



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON NOVEMBER 13, 2023 AT 1:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

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

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Ms. Janie Gonzalez
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. San Juanita Loreda
3	PUBLIC COMMENT Pre-Registration is from Wednesday, November 8, 2023 5:00 PM – Friday, November 10, 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
CONSENT AGENDA			
5	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for October 2023 B. Procurements Items: 1. General Services: Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation (Mr. Evan M. O'Mahoney)	Vote	Ms. Janie Gonzalez
REGULAR AGENDA			
6	COMMITTEE REPORTS: A. Audit & Finance Committee (A&F) meeting held on 10/16/2023 (Ms. Janie Gonzalez) B. Employee Benefits Oversight Committee (EBOC) meeting held on 10/16/2023 (Ms. Janie Gonzalez)	Discuss	Ms. Janie Gonzalez
7	DEPOSITORY SERVICES CONTRACT APPROVAL (Ms. Julie Johnson)	Vote	Ms. Janie Gonzalez
8	GRANTS AND PARTNERSHIPS	Discuss	Mr. Jonathan Tijerina

9	COMMUNITY INPUT WORKING GROUP UPDATE	Discuss	Ms. DeAnna Hardwick
10	CEO RECOGNITION	Discuss	Ms. Elaina Ball
11	REVIEW OF ACTION ITEMS	Discuss	Ms. Shanna Ramirez
CONVENE TO EXECUTIVE SESSION			
12	EXECUTIVE SESSION: A. Consultation concerning Security Personnel or Devices (§551.076) B. Attorney-Client Matters (§551.071) C. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)	Discuss	Ms. Janie Gonzalez
RECONVENE TO OPEN SESSION			
13	ADJOURNMENT	Execute	Ms. Janie Gonzalez
If the Board meeting has not adjourned by 3:35 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.			

CPS Energy Board of Trustees Meeting November 13, 2023

Approval of Payment to the City of San Antonio for October 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 October 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$267,295,364.89, less applicable exclusions. The revenue for the month of October 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$224,687,370.79
Gas revenue	14,708,511.31
Interest and other income	5,800,192.01
Gross revenue per CPS Energy financial statements	<u>245,196,074.11</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,704,485.92)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(17,134,280.31)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	48,938,057.01
Total excluded revenue	<u>22,099,290.78</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$267,295,364.89</u>
City payment per Bond Ordinance for October 2023 based upon October 2023 revenue	\$37,421,351.08
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	584,480.11
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	37,993,331.19
Utility services provided to the City for October 2023	<u>(2,997,810.98)</u>
Net amount to be paid from October 2023 revenue to the City in November 2023	<u>\$34,995,520.21</u>

CPS Energy Board of Trustees Meeting November 13, 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)

October 2023	Actual	Budget	Variance	
Current Month A	\$37,993	\$32,301	\$5,692	17.6%
Year-to-Date	\$355,340	\$339,396	\$15,944	4.7%

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 \$34,995,520.21 representing 14% of applicable system gross revenues for the month of October 2023, such payment being net of City utility services (\$2,997,810.98), is hereby approved."



**CPS Energy Board of Trustees Meeting
November 13, 2023
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1. Item Description: Purchase Category: Supplier:	Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation
	General Services
	Accenture, LLP
	Capgemini America, Inc.
	E Source Companies, LLC dba E Source
	Fujitsu North America, Inc.
	HCL America Inc.
	Hitachi Energy USA Inc.
	Infosys Limited
	Pricewaterhouse Coopers Advisory Services LLP

Approval:

Lisa Lewis, Chief Administrative Officer

Approval:

Rudy Garza, President & CEO



**CPS Energy Board of Trustees Meeting
November 13, 2023
Procurement Form 1**

Item Description	Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation
Purchase Order Value	\$60,000,000
Purchase Category	General Services
Department	IT Infrastructure & Operations
VP IT Infrastructure & Operations	Anand Vedapuri
Chief Information Officer	Evan O’Mahoney

Detailed Description

CPS Energy staff recommend that a contract be awarded to E Source Companies, LLC dba E Source, a diverse business, Accenture, LLP, Capgemini America, Inc., and Pricewaterhouse Coopers Advisory Services LLC, all local businesses, and Fujitsu North America, Inc, HCL America Inc., Hitachi Energy USA Inc. and Infosys Limited, 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 provides technical, analytical, strategic, and implementation services related to business transformation with initiatives in IT service management, OT communications transformation, data ecosystem and analytics, data center and cloud transformation, SCADA transformation, application modernization and integration transformation, ERP ecosystem transformation, and digital strategy transformation. This contract will expire on November 15, 2027.

