

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON APRIL 22, 2024

The Regular Meeting of the Board of Trustees of CPS Energy for the month of April was held on Monday, April 22, 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 10:00 a.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey (arrived at 10:14 a.m.)
Mr. John Steen
Mayor Ron Nirenberg (arrived at 10:02 a.m.)

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Ms. Elaina Ball, Chief Strategy Officer
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. David Ramirez, Senior Director, Controller.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated she was happy to see the Board of Trustees here this morning. She stated that all CPS Energy employees are special, and she appreciates them. She feels it's important to get to know them when she's in the community. She also stated her support for the ERP Transformation Program procurement for improving CPS Energy's technology.

IV. CHAIR'S REMARKS

Chair Gonzalez stated that CPS Energy's employees do amazing things, and on Earth Day she wanted to highlight CPS Energy's commitment through our current portfolio of renewables and our Vision

2027 Generation Plan. She also noted that rebates are available to customers for many products that help protect the environment. Finally, she noted CPS Energy's participation in tree giveaways at various events across the community.

Next, Chair Gonzalez noted that San Antonio hosted a Large Public Power Council event with 28 member utilities participating. Mr. Rudy Garza gave an address at the event.

She noted that April is National Volunteer Month, and noted our employees are able to give back to the community. She highlighted the 25th Kids Fish Fry at Calaveras Lake, in which CPS Energy partnered with United Way for kids to fish. She thanked the employees who volunteered for the event.

Finally, Chair Gonzalez noted that CPS Energy's Fiesta medal won first place, and congratulated those that designed this year's medal. She asked community members to be safe during Fiesta and use public transportation.

V. EXECUTIVE SESSION

At approximately 10:14 a.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:

- Real Property (§551.072),
- Competitive Matters (§551.086), Security Audits & Devices (§551.089), and Confidential Information Under the Texas Homeland Security Act (§418.182(f))
- Competitive Matters (§551.086) & Attorney-Client Matters (§551.071)
- Attorney-Client Matters (§551.071)
- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 11:37 a.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

VI. APPROVAL OF CONSENT ITEMS

On a motion by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon affirmative vote by a majority of members present, the following items on the Consent Agenda were approved:¹

¹ Trustee Steen made a point of order to ask if one Trustee can pull an item from consent for separate consideration in accordance with Robert's Rules of Order. Ms. Ramirez, as General Counsel & Board Secretary, noted that the Rules of Order adopted by the Board of Trustees, states that Robert's Rules of Order are a general guideline for parliamentary procedure but are not a formal procedural requirement. She also noted Trustee Steen was welcome to provide his discussion points for any item on consent without pulling the item. Chair Gonzalez determined that Trustee Steen had ample opportunity to communicate his request to her for consideration, and Trustee Steen had not done so. Chair Gonzalez called for a vote, and Trustee Steen voted against the motion.

A. Approval of Payment to the City of San Antonio for March 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 March 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$206,907,648.19, less applicable exclusions. In accordance with the New Series Bond Ordinance Flow of Funds requirements, current month revenue did not meet the full obligation for City Payment by \$8,118,979.92. This situation is a common occurrence for CPS Energy in the spring months due to the seasonal billing patterns. Under the previously approved agreement with the City, CPS Energy will advance to the City \$8,118,979.92 against future months' revenues for fiscal year 2025. The revenue for the month of March 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue		\$208,736,168.73
Gas revenue		17,677,290.97
Interest and other income		7,224,246.85
Gross revenue per CPS Energy financial statements		<u>233,637,706.55</u>
Excluded revenue		
School and hospital revenue per City Ordinance 55022		(4,346,591.32)
LVG revenue per City Ordinance 100709		(25,582.61)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts		(8,547,662.97)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue		<u>(13,810,221.46)</u>
Total excluded revenue		<u>(26,730,058.36)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City		<u>\$206,907,648.19</u>
City payment per Bond Ordinance for March 2024 based upon March 2024 revenue		\$28,967,070.75
City payment per memorandum of understanding (MOU) regarding wholesale special contracts		639,644.87
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		29,594,215.62 A
Utility services provided to the City for March 2024		<u>(2,849,785.78)</u>
Net amount to be paid from March 2024 revenue to the City in April 2024		<u>\$26,744,429.84</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)

March 2024	Actual	Budget	Variance	
Current Month A	\$29,594	\$30,856	(\$1,262)	-4.1%
Year-to-Date	\$61,527	\$64,096	(\$2,569)	-4.0%

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 \$26,744,429.84 representing 14% of applicable system gross revenues for the month of March 2024, such payment being net of City utility services (\$2,849,785.78), and including the current month shortage, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2025 is \$8,118,979.92.

