



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: {{item.number}}

Agenda Date: November 30, 2023

In Control: City Council Special Meeting

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

CPS Energy Proposed Increase in Electric and Gas Base Rates

SUMMARY:

Briefing from City's Public Utilities Supervisor on the Proposed Increase in CPS Energy's Electric and Gas Base Rates and the Establishment of a Regulatory Asset.

BACKGROUND INFORMATION:

The position of Supervisor of Public Utilities is created under the City Charter and its responsibilities are currently combined with the City's Chief Financial Officer. This position has the responsibility to review requests to adjust rates and issue debt from the City owned utilities, CPS Energy and the San Antonio Water System, and provide recommendations to the City Manager and the Mayor & City Council. Those recommendations are based on a comprehensive review of the business case supporting a rate request performed by the Supervisor of Public Utilities with the support of staff in the Public Utilities Division of the Finance Department.

Over the past several months, CPS Energy staff have discussed the need for a potential rate increase with its Board of Trustees, the City, and the community. During this time, City staff have been working collaboratively with the CPS Energy team on the proposed rate request and business

case. This effort culminated in the B-session briefing on November 8, 2023 during which CPS presented its business case for a proposed 4.25% increase in electric and gas base rates.

The rate request has the following two components: 1) a base rate increase; and 2) the establishment of a regulatory asset for Pension and Other Post-Employment Benefits (OPEB) costs. The base rate increase will support CPS Energy's operations and maintenance expenses, capital plan, and associated financing plan. In the last rate request, the Public Utilities Supervisor recommended CPS Energy review the treatment of pension expense in the rate model in order to smooth volatility caused by swings in pension plan asset market values. The establishment of the regulatory asset implements that recommendation.

The formal process for City Council consideration of a rate request began with a formal briefing to the CPS Energy Board of Trustees on November 8th. The following table reflects the schedule for consideration of a rate request by the City from CPS Energy.

Date	Agenda	Description	Status
November 8, 2023	B-Session	Briefing from CPS Energy to include revenue requirements, proposed rate increase, operations and maintenance budget, capital budget, finance plan, and establishment of a regulatory asset for pension expense.	Complete
November 30, 2023	Special Session	Briefing from City's Public Utilities Supervisor on recommendations related to the requested rate increase and establishment of the regulatory asset for pension expense; follow-up from the B-session of November 8th; and continued discussion and responses to questions posed.	Pending
December 7, 2023	A-Session	Consideration by City Council of Ordinances for a proposed rate increase and establishment of regulatory asset for pension expense.	Pending

ISSUE:

The Public Utilities Supervisor will provide recommendations on CPS Energy's requested electric and gas base rate increase and the establishment of a regulatory asset.

ALTERNATIVES:

Item is for briefing purposes only.

FISCAL IMPACT:

Item is for briefing purposes only.

RECOMMENDATION:

Item is for briefing purposes only.