

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON MARCH 25, 2024

The Regular Meeting of the Board of Trustees of CPS Energy for the month of March was held on Monday, March 25, 2024, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

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

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Elaina Ball, Chief Strategy Officer
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
City of San Antonio officials
CPS Energy staff members
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Eugene Diaz, Managing Principal for Debt Management.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated it is a great opportunity and blessing for her to be here today. She is proud of CPS Energy's participation in the Cesar Chavez Day March. She stated that Ms. Elaina Ball is an amazing worker who dedicates herself to the Affordability Discount Program, and she appreciates that Ms. Ball is leading the efforts on changes to the Program.

Mr. Yenter Tu, founder and CEO of the Deaf Association of San Antonio, stated he would like to thank the Board of Trustees for their services in the community to help customers be prepared for any emergencies. He noted that he will attend the April 4 community event. Finally, he noted that he signed up

for weather alerts, but there are deaf people in the community who have difficulty reading, and he requested that there be recorded messages in American Sign Language (ASL).

Mr. Larry Leos, retiree from the U.S. Postal Service, stated he has been a longtime servant to the deaf community. He holds a meeting every Friday to assist members of the community, and he has often been alone in helping the deaf community. He stated there are several barriers for deaf individuals reading bills, and because of that some call 911 to receive help with utility matters. He stated he loves helping people in his community and hopes that CPS Energy can assist members of the deaf community by providing ASL. Finally, he thanked CPS Energy for providing translation/interpreter services at the meeting.

Ms. DeeDee Belmares, Public Citizen, urged the Board to expand enrollment into ADP by changing the requirement to 150% federal poverty level. She noted that a severe energy burden is prevalent in San Antonio and that many customers are struggling every day to stay afloat. She also would appreciate CPS Energy doing what they are able to help deaf individuals in these meetings.

Mr. Reed Williams, community member and former Chair of the Rate Advisory Committee (RAC), stated he agreed with the proposed move to change the Citizens Advisory Committee to the Community Input Committee. He stated he provided feedback, and his comments were about improving the process and being efficient. He stated the purpose of the committee is very important, and he feels that it's a contradiction for a community input committee to be bi-directional – the flow should be from the committee to the Board. He also noted: the confidentiality requirement is not necessary, the quorum requirements should be increased to obtain a fairly high percentage in the vote requirement, remote meetings should be allowed, and that there isn't a need for a chair, vice chair, and chair-elect in addition to the Executive Committee.

Ms. Diana Martinez, Chair of the Citizens Advisory Committee (CAC), thanked the Board of Trustees for the opportunity to speak. She noted that the members of the CAC were given an opportunity to offer suggestions and changes, and they spoke at length to CPS Energy staff. She stated the CAC is proud of the work they have done, and they look forward to the evolution of their work with the Board of Trustees, CPS Energy, and the community we all serve. She also noted that all three of the CAC officers are women, just as the Board's Chair and Vice Chair.

IV. CHAIR'S REMARKS

Chair Gonzalez provided a friendly reminder about the 5:30 p.m. public input session. She stated she introduced the sessions for those members of the community who are not able to attend the regular meetings. She stated that there has been little participation, but noted she will continue to seek constructive ways to meet in neighborhoods such as town halls, and she encouraged feedback through various channels of communication. She also noted that as the Chair, she is available for any direct feedback and input is very important to us.

Next, Chair Gonzalez thanked Congressman Castro for his work to secure grant funding benefiting Casa Verde Weatherization Program, which provides energy-saving weatherization for limited-income residents of San Antonio. She noted that this is a great example of when we do the right things, we get the right people behind us.

She noted CPS Energy is celebrating Women's History Month, and that it's about us being inclusive and collectively working together. She is happy to see more women involved. She congratulated CPS

Energy on the C-Suite being 44% women and having women serve across the organization. She congratulated team members Lettie Ortiz, a foreman, and Miranda Menchaca, an operator, for competing in a first-of-its-kind competition hosted by Holt Caterpillar to showcase their skills in safely operating heavy construction equipment.

Finally, Chair Gonzalez stated it was a privilege to march alongside many CPS Energy employees for Cesar Chavez Day. She stated it was never about grapes but about being inclusive, and she is proud that this is something CPS Energy continues to work at for the community.

