

**State of Texas  
County of Bexar  
City of San Antonio**



**Meeting Minutes  
City Council Special Meeting**  
City Hall Complex  
San Antonio, Texas 78205

**2021 – 2023 Council Members**

Mayor Ron Nirenberg

Mario Bravo, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2  
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4  
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6  
Rosie Castro, Dist. 7 | Manny Pelaez, Dist. 8  
John Courage, Dist. 9 | Marc Whyte, Dist. 10

**Thursday, June 1, 2023**

**1:00 PM**

**Municipal Plaza Building**

The City Council convened a regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 1:06 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

**PRESENT:** 11 – Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Castro, Pelaez, Courage, Whyte

**ABSENT:** None

**ITEMS**

1. Briefing by CPS Energy Staff on operational, capital, or other programs of CPS Energy. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Rudy Garza, President and Chief Executive Officer of CPS Energy, introduced Shanna Ramirez CPS Energy General Council, Chief Legal and Ethics Officer who provided an overview of the review conducted by the consulting team of Gallup and Daymark Energy Advisors. Ramirez stated that the approach was to utilize a cross organizational team to review recommendations, incorporate a review of the recommendations into their strategic and operational plans with regular updates to the CPS Energy Board of Trustees.

Ramirez listed key risks which included technology transition, short term resource constraints and long-term financial stability. Ramirez outlined the recommendations that included: 1) Focusing on balancing the risk of the end of life software with the risk of managing execution of new software, 2) Prioritizing attracting, sustaining and up-skilling staffing to goal levels, and 3) Working with the board to develop scenarios and contingency plans for the implementation of Vision 2027.

Ramirez reported that CPS Energy was in a stable financial position with a debt to capitalization ratio comparable to other peer utilities, and existing end of life software and systems were hindering operational efficiency and making internal controls more difficult to implement and monitor. Ramirez noted that key recommendations regarding the electric operations were to utilize circuit-level and root cause reliability data to refine system investment strategy, analyze resource usage, establish metrics, resolve technological barriers, expand the justification and benefits description for balancing operational and maintenance and non-critical capital projects, and continue to engage actively with the Electric Reliability Council of Texas (ERCOT).

Ramirez stated that key recommendations for gas operations included consolidating the winter season management plan and investments, consider gas metrics that tracked leaks, add staff, and partner with workforce organization to create an in-house training program to recruit and retain junior workers. She noted that key recommendations for customer engagement included establishment of a three to five year plan for customer engagement, budget, staffing and improved data gathering, commit to Enterprise Resource Program (ERP) standards to track performance and conduct regular stakeholder surveys.

Rick Maldonado, CPS Energy Vice President of Transmission and Distribution, introduced Jim Shields with Black & Veatch Consulting whose firm analyzed the conversion of overhead power lines to underground. Shields mentioned that there were four industry drivers for undergrounding even though conversion was costly which included: reliability, operating costs, public safety and customer satisfaction.

Shields stated that best practices for undergrounding targeted areas with a large number of customers, that had experienced frequent outages for long periods and the line was a short distance and had safety concerns. Shields provided some samples of projects and their costs.

Maldonado presented an overview of the current system which included 8,213 miles of overhead lines and 6,513 underground miles; 45% of all lines were underground. He noted that the FY 2024 underground strategy included \$100 million annually for system improvements for new and improved circuits, strategic undergrounding of replacement lines, underground residential development direct buried replacement and repair/replace.

Maldonado reported that converting all 8,213 miles of overhead lines would cost \$19 billion and would take 20 years. In addition to the underground program, CPS Energy budgeted over \$44.6 million in support of City of San Antonio Bond Program projects.

Maldonado stated that despite the higher initial construction cost, CPS Energy had installed seven times more underground lines in the last five years than overhead lines. He reported that emerging

smart technology improved the reliability of overhead systems and concluded that both systems had advantages and disadvantages. Maldonado recommended a mix of overhead and underground lines.

Maria Stanton, Vice President of Supply Chain for CPS Energy listed items that were presenting a challenge such as single phase transformer distribution units. She stated that CPS Energy was working to increase diversity of material sourcing and find more vendors which was done by relaxing transformer standards and resulted in some failures, but the issues had since been resolved.

Stanton stated that the shortage was a global situation due to issues with raw materials and labor but reported that CPS energy worked with partners and were open to referrals and process improvements. Stanton noted that weather events such as hurricane season could cause further delays in shipping and availability of equipment.

Stanton reported that Garza had sent a letter to the State Legislature regarding supply chain issues. She noted that the U.S. Department of Energy (DOE) considered using the Defense Production Act to address supply chain issues for distribution transformers but instead focused on domestic production of heat pumps. Stanton noted that DOE's proposed new standard of amorphous steel cores in transformers added energy efficiency but were much heavier and required thicker poles.

CPS Energy Executive Vice President of Customer Strategy DeAnna Hardwick spoke regarding CPS Energy's efforts to optimize value to the customer through collaborative partnerships to help provide solutions to developers who needed to install new residential transmission systems. Hardwick stated that CPS Energy was working with the Development Services Department as well.

#### DISCUSSION:

Mayor Nirenberg thanked CPS Energy staff and Board Members for their attendance.

