



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON JANUARY 31, 2025, AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Ms. Janie Gonzalez
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Brianna Lohse
3	PUBLIC COMMENT Pre-Registration is from Monday, January 27, 2025, 5:00 PM – Wednesday, January 29, 2025, 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Ms. Janie Gonzalez
UPDATE ON CHAIR’S PRIORITIES			
4	CHAIR’S REMARKS	Discuss	Ms. Janie Gonzalez
5	CEO RECOGNITION	Discuss	Mr. Rudy Garza
CONSENT AGENDA			
6	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for December 2024 B. Minutes from the December Regular Board Meeting, held on December 16, 2024	Vote	Ms. Janie Gonzalez
REGULAR AGENDA			
7	BOARD COMMITTEE REPORTS A. Nominations Committee (NC) Meeting held on November 4, 2024 (Dr. Willis Mackey) B. Operations Oversight Committee (OOC) Meeting held on November 4, 2024 (Dr. Francine Romero)	Discuss	Ms. Janie Gonzalez

	COMMUNITY INPUT COMMITTEE (CIC) REPORT A. Community Input Committee Meeting held on January 8, 2025		
8	ELECTION OF NEW BOARD OF TRUSTEES CHAIR AND VICE CHAIR	Vote	Ms. Janie Gonzalez
9	PROCUREMENT REQUEST FOR APPROVAL: SYSTEM PROTECTION ENGINEERING SERVICES (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez
10	PROCUREMENT REQUEST FOR APPROVAL: UTILITY LOCATING SERVICES (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez
11	PROCUREMENT REQUEST FOR APPROVAL: OUTSIDE PLANT (OSP) FIBER ENGINEERING SERVICES (Mr. Evan O'Mahoney)	Vote	Ms. Janie Gonzalez
12	EVOLVE: ENTERPRISE RESOURCE PLANNING (ERP) TRANSFORMATION PROGRAM (Mr. Evan O'Mahoney)	Vote	Ms. Janie Gonzalez
13	FY2026 ENTERPRISE SCORECARD & MEASURE TARGETS	Discuss	Ms. Elaina Ball
14	FY2026 BUDGET (Mr. Cory Kuchinsky)	Vote	Ms. Janie Gonzalez
15	FY2026 FINANCING PLAN (Mr. Cory Kuchinsky)	Vote	Ms. Janie Gonzalez
16	HORIZON 2050 FRAMEWORK (Ms. Elaina Ball)	Vote	Ms. Janie Gonzalez
17	EVOLVE: ARTIFICIAL INTELLIGENCE (AI) (Mr. Evan O'Mahoney)	Vote	Ms. Janie Gonzalez
18	REVIEW OF ACTION ITEMS	Discuss	Ms. Janie Gonzalez
CONVENE TO EXECUTIVE SESSION			
19	EXECUTIVE SESSION A. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)	Discuss	Ms. Janie Gonzalez
RECONVENE TO OPEN SESSION			
20	ADJOURNMENT	Execute	Ms. Janie Gonzalez
If the Board meeting has not adjourned by 5:40 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.			

Known absences: None.

CPS Energy Board of Trustees Meeting January 31, 2025

Approval of Payment to the City of San Antonio for December 2024

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of December 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$197,329,980.99, less applicable exclusions. The revenue for the month of December 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$229,265,757.92
Gas revenue	19,547,146.74
Interest and other income	5,563,750.56
Gross revenue per CPS Energy financial statements	<u>254,376,655.22</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,805,578.79)
LVG revenue per City Ordinance 100709	(9,694.10)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(38,497,217.17)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(11,734,184.17)</u>
Total excluded revenue	<u>(57,046,674.23)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$197,329,980.99</u>
City payment per Bond Ordinance for December 2024 based upon December 2024 revenue	\$27,626,197.34
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	430,611.25
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	28,044,308.59 A
Utility services provided to the City for December 2024	<u>(2,735,898.66)</u>
Net amount to be paid from December 2024 revenue to the City in January 2025	<u>\$25,308,409.93</u>

CPS Energy Board of Trustees Meeting January 31, 2025

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 2024	Actual	Budget	Variance	
Current Month A	\$28,044	\$30,224	(\$2,180)	-7.2%
Year-to-Date*	\$421,700	\$391,125	\$30,575	7.8%

* Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

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 \$25,308,409.93 representing 14% of applicable system gross revenues for the month of December 2024, such payment being net of City utility services (\$2,735,898.66), is hereby approved."

Draft for review and approval
at the January 31, 2025 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON DECEMBER 16, 2024**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of December was held on Monday, December 16, 2024, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

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

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:13 p.m.)

Also present were:

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

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Jose Reyes, Interim Business Management Strategist.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated she appreciated all of those that work at CPS Energy and support the team. She also expressed her appreciation for Mr. Garza and each member of the Board. She wished everyone a good new year.

Draft for review and approval
at the January 31, 2025 meeting

IV. CHAIR'S REMARKS

Chair Gonzalez began by reminding the community about winter readiness, and she reviewed the actions CPS Energy has taken to prepare for cold weather. The Chair also provided helpful tips and tools for community members, such as installing/testing fire and carbon monoxide detectors. The Chair expressed her positive thoughts to all of those in the community, recognizing that many of us face challenges during the holidays, and she wished everyone a happy and safe holiday season.

V. APPROVAL OF CONSENT ITEMS

On a motion by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon affirmative vote by all members present (with Mayor Nirenberg being absent at the time of the vote), the following items on the Consent Agenda were unanimously approved:

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

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of November 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$254,302,992.34, less applicable exclusions. The revenue for the month of November 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$221,607,100.10
Gas revenue	16,311,299.05
Interest and other income	7,058,587.86
Gross revenue per CPS Energy financial statements	<u>244,976,987.01</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,242,837.98)
LVG revenue per City Ordinance 100709	(11,744.38)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(17,693,555.95)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>36,274,143.64</u>
Total excluded revenue	<u>9,326,005.33</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$254,302,992.34</u>
City payment per Bond Ordinance for November 2024 based upon November 2024 revenue	\$35,602,418.93
City payment per memorandum of understanding (MOU)	

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at the January 31, 2025 meeting

regarding wholesale special contracts	370,694.32	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	35,960,613.25	A
Utility services provided to the City for November 2024	(3,158,912.69)	
Net amount to be paid from November 2024 revenue to the City in December 2024	<u>\$32,801,700.56</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)

November 2024	Actual	Budget	Variance	
Current Month A	\$35,961	\$30,091	\$5,870	19.5%
Year-to-Date*	\$393,655	\$360,901	\$32,754	9.1%

* Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

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 \$32,801,700.56 representing 14% of applicable system gross revenues for the month of November 2024, such payment being net of City utility services (\$3,158,912.69), is hereby approved."

- B. Minutes from the October Regular Board Meeting held on October 28, 2024**
- C. Minutes from the November Regular Board Meeting held on November 18, 2024**
- D. Procurement Items: None.**

VI. COMMITTEE REPORTS

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

- A. Audit and Finance (A&F) Committee Meeting held on October 24, 2024. The report is attached as Attachment "A" to the meeting minutes.
- B. Employees Benefits Oversight Committee (EBOC) Meeting held on October 24, 2024. The report is attached as Attachment "B" to the meeting minutes.¹

Also, in the interest of time, Chair Gonzalez accepted the submission of the following report of the Community Input Committee:

- A. Community Input Committee Meeting held on December 6, 2024. The report is attached as Attachment "C" to the meeting minutes.

¹ The acceptance of the report for the November 4, 2024 Operations Oversight Meeting was deferred to the following meeting.

Draft for review and approval
at the January 31, 2025 meeting

VII. STATE PUBLIC POLICY AGENDA 2025-2026

Ms. Kathy Garcia, Vice President, Government Relations, Regulatory Affairs & Public Policy, presented on CPS Energy's State Public Policy Agenda. She explained the four pillars of the policy: customer affordability & impacts, municipally owned utility business model, reliability & resiliency, and safety & security. She then requested support.

Trustee Dr. Macey moved approval of a resolution, Vice Chair Dr. Romero seconded, and the following resolution was approved unanimously:

RESOLUTION SUPPORTING CPS ENERGY'S PUBLIC POLICY PRIORITIES

WHEREAS, the Regular Session of the 89th Texas Legislature will convene on January 14, 2025 and will adjourn on June 2, 2025; and

WHEREAS, CPS Energy has developed and presented to this Board of Trustees our priorities and anticipated engagement, which are captured in four main pillars: 1) customer affordability and impacts, 2) municipally owned utility business model, 3) reliability and resiliency, and 4) safety and security; and

WHEREAS, the customer affordability and impacts pillar will focus CPS Energy on supporting proposals that will assist and protect customers and mitigate potential impacts to energy bills; and

WHEREAS, the municipally owned utility business model pillar will focus CPS Energy on opposing proposals that will negatively impact local decision-making authority through our governance model; and

WHEREAS, the reliability and resiliency pillar will focus CPS Energy on proposals that enhance generation resources and transmission infrastructure, and align with our commitments to our community and major initiatives such as Vision 2027 and Horizon 2050; and

WHEREAS, the safety and security pillar will focus CPS Energy on proposals that protect our employees and assets while integrating new information technologies and addressing physical safety issues; and

NOW, THEREFORE, BE IT RESOLVED, this CPS Energy Board of Trustees supports CPS Energy's public policy priorities focused on four main pillars: 1) customer affordability and impacts, 2) municipally owned utility business model, 3) reliability and resiliency, and 4) safety and security.

Draft for review and approval
at the January 31, 2025 meeting

VIII. PROPOSED BOARD PROCUREMENT POLICY REVISIONS

Mr. Rudy Garza, President & CEO, introduced the topic, noting CPS Energy's has made progress in this space to develop suppliers in our community to provide services for CPS Energy. He then noted that it was time for us to review the policy and discuss those potential changes.

Ms. Lisa Lewis, Chief Administrative Officer, provided an overview of the policy, procurement organization, strategy, and process. She then presented the proposed revisions to the Board Procurement Policy and Board Procurement Procedures.

Vice Chair Dr. Romero moved to approve the revisions to the Board Procurement Policy and the Procurement Procedures, and Mayor Nirenberg then seconded the motion. Trustee Dr. Mackey introduced some potential amendments, and Vice Chair Dr. Romero seconded the motion with the agreement that each amendment to the motion would be voted upon separately and then a final vote on the base motion, as amended, would occur. The Board then discussed and asked several questions.²

The Board of Trustees then returned to Trustee Dr. Mackey, he moved forward with making the following amendments to the Procurement Policy:

1. Revert to the original language in Section I to read "CPS Energy President & CEO," and to not amend this language. The motion passed unanimously.
2. Revert to the original language in Section IV regarding the dollar thresholds required for Board approval, and not amend this language. The motion passed unanimously. The Board further directed the President & CEO to benchmark thresholds with other similar utilities and present the information to the Board.
3. Remove authority for CPS Energy to provide a one-time contract term extension. The motion was withdrawn by Trustee Dr. Mackey.
4. Revert to the original language in Section VI regarding Compelling Business Reasons. The motion was withdrawn by Trustee Dr. Mackey.
5. Utilize the name of the position, e.g. Chief Administrative Officer or Vice President, Supply Chain instead of using "senior executive leader." The motion passed unanimously.

Trustee Steen then made a motion to clarify the proposed language in Section 2.4.2(n) of the Procurement Procedures to state that it is for a product or service that is patented, proprietary, or otherwise unique to the provider. Vice Chair Dr. Romero accepted this clarification as a friendly amendment.

The Board of Trustees then voted on the final motion to approve the Board Procurement Policy and the Board Procurement Procedures, including all accepted amendments. The motion was approved with a 4-1 vote, with Chair Gonzalez voting against the motion.

IX. ENGAGED CUSTOMER RELATIONSHIP UPDATE

Ms. DeAnna Hardwick, Chief Customer Strategy Officer, presented on the Engaged Customer Relationship (ECR) Survey which provides insights derived from customer research to improve our customers' experience and provides an ability to benchmark against other utilities.

² Trustee Steen requested that his remarks be included in full in the minutes, and the written statement he provided is attached.

Draft for review and approval
at the January 31, 2025 meeting

The Board of Trustees discussed, asked questions, and provided feedback.

X. FY2025 THIRD QUARTER PERFORMANCE UPDATE

Mr. Cory Kuchinsky, Chief Financial Officer, presented the financial results through the end of the third quarter, which ended on October 31. He noted the overall trends and reviewed the flow of funds. Ms. Elaina Ball, Chief Strategy Officer, reviewed the enterprise metrics and milestones through the third quarter.

The Board of Trustees discussed, asked questions, and provided feedback.

XI. CEO RECOGNITION

Ms. Elaina Ball, Chief Strategy Officer, recognized the team that planned, coordinated, and hosted Grillsgiving. The team helped make it an unforgettable day of community camaraderie and great food. It was a tremendous success due to this small, but mighty team, and we raised over \$400,000 with the net proceeds all going to the Residential Energy Assistance Partnership (REAP).

XII. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the previous action items, and she noted the new action items arose during the meeting.

XIII. EXECUTIVE SESSION

At approximately 4:11 p.m., Vice Chair Dr. Romero³ announced the Board would go into Executive Session, and Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Real Property (§551.072)
- Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)

The Board reconvened in open session at 4:35 p.m. The quorum was re-established, and four members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

XIV. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Mayor Nirenberg and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:36 p.m. by Vice Chair Dr. Romero.

³ Chair Gonzalez departed the meeting and Vice Chair Dr. Romero led the remainder of the meeting.

Draft for review and approval
at the January 31, 2025 meeting

Shanna M. Ramirez
Secretary of the Board

DRAFT



NOMINATIONS COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 4, 2024 MEETING
PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ
FOR REPORT AT THE JANUARY 31, 2025 BOARD OF TRUSTEES MEETING**

The Nominations Committee met on November 4, 2024. The Committee discussed the process for nomination and Trustee approval for the Board Chair and Vice Chair for Fiscal Year 2026.

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



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 4, 2024 MEETING PREPARED FOR COMMITTEE CHAIR, DR. FRANCINE ROMERO FOR REPORT AT THE JANUARY 31, 2025 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on November 4, 2024. As part of the agenda, the Committee:

- A. Reviewed and approved meeting minutes from the prior meeting held on August 12, 2024.
- B. Received a Procurement Preview that included:
 - a. A new contract/ rebid for Transmission Conductors,
 - b. A new contract/rebid for Miscellaneous Transmission Hardware,
 - c. A new contract/rebid for 15KV & 38 KV Reclosers,
 - d. A new contract/rebid for System Protection Engineering Services,
 - e. A new contract/rebid for Utility Locating,
 - f. A new contract/rebid for Outside Plant (OSP) Fiber Engineering Services,
 - g. An active PO funding increase for IT Services,
 - h. And a new contract for the Coal Combustion Residual Closure Project
- C. Received a Compensation Strategy Update that included:
 - a. A brief history of the Compensation Strategy,
 - b. A summary of the assessment work to date,
 - c. And a discussion on mitigation initiatives to increase retention and improve workforce attraction.
- D. Received an update on our Engaged Customer Relationship that included:
 - a. A review of the Customer Satisfaction (CSAT) measure,
 - b. An overview of the Engaged Customer Relationship (ECR) measure,
 - c. And a discussion on how we are using both surveys in parallel to better understand our community's needs and where to focus our resources to benefit the customer.
- E. Received an FY2026 Enterprise Scorecard Update & Proposed Measure Targets update that included:
 - a. A review of the Vision 2027 Strategic Initiatives,



- b. A preview of proposed FY2026 Enterprise Measure Targets,
- c. And a discussion on our major accomplishments on the FY2025 Strategic Objectives and how we utilize benchmarking as a tool in target development.

The next meeting of the Operations Oversight Committee Meeting is Planned for the first quarter of FY2026.

Community Input Committee (CIC) Committee Report

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 8, 2025, MEETING PREPARED FOR COMMITTEE CHAIR, LAWSON PICASSO FOR REPORT AT THE JANUARY 31, 2025, BOARD OF TRUSTEES MEETING

The Community Input Committee met on January 8, 2025. As part of the agenda, the Committee:

- A. Received a presentation on CPS Energy's State Public Policy Agenda (PPA) as preparations continue for the 89th Legislative Session. The PPA guides the utility's advocacy efforts in support of the utility's Vision 2027 and Horizon 2050 strategic plans.
- B. Received feedback from the December 9, 2024, Municipal Utilities Committee (MUC) presentation regarding the CIC formation and subcommittee practices.
- C. Discussed a review process for committee bylaws.
- D. Discussed and voted to post agendas for all subcommittee meetings, effective immediately.
- E. Steve Bonnette (CIC At-Large Appointee) accepted the position of 2025 CIC Vice Chair.
- F. Voted unanimously to allow Diana Aguirre Martinez (City of San Antonio District 3 Appointee) to serve one year as immediate past chair on the CIC Executive Committee, in accordance with the CIC bylaws and the preference of the District 3 Councilmember.



CPS Energy Board of Trustees Meeting January 31, 2025 APPROVAL of PROCUREMENT ITEMS Table of Contents

1.	Item Description:	System Protection Engineering Services
	Purchase Category:	Professional Services
	Suppliers:	Quanta Technology, LLC
		SEL Engineering Services, Inc.
		Synchrogrid, Inc.
	Committee	
	Presentation:	Operations Oversight Committee – November 4, 2024
2.	Item Description:	Utility Locating Services
	Purchase Category:	General Services
	Suppliers:	United Locating Services of Texas
	Committee	
	Presentations:	Operations Oversight Committee – November 4, 2024 Audit & Finance Committee – October 24, 2024

3. **Item Description:**
Purchase Category:
Supplier:

Outside Plant (OSP) Fiber Engineering Services
Professional Services
Binkley & Barfield, Inc
Black & McDonald Engineering Services, LLC
Burns & McDonnell Engineering Company, Inc.
Cobb, Fendley & Associates, Inc.
CP&Y, Inc. dba STV Infrastructure
EN Engineering, LLC
M&S Engineering, LLC
PAR Western Line Contractors LLC dba QUES
TOP Engineers Plus PLLC
TRC Engineers Inc

Committee
Presentations:

Operations Oversight Committee – November 4, 2024
 Audit & Finance Committee – October 24, 2024

4. **Item Description:**
Purchase Category:
Suppliers:

Active PO Funding Increase: IT Services
General Services
Accenture LLP
Capgemini America, Inc
E Source Companies, LLC dba E Source
Fujitsu North America, Inc.
HCL America Inc
Hitachi Energy USA Inc.
Infosys Limited
PricewaterhouseCoopers Advisory Services LLC

Committee
Presentations:

Operations Oversight Committee – November 4, 2024
 Audit & Finance Committee – October 24, 2024

Approval:

Lewis, Lisa D.

Digitally signed by Lewis,
 Lisa D
 Date: 2025.01.13 12:25:42
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Lisa Lewis, Chief Administrative Officer

Approval:

Garza, Rudy D.

Digitally signed by Garza, Rudy
 D.
 Date: 2025.01.14 15:44:14
 -06'00'

Rudy Garza, President & CEO



CPS Energy Board of Trustees Meeting

January 31, 2025

Procurement Form 1



Item Description	System Protection Engineering Services
Purchase Order Value	\$5,000,000
Purchase Category	Professional Services
Department	Energy Delivery Services
Vice President T&D Engineering and Grid Transformation	LeeRoy Perez
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommends that a contract be awarded to Synchrongrid, Inc., a small firm, and Quanta Technology, LLC and SEL Engineering Services, Inc. as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract will assist with design of specialized relay protection schemes, ensuring accurate relay calibration and developing settings calculations for new transmission and substation projects. This contract will expire on February 29, 2028

Subcontracting Opportunities

Quanta Technology, LLC and SEL Engineering Services, Inc. have committed to subcontract a portion of the services to one or more local or small businesses.

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

Evaluation Criteria	Points
Experience and qualifications to perform the Services	100
The financial soundness of the Respondent	Pass/Fail
TOTAL	100

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



CPS Energy Board of Trustees Meeting

January 31, 2025

Procurement Form 1



Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Synchrogrid, Inc.	Small	85	\$1,666,667	2224323	
SEL Engineering Services, Inc.		85	\$1,666,667	2224324	
Quanta Technology, LLC		75	\$1,666,666	2224325	
TOTAL			\$5,000,000		

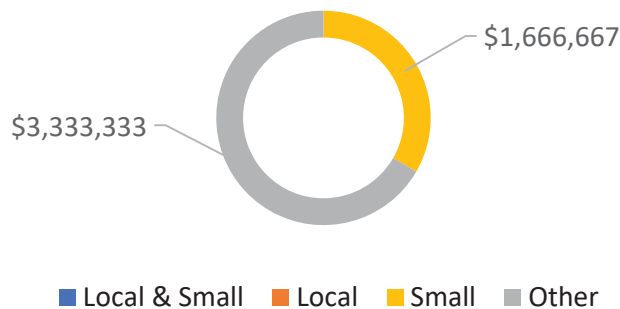
Nine (9) additional respondents were not recommended for award: Arup US, Inc.; Black & Veatch Corporation; Electric Power Engineers, Inc; EN Engineering, LLC; HIVE POWER ENGINEERING LLC; Luzco Technologies, LLC; Qualus LLC; SGC Engineering; and TRC Engineers, Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2025 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2026 PO Spend	Projected FY2027 PO Spend	Projected FY2028 PO Spend
\$937,000,000	Capital	\$0	0%	\$1,000,000	\$1,000,000	\$1,000,000
\$890,000,000	Non-Fuel O&M	\$0	0%	\$666,667	\$666,667	\$666,666

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

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting

January 31, 2025

Procurement Form 2



Item Description	Utility Locating Services
Purchase Order Value	\$45,000,000
Purchase Category	General Services
Department	Gas Solutions
Vice President Gas Solutions	Richard Lujan
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommends that a contract be awarded to United Locating Services of Texas, a local firm, as the respondent who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for utility locating and marking services critical to the safe and reliable delivery of natural gas and electric service to our current and future customers as well as regulatory compliance and public safety. It will allow CPS Energy to leverage 3rd party resources to assist internal staff with locating and marking gas and electric infrastructure as part of the Texas 811 one-call notification system. Texas law requires all excavators to call 811 prior to digging. This contract will expire on February 29, 2028.

