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CPS ENERGY BOARD OF TRUSTEES

NOTICE OF REGULAR MEETING

BY TELEPHONE CONFERENCE

To protect the health of the public and limit the potential spread of COVID-19, the CPS Energy Board of Trustees will hold this meeting via telephone conference. These meeting standards are based upon the provisions of the Open Meetings Act, as modified by the Governor of Texas in response to the COVID-19 crisis. These modified standards shall remain in place until further notice or until the state disaster declaration expires or is otherwise terminated by the Texas Governor.

Notice is hereby given that the CPS Energy Board of Trustees will hold its Regular Monthly Meeting **on Monday, February 22, 2021 at 1:00 p.m., by telephone conference.**

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 1 (888) 886-6602.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on **Friday, February 19, 2021** by phone at 210-353-4662. Registration will be open from **7:00 a.m. CT to 1:00p.m. CT**. Those registering to speak should be prepared to provide the following information:

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

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.

Shellman, Digitally signed
Carolyn by Shellman,
E. Carolyn E.
Date: 2021.02.16
14:30:06 -06'00'

Carolyn E. Shellman
Secretary of the Board
February 17, 2021



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON FEBRUARY 22, 2021 AT 1:00 PM
BY TELEPHONE CONFERENCE
1 (888) 886-6602**

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ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE	Execute	Mayor Ron Nirenberg & Ms. Paula Gold-Williams
3	INVOCATION	Execute	Ms. Denae Myers
4	PUBLIC COMMENT (Pre-Registration scheduled on Friday, February 19, 2021 from 7:00 AM – 1:00 PM @ (210) 353-4662) A. Chair's Announcements B. Comments	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
5	CEO'S REPORT: New Unprecedented Texas / San Antonio Energy Market Event	Discuss	Ms. Paula Gold-Williams
6	ADDITIONAL UPDATES: A. FY2021 COVID-19 Financial Impacts as of January 31, 2021 (Mr. Gary Gold) B. Cost Savings: A Year in Review (Mr. Geronimo Gonzalez) C. Other	Discuss	Ms. Paula Gold-Williams
7	OPERATIONAL PROCUREMENT ITEMS: A. Overhead Electric Distribution Services (Mr. Paul Barham) B. Cold Weather Natural Gas Impacts (Mr. Kevin Pollo)	Discuss & Possible Vote	Dr. Willis Mackey
8	PROCUREMENT PREVIEW: Requests to Fund Operational Needs	Discuss	Mr. Frank Almaraz
CONSENT AGENDA			
9	APPROVAL OF CONSENT ITEMS: A. Minutes of the Special Board Meeting held on 01/22/2021 B. Minutes of the Regular Board Meeting held on 01/25/2021 C. Payment to the City of San Antonio for January 2021 & Additional Transfer to the City of San Antonio for FY2021 D. Procurement Items: 1. General Services: Engineering & Construction Services for Electronic Recloser Deployment (Dr. Cris Eugster) 2. Commodity & Material Goods: Electronic Reclosers (Dr. Cris Eugster) 3. General Services: Overhead Electric Distribution Services (Dr. Cris Eugster) 4. General Services: Exposing and Excavating Underground Utilities (Dr. Cris Eugster) 5. Professional Services: Land Surveying (Dr. Cris Eugster) 6. Professional Services: Spruce Plant Drains Pond Owner's Engineer Services (Dr. Cris Eugster) 7. General Services: Utility Locating and Marking (Mr. Fred Bonewell)	Vote	Dr. Willis Mackey

Received
Office of the City Clerk
2021 Feb 18 - 2:45 pm

mlc

REGULAR AGENDA			
10	COMMITTEE REPORTS: A. Audit & Finance (A&F) Meeting held on 01/19/2021 (Mr. John Steen) B. Employee Benefits Oversight Committee (EBOC) Meeting held on 01/19/2021 (Mr. John Steen) C. A&F & EBOC Aligned Risk Sub-Committee Meeting held on 01/19/2021 (Mr. John Steen) D. Personnel Committee Meeting held on 01/27/2021 (Mr. Ed Kelley)	Discuss	Dr. Willis Mackey
11	BOARD COMMITTEE ASSIGNMENTS	Vote	Dr. Willis Mackey
CONVENE TO EXECUTIVE SESSION			
12	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
13	ADJOURNMENT	Execute	Dr. Willis Mackey
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.			



***FY2021 COVID-19
FINANCIAL IMPACTS
AS OF JANUARY 31, 2021***

PRESENTED BY:

Gary Gold

Chief Financial Officer (CFO) & Treasurer

Preliminary and Unaudited – through Period 12

Informational Update



OBJECTIVES & TAKEAWAYS

- **HIGHLIGHT FINANCIAL PERFORMANCE & METRICS**



AGENDA



- **ELECTRIC SALES**
- **CUSTOMER RECEIVABLES**
- **NET INCOME**
- **FLOW OF FUNDS**
- **KEY FINANCIAL METRICS**



ELECTRIC SALES

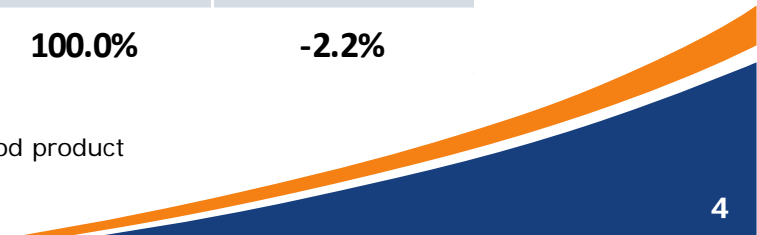
BY CUSTOMER SEGMENT- YTD 2021 *



Customer Sector	Usage	% of Total Load	% Impact on Total Usage
Residential	5.4%	42.7%	2.3%
Churches & Services	-9.8%	8.2%	-0.8%
Manufacturing	-3.6%	4.7%	-0.2%
Retail	-5.8%	5.4%	-0.3%
Educational Services	-14.9%	4.9%	-0.7%
Hotel & Food Services	-13.7%	4.9%	-0.7%
Other**	-6.3%	29.2%	-1.8%
Total System		100.0%	-2.2%

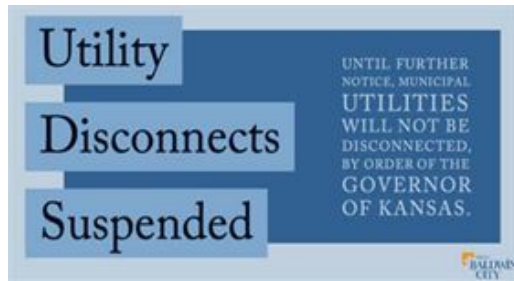
*Billed January actual YTD performance to budget.

**Other sector includes other commercial sectors, food & wood product manufacturing, municipals, lighting, etc.



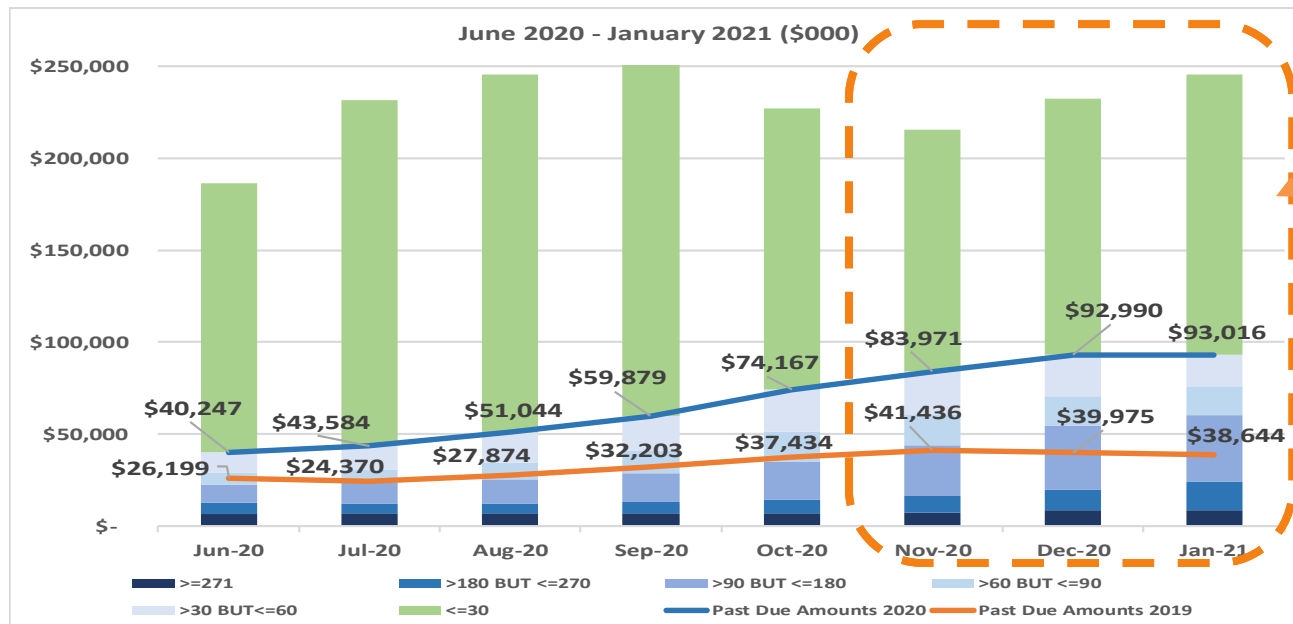
CUSTOMER RECEIVABLES - 1 OF 2

TEMPORARILY SUSPENDED DISCONNECTS



CUSTOMER RECEIVABLES - 2 OF 2

PAST DUE BALANCES



Past Due Balances are becoming a larger part (at 38%) of our Customer Receivables versus last year's ratio of 24%.

Past Due Customer Balances have been growing at an average of \$8 Million per month since the summer.

NET INCOME

FY2021 ACTUAL PERFORMANCE

Preliminary and Unaudited – through Period 12



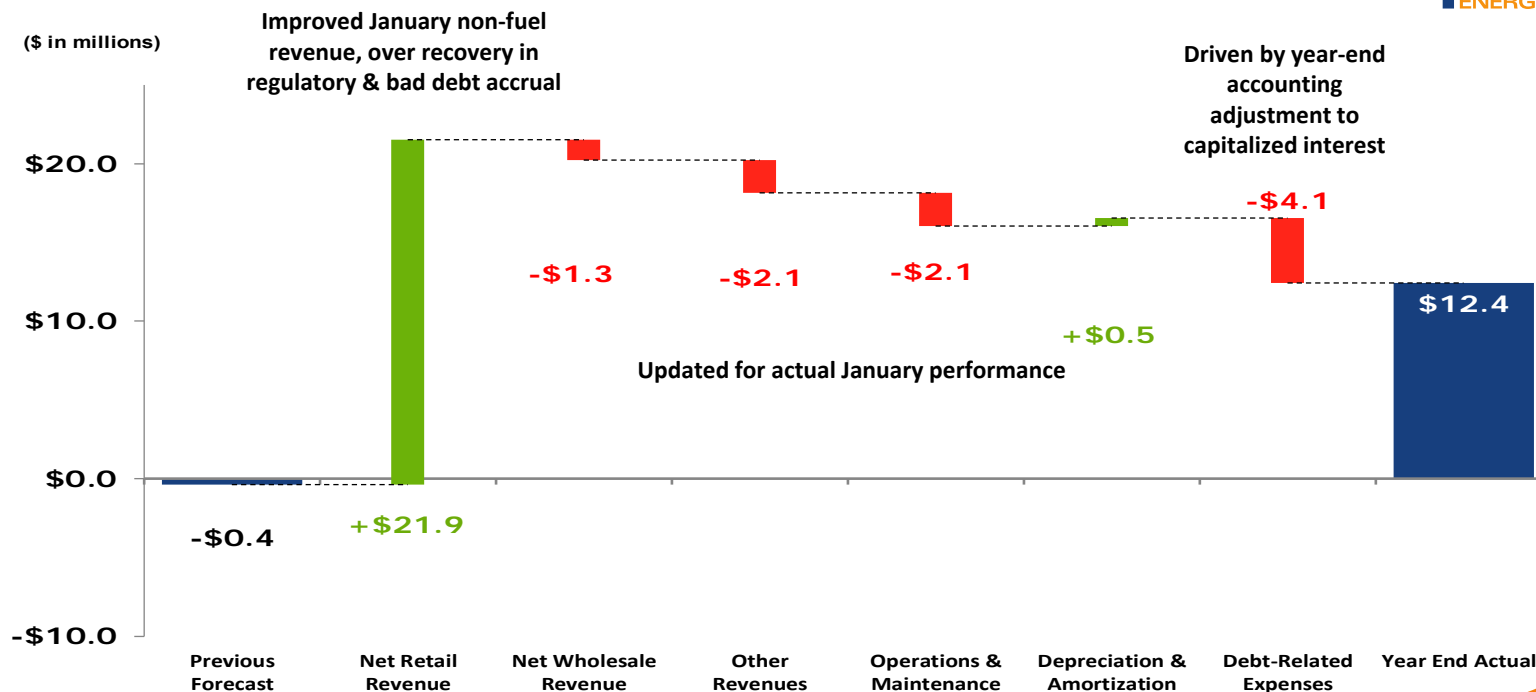
Description	FY2021		
	Budget	Actuals	Variance: Favorable (Unfavorable)
Revenue available for nonfuel expenses			
Electric	\$ 2,522.1	\$ 2,359.1	\$ (163.0)
Gas	183.0	150.7	(32.3)
Total operating revenue	2,705.1	2,509.8	(195.3)
Less:			
Electric fuel, distribution gas & regulatory	995.1	896.3	98.8
Payments to the City of San Antonio	365.3	330.6	34.7
Net operating revenue	1,344.7	1,282.9	(61.8)
Nonoperating revenue	72.8	36.9	(35.9)
Total revenue available for nonfuel expenses	1,417.5	1,319.8	(97.7)
Nonfuel expenses			
Operation & maintenance	712.8	654.9	57.9
Depreciation, amortization & decommissioning	458.7	455.7	3.0
Interest & debt-related	242.1	196.8	45.3
Total nonfuel expenses	1,413.6	1,307.4	106.2
Net Income (Loss)	\$ 3.9	\$ 12.4	\$ 8.5

Highlights:

- **Operating Revenue -**
 - Retail Electric Sales is 2.2% lower.
 - Bad Debt is \$46M.
 - Wholesale Revenue Net Fuel is \$38M as a result of lower market prices driven by reduced ERCOT-wide demand & higher wind volumes.
 - Reflects actuals through January.
- **Interest & debt-related** – Reflects impact from refinancing transactions & delay of GASB implementation regarding capitalized interest.
- **O&M** – Reflects identified cost savings & reduction to labor associated with unfilled positions.

