

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



**Meeting Minutes
City Council B Session**

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
Ana Sandoval, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Clayton Perry, Dist. 10

Wednesday, December 1, 2021

2:00 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 2:08 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 10 - Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Pelaez, Courage, Perry

ABSENT: 1 - Sandoval

ITEMS

1. Briefing by CPS Energy on the Revenue Requirements Associated with a Proposed Rate Increase

and the Establishment of a Regulatory Asset Related to CPS Energy's fuel costs for the 2021 Weather Event. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

City Manager Erik Walsh introduced the briefing by CPS Energy on the revenue requirements associated with a Proposed Rate Increase and the establishment of a Regulatory Asset related to CPS Energy's fuel costs for the 2021 Weather Event. Walsh provided background on the City's authority over CPS Energy which included: approval of rates, debt issuance and appointment of board members. Walsh explained that the City had a position of supervision of public utilities held by Ben Gorzell, Chief Financial Officer. Gorzell was expected to provide additional briefings to City Council over the next few weeks.

Gorzell presented a summary of the base rate increase request of 3.85% as well as the request to establish a regulatory asset to allow CPS Energy to recovery costs from the Winter Storm Uri over a 25-year period at 0.8%. Gorzell described a revised rate strategy for CPS Energy with a focus on immediate financial pressures.

Rudy Garza, Interim President and Chief Executive Officer of CPS Energy, thanked his staff and CPS Energy Board Chair Dr. Mackey as well as the City of San Antonio team. Garza and Cory Kuchinsky, Chief Financial Officer and Treasurer for CPS Energy, presented information on the CPS Energy Rate Request including steps to move forward, an update on community engagement, summary of the rate request proposal, the impact to customer bills and the financial health of the organization. Kuchinsky also described the Affordability Discount Program designed to assist vulnerable customers with their electric bills.

DISCUSSION:

Mayor Nirenberg opened the discussion by stating that there would be important discussions by the Rate Advisory Committee (RAC) which needed to be considered. Mayor Nirenberg was pleased that the plan focused on immediate financial needs and acknowledged the difficult and dangerous work of the 3,000+ CPS Energy Employees who helped our community through the pandemic and the winter storm. Mayor Nirenberg expressed that because CPS Energy was a municipally owned utility company, the profits were returned to the community to assist with streets, parks and other basic needs and noted that the financial constraints of consumers should be taken into consideration along with the financial health of CPS Energy as a municipal-owned utility company.

Councilmember McKee-Rodriguez supported the Affordability Discount Program but expressed concern that Council District 2 residents had struggled financially and could not afford any rate increase and might even need a reduction in their current bill. Garza explained the various programs offered by CPS Energy in addition to the Affordability Discount Program and explained that the goal was to maximize assistance to low-income customers. Councilmember McKee-Rodriguez expressed concern about the lack of representation by Council District 2 on the Rate Advisory Commission (RAC) and requested a timeline on the closure of the Spruce Coal Powered Plant. Garza responded that it was planned for next year. Councilmember McKee-Rodriguez

requested a list of all cuts that were being made before he could support the rate increase. Councilmember Rocha-Garcia requested additional community engagement. Councilmember Rocha-Garcia suggested that CPS Energy consider developing an energy affordability policy that would set the energy burden at a percentage of household income and asked CPS Energy to share the consultant study done in that area. Councilmember Rocha-Garcia asked for an additional conversation about the correlation between energy use and affordability. Garza stated that he would meet with the Councilmember to provide more information on CPS Energy's Budget. Councilmember Rocha-Garcia acknowledged reduced Operation and Maintenance expenses and deferred capital expenses and asked how innovation was assisting as she was concerned about the need to keep infrastructure current. Councilmember Rocha-Garcia suggested that the use of microgrids could be piloted in Council District 4.

Councilmember Pelaez recognized the dangerous work of CPS Energy staff but noted that CPS Energy as an organization was in a position where citizens had difficulty trusting the utilities. Councilmember Pelaez explained that San Antonio had some of the poorest census tracts in the nation and even a small rate increase was a significant amount of money for many of San Antonio's residents. Councilmember Pelaez asked about the substance of community engagement and stressed that being honest with customers about rate increases was important to rebuild trust. Garza stated that he would attend District 8 Homeowner's Association meetings with him. Councilmember Pelaez requested that CPS Energy speak with Bexar County as well as San Antonio businesses such as hotels, universities, data center operators, etc. about the rate increase since many had experienced recent blackouts and were angry about the incidents.

Councilmember Viagran commended the work of City staff and City Council (past and present) for their work on infrastructure. Councilmember Viagran noted that in Council District 3, there were 10,000 customers pending disconnections that needed to maintain the level of service. Councilmember Viagran acknowledged the need to keep the utility financially solvent but expressed concern regarding the rate increase particularly for low-income residents.

Councilmember Viagran was concerned that the public outreach focus would only be on Home Owner Associations. Garza said CPS Energy had planned a board session with the public in mid-December 2021 which would be in-person and virtual and a couple of tele-town hall sessions would be held. Councilmember Viagran asked CPS Energy to review available additional Federal funding to help mitigate the rate increase. Councilmember Viagran requested that the 5-year Financial Forecast include assistance for middle-class families as well as seniors on retirement, not just those at 125% of the Federal Poverty Level. Councilmember Viagran was supportive of building the Customer Response Team.