Councilmember Courage, Chair of the Municipal Utilities Committee, asked of the past due balances and disconnections. Hardwick stated that there was \$189 million past due and staff was working to enroll customers in payment plans to avoid disconnections but 7,000 disconnections had occurred in the past month. Councilmember Courage noted that there was a 2% rate increase originally planned and asked whether that was still moving forward. Garza stated that the rate increase would likely be needed to upgrade the software. Councilmember Courage suggested that if the \$110 million in past due balances were paid, it might stave off a rate increase.

Councilmember Courage asked how much was budgeted in FY 23 for underground conversion versus how much was being spent on repair of overhead lines. Maldonado stated that CPS Energy budgeted \$12 million per year for conversion and he would get the information on repair but it was a more complicated issue than a straight up comparison. Councilmember Courage suggested that more money could be spent on conversion to meet the peer cities comparisons. Garza stated that the spending plan was supported by the current rates. Councilmember Courage

suggested that transformers could be refurbished rather than simply replaced. CPS Energy Board of Trustees Chair Janie Gonzales stated that could be done and she would provide information on how many were refurbished annually.

Councilmember Bravo commented that there was a shortage of housing which he compared to the supply chain issues. Councilmember Bravo recalled asking for a budget amendment two years ago to hire an outside firm to analyze the employment culture at CPS Energy, but that failed, however, now CPS Energy had undertaken its own review. Councilmember Bravo noted that the Gallup evaluation indicated that employees were frustrated with the long process to get approvals for requests. Garza admitted it took time to change the culture, but the organization was making progress. Councilmember Bravo lauded the transparency of the independent third-party review process.

Councilmember McKee-Rodriguez also appreciated the transparency of the presentations related to the supply chain issues and costs related to undergrounding of lines. Councilmember McKee-Rodriguez recommended analysis of potential sacrifices and budget cuts to be made before a rate increase was proposed. Councilmember McKee-Rodriguez recommended a high level of coordination with City projects to underground lines within those project boundaries and recommended a study of Failed streets and those in Council District 2 or low-income neighborhoods to see how many were overhead versus underground. He expressed concern that the community had lost confidence in the utility due to recent transgressions by employees that were later fired.

Councilmember Cabello Havrda supported the outreach and communication plan to communicate challenges and the plans to work with local businesses and developers to address supply chain shortages. Councilmember Cabello Havrda asked if CPS Energy was hesitant to improve technology. Gonzalez noted that it was less about hesitation than ensuring a thorough analysis of risk and good project governance including phasing to ensure success.

Councilmember Cabello Havrda recommended developing more underground conversion and asserted that it was worth the investment noting that many older and lower-income neighborhoods were burdened with the overhead lines. Maldonado noted that installing underground lines in new developments were more cost effective than conversion but added that there was other infrastructure on the poles such as telecommunications so they may still stay in place even when the power lines were converted to underground.

Councilmember Castillo commended the CPS Energy Board of Trustees for taking on the review and study of the workforce and needs of employees. Councilmember Castillo expressed concern about future rate increases and suggested aggressive commitment to finding Federal grants to offset the costs of weatherization and build up the budget for the Casa Verde Program. Garza stated that CPS Energy had not traditionally applied for grants but were looking at opportunities at the State and Federal level along with layering City programs to help customers.

Councilmember Castillo noted that Council District 5 had some of the oldest infrastructure in the City including utility poles often in the middle of the sidewalk. Garza invited Councilmember Castillo to report poles obstructing sidewalks to CPS Energy so they could look at options. Councilmember

Castillo recommended that the high cost of undergrounding should be communicated to the public so they could understand the costs and challenges. Garza stated that they would come up with an infographic.

Councilmember Viagran thanked staff, the Board and the Rate Advisory Committee for their work and requested regular updates to the City Council on the progress of the plan outlined by Ramirez. Councilmember Viagran recommended including affordability and reliability of underground versus overhead lines in the infographic and more information about alternatives for poles located in the middle of a sidewalk. Councilmember Viagran suggested that City Council encourage the Federal Government to support initiatives to make energy more affordable and reliable.

Councilmember Whyte noted that there was \$189 million in past due accounts and asked why there was an uptick. Garza stated that disconnections were suspended during the 2 years of the COVID-19 Pandemic which made the bills larger than many people could pay but added that most of those past due accounts were on payment plans.

Councilmember Whyte asked for clarification on the impact of new technologies and possible rate increases. Garza spoke to the strategies for technology implementation and how CPS Energy was considering a possible increase in future years. Councilmember Whyte requested clarification on what the system would do versus the old one. Garza stated it was an upgrade to an old accounting and asset management system. Councilmember Whyte asked whether CPS Energy's pay scale was competitive. Garza stated the utility had analyzed its workforce and needs and developed and implemented a robust talent management strategy.

Councilmember Castro commended CPS Energy for their energy fairs and the education of local students. Councilmember Castro requested to see a plan for where the underground utilities were planned to be installed. Maldonado stated he would provide City Council with a copy of the plan.

## **EXECUTIVE SESSION**

There was no Executive Session held.

## **ADJOURNMENT**

There being no further discussion, the meeting was adjourned at 2:30 p.m.

**Approved**

**Ron Nirenberg  
Mayor**

**Debbie Racca-Sittre  
City Clerk**