NET INCOME

RECAP: PREVIOUS FORECAST TO YEAR END ACTUALS



FLOW OF FUNDS

FY 2021 ACTUAL PERFORMANCE

Preliminary and Unaudited – through Period 12



(\$ in millions) Description	FY2021		
	Budget	Actuals	Variance: Favorable (Unfavorable)
Revenues, net of unbilled Less: city payment (CP) per flow of funds	\$ 2,758.2 365.3	\$ 2,511.2 330.6	\$ (247.0) 34.7
Revenues, net of unbilled & CP Less: fuel & regulatory expense	2,392.9 995.1	2,180.6 896.3	(212.3) 98.8
Revenues, net fuel & regulatory	1,397.8	1,284.3	(113.5)
Operation & maintenance	714.4	659.2	55.2
Debt service	425.9	394.0	31.9
Total expenses	1,140.3	1,053.2	87.1
6% Gross Revenue to R&R	165.5	150.7	(14.8)
Remaining to R&R	92.0	80.4	(11.6)
Total R&R fund additions	\$ 257.5	\$ 231.1	\$ (200.6)
Total capital expenditures	\$ 625.8	\$ 564.5	\$ 61.3

Highlights:

- **Operating Revenue -**
 - Retail Electric Sales is 2.2% lower.
 - Bad Debt is \$46M.
 - Wholesale Revenue Net Fuel is \$38M as a result of lower market prices driven by reduced ERCOT-wide demand & higher wind volumes.
 - Reflects actuals through January.
- **Interest & debt-related** – Reflects impact from refinancing transactions & delay of GASB implementation regarding capitalized interest.
- **O&M** – Reflects identified cost savings & reduction to labor associated with unfilled positions.
- **Capital** - Reflects identified cost mitigations.

KEY FINANCIAL METRICS, PART 1

YEAR END ACTUALS

Preliminary and Unaudited – through Period 12

Metric	FY2020 Actuals	Budget	Accountability Plans Threshold	FY2021 Actuals
Adjusted Debt Service Coverage (ADSC)	1.94	1.60	1.50 ¹	1.59
Days Cash on Hand (DCOH)	225	161	150 ¹	209



• Additional mitigations resulted in financial performance close to budgeted levels

Legend

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

¹ Aligned to Credit Ratings Agency Guidance



KEY FINANCIAL METRICS, PART 2

YEAR END ACTUALS



Preliminary and Unaudited – through Period 12

Metric	FY2020 Actuals	Budget	Accountability Plans Threshold	FY2021 Actuals
Debt Capitalization (DC)	59.9%	61.7%	61.7% ¹	60.5%

• Additional mitigations resulted in financial performance favorable to budgeted levels

Legend

 On Target with Credit Ratings Agency Guidance

¹ Aligned to the Financial Gate Protocol Set by the Board of Trustees





Thank You





COST SAVINGS: A YEAR IN REVIEW

PRESENTED BY:

Geronimo Gonzalez, Jr.

Director, Financial Planning & Analysis

February 22, 2021

Informational Update



OBJECTIVES & TAKEAWAYS



- **SUMMARIZE OUR SUCCESS OF SAVING OUR CUSTOMERS MONEY!**



AGENDA



- **ESTIMATE OF SAVINGS FOR FY2021 COST MANAGEMENT INITIATIVES**
- **REVIEW PRESENTED SAVINGS IN DETAIL**
- **REVIEW ESTIMATED COST SAVINGS SINCE INCEPTION**



ACCOMMODATING GROWTH, PROMOTING EFFICIENCY & CUTTING COSTS



This is how we save our customers money & add value.

OUR SUCCESS OF SAVING MONEY DIRECTLY BENEFITS CUSTOMERS!



- Estimated savings & benefits from these topics in:
 - FY2021 – \$18.9M
 - FY2022 – \$14.5M
 - Outyears – \$131.7M
 - Total – \$165.1M!



Our teams continue to identify cost savings which have a positive financial impact & benefit our customers. Since inception we have saved over \$604M!

OUR VALUABLE COST SAVINGS

FY2021 RECAP



Description	FY2021 ¹	FY2022 ¹	Outyears ¹	Total Savings ¹
Post Construction Design Review	\$97	\$97	\$290	\$484
Sweetwater 3 Wind Farm Repower Cost Savings	1,400	1,400	4,200	7,000
EIT Maintenance Contracts	1,085	350	350	1,785
Bill Printing & Payments	886	886	2,658	4,430
e-Invoice Automation Implementation	105	99	297	501
Employee Benefits	13,300	4,300	21,000	38,600
Financial Transactions	2,000	7,400	102,900	112,300
	\$18,873	\$14,532	\$131,695	\$165,100

¹ **Note:** All figures are best estimates; Dollars in thousands.
The total savings amounts are projected to occur over multiple years.

FOCUS ON COST MANAGEMENT

COST SAVINGS SINCE INCEPTION



Fiscal Year	Total Savings ¹
2019	104,570
2020	334,531
2021	165,100
	\$604,201

Large drivers of cost savings include advanced cable testing, SA Energy Public Facility Corporation natural gas discounts, & multiple refinancing initiatives.

We will continue to focus on cost savings going forward.

¹ **Note:** All figures are best estimates; Dollars in thousands.
The total savings amounts are projected to occur over multiple years.



Thank You





OVERHEAD DISTRIBUTION SERVICES COMPELLING BUSINESS REASON

PRESENTED BY:

Paul Barham

Senior VP, Energy Delivery Services

February 22, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **PROVIDE AN OVERVIEW OF OVERHEAD (OH) ELECTRIC SERVICES PROCUREMENT**
- **REVIEW NEED FOR EARLY PROCUREMENT AUTHORIZATION**
- **REVIEW COMPELLING BUSINESS REASON APPROVAL**



AGENDA



- **GUIDING PILLARS**
- **OH ELECTRIC DISTRIBUTION SERVICES CONTRACT**
- **NEED FOR EARLY AUTHORIZATION**
- **EXISTING PURCHASE ORDER**
- **RATIFICATION OF COMPELLING BUSINESS REASON**

OUR GUIDING PILLARS & FOUNDATION



Reliability



Customer Affordability



Security



Safety



Environmental Responsibility



Resiliency



Financially Responsible

Our overhead services contracts are focused on maintaining **Reliability, Resiliency & Safety** while supporting customer growth.

OVERHEAD ELECTRIC LABOR / CONTRACT DISTRIBUTION SERVICES



- \$71 Million over 3 Years - Recurring
- Contract to provide various services, including, but not limited to:
 - Line extensions
 - Subdivision work
 - Pole replacements
 - Storm restoration
- Supports **Safety** & **Reliability**¹ of the grid



Pole Replacement

¹ As measured by Tier 1 metrics System Average Interruption Index (SAIDI) & System Average Frequency Index (SAIFI)

OH ELEC SERVICES PROCUREMENT DETERMINED NEED FOR EARLY AUTHORIZATION ON 2/10/2021



The Overhead Electric Distribution Services contract is critical to our ability to meet the needs of new customers, maintain the system & restoring the system after storm activity.

- Winter storm preparation identified limited funds on expiring PO
- Storm forecasted to have major impact to the grid
- Early authorization of procurement would help maintain service Reliability
- Procurement originally on the February consent agenda for Board consideration

OH ELECTRIC SERVICES PROCUREMENT EXISTING PURCHASE ORDER



- Existing PO term expires 2/28/2021
- Storm preparation identified:
 - Insufficient funds remained to allow contractors to help support storm restoration
 - While reviewing PO status, one vendor recently submitted a group of outstanding invoices from 2020
 - Working to close this PO out & will update the Board with any significant developments at a future Board meeting

OH ELECTRIC SERVICES PROCUREMENT



COMPELLING BUSINESS REASON (CBR)

- Pending winter storm & the limited funds on the expiring PO is the reason for the CBR
- Approval by President & CEO along with Board Chair on February 12, 2021
- Notification to other Board Members on February 12, 2021
- New PO is in place

Expenditures using a CBR will be reviewed & ratified by the Board no later than the next regularly scheduled Board meeting.



Thank You





COLD WEATHER NATURAL GAS IMPACTS

PRESENTED BY:

Kevin Pollo

Interim VP, Energy Supply & Market Operations

February 22, 2021

Informational Update

OBJECTIVES & TAKEAWAYS



- **PROVIDE A RECAP OF THE FEBRUARY 2021 SEVERE WEATHER EVENT IMPACTS TO THE NATURAL GAS MARKET**



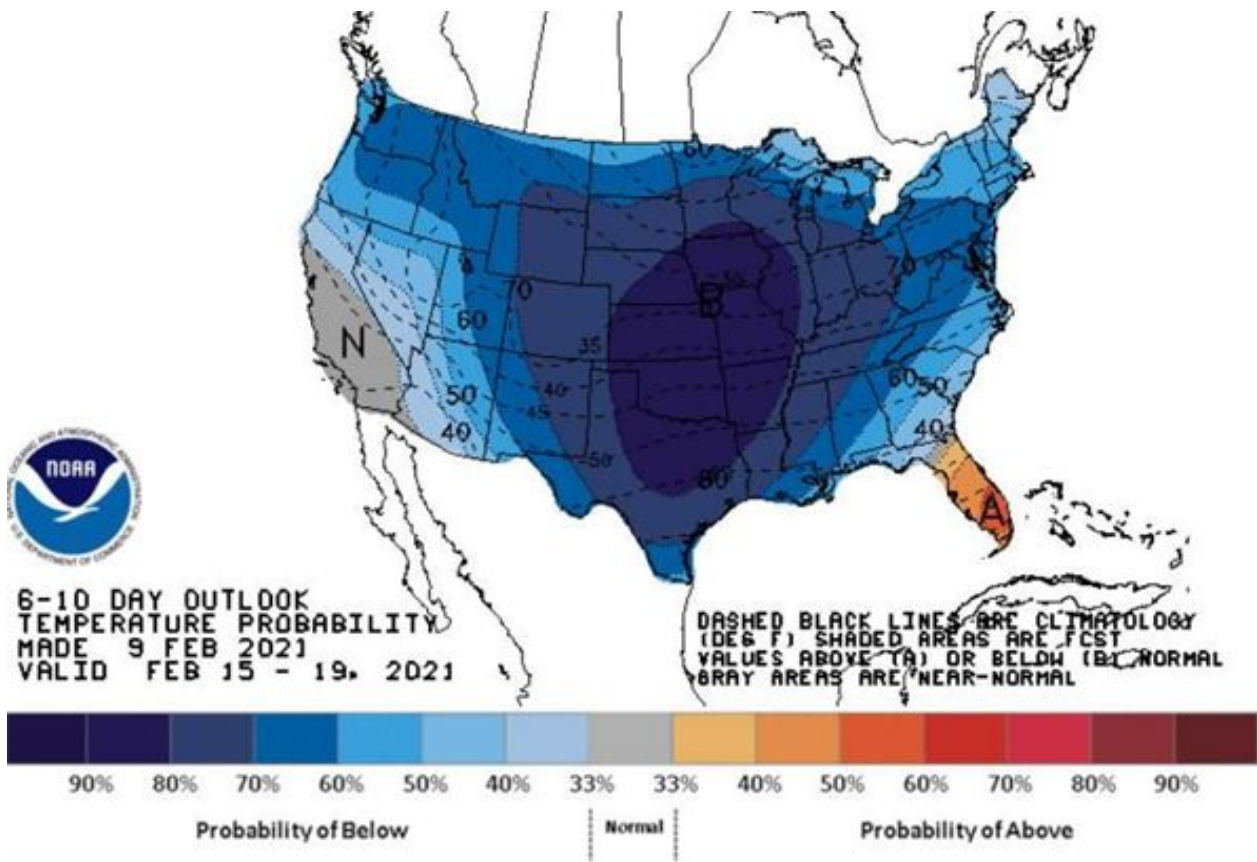
AGENDA



- **FEBRUARY 2021 WEATHER EVENT**
- **NATURAL GAS DEMAND, SUPPLY & PRICING**



FEBRUARY 2021 COLD WEATHER EVENT

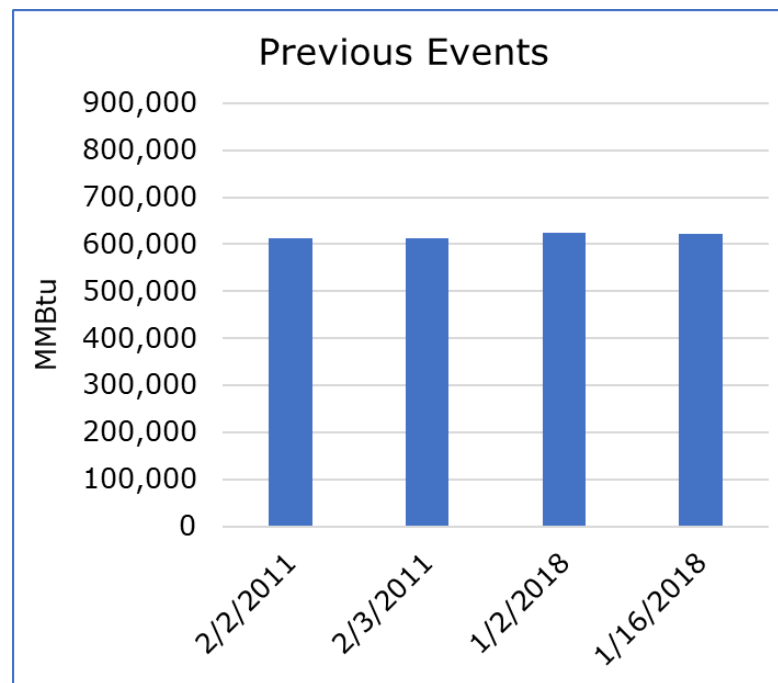
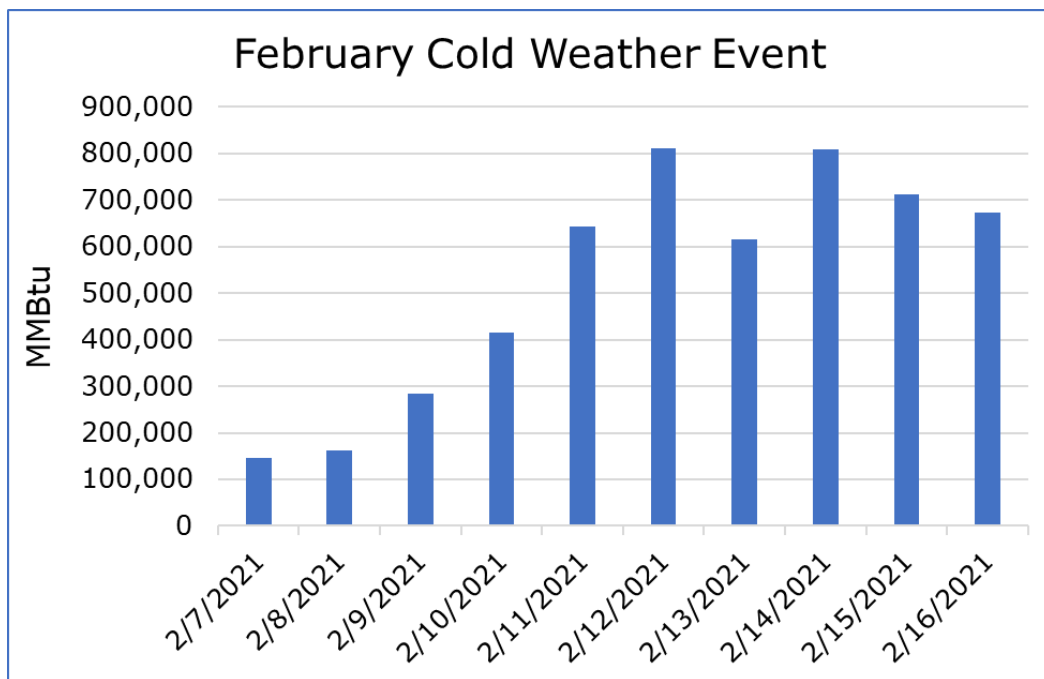


Sustained temperatures below freezing for 5 days in San Antonio broke the previous record that was set in 1959.