Subcontracting Opportunities

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

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

Evaluation Criteria	Points
Experience and qualifications to perform Services	51
Safety records and training program	20
The overall cost	10
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy’s requirements	6
The financial soundness of the Respondent	3
TOTAL	100



**CPS Energy Board of Trustees Meeting
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Procurement Form 1**

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Hitachi Energy USA Inc.		87	\$10,000,000	2215299	
Infosys Limited		86	\$10,000,000	2215303	
Fujitsu North America, Inc		81	\$10,000,000	2215302	
Capgemini America, Inc.	Local	76	\$8,000,000	2215300	
Pricewaterhouse Coopers Advisory Services LLP	Local	71	\$8,000,000	2215304	
HCL America Inc		69	\$8,000,000	2215301	
E Source Companies, LLC dba E Source	Diverse (Small)	68	\$3,000,000	2215305	
Accenture LLP	Local	61	\$3,000,000	2215298	
TOTAL			\$60,000,000		

Forty-One (41) additional respondents were not recommended for award: AgreeYa Solutions, Inc, Amanda Andrews Personnel Corp DBA VIP Staffing and VIP Technology Consultants, Apex Systems, LLC., Bridgehead I.T. Inc, Brymer Communication Services, LLC, Brymer Communication Services, LLC, CGI Technologies and Solutions Inc, Cyber Group, Inc, Deloitte Consulting, LLP, Dilligent Consulting, Inc, Diversified Technical Services, Inc, DXC Technology Services LLC, Experis US Inc, Huron Consulting Services LLC, Insight Global, LLC, Interaction Development Corporation, Johnson, Smith and Associates LLC, Kyndryl, Inc, Maleko Personnel, Mobius Partners, LLC, Modis Inc, NCR Solutions, LLC, Netsync Network Solutions, Inc, New World Cyber Solutions, Power Costs, Inc, Presidio Networked Solutions Group LLC, Radiant Digital Solutions, Inc, Randstad Technologies LLC, RSM US LLP, Sapien Corporation of Boston Massachusetts, SEL Engineering Services, Inc, Sentinel Technologies, Inc, SimRobotics, Corp, Sirius Computer Solutions, inc, Sitem Technologies, Inc, Tech Mahindra Americas Inc, TMG Consulting, Inc, Triencon Services, Inc, Veralogics, Inc, Weaver and Tidwell, L.L.P., and Solid Border, Inc.

Annual Funds Budgeted

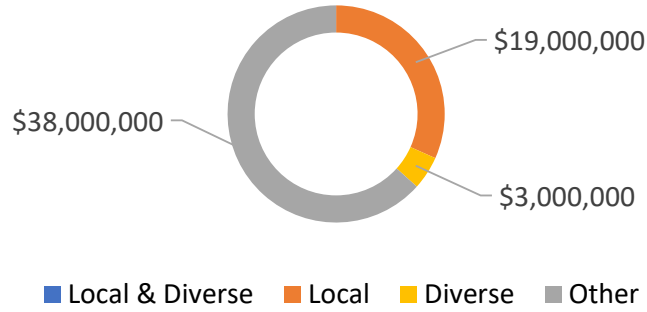
Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$2,000,000	0.02%	\$12,000,000	\$12,000,000	\$12,000,000
\$773,000,000	Non-Fuel O&M	\$500,000	0.06%	\$3,000,000	\$3,000,000	\$3,000,000

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



CPS Energy Board of Trustees Meeting November 13, 2023 Procurement Form 1

Procurement Item: General Services





AUDIT & FINANCE COMMITTEE (A&F)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 16, 2023 MEETING
PREPARED FOR CHAIR JANIE GONZALEZ
FOR REPORT AT THE NOVEMBER 13, 2023 BOARD OF TRUSTEES MEETING**