V. APPROVAL OF CONSENT ITEMS

On a motion by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

A. Approval of Payment to the City of San Antonio for February 2024

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 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$228,548,892.54, less applicable exclusions. The revenue for the month of February 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$202,714,707.01
Gas revenue	26,279,276.59
Interest and other income	(432,103.93)
Gross revenue per CPS Energy financial statements	<u>228,561,879.67</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,740,831.94)
LVG revenue per City Ordinance 100709	(7,080.04)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(7,292,135.58)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	<u>15,027,060.43</u>
Total excluded revenue	<u>(12,987.13)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$228,548,892.54</u>
City payment per Bond Ordinance for February 2024 based upon February 2024 revenue	\$31,996,844.96
City payment per memorandum of understanding (MOU)	

regarding wholesale special contracts	68,223.71	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
Reversal of prior period accrual	(119,501.05)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	31,933,067.62	A
Utility services provided to the City for February 2024	(2,962,444.05)	
Additional payment due to prior year accounting restatement	169,159.71	
Adjustment for impact of reversal of prior period accrual	119,501.05	
Net amount to be paid from February 2024 revenue to the City in March 2024	<u>\$29,259,284.33</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 2024	Actual	Budget	Variance	
Current Month A	\$31,933	\$33,240	(\$1,307)	-3.9%
Year-to-Date	\$31,933	\$33,240	(\$1,307)	-3.9%

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 \$29,259,284.33 representing 14% of applicable system gross revenues for the month of February 2024, such payment being net of City utility services (\$2,962,444.05), and a prior period adjustment for accounting restatement, is hereby approved."

B. Minutes of the January Regular Board Meeting, held on February 5, 2024

C. Procurement Items:

- Item Description:** Engineering Services for Electric Distribution Planning

Category: Professional Services

Supplier: Black & Veatch Management Consulting, LLC
Burns & McDonnell Engineering Company, LLC
ICF Resources, LLC
KBS Electrical Distributors
TRC Engineers, Inc.

*The procurement package is attached to the meeting minutes as Attachment "A".

VI. COMMITTEE REPORTS

In the interest of time, Chair Gonzalez accepted the submission of the following reports for the record in lieu of having them read during the meeting:

- Technology & Resilience Committee held on February 19, 2024. The report is attached as Attachment "B" to the meeting minutes.

VII. COMMUNITY COMMITTEE BYLAWS

Trustee Dr. Mackey made a motion to approve the committee bylaws, which was seconded by Mayor Nirenberg. Chair Gonzalez discussed the process for considering the proposed amendments. The Board clarified the motion by Trustee Dr. Mackey. Thereafter, the Board considered the following amendments:

	Section to be Amended	Amendment	Result
1	Article I, Section 1 Purpose	<p>Section would read:</p> <p>“The CPS Energy Community Input Committee (CIC), formerly the Citizens Advisory Committee, was created by the CPS Energy Board of Trustees by resolution dated May 26, 1998. The CIC is intended to facilitate the bi-directional flow of ideas and concerns between from the community and to the CPS Energy Board of Trustees and Management. The CIC is intended to represent and communicate the views of the community, and to provide community input on strategic objectives, key initiatives, and other CPS Energy business activities to the CPS Energy Board of Trustees and Management.”</p>	Trustee Steen moved adoption of the amendment, and it was seconded by Mayor Nirenberg. The Board of Trustees discussed the amendment. It failed adoption on a 1-4 vote with Chair Gonzalez, Vice Chair Dr. Romero, Trustee Dr. Mackey, and Mayor Nirenberg voting against the motion.
2	Article II, Section 6 (c) Removal of a CIC Member	<p>Section would read:</p> <p>(c) Each CIC member is required to sign a CPS—Energy—Confidentiality Agreement and Conflict of Interest Statement. Refusal to sign a CPS Energy—Confidentiality—Agreement and Conflict of Interest Statement will result in the termination of the person’s candidacy for or participation on the CIC.</p> <p>Note: Confidential Information would no longer be distributed to the CIC.</p>	Trustee Steen moved adoption of the amendment, but there was not a second.
3	Article II, Section 9 Voting	<p>Section would read:</p> <p><u>“There shall be an effort extended to achieve a consensus of members present for all issues that require decision</u></p>	Trustee Steen moved adoption of the amendment, and it was seconded by Mayor Nirenberg. The Board of Trustees discussed the