Extreme cold weather across the U.S. & into South Texas drove strikingly high demand for energy & natural gas.

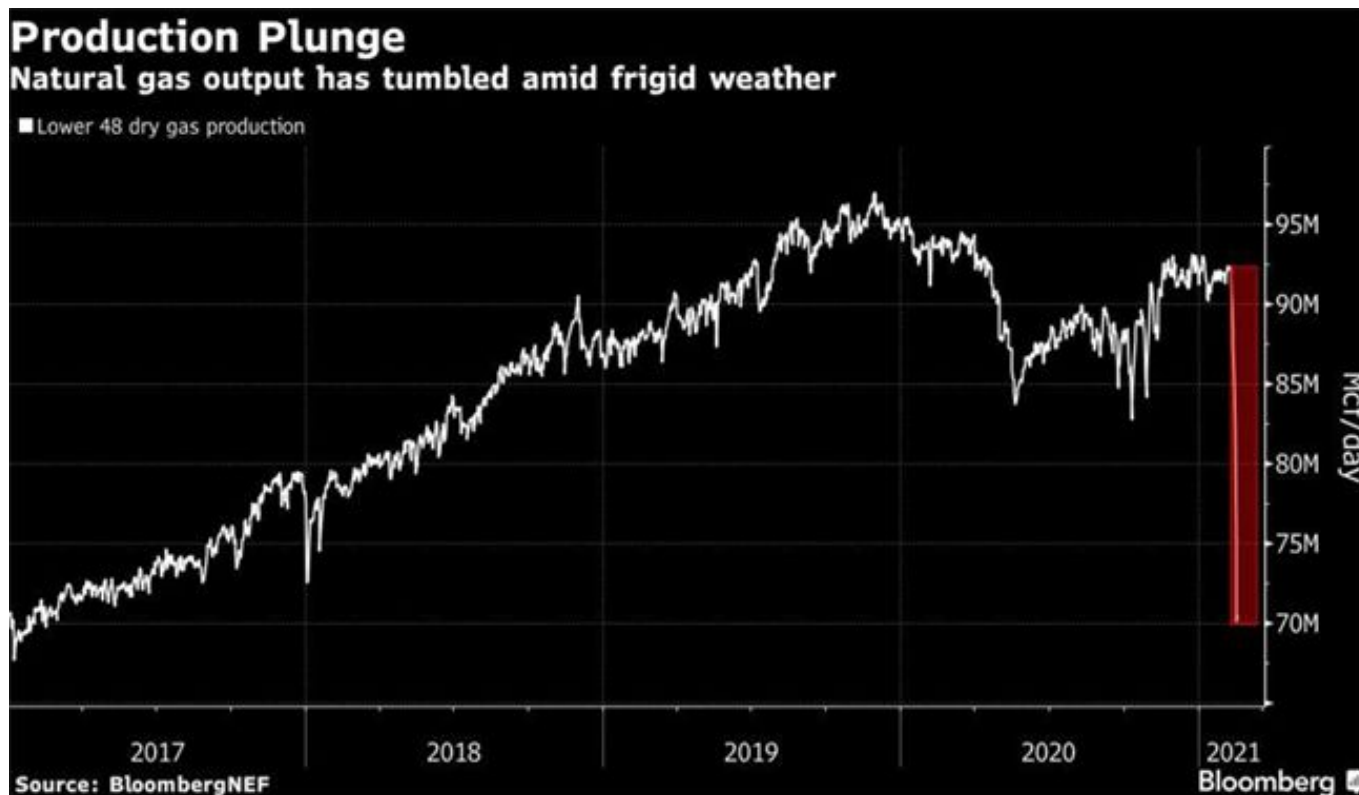
NATURAL GAS DEMAND

OUR COMMUNITY NEEDS



Our peak gas demand during this event was more than 30% higher than previous cold weather events.

NATURAL GAS SUPPLY IMPACTS



Supply Challenges:

- Frozen wellheads
- Loss of power to processing / transport facilities
- Various mechanical equipment failures

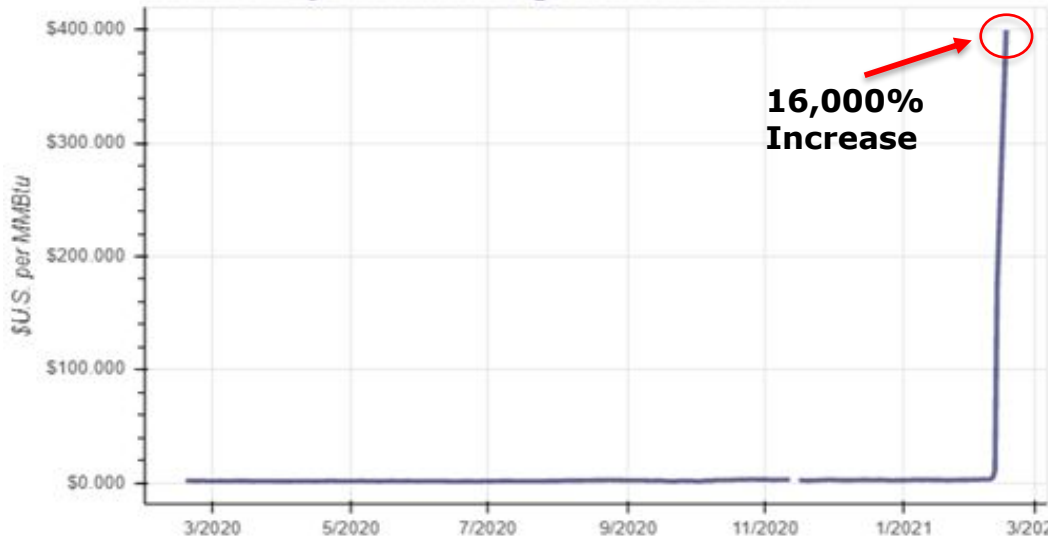
U.S. natural gas production fell to a 4-year low during this winter event, which led natural gas prices to soar.

NATURAL GAS PRICES



Houston Ship Channel Daily Natural Gas Price Snapshot

NGI's Daily Houston Ship Channel Prices



DAILY GPI
MARKETS | NATURAL GAS PRICES | NGI ALL NEWS ACCESS

Spot Natural Gas Prices Surge to \$600 as Deep Freeze Cuts Production, Fuels Record Demand

ELECTRIC POWER | NATURAL GAS — 05 Feb 2021 | 23:21 UTC — New York

Polar vortex spikes US spot gas prices across the country



BARRON'S
Natural-Gas Prices Are Soaring Because of a Brutal U.S. Storm

Gas at One U.S. Hub Is Trading at \$999. Last Week It Was at \$4
A polar blast in the central U.S. has pushed natural gas prices at one trading hub up 24,000% from a week ago.
bloomberg.com

Natural gas prices experienced staggering price spikes across the state.



Thank You





***PROCUREMENT PREVIEW:
REQUESTS TO FUND
OPERATIONAL NEEDS***

PRESENTED BY:

Frank Almaraz

Chief Administrative & Business Development Officer (CABDO)

February 22, 2021

*Informational Update for the
Consent Agenda*

OBJECTIVES & TAKEAWAYS



- **DISCUSS HOW WE PROCURE GOODS & SERVICES**
- **HIGHLIGHT OUR PROGRESS IN RECRUITMENT OF LOCAL & DIVERSE COMPANIES**
- **PROVIDE AN OVERVIEW OF PROCUREMENTS ON TODAY'S CONSENT AGENDA**

AGENDA



- **BUSINESS NEED**
- **GUIDING PILLARS & FOUNDATION**
- **SUPPORTING SMALL / WOMEN / MINORITY / VETERAN (SWMV) OWNED BUSINESSES**
- **PROCUREMENT TYPES**
- **ON TODAY'S CONSENT AGENDA**
- **NEXT STEPS**

BUSINESS NEED



- We procure goods & services of all kinds to support the delivery of gas & electric services to our community
- We abide by the Procurement Policy adopted by the Board of Trustees on September 30, 2002, & revised June 26, 2017
- We work to optimize businesses whose ownerships are diverse, including:
 - **Small, Women, Minority, and / or Veterans (SWMV)**

OUR GUIDING PILLARS & FOUNDATION



Reliability



Customer Affordability



Security



Safety



Environmental Responsibility



Resiliency



Financially Responsible



Our ability to deliver on the **Guiding Pillars** depends on the efficient procurement of critical goods & services.

PROCUREMENTS

TWO GENERAL TYPES



**RFQ
REQUEST FOR
QUALIFICATIONS**

OR

**RFP
REQUEST FOR
PROPOSALS**

STATUTORY REQUIREMENT

**Texas Government
Code, Sec. 2254.004
governs procurements for
professional services of
this type.**

**POLICY REQUIREMENT
Can take into consideration
more qualitative attributes.**

ON TODAY'S CONSENT AGENDA

OPERATIONAL PROCUREMENTS



Business Area	Goods or Services provided	Type	Value
Energy Delivery Services	1. Engineering & Construction Services for Electronic Recloser Deployment	RFP	\$25.00M
	2. Electronic Reclosers	RFP	\$20.00M
	3. Overhead Electric Distribution Services	RFP	\$71.00M
	4. Exposing & Excavating Underground Utilities	RFP	\$14.25M
	5. Land Surveying	RFQ	\$4.55M
Power Generation	6. Spruce Plant Drains Pond Owner's Engineer Services	RFQ	\$5.00M
Gas Solutions	7. Utility Locating & Marking	RFP	\$30.00M

VALUE-ADDED APPROACH



- As a Utility providing Gas & Electric Services to almost 1 Million customers, we often acquire highly specialized & capital intensive services
- By taking a **VALUE-ADDED APPROACH** we support SWMV & local businesses to become successful:
 - Focusing on growing a qualified & diverse vendor pool
 - Actively recruiting SWMV¹ businesses
 - Engaging with partnership agencies¹
 - Driving opportunities to “de-bundle”
 - Subcontracting plans & vendor mentorship as part of vendor selection



President & CEO Paula Gold-Williams speaking during a CPS Energy Supply Chain Facebook Live event August 5, 2020

¹ Fair Contracting Coalition, South Central Texas Regional Certification Agency, ...

SUPPORTING SWMV BUSINESSES



In 2020, our small business registrations increased by 95% & minority business registration increased by 183%!

AWARD OVERVIEW



Goods or Services provided	Value	% SWMV	% Local
1. Engineering & Construction Services for Electronic Recloser Deployment	\$25.00M	0%	0%
2. Electronic Reclosers	\$20.00M	100%	50%
3. Overhead Electric Distribution Services	\$71.00M	14%	100%
4. Exposing & Excavating Underground Utilities	\$14.25M	75%	100%
5. Land Surveying	\$4.55M	75%	100%
6. Spruce Plant Drains Pond Owner's Engineer Services	\$5.00M	0%	100%
7. Utility Locating & Marking	\$30.00M	0%	100%

Of the \$169.8M:

- \$44M awarded to SWMV owned businesses.
- \$134.8M awarded locally.

