December 30, 2022

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

Dear Trustees and Mr. Garza:

Attached is our monthly Enterprise Performance Update which includes results through November 30, 2022. This report will be posted to our website shortly after its distribution to you. The performance update includes four components:

- Update on Financial Performance
- Update on Tier 1 Metrics Update
- Update on Key Results
- Update on Accounts Receivable

Financial Performance

We continue to observe much of the same themes that we've highlighted throughout the year. Our financial performance continues to be impacted by higher fuel costs and weather which drive incremental revenue, but most of that is being used to cover the high cost of fuel and city payment.

Additionally, we've seen persistent past due receivables and associated bad debt expense. Progress is being made and we are working diligently to bring our receivables balances down. Therefore, on a YTD basis, we have ~$50 million less dollars to cover our other expenses than we had originally planned at this point in our fiscal year. Some one-time items such as lower pension costs and reduced interest expense have helped us bring net income back in-line with our YTD plan.

We expect that for the balance of FY2023 financial performance will fall below plan, driven by a few key items. First, we are entering our "shoulder" months and do expect revenues to come down in lock-step. Second, while we are making progress on working down our past due receivables, we expect this to take more time to work out. We are seeing the resumption of disconnects as a valuable tool and we currently have ~$80 million worth out of the ~$200 million that's past due, on installment plans. Third, we are nearly finished reviewing the results of our depreciation study that was commissioned at the recommendation of our auditors. These studies are typically conducted every 5 years, with the last one completed in 2017. The objective of the study is to ensure that we are appropriately recognizing depreciation expense within our cost structure. With $13 billion in assets on our balance sheet, it is not uncommon for updated depreciation rates to have a notable impact on net income. However, whatever the impact, it will be a NON-CASH impact and it will have no impact on rates charged to customers. As we finalize the study, we will incorporate accordingly.

While we think net income has the potential to fall below our plan, we continue to forecast that our key financial metrics will remain at acceptable levels (i.e., higher than Rating Agency thresholds) for FY2023.

Detailed YTD financial highlights include:

- Total top line operating revenue was $403.0 million above plan due to high fuel costs and weather.
- Total fuel & regulatory costs were $393.9 million above plan and City Payment was $47.7 million higher than plan.
- Our past-due receivables (active and inactive) still exceed $200 million, and the associated bad debt expense (which is a reduction in revenue) is now $60.7 million above plan ($68.9 million vs. plan of $8.2 million).
- Rising interest rates continue to drive mark-to-market adjustments (non-cash item) on our long-term bond investments. Year-to-date, non-operating revenue is $12.0 million below plan.
- These items resulted in revenue available for non-fuel expenses that were $50.6 million below plan (~4.0% below plan of $1,294.3 million).
- Offsetting this, are non-fuel expenses which are below plan by $50.8 million. This results in net income of $99.8 million which is in-line with the budget of $99.6 million.
- On the Flow of Funds, our Repair & Replacement (R&R) additions are $407.2 million YTD (above budget by $78.5 million).
- Days Cash on Hand is 141 as of November 30, which is below YTD target of 169. This is driven by high past due receivables.
- Adjusted Debt Service Coverage and Debt Capitalization ratios are better than plan year to date (ADSC = 2.14x vs. YTD target of 1.91x; Debt Cap = 61.0% vs. YTD target of 62.1%).

In early January, we are meeting with the Rating Agencies to speak to them about various topics including our financial performance, our fundamental strengths, our plan to navigate through our various challenges, our rate increase efforts, and winter preparedness. We have had several touch points with them this year and these conversations are more critical in the wake of the various challenges we've faced over the past few years such as the pandemic, Winter Storm Uri, higher operating costs due to inflation, and high receivables. We certainly were not the only utility downgraded after Winter Storm Uri, many utilities within ERCOT were impacted. After the storm, the rating agencies became more sensitive to the actions of each individual utility, including the ability to handle other stresses and have adjusted their rating criteria accordingly.

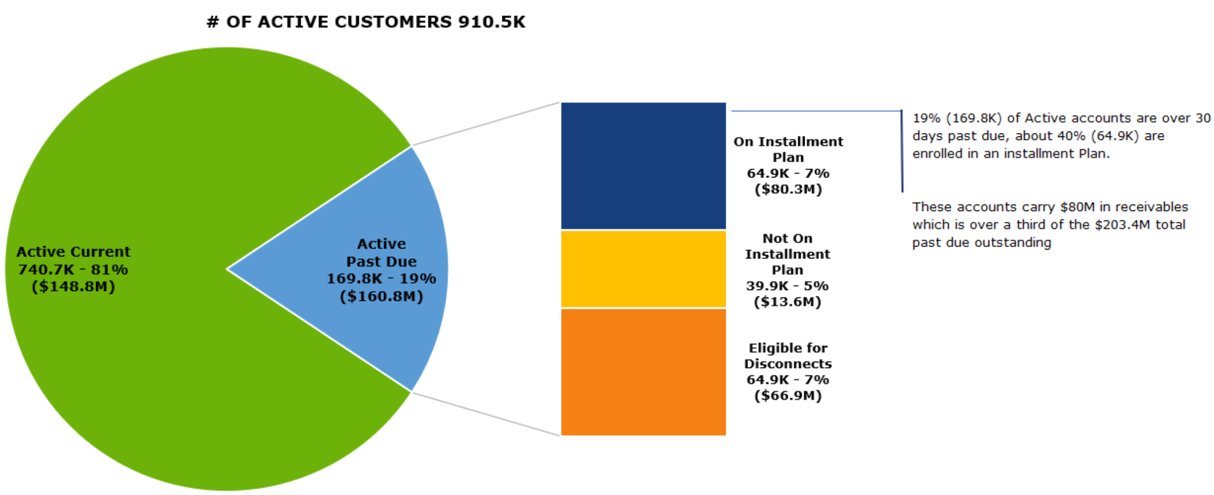
Accounts Receivable Update

As of November 30, 2022, 81% of our active accounts are current. The remaining 19% are past due over 30 days and carry $161M (46%) of our total outstanding receivables. These active past-due accounts consist of 161k residential accounts & 9k commercial accounts. Attached is a graphic representation of past due accounts by zip code.

The remainder of our total outstanding receivables is in inactive accounts holding over $42M (12%). These accounts are inactive because the customer has moved out or the account was disconnected and sent to our third-party collections companies (Contract Callers Inc. & FMA Alliance, Ltd.). We will write these accounts off as bad debt if collections efforts fail.

Of the 169.8k active accounts that are past due, 65k customers have signed up for installment plans for a total of $80M. This amount makes up nearly a third of total past-due balances. There is an average of $1.4k per installment plan for 26 months. These past-due balances will continue to be carried as part of our past-due amounts while customers make payments toward the plans. There is a 50% success rate for these accounts.

Below are charts to reflect active accounts receivables:



We work hand-in-hand with our frontline workers and community partners to connect with each customer in the way they prefer.

This year, we have visited over 69 neighborhoods and knocked on thousands of doors to support customers directly. We continue to lead with compassion in all we do and find ways to focus on the customers who have not responded to our outreach. We are at the point of disconnection due to the high amount of past-due bills. In light of the record temperatures, our team members worked closely to ensure that we complied with our Terms & Conditions.

Through November, with our specific collection activities, we have reached out to our customers over 2M times to remind them of their past due amount, offer assistance, and advise them of the consequences. Even with working with customers and waiving late fees, we've applied $8.3M in late fees to nearly 300k accounts.

We have increased the daily account disconnections per day up to 600 disconnections planned. For this November, we had close to 4800 accounts disconnected. In comparison, in November 2019, we completed around 1600 account disconnections, reflecting that we have returned to pre-pandemic collections practices and are disconnecting more than historically.

We will continue with the following collection activities:

RETURN TO PRE-PANDEMIC COLLECTION ACTIVITIES

1. Past-due alert to phone, text, or e-mail
2. Courtesy reminder call
3. Mailed collection notification
4. Additional past-due call
5. Send a delinquency notification
6. Mail final disconnection notification
7. Disconnect accounts

In addition, we are taking the following steps that we introduced in October 2022:

INCREASING COLLECTIONS & DISCONNECTIONS

1. Increased disconnections to up to 600 per day
2. Targeted in-person outreach by council district
3. Reduced days of no disconnects around holidays
4. Increased investigation for theft of service
5. Identified vacant properties to disconnect
6. Escalated timing where possible to write off accounts

HIRING

1. Increased hiring for all customer-facing teams
2. Increased starting pay for Energy Advisors
3. Extended retention program for Customer Service

IMPROVING CUSTOMER SELF-SERVICE AND CALL EXPERIENCE

1. Improving self-service capabilities though IVR and Online
2. Building a dedicated "collections" line
3. Building a dedicated line for Commercial & SMB

EXPANDING COMMUNICATIONS STRATEGY

1. Outreach & interviews with media
2. Updates on CPS Energy website, social media, and employee communications
3. Targeted bill messaging, customer letters, customer service IVR messages, signage at walk-in centers, billboards, & stakeholder communications
4. Focused advertising campaign that includes radio public service announcements, & signage at VIA bus shelters & buses

LEVERAGING CONSULTANTS

1. Assessment of practices by a utility consulting firm
2. Sponsoring a utility-based forum with First Quartile to discuss macro view & ways to improve collections
3. Scoring & modeling of past-due accounts to target activities
4. Leveraging third-party call center for additional collection efforts

While we continue to be one of the top-rated utilities in ERCOT and the nation, our ability to demonstrate to the rating agencies financial and operational strength is key to bringing our credit rating back to stable over time. We will keep you apprised on our conversation with them.