The Audit & Finance Committee met on October 16, 2023. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 20, 2023.
- B. Provided an overview of the Single Audit performed by KPMG related to a FEMA grant we received. No findings were identified.
- C. Received a presentation from KPMG Lead Audit Partner regarding the financial statement audit, testing to be performed, and estimated FY2024 audit fees and actual FY2023 audit fees. Informed additional discussion related to inquires would be made by KPMG during the closed session of the Committee meeting.
- D. Provided a review of a list of audit and non-audit services provided by KPMG and received approval.
- E. Received an update on the Ethics Program, including a summary of the types and numbers of cases that were opened and closed from February 1, 2023 through September 20, 2023, and a trend analysis based on case category for FY2023 second Quarter versus FY2024 second Quarter. Informed the Ethics team has a list of questions which are posed when an individual makes an inquiry regarding whether an item can be accepted per our policies.
- F. Received update on the 2023 NERC audit. Only one finding was identified. This finding had been self-reported and a remediation put in place before the audit started. The final report was issued on August 31, 2023.
- G. Provided a preview of the financial policies, including proposed changes. The financial policies will be provided for approval at the October 31, 2023 Board meeting.
- H. Provided a preview of the nuclear decommissioning trust investment management (IM) agreement renewals, including proposed changes. The nuclear decommissioning IM agreement renewals will be provided for approval at the October 31, 2023 Board meeting.
- I. Provided a procurement preview of contracts needing additional funding, new contracts, and future funding requests.
- J. Provided a review of project count, audit coverage, and project feedback metrics. Received a review of the results of three completed projects. Informed that contract negotiations are in progress with two vendors selected for the Audit Services partner firm contract. Also, Audit Services management hired an auditor and has extended an offer to another candidate for an auditor position.

The next meeting of the Audit & Finance Committee will be held in January 2024.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 16, 2023 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE NOVEMBER 13, 2023 BOARD OF TRUSTEES MEETING

The EBOC met on October 16, 2023. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 20, 2023.
- B. Reviewed the Action Items list from the meeting held on July 20, 2023.

The Committee also received presentations regarding:

- C. A Benefit Plans Administrative & Financial Update, which highlighted the following topics: governance overview and calendar review, performance by class review, investment strategy overview, investment manager watch list update, and investment performance for the year to date through August 2023.
- D. A recommendation from the Administrative Committee on proposed revisions to the Investment Policy (IP) and Statement of Governance (SoG). The EBOC approved these recommendations. The SoG proposed revisions were also approved by the Board of Trustees during the October 31st meeting.

The next meeting of the EBOC will be held in January 2024.



DEPOSITORY SERVICES CONTRACT APPROVAL

PRESENTED BY:

Julie Johnson

VP, Finance & Accounting & Assistant Treasurer

November 13, 2023
Approval Requested



AGENDA

- Current Financial Partners
- Regulatory Requirements for Depository Services
- Request for Proposal (RFP) Process Followed
- Evaluation Criteria Followed
- Depository Awards Recommended
- Request for Approval

The objective of today's presentation is to request approval for our primary Depository Bank.



CURRENT FINANCIAL PARTNERS

Entity	Services Provided	Financial Institution
CPS Energy	Primary depository	JPMorgan Chase Bank
	Investment custodian (NDT and Direct)	Frost Bank
	Investment account held	Bank of San Antonio
REAP	Depository and investment custodian	Frost Bank
Benefit Trusts	Depository and investment custodian	JPMorgan Chase Bank
	Depository – Real estate activities	Texas Capital Bank Pinnacle Bank Broadway Bank

* Nuclear Decommissioning Trusts

We utilize a number of financial institutions for our various needs. The current procurement process is for our primary depository.