#1. ENGINEERING & CONSTRUCTION LABOR / CONTRACT SERVICES FOR ELECTRONIC RECLOSER DEPLOYMENT



- \$25 Million over 4 Years – Recurring
- 623 distribution circuits
- 608 reclosers installed to date
- System-wide deployment plan
 - Covers part of a 10-Year Plan
 - Volume \approx 144 / Year
- Deployment workload exceeds internal resource capacity (both engineering & construction)



Recloser Installed
On Pole

#2. ELECTRONIC RECLOSERS EQUIPMENT



- \$20 Million over 4 Years – Recurring
- Automatic, high-voltage electric switch
- Shuts off power when trouble occurs
- Tests line first
- If trouble removed, electric power reset & restored
- Reduces & shortens outages¹
- Reduces need to dispatch crews



Recloser Prior To
Installation

¹ As measured by Tier 1 metrics System Average Interruption Duration Index (SAIDI) & System Average Interruption Frequency Index (SAIFI)

#3. OVERHEAD ELECTRIC LABOR / CONTRACT DISTRIBUTION SERVICES



Pole Replacement

- \$71 Million over 3 Years – Recurring
- Contract to provide various services, including, but not limited to:
 - Line extensions
 - Subdivision work
 - Pole replacement
 - Storm restoration
- Supports safety & reliability¹ of the grid



¹ As measured by Tier 1 metrics System Average Interruption Duration Index (SAIDI) & System Average Interruption Frequency Index (SAIFI)



#4. EXPOSING & EXCAVATING LABOR / CONTRACT UNDERGROUND UTILITIES SERVICES

- \$14.25 Million over 3 Years – Recurring
- Provides excavation services to safely expose buried utilities
- Improves safety & reliability¹ through the reduction of damaged infrastructure



Excavation Equipment

¹ As measured by Tier 1 metrics System Average Interruption Duration Index (SAIDI) & System Average Interruption Frequency Index (SAIFI)

#5. LAND SURVEYING LABOR / CONTRACT SERVICES



- \$4.5 Million over 3 Years – Recurring
- Locates property boundaries on new & existing right-of-way
- Conducts onsite staking & pin setting in support of construction activities
- Develops digital maps



Surveying a Utility Easement

#6. SPRUCE PLANT DRAINS POND

LABOR / CONTRACT – OWNER'S ENGINEER SERVICES



Location of New Spruce Drains Pond



- \$5 Million by Dec 31st, 2024 – Project Specific
- Provides engineering consultant support services for plant drains project
- Includes detailed design & construction support
- Required for meeting compliance with the EPA Coal Combustion Residuals (CCR) Rule

#7. LOCATING LABOR / CONTRACT SERVICES



- \$30 Million over 3 Years – Recurring
- Conducts all locating for our underground electric & gas facilities
- Locates include critical gas & electric infrastructure (gas supply, electric primary)
- Utilizes Texas 811 One Call
- Approximately 200K / Year
- Conducts third-party damage investigations

Gas Facility Locator



NEXT STEPS



- Via the Consent Agenda, today, we will seek your approval of these operational procurements of critical goods & services



Thank You



**Draft for review and approval
at the February 22, 2021 meeting**

**CPS ENERGY
MINUTES OF SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON JANUARY 22, 2021**

A Special Meeting of the CPS Energy Board of Trustees was held on Friday, January 22, 2021, 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 E. 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
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

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

Mayor Nirenberg provided a COVID-19 update. He explained that the City of San Antonio (City) began vaccine efforts for COVID-19 while working with state and federal government officials. Groups 1(a) and 1(b) are currently being vaccinated, per Governor Abbott’s order. There is exponentially more demand than available supply. Mayor Nirenberg encouraged all eligible persons to get the vaccine when it is available to them. He encouraged people to continue observing COVID-19 safety protocols. He further reported that the City is working to administer COVID-19 relief funds.

Ms. Gold-Williams expressed appreciation for the City and County leadership for the daily COVID-19 updates. She stated that our workforce has experienced over 300 COVID-19 positive cases. We have seen almost 10% of our workforce impacted through quarantine, and we have seen some hospitalizations of our employees. We continue to consider sequestration efforts for certain teams and locations and are monitoring factors to determine when sequestration will occur. She reported that while vaccinations are top of mind,

**Draft for review and approval
at the February 22, 2021 meeting**

utility workers are not included in the first few levels of vaccine administration. We are educating our employees about available vaccinations and encouraging them to be vaccinated, if given the opportunity. We continue to stress to our employees to take all recommended safety measures to keep them and their families as safe as possible.

Chair Steen thanked Mayor Nirenberg and Ms. Gold-Williams for their leadership related to the global pandemic.

III. INVOCATION

An invocation was delivered by Ms. Denae Myers, Board Relations Manager.

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. Mr. Richard Perez, President & CEO, San Antonio Chamber of Commerce, spoke about the Rate Advisory Committee (RAC). He urged the Board to ensure that there is representation of all aspects of the San Antonio community.
2. Mr. Scott Kanski, Texas Rising, spoke critically about the timing of the Board meetings and the process for providing public comment. He urged that the RAC accept public comment.
3. Ms. Isabella Briseño, Campus Organizer, Texas Rising, spoke critically about the timing of the Board meetings and the process for providing public comment. She encouraged increased transparency and the consideration of public health issues by the RAC.
4. Ms. Karen Munoz, St. Mary's School of Law People's Parity Project, provided input about the focus of the RAC. She spoke critically about the timing of the Board meetings and the process for providing public comment.
5. Ms. Rachel Rabbani spoke critically about the timing of the Board meetings and the process for providing public comment. She commented directly regarding Trustee Kelley's views on the RAC.
6. Ms. DeeDee Belmares, Public Citizen, spoke about the RAC, specifically addressed Trustee Gonzalez' letter related to the RAC, and urged that the RAC consider financial and generational resource planning aspects.
7. Ms. Anacua Garcia, Community Organizer, Southwest Workers Union, spoke critically about the timing of the Board meetings and the process for providing public comment. She urged the closure of coal-burning plants and for the RAC to evaluate long-term generation impacts.
8. Ms. Lexy Garcia, Texas Rising, spoke about environmental and health impacts on certain neighborhoods and serving all residents equally. She urged the RAC to consider generation resources and seek public input.
9. Mr. Mason Escamilla spoke critically about the timing of the Board meetings and the process for providing public comment. He urged the RAC to consider generation resources and seek public input.
10. Mr. Greg Harman, Sierra Club, spoke on the RAC and urged that the San Antonio City Council ensure diverse voices are included in the discussion. He further urged that RAC members receive diversity, inclusion and equity training and be well informed related to decarbonization.

**Draft for review and approval
at the February 22, 2021 meeting**

He spoke about the process for providing public comment at the Board meeting and increasing transparency and accessibility.

11. Dr. Meredith McGuire, Conservation Committee Co-Chair, Sierra Club, applauded the decision to move forward with the RAC. She urged that the Board and the RAC receive truthful data and representations, and for more transparency.

V. OPENING'S REMARKS

Chair Steen noted that this Special Meeting was called as a RAC planning session. He asked Trustee Gonzalez, as the RAC Board liaison, to provide opening remarks.

Trustee Gonzalez expressed thanks to the Mayor, the Trustees, and Ms. Gold-Williams for the opportunity to serve as the liaison to the RAC. She explained that the Board was to address the design, development, and implementation of the RAC. She noted that CPS Energy strives to be financially responsible and a good steward of community interest through its balance of six (6) **Guiding Pillars: Reliability, Customer Affordability, Security, Safety, Environmental Responsibility, and Resiliency.**

Trustee Gonzalez stated that the mission of the RAC is to: provide and ensure public participation; receive balanced and objective information from RAC members on utility efforts and projects, rate structure and design, and generation planning; and collectively achieve a framework that meets the needs of the diverse community.

Trustee Gonzalez thanked CPS Energy leadership who assisted with preparing the RAC framework. She expressed her commitment to be responsible and agile in leading the effort to achieve collective, measurable and impactful results.

VI. STATUS REPORT

Mr. Rudy Garza provided a status report related to the RAC. He thanked Trustee Gonzalez for her time to review documents and provide input. He also thanked CPS Energy team members for their work on the RAC documents.

Regarding the RAC member application, Mr. Garza encouraged the Board members to provide feedback on the application. He stated that a press release is forthcoming, which will celebrate the beginning of the RAC process and solicit interest from the public to apply for membership. Regarding the application process, he reported that applications will be accepted via a dedicated website or in paper form, available at the CPS Energy customer walk-in centers and at the City Clerk's office. Mr. Garza also noted that citizens can apply with their representative City Council members for the City Council appointments to the RAC. He expressed the desire to cast a wide net to ensure broad participation. If the Board does not have any changes to the application form, the application process will open today and remain open through February 26, 2021.

Mr. Garza noted the creation of a dedicated email address related to the RAC: rac@cpsenergy.com. Emails received through this address will be used to communicate with members of the CPS Energy team related to the RAC application process.

**Draft for review and approval
at the February 22, 2021 meeting**

Mr. Garza assured the Board that we are keeping Trustee Gonzalez aware of activities related to the RAC. We anticipate that the Board will be able to look at the applicants at the beginning of March 2021. Mr. Garza expressed the goal to have the RAC seated in the May 2021 time frame.

Ms. Gonzalez opened the floor for discussion. Mayor Nirenberg thanked Trustee Gonzalez for leading the RAC efforts and sought clarification related to the City Council appointment process. Mr. Garza and Trustee Gonzalez explained that there are two sources of placement on the RAC – those positions that will be appointed by the City Council members, and those positions that will be selected by the Board of Trustees. City Council will be provided with information about applications received from citizens within their districts and will submit their nominations directly to CPS Energy. The Board's selections will come from the general application process. The Trustees will see both lists - the City Council nominations and the general applications. They reiterated that the application process is designed to be inclusive and to have diverse representation.

Mayor Nirenberg asked for further clarity regarding City Council applications. Trustee Gonzalez responded that we are working with City Council offices and the City Clerk's office to receive all inquiries and applications.

Mayor Nirenberg asked for clarity on the number of appointments. Trustee Gonzalez responded that we would address his question in the next section.

Trustee Gonzalez called on each Board member inquiring if they had questions. Trustees Steen, Kelley and Dr. Mackey responded that they did not have questions.

VII. ADVISORY SELECTION OVERVIEW & PROCESS

Trustee Gonzalez outlined the selection process for RAC members at a high level. She noted that we have already received suggested names from certain City Council offices. We are asking for each Board member to recommend 2-3 people to apply. Applications will be received and reviewed for eligibility. We want to ensure a balanced, diverse, and equitable list of RAC members that are representative of a cross section of our customers. She stated that outreach will occur through several channels including newspaper notices, mailers, online platforms, the RAC specific website, and social media. We are working diligently to ensure this is an inclusive process. She stated we will work hand-in-hand with the Mayor's office. She expressed gratitude for input and stated that we are open to feedback regarding the process. Trustee Gonzalez suggested that a special Board meeting may be necessary to discuss the applicants and the selection of the 11 members chosen by the Trustees.

Trustee Gonzalez and Mr. Garza explained the membership of the RAC. There will be a total of 21 members, including 10 members representing the City Council districts and 11 members that will be appointed by the CPS Energy Board. Mr. Garza noted that the Board would see a list of all applicants. Mr. Garza explained that we are looking for participants in all City Council districts, suburban cities, every rate group, and representatives of all segments of business. He indicated that we are looking for expertise and backgrounds of all kinds and that we want a diverse and broad representation of the community.

In response to an inquiry by Mayor Nirenberg, there was discussion about the selection method of the RAC Chair and Vice Chair. Ms. Gold-Williams suggested additional special Board meetings focused on process

**Draft for review and approval
at the February 22, 2021 meeting**

and the RAC applications. Trustee Gonzalez agreed and expressed a desire to seat the RAC in the first quarter of 2021.

Mayor Nirenberg inquired about the 1-year terms of a RAC Chair and Vice Chair while the other members have 2-year terms. He indicated that he would prefer for the Chair and Vice Chair to also have 2-year terms. Trustee Gonzalez asked for discussion. Ms. Gold-Williams supported the Mayor's suggestion to make the Chair and Vice Chair's terms concurrent with other members. Trustee Gonzalez confirmed that we will align the terms of the Chair and Vice Chair to have 2-year terms.

Trustee Gonzalez asked if the other Trustees had comments or questions. Trustees Steen, Kelley and Dr. Mackey responded that they did not have questions.

VIII. OTHER THOUGHTS FOR THE FUTURE

This agenda item was considered with agenda item VII. No separate discussion occurred related to this topic.

IX. EXECUTIVE SESSION

At approximately 2:00 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:

- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 2:35 p.m. Ms. Shellman reported that Attorney-Client Matters, and no others, were discussed and no votes were taken in Executive Session.

X. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Dr. Mackey, and seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 2:36 p.m. by Chair Steen.

Carolyn E. Shellman
Secretary of the Board

**Draft for review and approval
at the February 22, 2021 meeting**

**CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JANUARY 25, 2021**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of January was held on Monday, January 25, 2021 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
- 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 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 provided a brief COVID-19 update. He reiterated a desire to make the vaccine available to the community. The statistics show that the lagging indicators are unfavorable and that our hospitals are close to maximum occupancy. He indicated that City Council continues to allocate resources to businesses and residents. He is hopeful that the clouds start to lift in 2021.

Mr. Steen thanked Mayor Nirenberg for his leadership and keeping San Antonio safe.

Ms. Gold-Williams discussed COVID-19 impact on CPS Energy. She indicated that we continued to be concerned with the number of positive cases and quarantined individuals in our workforce. She added that utility employees are far down the priority list of “critical essential workers” to receive the vaccine and that is another stressor on the organization while we work to keep the power on to the community and support the

**Draft for review and approval
at the February 22, 2021 meeting**

state's electric grid. Vaccine quantities are limited, and we know state and local officials are working on the issue, but she believes our frontline workers deserve a priority designation. Pandemics will come again, and we want to be better positioned in the future so that our frontline workers will be treated with higher priority for vaccination.

Mr. Steen complimented Ms. Gold-Williams on juggling so many challenging issues that are overlaid with the pandemic.

III. INVOCATION

An invocation was delivered by Ms. Amelia Badders, Director Enterprise Advanced Analytics.

IV. PUBLIC COMMENT

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

1. Mr. Richard Perez, CEO & President, San Antonio Chamber of Commerce, thanked the Board for providing policy direction and urged them to select diverse RAC members. He spoke favorably about receiving the generational planning presentation and expressed support for Ms. Gold-Williams's contract extension.

V. CEO'S REPORT

Ms. Gold-Williams began her CEO's report by providing context for several agenda items, including the current financial update, the procurement items, the selection of the Board officers, and the replacement of the nuclear decommissioning trusts' (NDT) investment manager contracts.

Regarding agenda item 6A, the financial report, Ms. Gold-Williams explained that she recently briefed the audit committee on this issue. She explained that CPS Energy is doing well financially and is expected to "break-even" for fiscal year 2021 (FY2021). She stated that while we are forecasting close to break-even with our FY21 budget, there still remains pressure on receivables. We have not disconnected customers since March 2020, and outstanding receivables continue to increase. This means that our bad debt is also increasing. She indicated that the financial team increased our reserves, but the bad debt remains a challenge. Ms. Gold-Williams reported that we continue to conduct outbound calls to customers and link customers to resources to assist with payment. She explained that we received a small amount of COVID-19 monies, but there is tremendously more need than resources have been allocated. She reported that we started to see people call in and want to help their neighbors with bills. Organizations, individuals, and retirees have offered to help pay outstanding utility bills. Coupled with stresses under COVID-19 and unemployment rates, we do not see an immediate pathway to start disconnections again. That is going to be a continuing pressure in FY2022, which begins February 1, 2021.

Ms. Gold-Williams explained that the FY2022 budget is not being presented during this meeting because additional time to review the receivables was needed, but it will be presented for approval in February. However, the Board will be asked today to approve the proposed funding and expenses for the benefit trusts for FY2022 (agenda item14).

