



**CPS ENERGY BOARD OF TRUSTEES SPECIAL MEETING
TO BE HELD ON SEPTEMBER 9, 2024 AT 1:00 PM
LOCATION: CPS ENERGY GRID ROOMS (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. Elaina Ball
3	PUBLIC COMMENT Pre-Registration is from Wednesday, September 4, 2024, 5:00 PM – Friday, September 6, 2024, 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
CONSENT AGENDA			
5	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for July 2024 B. Procurements Items: 1. General Services: Underground Infrastructure Installation Services (Mr. Richard Medina) 2. Commodity & Material Goods: Transmission Steel Monopoles (Mr. Richard Medina) 3. General Services: Engineering & Construction Services for Accelerated Recloser Deployment (Mr. Richard Medina)	Vote	Ms. Janie Gonzalez

REGULAR AGENDA			
6	STRATEGY SESSION (PA Consulting)	Discuss	Ms. Elaina Ball, Ms. DeAnna Hardwick, & Ms. Melissa Sorola
CONVENE TO EXECUTIVE SESSION			
7	EXECUTIVE SESSION: A. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)	Discuss	Ms. Janie Gonzalez
RECONVENE TO OPEN SESSION			
8	STRATEGY SESSION, CONT. (PA Consulting)	Discuss	Ms. Elaina Ball, Ms. DeAnna Hardwick, & Ms. Melissa Sorola
9	PUBLIC POLICY UPDATE	Discuss	Ms. Kathy Garcia
10	REVIEW OF ACTION ITEMS	Discuss	Ms. Shanna Ramirez
11	ADJOURNMENT	Execute	Ms. Janie Gonzalez
<p>If the Board meeting has not adjourned by 4:30 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.</p>			

CPS Energy Board of Trustees Meeting September 9, 2024

Approval of Payment to the City of San Antonio for July 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 July 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$362,866,323.82, less applicable exclusions. The revenue for the month of July 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$363,182,002.44
Gas revenue	13,186,086.97
Interest and other income	9,492,462.36
Gross revenue per CPS Energy financial statements	385,860,551.77
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,304,786.34)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(29,653,182.56)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	15,963,740.95
Total excluded revenue	(22,994,227.95)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$362,866,323.82
City payment per Bond Ordinance for July 2024 based upon July 2024 revenue	\$50,801,285.33
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	781,719.64
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	51,570,504.97 A
Utility services provided to the City for July 2024	(3,237,350.76)
Net amount to be paid from July 2024 revenue to the City in August 2024	\$48,333,154.21

CPS Energy Board of Trustees Meeting September 9, 2024

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)

July 2024	Actual	Budget	Variance	
Current Month A	\$51,571	\$43,262	\$8,309	19.2%
Year-to-Date	\$219,030	\$210,307	\$8,723	4.1%

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 \$48,333,154.21 representing 14% of applicable system gross revenues for the month of July 2024, such payment being net of City utility services (\$3,237,350.76), is hereby approved."



**CPS Energy Board of Trustees Meeting
September 9, 2024
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1. Item Description: Purchase Category: Supplier:	Underground Infrastructure Installation Services
	General Services
	Bartek Construction Co
	HJD Capital Electric, Inc

Committee Presentations: Operations Oversight Committee – May 6, 2024
Audit & Finance Committee – July 18, 2024

2. Item Description: Purchase Category: Supplier:	Transmission Steel Monopoles
	Commodity & Material Goods
	Meyer Utility Structures, LLC
	Techline, Inc.

Committee Presentations: Operations Oversight Committee – May 6, 2024
Audit & Finance Committee – July 18, 2024

3. Item Description: Purchase Category: Supplier:	Engineering & Construction Services for Accelerated Recloser Deployment
	General Services
	Burns & McDonnell Engineering Company, Inc.

Committee Presentations: Operations Oversight Committee – August 12, 2024
Audit & Finance Committee – July 18, 2024

Approval:

Lewis,
Lisa D

Digitally signed by
Lewis, Lisa D
Date: 2024.08.26
12:43:19 -05'00'

Lisa Lewis, Chief Administrative Officer

Approval:

Garza,
Rudy D.

Digitally signed by
Garza, Rudy D.
Date: 2024.08.26
14:49:24 -05'00'

Rudy Garza, President & CEO



**CPS Energy Board of Trustees Meeting
September 9, 2024
Procurement Form 1**

Item Description	Underground Infrastructure Installation Services
Purchase Order Value	\$75,000,000
Purchase Category	General Service
Department	Energy Delivery Services
VP Construction & Maintenance Services	Jose Trevino
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommends that a contract be awarded to Bartek Construction Co and HJD Capital Electric, Inc., both local and diverse firms, 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 provide infrastructure improvements across the service area to the growing number of residents and large commercial companies of San Antonio. This contract addresses the support of new neighborhood expansions, growth related to large commercial companies, and improving the resiliency and reliability of CPS Energy’s electric grid. This contract will expire on September 30, 2027.

Subcontracting Opportunities

Both awardees intend to subcontract a portion of the services to one or more diverse businesses.

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

Evaluation Criteria	Points
Experience and qualifications to perform the Services	40
Safety records and training program	25
The overall cost	20
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy’s requirements	5
The financial soundness of the Respondent	Pass/Fail
TOTAL	100



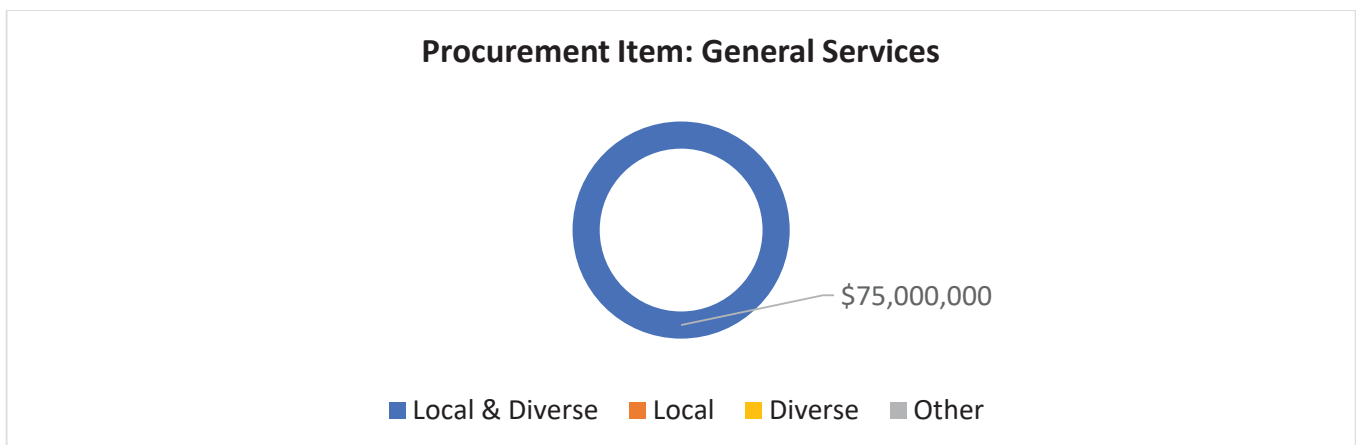
CPS Energy Board of Trustees Meeting
September 9, 2024
Procurement Form 1

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
HJD Capital Electric, Inc	Local/Diverse (Small, HUBZone)	62	\$37,500,000	2221945	Corporate headquarters located in San Antonio Metropolitan area
Bartek Construction Co	Local/Diverse (Small)	59	\$37,500,000	2221946	Corporate headquarters located in San Antonio Metropolitan area
TOTAL			\$75,000,000		

Eight (8) additional respondents were not recommended for award: ADB Companies LLC; E-Z Bel Construction LLC; JAMCO Ventures LLC; L&M Aerial & Underground LLC; Mears Installation LLC; Primoris T&D LLC; Wampole-Miller Inc; and Zachry Underground & Utility Services, 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	\$10,000,000	0.01%	\$25,000,000	\$25,000,000	\$15,000,000
\$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
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Procurement Form 2

Item Description	Transmission Steel Monopoles
Purchase Order Value	\$70,000,000
Purchase Category	Commodity & Material Goods
Department	Energy Delivery Services
Sr Director Substation & Transmission	Ricardo Renteria
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff is requesting funding support and a contract extension, exercising an additional one-year option period, for transmission steel monopoles. This contract was previously awarded to Techline, Inc., a local and diverse firm, and Meyer Utility Structures, LLC as the respondents to provide the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for the procurement of transmission steel monopoles, which supports CPS Energy’s growth, infrastructure modernization and ensures efficiencies in engineering and construction response times to planned projects and emergent projects meant to ensure the overall health and reliability of the electric grid. This contract will expire on August 31, 2025.

Subcontracting Opportunities

None at this time.

