

CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, February 27, 2023 at 1:00 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register between Wednesday, February 22, 2023 at 5:00 p.m. and Friday, February 24, 2023 at 1:00 p.m. CT. Registration may be made by email at **publiccommentregistration@cpsenergy.com** or by phone at **(210) 353-4662**. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Group for which the individual is speaking, if applicable
- Agenda item # listed on the Agenda (any item other than #1, 2 or 3) about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

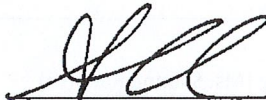
Written comments may be sent to **publiccommentregistration@cpsenergy.com** and will be shared with the Board prior to the start of the meeting.

The agenda packet is attached and can be found with other related informational material at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.html>

A recording of the meeting will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
February 22, 2023

CUSA - CITY CLERK
2023 FEB 22 AM 09:57:31



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON FEBRUARY 27, 2023 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

- At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning:
- attorney-client matters under Section 551.071;
 - deliberations and other authorized action on real property under Section 551.072;
 - prospective gifts or donations under Section 551.073;
 - personnel under Section 551.074;
 - security personnel or devices under Section 551.076;
 - economic development negotiations under Section 551.087;
 - deliberations, voting or taking final action on competitive matters under Section 551.086;
 - deliberations regarding security audits and devices under Section 551.089; or
 - deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Ms. Janie Gonzalez
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Christina Houser
3	PUBLIC COMMENT Pre-Registration is from Wednesday, February 22, 2023 5:00 PM – Friday, February 24, 2023 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	RATE ADVISORY COMMITTEE (RAC) UPDATE	Discuss	Dr. Francine Romero
6	BOARD COMMITTEE ASSIGNMENTS	Discuss	Ms. Janie Gonzalez
CONVENE TO EXECUTIVE SESSION			
7	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics	Discuss	Ms. Janie Gonzalez
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
8	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for January 2023 B. Board of Trustees Travel and Expense Overview C. Procurements Items: None	Vote	Ms. Janie Gonzalez
REGULAR AGENDA			
9	OPERATIONS EFFICIENCY REVIEW: A. Gallup Update (Gallup Representative) B. Daymark Update (Daymark Representative)	Discuss	Ms. Lisa Lewis
10	ACCOUNTS RECEIVABLE MONTHLY UPDATE	Discuss	Ms. DeAnna Hardwick
11	YEAR-END FINANCIAL UPDATE	Discuss	Mr. Cory Kuchinsky
12	CEO’S CLOSING COMMENTS: Review Action Items from this meeting (Ms. Shanna Ramirez)	Discuss	Mr. Rudy Garza
13	ADJOURNMENT	Execute	Ms. Janie Gonzalez

If the Board meeting has not adjourned by 4:35 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.

THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE FOLLOWED BY A 10 MINUTE BREAK, THEN BY A MEETING OF THE SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION.

CPSA - CITY CLERK
2023 FEB 22 AM 10:57:23



CPS ENERGY BOARD OF TRUSTEES

COMMITTEE ASSIGNMENTS

Committee	Members
Audit & Finance	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Employee Benefits Oversight	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Operations Oversight	Dr. Francine Romero (Chair) Mr. John Steen
Technology & Resilience	Ms. Janie Gonzalez (Chair) Dr. Francine Romero
Personnel	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Risk Management	Dr. Francine Romero (Chair) All CPS Energy Board of Trustees Members

February 27, 2023

CPS Energy Board of Trustees Meeting February 27, 2023

Approval of Payment to the City of San Antonio for January 2023

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of January 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$254,716,111.22, less applicable exclusions. The revenue for the month of January 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$192,100,594.69
Gas revenue	46,498,981.83
Interest and other income	37,157,013.00
Gross revenue per CPS Energy financial statements	275,756,589.52
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(3,977,006.70)
LVG revenue per City Ordinance 100709	(42,553.46)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(3,354,137.87)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(13,666,780.27)
Total excluded revenue	(21,040,478.30)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$254,716,111.22
City payment per Bond Ordinance for January 2023 based upon January 2023 revenue	\$35,660,255.57
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	(993,296.53)
Wholesale Special Contract Annual True Up	800,791.80
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True Up/ (Down) per gas customer MOU	(2,063.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	35,453,187.84 A
Utility services provided to the City for January 2023	(2,970,891.99)
Net amount to be paid from January 2023 revenue to the City in February 2023	\$32,482,295.85

CPS Energy Board of Trustees Meeting February 27, 2023

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

(Dollars in thousands)

January 2023	Actual	Budget	Variance	
Current Month* A	\$35,453	\$31,566	\$3,887	12.3%
Year-to-Date*	\$438,528	\$388,214	\$50,314	13.0%

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

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2023 – Additional Transfer per Bond Ordinance		
Total	<u>\$11,523,482.47</u>	B

Approval of the following resolution is requested:

- A** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$32,482,295.85 representing 14% of applicable system gross revenues for the month of January 2023, such payment being net of City utility services (\$2,970,891.99), is hereby approved."

- B** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$11,523,482.47, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A.** The amounts paid routinely during the year, net;
- B.** The additional distribution paid once for the year.



BOARD OF TRUSTEES TRAVEL PROCEDURES & FORMS

Before traveling, you must receive approval:

A trustee seeking to travel on behalf of CPS Energy must submit a Travel Authorization Form, with a Travel Expense Calculator attached, for approval. A member of Board Relations (BR) may assist with completing these forms. The Travel Authorization Form must be reviewed and approved by the Board Chair and Vice Chair.

- If the trustee traveling is the Board Chair, the Travel Authorization Form must be reviewed and approved by the Vice Chair and one other trustee.
- If the trustee traveling is the Board Vice Chair, the Travel Authorization Form must be reviewed and approved by the Board Chair and one other trustee.

*These procedures and forms do not apply to the mayor who has his or her own procedures and protocols for travel.

Procedure for Arranging Travel and Expenses:

1. A trustee notifies BR of his or her request to travel and provides information about the reason for travel, e.g. conference details.
2. BR gathers all necessary information and completes the Travel Expense Calculator, detailing estimated expenses, and attaching supporting documentation. BR also completes the Travel Authorization Form based on information provided by the trustee. Travel information, such as conference registration details, will be attached to the Travel Authorization Form.
3. BR provides the completed Travel Expense Calculator and Travel Authorization Form to the requesting trustee.
4. The requesting trustee reviews the Travel Expense Calculator and Travel Authorization Form, makes any necessary edits, and then signs the forms. The trustee will route the signed forms back to BR.
5. BR reviews the forms again for accuracy and routes to the Board Chair, Vice Chair, or other trustee, as necessary, for authorization and signatures.
6. The Board Chair or Vice Chair, as applicable, then routes both forms back to BR. BR scans the forms and delivers them via email to the requesting trustee.
7. If the trustee is authorized to travel, BR will assist with travel arrangements as follows: BR will directly purchase conference fees, airfare, and lodging expenses. BR will process these expenditures in accordance with CPS Energy's Travel and Non-Travel Expenditure Policy and other applicable policies.
8. Within two weeks of completing the travel, the trustee will submit all receipts to BR for any CPS Energy business related expenses for which the trustee seeks reimbursement, or for which CPS Energy funds were expended.
9. BR will complete the Travel Expense Calculator, detailing actual expenses and attaching supporting documentation.
10. BR processes the trustee's request for travel expenditures/reimbursement using an NPO form which must include the original Travel Authorization Form, completed Travel Expense Calculator, and copies of related receipts.
11. BR maintains the original hard copies of the Travel Authorization Form, the Travel Expense Calculator, and all other supporting documentation and receipts.

Related CPS Energy Policies:

- Travel and Non-Travel Expenditure Policy
- Business Meals Expense Policy

These policies can be found in the Board of Trustees training manual or provided by BR upon request.



**BOARD OF TRUSTEES
TRAVEL AUTHORIZATION FORM**

**Note: A completed and signed Travel Expense Calculator must be attached to this Travel Authorization Form; also attach other supporting documentation.*

PROCESS

Travel and travel-related expenses for members of the Board of Trustees require review and approval prior to final booking and registration.

THIS SECTION IS TO BE COMPLETED BY THE TRUSTEE REQUESTING TRAVEL AUTHORIZATION.