**Draft for review and approval
at the February 22, 2021 meeting**

Ms. Gold-Williams proceeded to provide an overview of generation resource planning efforts. She explained that we refer to resource planning in the context of all of our sources of generated power, purchased power and energy conservation programs.

Ms. Gold-Williams noted that a resource planning document (Resource Plan) was developed to highlight **Flexible Path**SM strategic options and their associated considerations, such as bill impacts to customers, the impact to our employees, new federal administration implications, and a continued focus on innovation. She noted that this is a good time to share this information with the public.

Ms. Gold-Williams spoke regarding the **Guiding Pillars: Reliability, Customer Affordability, Security, Safety, Environmental Responsibility, and Resiliency**, noting that customers have indicated **Affordability** and **Reliability** as priorities. She highlighted that our last rate increase was six years ago and outlined some of our successes, including investing in wind in 2000, solar in 2012 and creating the **Flexible Path** strategy in 2017. We closed the Deely coal units in 2018, and in 2019 committed to 80% reduction of carbon emissions by 2040. In 2019, the Board endorsed the City's Climate Action & Adaptation Plan and we are working toward full carbon neutrality by 2050.

Ms. Gold-Williams stated that the Resource Plan was provided to the Board members just prior to the Board meeting, and it is intended to be shared with the community as a whole. She reiterated that we are not asking the Board for any decisions today; rather, the Resource Plan and today's presentation are to start the conversation with the Board and the community.

She emphasized that under the **Flexible Path** strategy, we seek to blend more renewables and new technology with tried and true generation sources. Renewables are intermittent so either storage or firming resources are necessary to address reliability challenges.

While CPS Energy intends to proactively address its gas units that are approaching end-of-life through the **FlexPOWER Bundle**SM, the Spruce coal units warrant especially careful consideration because they are baseload units that typically run 24/7, providing substantial stability and reliability for the system. Ms. Gold-Williams reminded the Board that there are bill impacts associated with the closure of any plant.

Ms. Gold-Williams highlighted key content of the Resource Plan. She further explained three potential scenarios for the Spruce coal units detailed in the Resource Plan, noting various considerations and possible impacts of each option.

In conclusion, Ms. Gold-Williams stated that this is a good time to begin a public conversation about the Resource Plan and other information presented. We remain ready to listen and bring that information back to the Board. The community needs to decide what San Antonio looks like in the future.

Trustee Kelley complimented Ms. Gold-Williams on her presentation and the Resource Plan. He noted that he received the Resource Plan less than one hour prior to the Board meeting and he has only skimmed it. He questioned whether it should be made public, given the detailed information it contains, likening it to a playbook that should not be shared. He requested that the report be marked as confidential and that anyone receiving a copy be subject to a confidentiality agreement. He further requested sufficient time for the Board

**Draft for review and approval
at the February 22, 2021 meeting**

to study it to determine what information can be shared. Finally, he requested that Dr. Eugster's presentation be kept high level so as to not divulge competitive details.

Dr. Mackey also complimented Ms. Gold-Williams on the Resource Plan, stating that he has been requesting this information for two years. He also noted that he only had a short time to review it but it appears to have a lot of outstanding information and he is very pleased with what he has seen so far, stating it presents a good direction for the company and good information for the Board to review.

Mayor Nirenberg complimented the CPS Energy team, noting that the information was highly anticipated. He, too, had not been able to review the Resource Plan, but agrees with the comments from Dr. Mackey. The community has been looking forward to this and it is clear that it has not been assembled haphazardly. The Board needs this level of information to make good decisions. He noted that the Resource Plan is clearly stamped "public information" and will be pored over by the community. He is not in favor of creating a non-disclosure agreement, stating that Ms. Gold-Williams did not carelessly decide to release the information.

The Board discussed proceeding with Dr. Eugster's presentation or convening in Executive Session to discuss Trustee Kelley's concerns. They determined that so long as Dr. Eugster provided a "high level" presentation, they would proceed in that way and then go into Executive Session to cover the items discussed. Chair Steen asked if there were any objections to his plan and no objections were raised.

Dr. Eugster provided a generation planning update, reiterating that no Board action is being requested. Ms. Gold-Williams clarified that no decision regarding coal has been made; we continue to evaluate various options for our generation plans. There is no decision and no recommendation at this time.

Dr. Eugster discussed decarbonizing our generation mix, noting that we will work towards renewables and stating that **FlexPOWER Bundle**SM is our first step in that direction. He noted that CPS Energy is the fourth largest power producer in Texas, so we must transition our portfolio of generation assets carefully. He referenced a chart showing the generation facilities by age, recognizing that some units exceed 40+ years in age. We have identified about 3000 megawatts that will need to transition over the upcoming decade. We will begin to replace aging assets through the **FlexPOWER Bundle** and we will need firming capacity to ensure reliability. He explained that the plants' stranded costs are an important consideration, noting that the Spruce units have an estimated net book value of \$1.255 billion and \$1.7 billion in remaining debt service. One way to mitigate the stranded cost is to convert the coal plant to burn a different fuel. If Spruce 2 is converted to burning natural gas at a cost of about \$40 million, some stranded costs are mitigated. Gas conversion would reduce emissions by 40 percent. He reiterated that options such as this are being considered, but no decisions have been made.

Dr. Eugster explained that it is possible to close the aging gas and coal units and convert a coal unit by 2030. He identified various assumptions for replacing the units, including replacement capacity, financial implications, depreciation, the workforce, environmental aspects and reliability. He noted that we would need additional funding for the gas conversion, however, the amount would be significantly lower than any environmental retrofits such as an SCR. He introduced a conceptual timeline for generation transformation, suggesting that certain units would be replaced by the **FlexPOWER Bundle**, while other units could be replaced by similar future resource bundles.

**Draft for review and approval
at the February 22, 2021 meeting**

Dr. Mackey and Mayor Nirenberg expressed appreciation for the presentation. In response to an inquiry by Mayor Nirenberg, Ms. Gold-Williams explained how the information could be shared and discussed with the community and City Council. Mayor Nirenberg suggested that City Council hear the information in "A" session. He requested that we include the CAAP Advisory Committee on the list of groups to receive a formal briefing, to which Ms. Gold-Williams agreed.

Upon conclusion of the agenda item, Chair Steen noted that the Board would continue with the remaining agenda items and proceed to Executive Session as planned.

VI. ADDITIONAL UPDATES

FY2021 COVID-19 Financial Impacts as of December 31, 2020.

Mr. Gold provided an update on the FY2021 COVID-19 Financial Impacts. It included actual results through December 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 negative \$0.5 million. However, the actual year-to-date net income amount is \$51.8 million, a favorable variance of \$52.3 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 December 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 2.2 percent below budget.

Regarding the potential effects of COVID-19 on net income for FY2021, a net loss of \$0.4 million is projected, assuming a Medium Impact scenario. A High Impact scenario is projected to result in a net loss of \$10.0 million. This assumes \$52 million of bad debt. 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.

Trustee Kelley asked what caused the projection changes which previously indicated a \$51.8 million profit to now indicating a loss. He asked if it was due to write-offs. Mr. Gold explained that the change in projections was largely due to increased projections on bad debt and property sales that did not close in the expected time period.

Trustee Kelley asked whether the flow of funds contemplates write-offs and deferrals of receivables. Mr. Gold answered affirmatively that the deferrals are included in the net income calculation and the flow of funds. Ms. Gold-Williams further explained that the budget factors in write-offs. She indicated that we are seeing an unprecedented trend in receivables and we are analyzing whether we have reserved enough.

Trustee Kelley stated that "cash is king." He expressed a desire for us to keep a close eye on cash flow. Ms. Gold-Williams responded that we are focused on all financial aspects and noted that we would spend time with each Board member on the financial metrics.

**Draft for review and approval
at the February 22, 2021 meeting**

Mr. Gold explained the drivers for the positive change from the November financial forecast, namely lower projected net retail and wholesale revenue offset by O&M savings and lower interest.

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 \$216.7 million, approximately \$40.8 below projections. Mr. Gold noted that capital expenditures are projected to be \$62 million under budget.

Trustee Kelley explained that we can defer capital expenditures. He stated that one financial indicator of the health of the company is the R&R balance. He asked how we anticipate funding necessary capital expenditures and how do we feel about the R&R account vis-à-vis our best in class company designation. Mr. Gold responded that we are monitoring our days-cash-on-hand and projecting a good number for that metric (202 days cash on hand). Mr. Gold further explained that we are still looking at funding our capital program with a balanced mix of R&R cash and debt.

Turning to the key financial metrics, the forecasted Adjusted Debt Service Coverage (ADSC) is 1.55x for the Medium Impact scenario, above the accountability plan threshold of 1.50x. In the High Impact scenario, ADSC is projected to be 1.53x. Days Cash on Hand (DCOH) for the Medium Impact scenario is projected at 202, better than the accountability plan's threshold of 150. In the High Impact scenario, DCOH is projected to be 193.

In response to Trustee Kelley's inquiry, Mr. Gold responded that our metric thresholds are consistent with our double-A (AA) credit rating.

The Debt Capitalization (DC) ratio is projected to be 60.6 percent for the Medium Impact scenario and 60.7 percent for the High Impact scenario, both favorable to the accountability plan threshold of 61.7 percent. Mr. Gold indicated that some decisions implemented related to the capital plan have allowed us to manage this number near the target. We target to maintain the number below 60 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. Past due accounts are higher than we have historically seen. We will continue to work with our customers to help them find assistance and put them on payment plans;
- Focus on cash flows to ensure liquidity;
- Prioritize ongoing spend to identify additional cost reductions and cash savings; and
- Scan for emerging risks.

Trustee Kelley and Dr. Mackey congratulated Mr. Gold, Ms. Gold-Williams and the team for doing an outstanding job managing the finances along with the other pressures.

Cost Savings: Financing Transactions

Mr. Gautam Shringarpure, Director Debt Management, Corporate Finance Analytics, Financial Services explained that we completed two financing transactions in Fall 2020. The Board approved our financial plan

**Draft for review and approval
at the February 22, 2021 meeting**

in May 2020 and that approval allowed us to refund \$375 million and remarket \$100 million. Through those transactions, we were able to achieve significant savings. We have almost \$6 billion in debt outstanding and one of the strongest credit ratings in the industry. Our high credit rating allows us to lower our borrowing cost, which provides savings. The savings we achieve are ultimately passed on to our customers. Over the last 15 years, we were able to take advantage of our strong credit rating to refinance approximately \$4 billion in debt, resulting in over \$564 million of gross savings.

Mr. Shringarpure explained that one transaction in Fall of 2020 allowed us to save \$109.9 million over the 28-year maturity schedule of the debt. The second remarketing transaction of \$100 million saved \$2.4 million over the six-year maturity schedule. The two transactions saved over \$112 million.

Mayor Nirenberg congratulated the team on incredible savings achieved.

Chair Steen commented on Mr. Shringarpure's prestigious chartered financial analyst (CFA) designation and expressed gratitude that he was part of the CPS Energy team. He further commented on the intense focus on cost savings as a great source of pride.

VII. PROCUREMENT REVIEW

General Services – Context for Item 8G2: Gas Construction Services Purchase Order Correction

Mr. Richard Lujan, Senior Director, Gas Solutions provided a procurement preview regarding gas construction service purchase order corrections. Mr. Lujan explained that we utilize gas construction companies to assist with our gas distribution business. In September 2020, we presented to the Board the notable increases in gas construction projects. That same month, the Board approved a 3-year gas construction contract for \$120 million. The issue addressed in the today's procurement involves the three previous purchase orders. It was discovered that certain invoices totaling approximately \$1.4 million were not allocated to the correct purchase order. We are seeking approval from the Board to pay the invoices that were allocated to incorrect purchase orders.

Mr. Lujan explained the process to re-match the invoices to the appropriate purchase orders. He explained that an internal audit was conducted on the invoicing re-match and verified that vendor charges were supported and free of material errors. Mr. Lujan explained that the team will be addressing internal controls, transitions in leadership, transfer of knowledge, and contract management training. Mr. Lujan asked for approval for the consent agenda item to pay all outstanding invoices not to exceed \$1.5 million.

Chair Steen called for questions or comments.

Trustee Gonzalez asked a series of questions including which vendors were impacted, the outstanding accounts payable, and payment processes for invoices. Mr. Lujan and Ms. Gold-Williams explained that we left value on certain previous purchase orders and when we moved forward on new purchase orders, we incorrectly applied the invoices to the new purchase orders. The team was attributing invoices to incorrect purchase orders. Trustee Gonzalez asked for clarification on the amount of approval sought. Ms. Gold-Williams responded that the Board had approved the previous purchase orders and the amount discussed today did not exceed those previously approved amounts. Trustee Gonzalez expressed gratitude that we are not exceeding previously approved amounts.

**Draft for review and approval
at the February 22, 2021 meeting**

Trustee Gonzalez suggested that vendors complete “close out” forms and Ms. Gold-Williams agreed to consider the suggestion. Trustee Gonzalez asked for a report on the close-out process.

In response to Dr. Mackey’s inquiry, Ms. Gold-Williams confirmed that the amount sought would resolve outstanding invoices and payments for the prior contracts.

Dr. Mackey asked whether employees have the training to review the work before the invoices are paid. He commented that he has observed work performed improperly by our contractors and that employees need to validate that work is done correctly, without damage to property, and we are properly billed. Ms. Gold-Williams expressed appreciation for the comments and responded that we would get back with Dr. Mackey regarding specifics related to the scenario he mentioned.

VIII. APPROVAL OF CONSENT ITEMS:

Trustee Kelley moved that the Consent Agenda be approved, and Trustee Gonzalez seconded. Dr. Mackey discussed the Board Travel Policy and asked whether there was any history of abuse on the policy. Chair Steen responded that the Board Travel Policy has not been formally adopted but that it has been used for some time. Ms. Gold-Williams responded that we have not seen abuse, but we wanted to formalize the process.

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 November 16, 2020, the Special Board Meeting held November 16, 2020, and the Regular Board Meeting held on December 14, 2020, were approved as submitted.