Councilmember Cabello Havrda noted that there were 16,000 Council District 6 residents behind on payments to CPS Energy and requested some information on the plan to help those behind on payments to become current. Garza committed to additional outreach for those customers including knocking on doors. Councilmember Cabello Havrda requested CPS Energy set up a table at the Alicia Trevino Senior Center which Garza agreed. Councilmember Cabello Havrda expressed concern regarding a guarantee of reliability.

Councilmember Cabello Havrda asked for clarification on City revenues and funding for Winter

Storm Uri expenses currently under litigation. Gorzell explained that City Staff recommended waiving the portion related to Winter Storm Uri from City revenues and the rate case only that accounted for bills that had already been paid, not those under litigation.

Councilmember Perry expressed that now was the worst time to request a rate increase and recommended that more time to be built into the process. Councilmember Perry requested clarification of the roles of RAC, Citizen Advisory Committee (CAC), CPS Energy Board, City Council and City Staff. Councilmember Perry requested that CPS Energy explain the reason for the rate increase to the community in a more detailed and clear manner. Councilmember Perry recommended looking at other resources such as American Rescue Plan Act (ARPA) funding which had been provided to the utility and suggested CPS Energy consider a gas pipeline from Eagle Ford Shale. Councilmember Perry requested more information on the employee pay structure which Garza said additional funding was needed to stay competitive with wages for workers. Councilmember Perry suggested a connection to the Ready to Work Program. City Manager Walsh responded that Gorzell's report that would be presented next week was expected to address many of his questions.

Councilmember Castillo expressed that Council District 5 had been disproportionately cost burdened including those such as "mom and pop landlords", businesses as well as struggling residents and requested CPS Energy's commitment to the generation planning next year sharing the work of the RAC with City Council. Councilmember Castillo asked for a list of residential stakeholders which Garza said he would provide. Councilmember Castillo recommended that an internet dashboard be created where residents could enter information and see the impact as well as bill insert showing impact of the rate increase on their bill. Garza indicated that the total cost of Winter Storm Uri would be \$3 per month per resident for 25 years.

Councilmember Courage stated that CPS Energy was a municipally owned utility and was a major factor in keeping rates low as well as providing \$30 million per month to COSA the General Fund. Police, Fire, Metro Health, Parks, etc. Councilmember Courage stated that Winter Storm Uri and State regulators crippled CPS Energy, yet the utility was still providing energy and was working hard to meet the goals of the Climate Action Plan and was protecting citizen's interests by challenging energy providers over price gouging during Winter Storm Uri. Councilmember Courage stated that everyone was facing huge challenges of inflation and increased costs of materials, supplies, labor, etc.

Councilmember Bravo supported funding for employee retention and the ability to attract quality employees but requested a commitment to a change in behavior by the organization to increase community trust and a study by a third-party expert to improve the corporate culture and management structure. Councilmember Bravo suggested a review of energy consumption per square foot of a customer's house to show the energy cost burden and recommended improvements through energy retrofits and weatherizing programs. Councilmember Bravo noted that there had been no rate increase in eight years and asked how the increase tracked with inflation. Garza said he would provide the inflation analysis to all Councilmembers. Councilmember Bravo requested that CPS Energy discontinue providing subsidies or incentives for customers and developers to use natural gas versus electricity.

Councilmember Pelaez confirmed that CPS Energy attend meetings in Council District 8 to discuss the rates with citizens and specific meetings with the Restaurant Association, Non-Profit Council, and Data Centers.

Councilmember Castillo echoed Councilmember Pelaez' concern for small businesses needing utilities. Councilmember Castillo requested a breakdown of lowest, highest and median resident accounts per zip code as well as the impact on past due accounts and commercial accounts. CPS Energy spokesperson Deanna Hartlig stated that the website had not gone live and committed to providing information requested by zip code and the information on past due and commercial accounts.

Councilmember Perry requested comparison of other Texas Cities with the proposed rate increase and more information on CPS Energy's Budget, the revenue use, capital plan and need for capacity. Kuchinsky said he would provide the requested information.

Councilmember Bravo asked about the original rate proposal and timeline as well as when their current budget was passed. Gorzell replied that in September 2021 the proposal was 13.4% which included bad debt as well as the Winter Storm Uri costs. Gorzell suggested a different approach which allowed for a lower base rate increase request. Garza said that CPS Energy's Budget was passed in July 2021 and included a net loss at year end. Councilmember Bravo noted that the CPS Energy Board voted in support of the Climate Action and Adaptation Plan and suggested that a premium should be paid to producers of natural gas that met more responsible production standards and requested an outside independent study to look at budget efficiencies.

Mayor Nirenberg closed the discussion with a request that CPS Energy focus on revenue needs to cover the actual costs of providing services to residents.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting at 4:47 PM and announced that the Executive Session Items would be carried over to the December 2, 2021 A Session Meeting.