I hereby request authorization for the travel and travel-related expenses listed on the attached Board of Trustees Travel Expense Calculator.

Form #:xxxx

The value proposition to CPS Energy is as follows [Please attach additional sheet, if necessary.]:

Signature: _____

Printed Name: _____

Date: _____

THIS SECTION IS TO BE COMPLETED BY THE BOARD OF TRUSTEES OFFICERS.

We hereby authorize the requested travel.

Board of Trustees Chair (or Vice Chair if Chair is requesting):

Signature: _____

Printed Name: _____

Date: _____

Board of Trustees Vice Chair (or other Board member if Vice Chair is requesting):

Signature: _____

Printed Name: _____

Date: _____

*Note: No trustee may authorize or approve his or her own request.



**BOARD OF TRUSTEES
TRAVEL EXPENSE CALCULATOR**

	Item #	Event Name	Date(s)	City, State	Registration Fee	Airfare	Lodging	Ground Transportation	Meal(s)	Misc. Other	Total by Item
							Including misc. tips				
Estimate	1	Sample Name of Conference	8/14/2018	San Antonio, TX	\$1,000.00	\$500.00	\$50.00	\$300.00	\$60.00	\$0.00	\$1,910.00
Actual											
Estimate	2	Sample Name of Seminar	8/27/2018	Austin, TX	\$200.00	\$0.00	\$100.00	\$300.00	\$100.00	\$5.00	\$705.00
Actual											
Estimate	3										\$0.00
Actual											
Total Estimates					\$1,200.00	\$500.00	\$150.00	\$600.00	\$160.00	\$5.00	\$2,615.00
Total Actuals											

Notes: This Expense Calculator will be attached to a corresponding Travel Authorization Form.
Actual expenses greater than 10% over the estimate will require further explanation to the Board Chair or Vice Chair, as applicable.

Form #: _____

Board Relations Printed Name Date
Board Relations has estimated expenses and hereby confirms estimated calculations are as accurate as possible.

Board Relations Printed Name Date
Board Relations has confirmed actual expenses and hereby affirms expenses match the amounts recorded on the attached receipts.



ACCOUNTS RECEIVABLE MONTHLY UPDATE

PRESENTED BY:

DeAnna Hardwick

Executive Vice President, Customer Strategy

February 27, 2023

Informational Update

AGENDA



- **RECEIVABLES SNAPSHOT & TRENDS**
- **BREAKOUT VIEWS & INSTALLMENT PLANS**
- **BEST PRACTICES ASSESSMENT**
- **OUTREACH & ENGAGEMENT**
- **UPCOMING COMMUNITY OUTREACH**

We have seen the positive trend from the past continue, resulting in \$196M in past due accounts, with \$95M in installment plans.

RECEIVABLES SNAPSHOT



\$59M
FY2023 UTILITY ASSISTANCE

\$20M
2022 ARPA ASSISTANCE

2,023
ENGAGEMENTS
IN FY2023



46 events
SCHEDULED IN
FEBRUARY

*Data as of January 31, 2023

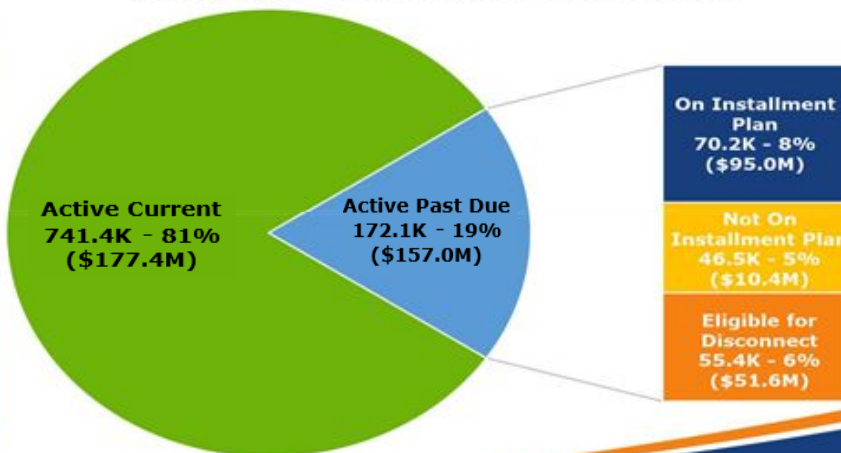
209K Customer Accounts Past Due for \$196M

37K Inactive Accounts for \$39M

172K Active Accounts for \$157M

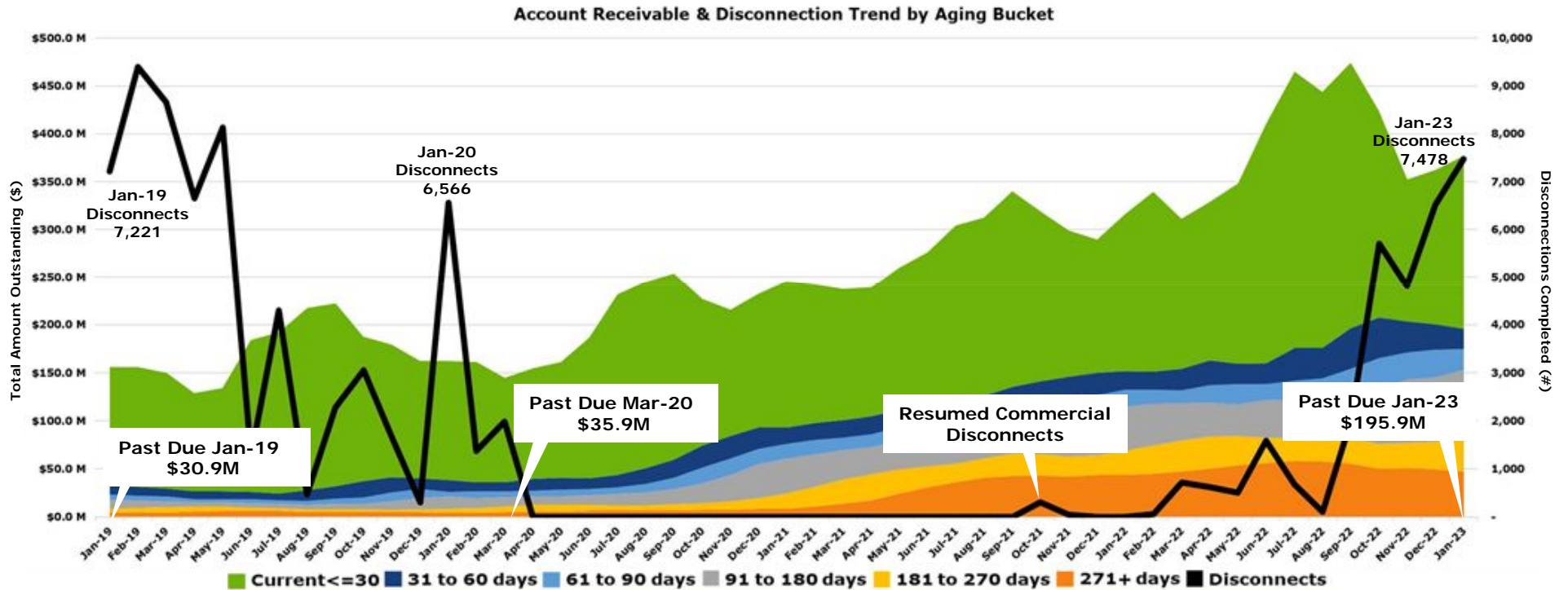
195K \$179M RESIDENTIAL	14K \$17M COMMERCIAL	\$9M LATE FEES	31K DISCONNECTS	\$2.8M COLLECTION NOTIFICATIONS
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OF ACTIVE CUSTOMER ACCOUNTS 913.5K



We have 4 months of full collection activities with 3 months of positive trends for past due accounts and amounts.