Subcontracting Opportunities

United Locating Services of Texas has committed to subcontract a portion of the services to one or more local or small businesses.

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

Evaluation Criteria	Points
Experience and qualifications to perform the Services	35
Safety records and training program	20
The ability to meet CPS Energy's requirements	20
Overall Cost	10
Economic Development (Local and Small business consideration)	10
The financial soundness of the Respondent	5
TOTAL	100



CPS Energy Board of Trustees Meeting

January 31, 2025

Procurement Form 2



Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
United Locating Services of Texas	Local	77	\$45,000,000	2224101	
TOTAL			\$45,000,000		

Two (2) additional respondents were not recommended for award: Alisto Engineering Group Inc. and Stake Center Locating.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2025 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2026 PO Spend	Projected FY2027 PO Spend	Projected FY2028 PO Spend
\$937,000,000	Capital	\$0	0%	\$750,000	\$750,000	\$750,000
\$890,000,000	Non-Fuel O&M	\$0	0%	\$14,250,000	\$14,250,000	\$14,250,000

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

Procurement Item: General Services



■ Local & Small
 ■ Local
 ■ Small
 ■ Other



CPS Energy Board of Trustees Meeting January 31, 2025 Procurement Form 3



Item Description	Outside Plant (OSP) Fiber Engineering Services
Purchase Order Value	\$7,500,000
Purchase Category	Professional Services
Department	IT Infrastructure and Operations
Vice President Technology Services	Anand Vedapuri
Chief Information Officer	Evan O'Mahoney

Detailed Description

CPS Energy staff recommends that a contract be awarded to TOP Engineers Plus PLLC, a local, small firm and Binkley & Barfield, Inc, Black & McDonald Engineering Services, LLC, Burns & McDonnell Engineering Company, Inc., Cobb, Fendley & Associates, Inc., CP&Y, Inc. dba STV Infrastructure, EN Engineering, LLC, PAR Western Line Contractors LLC dba QUES, M&S Engineering, LLC, and TRC Engineers Inc, all local firms, as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract provides engineering design services in support of new fiber communications buildouts (new substations, transmission lines, etc.) and maintenance of existing fiber infrastructure (highway crossings, transmission rebuilds, fiber lifecycle replacements, etc.). CPS Energy owns and maintains cable installed throughout transmission, distribution, and underground utility pathways that require design and implementation services. This contract will expire on January 30, 2028.

Subcontracting Opportunities

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

The solicitation method for this procurement was a Request for Qualifications (RFQ)². An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	95
The ability to meet CPS Energy requirements	5
The financial soundness of the Respondent	Pass/Fail
TOTAL	100

² CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting

January 31, 2025

Procurement Form 3



Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Binkley & Barfield, Inc	Local	100	\$750,000	2224303	
Black & McDonald Engineering Services, LLC	Local	100	\$750,000	2224304	
Burns & McDonnell Engineering Company, Inc.	Local	100	\$750,000	2224305	
Cobb, Fendley & Associates, Inc.	Local	100	\$750,000	2224306	
CP&Y, Inc. dba STV Infrastructure	Local	100	\$750,000	2224307	
EN Engineering, LLC	Local	100	\$750,000	2224416	
PAR Western Line Contractors LLC dba QUES	Local	100	\$750,000	2224418	
TOP Engineers Plus PLLC	Local & Small	100	\$750,000	2224419	Corporate headquarters located in San Antonio Metropolitan area
M&S Engineering, LLC	Local	97	\$750,000	2224417	Corporate headquarters located in San Antonio Metropolitan area
TRC Engineers Inc	Local	95	\$750,000	2224420	
TOTAL			\$7,500,000		

Three (3) additional respondents were not recommended for award: Merrick & Company; CHC Consulting; and CCI Systems, Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2025 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2026 PO Spend	Projected FY2027 PO Spend	Projected FY2028 PO Spend
\$937,000,000	Capital	\$0	0%	\$3,000,000	\$3,000,000	\$1,500,000
\$890,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

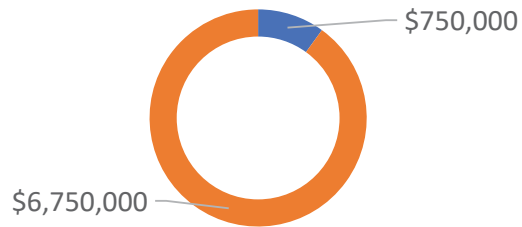
Our current approved budget and latest estimates support these new purchase orders.



CPS Energy Board of Trustees Meeting January 31, 2025 Procurement Form 3



Procurement Item: Professional Services



■ Local & Small ■ Local ■ Small ■ Other



CPS Energy Board of Trustees Meeting
January 31, 2025
Procurement Form 4



Item Description		Active PO Funding Increase: IT Services
Original Cumulative Purchase Order Value	(A)	\$60,000,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$150,000,000
Projected Cumulative Purchase Order Value	(D)	\$210,000,000
Purchase Category		General Services
Department		Business Solutions & Digital Experience
VP Business Solutions & Digital Experience		Vidya Rangachar
Chief Information Officer		Evan O'Mahoney

Detailed Description

CPS Energy staff recommends that additional purchase order funding be approved for existing contracts for the delivery of IT services. These contracts were previously awarded to E Source Companies, LLC dba E Source, a small business, Accenture, LLP, Capgemini America, Inc, and PricewaterhouseCoopers Advisory Services, LLC, all local businesses, and Hitachi Energy USA Inc., Infosys Limited, Fujitsu North America, Inc., and HCL America Inc, as the respondents who provided the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts provide technical, analytical, strategic, and implementation services related to business transformation with initiatives in IT service management, OT communications transformation, data ecosystem and analytics, data center and cloud transformation, SCADA transformation, application modernization and integration transformation, ERP ecosystem transformation, and digital strategy transformation.

This funding increase is being requested to supplement the purchase orders in support of the ERP implementation. Accenture LLP was selected to provide design, development, and implementation services for the integrated ERP technology platform (Oracle Technology) for CPS Energy.

Subcontracting Opportunities

Accenture, LLP has committed to subcontract 20% of the work associated with the ERP system implementation scope of work to local and small businesses.



CPS Energy Board of Trustees Meeting January 31, 2025 Procurement Form 4

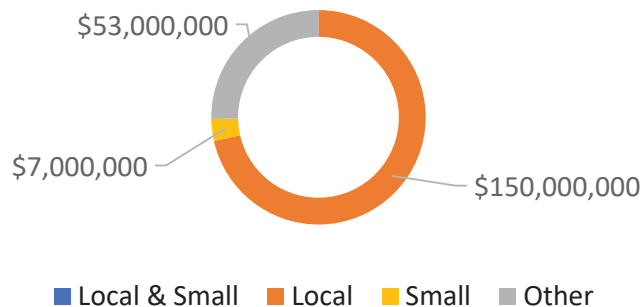


Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Accenture LLP	Local	\$3,000,000	\$0	\$123,000,000	2215298
Hitachi Energy USA Inc.		\$10,000,000	\$0	\$3,000,000	2215299
Infosys Limited		\$10,000,000	\$0	\$4,000,000	2215303
Fujitsu North America, Inc.		\$10,000,000	\$0	\$4,000,000	2215302
Capgemini America, Inc	Local	\$8,000,000	\$0	\$4,000,000	2215300
PricewaterhouseCoopers Advisory Services LLC	Local	\$8,000,000	\$0	\$4,000,000	2215304
HCL America Inc		\$8,000,000	\$0	\$4,000,000	2215301
E Source Companies, LLC dba E Source	Small	\$3,000,000	\$0	\$4,000,000	2215305
		(A)	(B)	(C)	
Totals		\$60,000,000	\$0	\$150,000,000	
Projected Cumulative Purchase Order Value (D)				\$210,000,000	

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

Procurement Item: General Services





PROCUREMENT REQUEST FOR APPROVAL

SYSTEM PROTECTION ENGINEERING SERVICES

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

January 31, 2025
Request for Approval

NEW CONTRACT / REBID

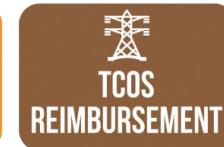
SYSTEM PROTECTION ENGINEERING SERVICES



- Selected companies will assist with designing relay protection schemes, ensuring accurate relay calibration, and developing setting calculations for new transmission and substation projects
- Customer Benefit:
 - Improves grid reliability
 - Reduces restoration time
 - Safety settings
- The primary focus of these projects will be to facilitate the integration of new renewable energy sources, like solar or wind power, onto our electricity grid, while ensuring sufficient capacity to support the power needs of customers.



Fair Oaks Substation



PENDING REQUEST FOR APPROVAL

SYSTEM PROTECTION ENGINEERING SERVICES



- Current Contracts:
 - Value: \$1.86 million
 - Term: 3 years
 - Expiration: May 2026
- New Contract Details:
 - Value: \$5 million
 - Term: 3 years
 - # Bidders: 12 responded to solicitation (4 Local and 3 Small businesses)
 - # Awardees: 3 (1 Small business)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning		
TCOS	Transmission Cost of Service		



PROCUREMENT REQUEST FOR APPROVAL

UTILITY LOCATING SERVICES

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

January 31, 2025
Request for Approval

NEW CONTRACT / REBID

UTILITY LOCATING SERVICES

- Utility locating and damage prevention services support regulatory compliance and public safety.
- Current Contract:
 - Value: \$39 million
 - Term: 4 years
 - Expiration: February 2025
- New Contract Details:
 - Value: \$45 million
 - Term: 3 years
 - # Bidders: 3 responded to solicitation (1 Small and 2 Local businesses)
 - # Awardees: 1 Local business



Gas Solutions Journeyman Locator





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



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**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning		
TCOS	Transmission Cost of Service		



PROCUREMENT REQUEST FOR APPROVAL

OUTSIDE PLANT (OSP) FIBER ENGINEERING SERVICES

PRESENTED BY:
Evan O'Mahoney
Chief Information Officer

January 31, 2025
Request for Approval

NEW CONTRACT

OUTSIDE PLANT (OSP) FIBER ENGINEERING SERVICES



- Communication engineering services for OSP fiber infrastructure to support fiber lifecycle replacement, new-build, and pole attachment processes
- Provide consulting support for fiber path design, GIS data entry, pole application submission/approval and construction package drawings
- Enables grid communications for real-time control and automation



Communication Engineering Enables our Communications





REQUEST FOR APPROVAL

OSP FIBER ENGINEERING SERVICES

- Current Contracts:
 - Value: \$11.8 million
 - Term: 5 years
 - Expiration: February 2025
- New Contract Details:
 - Value: \$7.5 million
 - Term: 3 years
 - # Bidders: 13 responded to solicitation (1 Small and 10 Local businesses)
 - # Awardees: 10 (1 Small and 10 Local businesses)



We respectfully request your approval at this time.



THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**ELECTRIC SYSTEM
GROWTH**



**GAS SYSTEM
GROWTH**



**TCOS
REIMBURSEMENT**



**RESILIENCE/
RELIABILITY**



**GRID
MODERNIZATION**



**VISION 2027
GENERATION PLAN**



**ERP
TRANSFORMATION**



**REGULATORY
COMPLIANCE**

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning		
GIS	Geographic Information System		
OSP	Outside Plant		
TCOS	Transmission Cost of Service		



EVOLVE: ENTERPRISE RESOURCE PLANNING (ERP) TRANSFORMATION PROGRAM

PRESENTED BY:
EVAN O'MAHONEY
Chief Information Officer

January 31, 2025
Request for Approval

AGENDA



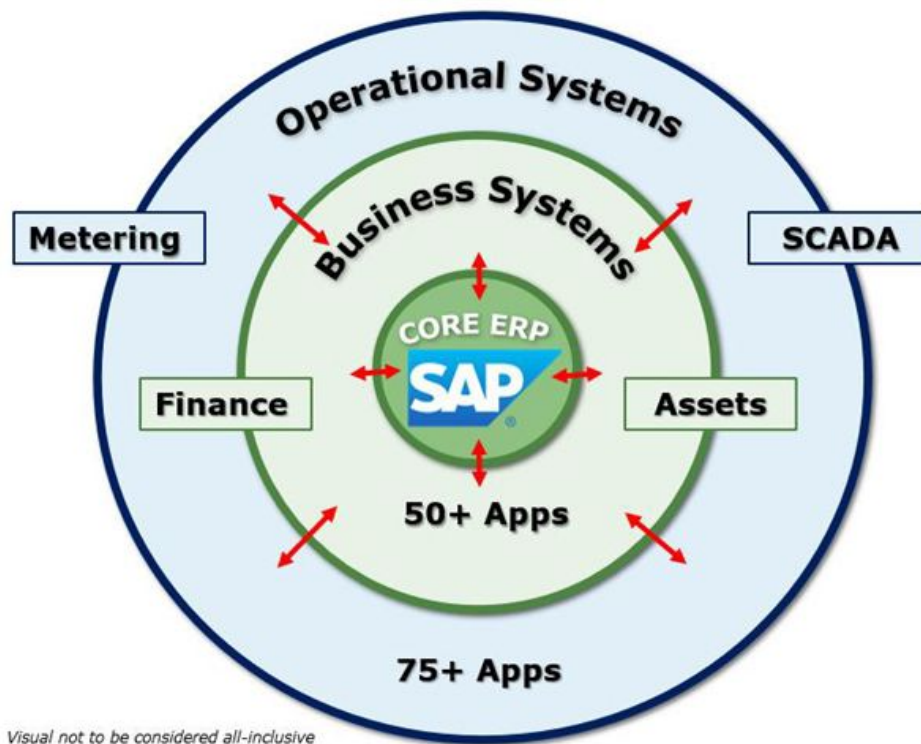
- ERP Program Background
- System Implementation Services Approach
- Request for Approval & Next Steps

We are requesting approval for the addition of funds to the IT Services Framework to support implementation services related to the ERP Transformation program.



CURRENT STATE OVERVIEW

LEGACY SYSTEMS CREATE COMPLEXITY



Visual not to be considered all-inclusive
¹Extended support options to be determined

- SAP ERP technology platform implemented in 2001
- Complex technology landscape with over 400 applications and data integrations
- Disparate data sources lack insights for informed decision-making
- Legacy business processes and sub-optimal platform configurations
- Core system's end of standard support from vendor in 2027¹

ESTABLISHED DIGITAL STRATEGY

ANCHORED TO VISION 2027 & HORIZON 2050



Strategic Outcomes	
	Improved experiences for customers and employees
	Data-driven insights that enable real-time decisions
	Continuous improvement to enhance and optimize systems
	Increased ability to support bill and rate redesign
	Enhanced technology reliability and resiliency
	Expanded customer self-service and payment options
	Better able to meet changing industry needs
	Improved operational processes and efficiencies






Established business outcomes will measure improvements in software savings, process efficiencies, customer satisfaction, and other in-scope performance areas.



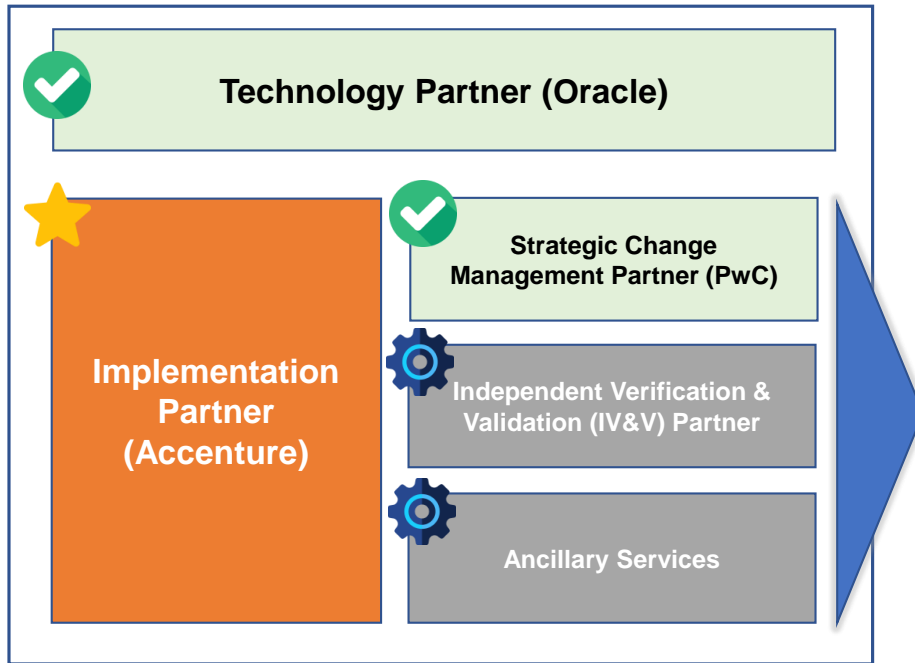
ADVANCING OUR JOURNEY

A DELIBERATE & THOROUGH PROCESS

		 FY2021-FY2023	 FY2024-FY2025	 FY2025
1	Objective	Current State Assessment & Business Case Development	Technology Solution Evaluation & Selection	System Implementation Partner Evaluation & Selection
2	Key Activities Completed	<ul style="list-style-type: none"> Assessment of existing technology platforms 187 workshops 78 business processes 500+ employees engaged 2,100+ pain points identified 400+ opportunities for improvement Identified 	<ul style="list-style-type: none"> 8 proposals received 600+ employees engaged in evaluation 13 functional & technical tracks Preferred partner selected based on: <ul style="list-style-type: none"> Best value Aligned functional & technical fit Industry experience & capabilities 	<ul style="list-style-type: none"> 100+ employees participated in evaluation Preferred partner recommended based on: <ul style="list-style-type: none"> Skills, experience, and approach Alignment to FY2027/FY2050 strategic objectives Industry experience & capabilities Commitment to small & local partnerships
3	Outcome	Decision to evaluate technology to support business transformation	Oracle selected as ERP Technology Platform	Preferred partner selected to lead platform implementation

GROWING OUR ECOSYSTEM

TODAY'S DISCUSSION



	Next Steps	Target Completion
	<u>TODAY'S DISCUSSION:</u> Request for Additional Funding to be added to the IT Services Framework in support of ERP System Implementation Services	1/31/25
	IV&V - Complete contracting with Preferred Partner	Q1 FY2026
	Ancillary Services - Identify needs and complete contracting for additional services & support as needed	Ongoing

The selection of our system implementation partner significantly advances completion of our partner ecosystem required to deliver the ERP Transformation Program.