Thank you, again, for your leadership and support.

Sincerely,

Cory Kuchinsky, CPA
CFO & Treasurer

DeAnna Hardwick
EVP Customer Strategy

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

MONTHLY PERFORMANCE UPDATE

PRESENTED BY:

Enterprise Planning & Performance and Financial Services

December 30, 2022

Informational Update

AGENDA

- FINANCIAL SERVICES UPDATE
- TIER 1 METRICS UPDATE
- KEY RESULTS UPDATE
- ACCOUNTS RECEIVABLE UPDATE

Provide update on the Financials, Metrics, Key Result & Accounts Receivable performance.

FINANCIAL SERVICES UPDATE AS OF NOVEMBER 30, 2022

ELECTRIC SALES
BY CUSTOMER SEGMENT- NOVEMBER FY2023*

Customer Sector	Usage Growth	% of Total Load	% Impact on Total Usage
Residential	-0.8%	39.6%	-0.3%
Churches & Services	-3.6%	6.9%	-0.3%
Manufacturing	-4.7%	2.3%	-0.1%
Retail	-2.8%	5.4%	-0.2%
Educational Services	-3.4%	5.7%	-0.2%
Hotel & Food Services	-2.9%	4.7%	-0.1%
Other**	-2.4%	35.4%	-0.8%
Total System		**100.0%**	**-2.0%**

*Billed November actual performance to budget.

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

ELECTRIC SALES
BY CUSTOMER SEGMENT- YTD FY2023*

Customer Sector	Usage Growth	% of Total Load	% Impact on Total Usage
Residential	7.6%	44.8%	3.4%
Churches & Services	2.8%	6.7%	0.2%
Manufacturing	8.2%	2.2%	0.2%
Retail	2.1%	5.1%	0.1%
Educational Services	1.9%	5.0%	0.1%
Hotel & Food Services	2.6%	4.4%	0.1%
Other**	1.3%	31.8%	0.4%
Total System		**100.0%**	**4.5%**

*Billed November actual YTD performance to budget.

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

FINANCIAL PERFORMANCE
YEAR-TO-DATE

	Budget	Actual	Variance
Total Revenue *(Operating & Non-Operating)*	$2,519M	$2,909M	$390M
- Less Fuel & Regulatory Costs	$896M	$1,290M	($394M)
- Less City Payment	$329M	$376M	($47M)
Revenue Available to Cover Core Business Costs	**$1,294M**	**$1,243M**	**($51M)**

To date, revenue available to cover core business costs is significantly below plan primarily due to higher fuel expenses.

Note: Financial Performance per Income Statement through November 2022.

FINANCIAL PERFORMANCE
YEAR-TO-DATE

	Budget	Actual	Variance: Favorable (Unfavorable)
Gross Retail Revenue	$ 2,361.8	$ 2,736.5	$ 374.7
Retail Fuel & Regulatory Expense	805.9	1,081.8	(275.9)
Bad Debt Expense	8.2	68.9	(60.7)
Retail Revenue Net of Fuel	1,547.7	1,585.9	38.2
Wholesale Revenue	134.6	223.5	88.9
Wholesale Fuel & Regulatory Expense	89.7	207.7	(118.0)
Wholesale Revenue Net of Fuel	44.9	15.8	(29.1)
Non Operating Revenue	30.3	18.3	(12.0)
City Payment	328.6	376.3	(47.7)
Revenue Available to Cover Core Business Costs	1,294.3	1,243.7	(50.6)
Nonfuel Expenses	1,194.7	1,143.9	50.8
Net Income (Loss)	$ 99.6	$ 99.8	$ 0.2

After paying for the cost of fuel and city payment, revenue is ~$51M under budget, year-to-date.

FINANCIAL PERFORMANCE
FY2023 NET INCOME FORECAST

	Budget	Forecast	Variance: Favorable (Unfavorable)
Gross Retail Revenue	$ 2,800.8	$ 3,270.1	$ 469.3
Retail Fuel & Regulatory Expense	964.1	1,318.5	(354.4)
Bad Debt Expense	10.4	70.0	(59.6)
Retail Revenue Net of Fuel	1,826.3	1,881.6	55.3
Wholesale Revenue	155.9	260.5	104.6
Wholesale Fuel & Regulatory Expense	105.8	238.5	(132.7)
Wholesale Revenue Net of Fuel	50.1	22.0	(28.1)
Non Operating Revenue	36.4	4.3	(32.1)
City Payment	388.2	443.0	(54.8)
Revenue Available to Cover Core Business Costs	1,524.6	1,464.9	(59.7)
Nonfuel Expenses	1,447.4	1,413.8	33.6
Net Income (Loss)	$ 77.2	$ 51.1	$ (26.1)

High bad debt expense is eroding revenue, & net income is expected to be below plan as a result.

KEY FINANCIAL METRICS
REVISED FORECAST VS. BUDGET

	Year to Date	Full Year Forecast	Full Year Budget	Threshold Levels
Adjusted Debt Service Coverage Ratio	2.14	1.85	1.79	1.50
Debt Capitalization Ratio	61.00%	61.66%	61.66%	<60%
Days Cash On Hand	141	160	170	150

Our year-end forecasted metrics remain aligned with our prior month projection. We expect our financial metrics to end the year at acceptable levels.

TIER 1 METRICS UPDATE AS OF NOVEMBER 30, 2022

FY2023 TIER 1&2 METRIC SUMMARY
AS OF NOVEMBER 30, 2022

Tier	Unrecoverable		At Risk		On Track		Achieved		Total Metrics
1	4	25.0%	0	0%	12	75.0%	0	0%	16

FY2023 OUTLIER SUMMARY

Tier 1	Unrecoverable	Portfolio Commercial Availability (PCA)
	Unrecoverable	Customer Satisfaction – Residential
	Unrecoverable	Days Cash on Hand
	Unrecoverable	Enterprise Recordable Incident Rate – RIR **(NEW)**

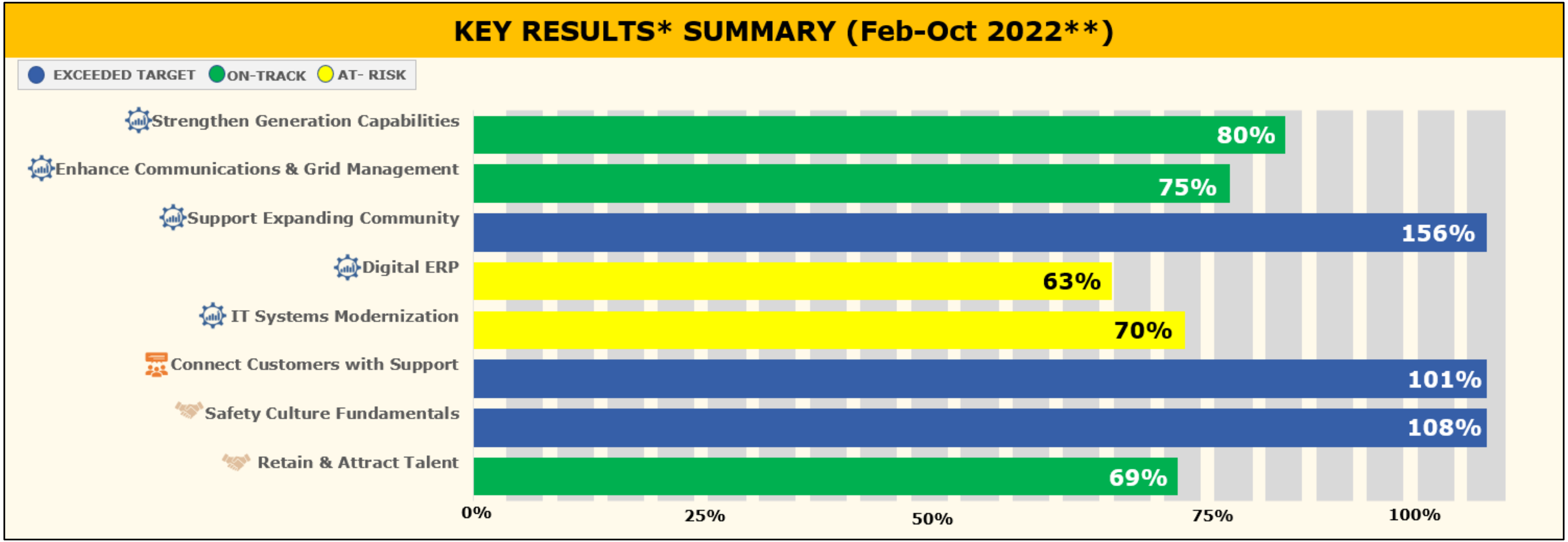
FY2023 TIER 1 METRIC REPORT
AS OF NOVEMBER 30, 2022

