

# City of San Antonio



## Minutes Municipal Utilities Committee

2021 – 2023 Council Members  
Dr. Adriana Rocha Garcia, Dist. 4, Chair  
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6  
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Tuesday, February 25, 2025

10:00 AM

Council Briefing Room

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:00 a.m. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

**Members Present:** Dr. Adriana Rocha Garcia, *Chair*  
John Courage, *Member*  
Melissa Cabello Havrda, *Member*  
Teri Castillo, *Member*  
Marc Whyte, *Member*

**Members Absent:** None

### Approval of Minutes

#### 1. Approval of minutes from the January 28, 2025 Municipal Utilities Committee Meeting

Councilmember Courage moved to Approve the minutes of the January 28, 2025, Municipal Utilities Committee meeting. Councilmember Whyte seconded the motion. The motion carried by the following vote:

**Aye:** Courage, Rocha Garcia, Cabello Havrda, Whyte  
**Absent:** Castillo

### Public Comment

Ana Trevino, with Texas Rising, who was concerned with safeguarding the environment, including public health and how public utilities operated to serve the community, stated that Texas Rising did not support raising rates and supported the elimination of disconnections for apartment residents.

Darby Riley, with the Sierra Club, reminded the City Council that they had more power with respect to CPS Energy, consistent with City Council policy.

Ryan Baldwin with the San Antonio Apartment Association, stated that the Association agreed that it was critical to keep water on for all San Antonio residents; however, the Association strongly disagreed that the Proactive Apartment Inspection Program should be amended to accomplish that goal.

### **Briefing and Possible Action on**

#### **2. Update on CPS Energy's Generation Plan [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]**

Items 2 and 3 were presented together.

CPS Energy Chief Financial Officer, Cory Kuchinsky, provided an overview of the utilities Generation Plan and spoke to capacity and demand challenges regarding the ERCOT market landscape. He noted that CPS Energy developed the Vision 2027 Generation Plan to facilitate the actions needed to mitigate the utility's energy supply challenges.

Kuchinsky stated that in 2022 the Rate Advisory Committee (RAC) was developed to provide input on the Generation Plan. He noted that the RAC conducted a deep analysis of diverse energy scenarios and engaged the community for feedback to understand community needs. Kuchinsky added that the Plan's components included consideration for retiring or converting coal plants, retiring aging gas units, and considering additions of solar, wind, energy storage, and gas options.

Kuchinsky reviewed the timeline for the Vision 2027 Generation Plan, which began in 2023, and spoke to milestones that would take place through 2030, which included projected dates for retiring of coal plants and implementing dispatchable energy resources.

Kuchinsky stated that since 2023 CPS Energy had made significant progress in expanding energy capacity with the energy sources of solar, wind, energy storage, and natural gas. He added that as the community's need for electricity accelerated, CPS Energy was producing more power ahead of schedule with the majority coming from natural gas resources.

Kuchinsky noted that increased natural gas capacity achieved lower costs for CPS Energy customers. He indicated that the natural gas investments had a 56% savings overall, with actual costs being much lower than anticipated, and had resulted in improvements to the Plan. He added that solar and wind investments resulted in an 8% cost savings. According to Kuchinsky, CPS Energy had increased capacity for significantly less investment than planned.

Kuchinsky reviewed the continued progress in projects associated with the South Texas Nuclear Project, Community Solar, wind projects, natural gas peaking units, conversion of the Spruce 2 Plant to natural gas, and the retirement of the Braunig Plant, which supported ERCOT reliability at no cost to customers.

According to Kuchinsky, CPS Energy's Plan accomplishments had better positioned them to meet the Community Climate Action Adaption Plan (CAAP) goals for 2040. He stated that the utility would

continue to pursue opportunities to lower CO2 intensity and that ongoing effort was essential for achieving net zero carbon by 2050.

Kuchinsky spoke to uncertainty factors faced by the utility, which included supply chain constraints, transmission constraints, regulatory uncertainty, and the pace of technological advancements. He noted that CPS Energy had the flexibility to manage uncertainty and achieve Generation Plan objectives.