B. Minutes from the February Regular Board Meeting, held on March 4, 2024

C. Minutes from the March Regular Board Meeting, held on March 25, 2024

D. Resolution Approving Substation Purchase

The approved resolution is attached as Attachment "A" to the meeting minutes.

E. Employee Benefit Plans Statement of Governance

F. Procurement Items:

1. **Item Description:** Metal-Clad Substation Switchgear
Category: Commodity & Material Goods
Supplier: Powell Electrical Systems, Inc.

*The listed Procurement Items are to be attached as Attachment "B".

VII. 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:

- A. Personnel Committee meeting held on March 19, 2024. The report is attached as Attachment "C" to the meeting minutes.
- B. Operations Oversight Committee meeting held on March 26, 2024. The report is attached as Attachment "D" to the meeting minutes.
- C. Personnel Committee meeting held on April 9, 2024. The report is attached as Attachment "E" to the meeting minutes.

VIII. ENTERPRISE RESOURCE PLANNING (ERP) TRANSFORMATION PROGRAM

Mr. Evan O'Mahoney, Chief Information Officer, presented and requested approval of the technology solution for the Enterprise Resource Planning (ERP) Transformation Program. He reviewed the current legacy systems, which create complexity, and noted the vendor for the current system will cease standard support in 2027. He noted that two third-party vendor assessments were completed to inform the implementation approach, business case development, and transition strategy. He reviewed the strategy and outcomes for the Program, which are anchored to Vision 2027. He then reviewed the approach to establish a robust partner ecosystem, and he noted that our goal is to achieve 20% local, small, and/or diverse business participation for the remaining program scope. He reviewed the end-to-end selection process we utilized to evaluate the technology solutions. He informed the Board of Trustees that Oracle is the recommended technology partner, and he walked through the reasons for the selection. Finally, he noted that all funding required to support the contract is included in our approved budget.

Trustee Dr. Mackey moved to approve the purchase of ERP Cloud Software from Oracle America, Inc., and Vice Chair Dr. Romero seconded the motion. The Board of Trustees discussed and asked questions. The motion was approved unanimously.

IX. ANNUAL AUDITED FINANCIAL STATEMENTS

Mr. Cory Kuchinsky, Chief Financial Officer, noted that an external audit is required by practice and our bond covenants. Then, he introduced Mr. Andy Crouch and from KMPG, who introduced Ms. Logan Valladres from KMPG, and Mr. Chris Carmona from Carmona, Shriver & Company. Mr. Crouch stated that the CPS Energy received a clean, unmodified opinion. Mr. Crouch reviewed the audit, and noted the team really hit their stride in the third year. The Board of Trustees asked questions and discussed the audit.

X. CEO RECOGNITION

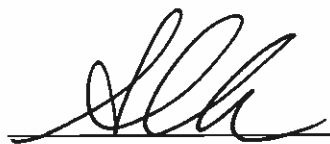
Mr. Rudy Garza, President & CEO, recognized our Lineworkers Rodeo & the all-female Caterpillar Construction Competition Teams. He noted that the events tested their skills, and he is proud of them. He also appreciates how much they help CPS Energy accomplish in their jobs.

XI. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the previous action items, noting that all action items are closed. She noted no new action items arose during the meeting.

XII. 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 12:34 p.m. by Chair Janie Gonzalez.



Shanna M. Ramirez
Secretary of the Board

A RESOLUTION

APPROVING AND AUTHORIZING THE EXPANSION AND CONSTRUCTION OF THE BROOKS FIELD SUBSTATION AND THE ACQUISITION OF FEE SIMPLE TITLE AND PROPERTY EXCHANGES WITH OUTSIDE ENTITIES FOR THE PROPERTY LOCATED AT 9011 OLD CORPUS CHRISTI ROAD IN SOUTHEAST SAN ANTONIO, BEXAR COUNTY, TEXAS, BY PURCHASE THROUGH NEGOTIATIONS, FOR EXPANSION AND OPERATION OF THE CITY OF SAN ANTONIO ELECTRIC SYSTEM, INCLUDING THE CONSTRUCTION, OPERATION, EXPANSION, AND MAINTENANCE OF A SUBSTATION, ELECTRIC TRANSMISSION LINES, DISTRIBUTION LINES, COMMUNICATION SYSTEMS, AND RELATED APPURTENANCES.