RECEIVABLES & DISCONNECTION TRENDS



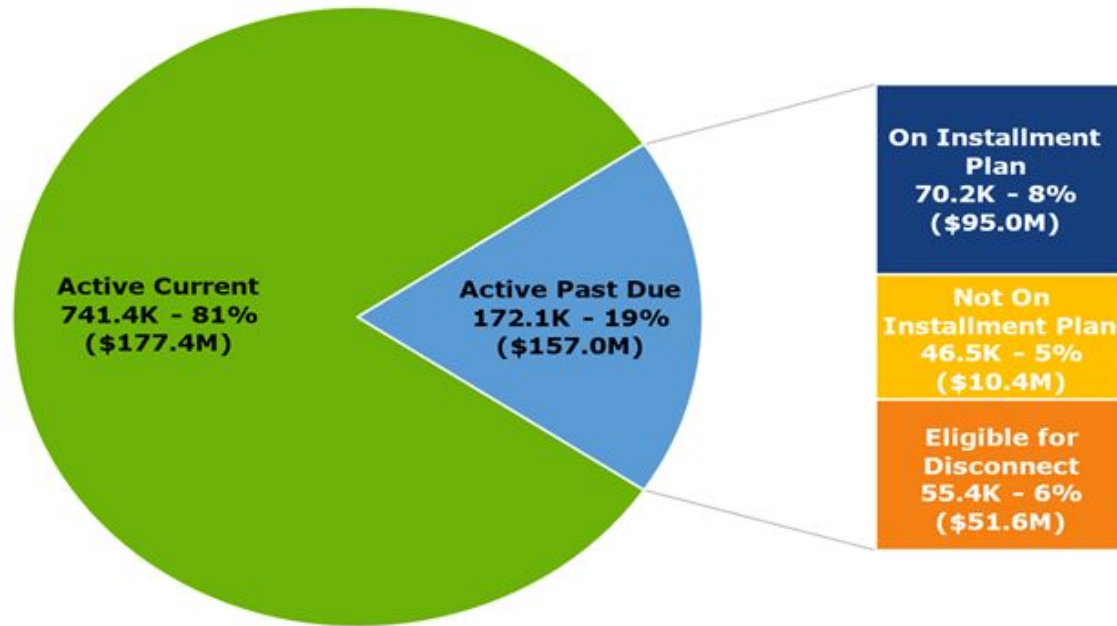
We are continuing our increased collection efforts with past due amounts trending positively for the third month in a row.

*Data as of January 31, 2023

ACCOUNTS RECEIVABLE ALL CUSTOMERS



OF ACTIVE CUSTOMER ACCOUNTS 913.5K

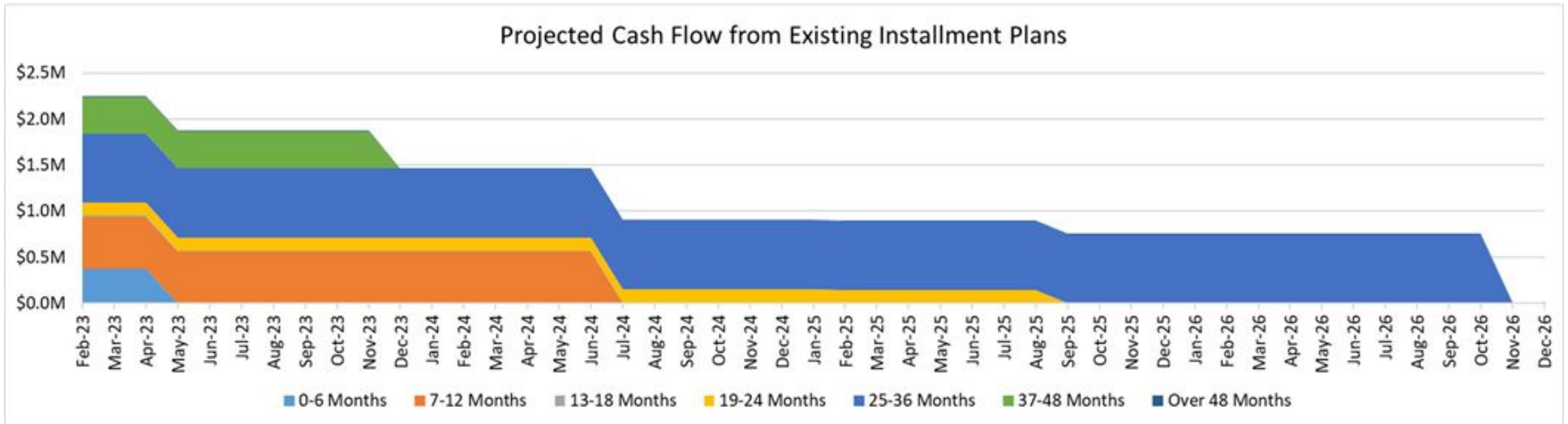


We are focusing on the 102K accounts (over \$62M) not currently on a plan for outreach, assistance, and ultimately disconnection, if needed.

*Data as of January 31, 2023

INSTALLMENT PLANS

RATE OF RETURN



Customers are able to maintain a 50% success rate on installment plans; the remaining accounts will need to re-establish a new plan or we will ultimately disconnect the service.

*Data as of January 31, 2023

BEST PRACTICES



CPS Energy (907k Customers)	Stop the A/R increase				Accelerate Cash in the Door						Generate Revenue	
	W/O Inactive	W/O Bankrupt	Target: High Bill Disconnect	Increase volume of Disconnect	Small Balance Installment Plans.	Installment Plans Program Overall	REAP	Internal Account Collection	Master Meter Accounts	Enhanced Training	Increase Payment B4 Reconnect	Increased revenue associated with late & reconnect fees
Utility 1 (West coast IOU, 5mm Customers)	Y	Y Deposit b4 Bankruptcy	Y	Y	N	Y Proactive	Y	N/A	Y	Y	Y	Y
Utility 2 (SW Not for profit Co-op, 1.2mm Customers)	Y	Y	Y	Y	N	Y	Y	N	N/A	Y	Y	Y
Utility 3 (East Coast municipal, 600k Customers)	N	N	Y	Y	Y	Y Default	Y +Grant Program	N	N/A	Y	Y	Y
Utility 4 (West Coast Municipal, 1.4mm Customers)	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y Yes on reconnect fees, no on LPC



Hosted by: Rob Earle, First Quartile and DeAnna Hardwick, CPS Energy

Forum on Credit & Collections in the Electric & Gas Industry

Topics include:

- Risk Management
- Payment Assistance Programs
- Resource Management & Process
- Regulatory/Board Operation Environments

Our consultant, Bridgewater Consultants, reviewed our initiatives and concluded:

“We have concluded that CPS Energy has a firm grasp on the core, best practice activities to attack past due A/R.”

We have continued efforts to ensure we are identifying best practices.

CUSTOMER OUTREACH



Outreach Specialists at Sacred Heart Catholic Church (D1)



Cristela, Outreach Specialist, at Harlandale Senior Center (D3)



CRU team at Senior Center Resource Fair (D2)



Julia, E2B Business Liaison, at Southside First Expo (D5)



86,400
Door Hangers
distributed



4,670
Households visited
through Block
Walking



84
Neighborhoods
visited



604
Small business
engagements



>14,000
People served

FEBRUARY 2023 ENGAGEMENTS



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
			D6 CM Havrda - Outreach		D3 CM Viagran – PS&E Other – Outreach & PS&E	
5	6	7	8	9	10	11
	D2 CM McKee-Rodriguez - PS&E D6 CM Havrda – Outreach D4 CM Rocha Garcia – Outreach	D6 CM Havrda – Outreach D2 CM McKee-Rodriguez - CRU Partnership Activities	D4 CM Rocha Garcia – Community Fair Other – E2B Partnership Activities D8 CM Pelaez – Outreach D1 CM Bravo - Outreach	Other – PS&E D7 CM Sandoval – Outreach Other – Outreach Resource Development D7 CM Sandoval – Outreach Resource Development D10 CM Perry – PS&E	D6 CM Havrda – PS&E D2 CM McKee-Rodriguez – PS&E	D4 CM Rocha Garcia – Outreach & PS&E D8 CM Pelaez – PS&E
12	13	14	15	16	17	18
	D6 CM Havrda – Outreach & PS&E Other – Outreach Resource Development	D6 CM Havrda – Outreach & PS&E D3 CM Viagran – Outreach	D6 CM Havrda –PS&E D3 CM Viagran – Outreach D1 CM Bravo – Outreach	Other – Community Fair Other – E2B Outreach D1 CM Bravo - Outreach	D4 CM Rocha Garcia – Outreach D3 CM Viagran - Outreach Other – PS&E	
19	20	21	22	23	24	25
	D6 CM Havrda – Outreach & PS&E	D6 CM Havrda – Outreach & PS&E	D4 CM Rocha Garcia – Outreach D3 CM Viagran -Outreach		D2 CM McKee-Rodriguez - PS&E Other – PS&E D5 CM Castillo – Outreach & PS&E	D9 CM Courage – Outreach & PS&E D6 CM Havrda – PS&E
26	27	28				
	D6 CM Havrda – Outreach & PS&E	D6 CM Havrda – Outreach & PS&E D4 CM Rocha Garcia – PS&E				