According to Kuchinsky, the objectives could be accomplished with the acquisition of additional generation assets, community support for the Generation Plan, industry partnerships, and access to capital markets. He added that financial support was needed to achieve this along with transaction agility.

Kuchinsky ended his presentation stating that any changes or adjustments to the Plan would be communicated to the CPS Energy Board of Trustees, the City Council, and the community. He reiterated that the organization had exceeded their megawatt targets to date, exceeded financial outcomes from the Plan, and mitigated construction risk.

Kuchinsky proceeded to provide an overview of the 2026 Budget and noted that the Budget had themes of generation, transmission, distribution, and technology. He stated that the FY 2026 Budget built on recent successes and enabled continued execution of plans developed with input from the community.

Kuchinsky stated that the CPS Energy Capital Budget for FY 2026 was \$1.5 billion and he reviewed costs for each category, including \$638 million for electric and gas infrastructure reliability, \$296 million for customer growth, \$368 million for power sustainability and reliability, \$136 million for technology and security, and \$63 million for customer and community engagement and shared services. He added that the Capital Budget addressed continued customer growth, while providing a reliable electric and gas system for customers.

Kuchinsky reviewed CPS Energy's \$982 million Operation and Maintenance (O&M) Budget, which included \$450 million for labor costs (salaries, wages, and benefits), \$305 million for power sustainability and resiliency, \$100 million for technology and security, \$82 million for electric and gas infrastructure reliability, and \$45 million for customer and community engagement. He stressed that the O&M Budget supported key strategic initiatives in the categories mentioned.

Kuchinsky highlighted the FY 2026 Financing Plan, which supported the Capital Budget of \$1.5 billion, which would be brought before the City Council for consideration. He noted that the Financing Plan provided fiscal flexibility to renew/replace existing commercial paper liquidity as well as increased capacity and he added that the refinancing opportunities could generate debt service savings of \$13 million to \$79 million.

Kuchinsky reviewed the FY 2026 Budget Summary and stated that the plan maintained financial health, supported strong credit ratings, and kept borrowing costs low. He acknowledged the support of the City Council in the development of the Budget and initiatives.

## DISCUSSION

Chair Rocha Garcia stated that she supported moving forward with the community goals for all forms of energy sources. She asked for clarification on the impact of demand at the State level. Kuchinsky stated that he felt that San Antonio was in a good place for meeting energy demand levels but that if the State (ERCOT) had a shortfall, it could impact all cities in Texas.

CPS Energy Chief Energy Supply Officer, Benny Ethridge, stated that ERCOT had adjusted its model on how they predicted energy events and the uncertainty of other communities' energy sources had caused CPS Energy to prepare for larger demand events, and address infrastructure improvements and diverse energy sources. He spoke to the steps that CPS Energy took to build capacity and wholesale revenue.

Chair Rocha Garcia asked for clarification on dispatchable energy resources. Ethridge reviewed the various sources of energy CPS Energy had in its inventory, which included wind, solar, and battery storage but noted that storage was dispatchable to the extent of storage capacity. He stated that natural gas was truly a dispatchable energy source and that the organization continued to grow gas infrastructure and allowed for expanded revenue when selling to other entities. Chair Rocha Garcia stated that she appreciated the work and thoughtfulness that the utility had done to put the utility in the best place to support the City, the CAAP, and for CPS Energy staff involved.

Chair Rocha Garcia asked how wind power impacted the energy source for the utility. Ethridge stated that CPS Energy had contracts under negotiation and the utility saw wind energy as a complement to the current energy inventory for the best value.

Chair Rocha Garcia asked if new members or participants would be added to the Community Solar Program. CPS Energy Chief Strategy Officer, Elaina Ball, stated that the utility was in the process of evaluating a Request for Proposal for the Community Solar Program and would evaluate how to expand the program based on submitted proposals.

Chair Rocha Garcia asked what the investment of tree maintenance was for the future. CPS Energy Delivery Officer, Richard Medina stated that there was \$23 million allocated in the Budget, which covered about 3,000 miles for tree maintenance.