Metric Name	Business Unit	Measure Frequency	Unit	Target Indicator	Historical Actuals		Current Year			Year-End Forecast	Latest Estimate
					FY 2021 CY 2020	FY 2022 CY 2021	YTD Target	YTD Actual	Year-End Target		
Enterprise Readiness – Executives	Administration	annually	%	↑	88	83	75	N/A	75	On Track	N/A
Enterprise Recordable Incident Rate - (RIR)	Administration	monthly	#	↓	1.31	1.68	1.41	1.78	1.41	Unrecoverable	1.66
Employee Engagement – Enterprise	Administration	annually	#	↑	4.10	3.99	N/A	N/A	4.04	On Track	N/A
Critical IT System Availability	Business & Technology Excellence (BTE)	monthly	%	↑	99.8	99.9	99.5	97.9	99.5	On Track	99.8
Customer Satisfaction – Residential [1]	Customer Strategy	quarterly	#	↑	83.2	78.9	79.0	74.5	79.0	Unrecoverable	73.4
System Average Interruption Duration Index (SAIDI) [1]	Energy Delivery Services	monthly	#	↓	56.85	67.68	59.88	52.21	63.70	On Track	56.03
System Average Interruption Frequency Index (SAIFI) [1]	Energy Delivery Services	monthly	#	↓	0.93	1.01	0.91	0.81	0.98	On Track	0.88
Portfolio Commercial Availability [1]	Energy Supply	monthly	%	↑	93.9	77.1	88.9	81.8	88.9	Unrecoverable	81.6
Adjusted Debt Service Coverage	Financial Services	monthly	#	↑	1.59	1.66	1.91	2.14	1.79	On Track	1.85
Capital Budget (Gross of CIAC)	Financial Services	monthly	$	↓	630.8	689.5	648.4	588.6	832.9	On Track	792.1
Debt Capitalization	Financial Services	monthly	%	↓	60.5	61.6	62.1	61.0	61.7	On Track	61.7
Days Cash on Hand	Financial Services	monthly	#	↑	209	182	169	141	170	Unrecoverable	160
Enterprise Senior Lien Bond Ratings [2]	Financial Services	monthly	#	=	1	0	1	1	1	On Track	1
O&M Budget	Financial Services	monthly	$	↓	654.9	618.5	595.9	561.1	729.7	On Track	705.3
Gas System Growth	Gas Solutions	monthly	%	↑	2.33	1.97	1.34	1.62	1.85	On Track	1.93
Environmental Compliance Issues - NOE & NOV (Category A & B) Enterprise	Legal & General Counsel	monthly	#	↓	1	0	0	0	0	On Track	0

[1] These Metrics are measured on a calendar year cycle for industry comparison purposes
[2] A measure of the senior lien bond ratings as measured by Fitch, Moody's, and Standard & Poor's (Fitch = AA-, Moody's = Aa2, Standard & Poor's = AA-) such that "1" represents the maintenance of current ratings, a "2" (or "0") indicates an upgrade (or downgrade) in one or more ratings.

KEY RESULTS UPDATE AS OF NOVEMBER 30, 2022

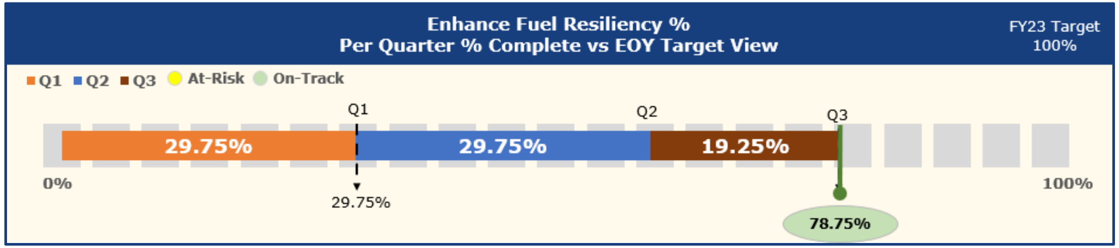
KEY RESULTS DASHBOARD

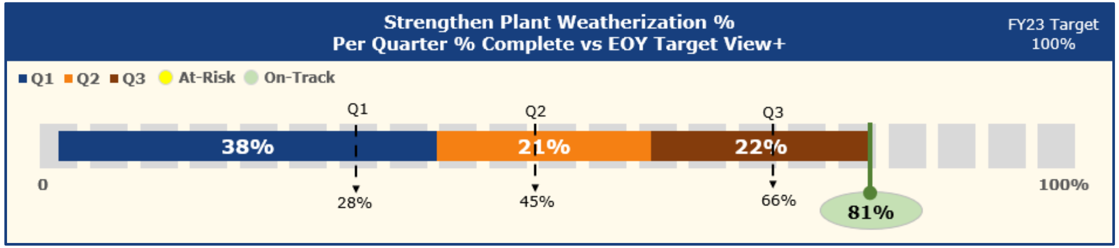


*Community conversations are all on-track (Resource Planning and Rate Design) or completed (STEP Decision)
** Measurements are done quarterly so only showing through October 31, 2022

STRENGTHEN GENERATION CAPABILITIES TO MEET EXTREME CONDITIONS

ENHANCING INFRASTRUCTURE TO SERVE IN EXTREME CONDITIONS





Updates

Enhance Fuel Resiliency:

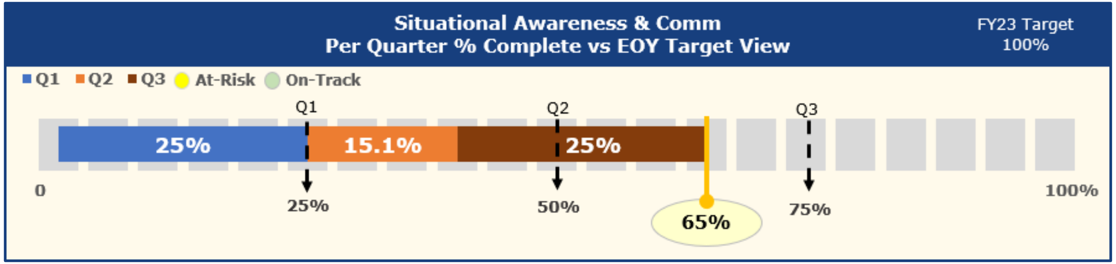
- Execution of initial fuel infrastructure strategy in progress
- MBL West dual fuel EPC spec development complete, working to finalize PO for engine modifications

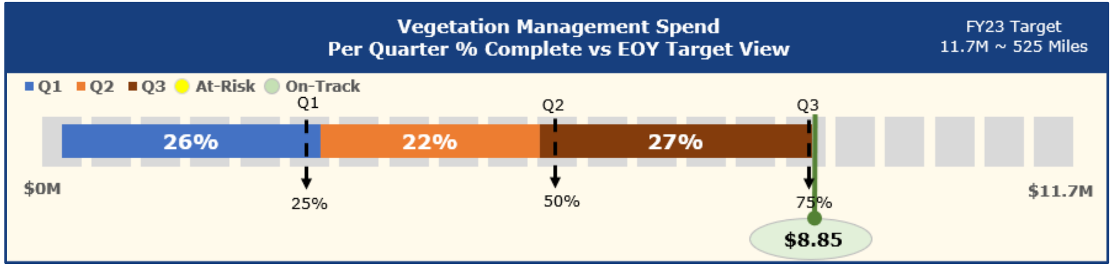
Strengthen Plant Weatherization:

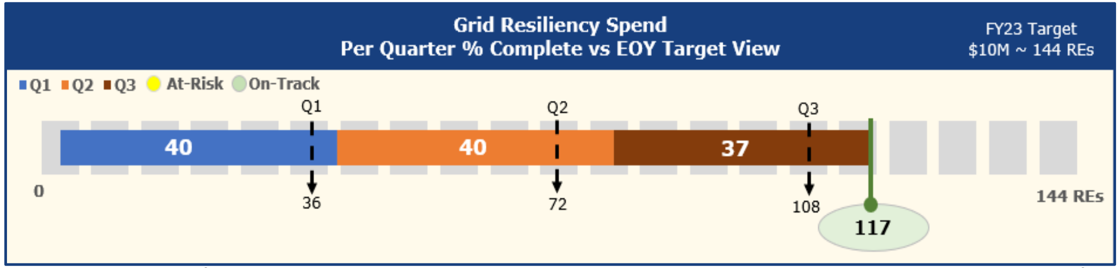
- Freeze protection panel material received, currently being fabricated
- Received final PUC phase-2 weatherization standards in late September, working on finalizing gap analysis
- Plant teams are executing Pri-2 work packages, currently 98% complete

ENHANCE COMMUNICATION & GRID MANAGEMENT IN MAJOR EVENTS

IMPROVING OUR RESILIENCY TO SERVE OUR CUSTOMERS







Updates

Situational Awareness[1]