For today's discussion

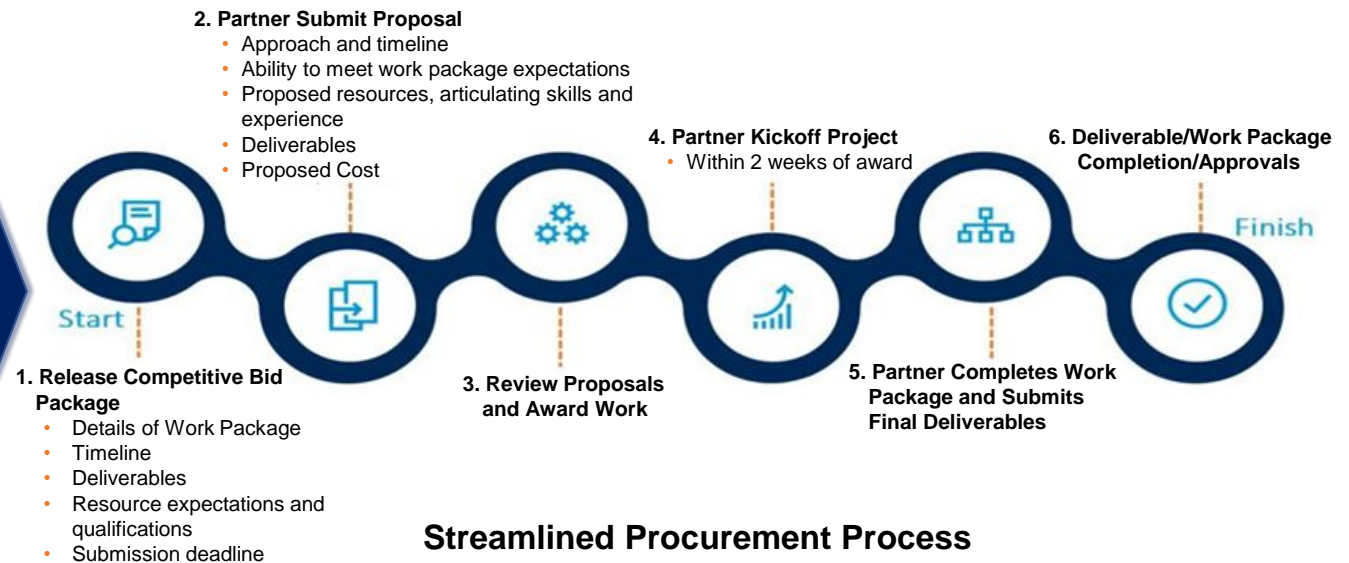
Legend:  Complete  In Progress  Not Started

ABOUT IT SERVICES

BACKGROUND



- IT Services is a mechanism for us to leverage a pool of highly qualified firms for delivery of specific technology services
- Partners in the IT Services eco-system have agreed to pre-negotiated terms & conditions
- Services are procured through the issuance of a task order that all approved vendors can respond to via competitive bid process
- Ability to include detailed technical reference materials to inform proposals from bidders



Streamlined Procurement Process

Negotiated Scope of Services	Approved IT Services Vendors
<ul style="list-style-type: none"> Business Transformation Communications Transformation Data Ecosystem and Analytics Data Center and Cloud Transformation SCADA Transformation Application Modernization and Integration Transformation <u>ERP Ecosystem Transformation</u> Digital Strategy Transformation 	<ul style="list-style-type: none"> Accenture* Capgemini* eSource Fujitsu HCL Hitachi* Infosys* PwC* <p>*Maintains local office(s)</p>



BY THE NUMBERS

IMPLEMENTATION PARTNER SELECTION



- A **deliberate, engaging, and thoughtful** selection process
- Lead evaluators represented **all stakeholder areas** across the Company
- Short-listed firms delivered **in-person presentations** focused on delivery and technical capabilities
- Firms actively included **small & local supplier subcontractors** in their in-person presentations
- Over **100 CPS Energy employees** were involved in proposal evaluations, oral presentations, and due diligence activities

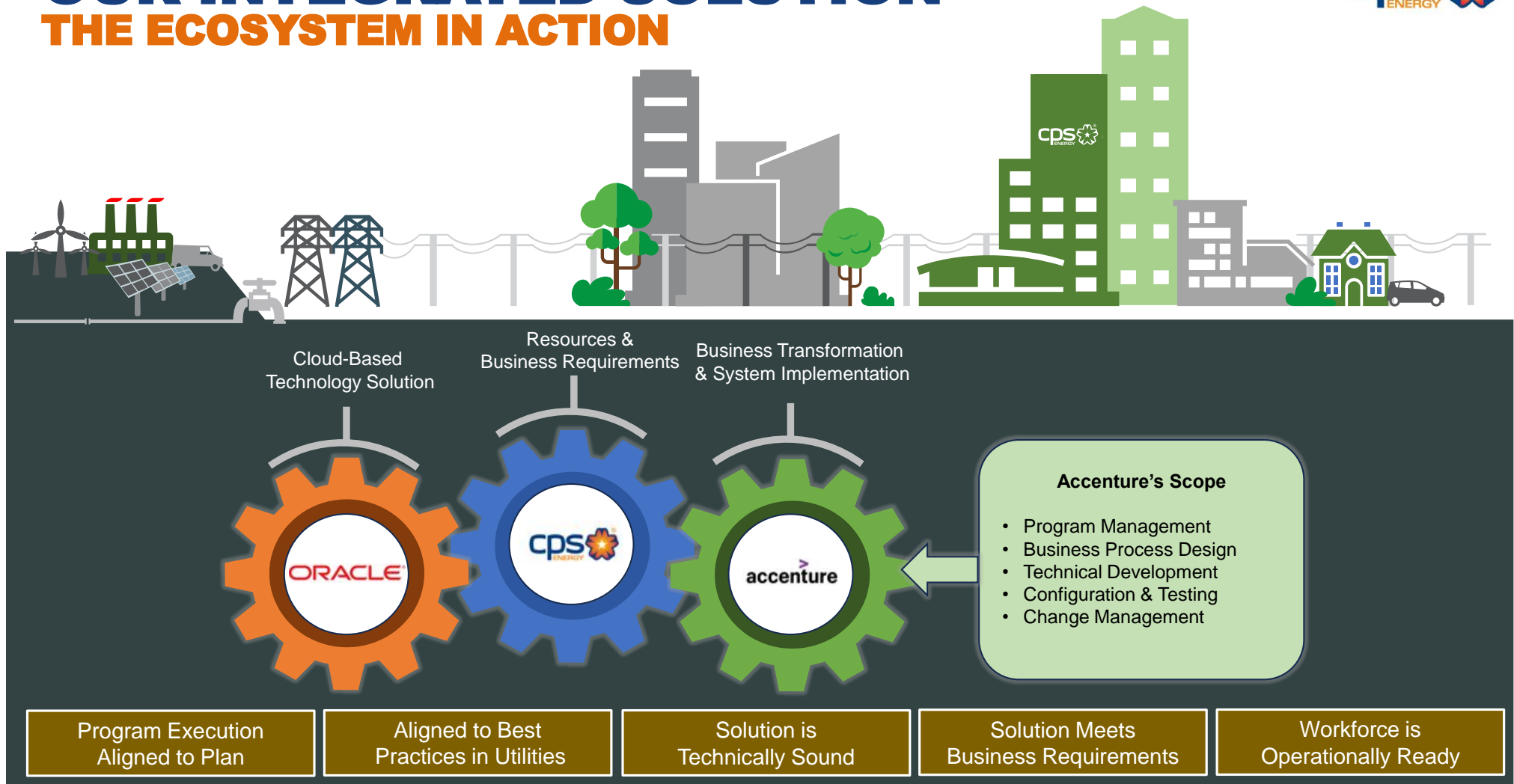


SYSTEM IMPLEMENTATION PARTNER SELECTION



OUR INTEGRATED SOLUTION

THE ECOSYSTEM IN ACTION



ABOUT ACCENTURE

QUICK FACTS



GLOBAL ORACLE & UTILITIES EXPERIENCE

Acknowledged leader in Oracle Consulting

Utilities' experience includes 15 of 23 Fortune 500 Utilities

25K employees dedicated to Utilities industry practice



LOCAL COMMUNITY IMPACT

3 Offices Located in San Antonio

2,400 Local Employees

\$165M Annual Economic Impact in San Antonio



COMMITMENT TO CPS ENERGY

Commitment to subcontract with local and small businesses (20% of contract value)
~\$25M

Commitment to Local Community Investments
~\$500K

1,750 local employees reside in CPS Energy's service territory



ACCENTURE EXPERIENCE OVER 325 UTILITIES GLOBALLY

Large & Mid-Sized Utilities

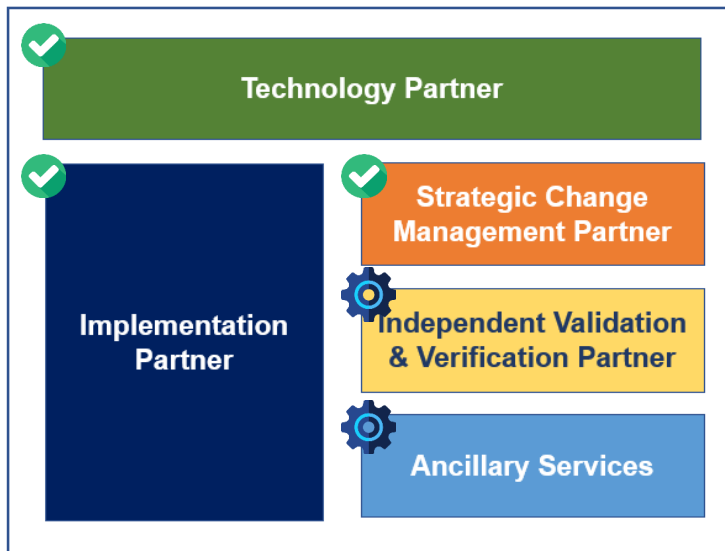


Municipal Utilities



GROWING OUR ECOSYSTEM

NEXT STEPS



	Key Activities	Target Completion
	Evaluate options and finalize contract for technology partner	Complete
	Evaluate proposals and select Change Management partner	Complete
	Evaluate options and finalize strategy for implementation partner selection	Today's Request
	Evaluate proposals and select Independent Validation & Verification partner	Q1 FY2026
	Engage third-party partners to support additional program needs, as applicable	On-Going

Today's approval of funds to be added to the IT Services Framework will allow the ERP Transformation Program to proceed to the next phase of the project.

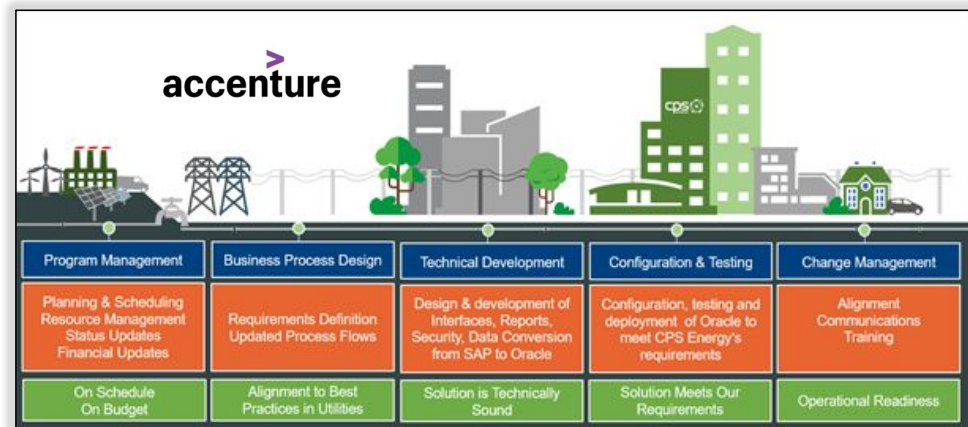
Legend:  Complete  In Progress  Not Started

REQUEST FOR APPROVAL

ERP SYSTEM IMPLEMENTATION PARTNER SELECTION



- We respectfully request your approval to proceed with the addition of funds to the IT Services Framework, in the amount of \$150M
- These funds will be used to support system implementation services for the ERP Transformation Program





THANK YOU



APPENDIX

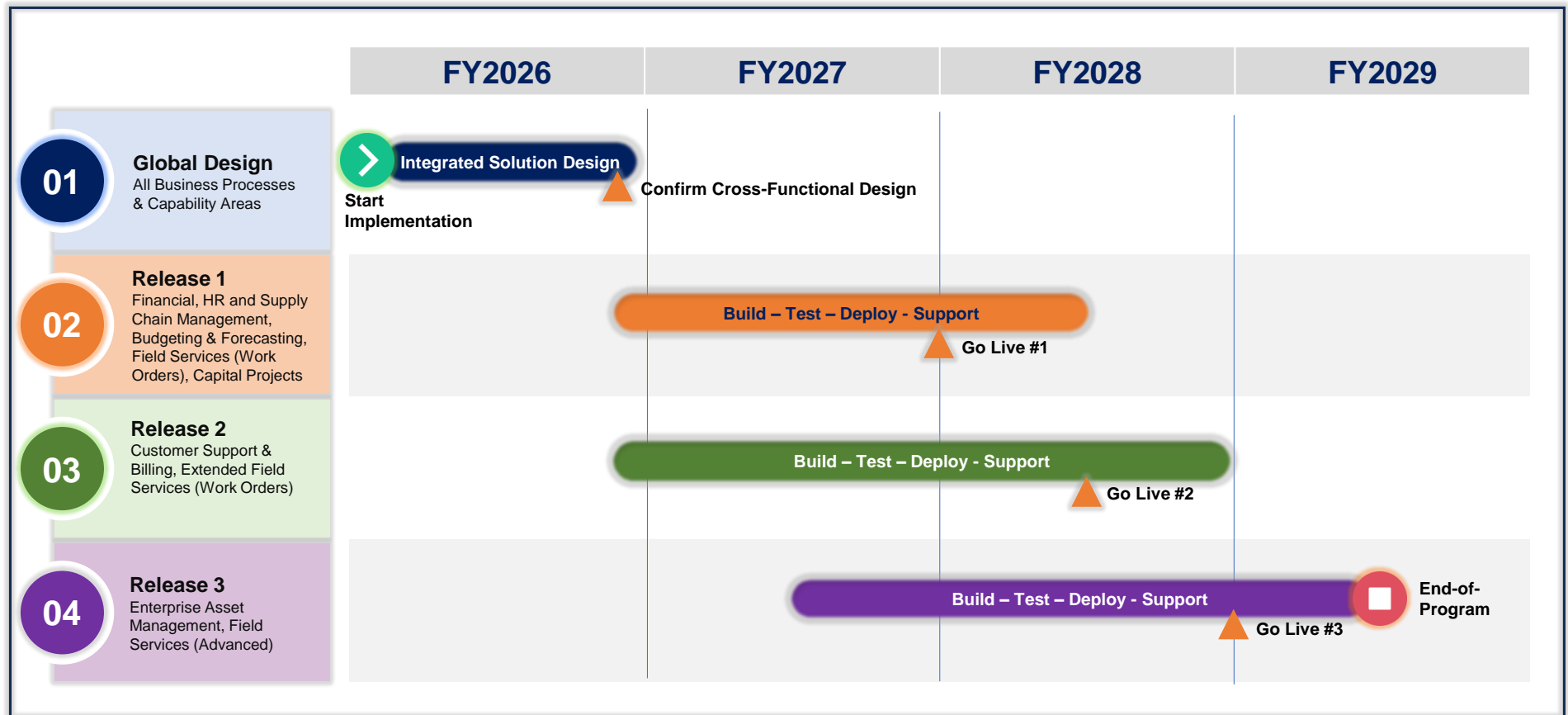
GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
BoT	Board of Trustees	RFP	Request for Proposal
ERP	Enterprise Resource Planning	SAP	Brand name for existing ERP Software utilized by CPS Energy
IT	Information Technology	SOW	Statement of Work
IV&V	Independent Verification & Validation	TO	Task Order
MSA	Master Services Agreement		
PO	Purchase Order		

ERP SCHEDULE¹

FY2026 THROUGH FY2029



¹Schedule to be confirmed during Global Design Phase

SMALL & LOCAL SUPPLIER OUTREACH



IT Services Pre-Meeting



8

All firms attended

40

Individual attendees

JOIN US! ERP Implementation Partner Networking Event



Don't miss this opportunity to network with decision makers responsible for contract selection and award!

Tuesday, June 25, 2024
9:30 a.m. - 11:30 a.m.

CPS Energy Headquarters
500 McCullough Avenue
San Antonio, Texas 78215

To RSVP, please contact:
bids@CPSEnergy.com
210-353-2474



Meet the Primes!

CPS Energy is seeking to engage local subcontractors to aid in delivery of our ERP implementation.

Prime to be selected from:

- Accenture
- Capgemini
- eSource
- Fujitsu
- HCL
- Hitachi
- Infosys
- PwC

Vendor Fair



72

Suppliers attended

124

Individual attendees

APPROVED GOVERNANCE STRUCTURE



A governance process is in place to drive and manage decision-making, culture, controls and accountability for the ERP Transformation Program.



FY2026 ENTERPRISE SCORECARD & MEASURE TARGETS

PRESENTED BY:
Elaina Ball
Chief Strategy Officer

January 31, 2025
Informational Update



AGENDA

- Update on Vision 2027 Strategic Initiatives
- FY2026 Enterprise Measures & Targets

Our goal today is to provide awareness of our progress on Vision 2027 Strategic Initiatives and the updated FY2026 Enterprise Measure Targets.



GOALS

- Awareness of FY2025 Strategic Initiative progress and FY2026 milestones
- Understand FY2026 Enterprise Measure targets
- Opportunity to provide feedback

The goal is to receive feedback on elements supporting the FY2026 Scorecard.

OVERVIEW



In partnership with you, our leadership, and hbaileygroup, LLC consulting, we developed Enterprise Measure targets for FY2026.

Goals of Enterprise Measures:

- Align to Vision 2027 Strategic Objectives
- Focus on value to our customers and community
- Measures and targets provide a balanced assessment of performance

Approach:

1. Leadership and hbaileygroup, LLC proposed and assessed potential measure targets
2. Reviewed proposed targets with the Operations Oversight Committee (OOC) in November
3. Aligned targets to incorporate feedback from leadership, an external consultant, and the OOC

Our measures provide an assessment of how we are delivering on our mission of reliable, affordable, and sustainable services.



VISION 2027 & STRATEGIC INITIATIVES UPDATE

VISION 2027 PROGRESS

MAJOR ACCOMPLISHMENTS ON STRATEGIC OBJECTIVES



- Established new Power Generation Plan (2023)
- Approved new Sustainable Tomorrow Energy Plan (STEP)
- Acquired 1,710MW of natural gas-fired generating capacity
- Added 400MW of battery storage and 84MW of wind
- Partnered with Oracle for a new Enterprise Resource Planning (ERP) platform
- Launched a Request for Qualifications (RFQ) for the Spruce 2 gas conversion in July, with a memo coming soon to outline qualified bidders, followed by a Request for Proposals (RFP) to gather pricing and bid details for contract award
- Added facilities to enhance natural gas service in constrained areas
- Issued Request for Proposal (RFP) for Generator Step Up Transformers (GSU) for the new Peaker Project
- Negotiated an increased ownership in South Texas Nuclear Project (STP) by 2% for carbon-free generation



- Achieved significant growth in non-fuel wholesale performance for FY2024
- Anticipate strong wholesale Performance for FY2025
- Awarded Federal cost-match of \$30.2M grid resilience grant (Grid Resilience and Innovation Partnership)
- Standard & Poor's and Fitch revised rating outlook from negative to stable
- Obtained rate support from the community to fund major investments in reliability, security, technology, and people



- On average, we were at 10 different places in our community each day, 6 days a week
- Expanded Equity-Focused Programs and Outreach
- Reached highest customer satisfaction rating in Managed Accounts
- Calculated energy burden levels for all customers (i.e. energy burdened – 6-10% and severely burdened – over 10%)
- Enhanced customer payment options to now include Apple Pay, Google Pay, E-Payment Center (e-wallet), American Express, Pay by Text, and Future Dated Payments
- Secured \$1M grant for Casa Verde Weatherization Program



- Completed Organizational Culture Assessment
- Stabilized staffing levels
- Stabilized investment volatility for employee benefits



- Increased transparency and clarity of communications; issued FY2023 community impact report; launched public engagement and awareness campaign for Horizon 2050; ongoing awareness tied to Vision 2027
- Residential Energy Assistance Partnership (REAP) maximum benefit for Bexar County residents outside San Antonio has increased from \$400 to \$1,200
- Awarded System Operational Achievement Recognition (SOAR) for excellence in operating our natural gas utility by the American Public Gas Association (APGA)
- Participated in the "Light Up Navajo" Project in rural Arizona, ending generations of darkness

These are the community commitments we have delivered over the last 2+ years.

VISION 2027 STRATEGIC INITIATIVES



PURPOSE & FY2026 MILESTONES

POWER GENERATION PLAN



Transition power generation portfolio by phasing out aging units and adding new, efficient resources to reduce emissions while providing reliable and cost-competitive energy to meet our growing community's needs.

FY2026 Milestones:

- Complete Wave 2 Transition Plan of new acquisitions
- Achieve commercial operation for new solar and storage resources
- Award key contracts including Engineering, Procurement, and Construction (EPC) and major equipment supply for the Peaker Project and Spruce 2 Natural Gas Conversion Project
- Support ERCOT reliability through execution of directed RMR contracts

SYSTEM RESILIENCY & GROWTH



Support safe and responsible growth by enhancing resilient, safe, responsive, and modern electric and gas services.

FY2026 Milestones:

- Complete Emergency Management System (EMS) Supervisory Control & Data Acquisition (SCADA) System Roll-Out and continue upgrading Advanced Distribution Management System (ADMS) SCADA System
- Continue the South Reliability Electric Transmission Line and execute gas strategies, including Permian Hwy to Rio Nogales, Southgate to Rio Nogales, North Outer Loop, and Westcreek Station
- Complete Geographic Information System (GIS) Utility Network Phase 1 (Electric Data Migration) and Phase 2 (Electric Integration to ADMS)
- Transmission Rates & Revenue team coordinates support for recovery of increasing transmission infrastructure investment and requirement for increased frequency of rate filings
- Submit Transmission Cost of Service (TCOS) rate filing package developed through significant cross-functional efforts and with internal and external legal guidance

EVOLVE: ERP



Provide technology foundation that supports operational evolution through enhanced experiences for customers and employees.

FY2026 Milestones:

- On-board System Implementation (SI) partner and remaining program team roles
- Complete Global Design
- Execute change management efforts and communication strategy

CUSTOMER EXPERIENCE



Strengthen our reputation, customer satisfaction, and revenue by fostering employee engagement and delivering positive customer experiences.

FY2026 Milestones:

- Onboard a consultant to develop a customer experience (CX) roadmap, refining customer segmentation and conducting surveys for quality control
- Form a CX Championship Team to define the CX framework, set goals, and create a communication and training plan to align employees in enhancing customer experience
- Support the development and execution of products and services to include customer feedback and effective engagement

These are our milestones supported by the FY2026 budget plan.