Chair Rocha Garcia asked how the utility performed on selling energy to other markets over the years. Kuchinsky stated that the utility was bringing in over \$240 million in profit, which was largely due to an increase in lighting. He noted that it was forecasted that the coming years projected \$30-\$40 million in future revenue and that the utility was optimistic on revenues.

Chair Rocha Garcia asked how new policies had eliminated the risk for increased rates in the future. Kuchinsky stated that the investments to the power plant system had eliminated the risk for increased rates and a rate increase was not projected for 2026; and estimates for 2027 would still be needed.

Councilmember Whyte reiterated the reasoning or need to offset future rate hikes and stressed that it was important for CPS Energy to be efficient with City and consumer funding. He stated that it was important to identify savings to decrease the need for future rate increases.

Councilmember Whyte asked what the biggest challenges were for coal plants. Ethridge stated that the largest challenge was procurement rates and eliminating generation plants and bringing newer gas

technology in. He stated that the retirement of plants was being evaluated to ensure that energy sources were kept at optimal levels. He added that the coal plants were still scheduled to be replaced with natural gas plants and analysis continued to be performed to determine if retirements needed to be delayed.

Councilmember Whyte requested clarification on long term plans for nuclear energy at the utility. Ethridge stated that CPS Energy was bullish on nuclear energy and that it was expected to see more nuclear energy by the mid-2030's. He spoke to new partnerships with nuclear organizations that showed increased opportunities.

Councilmember Courage noted his observation of increased capacity and revenue funding, which had come in at higher levels. He stated that much of the increased capacity came from fossil fuel and the need to transfer to nuclear or other energy sources. He asked what other alternatives were being considered. Kuchinsky stated that geo energy and nuclear were being considered but the plan did speak to specific hard plans since they were not currently commercially viable. Ball stated that CPS Energy continued to research diverse energy technologies and energy storage to be able to mitigate customer costs and energy availability. She added that energy storage technologies were also being evaluated with the goal of reliability and diversity of energy sources.

Councilmember Courage asked for clarification on battery storage technologies and efficiencies. Ball stated that lithium battery storage continued to be evaluated for costs and that non-lithium batteries were advanced in the commercial arena. She spoke to battery storage duration limitations, thus impacting long term reliability for dispatching of energy in a cost-efficient manner.

Councilmember Courage noted that the transmission of energy costs could be expansive in the market. Ball confirmed that expansive costs were borne by the utility and could be constraints in reliability. Richard Medina, Chief Energy Delivery Officer, stated that the reliability of transmission of energy could be unstable and ERCOT had evaluated the need for transmission line construction to be performed sooner than anticipated to ensure that energy needs were met and resourced efficiently. Councilmember Courage asked if ERCOT members paid for those associated costs. Medina confirmed that they did pay for those costs.

Councilmember Cabello Havrda asked for clarification on the replacement of steel lines with plastic materials. Medina stated that lines were being replaced with plastic due to better quality of materials, which were not available when steel lines were first put in place.

Councilmember Cabello Havrda asked if CPS Energy worked with the Alamo Area Metropolitan Planning Organization (MPO) on air quality issues. Ball stated that CPS Energy had not worked closely with the MPO but would investigate working with them.

Chair Rocha Garcia asked where new revenue from energy sales would go within the organization. Kuchinsky stated that energy revenue would go into the broader financial picture as presented.

Councilmember Courage asked for clarification on the \$5 billion in debt that was being released and asked how much money was being saved by the utility. Kuchinsky stated that \$79 million would be saved over the coming years.

Councilmember Courage asked how data center growth was impacting energy sources, and he supported no additional data centers in the San Antonio area. Ball noted the increased impact that data centers had on the energy grid and she stated that they continued to work with all customers for energy provisions. She noted that CPS Energy worked closely with the Legislature to provide input on energy sourcing and protection of our customers.

No action was taken on Items 2 and 3.

**3. CPS Energy's Fiscal Year 2026 Budget** [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Items 2 and 3 were taken together and minute items recorded in Item 2.