CM: Council Member PS&E: Public Safety and Education



Thank You

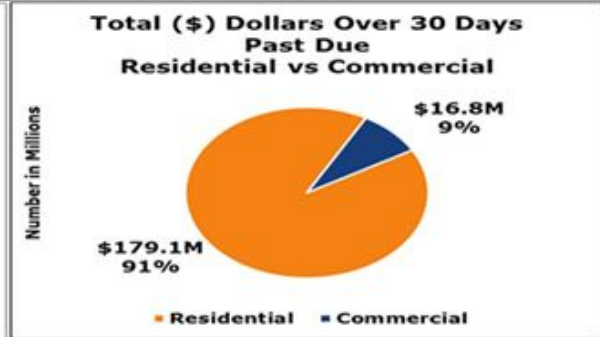
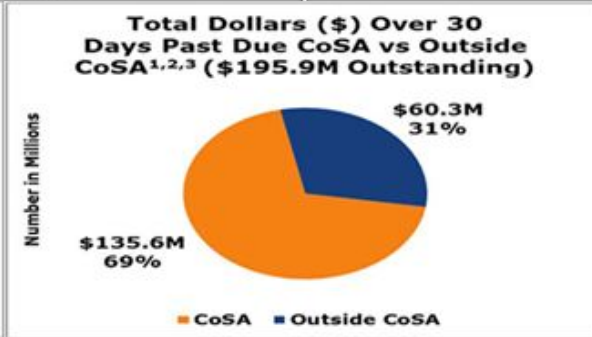
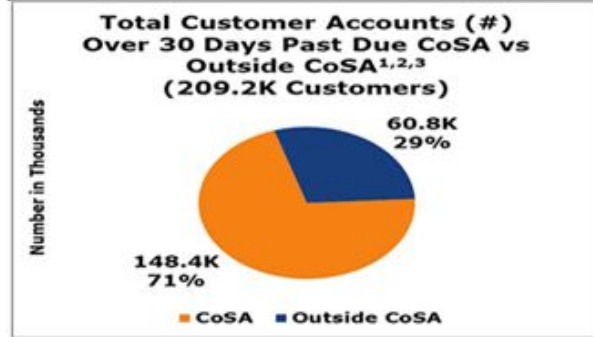
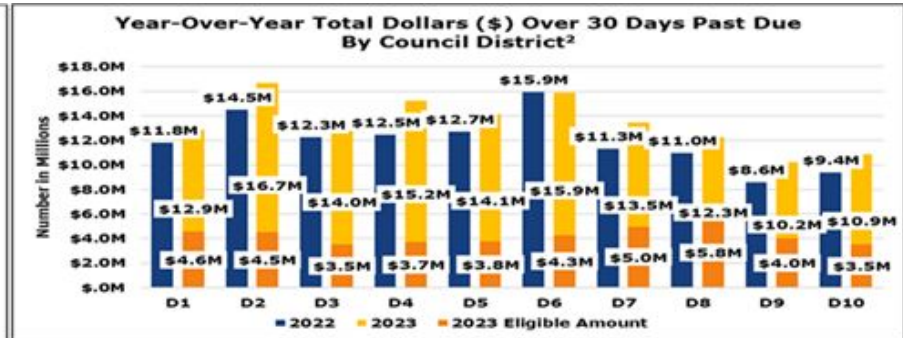




Appendix



TOTAL CUSTOMER ACCOUNTS OVER 30 DAYS PAST DUE



Of the 209,173 past due accounts, 26% are eligible for disconnection (2,923 commercial and 52,439 residential).

¹ Data as of 1/31/2023; including both active & inactive (customers who have moved out & the account still has an outstanding balance) customers with outstanding receivable balances greater than 30 days. This includes Residential, Commercial & Industrial, as well as Public Authority accounts.

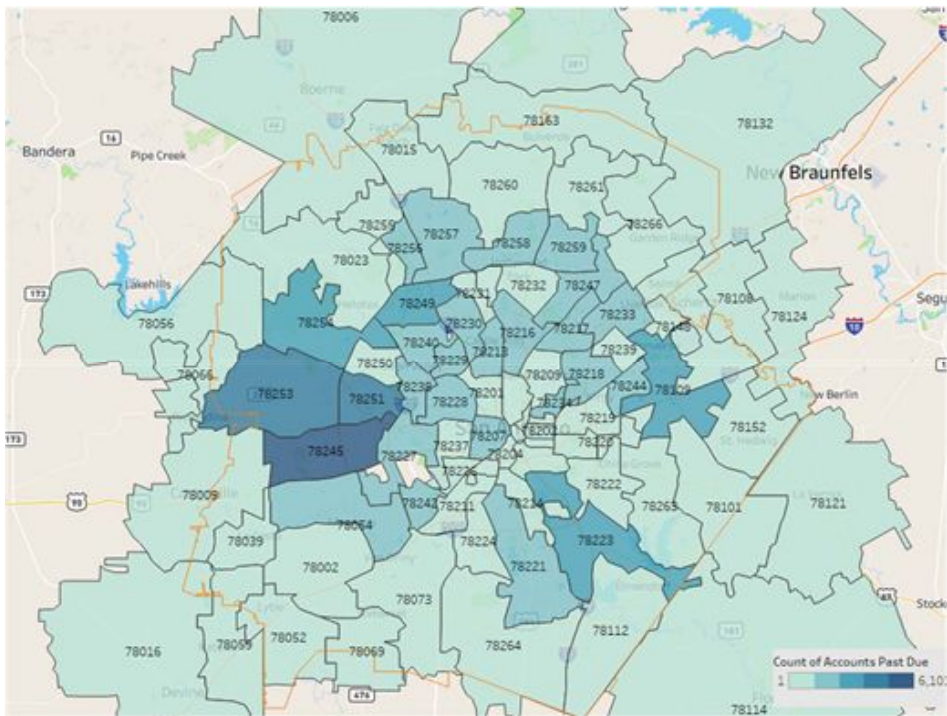
² Council Districts assigned utilizing GIS data within SAP