The original 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
Price Schedule	35
Experience & Qualifications	17
Organization & Manufacturing Capability	12
Design & Quality	10
Economic Development (local & diverse consideration)	10
Plant Locations, Delivery & Contingencies	8
References & RFP Responsiveness	5
Financial Stability	3
TOTAL	100



CPS Energy Board of Trustees Meeting
September 9, 2024
Procurement Form 2

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Meyer Utility Structures, LLC		79	\$52,500,000	2219108	
Techline, Inc.	Local/Diverse (Woman-Owned)	78	\$17,500,000	2219109	
TOTAL			\$70,000,000		

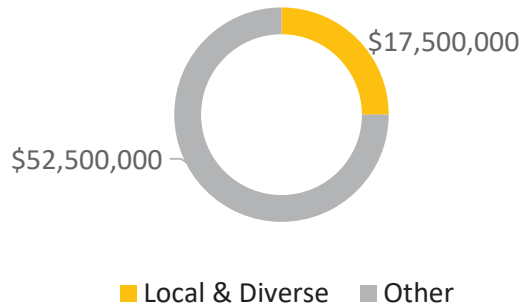
Four (4) additional respondents were not recommended for award: SAE-Towers; Sabre; Dis-Trans Steel; and KBS Electrical Distributors, Inc.

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	\$4,510,400	0.48%	\$65,489,600	\$0	\$0
\$890,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

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

Procurement Item: Commodities & Material Goods





**CPS Energy Board of Trustees Meeting
September 9, 2024
Procurement Form 3**

Item Description	Engineering & Construction Services for Accelerated Recloser Deployment
Purchase Order Value	\$35,000,000
Purchase Category	General Services
Department	Grid Transformation & Planning
Director Grid Transformation & Planning	Sheila Casey
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff is requesting funding support and a contract extension, exercising an additional four-year option period for engineering and construction services for accelerated recloser deployment. This contract was previously awarded to Burns & McDonnell Engineering Company, Inc. as the respondent to provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for engineering design and installation of electronic reclosers for grid reliability, which will allow CPS Energy to complete the recloser deployment plan, enhancing grid reliability for all customers. Contract continuity is vital for timely implementation and fulfilling the Community Energy Resiliency Program, supported by a \$30M U.S. Department of Energy grant. This contract will expire on February 28, 2029.

Subcontracting Opportunities

Burns & McDonnell Engineering Company, Inc. is targeting 40% of overall spend to be subcontracted to Chain Electric Company, a local business, for the recloser installation services.

The original 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	70
Safety records	10
Project Management & Quality Control Programs	10
Economic Development (local & diverse consideration)	10
TOTAL	100



**CPS Energy Board of Trustees Meeting
September 9, 2024
Procurement Form 3**

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Burns & McDonnell Engineering Company, Inc.		78	\$35,000,000	2222310	
TOTAL			\$35,000,000		

Seven (7) additional respondents were not recommended for award: Pike Electric, LLC; Schneider Engineering, LLC; Chain Electric Company; Patterson & Dewar Engineers, Inc. dba Hood-Patterson & Dewar; Black & Veatch Corporation; The L.E. Myers Co. and Edison Power Constructors, 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	\$2,300,000	0.25%	\$6,500,000	\$9,400,000	\$9,400,000
\$890,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

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

Procurement Item: General Services





STRATEGY SESSION

PRESENTED BY:

Elaina Ball

Chief Strategy Officer

DeAnna Hardwick

Chief Customer Strategy Officer

Melissa Sorola

Vice President, Corporate Communications & Marketing

PA Consulting

September 9, 2024

Informational Update

AGENDA



- Objectives
- Stakeholder Engagement
- PA Consulting Team
 - Industry Forces
 - Strategic Implications
 - Horizon 2050 Framework
- Executive Session: Competitive Landscape
- Horizon 2050 Feedback
 - Vision and Mission
 - Goals
- Next Steps

Goal: Seek Board of Trustees' input on CPS Energy's long-term strategic direction.

SESSION OBJECTIVES



- Discuss the drivers most likely to impact the utility industry.
- Align on the key industry drivers and critical uncertainties impacting CPS Energy over the next 25 years.
- Highlight the importance of long-term strategic planning to CPS Energy's future success.
- Share early progress of CPS Energy's Strategic Plan, Vision, Mission, and Goals, and solicit Board feedback.
- Document feedback to support the refinement of the Strategic Plan.



STAKEHOLDER ENGAGEMENT

Strategic Communication Tactics



Connecting, listening, and engaging to drive our mission forward.

PA Consulting Team

Marley Urdanick
Managing Consultant

Marley has over ten years of experience in the electric and gas utility industry, specializing in corporate strategy, grid modernization, and technology transformation. She helps utilities develop transformational strategies from design to implementation.

Doug McMahon
Partner

Doug has over 20 years in energy transition and leadership roles at top US utilities and offers practical expertise in navigating the evolving electricity grid, helping stakeholders seize opportunities in the changing energy landscape.










Dave Cherney
Partner

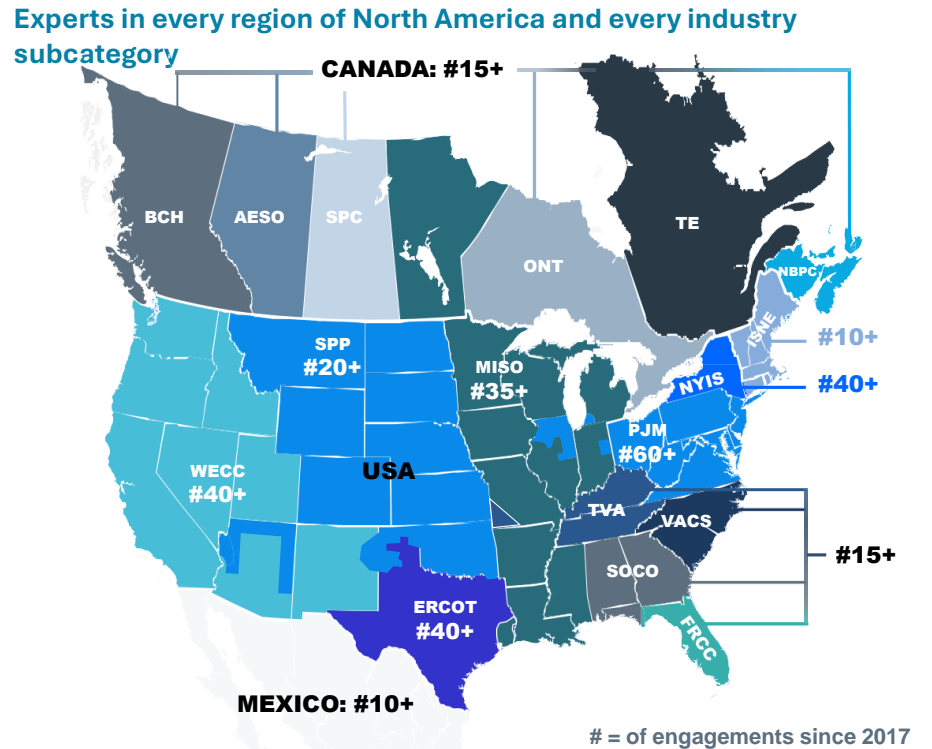
Dave is an energy transition expert and excels in utility strategy, regulatory engagement, and infrastructure M&A. He advises on strategic planning and risk management, regularly presenting to top executives and representing clients before regulators.

PA Consulting has deep energy experience

Spanning energy and renewable industry investment and advisory services

Our US Energy team consists of **>100 experts** who have executed **275+ energy engagements** totaling **\$200+ B** since 2017

- Engagements since 2017**
-  Natural Gas **#75+**
 -  Solar / Distributed Solar **#70+**
 -  Wind **#30+**
 -  Battery **#30+**
 -  Utility (Gas, Electric & Water) **#25+**
 -  Nuclear, Biomass, Geo & Hydro **#20+**
 -  Emerging tech including Hydrogen **#10+**
 -  Transmission **#10+**
 -  Coal **#10+**



PA US Energy Team: Differentiators & Services

Our services align to the areas where we have market leading capabilities

Market Leading Capabilities



Market Analysis

- 9 PhDs
- 100+ expert witness engagements
- Proprietary energy market forecast and utility rate models



Industry Experience & Operations Expertise

- Former c-suite executives, board members and managers from respected industry participants



Market Knowledge

- 275+ buy-side, sell-side and financing transaction support engagements since 2017



Policy Analysis

- Former FERC & DOE officials
- Thought leaders and PhDs who have published 100+ white papers

PA US Energy Team Services

Energy Infrastructure Investment

Strategy and Risk Management

Market Entry and Business Planning

Independent Market Research & Advisory

Emerging Technology inc. Hydrogen

Expert Witness Testimony

Utility M&A and Strategy

PA's Commitment to Diversity, Equity and Inclusion

We're committed to driving DEI and we recognize that it is a journey, not a destination

It's only through embedding DEI into everything we do that we can create a culture where our people feel inspired and empowered to collaborate in achieving our purpose, Bringing Ingenuity to Life.

As we continue to listen, learn and look for ways to create an even more inclusive and diverse place to work, we'll unlock the ingenuity of even more people to help build a positive human future.