- Consolidated enterprise program for technology platform needs
- Partnering with business stakeholders for final review & approval for RFP release
- Program strategy and scope to include Enterprise Mass Communications Program; RFP release timing adjustments are expected

Vegetation Management:

- 399 miles of planned trimming completed Q3 End
- 74% of the $11.7M fund spent Q3 End

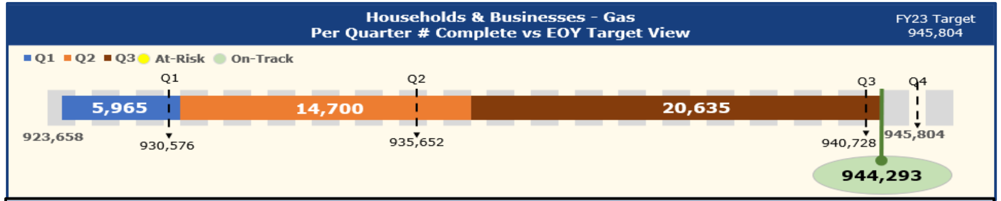
Grid Resiliency:

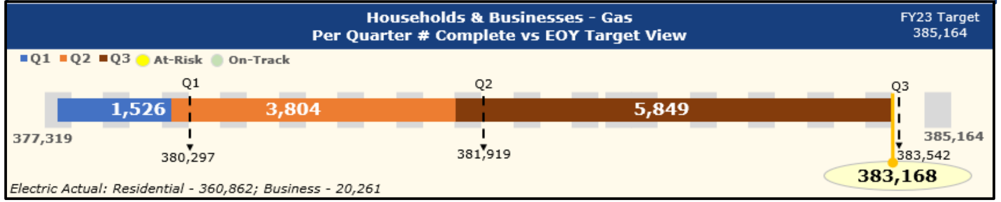
- FY23 YTD installed 117 reclosers (REs) to better manage outages
- 81% of 144 goal completed

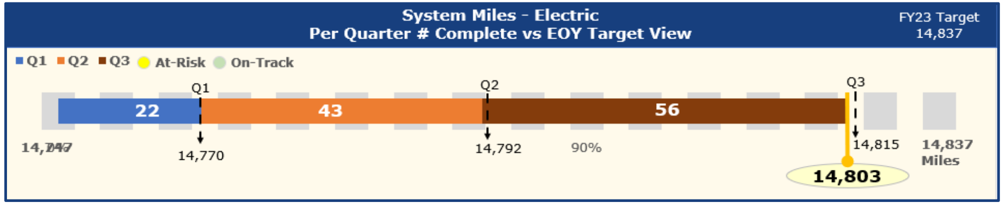
1. *Situational Awareness refers to the Enterprise Mass Communications Program, which includes Situational Awareness as part of the scope*

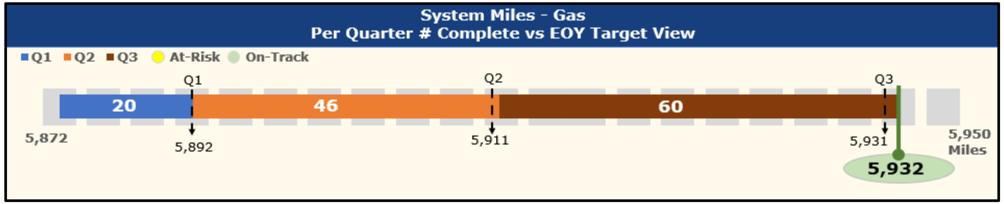
SUPPORT EXPANDING COMMUNITY

ACCOMMODATING CUSTOMER GROWTH & IMPROVING RELIABILITY









Updates

Households & Businesses:

New Electric:

- 20,635 electric customers were added since 2/1/2022, of the 22,146 forecasted for the year
- We have experienced 93% of our forecasted growth for the year

New Gas:

- 5,849 gas customers were added since 2/1/2022 of the 7,845 forecasted for the year
- We have experienced 75% of our forecasted gas growth for the year

System Miles:

Electric Miles:

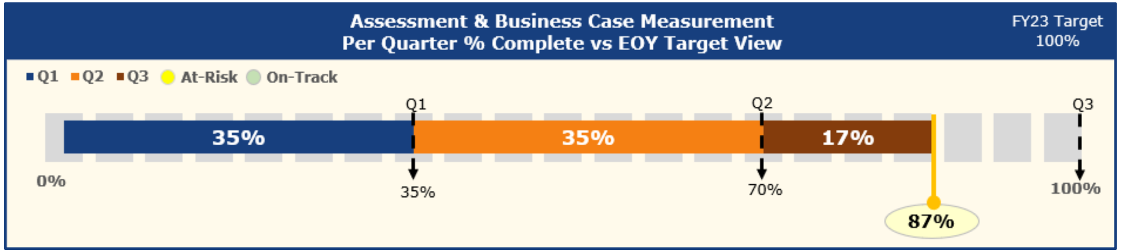
- 56 miles of electric system were added since 2/1/2022 of the 90 miles forecasted for the year, representing 62% of our planned electric system mile additions

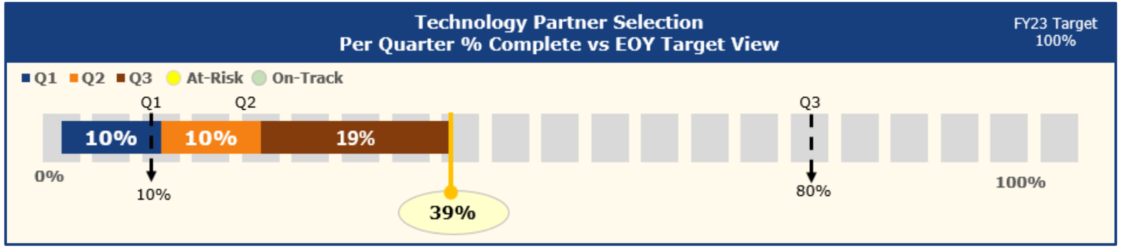
Gas Miles:

- 60 miles of gas system were added since 2/1/2022 of the 78 miles forecasted for the year, representing 77% of our planned gas system mile additions

DIGITAL ENTERPRISE RESOURCE PLANNING (ERP)

GAP ANALYSIS & ROADMAP TO MITIGATING CORE SYSTEM END OF LIFE





Updates

Assessment & Business Case:

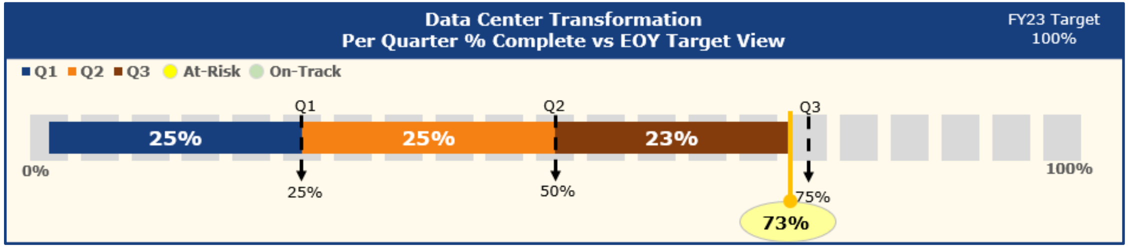
- Incorporated Business case results into Technology Selection RFP requirements
- Identified business area quick win opportunities for potential inclusion in FY24 ERP Transformation deliverables

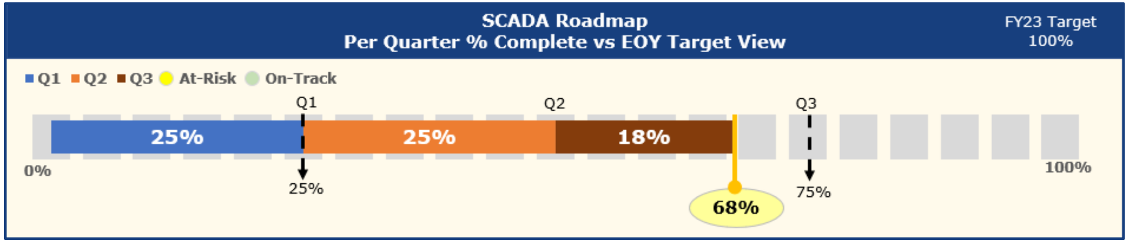
Technology Selection:

- Final draft review of RFP SOW with sponsors and stakeholders in-progress
- Expanding cross functional team in preparation to support FY24 RFP schedule
- Final stakeholder alignment and RFP targeted for release FY23 Q4

IT SYSTEMS MODERNIZATION

ENSURE RELIABLE SERVICES FOR BUSINESS & OPERATIONAL TECHNOLOGIES





Updates

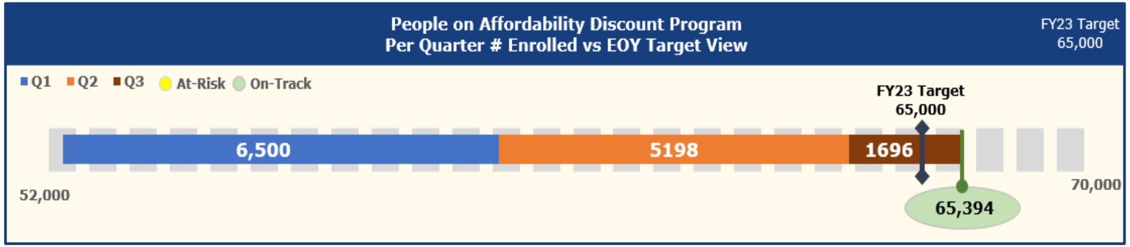
Data Center Transformation:

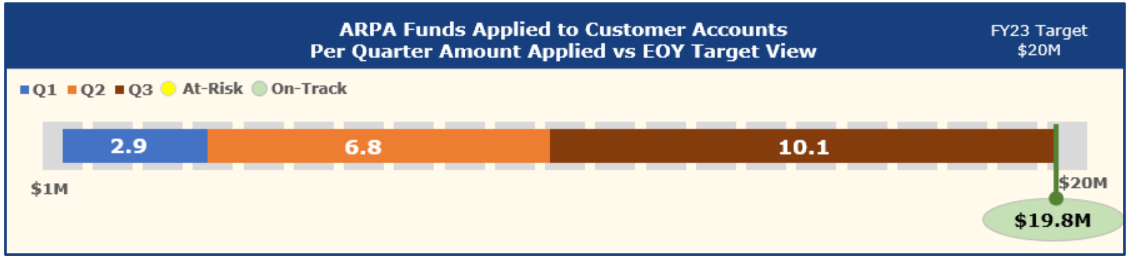
- Migration schedules have all been re-baselined for completion by end of FY24 QTR 1
- Significant progress migrating applications to new data center infrastructure (>50%)
- SAP core business system successfully completed Sandbox environment migration
- Configuration of future state technical architecture resulted in delays for cloud migrations

SCADA Roadmap:

- Team working through unified system, system architecture and change management design workshops
- Deploying pre-development system for database and network model conversion
- Vendor delivered minimum configuration and hardware requirements documents for review
- Mitigation-Project Team meeting with vendor on site to finalize design and PDS system will be in place 19 December 2022

CONNECT CUSTOMERS WITH SUPPORT
PROMOTING ACCOUNT HEALTH





Updates

Affordability Discount Program:

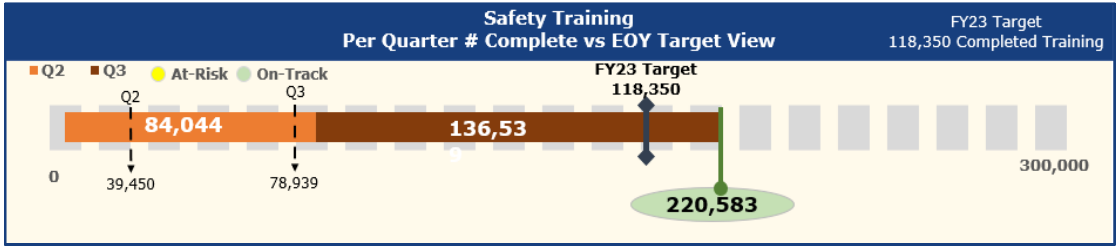
- Q2: 65,394 Customers – Goal Achieved

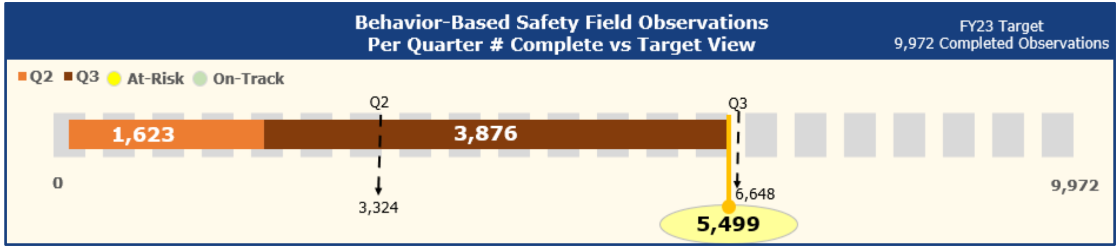
ARPA Funds:

- $10.1M of remaining APRA funds applied to ARPA Residential Customers – Goal Achieved!

SAFETY CULTURE FUNDAMENTALS

ENHANCE SAFE WORK THROUGH TRAINING & ENGAGEMENT





Updates

Safety Training:

- Training has been updated and is on track for the quarter

Behavior – Based Safety Field Observations:

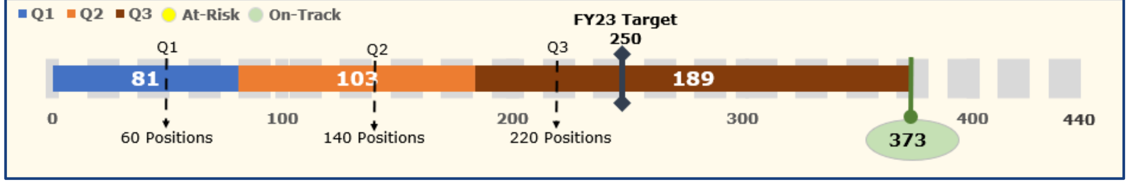
- Mitigation efforts include working with leadership to have regular discussions with their teams to share observation findings and practices
- Significant improvement has resulted in us being on track
- Ongoing conversations with company leaders emphasizing the importance of Behavior-Based Safety Observations and the key elements of a quality observation
- Updated features to the observation report gives leaders greater visibility on safe/risk factors and monthly performance

RETAIN & ATTRACT TALENT

BUILDING & SUSTAINING THE RIGHT TEAM

Number of Front-Line Postions Filled in FY23
Per Quarter # Complete vs EOY Target View

FY23 Target
250 Positions



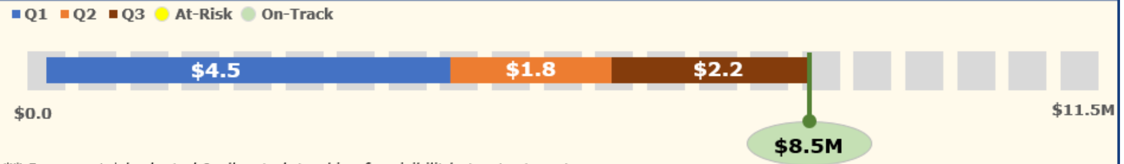
Positions Market Matched
Per Quarter # Complete vs EOY Target View

FY23 Target
2,950 Positions

* Employee count as of Jan. 31, 2022

Allocated Funds (in millions)
Per Quarter Amount Allocated vs EOY Target View

FY23 Allocated**
$11.5M



** Represent $ budgeted & allocated, tracking for visibilit but not a target

Updates

Number of Front-Line Positions Filled:

- Hiring of front-line employees has already exceeded year-end FY23 projections
- Our compensation market pricing efforts are helping to close the gap in competing for talent; however, our ability to compete on compensation for advanced level STEM roles remains at risk.
- Annualized turnover rate is projected to be 10-12% by year end

Positions Market Matched & Allocated Funds:

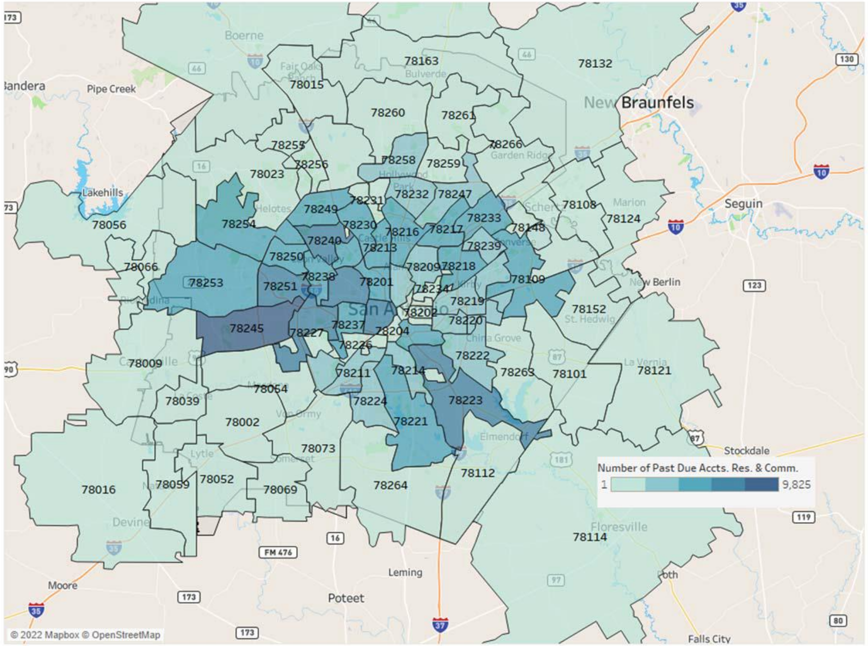
- We are trying to close the gap with market matching and merit
- Considering small sign-on and retention incentives to help mitigate gaps