WHEREAS, CPS Energy staff identified the need for the expansion of the existing Brooks Field Substation to satisfy the power needs to support growth in this area and to enhance reliability of the CPS Energy electric system within southeast San Antonio, Bexar County, Texas (the "Brooks Field Substation Expansion Project");

WHEREAS, the Board agrees with the staff's determination that selected site for the expansion of the Brooks Field substation is the best option to provide the necessary support of the expanding area and its greater power needs;

WHEREAS, the Board finds necessary and desirable the construction and expansion of the Brooks Field Substation and the acquisition of easement rights, fee simple title, and property exchanges with outside entities for the property located at 9011 Old Corpus Christi Road in southeast San Antonio, Bexar County, Texas for the construction, operation, expansion, and maintenance of the City of San Antonio Electric System, including the construction, operation, expansion and maintenance of the Brooks Substation Expansion Project, by purchase through negotiation.

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 Brooks Field Substation Expansion 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.
3. The Board hereby approves the CPS Energy Brooks Field Substation Expansion Project to be constructed on the recommended site 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 Brooks Field Substation Expansion Project.

4. The Board authorizes the President and CEO of CPS Energy and/or his designee to take the necessary steps to complete the Brooks Field Substation Expansion Project as depicted generally on Exhibit A.

5. The Board finds that the acquisition of easement rights, fee simple title to properties, and property exchanges with outside entities at the recommended site is necessary and desirable for the important public purpose of the construction, operation, expansion and maintenance of the City of San Antonio's Electric System, including the CPS Energy Brooks Field Substation Expansion Project. The Board hereby authorizes acquisition of easement rights, fee simple title, and property exchanges with outside entities necessary for CPS Energy's Brooks Field Substation Expansion Project, by purchase through negotiation, and to survey, specify, define, and secure the necessary title and rights.



CPS Energy Board of Trustees Meeting
April 22, 2024
APPROVAL of PROCUREMENT ITEMS
Table of Contents

1. Item Description:	Metal-Clad Substation Switchgear
Purchase Category:	Commodity & Material Goods
Supplier:	Powell Electrical Systems, Inc.

Committee Presentations: Operations Oversight Committee – December 5, 2023
Audit & Finance Committee – January 22, 2024

Approval: **Lewis, Lisa D**  Digitally signed by
Lewis, Lisa D
Date: 2024.04.11
14:26:52 -05'00'
Lisa Lewis, Chief Administrative Officer

Approval: **Garza, Rudy D.**  Digitally signed by
Garza, Rudy D.
Date: 2024.04.15
11:14:50 -05'00'
Rudy Garza, President & CEO



CPS Energy Board of Trustees Meeting
April 22, 2024
Procurement Form 1

Item Description	Metal-Clad Substation Switchgear
Purchase Order Value	\$30,000,000
Purchase Category	Commodity & Material Goods
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 renewal be approved for substation metal-clad switchgear. This contract was previously awarded to Powell Electrical Systems, Inc. as the respondent to provide the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This renewal contract is for the procurement of substation metal-clad switchgear which supports CPS Energy system growth, infrastructure modernization and ensures efficiencies in engineering and construction response times to planned and unplanned system requirements. This contract will expire on June 30, 2029.

Subcontracting Opportunities

None at this time.

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

Evaluation Criteria	Percentage
Baseline price and cost model	35%
Resolutions for customer specified situations	16%
Economic development (local & diverse consideration)	9%
Experience with CPS Energy in the past 5-year period	8%
Responsiveness to RFP and CPS Energy specifications	8%
Experience with other customers in the past 5-year period	7%
Organization and manufacturing capability	7%
Manufacturer performance in the past 10-year period	5%
Responsiveness to RFP and CPS Energy specifications	2%
Exceptions and clarifications	2%
Financial statements	1%
TOTAL	100%