FY2026 ENTERPRISE MEASURE TARGETS



TARGET SETTING PHILOSOPHY

DYNAMIC & ENGAGED PROCESS

- **Goal is to set achievable stretch targets** considering multiple factors on the right
- Engage in a **multi-step process with external experts** to identify considerations, challenge assumptions, and compare to benchmarks
- Partner with **third-party consultants** and come to **consensus on targets**



FY2026 ENTERPRISE MEASURE TARGETS

ACHIEVABLE STRETCH GOALS



	MEASURE NAME	FY2025/ CY2024 LE ¹	FY2026/ CY2025 TARGET	DESIRED DIRECTION	BENCHMARK/ COMPARISON ²
Operational Evolution	Average Customer Outage Duration (SAIDI)	63.50	64.15	↓	2 nd Quartile
	Plant Availability (Critical Months EAF)	89.5 ³	90.5	↑	Aligned with plant by technology and/or fleet level
	Gas Safety (Leaks Remaining at End of Year)	0.25	0.54	↓	2 nd Quartile
Financial Stability	Fiscal Resiliency (Index of Key Measures)	3.13	Band Range ≥3.0	↑	Aligned with thresholds taken into consideration by Rating Agencies
Customer Experience	Customer Perception (Residential ECR)	680	699	↑	2 nd Quartile
Team Culture	Living Mission & Values (Gallup 12+ Index)	4.15 ³	4.15	↑	1 st Quartile
	Safety Performance (RIR)	1.22	1.09	↓	3 rd Quartile
Community Partnership & Growth	Strategically Investing in the Community (Local Spend Percentage)	73.00	70.00	↑	Aligned with forecasted spend

All targets are supported by 3rd party consultants.

¹ FY2025 Latest Estimate (LE) is based on performance through November 30

² Source information in individual measure slides in appendix

³ Final performance measure result for FY2025



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ADMS	Advanced Distribution Management System	GIS	Geographic Information System
AH	Available Hours	GSU	Generator Step Up
CAAP	Climate Action and Adaptation Plan	GRIP	Grid Resilience and Innovation Partnerships
CS	Customer Strategy	IEEE	Institute of Electrical and Electronics Engineers
CX	Customer Experience	KPI	Key Performance Indicator
DCOH	Days Cash on Hand	LE	Latest Estimate
DIMP	Distribution Integrity Management Program	LiDAR	Light Detection and Ranging
DOE	Department of Energy	OER	Operational Efficiency Review
EAF	Equivalent Availability Factor	O&M	Operations & Maintenance
ECR	Engaged Customer Relationship	OSS RnF	Off System Sales Revenue net Fuel
EFDH	Equivalent Forced De-rated Hours	PH	Period Hours
EMS	Energy Management System	PHMSA	Pipeline and Hazardous Materials Safety Administration
EOY	End of Year	PPA	Power Purchase Agreement
EPC	Engineering, Procurement, and Construction	REAP	Residential Energy Assistance Partnership
ERCOT	Electric Reliability Council of Texas	RFP	Request for Proposals
ERP	Enterprise Resource Planning	RFQ	Request for Qualifications
ESDH	Equivalent Scheduled De-rated Hours	RIR	Recordable Incident Rate
FY	Fiscal Year	SAIDI	System Average Interruption Duration Index
GCI	Genesis Consolidated Industries	SAIFI	System Average Interruption Frequency Index

GLOSSARY / DEFINITIONS (CONT'D)

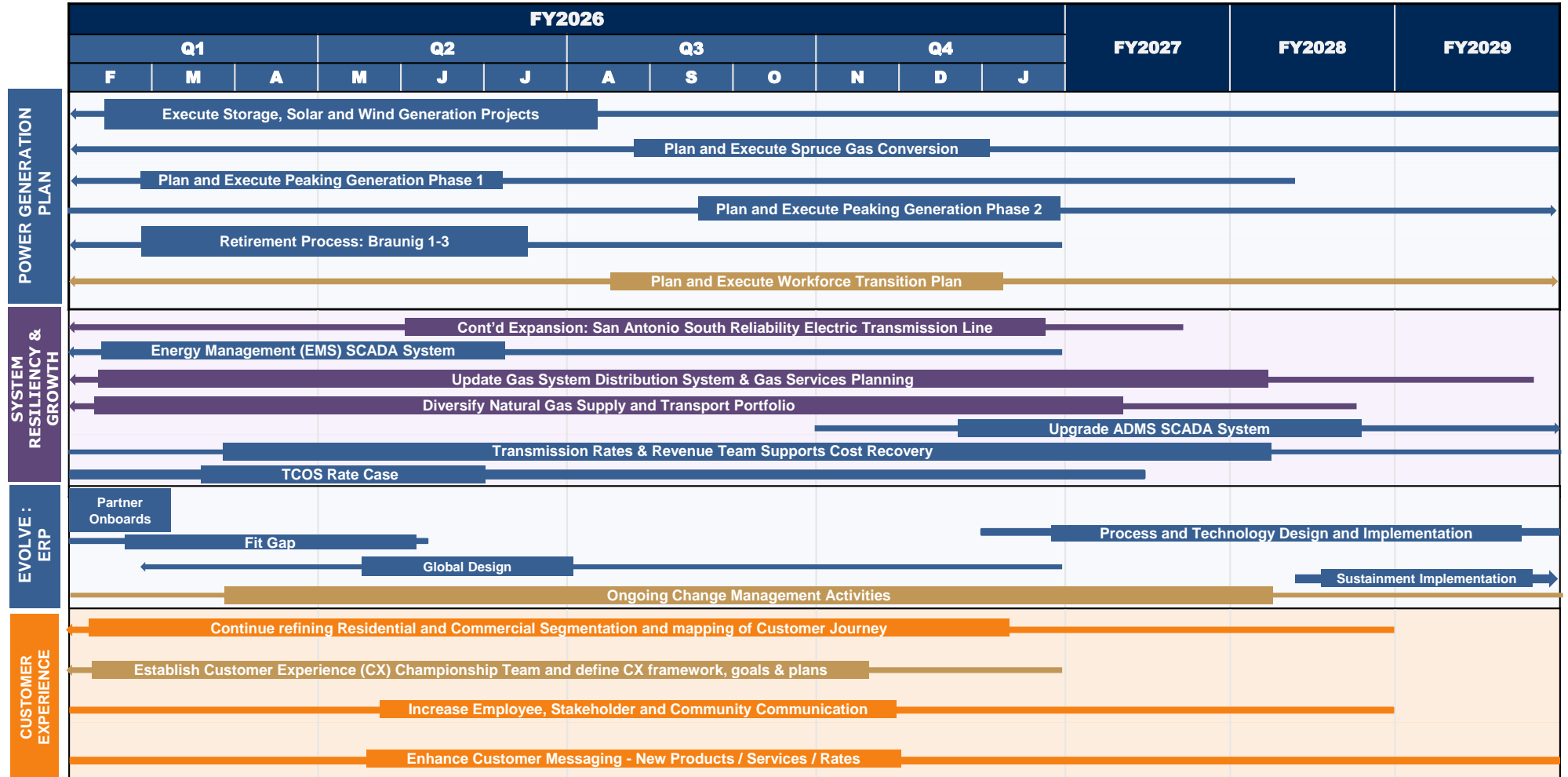


ACRONYM OR WORD	DEFINITION
SCADA	Supervisory Control and Data Acquisition
SI	System Implementation
SOAR	System Operational Achievement Recognition
SSV	Smart Sniffer Vehicles
STEM	Science, Technology, Engineering, Mathematics
STEP	Sustainable Tomorrow Energy Plan
STP	South Texas Nuclear Project
TCOS	Transmission Cost of Service
URD	Underground Residential Distribution

STRATEGIC INITIATIVES ROADMAP



VISION 2027 OBJECTIVES OPERATIONAL EVOLUTION FINANCIAL STABILITY CUSTOMER EXPERIENCE TEAM CULTURE COMMUNITY PARTNERSHIP & GROWTH



FY2026 ENTERPRISE SCORECARD

DRIVING ACTIONS TO DELIVER ON OUR MISSION



VISION 2027 OBJECTIVES

OPERATIONAL
EVOLUTION

FINANCIAL
STABILITY

CUSTOMER EXPERIENCE

TEAM
CULTURE

COMMUNITY PARTNERSHIP
& GROWTH

Strategic Execution - Forward Looking Progress Towards Vision 2027

Power Generation Plan		System Resiliency & Growth		EVOLVE: Enterprise Resource Planning		Customer Experience	
FY2026 Milestone	Status	FY2026 Milestone	Status	FY2026 Milestone	Status	FY2026 Milestone	Status
Complete Wave 2 Transition Plan of new acquisitions		Complete Emergency Management System (EMS) Supervisory Control & Data Acquisition (SCADA) System Roll-Out and continue upgrading Advanced Distribution Management System (ADMS) SCADA System		On-Boarding of System Implementation (SI) partner and remaining program team roles		Onboard a consultant to develop a customer experience (CX) roadmap, refining customer segmentation and conducting surveys for quality control	
Achieve commercial operation for new solar and storage resources		Continue the South Reliability Electric Transmission Line and execute gas strategies, including Permian Hwy to Rio Nogales, Southgate to Rio Nogales, North Outer Loop, and Westcreek Station		Complete Global Design		Form a CX Championship Team to define the CX framework, set goals, and create a communication and training plan to align employees in enhancing customer experience	
Award key contracts including Engineering, Procurement, and Construction (EPC) and major equipment supply for the Peaker Project and Spruce 2 Natural Gas Conversion Project		Complete Geographic Information System (GIS) Utility Network Phase 1 (Electric Data Migration) and Phase 2 (Electric Integration to ADMS)		Execute change management efforts and communication strategy		Support the development and execution of products and services to include customer feedback and effective engagement	
Support ERCOT reliability through execution of directed RMR contracts		Transmission Rates & Revenue team coordinates support for recovery of increasing transmission infrastructure investment and requirement for increased frequency of rate filings					
		Submit Transmission Cost of Service (TCOS) rate filing package developed through significant cross-functional efforts and with internal and external legal guidance					

Enterprise Measure Targets

64.15

Average Customer
Outage Duration

0.54

Gas Safety

90.5%

Plant Availability

≥3.0

Fiscal
Resiliency

699

Customer Perception

4.15

Living Mission &
Values

1.09

Safety Performance

70.00%

Strategically
Investing in the
Community

Milestones and measures are aligned with our Mission, Vision 2027, and Strategic Objectives.

16

FY2025 ENTERPRISE MEASURE RESULTS

AS OF NOVEMBER 30, 2024



Strategic Objective	Measure Name	Measure Frequency	FY/CY	Unit	Target Indicator	Historical Actuals		Current Year (FY2025 / CY2024)			Year-End Forecast	Latest Estimate
						FY2023	FY2024	YTD Target	YTD Actual	Year-End Target		
						CY2022	CY2023					
Operational Evolution	Average Customer Outage Duration (System Average Interruption Duration Index - SAIDI)	monthly	CY	#	↓	59.81	61.19	54.26	60.08	57.68	Unrecoverable	63.50
	Plant Availability ¹ (Critical Months Equivalent Availability Factor - CMEAF)	monthly	CY	%	↑	88.9	94.4	90.5	89.5	90.5	Unrecoverable	N/A ²
	Gas Safety (Leaks Remaining at End of Year Per 1,000 Customers)	monthly	CY	#	↓	0.58	0.61	0.54	0.21	0.54	On Track	0.25
Financial Stability	Fiscal Resiliency ³ (Index of Key Financial Measures)	monthly	FY	#	↑	3.13	3.71	3.20	3.46	≥3.0	On Track	3.13
Customer Experience	Customer Perception (Residential Engaged Customer Relationship – ECR)	quarterly	CY	#	↑	682	699	699	677	699	At Risk	680
Team Culture	Living Mission & Values (Gallup 12+ Index)	annually	FY	#	↑	NT ⁴	4.12	4.15	4.15	4.15	Achieved	N/A ²
	Safety Performance (Enterprise Recordable Incident Rate - RIR)	monthly	FY	#	↓	1.49	0.85	1.12	1.22	1.12	Unrecoverable	1.22
Community Partnership & Growth	Strategically Investing in the Community (Local Spend Percentage)	quarterly	FY	%	↑	73.97	74.78	70.00	74.09	70.00	On Track	73.00

¹ Critical month calculation includes January, February, and June through September

² N/A signifies LE not applicable due to completion of measurement period

³ More information about this measure can be found in the Monthly Financial Update

⁴ NT signifies no historical results in FY2023 because measure was **not tracked**

BENCHMARKING

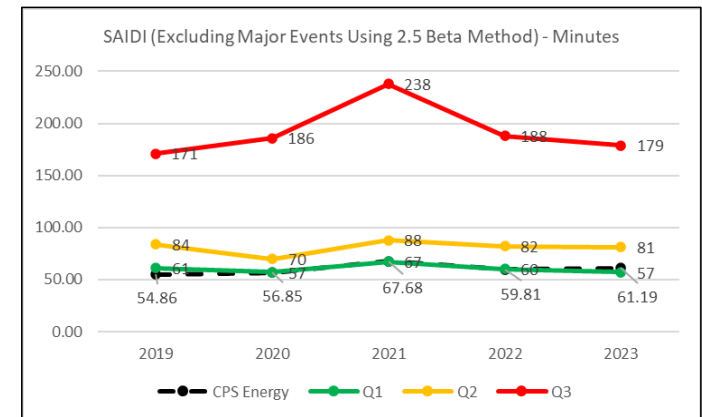
A TARGET SETTING TOOL



Example Measure

Average Customer Outage Duration (SAIDI)

- *Review Performance History*
- *Review Benchmarkable Data*
- *Conduct Target Analysis*
 - Our SAIDI range has been 54.86 – 67.68 over the past five years
 - Excluding CY2021, our SAIDI range is 54.86 - 61.19
 - We have performed between 1st and 2nd Quartile in the past five years
 - An aggressive yet realistic target for the SAIDI measure CY2024 was 57.68
 - 57.68 will be the lowest target we have strived for within the past five years (next lowest target was 61.00)
 - We achieved performance in the mid to upper 50s in three of the past five years



Source: 1st Quartile Consulting CY2023 data, 24 utility companies (23 U.S. companies, 1 Canadian company)

CY2019		CY2020		CY2021		CY2022		CY2023	
1st Quartile	61	1st Quartile	57	1st Quartile	67	1st Quartile	60	1st Quartile	57
2nd Quartile	84	2nd Quartile	70	2nd Quartile	88	2nd Quartile	82	2nd Quartile	81
3rd Quartile	171	3rd Quartile	186	3rd Quartile	238	3rd Quartile	188	3rd Quartile	179
CPS Target	61.00	CPS Target	62.04	CPS Target	65.63	CPS Target	63.70	CPS Target	63.70
CPS Actual	54.86	CPS Actual	56.85	CPS Actual	67.68	CPS Actual	59.81	CPS Actual	61.19

AVERAGE CUSTOMER OUTAGE DURATION (SAIDI)

ENERGY DELIVERY SERVICES



Details & Notes

Measure Definition/Description: The System Average Interruption Duration Index (SAIDI), identified as **Average Customer Outage Duration**, represents the average outage duration per customer. Mathematically, it is derived by taking the total number of customer interrupted minutes divided by the total number of customers served, as defined by the Institute of Electrical and Electronics Engineers (IEEE 1366).

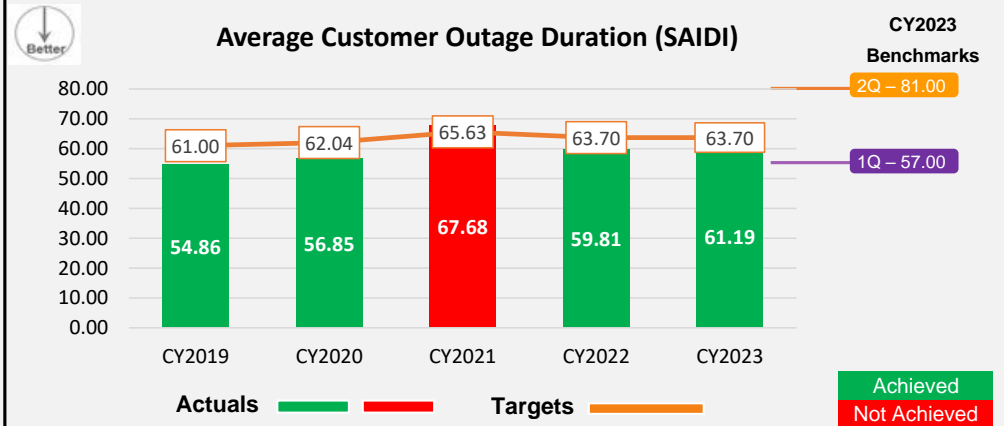
Measure Formula:

Sum of Customer-Minutes of Interruption / Total Number of Customers Served
Rounded to the nearest hundredth decimal. Calendar year measure.

Notes: Key Details

- **CY2025 Proposed Target: 64.15**
- **CY2024 Target: 57.68**
- SAIDI calculation conforms to IEEE standards.
 - Measure excludes outages that are less than 5 minutes (sustained outages only)
 - Measure excludes major event days (when daily system SAIDI exceeds an annual threshold value)
 - Measure represents planned and unplanned outages
- **Benchmark:** First Quartile Consulting CY2023

Historical Results & Benchmarks



Headwinds

1. Increased extreme weather conditions could bring the potential for events such as high heat, strong winds, and lightning storms
2. Supply Chain issues that could limit or delay restoration efforts
3. Ability to access infrastructure and right-of-way

Resource constraints:

 - Labor constraints
 - Material constraints
 - Inflation and budget constraints

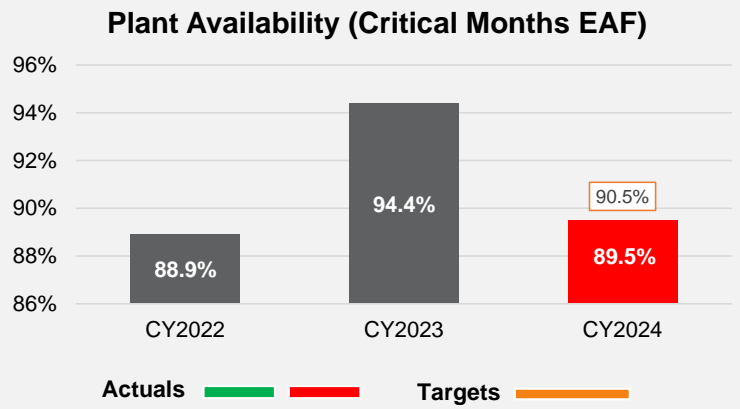
Tailwinds

- A. Key reliability-focused programs (Vegetation Management, Recloser Deployment, Strategic Undergrounding, Pole Replacement Program, Underground Residential Distribution (URD rehab))
- B. Increasing technology and data used to support vegetation management and infrastructure maintenance (LiDAR, drones, satellite services)
- C. Increased use of Outage Prediction tool to help with proactive storm restoration resource planning and collaboration with our Chief Meteorologist to support storm preparations
- D. Increased Vegetation Management funds will allow us to do more tree trimming, which contributes to reduced outages caused by trees
- E. DOE grant funding
- F. Partnering with Community Engagement to educate and inform customers of our reliability programs

PLANT AVAILABILITY (CRITICAL MONTHS EAF)

ENERGY SUPPLY



Details & Notes	Historical Results
<p>Measure Definition/Description: Critical Months Equivalent Availability Factor (CMEAF) - The fraction of net maximum generation that could be provided after all the types of outages and de-ratings during the critical seasons (January through February & June through September) are taken into account. The calculation will include coal, large gas (steam), peaking, and combined cycle.</p> <p>Measure Formula: $((AH * NMC) - (ESDH + EFDH) * NMC) / PH * NMC$</p> <ul style="list-style-type: none"> - AH: Available Hours - NMC: Net Maximum Capacity - ESDH: Equivalent Scheduled De-rated Hours - EFDH: Equivalent Forced De-rated Hours - PH: Period Hours <p>Notes:</p> <ul style="list-style-type: none"> ▪ CY2025 Proposed Target: 90.5% ▪ CY2024 Target: 90.5% ▪ These calculations will roll up based on Net Maximum Capacity. Unit Capacities are not seasonally derated ▪ Units included are Spruce 1&2, von Rosenberg, Rio Nogales, Lee West 1-4, Lee East 5-8, Sommers 1&2, and Braunig 1-3 ▪ Benchmark: N/A, target based on historical performance and forecast based on unit type 	<p>Plant Availability (Critical Months EAF)</p>  <p>Note: This is a newly created measure for which no historical targets are available</p>
Headwinds	Tailwinds
<ol style="list-style-type: none"> 1. Aging gas steam units and equipment. 2. Increased cycling of units due to: <ul style="list-style-type: none"> • Volatile market profiles • ERCOT's conservative operational reserve strategy • Environmental permit constraints 3. Loss of experienced workforce <ul style="list-style-type: none"> • Employee retirements • Workforce transition due to unit retirements 	<ol style="list-style-type: none"> A. Capital improvements in flight, focused on enhancing reliability and resiliency at all plants B. Unit summer preparedness (seasonal prep) activities completed at all plants C. Reliability Improvement Plans and challenge sessions used to determine root causes of unit events such as trips and derates and implement appropriate solutions at all plants

GAS SAFETY (LEAKS AT END OF YEAR)

ENERGY DELIVERY SERVICES



Details & Notes

Measure Definition/Description: The Gas Safety measure represents the leaks remaining at the end of the calendar year (EOY) per 1,000 customers.