CURRENT FINANCIAL PARTNERS

Entity	Services Provided	Financial Institution
CPS Energy	Liquidity providers - Commercial Paper (CP) and/or Flexible Rate Revolving Note (FRRN)	Bank of America Frost Bank JPMorgan Chase Bank PNC Bank Truist Bank Wells Fargo Bank
	Underwriters (in addition to the liquidity providers above)	Siebert Williams Shank Ramirez & Co. SWBC Citigroup Hilltop Securities Morgan Stanley RBC Capital Markets UBS Financial Services Jefferies

We utilize a number of financial institutions for our various needs. The current procurement process is for our primary depository.



REGULATORY REQUIREMENTS FOR DEPOSITORY SERVICES

- Local Gov't Code 105 requires that a depository for public funds be:
 - Selected through a competitive process at least every 5 years
 - Advertised
 - Approved by the Board of Trustees (Board)
- Our procurement policies and procedures must be followed.

We executed an RFP process for our Depository Services consistent with legal requirements.



RFP PROCESS FOLLOWED

- June 01 Depository Services RFP issued
- June 29 Responses received from 6 banks
- July 31 Staff determine finalists
 - JPMorgan Chase Bank
 - PNC Bank
 - Wells Fargo Bank
- August Staff interviewed finalists / viewed demonstrations
- Sept Contract negotiations
- Nov Board approval

The RFP process was robust and met legal requirements.

EVALUATION CRITERIA FOLLOWED



Element	Considerations
Operational Requirements	Can meet CPS Energy operational needs (on-line, file transfers, physical locations, etc.)
Bank System Resilience	System security (SOC 1), system redundancy/ disaster recovery, system availability stats, impact of system breaches, if known
Financial Strength, Experience Responsiveness	Financial strength of bank, experience of staff (including depth of staffing), etc.
Economic Development	Supports San Antonio economy
Cost	Cost to CPS Energy
Other	New products or services offered, etc.

We have significant operations and need robust and secure banking services provided by “Money Center” banks.

DEPOSITORY AWARDS RECOMMENDED



- After an evaluation based on established criteria, staff selected depository(ies):
 - Primary - JPMorgan Chase Bank
 - High degree of understanding of our operational needs
 - Strong technological capabilities
 - Financially strong and solid reputation
 - Excellent customer service
 - Very competitive pricing
 - Secondary – In process, pending negotiations
 - Staff expects to bring secondary contract(s) to the Board at a later date

JPM was selected as the primary depository as it provides the best value.

REQUEST FOR APPROVAL



- We are requesting procurement approval of the following:
 - Depository Services Agreement with JPMorgan Chase for a five-year term for \$1,118,000 beginning February 1, 2024

Approval allows us to obtain banking services at a competitive price with robust platforms allowing for technical innovations.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION
CP	Commercial Paper
FRRN	Flexible Rate Revolving Note
NDT	Nuclear Decommissioning Trust
RFP	Request for Proposal



GRANTS & PARTNERSHIPS

PRESENTED BY:
Jonathan Tijerina, VP Corporate Development

November 13, 2023
Informational Update

CPS ENERGY VISION 2027

An Evolving Utility

We Deliver on Our Mission:

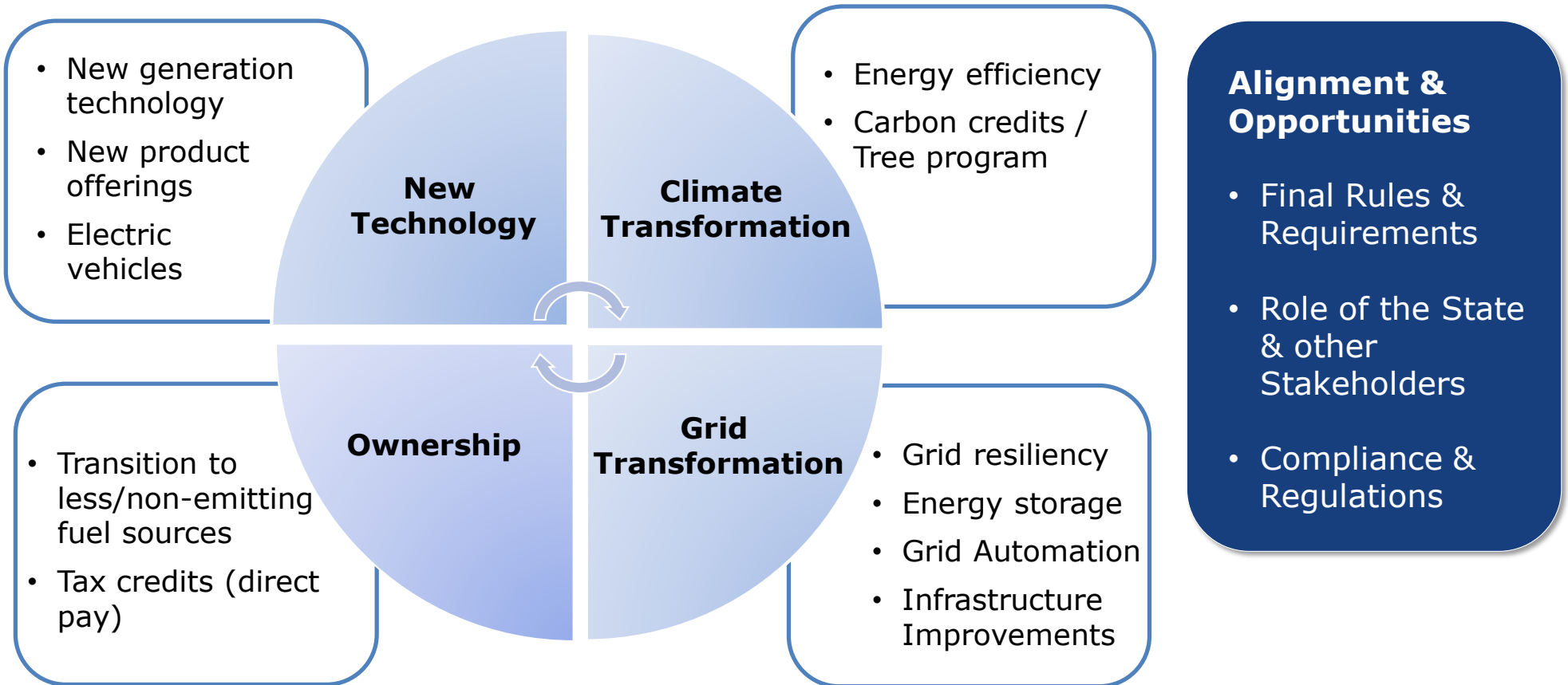
To serve our community through reliable, competitively priced, and sustainable energy services in an equitable manner.

Our Strategic Objectives:



FEDERAL OPPORTUNITIES

ALIGNMENT WITH COMMUNITY GOALS



PARTNERSHIPS & OPPORTUNITIES

- Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), State of Texas Prop 7
- City of San Antonio Monthly Infrastructure Working Group
 - Monthly meeting to align and discuss grant activities
 - SAWS, VIA, Brooks, Port SA, AACOG, SARA and others
- Trade Organizations and Partners
 - Large Public Power Council, American Public Power Association, Sandia National Labs, UTSA, EPRI



The funding opportunities will help us de-risk and accelerate investments to benefit our customers and community.

FEDERAL OPPORTUNITIES – GRID TRANSFORMATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)

Purpose: Improve safety of natural gas distribution infrastructure that could be at risk.

- Improve safety of natural gas distribution infrastructure containing high-risk, leaking, and/or leak-prone pipe.
- Replacement of **16,142 feet of steel main and 232 feet of steel services**
- Targeted area is in the Westlawn neighborhood located in D5 (78237), and 20th Congressional District

Applied for ~\$2.4M in August of 2023 and awardees will be notified in December / January timeframe.

FEDERAL OPPORTUNITIES – NEW TECHNOLOGY

CHARGING AND FUELING INFRASTRUCTURE (CFI)

Purpose: Strategically implement publicly accessible EV charging & other alternative fueling infrastructure in communities and along designated Alternative Fuel Corridors (AFCs)

1. Planning

Fund and finalize introductory plan for public EV charging infrastructure.

2. Implementation

Installation of Level 3 and Level 2 EV charging infrastructure. Target areas would meet requirement for National Electric Vehicle Infrastructure formula.