Approval of Payment to the City of San Antonio for December 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 December 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$167,776,785.90, less applicable exclusions. The revenue for the month of December 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$171,992,152.96
Gas revenue	20,853,040.33
Interest and other income	986,623.02
Gross revenue per CPS Energy financial statements	193,831,816.31
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,626,714.00)

**Draft for review and approval
at the February 22, 2021 meeting**

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	(16,403,383.55)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(4,024,932.86)</u>
Total excluded revenue	<u>(26,055,030.41)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$167,776,785.90</u>
City payment per Bond Ordinance for December 2020 based upon December 2020 revenue	\$23,488,750.03
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	633,443.13
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	24,109,693.16 A
Utility services provided to the City for December 2020	<u>(2,418,655.80)</u>
Net amount to be paid from December 2020 revenue to the City in January 2021	<u>\$21,691,037.36</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)

December 2020	Actual	Budget	Variance	
Current Month* A	\$24,110	\$24,918	(\$808)	-3.2%
Year-to-Date*	\$305,106	\$330,599	(\$25,493)	-7.7%

*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 \$21,691,037.36, representing 14% of applicable system gross revenues for the month of December 2020, such payment being net of City utility services (\$2,418,655.80), is hereby approved."

**Draft for review and approval
at the February 22, 2021 meeting**

Approval of Procurement Items – January

Two (2) Non-Competitively Sensitive Items

Purchase Category:	Professional Services
Item Description:	Outside Plant (OSP) Fiber Lifecycle Program
Supplier:	ADB Companies, Inc. Black & Veatch Corporation HMI Utilities, LLC PhaseLink Utility Solutions, LLC Quanta Telecommunications Services, LLC TOP Engineers Plus PLLC TRC Engineers, Inc.

Purchase Category:	General Services
Item Description:	Gas Construction Services Purchase Order Correction
Supplier:	Dimension Energy Services LLC Mastec North America, Inc. Mears Installation LLC

*The listed Procurement Items to be attached as Attachment “A”.

IX. EXECUTIVE SESSION

At approximately 3:34 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:

- Competitive Matters (§551.086)
- Personnel Matters (§551.074)

The Board reconvened in open session at 4:48 p.m. The quorum was re-established. Ms. Shellman reported that only the matters cited above, and no others, were discussed in Executive Session. A vote on a competitive matter was taken during the Executive Session, as permitted by Texas Government Code §551.086.

X. COMMITTEE REPORTS

Personnel Committee Meeting held on 12/17/2020

Trustee Kelley stated that a report on the Personnel Committee meeting, which took place on December 17, 2020, was posted with the public notice of this meeting and will be attached (as Attachment “B”) to the meeting minutes.

**Draft for review and approval
at the February 22, 2021 meeting**

XI. BOARD OFFICERS

Trustee Kelley, Chair of the Nominations Committee, conducted a meeting in November 2020 to discuss the election of a new Chair and Vice Chair. Historically, the Board Chair and Vice Chair are elected for two-year terms. The Nominations Committee suggests the new Chair and Vice Chair terms begin February 1, 2021.

Trustee Kelley expressed deep appreciation to Chair Steen for his three-year tenure as Chair of the Board. He specifically recognized Chair Steen for remaining in close contact with Ms. Gold-Williams throughout this difficult last year dealing with the pandemic and shifting from in-person meetings to virtual Board meetings.

Trustee Kelley reported that the recommendation of the Nominating Committee was to nominate Dr. Mackey to serve as Board Chair and Trustee Gonzalez to serve as Vice Chair. He expressed strong support for the nominees and recognized Dr. Mackey as a strong, solid contributor to the Board and Trustee Gonzalez as injecting innovation and vigor to the Board. Trustee Kelley then formally moved that beginning February 1, 2021, Dr. Mackey assume the position of Chair and Trustee Gonzalez assume the position of Vice Chair of the Board.

Chair Steen seconded the motion, noting that he is the other member of the Nominations Committee. He thanked Trustee Kelley for his kind words. Mayor Nirenberg thanked Chair Steen for his stewardship of the Board, his openness, and his persistence to get things right. He also expressed his gratitude to Dr. Mackey and Trustee Gonzalez for their willingness to step into the roles of Chair and Vice Chair. Dr. Mackey expressed gratitude for Chair Steen's outstanding work as the Board Chair for several years, and heralded Chair Steen as a strong leader for the Board. He recognized Chair Steen for looking out for the best interests of the company and keeping Board meetings on schedule. Dr. Mackey expressed how privileged he is to be nominated and how committed he is to doing what is best for the Board.

Upon affirmative vote by all members present, the motion was unanimously approved.

**XII. RECOMMENDATION REGARDING PRESIDENT & CEO PERFORMANCE & CONTRACT;
DISCUSSION & POSSIBLE VOTE**

Trustee Kelley, as Chair of the Personnel Committee, presented a recommendation to extend Ms. Gold-Williams' contract, which is expiring on January 31, 2021. He expressed appreciation to Ms. Gold-Williams for navigating the company through stressful times and commended her extraordinary performance. He acknowledged that it has been a difficult year and it has been challenging to meet with external consultants to measure her performance against contract metrics but would like to provide assurance that the Board wants her to remain CEO. Trustee Kelley, on behalf of the Personnel Committee, recommended extending her existing contract by up to 24 months. The extension would allow the pandemic to pass, and provide time to achieve clarity on performance metrics and to set realistic targets for performance in FY2022. He emphasized that this action should not be interpreted as suggesting that a long-term contract is not desired.

Trustee Kelley moved to approve an extension of Ms. Gold-Williams' contract for up to 24 months. Mayor Nirenberg second the motion.

**Draft for review and approval
at the February 22, 2021 meeting**

Dr. Mackey expressed positive sentiments about Ms. Gold-Williams's leadership and performance. He noted his support for a 24-month extension of her contract. He expressed that it is important for Ms. Gold-Williams to know that he supports her and the job she is doing.

Mayor Nirenberg stated that Ms. Gold-Williams is an "extraordinary talent." He noted that it has been a pleasure to speak with her on panels and see her representing our utility on a national scale. He stated that she represents the future of the industry. He noted that it is a point of pride that we have a product of San Antonio, from our own San Antonio public schools, leading CPS Energy. He noted that Ms. Gold-Williams has done an extraordinary job navigating the pandemic and he is looking forward to her continued leadership of CPS Energy.

Trustee Gonzalez commented that Paula has been relentless in communicating CPS Energy's transformation significance. She models desired changes and has built a strong team. She is personally involved in all aspects of the business, which requires extraordinary energy, particularly in light of the pandemic. Trustee Gonzalez noted that she has witnessed Ms. Gold-Williams push forward on various levels of expectations. Any CEO will need the full backing of the Mayor, City Council, the Board, and the community. Ms. Gonzalez stated that she fully supports the extension of Ms. Gold-Williams' contract.

Chair Steen reflected on how proud he is of Ms. Gold-Williams. He discussed her educational and career background and noted the many accolades she has received. He expressed that her performance has been extraordinary under the most challenging circumstances, and that he has never seen someone more dedicated to their job than Ms. Gold-Williams. He supports the contract extension.

Trustee Kelley added that he chaired the Personnel Committee several years ago when the Board selected Ms. Gold-Williams for the role. He noted how pleased he is to see how well she has done.

Upon affirmative vote by all members present, the motion to extend Ms. Gold-Williams' contract for up to 24 months was unanimously approved.

Chair Steen noted that in the interest of time, agenda items 15 (SmartSA Data Sharing Processes & Principles) and 16 (Rate Advisory Committee (RAC) Update) will be deferred to a subsequent Board meeting.

XIII. NUCLEAR DECOMMISSIONING TRUST INVESTMENT MANAGER CONTRACTS

Mr. Domingo Villarreal, Director, Investment Management, Financial Services provided context on the nuclear decommissioning trusts (NDTs). Mr. Villarreal explained that we maintain two NDTs – one for our 28% interest in the South Texas Project (STP) and another for our 12% interest in STP. Mr. Villarreal explained that the trusts are overfunded, and the investment strategy is to see slow growth.

Pursuant to the Investment Policy and the Texas Public Funds Investment Act, he is seeking approval for two investment manager contracts to replace certain underperforming investment managers.

Mr. Villarreal noted that after a thorough search by the NDT Investment Committee, two investment managers – State Street, which maintains a passive investment style, and William Blair, an active investment manager, are being recommended for approval.

**Draft for review and approval
at the February 22, 2021 meeting**

Trustee Kelley congratulated the finance team for the overfunding position of the NDTs and for actively managing the investment managers to ensure performance.

Trustee Kelley moved to approve the replacement of two investment managers with the recommended managers, State Street and William Blair. Dr. Mackey seconded the motion.

In response to Trustee Gonzalez' inquiry, Mr. Villarreal responded that the management fees would largely be flat since fees for the passive manager would decrease and fees for the active manager would increase. He confirmed that the Board is required to approve the investment manager contracts at least once every two years. Trustee Gonzalez noted her interest in how often investment returns are reviewed.

In response to Chair Steen's inquires, Mr. Villarreal noted that the STP units are currently commissioned through 2048. Regarding any overfunding of decommissioning efforts, he stated that there is a statutory process to petition the Public Utility Commission of Texas for any excess funds to be distributed to customers.

Upon affirmative vote by all members present, the motion was unanimously approved.

XIV. BENEFIT PLAN FUNDING & EXPENSE

Mr. Paul Barham, Senior Vice President, Energy Delivery Services presented the benefit plan funding and expenses for FY2021. These benefit plans (health, life, pension, and disability trusts) are critical for our employees. There is a tremendous amount of work related to overseeing the benefit trusts. There is a Board-level oversight committee (the Employee Benefits Oversight Committee), an administrative committee, and full-time staff that manage the benefits and the related trusts. The Employee Benefits Oversight Committee (EBOC) provides excellent feedback and guidance on oversight of the trusts and ways to provide continuous improvement.

Mr. Barham reviewed the historical performance of the pension trust, noting that we have exceeded the targeted 7.25 percent return on investment since inception. Over the long term, we have exceeded the targeted 80 percent funded ratio for the last five years. The fiscal year investment performance is evaluated on January 31 of each year.

Pursuant to the Statement of Governance, we are required to obtain Board approval for funding and expenses related to the benefit trusts beginning February 1, 2021. Approval of this funding and expense is typically done as part of the annual budget approval; however, because the FY2022 budget will be presented to the Board in February, separate approval is sought today.

Mr. Barham sought approval to fund the benefits trust in the amount of \$105.5 million, and to incur approximately \$107.3 million in O&M expenses for FY2022. He explained that the FY2022 expenses are less than requested in FY2021 due to the reduction of claims costs against the benefit plans and beneficiary changes in demographics.

Trustee Kelley moved to approve \$107.3 million in estimated O&M expenses, and \$105.5 million of employer funding to the trusts. Dr. Mackey seconded the motion.

**Draft for review and approval
at the February 22, 2021 meeting**

In response to Trustee Kelley inquiries, Mr. Barham explained that the Board is approving only the employer's portion of funding and an additional component is funded by the employees. Mr. Barham explained that \$107.3 million is "all in" and that the employee contribution goes into the corpus. Regarding investments, Mr. Barham explained that any time an investment exceeds the actuarial rate of return, those amounts are reinvested. Trustee Kelley noted, and Mr. Barham agreed, that growth in the funds is coming from two areas, the employee contributions and investment gains. This provides an actuarial offset against the growth in benefits.

Trustee Gonzalez asked about the EBOC meetings. Mr. Barham explained that the EBOC meets quarterly and the members are given updates in those meetings or periodically in the interim, as needed. He noted that the figures presented to the Board were covered in an EBOC committee meeting the previous week. The presentation today was shaped following input from the EBOC related to improving performance of the funds. Trustee Gonzalez expressed that she desires greater understanding of how the Board members are responsible for oversight of the trusts. Mr. Barham offered to provide information regarding the scope of the EBOC.

Chair Steen inquired whether Trustee Gonzalez had received a briefing on the EBOC as she had been promised, based on previous discussions. Ms. Gold-Williams explained that the agenda item today is required for compliance purposes and would ordinarily be included in the budget, which has been pushed a bit. An upcoming briefing with Trustee Gonzalez will be used to explain certain proposed changes to the Statement of Governance and the Administrative Committee.

Upon affirmative vote by all members present, the motion was unanimously approved.

Chair Steen reiterated that the last two agenda items will be deferred.

XV. ADJOURNMENT

There being no further business to come before the Board, 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 5:43 p.m. by Chair Steen.

Carolyn E. Shellman
Secretary of the Board

CPS Energy Board of Trustees Meeting February 22, 2021

Approval of Payment to the City of San Antonio for January 2021

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 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$178,668,660.93, less applicable exclusions. The revenue for the month of January 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$165,590,215.71
Gas revenue	19,630,429.46
Interest and other income	(219,389.79)
Gross revenue per CPS Energy financial statements	<u>185,001,255.38</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,520,538.20)
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	(12,990,163.52)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>12,178,107.27</u>
Total excluded revenue	<u>(6,332,594.45)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$178,668,660.93</u>
City payment per Bond Ordinance for January 2021 based upon January 2021 revenue	\$25,013,612.53
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	460,708.84
Wholesale Special Contract Annual True Up	0.00
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True Up/(Down) per gas customer MOU	<u>(4,320.25)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	25,457,501.12 A
Utility services provided to the City for January 2021	<u>(2,540,189.64)</u>
Net amount to be paid from January 2021 revenue to the City	<u>\$22,917,311.48</u>

CPS Energy Board of Trustees Meeting February 22, 2021

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

(Dollars in thousands)

January 2021	Actual	Budget	Variance	
Current Month* A	\$25,458	\$34,701	(\$9,243)	-26.6%
Year-to-Date*	\$330,564	\$365,300	(\$34,736)	-9.5%

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

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2021 – Additional Transfer per Bond Ordinance		
Total	<u>\$12,018,202.72</u>	B

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 \$22,917,311.48, representing 14% of applicable system gross revenues for the month of January 2021, such payment being net of City utility services (\$2,540,189.64), 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 \$12,018,202.72, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of 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.



CPS Energy Board of Trustees Meeting
February 22, 2021
APPROVAL of PROCUREMENT ITEMS
Table of Contents

Seven (7) Non-Competitive Sensitive Items

- 1. Item Description:** Engineering & Construction Services for Electronic Recloser Deployment
Purchase Category: General Services
Supplier: Burns & McDonnell Engineering Company, Inc.
- 2. Item Description:** Electronic Reclosers
Purchase Category: Commodity & Material Goods
Supplier: Digilog Instruments, Inc.
Supplier: KBS Electrical Distributors, Inc.
- 3. Item Description:** Overhead Electric Distribution Services
Purchase Category: General Services
Supplier: Chain Electric Company
Supplier: Greenstone Electrical Services LLC
Supplier: Pike Electric LLC
- 4. Item Description:** Exposing and Excavating Underground Utilities
Purchase Category: General Services
Supplier: Bexar Pipeline & Utilities, Inc.
Supplier: Engineered Solutions, Inc.
Supplier: Pipeline Video Inspection, LLC DBA AIMS Companies
Supplier: Texas ReExcavation LC dba T-Rex Services
- 5. Item Description:** Land Surveying
Purchase Category: Professional Services
Supplier: Atwell, LLC
Supplier: LW Survey Co.
Supplier: Moy Tarin Ramirez Engineers, LLC
Supplier: Vickrey & Associates, Inc.