ACCOUNTS RECEIVABLE UPDATE AS OF NOVEMBER 30, 2022

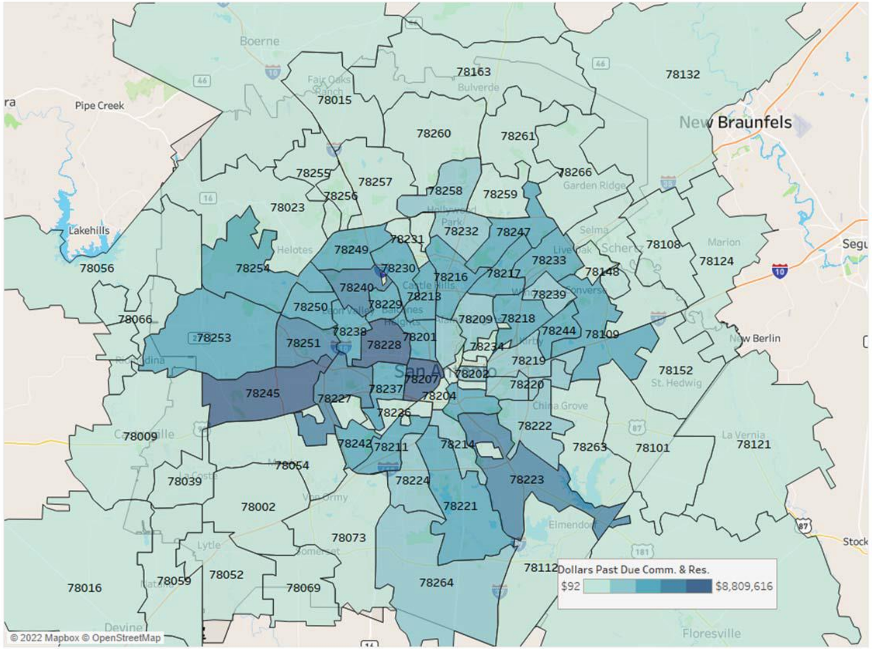
CUSTOMER ACCOUNTS PAST DUE

ALL CUSTOMERS BY ZIP CODE

Count of Account

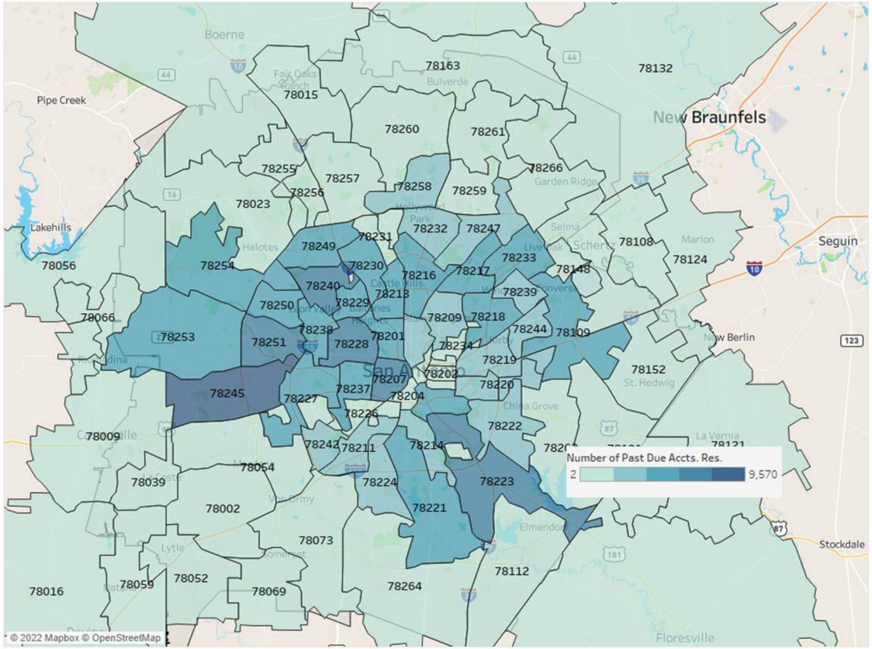


Outstanding Dollars

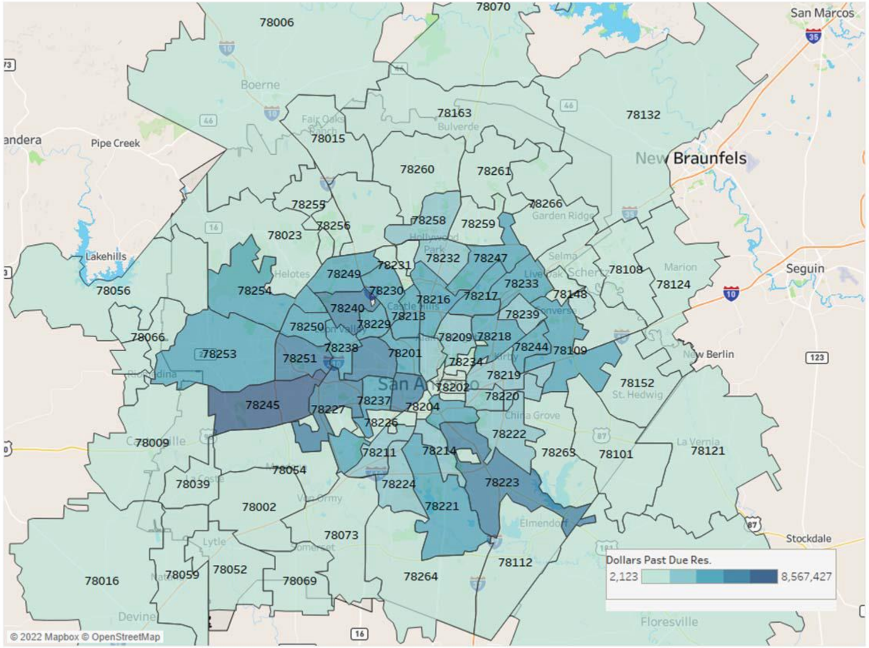


CUSTOMER ACCOUNTS PAST DUE
RESIDENTIAL CUSTOMERS BY ZIP CODE

Count of Account

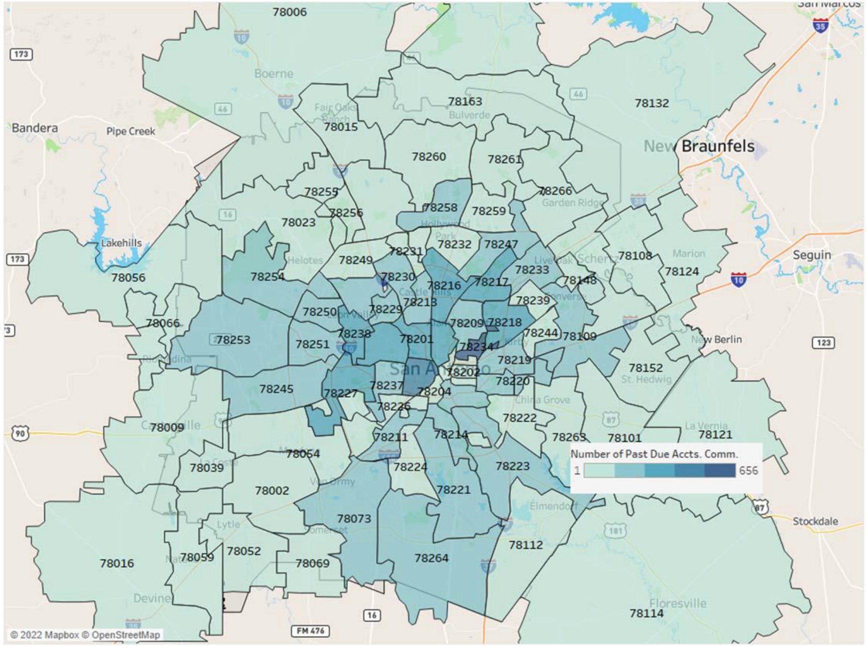


Outstanding Dollars

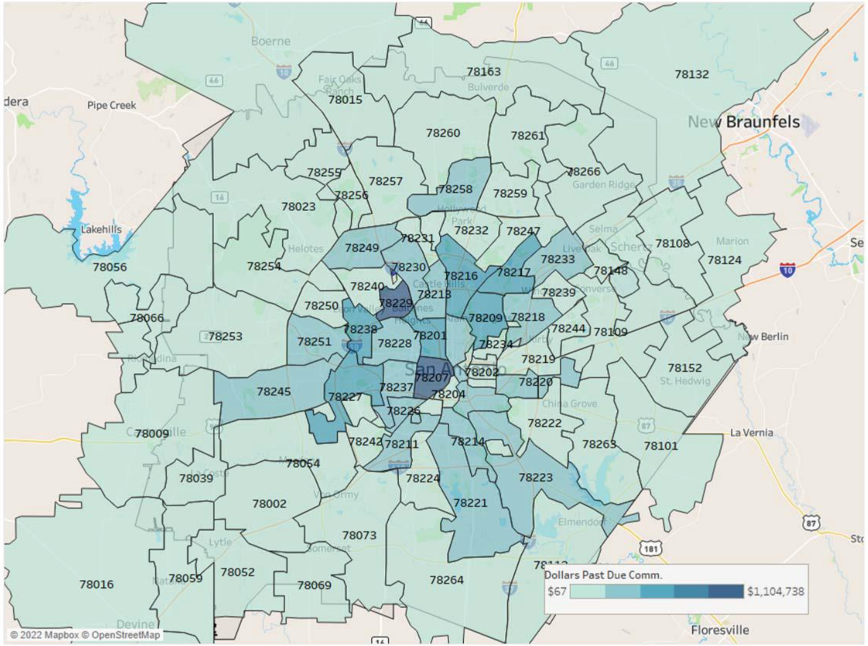


CUSTOMER ACCOUNTS PAST DUE
COMMERCIAL CUSTOMERS BY ZIP CODE

Count of Account



Outstanding Dollars



CPS ENERGY

Thank You

Appendix

NET INCOME
YEAR-TO-DATE ACTUAL VS. BUDGET

($ in millions) Description	FY2023 Budget	FY2023 Actuals	FY2023 Variance: Favorable (Unfavorable)
<u>Revenue available for nonfuel expenses</u>			
Electric	$ 2,320.9	$ 2,657.9	$ 337.0
Gas	167.3	233.3	66.0
Total operating revenue	2,488.2	2,891.2	403.0
<u>Less:</u>			
Electric fuel, distribution gas & regulatory	895.6	1,289.5	(393.9)
Payments to the City of San Antonio	328.6	376.3	(47.7)
Net operating revenue	1,264.0	1,225.4	(38.6)
Nonoperating revenue	30.3	18.3	(12.0)
Total revenue available for nonfuel expenses	1,294.3	1,243.7	(50.6)
<u>Nonfuel expenses</u>			
Operation & maintenance	596.2	561.1	35.1
Depreciation, amortization & decommissioning	405.2	398.1	7.1
Interest & debt-related	193.3	184.7	8.6
Total nonfuel expenses	1,194.7	1,143.9	50.8
Net Income (Loss)	$ 99.6	$ 99.8	$ 0.2

Highlights:

- **Operating Revenue**
  - YTD Electric Billed Sales are 4.5% higher than budget due to weather-driven sales consumption & higher fuel costs (which are reflected in higher fuel charges on the bill)
  - Wholesale Revenue Net Fuel is currently under budget, driven by higher additional fuel costs the past six months along with plant outages that occurred this summer
- **Non-Operating Revenue**
  - Primarily driven by lower fair market value of investment portfolios from rising interest rates
- **Operating & Maintenance**
  - YTD Under budget due to vacancies, savings on technology projects, & lower than planned spend on Winter Storm Uri defense, somewhat offset by weather events, gas leak repairs, & plant maintenance costs
- **Interest & debt-related**
  - Reflects favorable execution to plan

Net Income is on par with budget YTD.

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.

NET INCOME
10+2 LE FORECAST VS. BUDGET

($ in millions)	FY2023		
Description	Budget	Forecast	Variance: Favorable (Unfavorable)
Revenue available for nonfuel expenses			
Electric	$ 2,716.6	$ 3,096.7	$ 380.1
Gas	229.7	363.9	134.2
Total operating revenue	2,946.3	3,460.6	514.3
Less:			
Electric fuel, distribution gas & regulatory	1,069.9	1,557.0	(487.1)
Payments to the City of San Antonio	388.2	443.0	(54.8)
Net operating revenue	1,488.2	1,460.6	(27.6)
Nonoperating revenue	36.4	4.3	(32.1)
Total net revenue available for nonfuel expenses	1,524.6	1,464.9	(59.7)
Nonfuel expenses			
Operation & maintenance	729.7	712.6	17.1
Depreciation, amortization & decommissioning*	486.2	479.3	6.9
Interest & debt-related	231.5	221.9	9.6
Total nonfuel expenses	1,447.4	1,413.8	33.6
Net Income (Loss)	$ 77.2	$ 51.1	$ (26.1)

*Total depreciation, amortization & decommissioning is expected to be adjusted retroactively (non-cash impacts) at year-end to incorporate recommendations from a 3rd party depreciation study.