3. Education & Promotion

Public engagement and awareness (5% of spend)

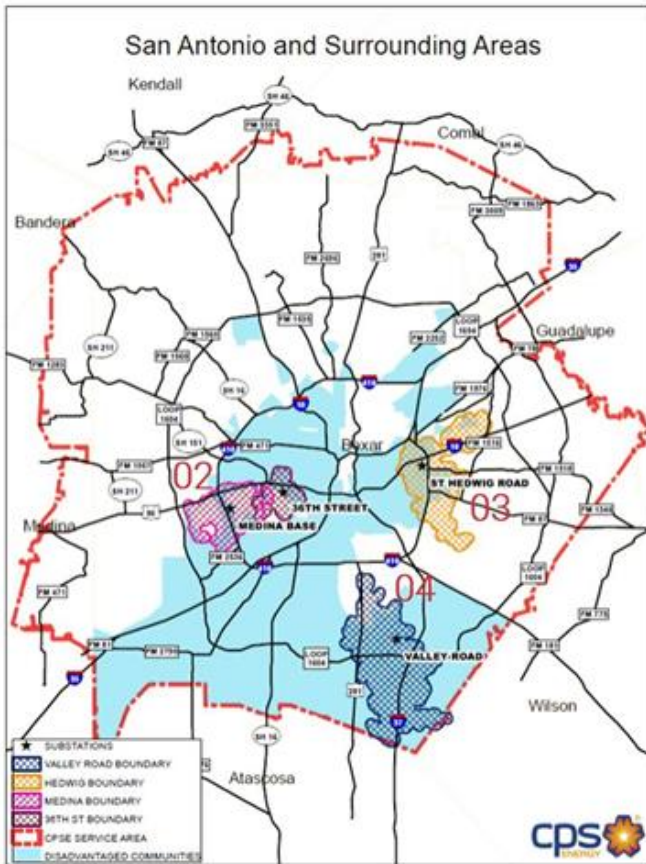
- Awards range from \$500K-\$15M
- Application was submitted on 5/30/2023



FEDERAL OPPORTUNITIES – GRID TRANSFORMATION GRID RESILIENCE & INNOVATION PARTNERSHIP PROGRAM (AWARDED)

- CPS Energy’s grant application to the Grid Development Office (GDO) within the Department of Energy (DOE) for the Grid Resilience & Innovation Partnership funding opportunity has been conditionally selected to support our Community Energy Resiliency Program.
- With the significant growth in load and Distributed Energy Resources (DER) demand, CPS Energy needs to deliver robust grid modernization and resiliency that will be required to address the accelerating changes on the horizon. CPSE believes that one way to address the change is to build a “Grid of the Future” (GoF).
- The Community Energy Resiliency Program will improve grid orchestration through the management and optimization of DER (microgrids, solar, battery storage) and smart grid technologies such as fault location, isolation, and service restoration (FLISR) and Volt/VAR Optimization (VVO).
- Approximately \$60.4M will be shared equally between CPSE and federal funding over five years.
- Grant funding is to enable the acceleration of future investments and is additive to the existing planned spend.

Funding from the GRIP grant will advance our smart grid capabilities.



Community Energy Resiliency Program

01 Distribution Grid Orchestration

Platform that **allows** for DERs and Distribution Automation to **work together** to enable Self-Healing Grid with Islanding capabilities, provide better grid resiliency with microgrids and create peak shaving, reactive voltage compensation or congestion relief for transmission during summer/winter peaks.

02 Smart Grid Corridor

Deploy distribution automation and coordinate **with a local microgrid** with 8MWhr Battery Energy Storage System and two 2MW gas generators to improve resiliency and reliability of the substation and the circuits. Partner with local STEM museum to educate on Grid of the Future.

03 Self-Healing Grid

Expand on Smart Grid corridor by adding **40 M/hr Battery Storage** and smart inverters to a solar park implementation to create islanding capabilities to improve resiliency. Nearby Educational or Magnet Schools or Resiliency Hubs could play the role of Resilient Center during major storm events.