ROMBA 2022



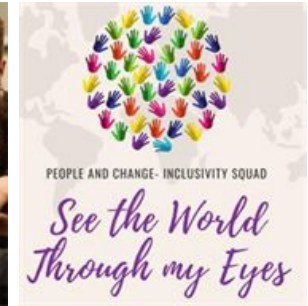
Below are a few selected PA DEI programs:

Our RISE, Pride, Women's, Parent's, Mental Health & Wellbeing, and Military Networks celebrate, educate and raise awareness of key issues while acting as a forum for discussion and debate to drive and support our global inclusion and diversity strategy.

Our Women in Tech initiative inspires a new generation of women to get into tech through free coding courses and inclusive events.

Our Springboard work experience program gives disadvantaged students the chance to develop their skills and learn from our experts.

The PA Racial Inclusion and Social Equity (RISE) Network Re-imagined Black History Month Using VR Storytelling. Participants were able to interact with and experience an Emmy-nominated production discussing the harsh realities Black Americans faced when it came to traveling and normal day-to-day living.



Introduction to 2050 Strategic Planning

“Why are we doing this now?”

The energy industry will experience unprecedented change over the next 25-years.

The growth of renewables and distributed energy resources, technology acceleration, and expanded customer choice are reshaping the energy landscape, presenting new challenges, risks, and opportunities.

Navigating this industry change will require proactive planning now for future disruption and uncertainty.

We are approaching completion of CPS Energy’s 5-year Vision 2027 strategy. This juncture is an opportunity to develop a longer-term view of our planning process that future-proofs our decision-making and charts a successful path for CPS Energy, our customers, and our community.

To achieve this, CPS Energy is developing a 25-year strategic plan.

Developing a 25-year strategy will require a joint undertaking between CPS Energy, the Board of Trustees, CoSA, and our local community to help shape CPS Energy’s future vision, and determine near-, medium- and long-term priorities.

This session is the first of many touchpoints to share the progress of, and gather valuable feedback on, our long-term strategic planning process.

Dynamic forces driving the need for longer-term strategic planning

We are taking a **long-term view of our strategic planning process** that **future-proofs our decision-making** and charts a successful path for CPS Energy, our customers, and our community.

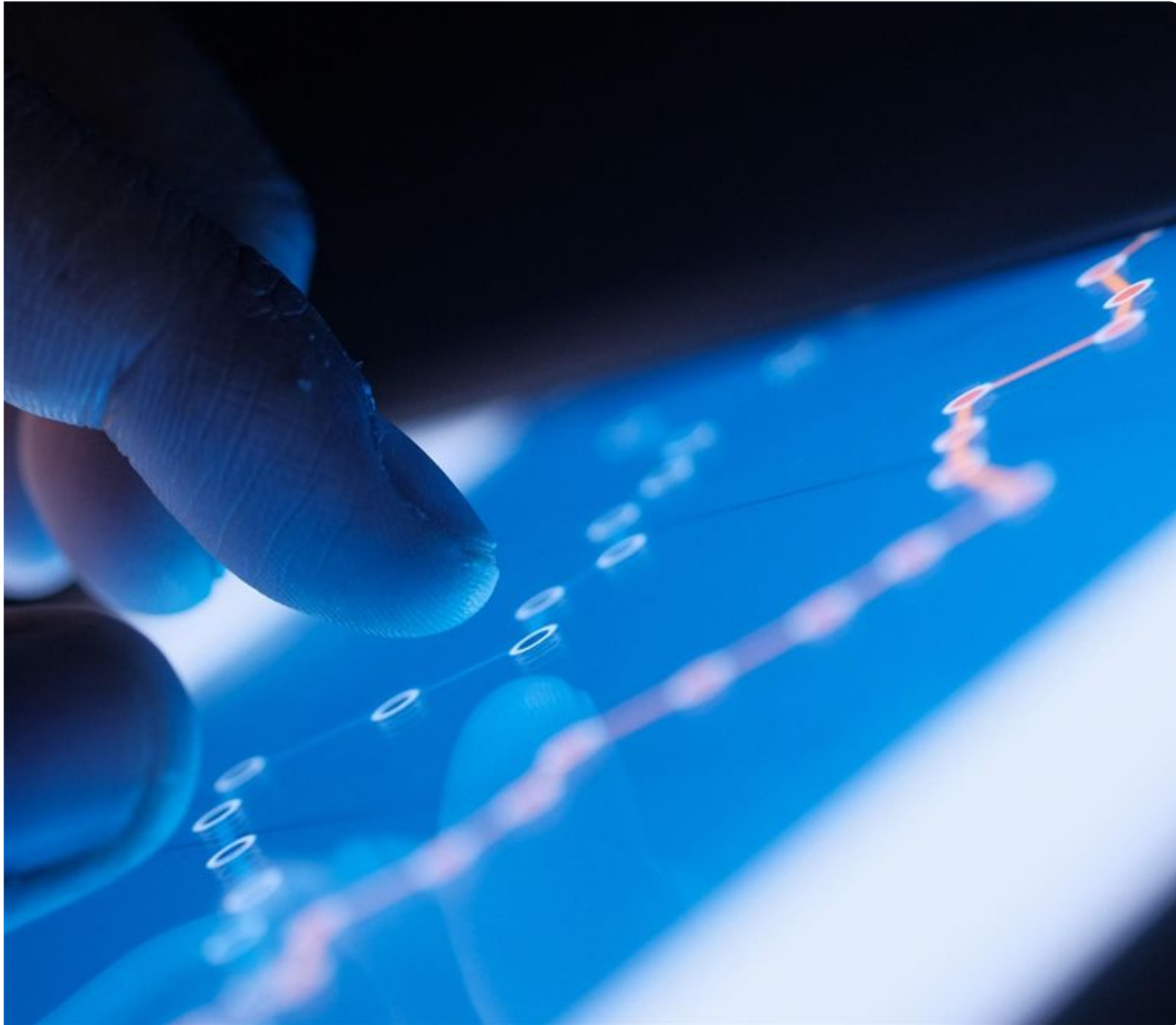
The contents of this presentation will walk through the industry forces as drivers of change, how we believe these forces will shape our 2050 strategy and gather your feedback on the strategic plan components developed to-date.

Industry forces driving change

01 The global ‘energy trilemma’
 We must provide a healthy energy system that is reliable, secure, affordable, environmentally responsible, presenting the risk of passive trade-offs between equally critical priorities. These dimensions must be balanced in the context of our defined industry disruptors.

02 Industry disruptors
 Within Texas and across the industry, rapid industry transition and increasingly decentralized, decarbonized and digital energy future, is anticipated to influence our operations and strategic posture.

03 Strategy implications
 Within the boundaries of internal capital planning and resource constraints extend planning needs beyond the traditional five- to ten-year planning horizon.