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.

Highlights:

- **Operating Revenue**
  - Revenue is forecasted to show slowing growth for the remainder of the year but is projected to be 3.9% higher than budget
  - Total of $70M bad debt expense for FY2023. ~$50M net reduction (net of ARPA) to revenue as past due accounts remain high
  - Wholesale Revenue Net Fuel is projected to underperform compared to the budget, driven by higher additional fuel costs between May – September, along with plant outages that occurred this summer
- **Non-Operating Revenue**
  - Primarily driven by lower fair market value of investment portfolios
- **Operating & Maintenance**
  - Primarily driven by OPEB & Pension credit partially offset by vegetation management, customer growth, leak repair & corrosion control, plus savings from vacancies & staff augmentation
- **Interest & debt-related**
  - Reflects favorable execution to plan

Currently, we are projecting full year net income to be under budget.

FLOW OF FUNDS
YEAR-TO-DATE ACTUAL VS. BUDGET

($ in millions)	FY2023		
Description	Budget	Actuals	Variance: Favorable (Unfavorable)
Revenues, net of unbilled	$ 2,503.8	$ 2,987.3	$ 483.5
Less: city payment (CP) per flow of funds	328.6	376.3	(47.7)
Revenues, net of unbilled & CP	2,175.2	2,611.0	435.8
Less: fuel & regulatory expense	886.3	1,282.9	(396.6)
Revenues, net fuel & regulatory	1,288.9	1,328.1	39.2
Operation & maintenance	597.4	562.4	35.0
Debt service	362.8	358.5	4.3
Total expenses	960.2	920.9	39.3
6% Gross Revenue to R&R	150.2	179.2	29.0
Remaining to R&R	178.5	228.0	49.5
Total R&R fund additions	$ 328.7	$ 407.2	$ 78.5
Total gross non-transmission capital	$ 478.0	$ 541.2	$ (63.2)

Highlights:

- **Revenue (operating & non operating), net of unbilled:**
  - YTD Electric Billed Sales are 4.5% higher than budget due to weather-driven sales consumption & higher fuel costs (which are reflected in higher fuel charges on the bill)
  - Wholesale Revenue Net Fuel is currently under budget, driven by higher additional fuel costs the past six months along with plant outages that occurred this summer
- **Operating & Maintenance**
  - YTD Under budget due to vacancies, savings on technology projects, & lower than planned expenses on projects and legal expenses plus savings from labor, offset by reduction in transfers
- **Debt Service**
  - Reflects favorable execution to plan
- **Capital**
  - Higher primarily due to customer growth

R&R contributions are favorable to budget YTD.

FLOW OF FUNDS
10+2 LE FORECAST VS. BUDGET

($ in millions) Description	FY2023 Budget	FY2023 Forecast	FY2023 Variance: Favorable (Unfavorable)
Revenues, net of unbilled	$ 2,958.5	$ 3,501.6	$ 543.1
Less: city payment (CP) per flow of funds	388.2	443.0	(54.8)
Revenues, net of unbilled & CP	2,570.3	3,058.6	488.3
Less: fuel & regulatory expense	1,058.8	1,551.9	(493.1)
Revenues, net fuel & regulatory	1,511.5	1,506.7	(4.8)
Operation & maintenance	731.2	710.7	20.5
Debt service	435.4	430.7	4.7
Total expenses	1,166.6	1,141.4	25.2
6% Gross Revenue to R&R	177.5	210.1	32.6
Remaining to R&R	167.4	155.2	(12.2)
Total R&R fund additions	$ 344.9	$ 365.3	$ 20.4
Total gross non-transmission capital	$ 618.9	$ 693.9	$ (75.0)