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C. Legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D. Legal issues related to litigation involving the City pursuant to Texas Government Code Section 551.071 (consultation with attorney).

- E. Legal issues relating to COVID-19 preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- F. Legal issues related to current City contracts pursuant to Texas Government Code Section 551.071 (consultation with attorney).

ADJOURNMENT

There being no further discussion, Mayor Nirenberg recessed the meeting at 4:47 pm.

Approved

Ron Nirenberg
Mayor

Attest:

Debbie Racca-Sittre
Interim City Clerk

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San Antonio City Council
December 1st, 2021

[VIDEO PLAYING IN SPANISH]

Mayor Nirenberg: GOOD AFTERNOON, EVERYONE.
WELCOME TO OUR CITY COUNCIL B SESSION.
WE HAVE ONE ITEM ON THE AGENDA TODAY.
IT'S 2:08 P.M. ON THIS 1st DAY OF DECEMBER 2021.
MADAME CLERK, CAN WE START WITH THE ROLL?

[ROLL CALL]

Clerk: MAYOR, WE HAVE A QUORUM.

Mayor Nirenberg: ALL RIGHT.

GOOD AFTERNOON, EVERYBODY.

WITHOUT FURTHER ADO, LET ME TURN IT OVER TO CITY MANAGER ERIK WALSH TO GET US STARTED.

Walsh: THANK YOU, MAYOR.

GOOD AFTERNOON, MAYOR AND COUNCIL.

TODAY'S B SESSION WILL BEGIN THE COUNCIL'S FORMAL REVIEW PROCESS OF REVIEWING THE CPS RATE REQUEST.

LET ME GIVE YOU A LITTLE BIT OF BACKGROUND HERE.

YOU KNOW, AS WE'VE SHARED WITH THE COUNCIL IN THE PAST, THERE ARE THREE DISTINCT AUTHORITIES THAT THE CITY COUNCIL HAVE.

ONE IS THE APPROVAL OF CUSTOMER RATES.

SECOND, THE APPROVAL OF THE ISSUANCE OF DEBT.

AND THIRD, THE APPOINTMENT OF BOARD MEMBERS.

ALSO, UNDER THE CITY CHARTER, THE CITY HAS A POSITION CALLED THE SUPERVISOR OF PUBLIC UTILITIES WHO HAS THE RESPONSIBILITY TO REVIEW REQUESTS FOR CHANGES IN RATES AND THE ISSUANCE OF DEBT FOR BOTH CPS AND SAWS.

AND THAT POSITION, FOR US WITHIN THE CITY ORGANIZATION RIGHT NOW, IS -- AND BEN GORZELL OUR CHIEF FINANCIAL OFFICER.

HE HOLDS THOSE TWO POSITIONS.

AS WE SEE A REQUEST FOR A CHANGE IN RATES OR THE ISSUANCE OF DEBT, AND THAT REQUEST IS MADE TO THE CITY, PURSUANT TO THE CHARTER, WE GO THROUGH A PROCESS THROUGH THE PUBLIC UTILITIES SUPERVISOR TO MAKE RECOMMENDATIONS TO BOTH ME AND THE MAYOR AND THE COUNCIL.

AND SO STAFF, THE PUBLIC UTILITIES STAFF UNDER THE DIRECTION OF BEN, HAVE DONE A SIGNIFICANT AMOUNT OF WORK IN COORDINATION WITH CPS ON THE REQUEST AND HAVE CONDUCTED THEIR OWN COMPREHENSIVE REVIEW WHICH WILL BE PART OF NEXT WEEK'S B SESSION AND THEIR REPORT WILL BE INCLUDED IN THE AGENDA PACKET THAT WILL BE ISSUED LATER ON THIS WEEK.

TODAY'S B SESSION, AS I MENTIONED, IS THE FIRST STEP.

WE'VE WORKED WITH CPS VERY CLOSELY OVER THE LAST COUPLE OF MONTHS AND HAVE SHARED WITH THE COUNCIL THE SCHEDULE THAT WE ANTICIPATED. TODAY'S B SESSION, BEN WILL KICK IT OFF WITH A SHORT DISCUSSION ON THE CHANGE IN THE RATE STRATEGY THAT WE PROPOSED THAT LED US TO THE RATE THAT YOU'LL BE SEEING TODAY FROM CPS.

THAT WILL BE FOLLOWED BY RUDY AND CORY GOING INTO SPECIFICALLY THE CPS REQUEST AND THE NEED FOR THE RATE INCREASE FROM THEIR PERSPECTIVE AND FROM THE BOARD'S PERSPECTIVE.

AS I MENTIONED NEXT WEEK AT B SESSION ON DECEMBER 8, BEN WILL BRIEF THE COUNCIL IN MORE DETAIL ON THE CITY REVIEW AND RECOMMENDATIONS.

WE HAVE AN ADDITIONAL B SESSION THAT'S SCHEDULED ON DECEMBER 15th, WHICH IS SORT OF A CATCH-ALL, DEPENDING ON QUESTIONS THAT COME UP OUT OF TODAY'S B SESSION OR NEXT WEEK'S.