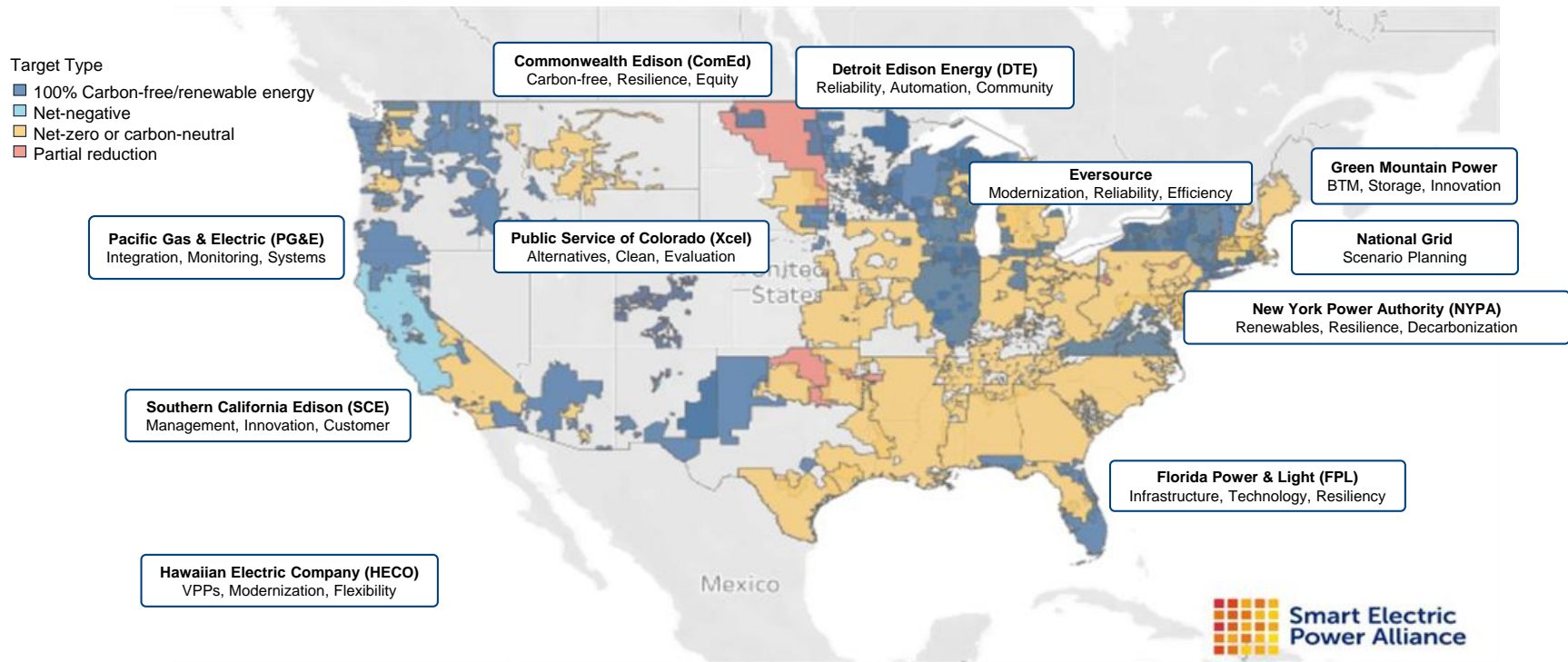


01

Industry Forces Driving Change

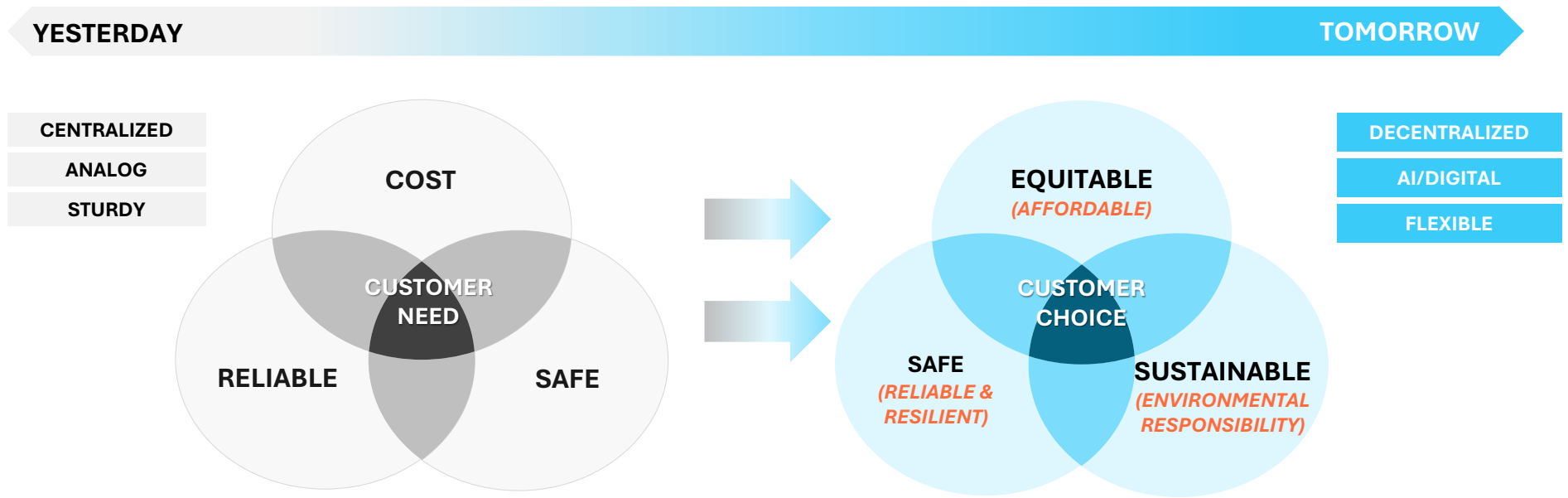
U.S. Utilities Long-Term Strategic Planning

Utilities with long-term decarbonization goals must engage in extensive planning, particularly through the development of Integrated Resource Plans (IRPs) that outline their decarbonization strategies. CPS Energy is among many in this effort, as data from SEPA shows that 432 public power entities, primarily municipal utilities, have set ambitious decarbonization targets.



This map is only highlighting Utility Types that are: Investor-Owned, Public Power, and Utility Parent

The Global Energy Landscape

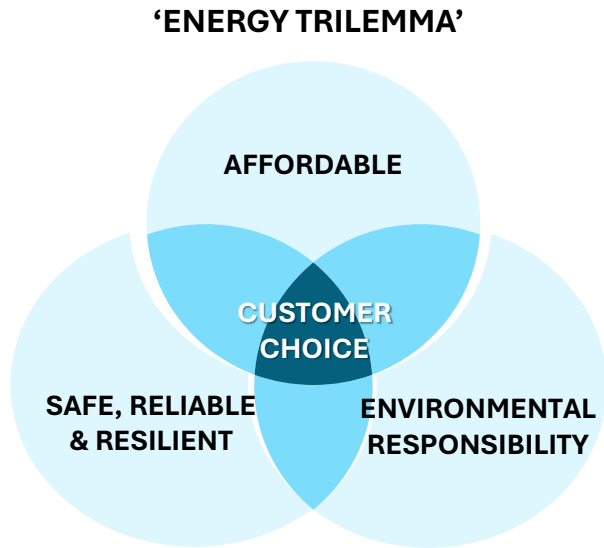


Electric and gas utilities must enable energy systems that are reliable, secure, affordable, and environmentally responsible – without compromise.

¹ CPS Energy. Result of CPS Energy's 2021 Flexible PathSM Survey, 2021. [Flexible Path Survey Final Results \(cpsenergy.com\)](#)

Navigating the ‘Energy Trilemma’

CPS Energy’s Customer Expectations



ENERGY TRILEMMA DEFINITIONS

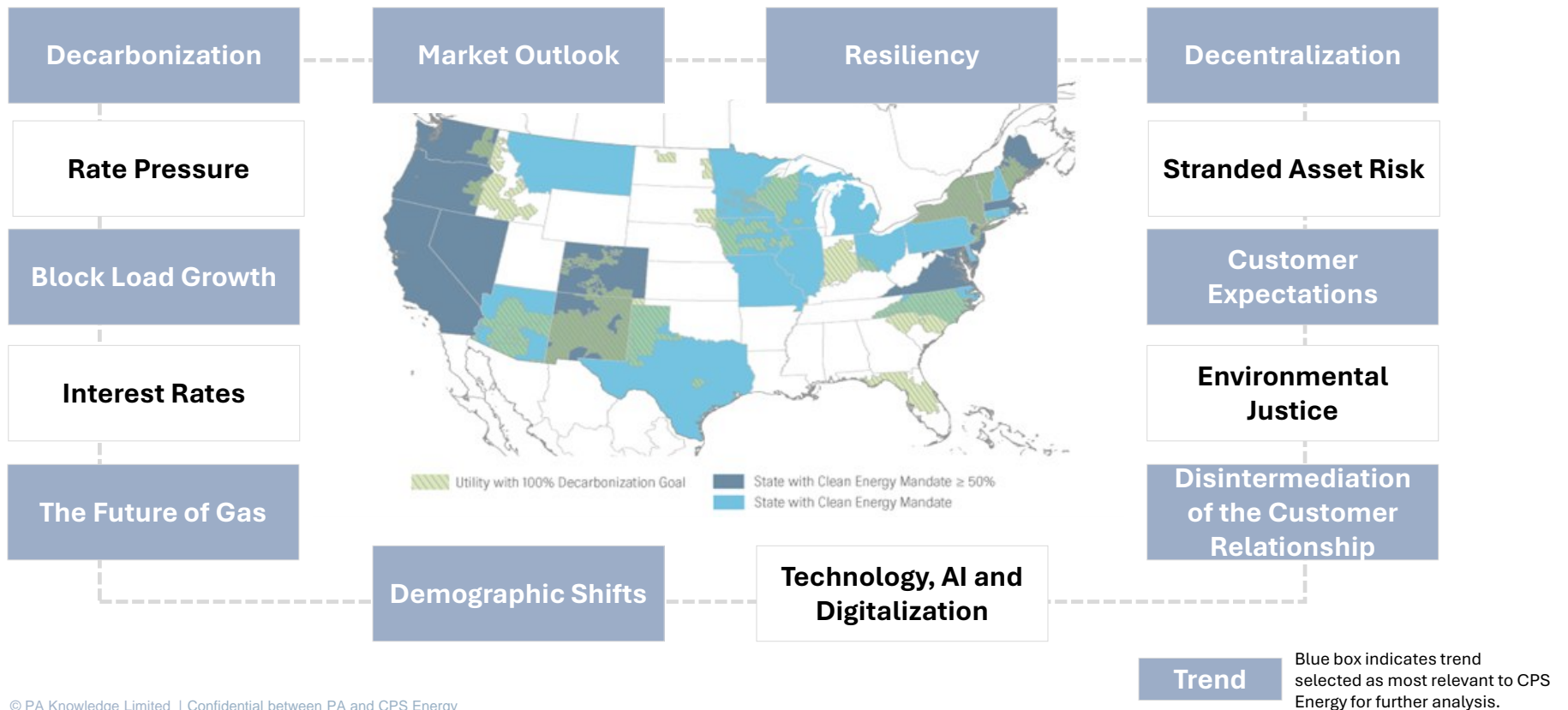
AFFORDABLE	Universal access to affordable, fairly-priced and abundant energy.
RELIABLE AND RESILIENT	Meet current and future energy demand reliably, withstand and bounce back swiftly from system shocks with minimal disruption to supplies.
ENVIRONMENTAL RESPONSIBILITY	Mitigating and avoiding potential environmental harm.

Strategic planning requires balancing and harmonizing the energy trilemma goals within the boundaries of our current and future business operations.