Measure Formula: Sum of Gas Leaks Remaining at EOY / (Total Number of Gas Customers Served / 1000)

Notes:

- **CY2024 Target: 0.54**
- **Proposed CY2025 Target: 0.54**
- This single year-end measure can be benchmarked directly against other gas distribution utilities using data reported to the Pipeline and Hazardous Materials Safety Administration (PHMSA)
- FY2026 implementation of new survey schedule developed to reduce variations in leaks discovered year-over-year.
- The year-over-year trend in gas leak rate performance may also provide insight on:
 - The strengthening or weakening of the gas distribution system infrastructure health
 - Maintenance program effectiveness
 - Leak elimination performance

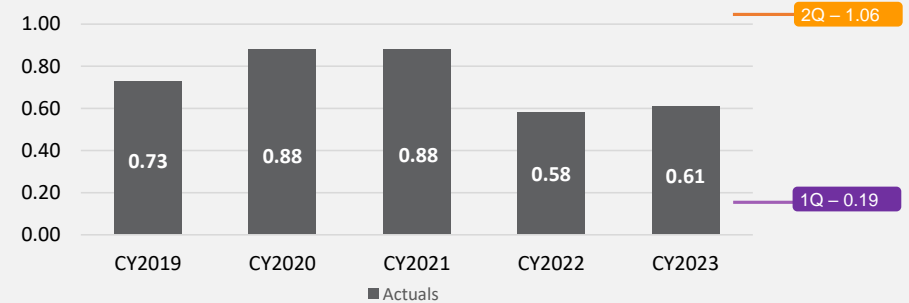
- **Benchmark:** 2nd Quartile American Gas Association CY2023

Historical Results & Benchmarks



Gas Safety (Leaks Remaining at End of Year Per 1,000 Customers)

**CY2023
Benchmarks**



Note: This is a newly created measure for which no historical targets are available.

Headwinds

1. As gas leak measuring technology sensitivity improves, more leaks will be found per 1,000 customers. Since the 2021 incorporation of two Advanced Leak Detection Smart Sniffer vehicles (Gaston SSV) into our Leak Survey Program, more leaks have been found due to the high sensitivity of the equipment utilized
2. Many leaks result from construction activity dig-ins. As the city continues to rapidly grow, the number of leaks caused by dig-ins is likely to increase
3. Our leak survey schedule includes inspection of each pipeline in the system every 5 years. As annual surveys move across the service area, some regions have greater concentrations of leak-prone pipes resulting in EOY variations of remaining leaks year-over-year

Tailwinds

- A. Key improvement programs identified in our gas Distribution Integrity Management Program (DIMP) should reduce the number of leaks due to reduced material issues with main and service piping
- B. Our budget is over \$21M annually for the replacement of system mains and services replacing on average 4.5 miles of main pipeline and 36 miles of service pipeline (~3,400 services) each year
- C. High-performing Damage Prevention program that is focused on continuous improvement

GAS SAFETY

LEAKS AT END OF YEAR



- Recommended by Daymark in Operational Efficiency Review
- Three Levels of Leaks:
 - Grade 1: Hazardous - Fixed immediately
 - Grade 2: Non-Hazardous - Fixed within 6 months
 - Grade 3: Non-Hazardous - Fixed within 15 months
- Enhanced leak detection technology has increased the number of leaks we've proactively found
- Traditional leak survey cycle shifts year to year, focusing on different parts of town.
- Improving leak survey schedule to promote year-to-year consistency in leaks found.

We repair all hazardous and customer-reported leaks immediately!

Our goal over time, through enhanced operations is to accelerate the repair of non-hazardous leaks to improve safety, efficiency and sustainability.

FISCAL RESILIENCY

FINANCIAL SERVICES



Details & Notes

Measure Definition/Description: A balanced scorecard weighting, using three factors; Financial Flexibility, Liquidity Cushion, and (Actual/LE) Performance to Budget. Liquidity Cushion inputs are days cash on hand and days liquidity on hand, Financial Flexibility inputs are adjusted debt service coverage and debt capitalization ratio, and Financial performance inputs are Non-fuel revenues, O&M, and Capital spend.

Measure Formula:

Category	Metrics	Weight	Level Bands			
			1	2	3	4
Financial Flexibility	Adjusted Debt Service Coverage	33.0%	<=1.49x	1.50-1.59x	1.60-1.99x	>=2.00x
	Debt Capitalization	27.0%	>=70.00%	69.99% - 65.00%	64.99% - 55.01%	<=55.00%
Liquidity Cushion	Days Cash on Hand	15.0%	<= 99	100 to 149	150 to 199	>=200
	Days Liquidity on Hand	15.0%	<= 149	150 to 199	200 to 274	>=275
Actual / LE to Budget Performance	Non-Fuel Revenue w/ OSS RNF	5.0%	>= - 8.00%	-7.99% to -5.01%	-5.00% to +4.99%	>= +5.00%
	O&M	2.5%	>= +/- 10.00%	+/- 9.99% to 5.01%	+/- 5.00% to 2.01%	<= +/- 2.00%
	Capital	2.5%	>= +/- 15.00%	+/- 14.99% to 10.01%	+/- 10.00% to 2.01%	<= +/- 2.00%

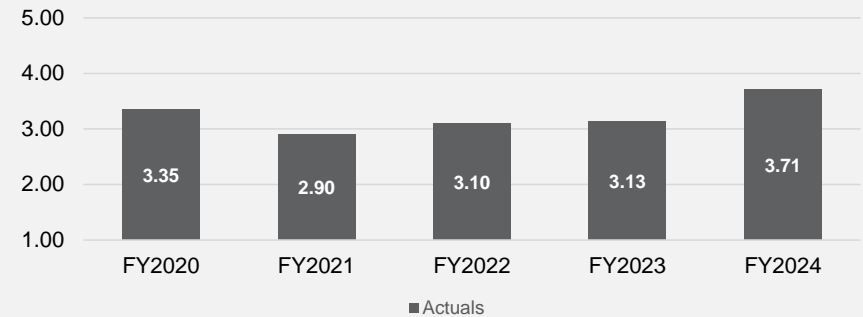
Notes

- **FY2026 Proposed Target: ≥3.00**
- **FY2025 Target: Band Range ≥3.00**
- **Benchmark-** N/A, bands based on external financial advisor guidance

Historical Results



Fiscal Resiliency



Note: This is a new index for which no historical targets were available

Headwinds

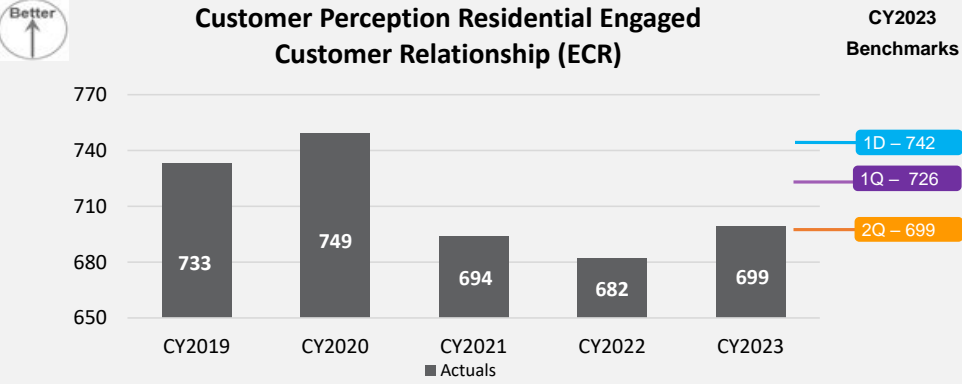
1. Increases in labor, and material costs, combined with inflation, may impact customer affordability
2. Supply chain issues may impact both O&M and Capital costs and timelines
3. Challenges to accommodate rapid customer growth
4. Risks of future weather events impacting systems and customers

Tailwinds

- A. Investors continue to watch the utility sector and ERCOT specifically, yet recent financing transactions indicated our bonds are still viewed favorably in the market along with revised outlooks by Fitch and S&P from negative to stable
- B. Enhanced business controls, operational processes, and fiscal discipline mitigate risks and ensure business alignment
- C. Utilization of data analytics and digital tools to improve efficiency and asset optimization
- D. Recently announced and future interest rate reductions over the next year by the Federal Reserve Board
- E. Strong Texas economy and business growth
- F. Additional length to sell in the wholesale market related to CCL plants

CUSTOMER PERCEPTION - RESIDENTIAL ENGAGED CUSTOMER RELATIONSHIP (ECR) CUSTOMER STRATEGY



Details & Notes	Historical Results & Benchmarks
<p>Measure Definition/Description: The Customer Perception measure uses Escalent's Residential Engaged Customer Relationship, or ECR, to measure our customers' value perceptions. The ECR is composed of three subcomponents: Brand Trust, Product Experience, and Service Satisfaction.</p> <p>Measure Formula: The Residential Engaged Customer Relationship score (ECR) is continually updated and uses a 12-month rolling average value as a measure of performance. Our Residential ECR is compared with utilities providing electric and natural gas service to its customers throughout the southern US.</p> <p>Notes:</p> <ul style="list-style-type: none"> ▪ CY2025 Proposed Target: 699 ▪ CY2024 Target: 699 ▪ Multiple factors go into each subcomponent, and multiple attributes, in turn, go into each factor. This provides us with a single benchmarkable measure for its customers' value perceptions across multiple attributes ▪ Benchmark: Escalent CY2023 	<p>Customer Perception Residential Engaged Customer Relationship (ECR)</p> <p>CY2023 Benchmarks</p>  <p>Note: This is a newly created measure for which no historical targets are available</p>
Headwinds	Tailwinds
<ol style="list-style-type: none"> 1. Rate increases impact customer perceptions of value 2. Legacy IT Systems impact service offerings 3. Competing priorities leveraging the same, limited resources impact forward progress 	<ol style="list-style-type: none"> A. Communication, products, and services tailored to unique customer needs B. Experienced, well-skilled workforce is dedicated to Customer satisfaction C. Increased recognition of the importance of Customer Experience and journey mapping

LIVING MISSION & VALUES (GALLUP 12+ INDEX)

ADMINISTRATION



Details & Notes

Measure Definition/Description: Measure of organizational performance in four key areas that make up the demands of a changing workforce and are a reflection of employees' perception of the corporate culture.

Measure Formula: Corporate Culture is measured by 4 questions, referred to as the Q12+ by Gallup International. All statements are measured on a Likert scale of 1 (strongly disagree) to 5 (strongly agree) and can be averaged together to get the organizational score known as the Corporate Culture Index.

Rounded to the nearest hundredth.

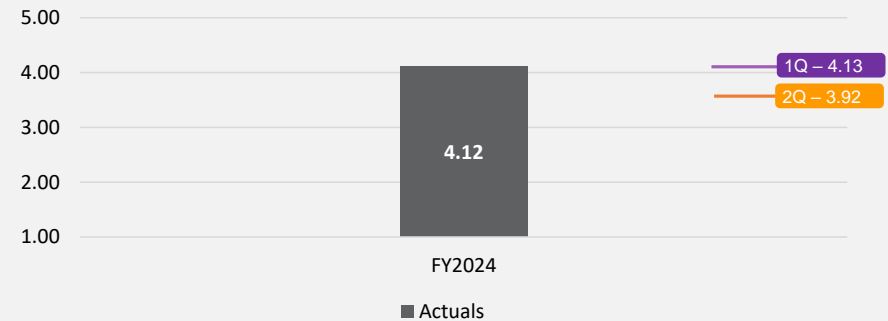
Notes:

- **FY2026 Proposed Target: 4.15**
- **FY2025 Target: 4.15**
- Questions asked for the first time in Nov 2023 as part of the Employee Engagement Survey
- Results will serve as a baseline measure for future trending and target establishment
- Currently benchmark data only exists for the individual Q12+ question
- Gallup is working to establish benchmark data for the Q12+ Index (target date of late 2024)
- **Benchmark:** Gallup 2024

Historical Results



Living Mission & Values (Gallup 12+ Index)



Note: This is a newly created measure for which no historical targets are available.

Headwinds

1. Strengthening culture is an on-going process. By leveraging Gallup's Q12+ (Culture) Index, we will continue our multiyear effort towards growing and strengthening culture at CPS Energy, which will elevate the employee experience throughout all stages of the employee life cycle and help us attract and retain talent.
2. Continue to leverage engagement to adapt to changing workforce needs and expectations that are driving cultural changes such as greater work/life balance, physical and mental well-being, financial health, and connection to an organization's mission and purpose.
3. Employ effective action planning to strengthen both engagement and culture which will help ensure that employees and teams are aligned with our mission and values and that employees have the resources they need to be successful and contribute to organizational success.

Tailwinds

- A. Completion of the Corporate Culture audit
- B. Establishment of our Culture Index baseline with the Nov 2023 Employee Engagement survey
- C. Expansion of the Employee Experience and Engagement Team and additional resources (Engagement Champions)

SAFETY PERFORMANCE (RIR)

ADMINISTRATION



Details & Notes

Measure Definition/Description: A measure of the number of recordable incidents per 100 full-time employees involved in a recordable injury or illness. Recordable is an injury that requires medical treatment other than first aid, as well as one that causes death, days away from work, restricted work, transfer to another job, or loss of consciousness. 200,000 is the standard number of hours used by OSHA, which represents 40 hours per week for 100 full-time employees. Number of Productive Hours is the cumulative number of employee hours worked. It does not include any nonwork time such as vacation, sick leave, or holidays. If actual hours worked are not available (i.e. salaried employees and executive) the hours are estimated based on 8 hours per workday.

Measure Formula:
$$\frac{\text{Number of Recordable Incidents} * 200,000}{\text{Productive Hours}}$$

Rounded to the nearest hundredth of a point. Fiscal year measure (Feb 1 - Jan 31)

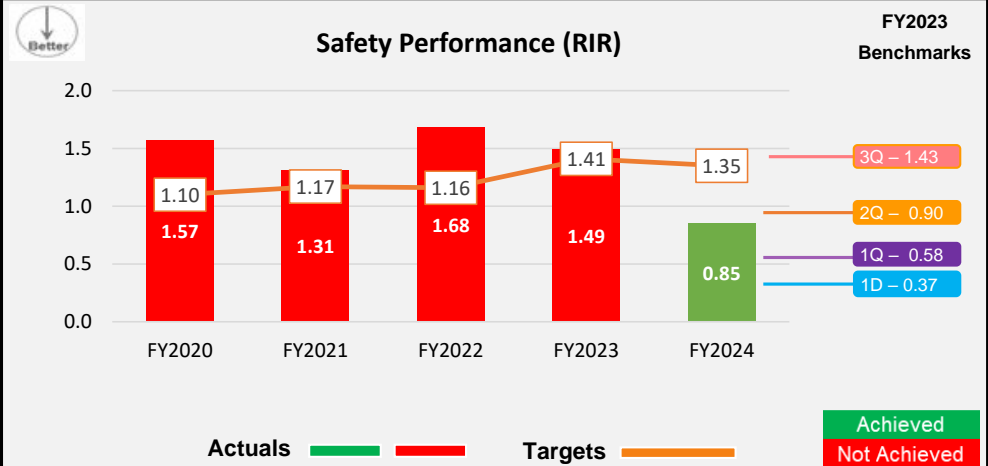
Notes:

- **FY2026 Proposed Target: 1.09**
- **FY2025 Target: 1.12**
- The value is accessible to all CPS employees via the Safety Dashboard, which is periodically reconciled against the data in SAP to ensure accuracy
- **Benchmark:** First Quartile Consulting FY2023

Headwinds

1. 1 Fatality
2. 43% of all recordable injuries are soft tissue injuries (12)
3. 31% of overall injuries were deemed recordable (28)
4. 90 overall injuries (28 Recordable; 44 First Aid Only; 18 Report Only)

Historical Results & Benchmarks



Tailwinds

- Increased reporting of injuries allows us to measure the effectiveness of our safety program allowing us to become more proactive
- Continued focus on Behavior Based Safety (BBS) Observations; initial indications show a potential inverse relationship between quantity of observations and overall injuries
- 49% of the overall injuries are first aid only, signifying employees are receiving care prior to the injury worsening (44 of 90)

STRATEGICALLY INVESTING IN THE COMMUNITY (LOCAL SPEND PERCENTAGE)

ADMINISTRATION



Details & Notes	Historical Results
<p>Measure Definition/Description: This measures the percentage of eligible enterprise purchase order spend with businesses located within the San Antonio Metropolitan Statistical Area (MSA). Where eligible, purchase orders are purchase requisitions having any probability of being spent with businesses with a local presence</p> <p>Measure Formula: Total Eligible PO Spend for Enterprise</p> <p>Rounded to the nearest hundredth decimal. Fiscal year measure</p> <p>Notes:</p> <ul style="list-style-type: none">FY2026 Proposed Target: 70.00%FY2025 Target: 70.00%No benchmark data available	<div><div><div><div><div><div></div><div>Better</div></div><div></div></div></div></div><div><div><div><div><div>Strategically Investing in the Community (Local Spend Percentage)</div><div><div><div><div><div><div></div><div>70%</div></div><div><div><div><div><div>54.70%</div><div>28.00%</div></div><div><div><div><div>67.68%</div><div>29.00%</div></div><div><div><div><div>68.11%</div><div>54.00%</div></div><div><div><div><div>73.97%</div><div>50.00%</div></div><div><div><div><div>74.78%</div><div>60.00%</div></div></div></div></div><div><div><div><div>FY2020</div><div>FY2021</div><div>FY2022</div><div>FY2023</div><div>FY2024</div></div></div></div><div><div><div>Actuals</div><div></div><div>Targets</div><div></div></div></div><div><div><div>Achieved</div><div>Not Achieved</div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div>
Headwinds	Tailwinds
<div><div>1. Local businesses are often small businesses with less competitive pricing than non-local businesses with a national or global footprint</div><div>2. Material scarcity; our purchases goods and services local firms are unable to provide</div><div>3. Pattern of local business closures, mergers, and buy-outs leading to decreasing availability of local firms</div></div>	<div><div>A. Efforts at enterprise-level to debundle and award contract opportunities to multiple suppliers</div><div>B. Continued momentum to expand local supply chain</div><div>C. Heavy engagement from political leaders at local, state, and federal levels seeking increased utilization of local and small vendors</div></div>

PERFORMANCE MEASURES OVERVIEW

TERMINOLOGY



Performance Measure Level and Description	Reporting Frequency
Annual Performance Measures	
<p>Enterprise Measures – Highest level measures aligned to Vision 2027 strategic objectives. These measures provide a balanced view of how CPS Energy is meeting its mission of service.</p> <p><i>NOTE: Measure targets are updated annually in partnership with the Board, our leadership and third-party consultant.</i></p>	Quarterly Presentations and Monthly Updates to Board of Trustees and Senior Leadership
<p>Corporate Measures – Key measures which provide diagnostic and proactive information to Senior Leadership to manage and adapt operations to meet Enterprise Measures. They represent metrics needed to achieve the results critical to the performance of each business unit that supports success at the enterprise level.</p>	Monthly Reports to Senior Leadership
<p>Business Unit – Team specific measures which provide key performance indicators on current and forecasted performance. Provide leaders with diagnostic information and drivers of higher-level measures.</p>	Quarterly Reports to Business Area Leadership

The terminology and description of the measures reflect a strategy in alignment with Vision 2027, ensuring enhanced service to our customers.

HBAILEYGROUP, LLC OVERVIEW

CONSULTANT PARTNERSHIP



- hbaileygroup, LLC established in 2019 and based in Austin TX, performs utility strategic, operational and regulatory consulting, as well as executive leadership coaching.
- Heather Bailey, president and founder, has been an auditor and former executive of the Lower Colorado River Authority (LCRA) where she oversaw administrative, financial, and operational functions. In addition, Ms. Bailey has utility board oversight experience for a Texas utility.
- From 2012 - 2018, Ms. Bailey served as the Executive Director of Energy Strategy and Electric Utility Development for the city of Boulder, Colorado, overseeing the city's Energy Future project.
- Ms. Bailey spent 20 years at one of the largest public power companies in the US, from where she retired after holding positions of Controller, Treasurer, Deputy CFO, CIO, Executive of Corporate Services, and COO of Transmission.
- The project team, led by Ms. Bailey, comprises experienced subcontractors - Donald Harker, Dan Stathos, and Chris Grier. Each has over 30 years of experience in the utility industry, including public power. They are also former consultants with a major firm and have collaborated on similar projects.
- Relevant experience includes:
 - Developed performance metrics and KPIs for various utilities.
 - Developed Board of Directors dashboard report for transmission company.



FY2026 BUDGET

PRESENTED BY:
Cory Kuchinsky, CPA
Chief Financial Officer & Treasurer (CFO)

JANUARY 31, 2025
Request for Approval

AGENDA



- Budget Governance
- Trends & Outlooks
- FY2026 Budget Plan

This budget continues to execute plans the Board previously approved, such as Vision 2027, the Generation Plan, and the Technology Plan. FY2026 places us into a period of high investment as we look to empower our community for generations.