³ Outside CoSA defined as areas identified outside City Council boundaries

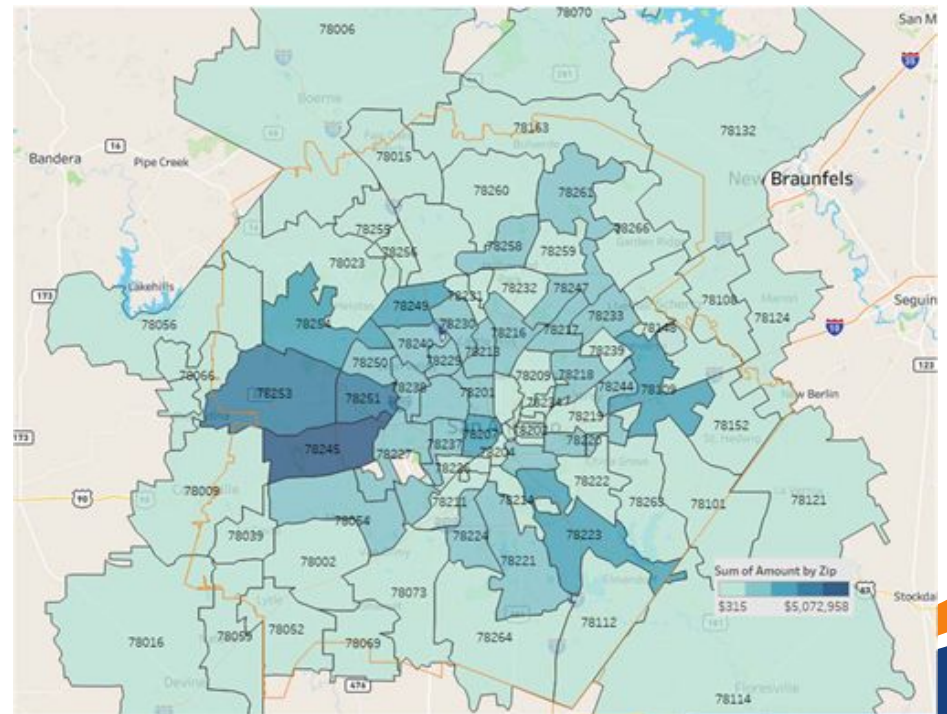
CUSTOMER ACCOUNTS PAST DUE BY ZIP CODE



Number of Accounts



Outstanding Dollars



*Data as of January 31, 2023

CUSTOMER OUTREACH COMMUNITY EVENTS



> 86,400
Door Hangers
distributed



> 4,670
Households visited
through Block Walking



> 16,660
Automated
calls



84
Neighborhoods
visited



> 4,150
Customers
supported



Storm Outage Response in
De Zavala

We are leveraging census tracts identified with the highest energy burden to target outreach and communication for customers who need it the most.

COMMUNITY ENGAGEMENTS BY COUNCIL DISTRICT



FY2023 Engagements	
District	Count
D1 - CM Bravo	252
D2 - CM McKee-Rodriguez	203
D3 - CM Viagran	151
D4 - CM Rocha Garcia	161
D5 - CM Castillo	202
D6 - CM Havrda	207
D7 - CM Sandoval	146
D8 - CM Pelaez	147
D9 - CM Courage	94
D10 - CM Perry	108
Other	352
Grand Total	2023



E2B Outreach – SABJ Business of the Year Awards

We have conducted 2,023 community engagements in FY2023 (Feb 2022 – Jan 2023).

COMMUNITY EVENTS

UPCOMING EVENT TYPES



Upcoming Events	
Engagement Classification	Count
Community Fair	4
CRU CPSE Representative	2
CRU Partnership Activities	1
E2B Partnership Activities	1
Outreach	22
Outreach and PS&E	29
Outreach Resource Development	4
PS&E	17
Grand Total	80



Outreach – Housing Affordability Event

We have 80 events scheduled in the next 90 days and continue to schedule more events daily.



RECEIVABLES ACTIONS



ARPA, REAP & Agencies

- ✓ **\$20M** for ~**30K** accounts
- ✓ **\$3M** pledged
- ✓ **\$59M** in assistance



Affordability Discount Program

- ✓ **65K** accounts enrolled



Special Billing Programs

- ✓ **>58K** enrolled in Senior Citizen
- ✓ **~3K** enrolled in Critical Care



Flexible Payment Options Plans

- ✓ **>72K** enrolled in installment plans
- ✓ **>16K** enrolled in due date extensions
- ✓ **>34K** enrolled in Budget Payment Plans



Collections

- ✓ **>1.2M** collection calls
- ✓ **~\$9M** in late fee charges
- ✓ **>1.4M** written & email notices
(including disconnection letters)
- ✓ **30.9K** disconnections completed



Communications & Support

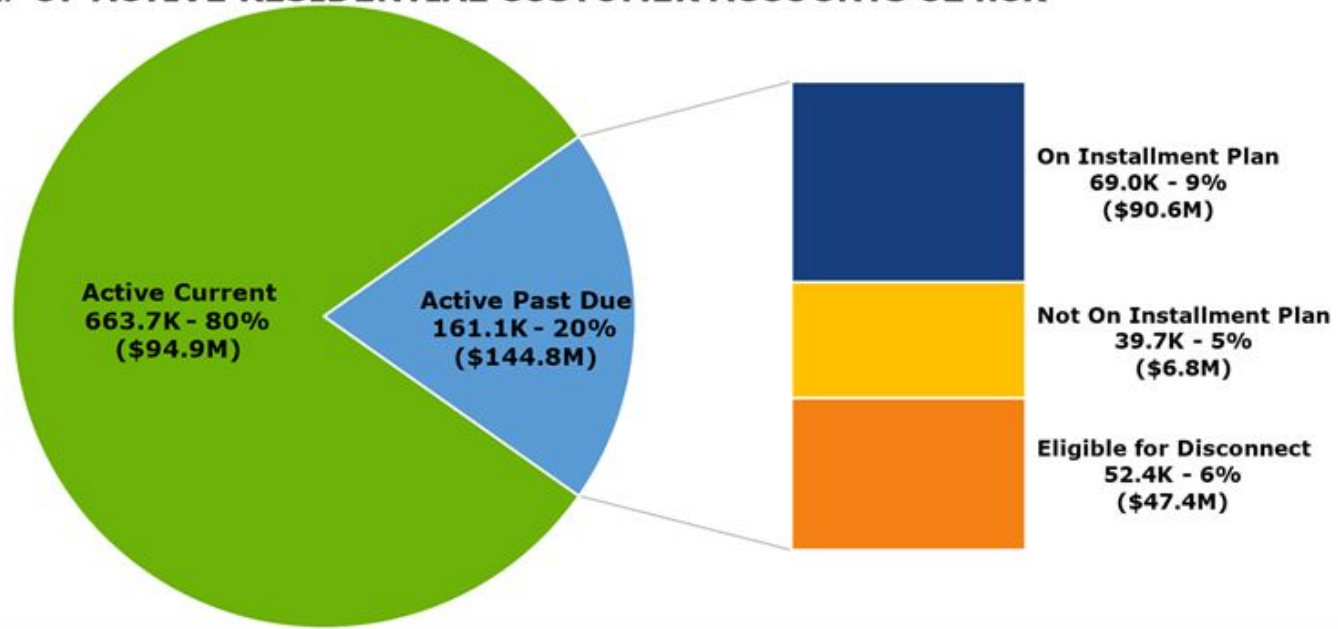
- ✓ **>2,020** community engagements
- ✓ **>1,170** community events
- ✓ **59K** community members connected with
- ✓ **>295** customer visits (*residential*)
- ✓ **>1,110** managed cases (*residential*)
- ✓ **>390** customer visits (*commercial*)
- ✓ **>315** managed cases (*commercial*)

We have implemented our communicated collections actions to address Accounts Receivable. As part of our efforts, we have \$107M in installment plans, with an average length of 27 months.

ACCOUNTS RECEIVABLE RESIDENTIAL ACCOUNTS



OF ACTIVE RESIDENTIAL CUSTOMER ACCOUNTS 824.8K



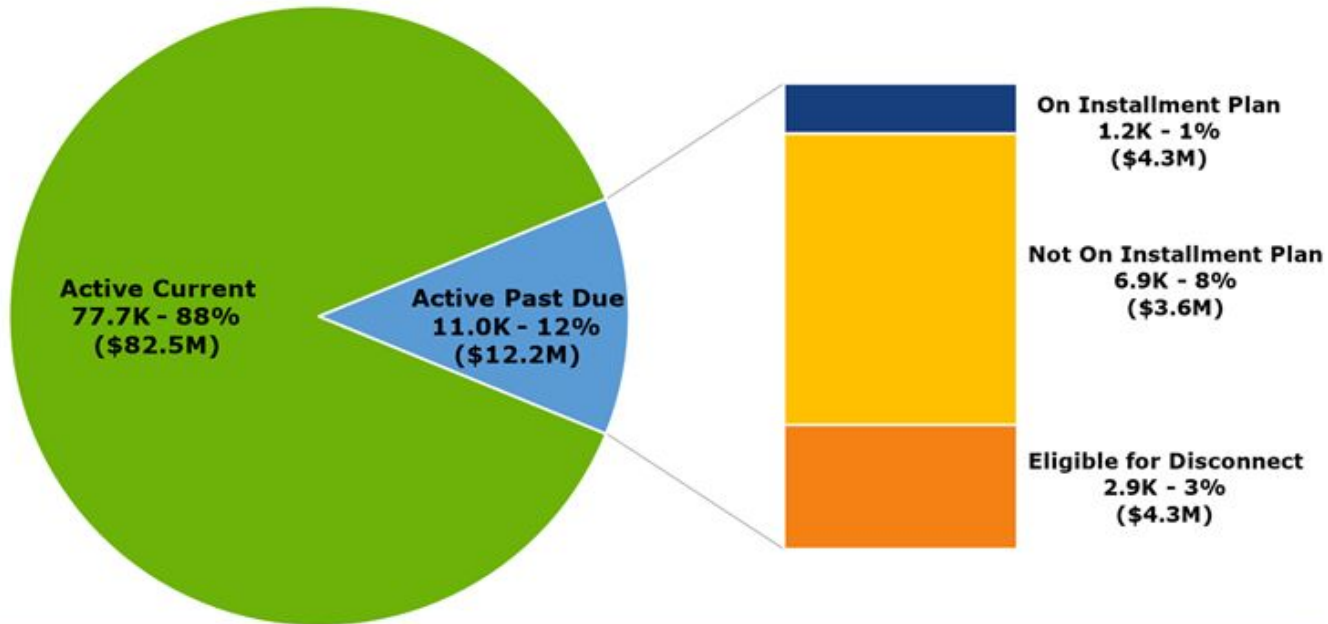
For our Residential accounts, the number of installment plans continues to increase while the number of accounts eligible for disconnect decreases!