² World Energy Council. World Energy Trilemma 2024 Report, 2024. [World Energy Trilemma Report 2024](#) | [World Energy Council](#)
World Energy Council Energy Trilemma definitions

Electric & Gas Utility Macro Trends

Most relevant trends to CPS Energy over the next 25-years



Over Eighty Uncertainties over the Next 25-Years

Technology & Energy Mix and Regulation & Governance identified as the two uncertainties impacting CPS Energy



Categorized Uncertainties – November 2023 Executive Workshop

Macro Trend Deep-Dive

Decarbonization and Load Growth

These trends are impacting the pace and direction of change across generation, transmission, and distribution.

Forces Shaping Future Uncertainty

Renewable Generation Shift:

- U.S. - rise to 44% by 2050
- ERCOT - double in 20 years

Rising Demand:

- U.S. residential – grow 14%-22% by the year 2050
- CPS Energy’s residential - increase by 60%-110% by 2050
- ERCOT's total load - increase by 40% in 20 years

CPS Energy’s Core Commitment



Affordability

(Cost of electricity per kWh)



Grid Reliability

(unplanned outages)



CoSA ROI

(percent of gross revenue)

Pressures on Delivering CPS Energy's Mission

- Generation mix complicates pricing and hedging
- ERCOT demand growth strains interconnection
- CPS Energy dependent on ERCOT during extreme weather

Refreshing the strategy now, let's CPS Energy seize new opportunities amid evolving challenges and their core mandate.



02

Strategic Implications

We provide long-term value to customers and the community

Tangible benefits

- City payment
- Affordable prices
- \$1B in local and diverse supplier spend
- Local employment
- \$27M in energy assistance & equity
- 540K customers participated in a CPS Energy program in 2023; \$350M awarded for STEP Economic development

Intangible benefits

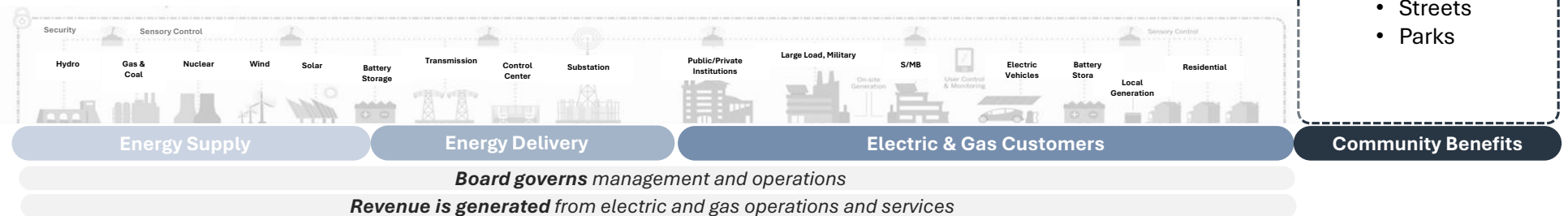
- Local control
Transparent and accountable to our community
- Reliability
Top-quartile reliability inclusive of major events* and \$60.4M in resiliency investments
- Customer service
Increased ACSI customer satisfaction score by 8% in 2023, and 7% in 2024
- Community impact
Strive to connect with our customers equitably and in the way they prefer
- Delivering on CAAP
Netzero by 2050 target

\$9.1B to the City since 1942

\$450M contributed in FY 2024

1/3 of City General Fund

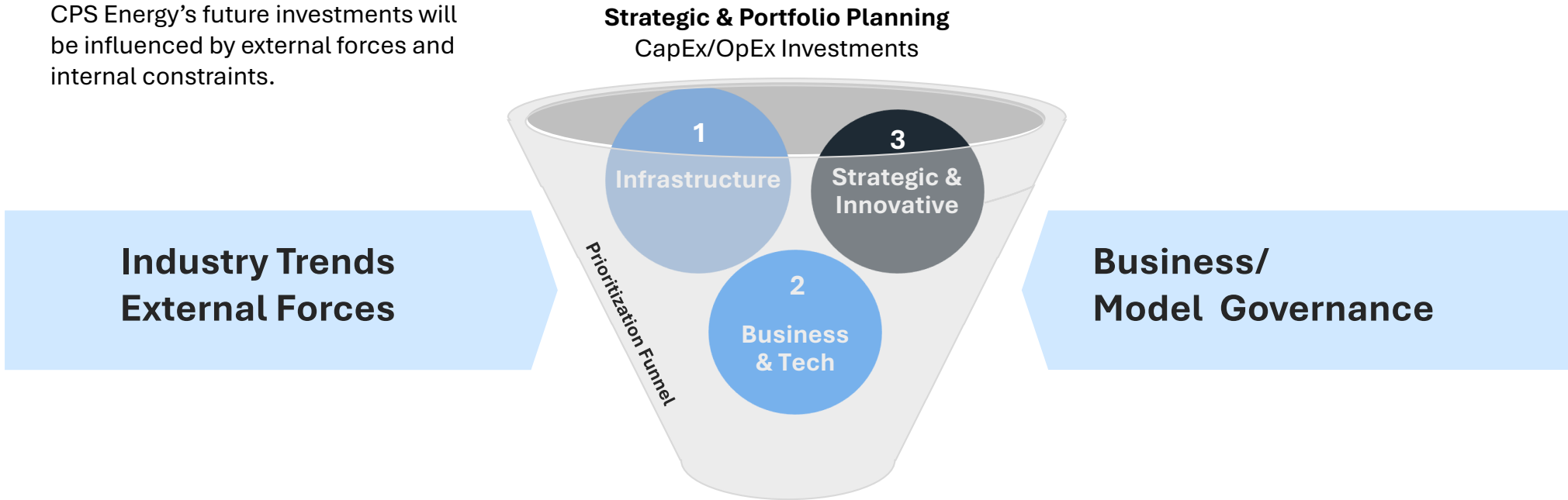
- Police & fire
- Infrastructure
- Libraries
- Streets
- Parks



Strategic Implications

Strategic planning portfolio drivers

CPS Energy's future investments will be influenced by external forces and internal constraints.



How can we most effectively leverage our intrinsic structure to best serve our customers and operate the electric grid, achieve net zero by 2050, and do so as innovatively and cost-effectively as possible?

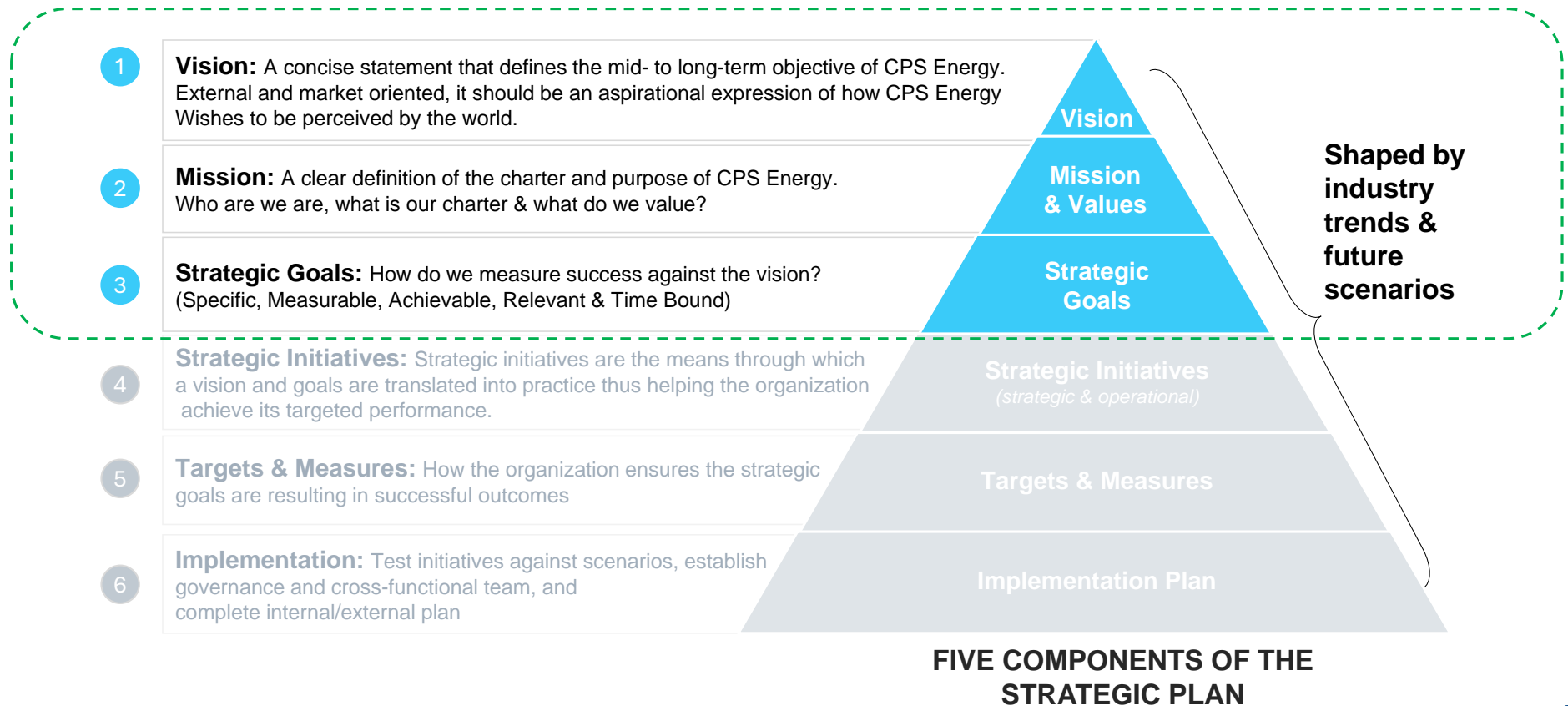


03

Strategic Framework

Today's Focus

Vision, Mission, and Strategic Goals



We are approaching 2050 planning in three steps

Key questions we are answering throughout this process are...