GOVERNANCE



BUDGET COMPONENT	TIMING	BOARD OF TRUSTEES	CITY COUNCIL
CAPITAL	Annually	✓	
NON-FUEL O&M	Annually	✓	
DEBT ISSUANCE	Annually or as needed	✓	✓
CITY PAYMENT	Monthly	✓	
FUEL PURCHASES	As needed per policy	✓	
RATE SUPPORT	As needed	✓	✓

FISCAL YEAR 2026

TRENDS & OUTLOOKS



Industry

- Load growth will drive higher operating costs, capital spending & debt (Moody's)
- Spending to support new generation & to connect generation to the grid (Moody's)
- More severe weather requiring continued investment in the resiliency & maintenance of electric & gas supply (Fitch)
- Increase in balance sheet leverage (Moody's)
- Continued moderate inflation with sensitivities to macro-level economic & world events (Fitch)
- Supply chain disruptions & escalating costs of extreme weather response (Fitch)
- Significant rate increases have taken place nationwide since 2021 (AGVP Advisory)

CPS Energy

- Increased plant reliability & new generation investment
- Increased investment in new generation & transmission to support demand
- Higher volume of work due to extreme weather response, infrastructure maintenance, and physical, cyber & technology integration
- Period of high investment
- Inflationary cost pressures on services & commodities
- Supply chain disruptions
- Most affordable rates in Texas & top five nationwide

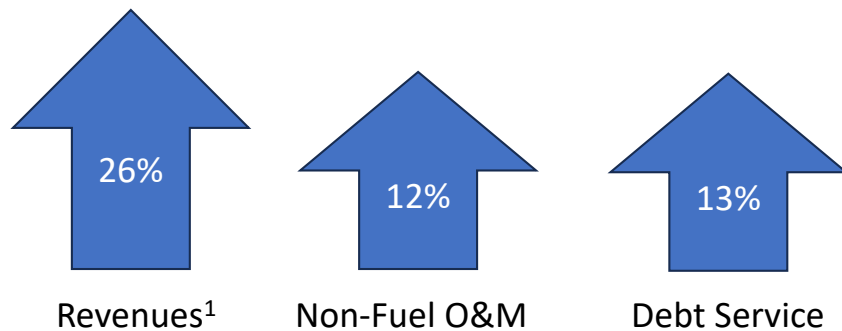
Peer public power with sizable investment programs: Seattle City Light (Aa2 stable), Los Angeles Department of Water & Power (Aa2 stable), Salt River Project Agricultural Improvement & Power District (Aa1 stable), Nebraska Public Power District (A1 stable) & Orlando Utilities Commission (Aa2 stable)

FY2026 BUDGET OVERVIEW

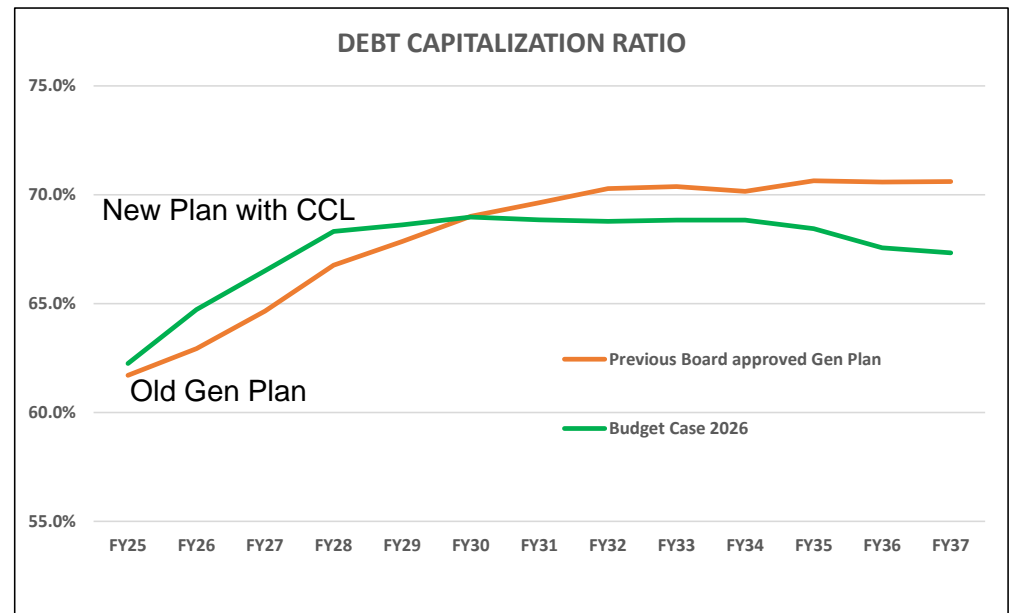
A STEP FORWARD



- FY2026 - Previous Plan to Current Plan



Our ADSC, Cash, R&R additions & Net Income are UP compared to the previous plan.



Improved financial health vs. prior Board-approved plan

- Long-term financial metrics improved from previous 25-year plan
- Provides rate plan flexibility

¹ Represents Total Revenue from the Flow of Funds



FORECASTED CAPITAL

FY2026 BUDGET OF \$1,501M

42% - \$638M	Electric and Gas Infrastructure Reliability <ul style="list-style-type: none"> • Electric and Gas distribution and transmission infrastructure projects • Minimize the quantity and duration of customer outages
20% - \$296M	Customer Growth <ul style="list-style-type: none"> • Upgrade and extend service to new customers • New meters, subdivisions, and commercial services
25% - \$368M	Power Sustainability and Reliability <ul style="list-style-type: none"> • Generation fleet overhauls, planned upgrades, and new projects
9% - \$136M	Technology & Security <ul style="list-style-type: none"> • Address physical security risks, computer system upgrades, and computer-based communication
4% - \$63M	Customer and Community Engagement and Shared Services <ul style="list-style-type: none"> • Invest in Critical Support Operations - Administration, Financial Services, Legal, Customer, Fleet, and Real Estate Master Plan projects

Our Capital budget addresses continued customer growth, while providing a reliable electric and gas system for our customers.



FORECASTED NON-FUEL O&M

FY2026 BUDGET OF \$982M

46% - \$450M	Labor <ul style="list-style-type: none">Salaries and Wages, Benefits, Other Compensation
31% - \$305M	Power Sustainability and Resiliency <ul style="list-style-type: none">Generation fleet overhauls and seasonal maintenance to maximize plant availability and minimize downtime
10% - \$100M	Technology & Security <ul style="list-style-type: none">Maintain and assess enterprise technology systems, execute cyber security initiatives, and design future state of technology platforms
8% - \$82M	Electric and Gas Infrastructure Reliability <ul style="list-style-type: none">Electric and Gas distribution and transmission infrastructure maintenance minimize the quantity and duration of customer outages
5% - \$45M	Customer and Community Engagement and Shared Services <ul style="list-style-type: none">Investment in programs that promote engagement with customers and stakeholdersInvest in Critical Support Operations, including Administration, Financial Services, and Legal

Our O&M budget supports key strategic initiatives, including Customer Growth and Outreach, Technology Improvements, and Reliability.

FY2026 PLAN SUMMARY



	<u>FY2023 Actual</u>	<u>FY2024 Actual</u>	<u>FY2025 Plan</u>	<u>FY2026 Plan</u>
Fiscal Resiliency Score ≥ 3.0			✓	✓
Adjusted Debt Service Coverage Ratio	1.66	2.21	1.60 - 1.99x	1.60-1.99x
Debt Capitalization Ratio	61.8%	60.8%	55% - 64%	55.01% - 64.99%
Days Cash On Hand	166	201	150 - 199	150 - 199
Days Liquidity on Hand	305	432	≥ 275	200 - 274
Capital	\$789M	\$1,005M	\$937M	\$1,501M
Non-Fuel O&M	\$689M	\$788M	\$890M	\$982M
R&R Fund Additions	\$385M	\$557M	\$320M	\$449M

 Requesting Approval

REQUEST FOR APPROVAL



Requesting Approval of our Capital & Non-Fuel O&M Budget for FY2026

The FY2026 proposed budget will fund investments that will benefit our community & meet our commitments, including:

- Meeting customer growth of our community
- Investing in Infrastructure Modernization & Resiliency
- Enabling our digital transformation strategy
- Investing in new generation
- Funding & plan expense for employee benefit obligations
- Continuing to develop our workforce

	Budget
(\$ in millions)	FY2026
Capital	\$1,501
Non-Fuel O&M	\$982





THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS

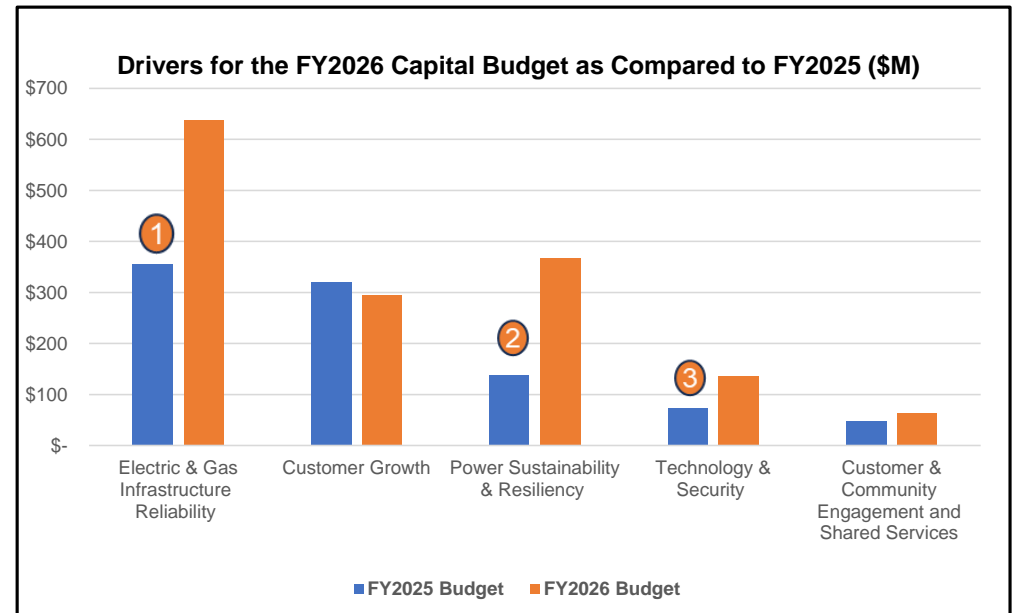


ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
Adjusted Debt Service Coverage Ratio (ADSC)	Measurement of available cash flow to pay current debt obligations	GRIP	Grid Resilience and Innovation Partnerships
CCL	Corpus Christi and Laredo (natural gas plants)	O&M	Normal costs incurred to keep business operations ongoing (Operating & Maintenance)
Days Cash on Hand (DCOH)	Represents the number of days a company can continue to pay its operating expenses with current cash available	R&R	A restricted cash account which may be used to fund construction costs (Repair & Replacement account)
Days Liquidity on Hand (DLOH)	Represents the number of days a company can continue to pay its operating expenses with no revenues using current cash and available lines of credit	STP	South Texas Project
Debt Capitalization Ratio	Measurement that shows the proportion of debt a company uses to finance its assets, relative to the amount of cash (equity) used for the same purpose		
Debt Service	In the Flow of Funds, the annual amount of principal and interest payments due to bond holders		
ERCOT	Electric Reliability Council of Texas		
ERP	Enterprise Resource Planning		
EVOLVE	Program for implementing ERP system		
FY	Fiscal Year		

FORECASTED CAPITAL FY2026 BUDGET



- The proposed FY2026 Capital budget is **\$1,501 million**, an increase of **\$564 million (+60.2%)** as compared to the FY2025 Budget
- Major FY2026 expenses not included in FY2025 Budget:
 - Electric & Gas Infrastructure Reliability**
 - Increased transmission spend \$155M, five-year total of \$263M
 - Community Energy Resiliency/ GRIP projects, \$36M, five-year total of \$57M
 - Execution of grid resiliency projects:
 - Reclosers, \$12.6M, five-year total of \$70.1M
 - Underground strategy, \$9.5M, five-year total of \$57.5M
 - Cable rehabilitation, \$18M, five-year total of \$103M
 - Circuit upgrades, \$10.8M, five-year total of \$70.1M
 - Power Sustainability and Resiliency**
 - Planned overhauls and plant reliability projects for the CCL plants, \$40M
 - Generation Plan New Build of Peaking Units, \$86.6M, five-year total of \$581.2M
 - Generation Plan Spruce Gas Conversion, \$15.7M, five-year total of \$138.7M
 - STP 2% Acquisition expense FY2026, \$81M
 - Technology & Security**
 - Evolve (Including ERP) continued execution to plan

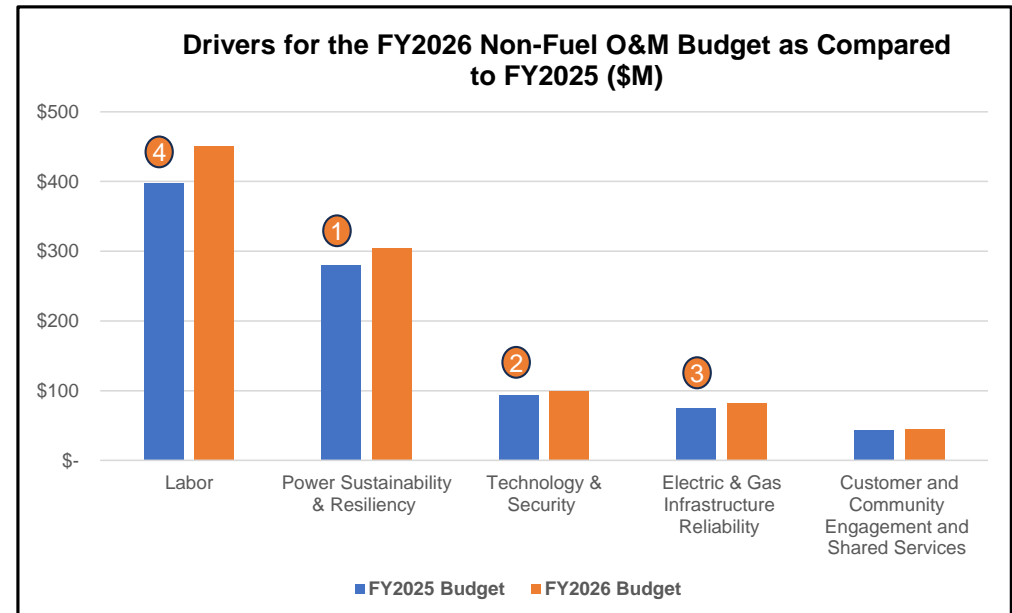


FORECASTED NON-FUEL O&M

FY2026 BUDGET



- The proposed FY2026 Non-Fuel O&M budget is **\$982 million**, an increase of **\$92 million (+10.3%)** as compared to the FY2025 Budget
- Major FY2026 expenses not included in FY2025 Budget:
 - Power Sustainability and Resiliency**
 - Planned overhauls and plant reliability projects for the CCL plants, \$40M
 - Technology & Security**
 - Increased Software Maintenance, \$11M, and Cyber & Physical Security, \$4M
 - Electric & Gas Infrastructure Reliability**
 - Sustain Vegetation Management activities to allow for ~1000 miles of vegetation per year
 - Labor**
 - Incorporated planned cost of employees due to the acquisition of the CCL plants, \$16M
 - Insurance - actuarial results identified additional funding requirement, \$6M





FY2026 FINANCING PLAN

PRESENTED BY:
Cory Kuchinsky, CPA
Chief Financial Officer & Treasurer (CFO)

JANUARY 31, 2025
Request for Approval

AGENDA



- Financing Plan Governance
- FY2026 Financing Plan

Our objective today is to receive approval for financial transactions that improve our fiscal resiliency and seek potential savings for our customers.

GOVERNANCE



BUDGET COMPONENT	TIMING	BOARD OF TRUSTEES	CITY COUNCIL
CAPITAL	Annually	✓	
NON-FUEL O&M	Annually	✓	
DEBT ISSUANCE	Annually or as needed	✓	✓
CITY PAYMENT	Monthly	✓	
FUEL PURCHASES	As needed per policy	✓	
RATE SUPPORT	As needed	✓	✓

We will request your approval of our FY2026 Financing Plan to execute the FY2026 Capital Budget.

FY2026 FINANCING PLAN

APPROVAL SUMMARY



Proposed Actions: Executable before February 12, 2026		Par Amount	Planned New Debt	Reason	Required Approval	
					Board	Council
A. Standard Authorizations						
1	Refunding of outstanding interim financing and/or New Money	\$1.5B	Y	Supports the FY2026 Capital Plan	Y	Y
2	Refunding of Ref. NS 2015 and NS 2015	\$381.8M	N	To lower interest costs paid by customers	Y	Y
3	Remarketing or Refunding of Series 2018 & 2020 Bonds	\$262.6M	N	Secure rates or convert to long-term bonds	Y	Y 1
4	Renew or replace existing CP Liquidity agreements	\$250.0M	N	Series C expires 06/2025 & NS C expires 10/2025	Y	Y 2
B. New Authorization						
5	NS CP Program capacity increase	\$250.0M	Y	Supports the FY2026 Capital Plan	Y	Y
C. Recurring Authorizations						
6	Refunding authority of maximum EMCP outstanding	\$150.0M	N	Maintain long-term takeout capacity for EMCP	Y	Y
7	Tender of taxable and tax-exempt bonds3	\$1.3B	N	To lower interest costs paid by customers	Y	Y
8	Refunding of BABs (NS 2009C & 2010A and Series 2010A)	\$955.0M	N	Eliminates subsidy uncertainty (i.e. sequestration)	Y	Y

1. City Council approval is required only for refunding of Series 2018 & 2020 Bonds
2. City Council approval required for replacement of existing agreement
3. Target tender candidates: NS2016, NS2017, Ref NS2017, NS2018A, Taxable NS2020 & NS2022

REQUEST FOR APPROVAL



VOTE - FY2026 FINANCING PLAN

Authorization, without obligation, to execute the following transactions by delegating authority to the Chief Executive Officer or Chief Financial Officer over the next 12 months:

- Vote to approve the FY2026 Financing Plan consisting of Standard, New, and Recurring Authorizations

Your approval will enable us to continue to support investments in our community, improve our risk profile, and seek potential savings for our customers.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
BABs	Build America Bonds	O&M	Operations & Maintenance
CP	Commercial Paper; could be issued as Taxable, abbreviated as TCP, or Tax-Exempt abbreviated as TECP	Paying Agent	Initiates payments between bond issuers and investors
EMCP	Extendible Municipal Commercial Paper	Tender	Bond issuer makes offer to buy their bonds from the bondholders
New Money Bonds	Using bond proceeds for new capital projects		
NPV	Net Present Value		
NS	New Series, designation for Senior Lien bonds		



A. STANDARD AUTHORIZATIONS

OVERVIEW

1. **Refunding of outstanding interim financing and/or New Money - \$1.5B** – Refund outstanding short-term debt into long-term bonds and/or issue new long-term bonds in support of the FY2026 Capital Budget
2. **Refunding of Ref. NS 2015 and NS 2015 - \$381.8M** – Refund callable bonds to lower interest rates and generate debt service savings (\$6.0M - \$23.5M¹), subject to market conditions
3. **Remarketing or Refunding of Series 2018 & 2020 Bonds - \$262.6M** – Provide flexibility to secure short-term rates for an additional 1 to 7 years or refund into long-term fixed-rate bonds
4. **Renew or replace existing CP Liquidity agreements - \$250.0M** – Seek to extend or replace liquidity agreements with Wells Fargo and PNC, which expire in June and October 2025, respectively

These standard transactions will provide the flexibility needed to support our planned operations and provide potential debt service savings (related to the bond refunding transactions) of approximately \$6.0M - \$23.5M¹.

1. Represents range of NPV under current market conditions, as of January 6, 2025, plus / minus 0.50% in interest cost; Interest costs based on the AAA BVAL index plus a CPS Energy specific credit spread; Lower bond savings calculation excludes any elements of the refunded bonds which would generate negative savings under that interest rate environment.



B. NEW AUTHORIZATION

OVERVIEW

- 5. NS CP Program capacity increase- \$250.0M** – Seek to increase CP capacity to support the FY2026 Capital Budget, improve our fiscal resiliency, and reduce costs to our customers with the strategic use of lower-cost interim financing

Seek to extend capacity to match increasing average annual spend

Fiscal Years	2012-2018	2019-2023	2024-2028	2026-2030	2026-2030 with CP Increase
Average CapEx*	\$585	\$686	\$1,085	\$1,349	\$1,349
CP Capacity	\$600	\$700	\$1,000	\$1,000	\$1,250
Ratio of CP to CapEx	103%	102%	92%	74%	93%

* FY2012-FY2024 actuals, FY2025 LE9 and FY2026-FY2030 are estimated. Estimates are refreshed as part of the LE and annual budget processes.

The CP Program has allowed us to fund a portion of the FY2026 Capital Budget with a lower-cost strategic option to improve our fiscal resiliency.

C. RECURRING AUTHORIZATIONS

OVERVIEW



- 6. Refunding of maximum EMCP outstanding - \$150.0M** – Required annual refunding resolution that is adopted by the Board and City Council. EMCP financing tool was approved last year to issue CP directly to investors, which mitigates our risk of losing liquidity providers due to state-imposed regulatory changes related to SB13 and SB19
- 7. Tender of taxable and tax-exempt bonds - \$1.3B** – Reauthorization to repurchase and retire outstanding bonds with new tax-exempt bonds to generate debt service savings (\$7.0M¹ - \$55.0M²), subject to market conditions and bondholder participation
- 8. Refunding of Build America Bonds (NS 2009C & 2010A and Series 2010A) - \$955.0M** – Reduce exposure to partial or full elimination of federal subsidy, subject to market conditions. The ordinance will reflect a maximum loss of \$9.8M

These recurring transactions provide the flexibility needed to support our planned operations and potential debt service savings.

1. Low estimate calculated with historically low savings and existing bondholder participation rates, which are 5% participation on taxable bonds with 3% NPV savings and 15% participation on tax-exempt bonds with 5% NPV.

2. High estimate calculated with historically high savings and existing bondholder participation rates, which are 10% participation on taxable bonds with 10% NPV savings and 40% participation on tax-exempt bonds with 15% NPV.