04 Substation of the Future

Demonstrate the Substation of the Future architecture of collocating renewable generation and battery storage nearby a substation to alleviate voltage and peak congestion to ease the burden on long-haul transmission. Also provide resilient support to a water treatment facility.



THANK YOU



COMMUNITY INPUT WORKING GROUP UPDATE

PRESENTED BY:

DEANNA HARDWICK

CHIEF CUSTOMER STRATEGY OFFICER

November 13, 2023

Informational Update



AGENDA

- **Working Group**
- **Meeting Summaries**
- **Next Steps**

2023 Rate Request
**COMMUNITY
INPUT
WORKING
GROUP**

The Community Input Working Group met three times in October and the beginning of November and provided valuable feedback to shape how we share information on our rate request with the community.



WORKING GROUP

OVERVIEW



Purpose of the 2023 Rate Request Community Input Working Group

The purpose of the Community Input Working Group was to offer feedback to CPS Energy management on specific matters pertaining to the utility's 2023 rate request through a series of meetings open to the public. The Board Resolution establishing the Working Group provided for its natural expiration upon completion of its mission.

Outcome

The Board of Trustees will receive a summary of the Working Group's feedback (survey results) and actions taken by CPS Energy to address the input during rate request discussions.

Members

The membership consisted of 19 community members identified by the utility who reside within the CPS Energy service territory, are from various customer classes, have familiarity with the operations of the utility and how utility rates are set, and have previously engaged in various public input processes.

WORKING GROUP

COMMITTEE MEMBERS



PATRICK ATTWATER
FOUNDER AND CEO OF
ONE80 SOLAR



Dr. Adelita Cantu
Associate Professor, UT
Health San Antonio School
of Nursing



Eric Cooper
President & CEO of the
San Antonio Food Bank



Tom Corser
CEO of Arboretum San
Antonio



Sam Dawson
CEO of Pape-Dawson
Engineers Inc.



Mary Dennis
Mayor of Live Oak



Wayne Eddington
Retired US Air Force
Major



Anacua Orellana-Garcia
Criminal Justice Alliance



Patrick Garcia
President/General
Manager, Texas Military
Institute



John Kelly
Chair CPS Energy CAC



Miriam Juckett
Pacific Northwest National
Laboratory



Adrian Lopez
CEO Workforce Solutions
Alamo



Peter Onofre
New Life Christian Ministry



Brenda Pacheco
Retired Contract
Administrator



Stephanie Reyes
CEO of the Real Estate
Council of San Antonio
(RECSA)



Aaron Stein
Pacific Northwest National
Lab



JR Trevino
Mayor of Castle Hills



David Walter
NuStar Energy



DeeDee Belmares,
Public Citizen

MEETING #1

OCTOBER 12, 2023



Topics:

- Current state
- Historical perspective
- Rate evaluation
- Benchmarking
 - Overview of our rates
 - Texas utilities benchmarking
 - Residential rate design
- Community Engagement
 - Bundled Care
 - Bundled Support
 - Customer Segmentation

MULTI-YEAR RATE PLAN
ENABLES VISION 2027

FY2023	FY2024	FY2025	FY2026	FY2027
✓	-	In line with original estimate	-	TBD

We are refreshing our plan and budget. Anticipated need is an estimated \$100M- This enables Vision 2027 and maintains

CPS ENERGY RATES OVERVIEW

Cost Recovery

- Implemented rate increase on March 1, 2022
- Fixed cost still recovered mostly through variable charges
- Commercial rates contribute more than their cost to serve (new Cost of Service - COS completed in 2022)

Affordability

- Qualify by income, age or other circumstances
- Participation: ~64K electric and ~36K gas customers
- Annual funding of ~\$12M/year
- Discount of ~\$16/mo
- Many other programs (including REAP)

Conservation

- Prefer to use seasonal rates over year round tiers
- Peak capacity charge
- Seasonal demand charges
- Sustainable Tomorrow Energy Plan (STEP) includes demand response programs for residential & commercial customers

Innovation

- Time of Use (TOU) rate for commercial customers
- Piloting several electric vehicle rates
- Updated wheeling rate in 2021 to enable battery storage
- Resiliency rate offered to expand generation resources & improve reliability

The first meeting set the foundation and created a shared understanding of our current state.