		<p><u>making. If a vote is required on a decision or recommendation to the Board, the decision shall be decided by 60% (12 members) of the CIC. For all other decisions.</u> The act of a majority of the CIC present at a meeting at which a quorum is present shall be the act of the CIC.</p> <p>Each member of the CIC shall be entitled to one (1) vote.”</p>	<p>amendment. It failed adoption on a 2-3 vote with Chair Gonzalez, Vice Chair Dr. Romero, and Trustee Dr. Mackey voting against the motion.</p>
4	Article II, Section 10 Proxies Prohibited	<p>Section would read:</p> <p>CIC members shall not be permitted to exercise his/her vote by proxy by vote at any meeting, unless otherwise noted by exemption by the CIC Chair or presiding Executive Committee member.</p>	<p>Trustee Steen moved adoption of the amendment, but there was not a second.</p>
5	Article II, Section 12 (d) Meeting Location and Frequency	<p>Section would read:</p> <p>“The meetings are held <u>in person</u> at the CPS Energy Headquarters or some other designated meeting space that shall be specified on the agenda.”</p>	<p>Vice Chair Dr. Romero moved adoption of the amendment, and it was seconded by Trustee Steen. The Board of Trustees discussed the amendment. It was adopted unanimously.</p>
6	Article II, Section 16 (b) CIC Members	<p>Subsection (b) would be eliminated.</p>	<p>Trustee Steen moved adoption of the amendment, but there was not a second.</p>
7	Article III, Section 4 CIC Chair-Elect	<p>Section would be eliminated, all references to Chair-Elect would be removed and all Chair-Elect duties would be consolidated into Vice Chair position.</p>	<p>Trustee Steen moved adoption of the amendment, and it was seconded by Mayor Nirenberg. The Board of Trustees discussed the amendment. It was adopted unanimously.</p>
8	Article IV, Section 1 Executive Committee	<p>Section would be eliminated and all references to Executive Committee would be removed.</p>	<p>Trustee Steen moved adoption of the amendment, but there was not a second.</p>
9	Article IV, Section 2 Subcommittees	<p>Last sentence of section would read:</p>	<p>Vice Chair Dr. Romero moved adoption of the amendment, and it was</p>

		“Other subcommittees or special purpose groups of the CIC shall be appointed by the Chair from time to time, <u>and in consultation with the Board</u> , as may be needed to carry out the goals and objectives of the CIC.”	seconded by Chair Gonzalez. The Board of Trustees discussed the amendment. It was adopted unanimously.
10	Article IV, Section 2 Subcommittees	Insert additional language as new paragraph 4: “ <u>The purpose of a subcommittee is to become well informed on an issue or area of interest to facilitate the understanding of all CIC members. Any recommendations that are made must come from the CIC, not a subcommittee.</u> ”	Vice Chair Dr. Romero moved adoption of the amendment, and it was seconded by Chair Gonzalez. The Board of Trustees discussed the amendment. It was adopted unanimously.

The Board of Trustees returned to the base motion to approve the bylaws as amended, and it was approved unanimously.

VIII. FY2024 YEAR-END PERFORMANCE RECAP

Mr. Cory Kuchinsky, Chief Financial Officer, presented on the FY2024 Year–End Performance. He noted we had a strong financial performance from higher wholesale revenues, higher electric sales, lower fuel prices, and higher investment income than planned. He further noted that the one-time lifts in revenue were strategically invested in reliability and resiliency, and our year-end financial metrics came in better than the FY2024 plan. Finally, Mr. Kuchinsky stated that past-due balances have continued to decline since January 2023.

Ms. Elaina Ball, Chief Strategy Officer, presented on the FY2024 Enterprise Scorecard. She noted that we achieved all five of our FY2024 Strategic Actions towards Vision 2027. She further stated that we achieved 13 of 16 Enterprise Measures, noting that SAIFI was exceeded by 0.03 due to higher than forecasted weather conditions and the O&M and Capital budgets were strategically exceeded to achieve operational goals.

The Board of Trustees discussed the presentation and asked questions.

IX. FY2025 FINANCING PLAN

Mr. Kuchinsky presented the FY2025 financing plans. He noted these plans are in support of the budget plan passed for the fiscal year. He reviewed each of the transactions and noted that they all require approval by the Board of Trustees followed by approval at City Council. Finally, Mr. Kuchinsky requested approval for the financial transactions that improve liquidity and generate savings for our customers.

Trustee Dr. Mackey moved to approve authorization, without the obligation, to execute the transactions over the next twelve months. Vice Chair Dr. Romero seconded. The Board of Trustees discussed the motion. The motion passed on a 4-1 vote, with Trustee Steen voting against the motion.¹

X. AFFORDABILITY DISCOUNT PROGRAM UPDATE

Ms. Ball presented information and requested approval to expand the Affordability Discount Program (ADP). Trustee Dr. Mackey moved to approve, and then Vice Chair Romero seconded. The Board of Trustees discussed the motion and asked questions. The motion passed unanimously.

XI. CEO RECOGNITION

Mr. Rudy Garza, President & CEO, recognized our fourth quarter Core Values awardees. He noted that they consistently model their core values and were nominated by their peers for their contributions to CPS Energy.

XII. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the previous action items, noting two action items remain open. She reviewed the one new action item.

XIII. EXECUTIVE SESSION

At approximately 3:37 p.m., Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Attorney-Client Matters (§551.071),
- Competitive Matters (§551.086),
- Security Audits & Devices (§551.089),
- Confidential Information Under the Texas Homeland Security Act (§418.182(f)), and
- Personnel Matters (§551.074)

The Board reconvened in open session at 4:25 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed. She noted that the Board voted on the competitive matter listed on the agenda, but no other votes were taken in closed session.