CPS Energy Board of Trustees Meeting
February 22, 2021
APPROVAL of PROCUREMENT ITEMS (continued)
Table of Contents

- 6. **Item Description:** Spruce Plant Drains Pond Owner's Engineer Services
Purchase Category: Professional Services
Supplier: AECOM Technical Services, Inc.

- 7. **Item Description:** Utility Locating and Marking
Purchase Category: General Services
Supplier: CCS Enterprises LLC dba United Locating Services

Approval: Almaraz, Frank T. Digitally signed by Almaraz, Frank T.
Date: 2021.02.08 20:52:57 -06'00'
Frank Almaraz, Chief Administrative & Business Development Officer

Approval: Paula Gold-Williams
Paula Gold-Williams, President & CEO



CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 1

Item Description	Engineering & Construction Services for Electronic Recloser Deployment
Purchase Order Value	\$25,000,000
Purchase Category	General Services
Department	Grid Transformation & Engineering
Vice President	Richard Medina
Chief Operating Officer	Cristopher Eugster

What we plan to do & why it is of value to our customers & company
<p>This contract is required to provide engineering and construction services for the electronic recloser deployment. Deployment of electronic reclosers supports our <i>Flexible Path</i>SM as we modernize the grid to support new technologies integration, grid resiliency and energy delivery to our customers. This four (4) year, \$25M contract will provide the engineering and construction services necessary to support our deployment plan, which will result in the benefits of increased automation of our electric distribution system, fewer power outages, shorter outage durations and reduced dispatching of crews.</p>
Subcontracting opportunities associated with the contract
<p>Burns & McDonnell Engineering Company, Inc. intends to subcontract 35% of the work to a local company, Chain Electric Company. Chain Electric Company, in turn, is subcontracting traffic control work to Alamo City Public Safety, Inc. and excavation work to Bexar Pipeline & Utilities, Inc. Alamo City Public Safety, Inc. is headquartered in San Antonio and classified as a small, Hispanic-owned and woman-owned business, while Bexar Pipeline & Utilities, Inc. is also headquartered in San Antonio and classified as a small business.</p>

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
Burns & McDonnell Engineering Company, Inc.	Non-Local / Non-Diverse	Male, Lrg, No Hub/Vet, Non Minority	Four (4) Years	\$ 25,000,000	2194996	
Total				\$ 25,000,000		

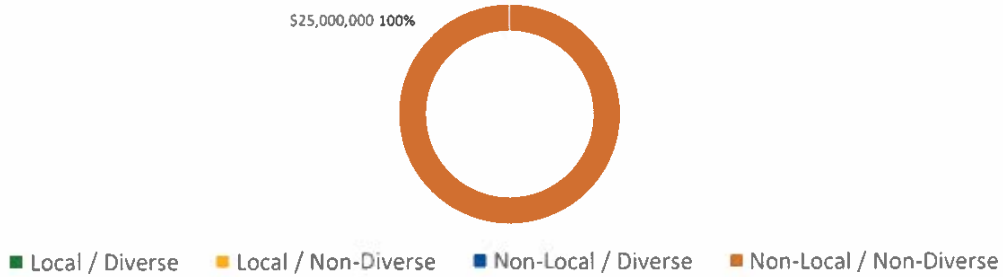


**CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 1 (continued)**

Annual Funds Budgeted						
FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$6,250,000	0.91%	\$6,250,000	\$12,500,000
21	Non-Fuel O&M	\$712,800,000	\$0	0.00%	\$0	\$0

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.
This procurement item does not contain competitively sensitive information; therefore, there are no restrictions on disclosure to the public.

Procurement Item: General Services





CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 2

Item Description	Electronic Reclosers
Purchase Order Value	\$20,000,000
Purchase Category	Commodity & Material Goods
Department	Grid Transformation & Engineering
Vice President	Richard Medina
Chief Operating Officer	Cris Eugster

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

This material contract is for the supply and delivery of electronic reclosers. Deployment of electronic reclosers supports our *Flexible PathSM* as we modernize the grid to support new technologies integration, grid resiliency and energy delivery to our customers. This four (4) year, \$20M contract will provide the electronic reclosers necessary to support our deployment plan, which will result in the benefits of increased automation of our electric distribution system, fewer power outages, shorter outage durations and reduced dispatching of crews. This is a recurring procurement item.

Subcontracting opportunities associated with the contracts

These local and/or diverse vendors utilize their own employees and vehicle fleet for all services related to this material. As a result there are no subcontracting opportunities available at this time.

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
Digilog Instruments, Inc.	Non-Local / Diverse	Woman, Small, No Hub/Vet, Non Minority	Four (4) Years	\$10,000,000	3069987	
KBS Electrical Distributors, Inc.	Local / Diverse	Male, Small, No Hub/Vet, Non Minority	Four (4) Years	\$10,000,000	3069988	
Total				\$ 20,000,000		

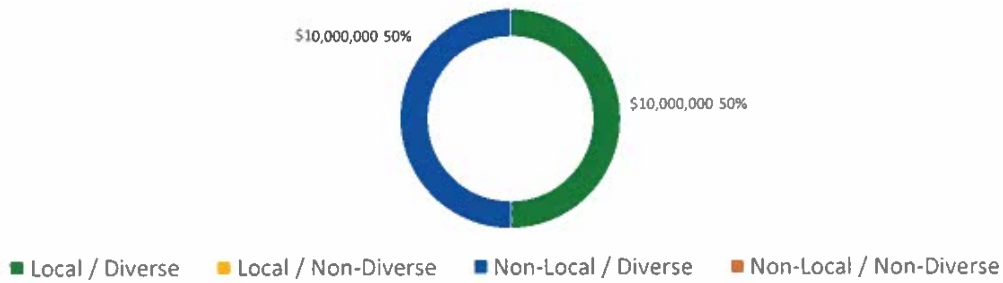


**CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 2 (continued)**

Annual Funds Budgeted						
FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$5,000,000	0.73%	\$5,000,000	\$10,000,000
21	Non-Fuel O&M	\$712,800,000	\$0	0.00%	\$0	\$0

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.
This procurement item does not contain competitively sensitive information; therefore, there are no restrictions on disclosure to the public.

Procurement Item: Commodity & Material Goods





CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 3

Item Description	Overhead Electric Distribution Services
Purchase Order Value	\$71,000,000
Purchase Category	General Services
Department	Energy Delivery Services
Interim Vice President	Darrell Clifton
Chief Operating Officer	Cristopher Eugster

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

These contracts are required to provide various overhead electric distribution services to include line extensions, turn-key subdivision work, pole replacements, system work, civic work and 24/7 storm restoration throughout the CPS Energy service area. This will allow CPS Energy to provide safe and reliable services to our customers. This is a recurring procurement item. These contracts are for three (3) years and will expire on February 28, 2024.

Subcontracting opportunities associated with the contracts

Chain Electric Company intends to subcontract traffic control work to Alamo City Public Safety, Inc. and OSO Public Safety. Alamo City Public Safety, Inc. is headquartered in San Antonio and classified as a small, Hispanic-owned and woman-owned business. OSO Public Safety is also headquartered in San Antonio and classified as a small, Hispanic-owned and woman-owned business. Pike Electric LLC intends to subcontract traffic control work to Alamo City Public Safety, Inc.; hydration supplies to Mireles Party Ice; onsite fuel services to Marshall Distributing Company, Inc.; and hauling services to J Hernandez Trucking LLC. Mireles Party Ice is headquartered in San Antonio and is classified as a Hispanic-owned, emerging small business. Marshall Distributing Company, Inc. is headquartered in San Antonio. J Hernandez Trucking LLC is headquartered in San Antonio and classified as a Hispanic-owned, emerging small business.

Recommended Supplier(s) & Spend

Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
Chain Electric Company	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 44,000,000	2194588	N/A
Pike Electric LLC	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 17,000,000	2194590	N/A
Greenstone Electrical Services LLC	Local / Diverse	Woman, Small, HUBZone, Non Minority	Three (3) Years	\$ 10,000,000	2194589	Corporate headquarters based in San Antonio Metropolitan Area
Total				\$ 71,000,000		



CPS Energy Board of Trustees Meeting
 February 22, 2021
 PROCUREMENT FORM 3 (continued)

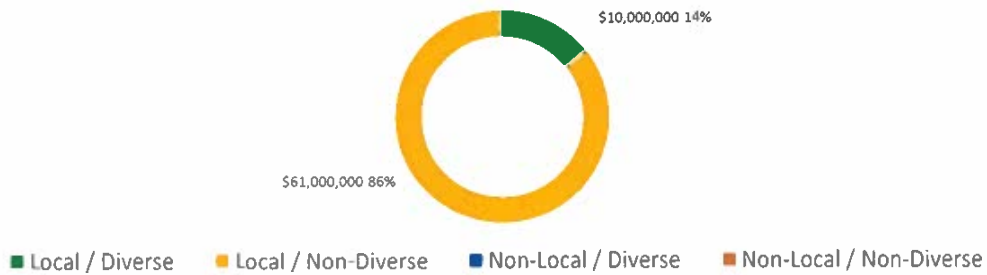
Annual Funds Budgeted

FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$19,000,000	2.78%	\$19,000,000	\$19,000,000
21	Non-Fuel O&M	\$712,800,000	\$4,700,000	0.66%	\$4,700,000	\$4,600,000

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

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

Procurement Item: General Services





CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 4

Item Description	Exposing and Excavating Underground Utilities
Purchase Order Value	\$14,250,000
Purchase Category	General Services
Department	Energy Delivery Services
Interim Vice President	Darrell Clifton
Chief Operating Officer	Cristopher Eugster

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

These contracts are required to provide hand dig and hydro-vac services to expose buried utilities to assist the overhead electric distribution department and overhead electric service contractors. This will allow CPS Energy to provide safe and reliable services to our employees and customers. This is a normal recurring procurement item. These contracts are for three (3) years and will expire on February 28, 2024.

Subcontracting opportunities associated with the contracts

Texas ReExcavation LC dba T-Rex Services intends to subcontract traffic control work to Alamo City Public Safety, Inc. and OSO Public Safety. Alamo City Public Safety, Inc. is headquartered in San Antonio and classified as a small, Hispanic-owned and woman-owned business. OSO Public Safety is also headquartered in San Antonio and classified as a small, Hispanic-owned and woman-owned business.

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
Bexar Pipeline & Utilities, Inc.	Local / Diverse	Male, Small, No Hub/Vet, Non Minority	Three (3) Years	\$ 3,562,500	2194998	Corporate headquarters based in San Antonio Metropolitan Area
Engineered Solutions, Inc.	Local / Diverse	Women, Small, HUBZone, Hispanic	Three (3) Years	\$ 3,562,500	2194999	Corporate headquarters based in San Antonio Metropolitan Area
NEW Pipeline Video Inspection, LLC DBA AIMS Companies	Local / Diverse	Women, Small, HUBZone, Non Minority	Three (3) Years	\$ 3,562,500	2194997	N/A
Texas ReExcavation LC dba T-Rex Services	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 3,562,500	2195000	N/A
Total				\$ 14,250,000		



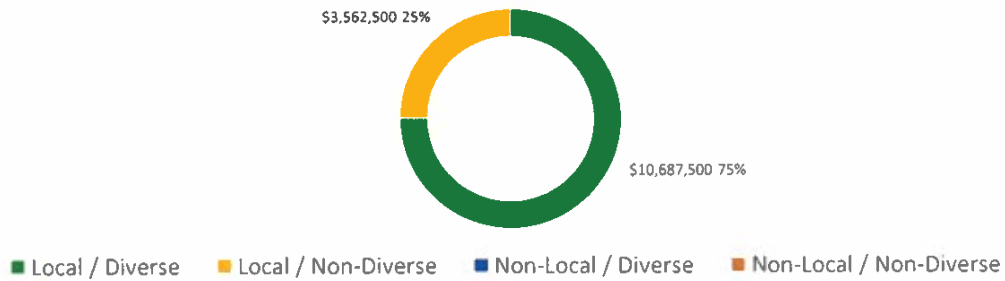
**CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 4 (continued)**

Annual Funds Budgeted						
FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$3,800,000	0.56%	\$3,800,000	\$3,800,000
21	Non-Fuel O&M	\$712,800,000	\$950,000	0.13%	\$950,000	\$950,000

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

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

Procurement Item: General Services





CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 5

Item Description	Land Surveying
Purchase Order Value	\$4,550,000
Purchase Category	Professional Services
Department	Energy Delivery Services
Senior Vice President	Paul Barham
Chief Operating Officer	Cristopher Eugster

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

This contract is required to provide professional land surveying services to six (6) individual business areas within CPS Energy: Gas Solutions, Underground Engineering, Transmission Engineering, Overhead Engineering, Right of Way, and Facility Operations. This is a recurring procurement item required for supporting the design and construction of gas, electric underground, electric overhead, electric transmission, electric substations, and facility operations. The scope of services for these contracts includes site surveys, field staking, sealed survey drawings by registered professional land surveyors, and digital maps for supporting design & construction of gas and electric facilities. This new contract is for three (3) years beginning on March 1, 2021 and will expire on February 29, 2024.

Subcontracting opportunities associated with the contracts

LW Survey Co. is subcontracting to Elizondo & Associates Land Surveying & Mapping LLC and Gonzales-De La Garza & Associates LLC. Elizondo & Associates Land Surveying & Mapping LLC is a small, veteran-owned, Hispanic-owned business. Gonzales-De La Garza & Associates LLC is a small, woman-owned, Hispanic-owned business. Atwell, LLC plans to self-perform and does not currently anticipate subcontracting opportunities associated with their contract; however Atwell, LLC is open to identifying opportunities for subcontracting during the course of the project.