*Data as of January 31, 2023

ACCOUNTS RECEIVABLE COMMERCIAL ACCOUNTS



OF ACTIVE COMMERCIAL CUSTOMER ACCOUNTS 88.7K



We are actively working with our past due Commercial customer accounts to put them on installment plans.

*Data as of January 31, 2023



February 27, 2023

Board of Trustees
 Mr. Rudy D. Garza, President & CEO

Dear Trustees and Mr. Garza:

Now that FY2023 has ended, we are working with our auditor, KPMG, to deliver full-year audited results to you later this spring. I will be presenting unaudited, preliminary FY2023 full-year results at the February 27, 2023 Board of Trustees meeting, and I have summarized highlights below.

Financial Performance Highlights

FY2023 was a positive year in many respects. We successfully executed business operations and made key investments benefitting the community despite headwinds created by past-due accounts and a soft wholesale market. I'm proud to report that our financial health is relatively strong, as evidenced by our key financial metric results for the year:

	<u>Year-end Results</u>	<u>Budget</u>	<u>Threshold Levels</u>
Adjusted Debt Service Coverage Ratio	1.89	1.79	1.50
Debt Capitalization Ratio	61.8%	61.7%	<60%
Days Cash On Hand	166	170	150

Other financial highlights include:

- Lower than planned spend on Operations & Maintenance
- Capital expenditures that supported growth while staying below our total capital plan
- Debt service costs that were slightly favorable to plan
- Contributions to our Repair & Replace fund exceeded plan by more than 10%
- Record level of general fund transfer to the City of San Antonio

I look forward to sharing more details about our strong FY2023 financial performance with you in the coming months. As always, thank you for your leadership and support.

Sincerely,



Cory Kuchinsky, CPA
CFO & Treasurer

PK

Attachments

Copy COSA: Erik Walsh, City Manager
Ben Gorzell, CFO
Zack Lyke
Juan Valdez
Russell Huff

Copy CPS Energy: Rudy D. Garza, President & CEO
CEO Direct Reports
Govt & Reg Affairs & Public Policy



FY2023 YEAR-END FINANCIAL UPDATE

PRESENTED BY:

Cory Kuchinsky, CPA
Chief Financial Officer & Treasurer

February 27, 2023

Informational Update

Note: All results are preliminary,
unaudited & subject to change.

AGENDA



- **FY2023 KEY INVESTMENTS**
- **GOVERNANCE OF OUR REVENUE**
- **FLOW OF FUNDS PRELIMINARY RESULTS**
- **METRICS**
- **FINANCIAL SUCCESSES**

Our objective is to provide you with a preliminary and unaudited update on our year-end financials.

FY2023 KEY INVESTMENTS



Reliability & Resiliency

- 166 reclosers installed
- 1,158 poles replaced
- 689 miles of vegetation management
- 12 major storm events
- 2,044 leaks repaired
- ~246K locates
- ~1,600 miles of gas pipelines surveyed



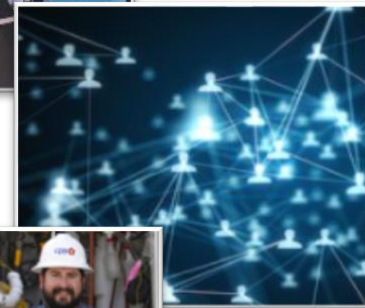
Community & Customer Growth

- ~29K new gas and electric meter sets
- 3,692 transformers installed
- 3 million customer calls



Technology & Security

- Enterprise Resource Plan internal requirements gathering completed & RFP issued
- Datacenter transformation
- Upgraded critical security measures & key environmental systems
- 21 incident response exercises



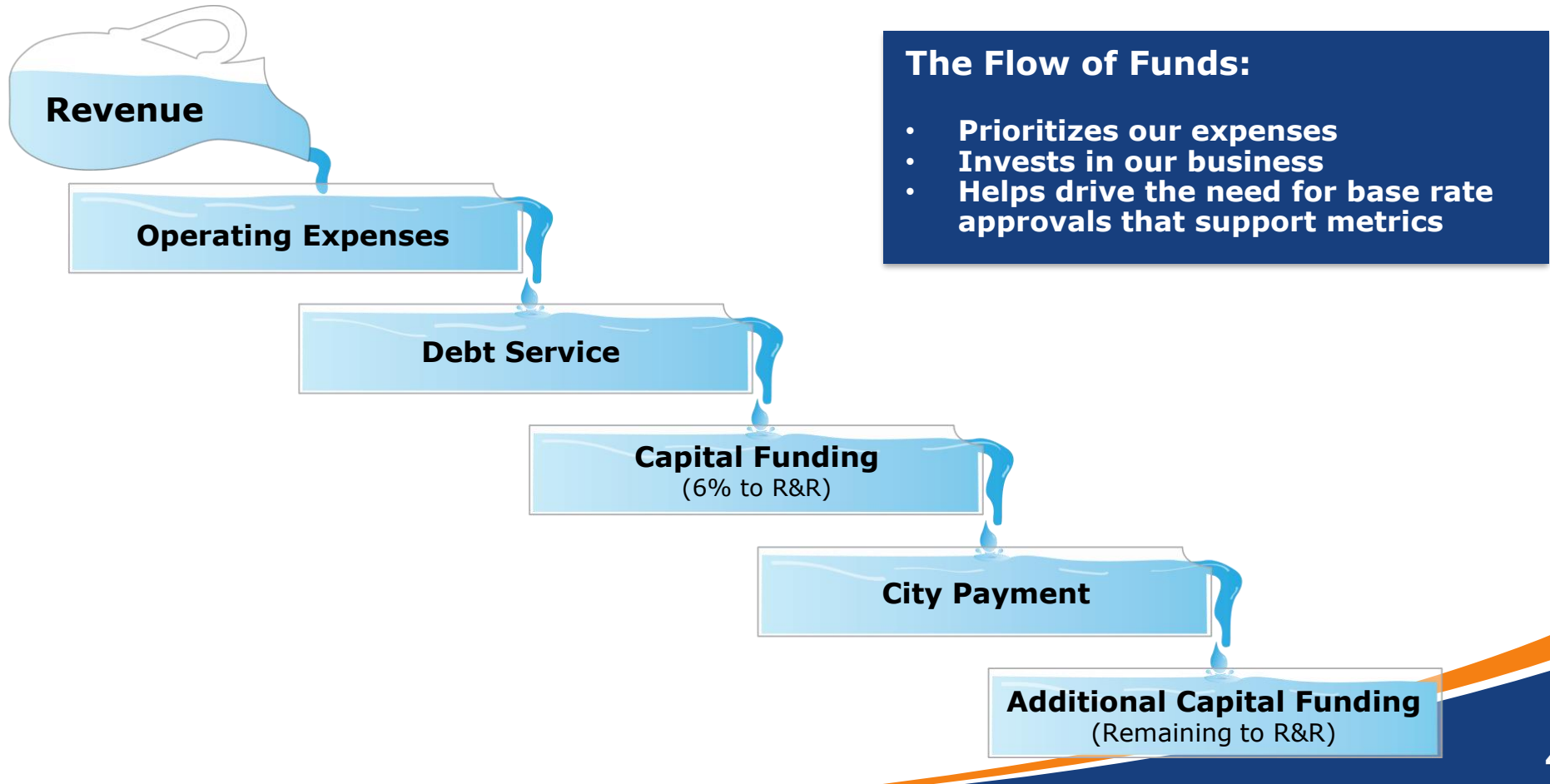
People

- 540 New Hires
- 828 position evaluations resulting in market-based adjustments to 1,784 non-executive employees