HORIZON 2050 FRAMEWORK

PRESENTED BY:
Elaina Ball
Chief Strategy Officer

January 31, 2025
Request for Approval

AGENDA



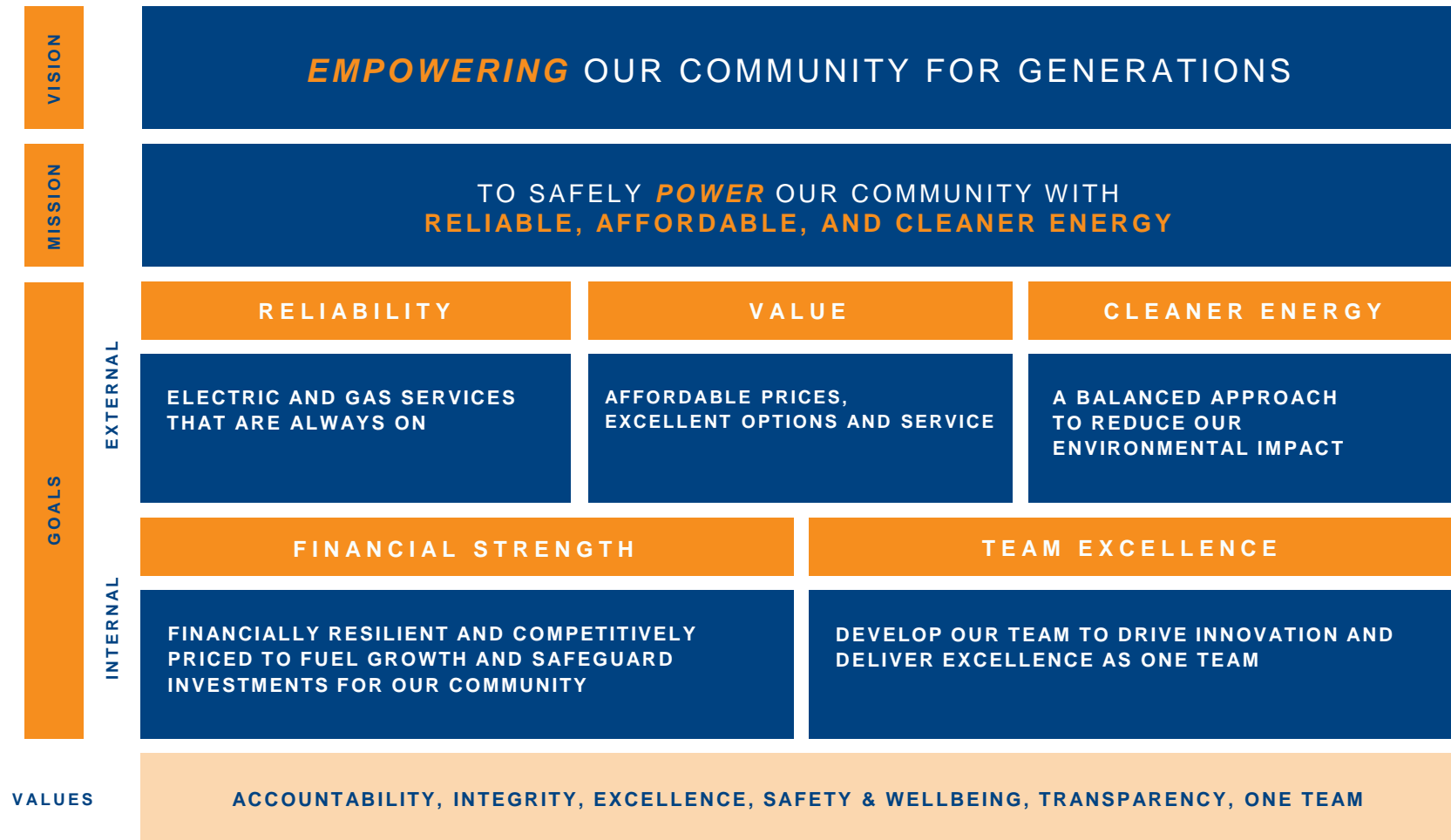
- Updated Horizon 2050 Strategic Framework
- Five Year Refresh Cycle

Our goal today is to seek your input on our long-term strategic direction.



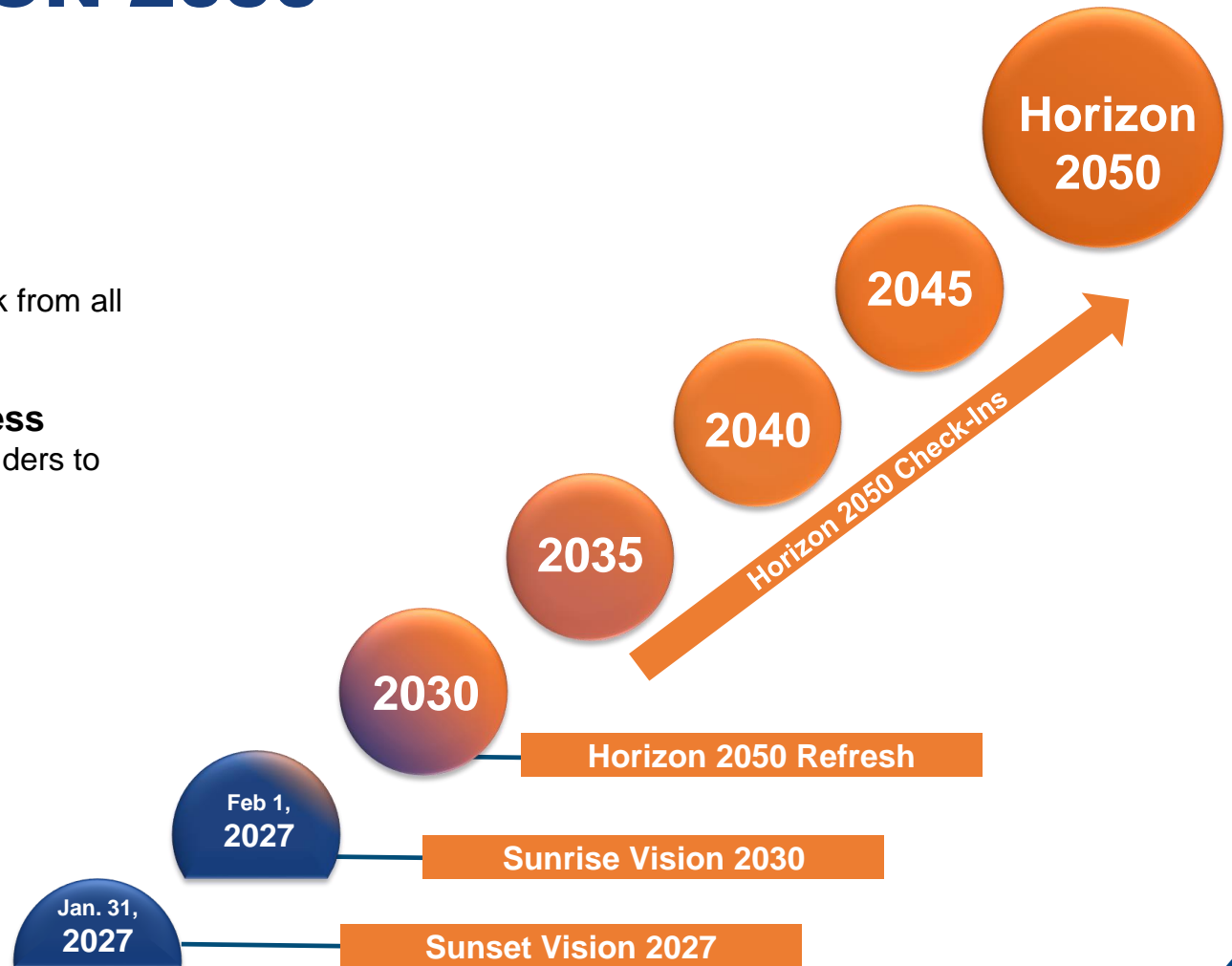
HORIZON 2050

STRATEGIC FRAMEWORK



PATH TO HORIZON 2050

- **Five-Year Strategic Checkpoints**
 - Establish check-ins every 5 years
 - Review and update where needed
- **Ongoing Community Engagement**
 - Continue to seek input and feedback from all external stakeholders
- **Collaboration for continued Success**
 - Continue to involve internal stakeholders to share milestones and updates





THANK YOU

RESOLUTION ADOPTING HORIZON 2050 STRATEGIC FRAMEWORK

WHEREAS, CPS Energy is a municipally-owned utility and proud community partner to the City of San Antonio and surrounding communities; and

WHEREAS, a unique benefit of public power is that it is reflective and responsive to the values of our community; and

WHEREAS, CPS Energy developed Vision 2027 as a 5-year strategic plan to guide our evolving utility through the rapid change occurring within the energy industry; and

WHEREAS, through Vision 2027, CPS Energy has paved a path to the future, while continuing to serve our community with reliable, competitively priced, and sustainable energy services; and

WHEREAS, this Board of Trustees recognizes that the energy industry will continue to experience unprecedented change over the next 25 years, and long-term strategic planning will allow us to navigate through these future disruptions and uncertainties within the energy industry; and

WHEREAS, such thoughtful strategic planning is necessary to balance competing goals and chart a future-proof course for our business operations into 2050; and

WHEREAS, this long-term strategic plan is a joint effort between CPS Energy and our local community which has provided feedback through open houses, town halls, media and social media outreach, a survey, and many other types of engagement; and

WHEREAS, this collaborative effort has resulted in a strategic framework known as Horizon 2050 which envisions CPS Energy as a utility empowering our community for generations; and

WHEREAS, this strategic framework will direct our performance metrics and allow us to set goals at shorter and longer-term intervals to achieve our strategic path to 2050; **NOW, THEREFORE:**

BE IT RESOLVED, that the CPS Energy Board of Trustees adopts the Horizon 2050 strategic framework, attached to this resolution, and directs CPS Energy Management to continue planning efforts in accordance with this Horizon 2050 framework.

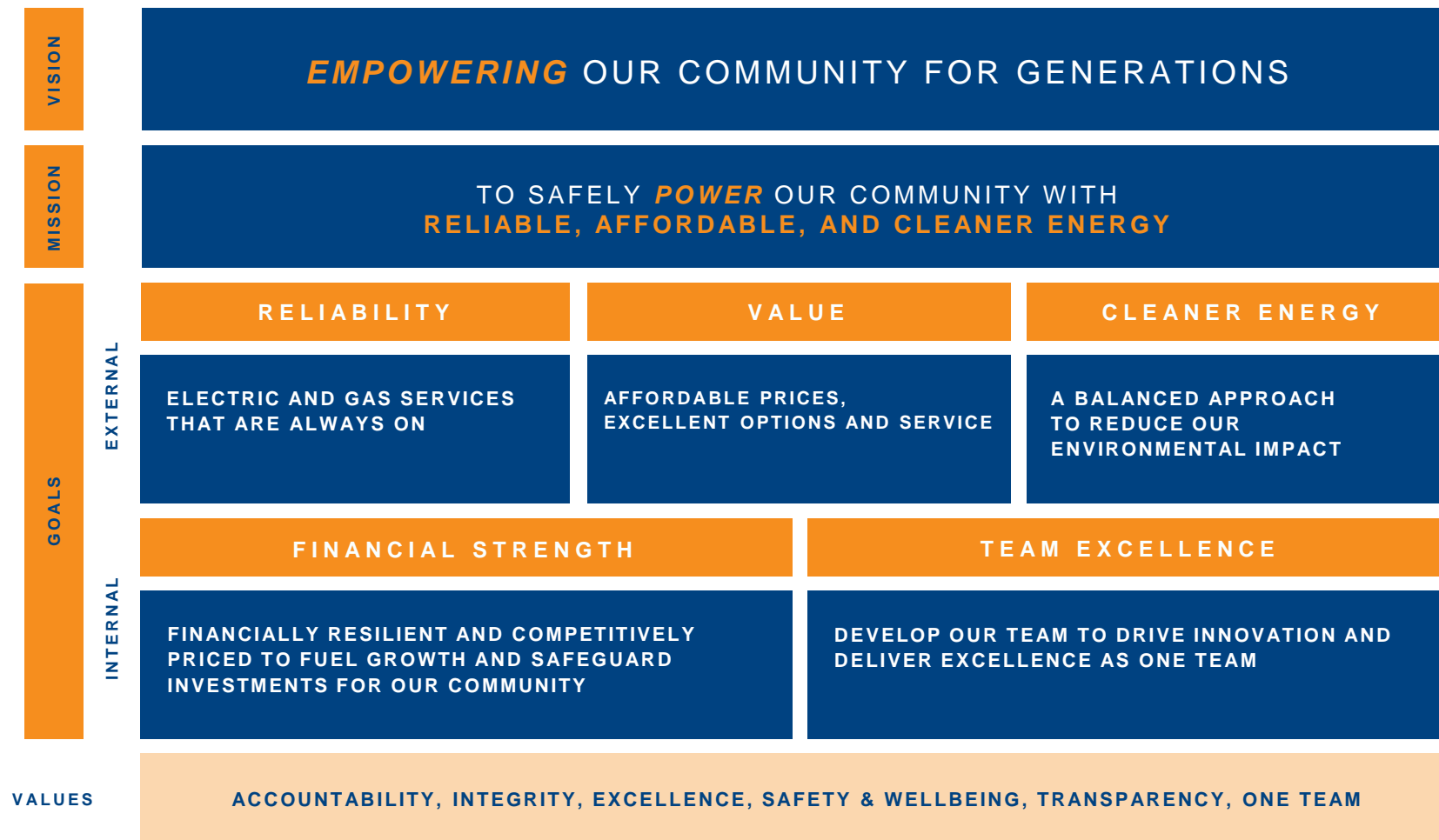
BE IT FURTHER RESOLVED, the CPS Energy Board of Trustees directs CPS Energy Management to provide this Board of Trustees with updates and seek the necessary approvals for our strategic plans.

Shanna M. Ramirez
Secretary of the Board



HORIZON 2050

STRATEGIC FRAMEWORK





EVOLVE: ARTIFICIAL INTELLIGENCE (AI)

PRESENTED BY:
EVAN O'MAHONEY
Chief Information Officer

January 31, 2025
Request for Support



AGENDA

- AI Landscape
- Roadmap & Progress Update
- Generative AI (GenAI) Policy
- Request for Support

Formulating our strategy and establishing governance will mitigate risks and support our ability to effectively seek out GenAI opportunities to deploy within our operations.



AI LANDSCAPE

ALIGNED TO OUR DIGITAL STRATEGY

Established Use Cases

MACHINE LEARNING | ROBOTIC PROCESS AUTOMATION | EVIDENCED BASED REASONING

- Market Price Forecaster
- Vegetation Management
- Storm Outage Prediction
- Underground Cable Failure Detector
- Cyber Security Detection
- Accounts Payable Automation
- Overloaded Transformer Dashboard



GenAI

THE ARTIFICIAL
INTELLIGENCE CONTINUUM

Leveraging Internal & External Partners to Inform Strategy Development

FORRESTER

Gartner

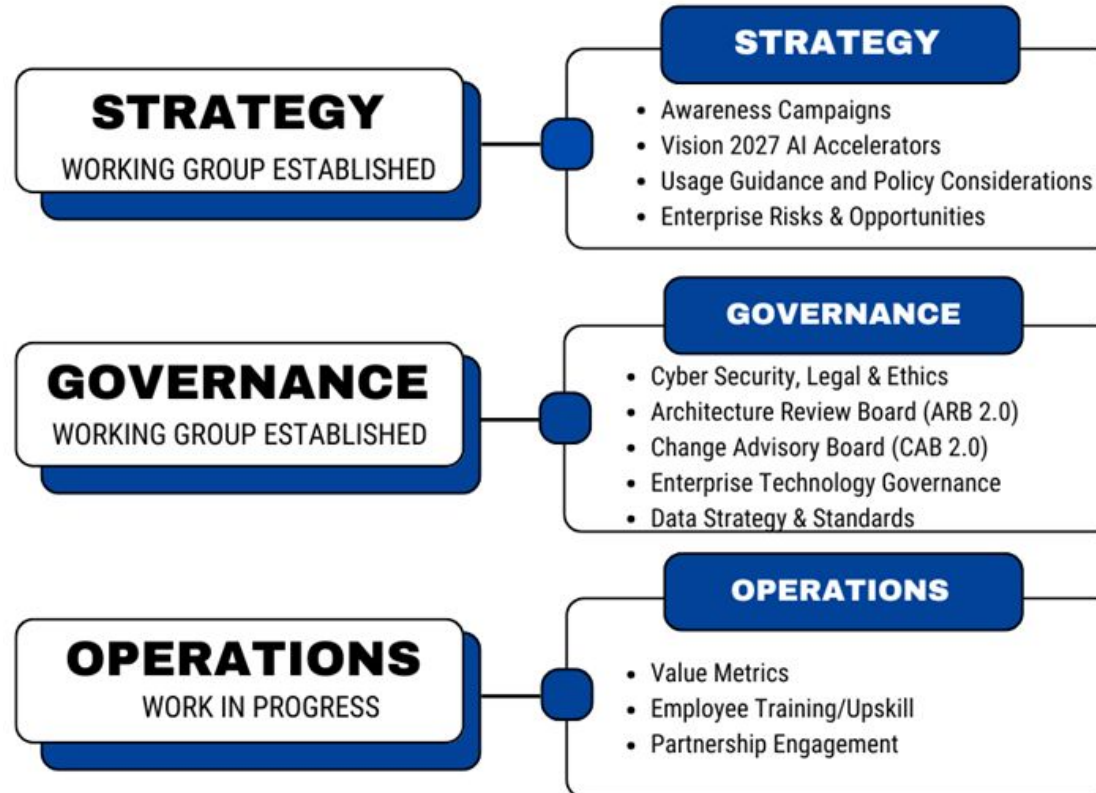


Artificial Intelligence is actively leveraged as a tool to enhance internal efficiencies and support data-informed decision-making across various operational teams.



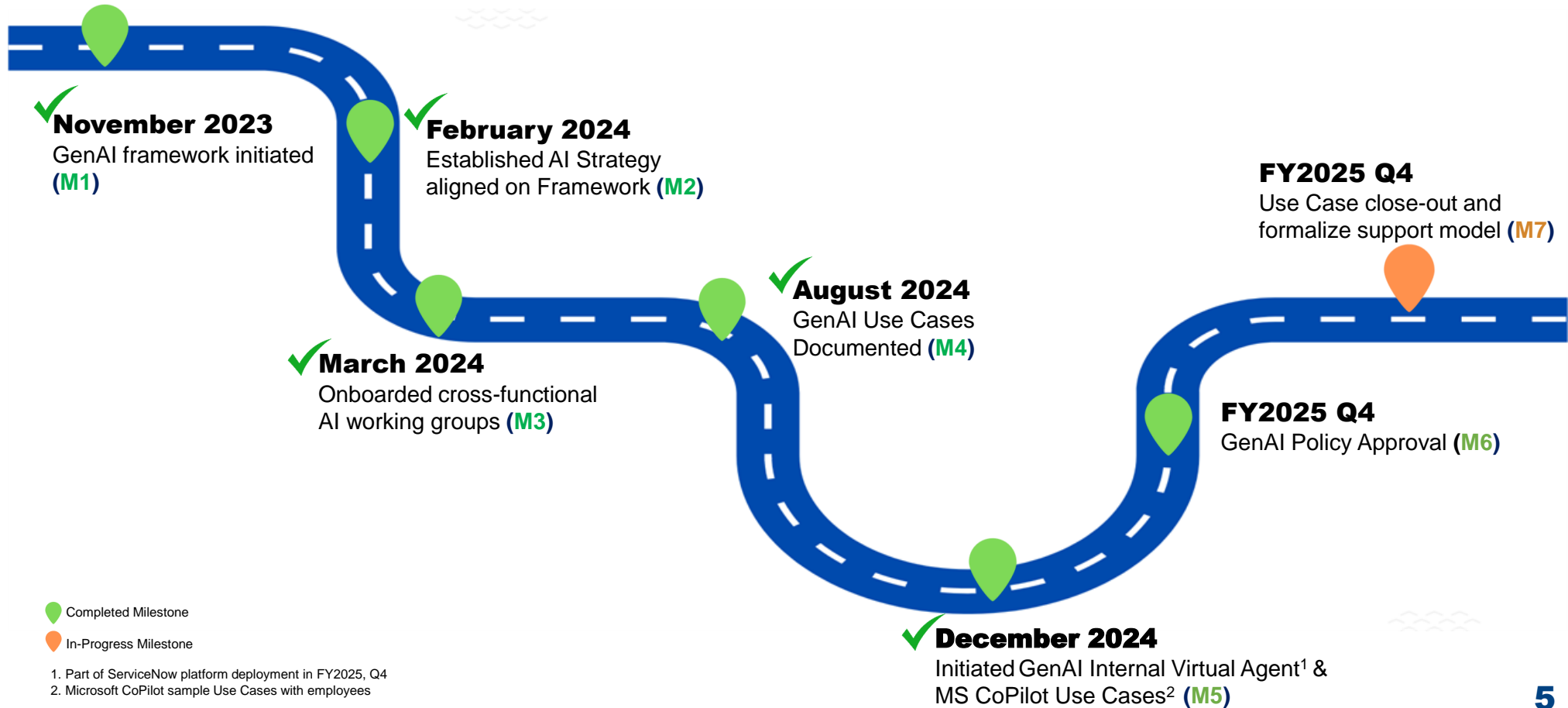
AI FRAMEWORK

ENSURING DIGITAL GOVERNANCE



GenAI is disruptive and requires a disciplined approach to strategy and framework development through which use cases will be prioritized and successfully deployed.