**4. Council Consideration Request by Councilmember Jalen McKee-Rodriguez (District 2) and Councilmember Marina Alderete Gavito (District 7) on preventative measures to eliminate water disconnections for apartment residents in good standing.** [John Peterek, Interim Assistant City Manager; Michael Shannon, PE, CBO, Director, Development Services Department]

Development Services Department (DSD) Director, Michael Shannon, provided an overview of the Council Consideration Request (CCR 2024-0022) submitted by Councilmembers McKee-Rodriguez and Alderete Gavito for staff to establish methods to prevent water disconnection when property owners and managers failed to make timely water utility payments. He stated that the CCR highlighted water disconnections in apartment complexes because of failure to pay San Antonio Water System (SAWS), which affected tenants in good standing who provided payment to their landlords.

Shannon spoke to the Proactive Apartment Inspection Program (PAIP) that was approved by the City Council in April 2023, which had the goal to: 1) Incentivize good management of property owners, 2) Ensure the health, safety, and welfare of residents, and 3) Increase accountability of property owners and managers, and a timeline for compliance. He noted that the Ordinance applied to complexes with 5+ units within the City limits and registration of property owners was required when three designated citations were received within a rolling six-month period or when ordered by the Building Standards Board. Shannon added that registered properties underwent monthly inspections and remained in the program for at least six months.

Shannon reviewed the DSD Dashboard on the Productive Inspections Program and noted that over 47,000 inspections were conducted with 1,807 at apartment complexes. He stated that 39 complexes had been identified as requiring improvements and half of them had been brought into compliance.

Shannon stated that the CCR requested modification of the PAIP, which included apartments that were consistently late in paying SAWS bills before water disconnection, required landlords and/or property managers to notify renters when entering into a SAWS payment program due to overdue payments, and required delinquent complexes to be managed by a reputable management company not currently on the PAIP.

Additionally, Shannon noted that under proposed revisions, SAWS delinquent apartments would be publicly displayed via the City's website, SAWS would share customer data with the City for

apartments subject to disconnections to allow for proper response coordination, and the City and SAWS would update policies and procedures to ensure proper notice and documentation before any disconnections would occur.

SAWS President, Robert Puente, stated that SAWS understood what was being requested under the CCR and was open to working with the City and residents but requested that this tool stay in place. SAWS Vice President of Customer Experience & Strategy Initiatives, Cecilia Velasquez, reviewed the residential past due notice timeline, which was a 67-day process.

Velasquez reviewed the apartment disconnection outreach process and noted that updates had been implemented for processes, which were performed over a five-week period with weekly actions and notices conducted. She stated that SAWS was working with the City to increase educational materials for apartment residents on disconnections.

Velasquez spoke to apartment outreach and collection efforts to include working with the San Antonio Apartment Association and the City's Neighborhood and Housing Services Department (NHSD).

Velasquez reviewed benchmark data for other national cities on outreach conducted and disconnection services. She stated that of all the cities evaluated, only Arlington did not disconnect water services.

Velasquez reviewed historical data on apartments eligible for disconnection before, during, and after the Pandemic. She noted that during COVID, Federal and State assistance programs were in place to assist customers to avoid being disconnected.

Velasquez reviewed the current account summary of residential, commercial, and apartment customers for January 2025, which totaled over 591,000 accounts. She spoke to delinquent account statuses, which were 15.6% for residential, 8.7% for commercial, and 10.5% for apartment complexes. She added that 56,010 accounts were eligible for disconnection but SAWS was committed to work with the City and Bexar County to address disconnection issues.

## DISCUSSION

Chair Rocha Garcia thanked the Councilmembers for submitting the CCR and the work of NHSD to address resident needs. She thanked SAWS for the review of the timeline adjustments and addressing resident concerns.

Chair Rocha Garcia asked how the code compliance process could be used for disconnection ceasing. Shannon stated that the code process did not trigger disconnection and staff was engaged to educate owners of water issues and concerns.

Chair Rocha Garcia asked if educational resources were provided to residents on options. NHSD Director, Veronica Garcia, stated that there were several door hangers and website resources on legal aid, food bank, and other resources.

