633	
Bexar Pipeline & Utilities, Inc.	Local / Diverse	Male, Small, No Hub/Vet, Non Minority	Three (3) Years	\$ 20,000,000	2191634	Corporate headquarters based in San Antonio
Dimension Energy Services, LLC	Local / Diverse	Male, Small, No Hub/Vet, Non Minority	Three (3) Years	\$ 15,000,000	2191635	
HMI Utilities, LLC	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 5,000,000	2191636	
Mastec North America, Inc.	Local / Diverse	Male, Large, No Hub/Vet, Hispanic	Three (3) Years	\$ 20,000,000	2191637	
Mears Installation, LLC	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 15,000,000	2191638	
Wampole-Miller, Inc. Miller Bros Division of Wampole-Miller, Inc.	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 10,000,000	2191639	
<b>Total</b>				<b>\$ 120,000,000</b>		

Annual Funds Budgeted						
FY	Funding Method	Corporate Annual Budget	Projected FY21 PO Spend	% Of Annual Corp Budget	Projected FY22 PO Spend	Projected FY23 PO Spend
21	Capital	\$684,100,000	\$13,000,000	1.90%	\$39,000,000	\$39,000,000
21	Non-Fuel O&M	\$712,800,000	\$333,333	0.05%	\$1,000,000	\$1,000,000

<b>Competitive</b>	This procurement item is not competitively sensitive; therefore, there are no restrictions on disclosure to the public.
<b>No</b>	

Procurement Item: General Services





## OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 18, 2020 MEETING PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY FOR REPORT AT THE SEPTEMBER 21, 2020 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on August 18, 2020. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on May 14, 2020.
- B. Received an Operations Update: Covid-19, that included:
  - a. a status update on key safety, operational and budget metrics;
  - b. an updated status on plant performance; and
  - c. an explanation of preparedness efforts to manage, operational, and Covid-19 challenges.
- C. Received an update on the **FlexPOWER Bundle<sup>SM</sup>**, that included:
  - a. a status update on the last steps of **FlexPOWER Bundle<sup>SM</sup>** journey;
  - b. an update on the consultant Request for Proposal (RFP); and
  - c. an overview of media outreach efforts.
- D. Received an update on the AvR & Rio Combustion Turbine Rotor Replacement Project that included:
  - a. the need for a new turbine rotor; and
  - b. a review of the project timeline and next steps.
- E. Received an update on the Routing & Siting efforts that included:
  - a. an update on the approval process for Tezel Project; and
  - b. an overview of public participation in the routing & siting process for Scenic Loop Project.
- F. Received an update on Gas Construction: Procurement Landscape, that included:
  - a. an overview of the contract for approval at the September 2020 Board meeting; and
  - b. an update on gas growth and overall contract benefits.
- G. Received an update on Gas Construction: Overview, that included:
  - a. an update of the work performed under pending gas construction project; and
  - b. an explanation of how CPS Energy is partnering with gas construction contractors amid Covid-19 concerns.
- H. Received an update on the Customer Outreach Resource Effort (C.O.R.E.), that included:
  - a. an update on Customer Engagement's efforts to proactively connect with our customers;
  - b. an explanation of the variety of communication methods used; and
  - c. an update on the program's statistics to date.

The next meeting of the Operations Oversight Committee meeting is TBD.



## TECHNOLOGY & INNOVATION COMMITTEE (T&I) MEETING

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 18, 2020 MEETING  
PREPARED FOR COMMITTEE MEMBER, TRUSTEE JANIE GONZALEZ  
FOR REPORT AT THE SEPTEMBER 21, 2020 BOARD OF TRUSTEES MEETING**

The Technology & Innovation Committee met on August 18, 2020. As part of the Technology & Innovation Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on May 14, 2020.
- B. Received a status update on the Cybersecurity Landscape, Gas SCADA Program Update, COVID-19 Contact Tracing Solution, and Interlocal Data Sharing Agreement.
- C. No new action items were generated from this session.

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



## **OPERATIONS OVERSIGHT COMMITTEE (OOC) & TECHNOLOGY & INNOVATION COMMITTEE (T&I) ALIGNED RISK SUB-COMMITTEE MEETING**

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 18, 2020 MEETING PREPARED FOR COMMITTEE MEMBER, DR. WILLIS MACKEY FOR REPORT AT THE SEPTEMBER 21, 2020 BOARD OF TRUSTEES MEETING**

The OOC & T&I Aligned Risk Sub-Committee (Sub-Committee) met on August 18, 2020. As part of the agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on May 14, 2020.
- B. Reviewed & discussed the action items from the previous meeting.
- C. Received presentations on risks & mitigations focused on the following topics:
  - 1. Risk Program Dimensions & Enterprise Risk Universe
  - 2. Control Room Safety
  - 3. Gas Solutions Infrastructure

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