THEN THE CITY STAFF AND CPS HAVE AN OPPORTUNITY TO COME BACK TO THE COUNCIL ON DECEMBER 15th AND RIGHT NOW WE TENTATIVELY HAVE

SCHEDULED THE CONSIDERATION OF THE APPROVAL OF THE RATE REQUEST ON THE JANUARY 13th "A" SESSION.

LET ME TURN IT OVER TO BEN TO KICK US OFF AND THEN WE'LL HAND IT OVER TO RUDY AND CORY.

THANKS.

Gorzell: GOOD AFTERNOON, MAYOR AND COUNCIL MEMBERS.

PLEASURE TO BE WITH YOU THIS AFTERNOON.

I'M GOING TO GO OVER JUST A COUPLE OF SLIDES AND I'LL START WITH VERY QUICKLY THE TWO ACTIONS THAT YOU'LL BE CONSIDERING IN JANUARY WHEN THIS RATE REQUEST COMES FORWARD.

ONE WILL BE A BASE RATE INCREASE OF 3.85%.

THAT IS MEANT TO ADDRESS CPS'S IMMEDIATE FINANCIAL PRESSURES AND TO SUPPORT THEIR OPERATIONS AND MAINTENANCE EXPENSES, CAPITAL PLAN, AND ASSOCIATED FINANCING PLAN.

THE SECOND ACTION WILL BE TO CREATE A REGULATORY ASSET.

THAT WILL CAPTURE THE WINTER STORM URI COSTS AND IT WILL ALLOW CPS TO ISSUE DEBT TO PAY FOR THOSE COSTS AND THEN TO RECOVER THAT FROM CUSTOMERS OVER TIME.

IS THAT BETTER?

AGAIN, THAT WILL ALLOW CPS TO RECOVER FROM CUSTOMERS OVER TIME.

IN SIMPLE TERMS THIS IS A MECHANISM THAT WILL ALLOW THEM TO CAPTURE THOSE COSTS, PAY FOR THEM BY USING DEBT FINANCING, AND THEN RECOVER THOSE COSTS FROM CUSTOMERS OVER TIME.

AND WHAT THEY'RE PROPOSING IS A 25-YEAR PERIOD.

I'M GOING TO GO OVER THESE VERY QUICKLY BECAUSE ERIK TOUCHED ON THESE ALREADY.

YOUR ROLE AS CITY COUNCIL, YOU RETAIN OVERSIGHT OVER THE APPROVAL OF ADJUSTMENTS TO RATES.

THE APPROVAL OF ANY DEBT ISSUANCES AND THE APPOINTMENT OF BOARD MEMBERS.

THE CPS ENERGY BOARD OF TRUSTEES RETAINS AUTHORITY OVER THE OPERATIONS OF THE SYSTEM ITSELF.

THE POSITION SUPERVISOR OF PUBLIC UTILITIES IS ESTABLISHED UNDER OUR CHARTER.

PART OF THAT RESPONSIBILITY IS THAT WE REVIEW RATE REQUESTS AND DEBT ISSUANCES AND WE DO A COMPREHENSIVE REVIEW AND THEN MAKE

RECOMMENDATIONS BASED ON THAT ANALYSIS AND REVIEW TO THE CITY MANAGER AND TO YOU ALL.

IN TERMS OF THE REVIEW, WE COVER A LOT OF DIFFERENT AREAS, IF WE'RE TALKING ABOUT A RATE REQUEST.

YOU SEE ALL OF THOSE LISTED HERE.

WE WILL GO INTO MORE DETAIL NEXT WEEK.

WE'LL PROVIDE A MORE DETAILED WRITTEN REPORT OF OUR ANALYSIS TO YOU THIS WEEK AS PART OF THE AGENDA ITEM FOR NEXT WEEK.

AND THEN WE'LL GO THROUGH MORE OF THIS INFORMATION IN DETAIL WITH YOU AT NEXT WEDNESDAY'S B SESSION.

SO LET ME JUST TALK A LITTLE BIT ABOUT THE RATE PLAN HERE.

SO THE TOP PART OF THIS SLIDE IS THE DRAFT RATE REQUEST THAT WE GOT FROM CPS ENERGY BACK IN SEPTEMBER.

AND YOU CAN SEE THERE THAT IT HAD A BASE RATE INCREASE OF 13.4% IN 2023. AND THEN ADDITIONAL INCREASES PROJECTED IN 2025 AND 2027 OF 7%. THAT WAS WHAT THE RATE PLAN LOOKED LIKE OVER THAT FIVE-YEAR PERIOD OF TIME.

IT DID INCLUDE FOR 2023 AN ADJUSTMENT FOR WINTER STORM URI AND FOR SOME PANDEMIC BAD DEBT.

IT HAS AN AVERAGE RESIDENTIAL IMPACT OF 11.1% ON THE TOTAL BILL.

YOU MAY HAVE SEEN A NUMBER REPORTED OF ABOUT 8.2%.

THAT ASSUMES THAT THE AVERAGE RESIDENTIAL CUSTOMER WOULD HAVE ABOUT A 3% REDUCTION IN THEIR USAGE.