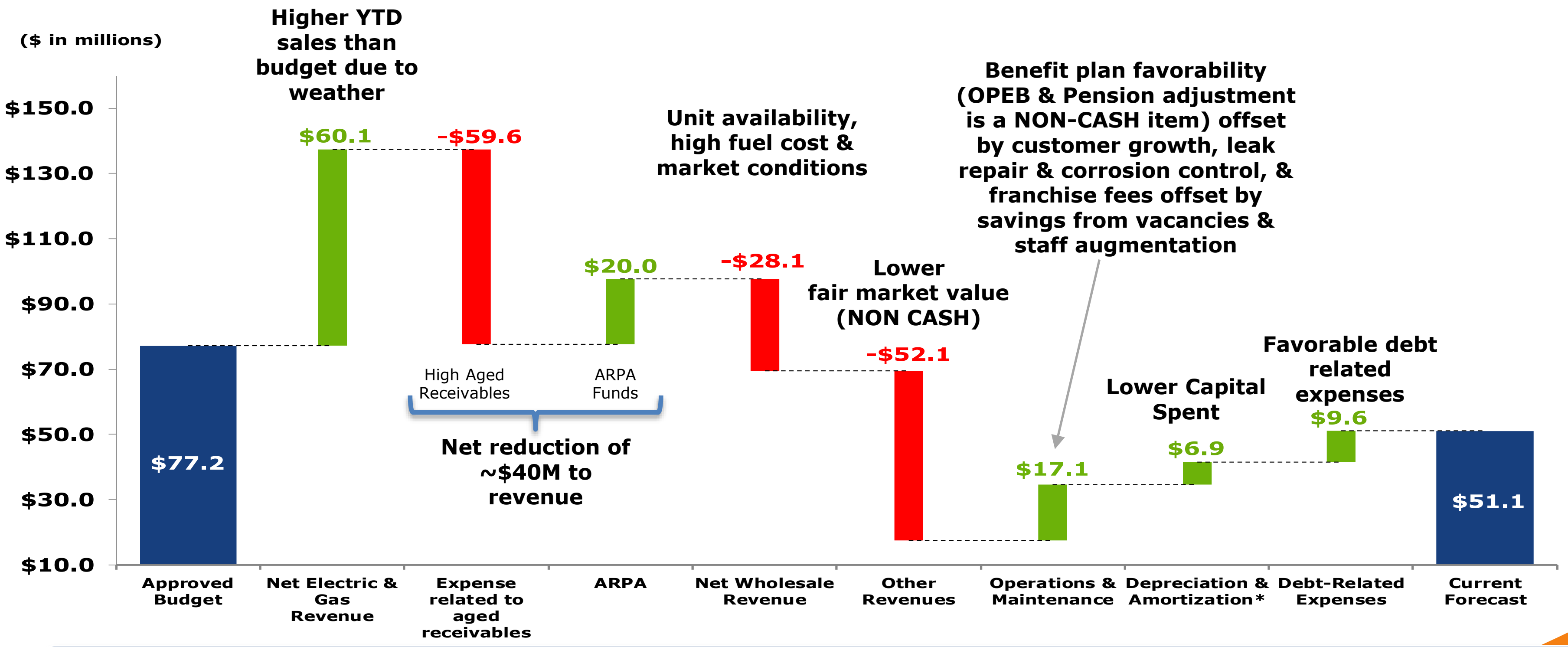
Highlights:

- **Revenue (operating & non operating), net of unbilled**
  - Revenue is forecasted to show slowing growth for the remainder of the year but is projected to be 3.9% higher than budget
  - Total of $70M bad debt expense for FY2023. ~$50M net reduction (net of ARPA) to revenue as past due accounts remain high
  - Wholesale Revenue Net Fuel is projected to underperform compared to the budget, driven by higher additional fuel costs between May - September, along with plant outages that occurred this summer
- **Operating & Maintenance**
  - Primarily driven by OPEB & Pension credit partially offset by vegetation management, customer growth, leak repair & corrosion control, plus savings from vacancies & staff augmentation
- **Debt Service**
  - Reflects favorable execution to plan

Currently, we are projecting FY2023 R&R contributions to track favorably to budget.

FY2023 REVISED NET INCOME FORECAST

BUDGET TO FORECAST WALK-FORWARD

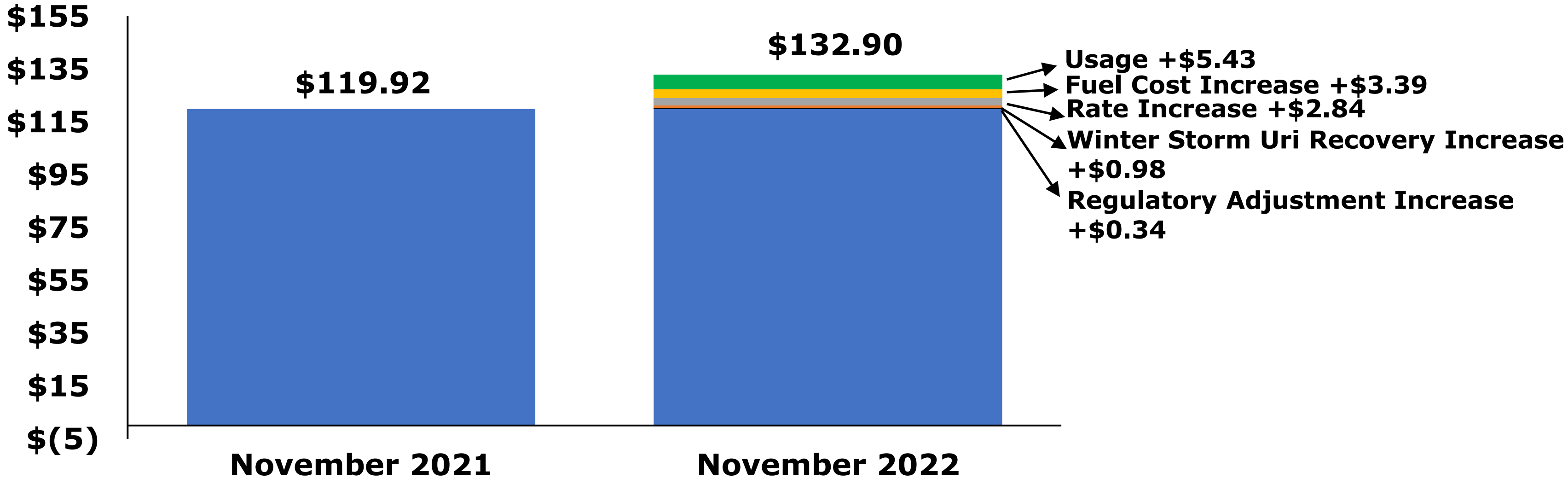


The net effect of these forecast changes is a decline compared to full year budgeted net income.

*Total depreciation, amortization & decommissioning is expected to be adjusted retroactively (non-cash impacts) at year-end to incorporate recommendations from a 3rd party depreciation study.

RESIDENTIAL BILL IMPACT

Combined Residential Electric & Gas Bill November 2021 to November 2022

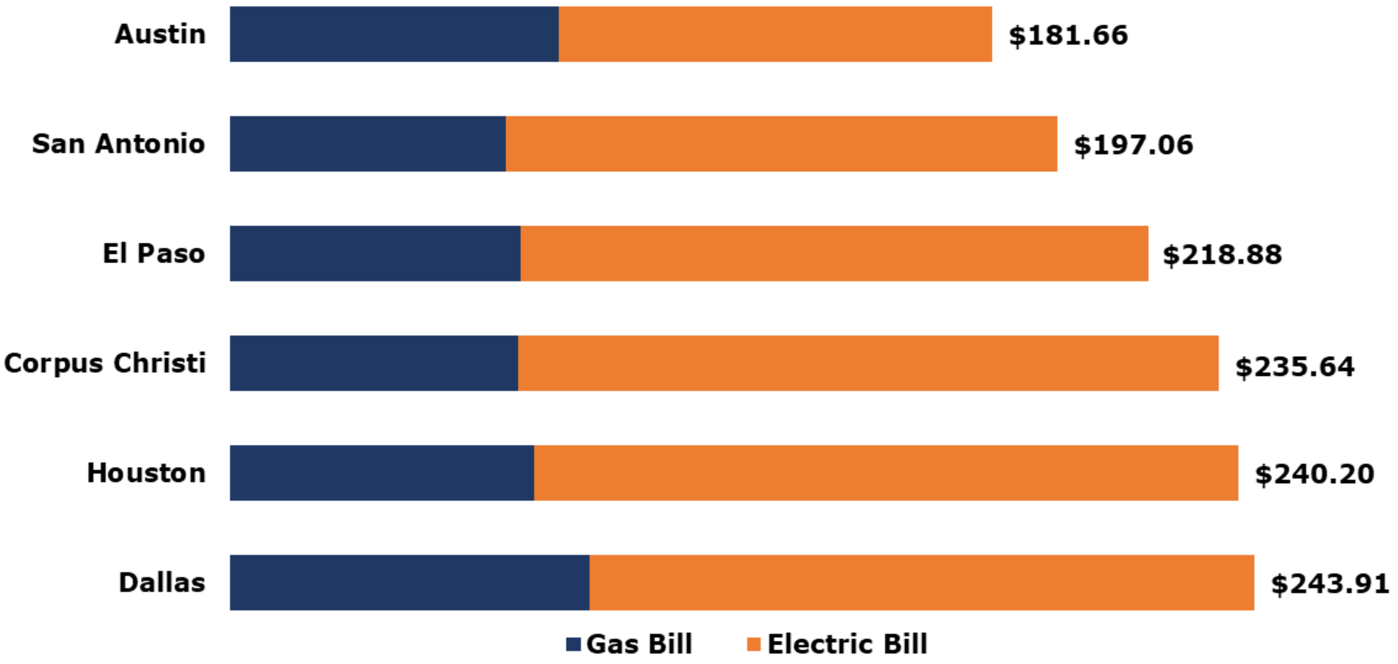


November bills were a lot milder than we've seen in recent months.

Note: Winter storm Uri Recovery = $0.00087*803kWh (average electric usage for November) + $0.013349*21 CCF (average gas usage for November)

TEXAS CITIES COMBINED RESIDENTIAL BILL COMPARISON

TRAILING TWELVE MONTHS ENDING NOVEMBER 2022



¢/kWh	$/MCF
10.3	15.64
13.1	13.15
15.0	13.85
16.7	13.74
16.8	14.49
15.8	17.13

1,000 kWh & 5 MCF

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.