Step 1

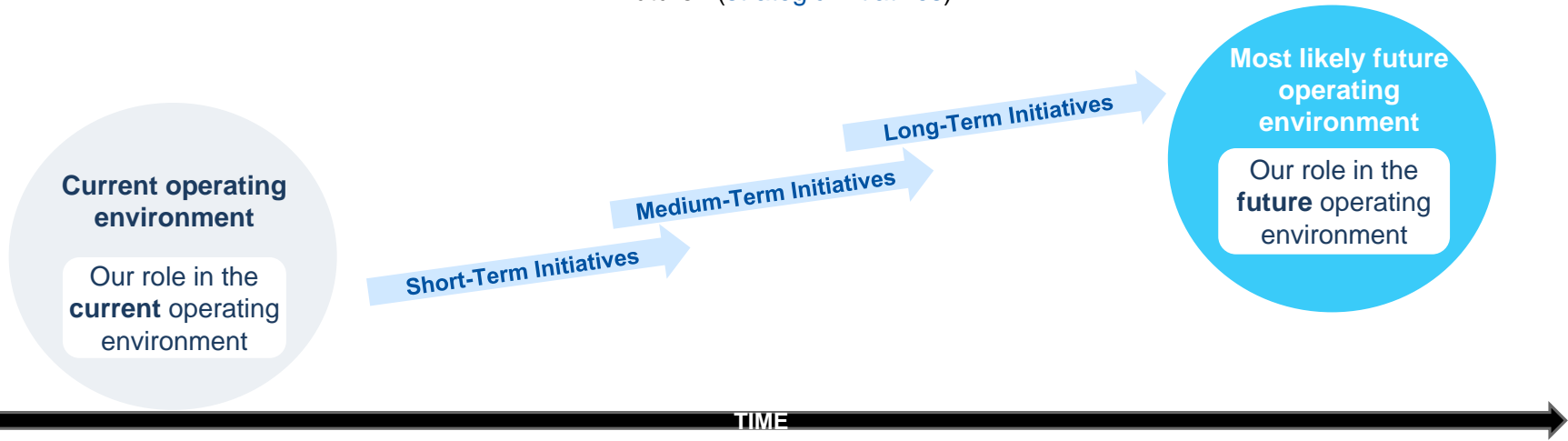
- What is the Current state and industry trends?
- Agree on our business purpose (**mission**)

Step 3

- How do we achieve our desired future-state developed in Step 2?
- What does CPS Energy’s business need to do to operate effectively in the future? (**strategic initiatives**)

Step 2

- What is the most likely future-state operating environment?
- What does CPS Energy want to be known for? (**vision**)
- Measure success (**goals and targets**)



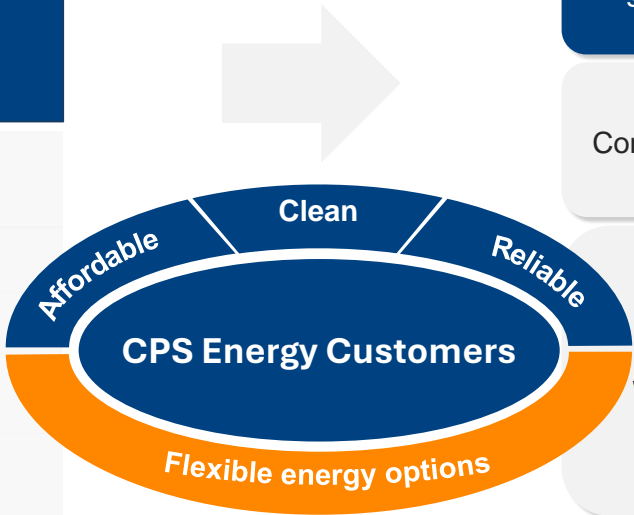
STRATEGIC FOCUS

VISION, MISSION, AND STRATEGIC GOALS

Trends shaping the future of CPS Energy's business...

- Extreme weather events / resiliency
- Decentralization
- Disintermediation
- Block load growth
- ERCOT Market
- Evolution of Gas

Uncertainties shaping our future



Our Strategic Vision includes...Powering all life's moments through valuable, fairly-priced products and services that meet our customer's evolving energy needs.

Customer Affordability & Community
Connecting customers and community to flexible energy products and services.

Reliable & Resilient Energy
Access to safe and reliable energy for all customers. We will operate a fast, efficient, and adaptive system that minimizes outages and recovery from outages.

Sustainable Energy Future
Enabling an affordable, diversified, and environmentally responsible energy future that meets our customers where they are.



HORIZON 2050

STRATEGIC FRAMEWORK

TOMORROW
ETERNALLY
GUIDING

TODAY
ALWAYS
"ON"

DRIVING
OUR
MISSION
FORWARD





HORIZON 2050 FEEDBACK



VISION AND MISSION

REFLECTION QUESTIONS

Vision

A COMMUNITY **EMPOWERED** FOR GENERATIONS

Mission

TO **POWER** OUR COMMUNITY WITH
RELIABLE, SUSTAINABLE ENERGY AT A **COMPETITIVE PRICE.**

1. Key focus areas for the next 25 years
2. Emerging community needs and expectations over the next 25 years



GOALS

REFLECTION QUESTIONS

Goals

RELIABILITY
SUSTAINABILITY
COMPETITIVE PRICE
FINANCIAL RESILIENCY
TEAM/BUSINESS EXCELLENCE

- 1. Appropriate goals to meet the challenges of the next 25 years**
- 2. Additional goals to consider**



NEXT STEPS

- Phase 3
 - Full Community, Employee, and Stakeholder Engagement
 - Strategic Initiatives, Measures, and Targets Refinement
 - Business Case Development
 - Strategic Plan Development
 - Board Resolution

Goal: Alignment on our long-term strategic direction.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ACSI	American Customer Satisfaction Index	DER	Distributed Energy Resource
ADMS	Advanced Distribution Monitoring System	DERMS	Distributed Energy Resources Management System
AESO	Alberta Electric System Operator	DOE	United States Department of Energy
AI	Artificial Intelligence	DTE	Detroit Edison Energy
A&F	Audit and Finance Committee	ERCOT	Electric Reliability Council of Texas - operates the electric grid and manages the deregulated market for 75 percent of the state of Texas.
BCH	British Columbia Hydro	EV	Electric Vehicle
BoT	Board of Trustee	FERC	United States Federal Regulatory Commission
BTM	Behind the Meter	FPL	Florida Power & Light
C&I	Commercial and Industrial	FRCC	Florida Reliability Coordinating Council
CAAP	Climate Action and Adaptation Plan	FY	Fiscal Year
CapEx	Capital Expenditure	GRC	General Rate Case
ComEd	Commonwealth Edison	HECO	Hawaiian Electric Company
CoSA	City of San Antonio	IRPs	Integrated Resource Plans
DEI	Diversity, Equity, and Inclusion	ISONE	Independent System Operator New England

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
IT	Information Technology	PhD	Doctor of Philosophy
kWh	Kilowatt-hour	PJM	Pennsylvania, New Jersey, Maryland RTO
LMI	Low to Moderate Income	PUCT	Public Utilities Commission of Texas
M&A	Mergers and Acquisitions	RISE	Racial Inclusion and Social Equity
MED	Minutes of Equivalent Downtime	ROI	Return on Investment
MISO	Midcontinent Independent System Operator	RTO	Regional Transmission Organization
MUC	Municipal Utilities Committee	SAIFI	System Average Interruption Frequency Index
NBPC	New Brunswick Power Corporation	SAPP	Strategic Alignment Planning and Performance
NYISO	New York Independent System Operator	SCE	Southern California Edison
NYP&A	New York Power Authority	SEPA	Smart Electric Power Alliance
ONT	Ontario	SLT	Senior Leadership Team
OOC	Operation Oversight Committee	SOCO	Southern Company
OpEX	Operational Expenditure	SPARKS	Strategic Planning and Resource Knowledge Summit
PG&E	Pacific Gas & Electric	SPC	Saskatchewan Power Corporation

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
SPP	Southwest Power Pool	VACS	Virginia-Carolina Area Reliability Council - South
STEP	Sustainable Tomorrow Energy Plan	V2G	Vehicle to Grid
T&D	Transmission & Distribution	VPP	Virtual Power Plant
TE	TransÉnergie	WEEC	Western Electricity Coordinating Council
TRRC	Texas Railroad Commission	Xcel	Public Service of Colorado
TVA	Tennessee Valley Authority		

GOAL DEFINITIONS



GOAL	DEFINITION
Reliability	Provide access to resilient energy systems, with an emphasis on rapid response and recovery. Maintain a fast and efficient system capable of responding while continuously adapting to evolving customer demands and grid needs.
Sustainability	Balance environmental, economic, and social dimensions to create a resilient, future-ready utility that delivers reliable energy services while minimizing outages and/or recovery time from outages.
Competitive Price	Provide adaptive energy products and services that balance customer value, community needs, and maintainable growth.
Financial Resiliency	Safeguard community investments through flexible, strategic, and prudent financial planning for the benefit of our customers.
Team/Business Excellence	Leverage technology and data to develop and sustain a flexible workforce that works together to design and deliver the services our customers value.