SO IF YOU TAKE THAT OUT, THE BILL IMPACTS ABOUT 11.1%.

THAT WOULD HAVE GENERATED \$243.6 MILLION IN BASE REVENUES FOR CPS.

AND THEN THE WINTER STORM URI COMPONENT WAS ABOUT \$37 MILLION.

SO UNDER THE REVISED RATE CASE, WHICH IS WHAT WE'LL BE TALKING TO YOU ABOUT TODAY AND OVER THE COMING WEEKS, THAT HAS BEEN CHANGED AND REVISED.

AND YOU CAN SEE THAT FOR 2023 WE'RE PROPOSING A 3.8% BASE RATE INCREASE FOLLOWED BY PROJECTED INCREASES OF 5.5% IN 2025 AND IN 2027. THE WINTER STORM URI PIECE, THERE'S NO PANDEMIC BAD DEBT BUILT IN. THIS IS ONLY FOR THAT WINTER STORM URI PIECE THAT I MENTIONED ON THE FIRST SLIDE.

THAT EQUATES TO ABOUT 0.8 OF A PERCENT ON A TOTAL BILL.

SO ON THE AVERAGE RESIDENTIAL BILL -- AGAIN, THIS IS AVERAGE, THE BILL IMPACT WOULD BE ABOUT 3.3%.

THAT WOULD GENERATE ABOUT \$72.3 MILLION IN INCREMENTAL REVENUE AND THEN ABOUT \$24.2 MILLION IN REVENUE SUPPORT THE WINTER STORM URI COST.

ONE OF THE QUESTIONS, HOW DID WE GET FROM THE ORIGINAL RATE CASE THAT WE STARTED WITH IN SEPTEMBER TO THIS VERY DIFFERENT RATE CASE IN WHAT WE'RE CURRENTLY LOOKING AT.

SO ONCE WE GOT THE RATE CASE FROM -- I'LL TURN THAT OFF.

AS WE GOT THE RATE CASE FROM CPS ENERGY IN SEPTEMBER AND WE TOOK A COUPLE OF WEEKS TO LOOK AT THAT ORIGINAL CASE.

WE PROVIDED OUR FEEDBACK TO CPS ENERGY AND PART OF THAT FEEDBACK WAS WE RECOMMENDED AN APPROACH WHERE WE FOCUSED ON TWO THINGS.

THAT WE FOCUS ON ADDRESSING CPS'S IMMEDIATE FINANCIAL PRESSURE AND THAT WE FOCUS ON A MECHANISM THAT WOULD ALLOW [LAPSE IN AUDIO] RELATED TO WINTER STORM URI'S FUEL COSTS AND OTHER RELATED COSTS.

THAT HAS BEEN OUR FOCUS OVER THE PAST SEVERAL WEEKS SO THE CITY TEAM, WORKING WITH THE CPS TEAM, HAVE BEEN WORKING COLLABORATIVELY ON THIS REVISED APPROACH AND THAT IS WHAT HAS GOTTEN US TO THIS REVISED BASE RATE CASE INCREASE OF 3.85% AND THEN THE ROUGHLY 0.8 OF A PERCENT ON WINTER STORM URI.

THAT CASE IS A DIFFERENT APPROACH.

THIS APPROACH IS STILL A BUSINESS CASE BUT IT IS FOCUSED ON THOSE THINGS. IT'S FOCUSED ON FINANCIAL STABILITY FOR CPS ENERGY.

IT'S FOCUSED ON WHAT DO WE KNOW TODAY.

IT ISN'T TRYING TO SOLVE EVERYTHING.

IT ISN'T TRYING TO SOLVE AREAS WHERE THERE'S STILL A GREAT AMOUNT OF UNCERTAINTY RELATED TO CERTAIN THINGS LIKE PANDEMIC BAD DEBT OR THE DISPUTED CHARGES THAT STILL REMAIN RELATED TO WINTER STORM URI.

IT IS FOCUSING ON MORE OF THE THINGS THAT WE KNOW TODAY.

WE ALSO SPENT A LOT OF TIME WORKING ON THE RATE MODEL ITSELF.

AS YOU CAN IMAGINE IT'S LARGE.

IT'S COMPLEX.

IT HAS A LOT OF ASSUMPTIONS BUILT INTO IT.

WORKING WITH THE CPS TEAM TO TRY TO TIGHTEN THOSE AS MUCH AS WE COULD, ALIGN THOSE AS MUCH AS WE COULD.

ALL OF THOSE HAD POSITIVE IMPACTS.

YOU STILL SEE A MULTIYEAR APPROACH.

THE ORIGINAL CASE HAD THAT.

WE HAVE PRESERVED THAT WITH THE REVISED CASE, ASSUMING THAT THEY MAY COME BACK IN A COUPLE OF YEARS FOR ADDITIONAL RATE SUPPORT.

AND WE'LL TALK ABOUT WHY THAT'S IMPORTANT AND WHY THAT PROVIDES SOME ADDITIONAL FLEXIBILITY.

AND THEN LAST HERE IT FOCUSED ON THOSE PAID COSTS FOR WINTER STORM URI AND THE ABILITY TO RECOVER THOSE THROUGH THE FUEL ADJUSTMENT.