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
NEW Moy Tarin Ramirez Engineers, LLC	Local / Diverse	Male, Small, Hubzone, Hispanic	Three (3) Years	\$ 1,137,500	See attached Supplement for PO information	Corporate headquarters based in San Antonio Metropolitan Area
Vickrey & Associates, Inc.	Local / Diverse	Women, Small, No Hub/Vet, Non Minority	Three (3) Years	\$ 1,137,500	See attached Supplement for PO information	Corporate headquarters based in San Antonio Metropolitan Area



**CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 5 (continued)**

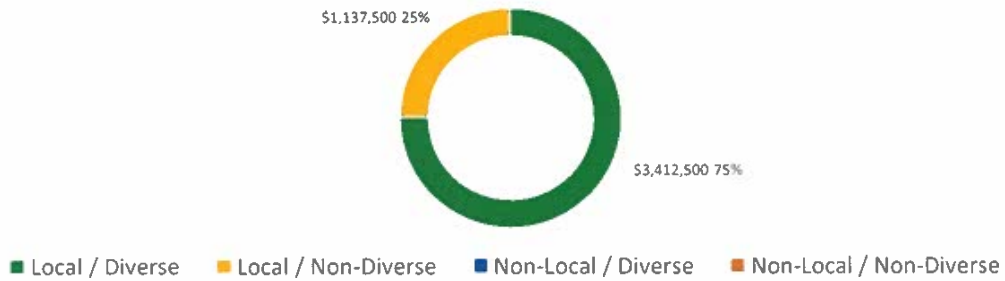
NEW LW Survey Co.	Local / Diverse	Male, Large, No Hub/Vet, Native American	Three (3) Years	\$ 1,137,500	See attached Supplement for PO information
NEW Atwell, LLC	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) Years	\$ 1,137,500	See attached Supplement for PO information
Total				\$ 4,550,000	

Annual Funds Budgeted						
FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$1,366,667	0.20%	\$1,366,667	\$1,366,666
21	Non-Fuel O&M	\$712,800,000	\$150,000	0.02%	\$150,000	\$150,000

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

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

Procurement Item: Professional Services



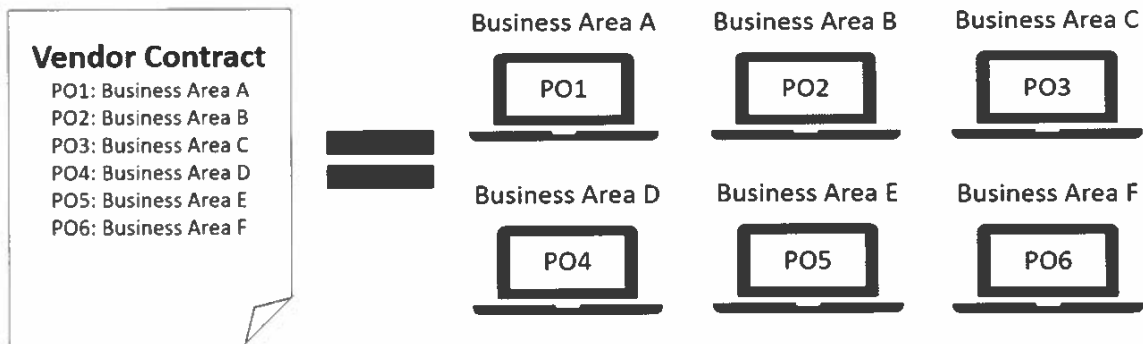
SUPPLEMENT – LAND SURVEYING MULTIPLE PURCHASE ORDER DETAILS

Six (6) business areas will be leveraging the same Land Surveying contracts for this procurement item, which helps with procurement efficiency and allows us to leverage economies of scale for this scope of work. Multiple vendors are recommended for award, which further helps achieve best value throughout the term of the contract, provides flexibility and redundancy for our teams and offers more opportunity for businesses in our community.

These contracts have been assembled in a unique way that offers administrative benefits to CPS Energy and the recommended vendors. Each vendor will be awarded a single contract. Each CPS Energy business area will have a unique purchase order number associated with the contract; hence, there will be six (6) PO numbers issued for each vendor agreement. Each PO has an individual spend limit that cumulatively equals the total contract value to prevent overspend and allow explicit visibility into the status of the PO value remaining for each business area.

Each Vendor Sees:

CPS Energy Sees:



Benefits of this structure:

- Individual PO’s establish clear accountability for all business area Field Representatives
- Eliminates SAP workflow delays
- Shifts responsibility to the supplier to
 - Recognize the business area requesting the task/project
 - Ensure involvement of the correct Field Representative
 - Properly invoice the PO held by the correct business area

**SUPPLEMENT – LAND SURVEYING
MULTIPLE PURCHASE ORDER DETAILS**

Supplier Name	PO#	Business Area
Moy Tarin Ramirez Engineers, LLC	2195013	Gas Solutions
	2195009	Underground Engineering
	2195011	Transmission Engineering
	2195012	Overhead Engineering
	2195010	Right of Way
	2195014	Facility Operations
Vickrey & Associates, Inc.	2195019	Gas Solutions
	2195015	Underground Engineering
	2195017	Transmission Engineering
	2195018	Overhead Engineering
	2195016	Right of Way
	2195020	Facility Operations
LW Survey Co.	2195025	Gas Solutions
	2195021	Underground Engineering
	2195023	Transmission Engineering
	2195024	Overhead Engineering
	2195022	Right of Way
	2195026	Facility Operations
Atwell, LLC	2195007	Gas Solutions
	2195003	Underground Engineering
	2195005	Transmission Engineering
	2195006	Overhead Engineering
	2195004	Right of Way
	2195008	Facility Operations



CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 6

Item Description	Spruce Plant Drains Pond Owner's Engineer Services
Purchase Order Value	\$5,000,000
Purchase Category	Professional Services
Department	Power Generation
Senior Vice President	Benny Ethridge
Chief Operating Officer	Cris Eugster

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

This contract is required to provide owners engineer services, including detailed design and construction support, for the Spruce plant drains project. This project is required for compliance with the EPA Coal Combustion Residuals (CCR) Rule. This contract will provide for completion of the detailed design of the new CCR compliant pond and associated systems including oversight during construction.

Subcontracting opportunities associated with the contracts

We do not currently anticipate subcontracting opportunities associated with this contract; however we will work with AECOM Technical Services, Inc. to pursue opportunities for subcontracting during the course of the project.

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
AECOM Technical Services, Inc.	Local / Non-Diverse	Male, Large, Non-Hub/Vet, Non-Minority	Approximately December 31, 2024	\$ 5,000,000	2194574	
Total				\$ 5,000,000		



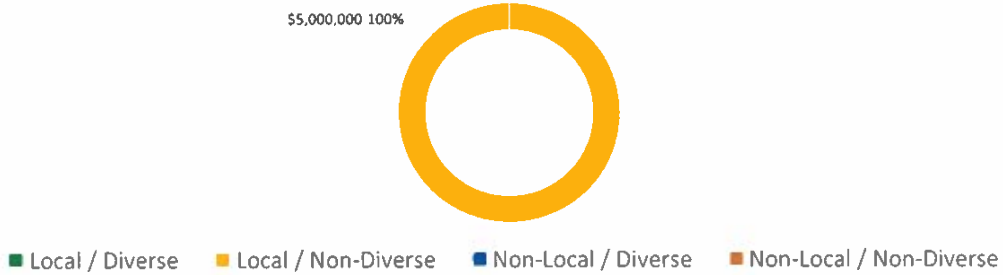
**CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 6 (continued)**

Annual Funds Budgeted						
FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$2,628,000	0.38%	\$1,420,000	\$952,000
21	Non-Fuel O&M	\$712,800,000	\$0	0.00%	\$0	\$0

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

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

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 7

Item Description	Utility Locating and Marking
Purchase Order Value	\$30,000,000
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
This contract for locating services will support our damage prevention program & contribute to increased reliability, safety and regulatory compliance. This contract is critical to prevent damage to all of the underground gas and electric facilities within our system. The gas locates are regulated by the Texas Railroad Commission and both the electric and gas locates are directly tied to CPS Energy's risk mitigation plans regarding damage prevention. We perform approximately 200,000 locate requests annually. This is a recurring procurement item. This contract is for three (3) years and will expire on February 28, 2024.
Subcontracting opportunities associated with the contracts
CCS Enterprises LLC dba United Locating Services does not anticipate subcontracting opportunities associated with this contract at this time; however, they plan to work with us to identify potential subcontracting opportunities with local and diverse businesses throughout the term of the contract.

Recommended Supplier(s) & Spend						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
CCS Enterprises LLC dba United Locating Services	Local / Non-Diverse	Male, Large, No Hub/Vet, Non Minority	Three (3) years	\$ 30,000,000	2194583	
Total				\$ 30,000,000		



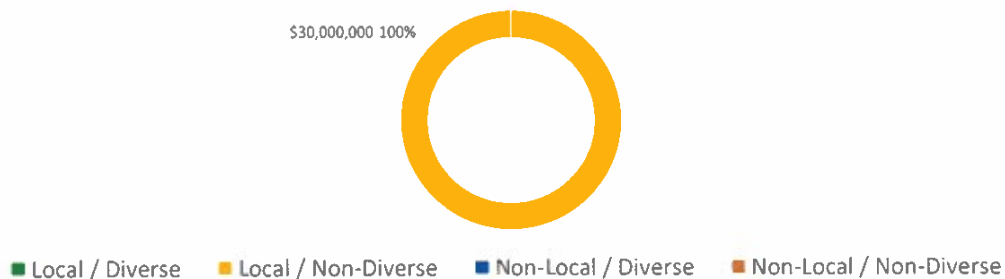
**CPS Energy Board of Trustees Meeting
February 22, 2021
PROCUREMENT FORM 7 (continued)**

Annual Funds Budgeted						
FY*	Funding Method	Corporate Annual Budget*	Projected FY22 PO Spend	% Of Annual Corp Budget*	Projected FY23 PO Spend	Projected FY24 & FY25 PO Spend
21	Capital	\$684,100,000	\$7,392,889	1.08%	\$7,758,100	\$7,758,100
21	Non-Fuel O&M	\$712,800,000	\$2,290,911	0.32%	\$2,400,000	\$2,400,000

*FY21 budget used for illustrative purposes, as the FY22 budget has not yet been approved.

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

Procurement Item: General Services





AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 19, 2021 MEETING PREPARED FOR COMMITTEE MEMBER, DR. WILLIS MACKEY FOR REPORT AT THE FEBRUARY 22, 2021 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on January 19, 2021. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on October 19, 2020.
- B. Received an update on Enterprise Compliance:
 - a. Overview of the energy and water interdependence and environmental permits.
 - b. Due to proactive environmental compliance were able to achieve an approximate cost savings of \$60,000 a year.
 - c. Regulatory agencies are still exercising enforcement discretion as necessary, and many regulatory agencies employees are working remotely.
- C. Received an update on the Ethics Program, including a summary of cases that were opened and closed through December 18, 2020, and a trend analysis for FY2020 versus FY2021 3rd Quarter.
- D. Received an overview of current year GASB implementation that will occur by January 31, 2021, and GASB standards that will be effective in FY2022 and FY2023.
- E. Received update on Nuclear Decommissioning Trust Investment Manager Replacement:
 - a. Provided an overview of managed investments for the Nuclear Decommissioning Trusts.
 - b. Informed that two underperforming investment managers were identified and at the January 25, 2021, Board meeting, a request would be made for Board approval of a resolution to execute new investment manager agreements to replace the two underperforming investment managers.
- F. Received External Audit Request for Proposal (RFP) Update:
 - a. Received overview of our current external audit team of Baker Tilly and C.C. Garcia & Co, the engagement approach for the request for proposal (RFP) process, the External Audit Rotation policy, and a tentative timeline for the external audit RFP process.
- G. Received Audit Services Update:
 - a. Received update on the status of projects for FY2021, including vendor audits performed by Deloitte.
 - b. A quarterly audit plan will be implemented for FY2021. Q1 FY2022 Audit Plan was approved and the required communications were provided.

The next meeting of the Audit & Finance Committee will be held in April 2021.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 19, 2021 MEETING PREPARED FOR COMMITTEE CHAIR TRUSTEE JOHN STEEN FOR REPORT AT THE FEBRUARY 22, 2021 BOARD OF TRUSTEES MEETING

The EBOC met on January 19, 2021. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 19, 2020.
- B. Reviewed the Action Item list from the October 19, 2020 Meeting.
- C. Received a presentation regarding a Benefit Plans Administrative & Financial Update, which included items related to governance and improvement initiatives, an update on a Pension Trust line of credit paydown, a benefit trust update on Trustee services RFP, an update on quarterly and yearly investment performance, a preview of FY2022 benefit plan funding & expense, and an update on the improvement plan.
- D. Received a presentation and a request for approval regarding proposed enhancements and revisions to the Benefit Trusts Investment Policy (IP), which was unanimously approved by the EBOC.
- E. Received a presentation and a request to recommend Statement of Governance (SoG) revisions for full Board approval tentatively at the February 22, 2021 meeting, which was unanimously approved by the EBOC.

The next meeting of the EBOC will is to be determined.



**AUDIT & FINANCE & EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)
ALIGNED RISK SUB-COMMITTEE**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 19, 2021 MEETING
PREPARED FOR COMMITTEE MEMBER, MR. JOHN STEEN
FOR REPORT AT THE FEBRUARY 22, 2021 BOARD OF TRUSTEES MEETING**

The Audit & Finance & EBOC Aligned Risk Sub-Committee met on January 19, 2021. As part of the Audit & Finance & EBOC Aligned Risk Sub-Committee (Sub-Committee) agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on October 19, 2020
- B. Reviewed the action item from the previous meeting
- C. Highlighted Environmental, Social & Governance risk landscape
- D. Heard from risk owners on the implications of suspending disconnects during the COVID-19 pandemic.

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



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 27, 2021 MEETING
PREPARED FOR COMMITTEE MEMBER, MR. ED KELLEY
FOR REPORT AT THE FEBRUARY 22, 2021 BOARD OF TRUSTEES MEETING**

The Personnel Committee met on January 27, 2021. As part of the Personnel Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting, held on December 17, 2020.
- B. Reviewed the action items from the December 17, 2020 meeting, including a follow-up discussion on workforce trends.
- C. Received a Customer Satisfaction Survey Follow Up in response to an action item from the December 17, 2020 meeting.

The next meeting of the Personnel Committee is to be determined.

February 22, 2021

CPS ENERGY BOARD OF TRUSTEES COMMITTEE ASSIGNMENTS

1. Audit & Finance Committee (A&F)

John Steen, Chair
Dr. Willis Mackey

2. CEO Search Committee (CEO SC)

John Steen, Chair
Janie Gonzalez

3. Employee Benefits Oversight Committee (EBOC)

John Steen, Chair
Dr. Willis Mackey

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