GENAI ROADMAP & MILESTONES

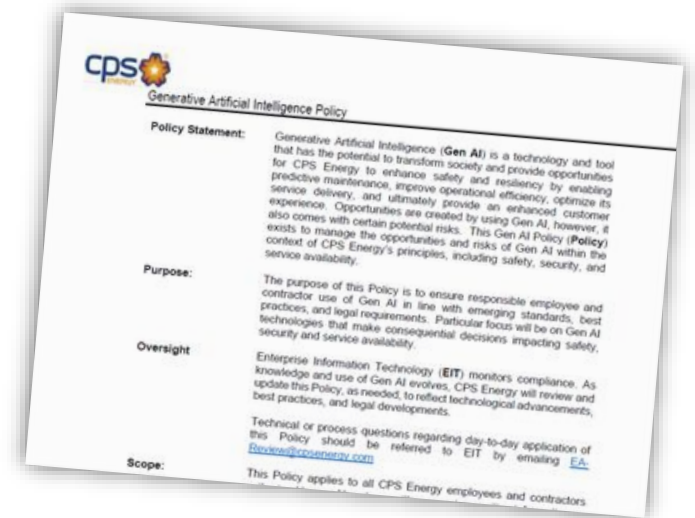


ESTABLISHING GOVERNANCE

IMPORTANCE OF A GENAI POLICY



- Provides a framework to ensure the ethical, responsible, and compliant development and use of artificial intelligence systems
- Ensures all stakeholders understand the expectations and guidelines regarding AI usage
- Supports data handling practices and security measures that can help mitigate associated risks
- Aligns with established processes for technology solution evaluation via the Architecture Review Board (ARB)
- Ongoing development of Usage Guidance to ensure adequate awareness and education for impacted employees



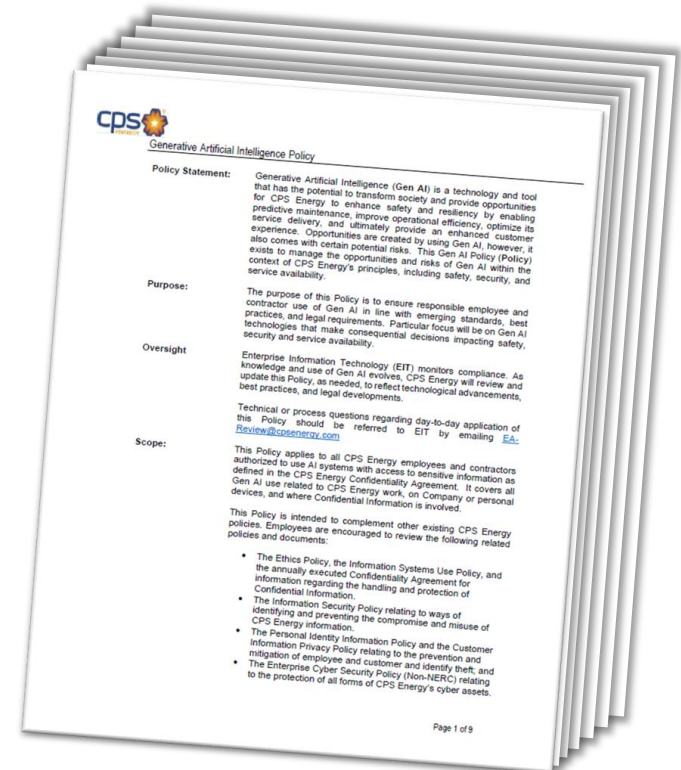
Our GenAI Policy serves as a blueprint for our AI journey, guiding our organization through decision-making processes and ensuring our use of GenAI is responsible, ethical, and aligned with our business goals and objectives.

REQUEST FOR SUPPORT

GENERATIVE AI POLICY



Your support reinforces management's direction to ensure Generative AI's safe, ethical, and innovative deployment
Is in alignment with our short and long-term goals.





THANK YOU



APPENDIX

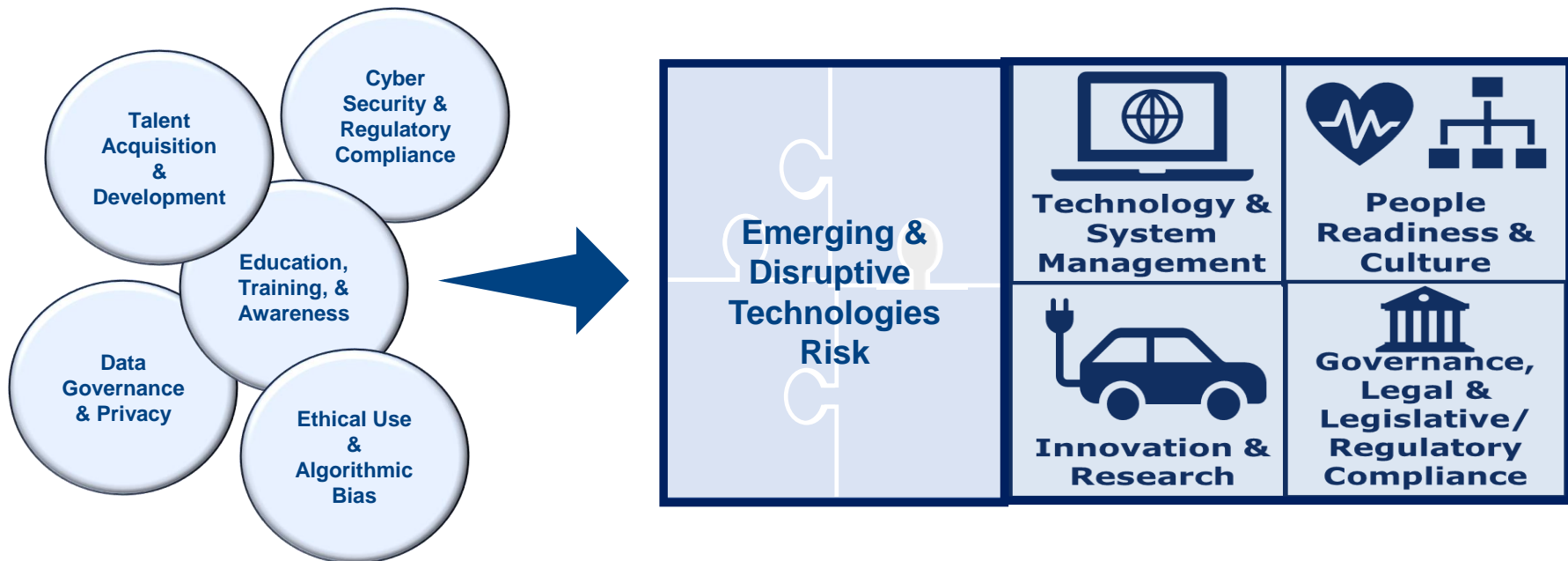
GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
AI	Artificial Intelligence	Machine Learning	Used to make predictions or decisions leveraging data and algorithms
AI Accelerator	Initiative where AI will be a good fit to achieve CPS Energy vision	MS	Microsoft
ARB	Architecture Review Board		
CAB	Change Advisory Board		
Co-Pilot	Microsoft AI Productivity Tool		
Generative AI GenAI	Used to generate outputs that resembles human created content like text, images, music, computer code and designs		

RISK CONSIDERATIONS

ALIGNMENT WITH ENTERPRISE RISKS



Leveraging advancements in technology, such as GenAI, can significantly help us deliver value to our customers and community, but risks must be managed effectively.



Generative Artificial Intelligence Policy

Policy Statement:	Generative Artificial Intelligence (Gen AI) is a technology and tool that has the potential to transform society and provide opportunities for CPS Energy to enhance safety and resiliency by enabling predictive maintenance, improve operational efficiency, optimize its service delivery, and ultimately provide an enhanced customer experience. Opportunities are created by using Gen AI, however, it also comes with certain potential risks. This Gen AI Policy (Policy) exists to manage the opportunities and risks of Gen AI within the context of CPS Energy's principles, including safety, security, and service availability.
Purpose:	The purpose of this Policy is to ensure responsible employee and contractor use of Gen AI in line with emerging standards, best practices, and legal requirements. Particular focus will be on Gen AI technologies that make consequential decisions impacting safety, security and service availability.
Oversight:	Enterprise Information Technology (EIT) monitors compliance. As knowledge and use of Gen AI evolves, CPS Energy will review and update this Policy, as needed, to reflect technological advancements, best practices, and legal developments. Technical or process questions regarding day-to-day application of this Policy should be referred to EIT by emailing EA-Review@cpsenergy.com
Scope:	<p>This Policy applies to all CPS Energy employees and anyone else authorized to use AI systems ("authorized users") with access to sensitive information as defined in the CPS Energy Confidentiality Agreement. It covers all Gen AI use related to CPS Energy work, on Company or personal devices, and where Confidential Information is involved.</p> <p>This Policy is intended to complement other existing CPS Energy policies. Employees are encouraged to review the following related policies and documents:</p> <ul style="list-style-type: none"> • The Ethics Policy, the Information Systems Use Policy, and the annually executed Confidentiality Agreement for information regarding the handling and protection of Confidential Information. • The Information Security Policy relating to ways of identifying and preventing the compromise and misuse of CPS Energy information. • The Personal Identity Information Policy and the Customer Information Privacy Policy relating to the prevention and mitigation of employee and customer and identify theft; and • The Enterprise Cyber Security Policy (Non-NERC) relating to the protection of all forms of CPS Energy's cyber assets. • The Identity and Access Management and Records Management Policies.



Generative Artificial Intelligence Policy

Definitions: All capitalized terms in this Policy are defined in the Appendix.

Confidential Information: Data shared with a Gen AI tool (including data or materials uploaded as context while prompting) may be used by the Gen AI Tool provider to train models or in other ways that are not appropriate for sensitive Confidential Information. This could, in some cases, result in such Confidential Information being publicly released or made available to third parties. Sharing, uploading or otherwise exposing Confidential Information with or to Gen AI tools could result in CPS Energy violating energy sector and national security laws and regulations (including U.S. export control laws and federal electricity generation, transmission and reliability regulations), data privacy laws, and contract obligations. These violations could result in civil and criminal penalties for CPS Energy and authorized users, in addition to disputes with third parties and reputational risks.

For these reasons, authorized users SHALL NOT input, upload or otherwise share or use Confidential Information in operating, prompting training or developing Gen AI Tools without prior written approval from EIT.

For purposes of this Policy, Confidential Information is information (regardless of format) related to CPS Energy's strategic, financial, business or operations processes and procedures that have not been publicly disclosed. Confidential Information includes, but is not limited to employees' personal information, confidential information about business affiliates, confidential customer information, any competitive sensitive materials, regulatory data and information. Employees must comply with the CPS Energy Confidentiality Agreement on Connect. Other examples of Confidential Information include, but is not limited to the following:

- Personally Identifiable Information.
- CPS Energy confidential information and software code. This includes meeting minutes or other summaries of information shared orally.
- Third party confidential information, including vendor and customer data.
- Information and know-how subject to U.S. and other applicable export control laws, including the U.S. Department of Energy's nuclear technology regulations at 10 CFR Part 810 or the U.S. Department of Commerce Export Administration Regulations (whether belonging CPS Energy or third parties);
- Data about the generation and transmission of electricity like plant capacity, generation output, operational details, location and fuel sources that could be considered sensitive due to market



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competitiveness, implications for grid stability or security, including data subject to Federal Energy Regulatory Commission and North American Electric Reliability Corporation guidelines.

- Data about CPS Energy's natural gas transmission and distribution system that could be considered sensitive due to market competitiveness, implications for system stability or security, including data and information subject to Transportation Security Administration, Texas Railroad Commission or Pipeline and Hazardous Materials Safety Administration guidelines.
- Non-public CPS Energy instructions, manuals or other information relating to Company operations and or the operations of any facilities owned by CPS Energy, physical security or cybersecurity. Examples include sensitive operating processes, operational technology configurations, or other technical instructions that should not exist in the public domain.

If there are questions about whether data to be used in Gen AI Tools constitutes Confidential Information, employees and contractors "authorized users" must reach out to EIT or Legal Services.

Bias, Fairness and Accuracy:

Before their use, Gen AI Tools must be approved by Architecture Review Board (ARB) to avoid discrimination. Users, as data experts, are responsible for checking outputs for biases and inaccuracies. Audits are conducted to correct any identified biases.

Gen AI outputs may contain fictitious information ("hallucinations") and biases that conflict with CPS Energy's values. Furthermore, many Gen AI models are often trained on large, publicly available datasets which may not always be accurate or up to date. It is critical that all content obtained through interactions with Gen AI Tools are carefully reviewed by individuals with the ability to properly confirm that the output is accurate, does not infringe third party rights, and is otherwise appropriate. Unreviewed output can cause errors, favoritism, damage the Company's reputation, or violate third-party rights. Users are encouraged to use sound judgement when creating content with Gen AI. At a minimum, users should validate that appropriate controls are in place to verify accuracy and ensure content does not violate other existing CPS Energy policies.

Intellectual Property Rights:

Users must respect intellectual property rights when using generative Gen AI Tools. Any content generated by Gen AI Tools may infringe on third-party intellectual property rights. Furthermore, output produced by Gen AI is not inherently copyrightable and may lack the originality required for legal protection. Employees must not rely solely on Gen AI-generated content for proprietary or commercial purposes without conducting proper due diligence, including reviewing and verifying the originality and ownership of the material.



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Transparency and Explainability:

Transparency and explainability in AI operations are encouraged. All content generated using Gen AI must be clearly identified to employees and, where appropriate, on any outward-facing content. The following is a non-exhaustive checklist to reference when utilizing Gen AI Tools

- Check Input Data. Ensure prompts do not include Confidential Information.
- Review Output Carefully. Verify the accuracy, coherence, and relevance of AI-generated content.
- Label AI-Generated Content. When sharing Gen AI content with others, clearly state that AI was used. For example, "This content includes contributions generated by AI."
- Ensure Originality. Check output for potential intellectual property infringement and confirm originality using appropriate resources.
- Avoid Over-Reliance. Do not use AI generated content as the sole source for critical decisions or sensitive communications.
- Seek Approval When Needed. Obtain supervisor or Legal Services approval for external or high-stakes use of AI generated content.

Security and Data Integrity:

Users are responsible for using Gen AI systems in a secure manner and be mindful of the potential impact that AI and Gen AI have to critical systems that make consequential decisions about safety and resiliency. To maintain security and data integrity, user shall not:

- Create Gen AI accounts that manage, interact with, or share data with CPS Energy enterprise systems without explicit approval of the ARB.
- Implement any form of persistent data connection or Application Programming Interface (API) to generative business functionality or AI systems without Change Control Board approval.
- Implement software custom code or business functionality generated by Gen AI on Company systems, without prior approval through the Architecture Review Board and/or Change Control Board.

Adequate security measures, including encryption and access controls, must be implemented to protect against unauthorized access, data breaches, and tampering. The use of AI Tools must comply with CPS Energy's applicable policies, as stated in the section entitled "Scope" above.

Authorized Uses: The following use cases are preapproved for general use:

- Translating text from a secondary, publicly available source.
- Conducting high-level background research into a non-sensitive topic.



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- Creating initial drafts for non-sensitive reports, presentations, or internal communications, which must be reviewed and refined by human users.
- Summarizing information available in public meetings, such as conferences or webinars open to members of the public.

All other uses of Gen AI require preauthorized approval from the ARB.

Prohibited Uses: The following uses of Gen AI within CPS Energy are strictly prohibited:

- Using personal accounts with Gen AI Tools for Company-related purposes.
- Creating accounts on Gen AI Tools that are not approved.
- Sharing any Confidential Information on any Gen AI Tool UNLESS that tool was approved by CPS Energy for that specific type of data. This includes meeting minutes or any other Confidential Information shared orally.
- Engaging in impersonation or creating fake accounts.
- Creating or sharing malicious, harmful, defamatory, misleading content, biases, or discriminatory language. Creating content that promotes hate speech, discrimination, harassment, or any form of offensive or illegal behavior or behavior that violates any CPS Energy Policy.
- Misusing Gen AI-generated content for deceptive practices, fraudulent activities, or unlawful purposes.

**Requirements
for utilizing
Generative
AI:**

The following requirements must be followed when using Gen AI:

- Complete CPS Energy's mandatory training program. This training will cover responsible AI use, data privacy, and security, as well as the guidelines outlined in this Policy.
- Exercise judgment and ensure the use of Gen AI aligns with CPS Energy's the goals and values.
- Use Gen AI in a manner that promotes inclusion and respect for all individuals, regardless of their race, ethnicity, gender, sexual orientation, age, abilities, or other protected classes.
- Review and revise any content created by Gen AI to ensure it aligns with this Policy.
- Verify the accuracy of content generated by Gen AI, especially when it is used in public communications or decision-making processes.
- Independently research claims made by the Gen AI to ensure the information provided is accurate and reliable.



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- Identify and address, any biases in the positions or information generated by AI to avoid potential harm to vulnerable populations.
- Disclose the use of Gen AI in any content created, including the version and type of model used.
- Document the process and prompts used to generate content to promote transparency and take into consideration Gen AI's limitations and potential biases.
- Embrace a culture of responsible experimentation with Gen AI while maintaining control and understanding of its use.
- Be accountable for the risks associated with using Gen AI, such as accuracy, biases, or unintended consequences. Be aware of these risks and actively manage them, while following policies and procedures.
- Include a reference as a footer to indicate the use of Gen AI, for example: "This content was generated using Generative AI Model X."

Corrective Action:

Failure to comply with these requirements by authorized users may lead to revocation of access to CPS Energy's AI and information systems. Additionally, employees who fail to comply with any provision of this Policy may be subject to corrective action or termination of employment.

Suspected, actual, or potential violations of this Policy must be immediately reported to any of the following:

- An immediate supervisor or manager
- Employee Relations at 210-353-3996
- Ethics Hotline at 1-888-255-8144

Any exception to this Policy will require the review and approval by the Chief Information Officer.

Reviewed and recommended by:

Anand Vedapuri
VP IT Infrastructure & Operations

Date

Veronica Uriegas
Interim Vice President
People & Culture

Date



Generative Artificial Intelligence Policy

Approval:

 Lisa D. Lewis
 Chief Administrative Officer

 Date

 Evan O'Mahoney
 Chief Information Officer

 Date

Appendix

Definitions

Term	Definition
ARB	Architecture Review Board
Artificial Intelligence (AI)	Artificial Intelligence (AI) refers to the simulation of human intelligence in machines or computer systems that can perform tasks typically requiring human intelligence. These tasks include problem-solving, learning from experience, understanding natural language, recognizing patterns, and making decisions. AI systems use mathematical models and data to process information, adapt to changing circumstances, and improve their performance over time. AI is a multidisciplinary field that encompasses various subfields, such as machine learning, natural language processing, computer vision, robotics, and expert systems, all aimed at creating machines capable of mimicking human cognitive functions. AI applications range from virtual assistants and self-driving cars to medical diagnosis and financial forecasting.
Confidential Information	See p. 2 of this Policy
Gen AI Tool(s)	Software, services or platforms, the include Gen AI, LLMs and ML. This includes Gen AI Tools, as defined below.
Generative AI (Gen AI)	Generative AI (Gen AI) is a subfield of AI that focuses on creating AI models and algorithms capable of generating new, original content, such as text, images, audio, video, and other forms of media using machine learning algorithms. Unlike traditional AI systems that are designed for classification, prediction, or pattern recognition, Gen AI is centered around creative tasks where the AI system generates content that wasn't explicitly programmed.



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Gen AI Tools	Gen AI software, platforms or services such as Open AI's ChatGPT, Anthropic's Claude, and Google's Bard, that utilize artificial intelligence models (LLMs) that excel in natural language processing tasks, such as generating human-like text, answering questions, and engaging in text-based conversations. Similar platforms or services that create images, video or audio using Gen AI are also considered Gen AI Tools.
Large Language Model (LLM)	A Large Language Model (LLM) is a specialized type of AI technology that has been trained on vast amounts of text to understand existing content and generate original content.
Machine Learning (ML)	Machine Learning (ML) is a subfield of AI that focuses on developing algorithms and models that enable computers to learn from and make predictions or decisions based on data, without being explicitly programmed. In other words, machine learning systems are designed to improve their performance on a specific task by learning from data and experience.
Personally Identifiable Information	Personally Identifiable Information is any information about an individual that can be (1) used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; or (2) linked or linkable to an individual, such as medical, educational, financial, and employment information.

RESOLUTION SUPPORTING GENERATIVE ARTIFICIAL INTELLIGENCE POLICY

WHEREAS, as an evolving utility, CPS Energy seeks to empower our community for generations by driving innovation in our processes while ensuring safety, security, accuracy, and transparency in such processes; and

WHEREAS, CPS Energy recognizes that generative artificial intelligence has the potential to transform society and provide opportunities for CPS Energy to enhance safety and resiliency by enabling predictive maintenance, improve operational efficiency, optimize its service delivery, and ultimately provide an enhanced customer experience; and

WHEREAS, CPS Energy also recognizes that the adoption of advances in technology, including generative artificial intelligence, must mitigate risks, adhere to legal requirements, and align with best practices to ensure ethical and responsible use; and

WHEREAS, to address these opportunities, CPS Energy Management has developed a Generative Artificial Intelligence Policy to guide CPS Energy's use of this emergent technology; **NOW, THEREFORE:**

BE IT RESOLVED, the CPS Energy Board of Trustees supports CPS Energy's Management in the adoption of the new Generative Artificial Intelligence Policy.

Shanna M. Ramirez
Secretary of the Board