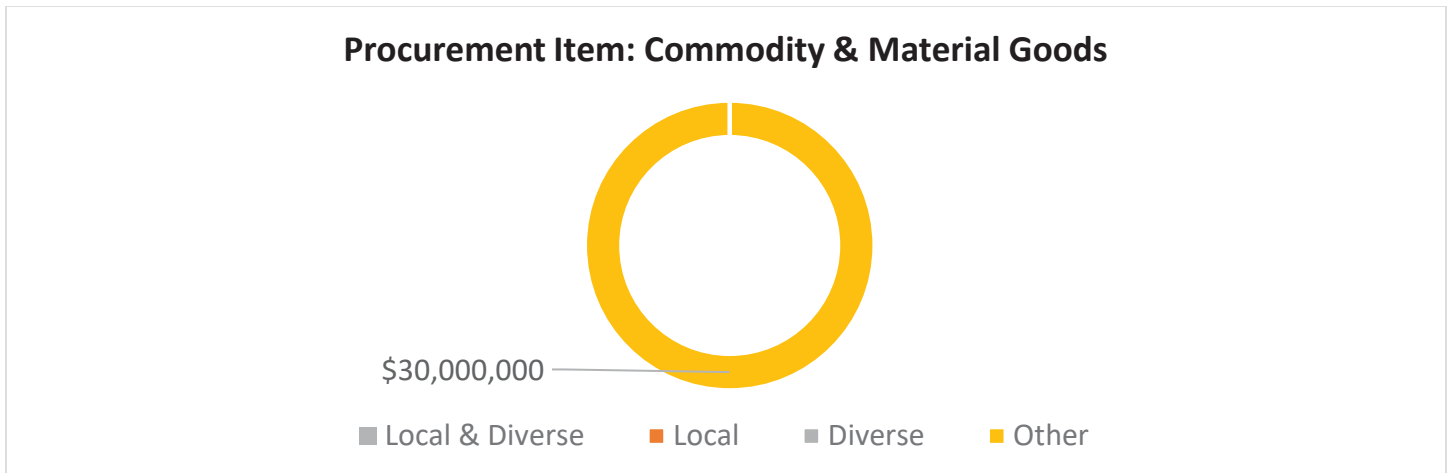
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Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Powell Electrical Systems, Inc.		83%	\$30,000,000	3074968	
TOTAL			\$30,000,000		

Two (2) additional respondents were not recommended for award: KBS Electrical Distribution, Inc. and Techline, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2025 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2026 PO Spend	Projected FY2027 PO Spend	Projected FY2028 PO Spend
\$937,000,000	Capital	\$1,300,000	0.1%	\$1,100,000	\$8,100,000	\$2,600,000
\$890,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support this new purchase order.





PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MARCH 19, 2024 MEETING
PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ
FOR REPORT AT THE APRIL 22, 2024 BOARD OF TRUSTEES MEETING**

The Personnel Committee met on March 19, 2024. As part of the Personnel Committee agenda, the Committee:

- A. Discussed the process for obtaining feedback from all trustees to evaluate CEO performance against Strategic Objectives and Enterprise Measures identified by the Personnel Committee to be addressed within FY24.
- B. Reviewed the proposed Strategic Objectives and Enterprise Measures to be considered for the FY25 CEO scorecard.

The next meeting of the Personnel Committee was scheduled for April 9.



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE MARCH 26, 2024 MEETING PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO FOR REPORT AT THE APRIL 22, 2025 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on March 26, 2024. As part of the agenda, the Committee:

- A. Reviewed and approved meeting minutes from the prior meeting held on December 5, 2023.
- B. Received a preview of Procurement items that included:
 - a. A new contract for Substation and Transmission Engineering Services
 - b. And a new contract for Independent Validation and Verification for the Enterprise Resource Plan transformation.
- C. Received a presentation on Customer Growth and Cost Recovery that included:
 - a. A review of growth trends
 - b. An overview of how costs are recovered, including Transmission Cost of Service
 - c. And examples of customer construction costs.
- D. Received a presentation on a current Routing and Siting Project that included:
 - a. A review of the purpose of routing and siting and a comparison of the process for both inside and outside the San Antonio city limits
 - b. And an overview and timeline of the Howard to San Miguel Project.
- E. Received a presentation on the Brooks Field Substation Expansion initiative that included:
 - a. A review of the purpose and need for the project
 - b. And a discussion on the proposed location for the substation expansion.
- F. Received a presentation on Gas Compliance Overview and Audit Results that included:
 - a. An overview of our Gas System
 - b. An overview of Gas Compliance and Regulatory Activities
 - c. And a review of the calendar year 2023 Railroad Commission Audits and our responses.
- G. And received a presentation on the FY2024 Safety Update that included:
 - a. A year-over-year comparison of safety performance showing a 40% improvement in Recordable Incident Rate (RIR) since FY2022
 - b. A discussion on the correlation between recordable incidents and first-aid injuries and how timely injury reporting has improved
 - c. A review of how field observations support injury prevention

Attachment "D" to the April 22, 2024

Regular Board Meeting Minutes

- d. An introduction to Serious Injuries and Fatalities (SIF) reporting and a discussion on how SIF injuries impact people and performance
- e. A review of how the UIO Grassroots Team is making an impact on recordable incidents
- f. And an overview of the safety plan for FY2025.

The next meeting of the Operations Oversight Committee meeting is May 6, 2024.



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 9, 2024 MEETING
PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ
FOR REPORT AT THE APRIL 22, 2024 BOARD OF TRUSTEES MEETING**

The Personnel Committee met on April 9, 2024. As part of the Personnel Committee agenda, the Committee:

- A. Discussed input and process for CEO performance evaluation for FY2024.
- B. Received relevant materials regarding utility industry CEO compensation.

The next meeting of the Personnel Committee is not yet scheduled.