SO WHEN WE TALK ABOUT THIS REVISED APPROACH AND SOME OF THE BENEFITS, YOU KNOW, IT OBVIOUSLY ADDRESSES CPS ENERGY'S IMMEDIATE FINANCIAL PRESSURES AND JUST AS IMPORTANTLY IT ALLOWS TIME FOR ADDITIONAL ROBUST ANALYSIS AND DIALOGUE ON IMPORTANT POLICY ISSUES.

THERE ARE A NUMBER OF POLICY ISSUES RELATED TO GENERATION PLANNING. THERE'S BEEN A LOT OF CONVERSATION ABOUT RATE DESIGN IN TERMS OF HOW COSTS ARE RECOVERED FROM CUSTOMERS.

THIS PROVIDES THAT RUNWAY OR THAT TIME FOR THAT WORK TO OCCUR WITH THE BOARD OF TRUSTEES, WITH THE RATES ADVISORY COMMITTEE, AND WITH OTHERS.

SO THAT'S AN IMPORTANT ELEMENT OF THIS.

THE OTHER THING IT DOES IS ON THOSE AREAS WHERE WE STILL HAVE A LOT OF UNCERTAINTY, TIME WILL GIVE US MORE CLARITY.

AND AS WE GET MORE CLARITY ON THOSE ISSUES THEN WE CAN TALK ABOUT HOW OR IF WE NEED TO RECOVER COSTS FROM CPS ENERGY CUSTOMERS.

SO THOSE ARE TWO IMMEDIATE BENEFITS TO THIS REVISED APPROACH.

LET'S ADDRESS WHAT WE NEED TO DO TODAY.

LET'S GET SOME TIME TO LET SOME OF THESE AREAS OF UNCERTAINTY EVOLVE AND GAIN MORE CLARITY AND LET'S PROVIDE OUR RUNWAY TO HAVE ADDITIONAL CONVERSATION ON THESE POLICY ISSUES.

NOW, YOU SAW ON THE RATE PLAN THAT THERE ARE FORECASTED RATE INCREASES IN 2025 AND 2027.

THOSE WILL CHANGE.

AS THESE MODELS GET UPDATED, AS YOU GET MORE INFORMATION, THOSE ARE GOING TO CHANGE AND I LISTED ON THIS SLIDE JUST A FEW FACTORS ON THE RIGHT SIDE THAT ARE GOING TO HAVE AN IMPACT.

SOME WILL PUT PRESSURE ON RATES AND SOME WILL TAKE PRESSURE OFF OF RATES.

IT'S JUST TO GIVE YOU AN IDEA.

POST-PANDEMIC REALITIES.

EVERYTHING FROM WE'RE STILL IN RECOVERY MODE, WHAT DOES IT LOOK LIKE POST-PANDEMIC?

HOW DOES USAGE CHANGE POST-PANDEMIC?

WITH PEOPLE WORKING MORE FROM HOME, DOES THAT STAY IN PLACE, HOW DOES THAT AFFECT HOW PEOPLE USE ENERGY?

WE CAME OFF OF A VERY MILD SUMMER.

AS WE GO INTO THIS RATE MODEL, YOU'RE TRYING TO PROJECT WHAT NORMAL WEATHER LOOKS LIKE.

THAT'S OBVIOUSLY VERY DIFFICULT TO DO BUT AS YOU GET TIME TO RECOVER THOSE THINGS WILL HELP.

WHAT HAPPENS WITH PANDEMIC BAD DEBT?

YOU ALL APPROVED THE \$20 MILLION IN ARPA FUNDING FOR CPS ENERGY.

WE HAVE THE INTERLOCAL AGREEMENT IN PLACE.

THEY ARE WORKING ON DEPLOYING THOSE RESOURCES TO HELP CPS ENERGY RATEPAYERS ALONG WITH A LOT OF OTHER TOOLS THAT THEY HAVE.

SO THAT WILL BE AN AREA WE'LL CLOSELY MONITOR TO SEE HOW THAT EVOLVES AND HOW THAT CHANGES OVER TIME.

THE WINTER STORM URI DISPUTED FUEL COSTS ARE STILL THERE.

THOSE WILL BE RESOLVED OVER TIME.

GENERATION PLANNING DECISIONS.

THAT WILL BE UPCOMING IN THE NEAR TERM.

IT GIVES TIME FOR THOSE TO BE WORKED THROUGH.

TECHNOLOGY PROJECT COST AND IMPLEMENTATION, WE'LL TALK ABOUT THAT MORE NEXT WEEK.

AND I THINK RUDY IS GOING TO TALK ABOUT SOME OF THAT TODAY.

RATE DESIGN AND EVEN FUTURE CONSERVATION PROGRAMS.

SO, YOU KNOW, AGAIN IT'S A PLAN.

IT'S A BASE MODEL.

WE'LL CONTINUE TO UPDATE AND EVOLVE.

WE'LL REALLY FEEL LIKE THIS IS A VERY SOUND APPROACH IN TERMS OF HOW TO ADDRESS CPS'S IMMEDIATE NEEDS.