WE ARE SUCCESSFULLY IMPLEMENTING VISION 2027



Mission		Strategic Objectives	
To serve our community through reliable, competitively priced, and sustainable energy services in an equitable manner.		Operational Evolution	
		Financial Stability	
		Customer Experience	
Core Values		Team Culture	
Safety & Wellbeing	Accountability	Community Partnership & Growth	
Transparency	Integrity		
One Team	Excellence		
Metrics			
Operational Excellence	Financial Performance	Customer Experience	Employee Engagement & Recruitment

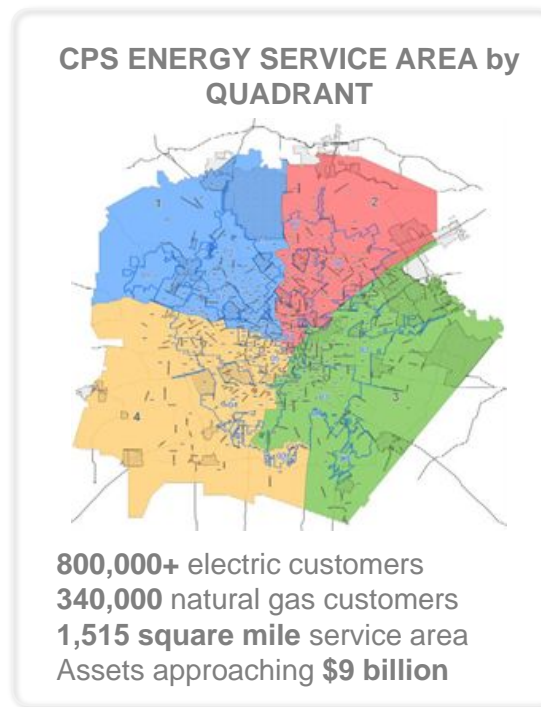


CPS Energy's mandate to serve

Community-owned, locally controlled and operated on a not-for-profit basis

History and Governance

- Acquired by CoSA in 1942 for **\$34 million**
- Largest municipally owned electric and gas utility in the U.S.
- Bond Ordinances adopted by **City Council** vests management and control to the **Board of Trustees**
- Return up to 14% of gross revenue to CoSA

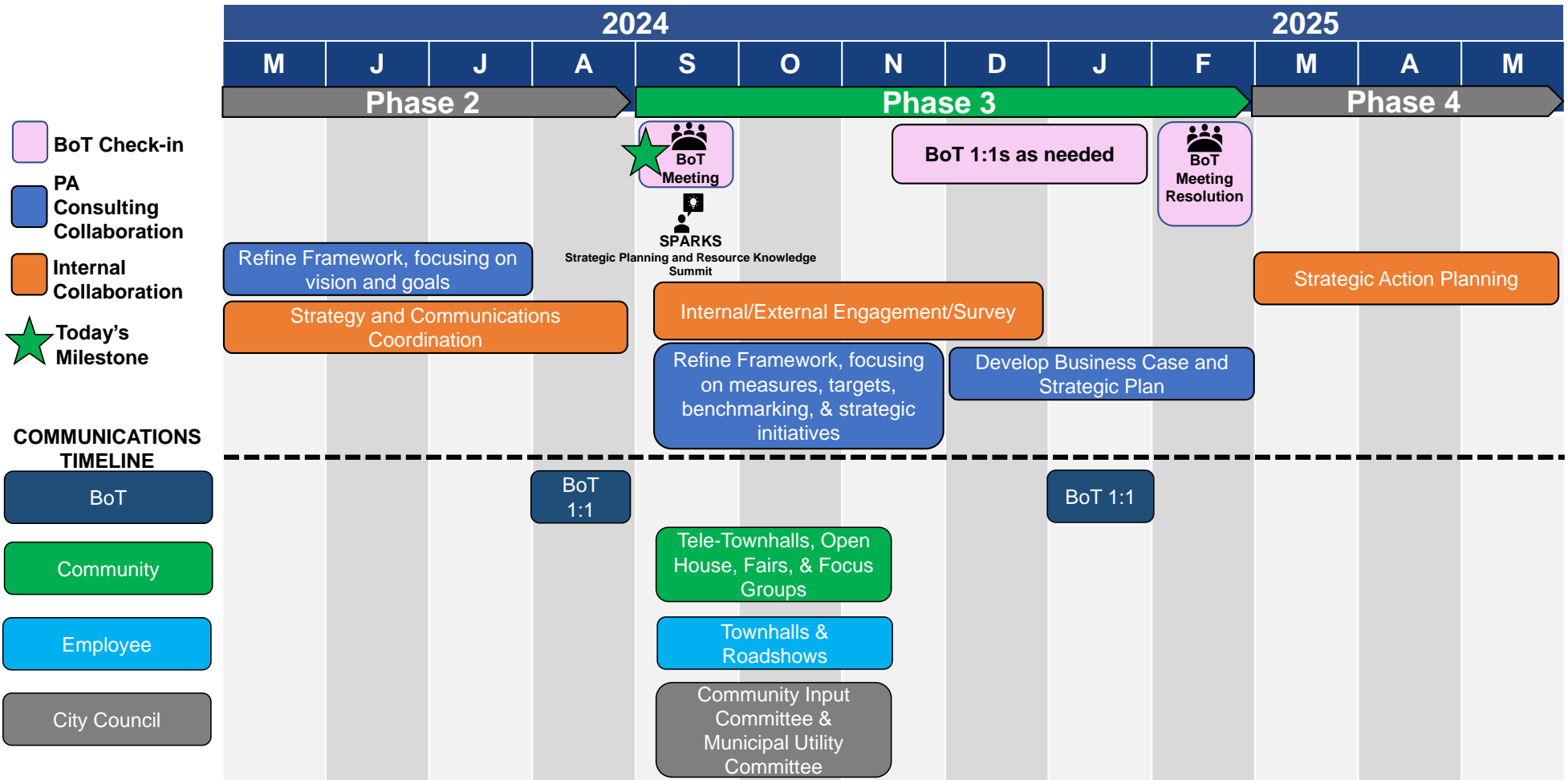


Operations

Fully integrated electric and gas utility

- Owned generation and procure long-term power contracts
- Wholesale power purchase and sales
- Owned and operated grid infrastructure
- Exclusive provider of retail electric service and supplier of natural gas

STRATEGIC PLAN ROADMAP



COMMUNICATIONS STRATEGIC TACTICS

AWARENESS, ENGAGEMENT, AND FEEDBACK



Internal Employee Communication

- AUG. 27** – Company-wide Town Hall
- SEPT. 17** – Newsletter & Survey Launch
- SEPT. 17 – NOV. 15** – 2050 Feedback Road Show (25 Sessions)



Senior Leadership Team Strategic Discussions

External Community, Partners, and Stakeholders

- SEPT. 17** – Public Informational Toolkit & Survey (English/Spanish)
- SEPT. 24** – CPS Energy Tele Town Hall (7:00 p.m. - 8:00 p.m.)
- OCT. 16** – Key Accounts Managed Presentation (10:30 a.m. – 11:30 a.m.)
- OCT. 3** – CPS Energy Open House (9:30 a.m. - 11:30 a.m. and 5:30 p.m. - 7:30 p.m.)
- OCT. 28** – CPS Energy Board of Trustees Public Input Session (5:30 p.m.)
- SEP. – NOV.** – Focus Groups (English/Spanish) and Community Fairs



Promote public input opportunities through all channels and cpsenergy.com/publicinput

Marley Urdanick

Utility Strategy Expert

Marley has over ten years of experience in the electric and gas utility industry with experience in corporate strategy, grid modernization, and technology transformation. She has worked to develop transformational strategies from design to implementation for large generation, distribution, and transmission utilities. Marley has extensive experience helping utilities build business cases for capital and O&M investments, as well as project management, and program design. Marley holds a BS from Binghamton University and a master's degree from Yale.

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Doug McMahon

Utility Strategy & Beneficial Electrification Expert

Doug brings 20 years' experience solving complex energy transition problems across the electricity generation, transmission and distribution system, and returns to PA after time working as a senior executive at two large electric & gas utilities in the US. These experiences have enabled Doug to develop unique perspectives on the changes that are taking place across the electricity grid as well as a set of practical, commercialization and implementation focused skills that he been putting to use to help utilities, investors, large load customers and new energy market entrants navigate the opportunities and challenges of the energy transition.