¹ Trustee Steen requested that his rationale for voting against the motion be included in the minutes. He stated he could not support a comprehensive plan that could overleverage CPS Energy and lead to more borrowing and a coinciding downward financial spiral. Other Trustees asked for clarification from Eric Brown of PFM, a financial advisor to CPS Energy. Mr. Brown stated that they considered all aspects of the financial plan and were comfortable with the plan and a significant overleveraging is not occurring.

XIV. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:26 p.m. by Chair Janie Gonzalez.



Shanna M. Ramirez
Secretary of the Board

Attachment "A" to the March 25, 2024
Regular Board Meeting Minutes



CPS Energy Board of Trustees Meeting
March 25, 2024
APPROVAL of PROCUREMENT ITEMS
Table of Contents

1. Item Description: Purchase Category: Supplier:	Engineering Services for Electric Distribution Planning
	Professional Services
	Black & Veatch Management Consulting, LLC.
	Burns & McDonnell Engineering Company, Inc.
	ICF Resources, LLC
	KBS Electrical Distributors
	TRC Engineers, Inc.

Committee Presentations: Operations Oversight Committee – 12/5/2023
Audit & Finance Committee – 1/22/2024

Approval:

Lisa Lewis, Chief Administrative Officer

Approval:

Rudy Garza, President & CEO



**CPS Energy Board of Trustees Meeting
March 25, 2024
Procurement Form 1**

Item Description	Engineering Services for Electric Distribution Planning
Purchase Order Value	\$3,000,000
Purchase Category	Professional Services
Department	Energy Delivery Services
VP T&D Engineering & Grid Transformation	Ricardo Maldonado
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to KBS Electrical Distributors a local, diverse firm, Black & Veatch Management Consulting, LLC., ICF Resources, LLC, and TRC Engineers, Inc., all local firms, and Burns & McDonnell Engineering Company, Inc. as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for engineering services for electric distribution planning and will allow CPS Energy to develop strategies and objectives for distribution automation and smart grid initiatives, support distributed generation interconnection projects, perform system modeling and planning, and develop roadmaps for the future distribution grid. This contract will expire on March 31, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more diverse businesses.

The solicitation method for this procurement was a Request for Qualifications (RFQ)¹. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	100
TOTAL	100

¹ CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



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Procurement Form 1

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Burns & McDonnell Engineering Company, Inc.		85	\$1,100,000	2216707	
Black & Veatch Management Consulting, LLC.	Local	70	\$1,000,000	2216708	
TRC Engineers, Inc.	Local	65	\$300,000	2217464	
KBS Electrical Distributors	Local/Diverse (Small)	60	\$300,000	2216709	
ICF Resources, LLC	Local	60	\$300,000	2216710	
TOTAL			\$3,000,000		

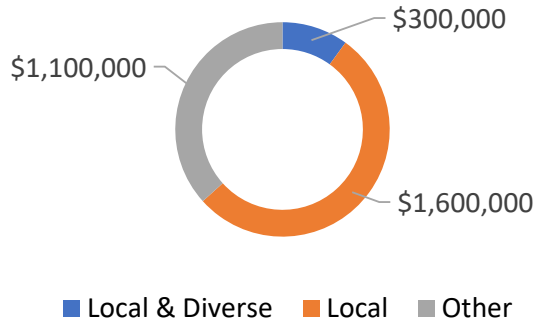
Eleven (11) additional respondents were not recommended for award: EN Engineering, LLC; Electric Power Engineers, Inc.; Enercon Services, Inc.; Schneider Engineering, LLC; Ulteig Engineers, Inc.; HDR Inc.; Commonwealth Associates, Inc.; Esta International Inc.; Select Power Systems, LLC; Schneider Electric; and K&A Engineering Consulting, P.C.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$0	0%	\$1,000,000	\$1,000,000	\$1,000,000
\$773,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: Professional Services



Attachment "B" to the March 25, 2024
Regular Board Meeting Minutes



TECHNOLOGY & RESILIENCE COMMITTEE (T&R) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 19, 2024 MEETING PREPARED FOR BOARD CHAIR JANIE GONZALEZ FOR REPORT AT THE MARCH 25, 2024 BOARD OF TRUSTEES MEETING

The Technology & Resilience Committee met on February 19, 2024. As part of the Technology & Resilience Committee Meeting agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on September 27, 2023.
- B. Reviewed the T&R Committee Charter.
- C. Received Evolve Digital User Experience, ERP Transformation, and Artificial Intelligence (AI) updates.
- D. Two new action items were generated from this session.

The next meeting of the Technology & Resilience Committee will be held June 10, 2024.