I DO WANT TO SUMMARIZE HERE AND I WANT TO THANK A COUPLE OF PEOPLE.

I WANT TO THANK RUSSELL, OUR ASSISTANT DIRECTOR OF PUBLIC UTILITIES.

JEFF, THE ASSISTANT ADMINISTRATOR SITTING NEXT TO HIM IN PUBLIC UTILITIES.

THESE FOLKS LEAD THE CITY TEAM, I WANT TO THANK THE ENTIRE CITY TEAM.

THEY HAVE PUT A TREMENDOUS AMOUNT OF WORK IN A VERY COMPRESSED PERIOD OF TIME ON THIS TO GET THIS TO THIS POINT.

AND THEN I ALSO WANT TO THANK RUDY GARZA, INTERIM CEO FOR CPS ENERGY, CORY, THE CFO FOR CPS ENERGY.

I THOUGHT I SAW CHAD IN THE BACK THERE WHO I THINK WAS LUCKY ENOUGH TO DRAW THE SHORT STRAW AND BEING THE LEAD ON THE RATE CASE.

BUT I REALLY WANT TO THANK THEM BECAUSE OVER THE PAST SEVERAL WEEKS WE HAVE SPENT A LOT OF TIME TOGETHER.

THEY HAVE MADE THEMSELVES AVAILABLE.

THEY'VE BEEN VERY RESPONSIVE AND THAT HAS HELPED US GET TO THE POINT WE'RE AT TODAY.

WITH THAT, I'M GOING TO TURN IT OVER TO RUDY GARZA, INTERIM CEO FOR CPS ENERGY.

THANK YOU.

WHILE THEY'RE BRINGING MY PRESENTATION UP, MAYOR, COUNCIL MEMBERS, IT'S REALLY GOOD TO BE WITH YOU HERE TODAY AND WE REALLY APPRECIATE YOU HAVING ME AND THE CPS ENERGY LEADERSHIP TEAM.

A FEW THINGS I WANT TO SAY TO START OFF MY PRESENTATION TODAY.

I'M HONORED TO RECENTLY HAVE BEEN ASKED BY OUR BOARD TO STEP IN TO LEAD OUR APPROXIMATELY 3,000 EMPLOYEES THROUGHOUT WHAT HAVE BEEN SOME TRYING TIMES FOR OUR COMMUNITY AND ORGANIZATION.

I WANT TO RECOGNIZE MY BOARD CHAIR, DR. MACKEY.

THANK YOU FOR GIVING ME THIS OPPORTUNITY AND FOR YOUR LEADERSHIP OF OUR BOARD.

TODAY I STAND BEFORE YOU REPRESENTING 3,000 PEOPLE WHO ARE COMMITTED TO SERVING THIS COMMUNITY.

AND THAT COMMITMENT REMAINS DAY IN AND DAY OUT, NIGHTS, WEEKENDS, WEATHER.

THEY'RE ALWAYS OUT THERE AND I'M HERE TODAY REPRESENTING THEM.

IT'S BEEN EIGHT YEARS, EIGHT YEARS, FOUR COUNCIL TERMS.

ONE FULL, YOU KNOW, TERM LIMIT SINCE ANY LEADER FROM CPS ENERGY HAS STOOD AT THIS COUNCIL PODIUM ASKING OUR OWNER AND REGULATOR TO CONSIDER A RATE REQUEST.

IT'S NOT AN ASK OUR LEADERSHIP TEAM TAKES LIGHTLY.

THESE ARE NEVER EASY CONVERSATIONS AND THE TIMING IS NEVER IDEAL.

WE'VE SPENT THE LAST EIGHT YEARS DOING EVERYTHING IN OUR CONTROL TO BE GOOD STEWARDS OF OUR COMMUNITY'S UTILITY DOLLARS.

WE FOUND OVER \$900 MILLION OVER THAT TIME PERIOD IN SAVINGS TO DO OUR PART TO BE GOOD STEWARDS OF THIS COMMUNITY ASSET.

THAT'S WHAT WE ARE.

WE'RE A COMMUNITY ASSET.

WE'RE AN ASSET THAT YOU OWN AND OUR CUSTOMERS OWN.

IT'S NO DIFFERENT THAN OWNING A CAR.

YOU'VE GOT TO CHANGE THE CAR, YOU KNOW, THE OIL EVERY 10,000 MILES OR WHATEVER IT IS AND THAT'S WHY WE'RE HERE TODAY.

OVER THE LAST COUPLE OF YEARS, WE'VE SEEN SOME CHALLENGES AS A COMMUNITY AND OF COURSE ACROSS THE GLOBE.

OUR COMMUNITY CONTINUES TO RECOVER FROM THE PANDEMIC AND WE FOCUSED OVER THAT TIME TO DO OUR PART TO SUPPORT OUR CUSTOMERS TO THE TUNE OF ROUGHLY \$45 MILLION IN DIRECT BILL PAYMENT ASSISTANCE AND OTHER ASSISTANCE THAT WE'VE MANAGED.

WE'VE BEEN FOCUSED ON THAT AND WE'VE GOT A GREAT TEAM THAT DOES THAT DAY IN AND DAY OUT.