Councilmember Courage stated that the threat of compliance was evident since there were over \$2.8 million in overdue bills. He expressed concern regarding bad landlords that did not pay bills after their tenants had paid their bills to them. Councilmember Courage asked if a lien on the property could

be applied on properties where owners did not pay their utility bills, which he felt might be a more powerful intervention to comply with payments or improvements. SAWS Senior Legal Counsel, Ed Guzman, stated that liens could be completed if an Ordinance was passed for both SAWS and CPS Energy to place liens but there would also be additional administrative costs for adding liens. Councilmember Courage stressed the need for additional tools to address delinquent accounts and responsive compliance.

Councilmember Cabello Havrda asked if there was a staff recommendation on the CCR. Shannon stated that the requested items of the CCR could be completed but it would require additional changes to the PAIP and that staff was seeking recommendations from the Committee.

Councilmember Cabello Havrda stated that she did not support modifying the current PAIP since it was effective and asked if there were other options or initiatives that could be made to address master meter issues at apartment complexes. Shannon stated that DSD had worked on enhanced processes with the City's Apartment Team in Code Enforcement and was being more integrated into the SAWS process for notice of disconnections.

Councilmember Cabello Havrda asked if there were any legal or procedural options the City had so that apartment complexes did not withhold payments. Shannon stated that currently, the DSD process did not have purview if complexes paid their water bills. City Attorney Andy Segovia clarified that the City would need to update the City Ordinance in order to make stated changes. Councilmember Cabello Havrda reiterated that she felt that the current Ordinance was very effective and she did not support changing the current Ordinance but felt that it was important to get to the issue to prevent disconnections. Shannon stated that DSD worked with complexes at the time of disconnection to quickly get water turned back on to include addressing Certificates of Occupancy and, they worked closely with SAWS and NHSD on code process to regain services.

Councilmember Cabello Havrda asked SAWS if they recommended options other than master meter disconnections. SAWS President Robert Puente clarified that many complexes had begun making payments and stated that SAWS was present to gain more input from the Committee and would work with the City Council to pass any Ordinance to include adding liens. He noted that initially, there were 39 apartments set for disconnection and staff worked with them all and at the end only four apartment complexes were at risk of water disconnection.

Councilmember Cabello Havrda stressed that the current Ordinance was effective and need not be modified. Puente stressed that bad actor landlords were the ones being impacted and staff worked closely with them to make payments or be on a payment plan. He noted that they looked to other cities to see what was being done and find solutions.

Councilmember Whyte agreed that the Ordinance should not be modified and was open to researching a lien option. He requested that staff come back to the Committee with a recommendation on how to proceed in partnership with SAWS to address the issue.

Councilmember Whyte stressed the importance of communication between SAWS and the City. Shannon stated that what he described was an option that would require reviewing the Ordinance and bringing it before the City Council for consideration. Councilmember Whyte stressed the need to address



bad actor apartment complex owners.

Councilmember Courage stated that he would like the lien process to be considered and researched by SAWS and City legal staff on how it could be done legally and what notification processes would need to be followed. He stated that an inspection plan was set when water issues were in disrepair and that non-payment was not a part of that Ordinance. He recommended that staff come back to a future meeting to see what their recommendation would be.

Chair Rocha Garcia asked if placing a lien had been discussed in the past. Guzman confirmed that it had been discussed in the past and Segovia reiterated that this was an option but the Finance Team would need to be included for evaluation of costs and actions.

Chief Financial Officer, Ben Gorzell, reiterated the need to evaluate because he did not think that a lien would motivate all bad actors to pay their bills or if the administrative actions would be cost efficient and gain action. He stated that the process could be extensive and would need to be researched.

Councilmember Whyte agreed that cost efficiency would need to be evaluated and asked if a lien would be an effective tool. He asked if water was disconnected, was service restored once payment was received. Puente confirmed that services were immediately restored once agreed upon payment was made. Councilmember Whyte recommended that fines and other penalizations should be considered and not restoration of services.

Gorzell stated that staff would come back to the Committee at the next meeting with recommendations.

### **Executive Session**

Executive Session was not held.

### **Adjournment**

There being no further discussion, the meeting was adjourned at 11:54 a.m.

**Approved**

---

***Dr. Adriana Rocha Garcia, Chair***

---

**Debbie Racca-Sittre**  
**City Clerk**