GOVERNANCE OF OUR REVENUE

AS PRESCRIBED BY BOND CONVENANTS



FLOW OF FUNDS

PRELIM RESULTS VS. BUDGET



Description	FY2023		
	Budget	Actuals	Variance: Favorable (Unfavorable)
Revenues, net of unbilled	\$ 2,958.5	\$ 3,469.6	\$ 511.1
Less: fuel & regulatory expense	1,058.8	1,521.1	(462.3)
Less: Operation & maintenance	731.2	690.4	40.8
Revenues, net of Operating Expenses	1,168.5	1,258.1	89.6
Less: Debt service	435.4	434.6	0.8
6% Gross Revenue to R&R	177.5	208.2	30.7
Less: city payment (CP) per flow of funds	388.2	438.5	(50.3)
Remaining to R&R	167.4	176.8	9.4
Total R&R fund additions	\$ 344.9	\$ 385.0	\$ 40.1
Total Gross Capital	\$ 832.9	\$ 788.3	\$ 44.6

Highlights:

- **Revenue (operating & non operating), net of unbilled**
 - Billed sales is 3.8% higher than budget
 - Bad debt expense of \$86M for FY2023 (reduction of revenue)
 - Wholesale Revenue Net Fuel underperformed against plan, driven by higher additional fuel costs and unplanned plant outages
- **Operating & Maintenance**
 - Lower than planned spend on technology projects, labor costs, and a Pension/OPEB credit; partially offset by increased spend on vegetation management, capital related O&M, leak repair, and plant maintenance
- **Debt Service**
 - Managed according to plan

KEY FINANCIAL METRICS

PRELIM RESULTS VS. BUDGET



	<u>Year-end Results</u>	<u>Budget</u>	<u>Threshold Levels</u>
Adjusted Debt Service Coverage Ratio	1.89	1.79	1.50
Debt Capitalization Ratio	61.8%	61.7%	<60%
Days Cash On Hand	166	170	150

Our year-end metric results came in above or in line with our planned targets.

FY2023 FINANCIAL SUCCESSES



- Obtained an unmodified audit opinion for our FY2022 financial statements
- Overcame inflation & other rising costs
- Launched next generation of STEP program
- Received Board approval of future generation plan following robust stakeholder dialogue
- Developed resiliency plan with San Antonio Water System (SAWS)
- Proactively managed relationships with Credit Rating Agencies
- Executed multiple financing transactions with favorable terms
- Boosted liquidity by increasing commercial paper capacity by \$300M
- Completed Cost of Service study to inform rate design conversations
- Continued to improve transparency and collaboration with all stakeholders

Our results in FY2023 have positioned us for success in FY2024.



Thank You





Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition	Acronym or Word	Definition
Adjusted Debt Service Coverage Ratio	Measurement of available cash flow to pay current debt obligations	O&M	Normal costs incurred to keep business operations ongoing (Operating & Maintenance)
Days Cash on Hand	Represents the number of days a company can continue to pay its operating expenses with current cash available	OPEB	Postemployment benefits other than pension benefits (Other Post-employment Benefits)
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	R&R	A restricted cash account which may be used to fund construction costs (Repair & Replacement account)
Debt Service	In the Flow of Funds, the annual amount of principal and interest payments due to bond holders	Wholesale Revenue net Fuel	Revenues from market sales of incremental power produced less the cost of fuel to produce the power

ELECTRIC SALES

BY CUSTOMER SEGMENT- JANUARY FY2023*



Customer Sector	Usage Growth	% of Total Load	% Impact on Total Usage
Residential	-5.4%	45.5%	-2.5%
Churches & Services	-1.7%	6.5%	-0.1%
Manufacturing	-4.3%	2.2%	-0.1%
Retail	-1.7%	4.8%	-0.1%
Educational Services	-0.9%	4.3%	0.0%
Hotel & Food Services	-0.3%	4.1%	0.0%
Other**	-0.4%	32.6%	-0.1%
Total System		100.0%	-2.9%

*Billed January actual performance vs. budget.

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

ELECTRIC SALES

BY CUSTOMER SEGMENT- FULL YEAR FY2023*



Customer Sector	Usage Growth	% of Total Load	% Impact on Total Usage
Residential	6.3%	44.7%	2.8%
Churches & Services	2.3%	6.7%	0.2%
Manufacturing	6.5%	2.2%	0.1%
Retail	1.9%	5.1%	0.1%
Educational Services	1.7%	4.9%	0.1%
Hotel & Food Services	2.4%	4.4%	0.1%
Other**	1.2%	32.0%	0.4%
Total System		100.0%	3.8%

*Billed Full Year performance vs. budget.

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

NET INCOME

PRELIM RESULTS VS. BUDGET



Description	FY2023		
	Budget	Actuals	Variance: Favorable (Unfavorable)
(\$ in millions)			
Revenue available for nonfuel expenses			
Electric	\$ 2,713.6	\$ 3,058.6	\$ 345.0
Gas	232.7	324.8	92.1
Total operating revenue	2,946.3	3,383.4	437.1
Less:			
Electric fuel, distribution gas & regulatory	1,069.9	1,529.4	(459.5)
Payments to the City of San Antonio	388.2	438.5	(50.3)
Net operating revenue	1,488.2	1,415.5	(72.7)
Nonoperating revenue	36.3	62.3	26.0
Total revenue available for nonfuel expenses	1,524.5	1,477.8	(46.7)
Nonfuel expenses			
Operation & maintenance	729.7	688.7	41.0
Depreciation, amortization & decommissioning	486.2	520.0	(33.8)
Interest & debt-related	231.4	224.4	7.0
Total nonfuel expenses	1,447.3	1,433.1	14.2
Net Income (Loss)	\$ 77.2	\$ 44.7	\$ (32.5)

Highlights:

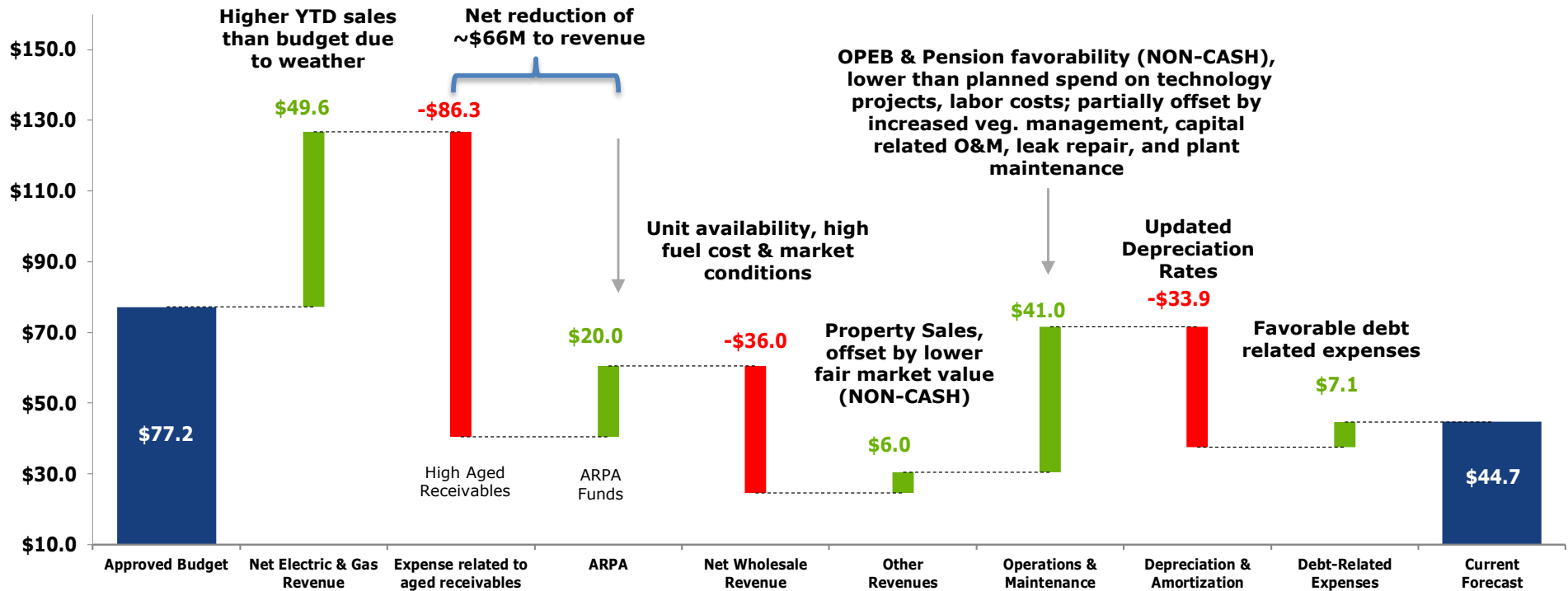
- **Operating Revenue**
 - Billed sales is 3.8% higher than budget
 - Bad debt expense of \$86M for FY2023 (reduction of revenue)
 - Wholesale Revenue Net Fuel underperformed against plan, driven by higher additional fuel costs & unplanned plant outages
- **Non-Operating Revenue**
 - Primarily driven by higher investment income from higher interest rates
- **Operating & Maintenance**
 - Lower than planned spend on technology projects, labor costs, and a Pension/OPEB credit; partially offset by increased spend on vegetation management, capital related O&M, leak repair, and plant maintenance
- **Depreciation / Amortization**
 - Unfavorable to plan due the expected impact of the depreciation study conducted
- **Interest & debt-related**
 - Reflects lower interest expense than planned

Non-cash items such as investment fair value adjustments impact total net income but does not impact financial metrics such as ADSC or DCOH. These items impact the equity portion in the debt / capitalization metric.

FY2023 FULL-YEAR NET INCOME BUDGET TO ACTUAL WALK-FORWARD



(\$ in millions)

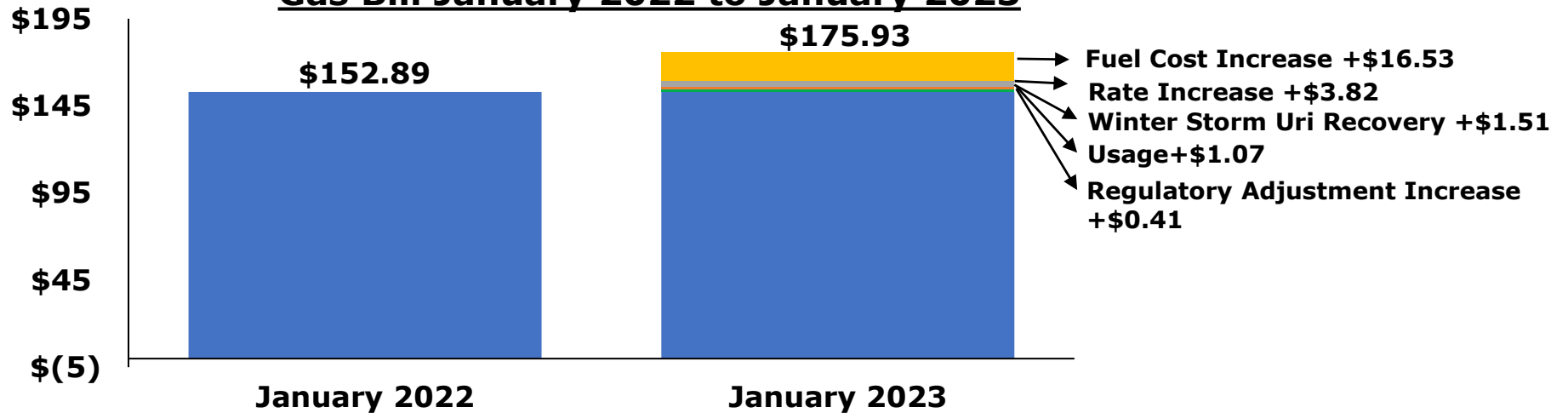


The net effect of these changes is a decline compared to full year budgeted net income.

RESIDENTIAL BILL IMPACT



Combined Residential Electric & Gas Bill January 2022 to January 2023



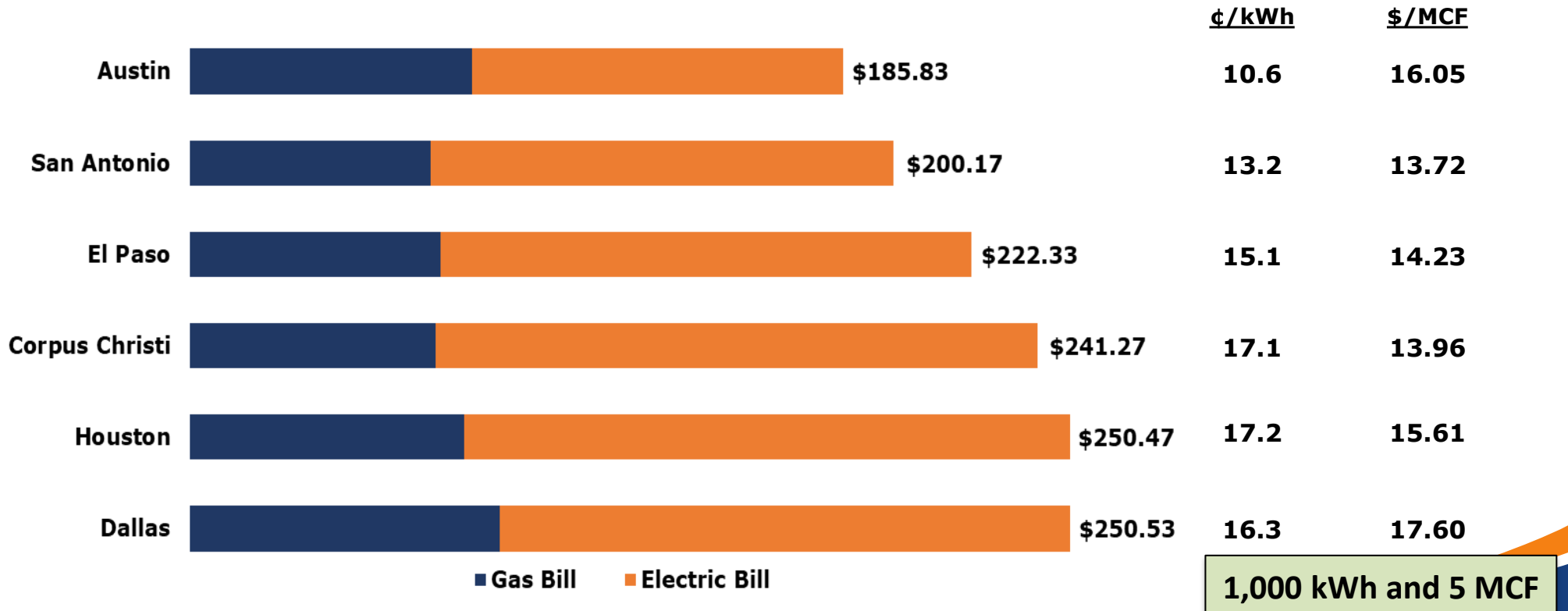
The higher cost of natural gas resulted in an unavoidable impact on customers' bills.

Note: Winter storm Uri Recovery = $\$0.00087 \times 983\text{kWh}$ (average electric usage for January) + $\$0.013349 \times 49$ CCF (average gas usage for January)

TEXAS CITIES COMBINED RESIDENTIAL BILL COMPARISON



TRAILING TWELVE MONTHS ENDING JANUARY 2023



Note: Deregulated markets electric data from powertochoose.org (Terms 12; 4&5 star rated REPs).
San Antonio is the only city that has a single electric & gas provider.