MEETING #2

OCTOBER 19, 2023



Topics:

- Rate setting process
- Who we serve
- Cost of service
- Rate design
- Timeline

RATE SETTING PURPOSE

Three key areas:

1. **Cost of Service** – Costs to serve each rate class
2. **Revenue Requirements** – Cost of running the business in the next three to five years
3. **Rate Design** – Revenue recovery structure

To protect investments and ensure the community has prioritized we our revenue

WHO WE SERVE

We serve more 900,000 homes and business.

LARGE & INDUSTRIAL 2,042 (~1% of total)	
SMALL & MEDIUM 84,122 (9% of total)	
RESIDENTIAL 827,338 (90% of total)	

COST-OF-SERVICE

The cost-of-service study [is...](#)

- **Backward looking**
- A determination of the total cost of providing service to each individual customer rate class
- The recovery of the total costs of each individual customer rate classes
- A comparison of actual to recovered cost by each individual customer rate class
- A snapshot of a utility's cost structure

The second meeting served to distill down complex information to identify key messages the committee believes to be important to focus on with the community.

MEETING #3

NOVEMBER 1, 2023



Topics:

- Preliminary rate request and drivers
- Customer bill impacts
- Assistance programs
- Community Outreach
- Preliminary rate request communications

RATE REQUEST		
Prior Forecast	Proposed Base Rate Increase ⁽¹⁾	Estimated Revenue Increase
5.50%	4.25%	~\$85M

WHAT IS INCLUDED IN THE \$85M?
PRELIMINARY FY2025 RATE REQUEST

<p>Infrastructure Reliability & Resiliency \$26M</p> <ul style="list-style-type: none"> Power Generation plan to include new generation technologies <ul style="list-style-type: none"> Coal plant retirement Gas plant conversions Limit the impact of outages <ul style="list-style-type: none"> Increased Plant Maintenance Tree Trimming Aging infrastructure that needs to be upgraded Technology to isolate outages Normal increases in the cost of material 	<p>Technology & Security \$25M</p> <ul style="list-style-type: none"> Continued funding to replace our 20 yr. old operating system and other digital initiatives Enhanced cyber & physical security IT Software, cloud computing and hardware maintenance Improvements to communications platforms and equipment 	<p>Growth \$13M</p> <ul style="list-style-type: none"> Supporting customers & businesses <ul style="list-style-type: none"> Transformers & equipment Upgrade/replace aging service districts More people needed to support additional customers Grid Upgrades: Feeder Circuits, voltage conversions & conductors Customer service process improvements & support 	<p>People \$21M</p> <ul style="list-style-type: none"> Succession Planning for 30% of team members retiring Training for the 30% of team members w/ <2 yrs. in their role Base labor increase to retain and attract employees Normal increases in payroll taxes, health insurance, & pension costs 	<p>Total \$85M</p>
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and ongoing assessment of current

The final meeting was delayed to allow us to share the preliminary rate request amount, details, and customer impact with the committee.

NEXT STEPS

- Provide Board of Trustees with comprehensive Working Group documentation
- Continue engaging with the Board, City Council, stakeholders and the community

We extend our sincere thanks to all of the Working Group members for their time and invaluable feedback.

Why does CPS Energy need to raise rates?

We need to make continued investments to meet the objectives of our Vision 2027 strategic plan. Learn more about the work we need to do to serve our community [here](#).

- INFRASTRUCTURE RESILIENCY:**
Aging infrastructure needs to be upgraded to limit the impact of outages. Inflation is also increasing the cost of existing materials like poles, power lines and transformers.
- GROWTH:**
The population of San Antonio and its surrounding counties is expected to increase by 30% by 2030. With growth comes additional investments to maintain and improve reliability.
- TECHNOLOGY & SECURITY:**
Our core business operating system is 20 years old and must be fully replaced. Similarly, we need to invest in security systems for onsite safety and cybersecurity.
- PEOPLE:**
We are preparing for 30% of our team members to retire over the next 5 years. Another 30% of our team have less than 2 years in their role, so we need to invest in succession planning.





THANK YOU