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Dave Cherney, PhD

Regulatory and Policy Expert

Dave is an energy transition leader specializing in utility strategy, regulatory engagement, and infrastructure M&A. He has successfully guided and supported clients through multiple strategic planning endeavours, developed market entry strategies for emerging energy technologies, as well as helped current generation owners identify and mitigate risks to maximize returns for legacy energy infrastructure. David regularly presents before various Boards, CEOs, CFOs, and executive management teams, as well as communicates his client's interests before regulators and stakeholders. He holds a Ph.D. from the University of Colorado-Boulder, a master's degree from Yale University, and a B.A. from Claremont McKenna College.

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Chicago, IL

10 S. Wacker Drive
Suite 3550
Chicago, IL 60606



PUBLIC POLICY UPDATE

PRESENTED BY:

Kathy Garcia

VP, Government Relations, Regulatory Affairs, & Public Policy

September 9, 2024
Informational Update



AGENDA

- Introduction and Overview
- ERCOT Market and PUC Activities
- State Interim Legislative Activities and 2025 Outlook
- City Council Activities and 2025 Outlook

We will provide the Board with an overview of local, state, and federal public policy activities in which we are currently engaged.



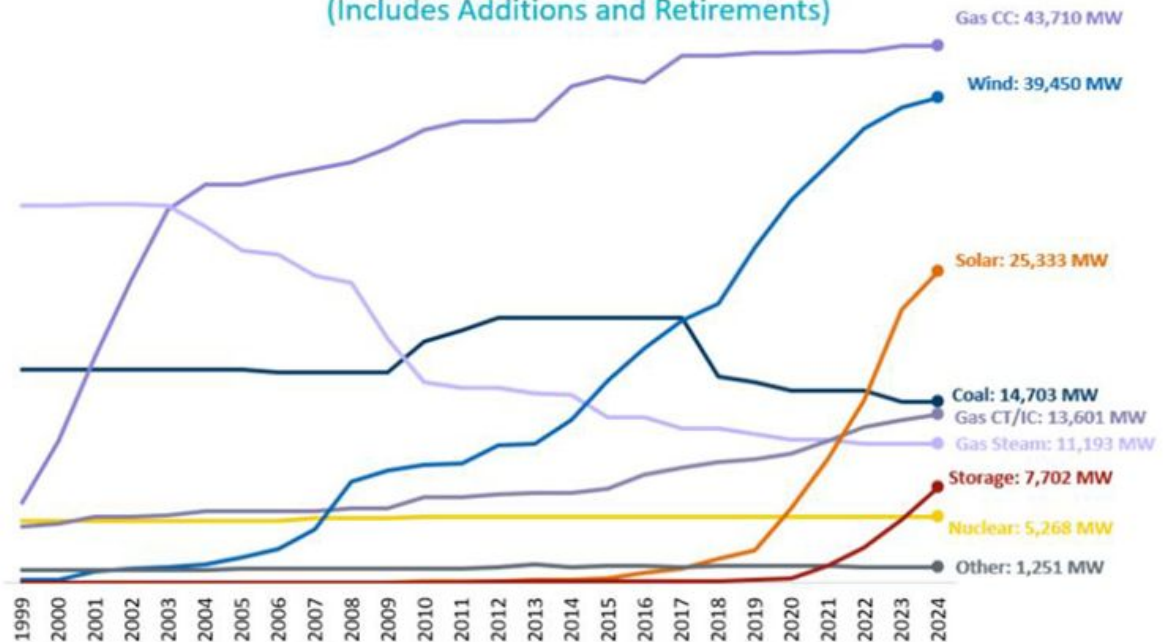
ERCOT DATA

GENERATOR TRENDS

- Coal & gas steam are down
- Combined cycle gas is flat
- Gas peakers slowing
- Wind and Natural gas slowing
- Solar & Storage growing

ERCOT Installed Net Generation Capacity (as of 7/1/2024)

(Includes Additions and Retirements)



Notes: Capacity totals are based on the Installed Capacity Ratings for generating units. "Other" comprises of Biomass, Hydro, and Diesel.
 - Planned generation projects are added to installed capacity after approval for synchronization to ERCOT Grid.
 - Totals include Private-Use Network generators that export to the ERCOT grid, Distribution Generation Resources (DGRs), Settlement-Only Distribution Generators (SODGs), Unavailable Switchable Capacity, Extended Outage Units, and Mothballed Units.



ERCOT MARKET ACTIVITIES

WORKING THROUGH THE ENERGY TRANSITION

- Market Design
 - Developing the framework for the Performance Credit Mechanism (PCM)
- Resource Mix Evolution
 - Evaluating Ancillary Service changes to accommodate changes in operational characteristics of different types of generators
- Technology Integration
 - Modifying requirements to focus on meeting engineering standards and requirements for reliable operations
- Transmission Planning
 - Updating methodologies & practices for transmission system planners to accommodate accelerated demand growth & large customer projects

ERCOT is focused on market incentives for dispatchable generation resources, rightsizing expectations for non-dispatchable technologies like renewables and energy storage, and improving its transmission system to accommodate it all.



PUC ACTIVITIES

RELIABILITY IS KEY

- Reliability Standard
 - Sets the bar for the ERCOT market, statistically measures the balance of supply and demand with multiple model inputs including extremes
- Texas Energy Fund
 - Established via legislation
 - \$10B loan & grant program for new dispatchable generation resources
- Market Design
 - Formally leading the effort to enhance market incentives
 - PCM
- Utility Resiliency & Storm Response
 - Beryl investigation, public filing of findings
 - Outage tracker project to establish requirements

The Public Utility Commission continues to focus on reliability on two fronts – Resource Adequacy and Transmission & Distribution system operations.

STATE LEGISLATIVE ACTIVITIES

INTERIM POLICY HEARINGS & PRIORITIES



- Senate Business & Commerce Committee
- Senate Special Committee on Hurricane & Tropical Storm Preparedness, Recovery & Electricity
- House State Affairs Committee
- House Investigative Committee on the Panhandle Wildfires

The work of each of these committees and their forthcoming reports will include recommendations that will lay the groundwork for the 89th Legislature in 2025.

STATE LEGISLATIVE OUTLOOK

PREPARATION FOR THE 89TH LEGISLATURE



- In addition to the forthcoming reports from Senate and House committees, other regulatory entities and legislatively-created bodies will also release legislative recommendations:
 - PUC Biennial Agency Report to the Legislature
 - Railroad Commission Report to the Legislature
 - Texas Advanced Nuclear Reactor Working Group
 - Joint Oversight Committee on Grid Reliability
 - Texas Energy Fund Advisory Committee
- We have begun formulation of our Public Policy Agenda (PPA) based on activities to-date and will update as the above reports are released.

Our Public Policy Agenda will incorporate input and feedback from internal business units and senior leaders. It will ultimately be brought before the Board of Trustees as was done in 2023.

SAN ANTONIO CITY COUNCIL

FY2025/2026 OUTLOOK



- Local Policy and Regulatory Initiatives
 - Tariffs
 - Rate Adjustment Outlook
- The Municipal Utilities Committee (MUC) has been reconstituted by Mayor Nirenberg
 - Chair: Councilmember (CM) Dr. Adriana Rocha Garcia (District 4)
 - First Meeting will be in September, to cover disconnection and materials staging procedures
- The Community Input Committee (CIC) is Reformed and Fully Appointed by our Board
 - Chair: Diana Aguirre Martinez
 - First meeting with all new members scheduled for October 9, 2024
- General November 2024 Elections
 - Six City Charter Amendments to be added at the end of the ballot for San Antonio voters
- Municipal May 2025 Elections
 - Crowded field expected with potentially 4 current CMs vying for Mayor; 3 already declared.
 - Anticipating added efforts at relationship building and education for multiple new CMs.

We will continue engaging on policies that support our Vision 2027 strategy while navigating unpredictable election cycles and new layers of community collaboration.

KEY TAKEAWAYS



- Public policy proceedings of direct impact to us are continuing at a rapid, concurrent pace.
- We remain an active participant and stakeholder, and a trusted resource.
- The Government Relations, Regulatory Affairs, & Public Policy team is actively working with internal business units to proactively formulate our priorities and strive for public related public policy changes.
- We look forward to coming back to the Board of Trustees to share our local, state, and federal public policy priorities for the next year.



THANK YOU



APPENDIX



GLOSSARY / DEFINITIONS

ACRONYM OR WORD	DEFINITION
Gas CC	Gas Combined Cycle
CIC	Community Input Committee
CM	Council Member
Gas CT/IC	Gas Combustion Turbine / Internal Combustion
DGR	Distribution Generation Resource
ERCOT	Electric Reliability Council of Texas



GLOSSARY / DEFINITIONS

ACRONYM OR WORD	DEFINITION
MUC	Municipal Utilities Committee
MW	Megawatt
PPA	Public Policy Agenda
PUC	Public Utility Commission of Texas
PCM	<p>Performance Credit Mechanism A proposal under consideration at the PUC that aims to provide additional revenue to power generators, incentivizing them to be available during peak demand times.</p>
SOGD	Settlement-Only Distribution Generators