AND THEN NINE MONTHS AGO THE IMPACTS OF WINTER STORM URI WERE CATASTROPHIC ACROSS THE CENTRAL U.S. AND OF COURSE RIGHT HERE AT HOME.

IT'S OUR JOB AS LEADERS OF A PUBLICLY-OWNED UTILITY TO COME FORWARD DURING TIMES LIKE THESE WHEN OUR UTILITY IS FEELING THE FINANCIAL IMPACTS OF SOME DIFFICULT CIRCUMSTANCES TO ENSURE WE'RE ABLE TO CONTINUE TO DO THE JOB OUR COMMUNITY EXPECTS OF US IN PROVIDING ELECTRIC AND GAS UTILITY SERVICES IN SAN ANTONIO.

AS ERIK AND BEN MENTIONED, I WANT TO THANK THE CITY MANAGER AND THE CHIEF FINANCIAL OFFICER AND BEN'S STAFF AND THE ENTIRE COSA TEAM FOR THEIR DILIGENCE IN REVIEWING OUR REQUEST.

THIS TRULY HAS BEEN A PARTNERSHIP.

YOU KNOW, WE RECAST THE PROCESS TO GET IT RIGHT AND THAT'S WHY WE'RE HERE BEFORE YOU.

IF WE WEREN'T WORKING THE WAY WE NEEDED TO WORK TOGETHER WE WOULDN'T BE HERE AT THIS PODIUM TODAY.

SO, WITH THAT, I WILL PROMISE THAT WE ARE GOING TO TRY TO BE BRIEF IN OUR PRESENTATIONS SO THAT WE CAN GET TO THE QUESTIONS AND THE CONVERSATION THAT YOU HAVE WITH YOU.

MY LEADERSHIP TEAM IS HERE.

I WILL BE REMISS IF I DIDN'T ASK FOR AN OPPORTUNITY TO PHONE A FRIEND TO MAKE SURE THAT WHATEVER QUESTIONS THAT YOU HAVE TODAY, WE GET THE RIGHT LEADER UP HERE SO YOU CAN, NUMBER ONE, MEETLY LEADERSHIP TEAM

BUT, NUMBER TWO, WE CAN ANSWER YOUR QUESTIONS TO THE BEST OF MY ABILITY TODAY SO MY ENTIRE LEADERSHIP TEAM IS HERE FROM CPS ENERGY TO ENGAGE WITH YOU TODAY.

HERE'S OUR AGENDA.

WE'RE GOING TO TALK ABOUT THE PROCESS AND KIND OF WHERE WE ARE.

AS BEN MENTIONED.

SO I WANT TO FOCUS ON A FEW TERMS.

THIS REALLY HAS BEEN A COLLABORATION.

REALLY HAS BEEN A CHANGE IN OUR APPROACH TO ENGAGING WITH THE COMMUNITY AND I HOPE THAT I CAN SLOWLY BUT SURELY REBUILD, YOU KNOW, THE TRUST WITH THE COMMUNITY AND CERTAINLY WITH YOU AND YOUR TEAMS ON WHAT YOU THINK ABOUT CPS ENERGY AND THE JOB THAT WE'RE ASKED TO DO ON A DAILY BASIS.

THIS RATE REQUEST IS FOCUSED ON NEAR-TERM INVESTMENTS.

THEY ARE ALL INVESTMENTS THAT DIRECTLY IMPACT OUR CUSTOMERS AND OUR EMPLOYEES.

AND SO WHAT'S IN HERE IS, IN MY MIND, EXACTLY WHAT WE NEED TO BE ABLE TO SHORE OURSELVES UP AND MOVE FORWARD IN A POSITIVE MANNER.

AS BEN MENTIONED, WE HAVE BEEN TALKING A LOT ABOUT THE POLICY ISSUES THAT OUR COMMUNITY REALLY HAS BEEN INTERESTED IN HAVING.

YOU KNOW, WHAT IS OUR GENERATION STRATEGY LOOK LIKE IN THE COMING YEARS?

HOW ARE WE GOING TO DEAL WITH ISSUES SUCH AS UTILITY BURDEN AND SO THIS GIVES US TIME TO GET TO -- TO SHORE UP OUR FINANCIAL SITUATION RIGHT NOW AND MOVE FORWARD IN A CONSTRUCTIVE AND BRISK MANNER.

THESE ARE CONVERSATIONS THAT DON'T HAVE TO TAKE YEARS TO GET RESOLUTION.

I'D LOVE TO BE ABLE IN MY TIME AS INTERIM CEO TO PUT THE BOARD AND OUR COMMUNITY ON A PATH TO BE ABLE TO MAKE SOME OF THESE DECISIONS.

WE SPENT A LOT OF TIME WITH CITY STAFF TALKING ABOUT WHAT THE PATH FORWARD LOOKS LIKE WITH RESPECT TO A LOT OF THESE CONVERSATIONS THAT WE KNOW THE COMMUNITY WANTS TO HAVE WITH CPS ENERGY.

FROM AN ENGAGEMENT STANDPOINT, WE HAVE CONTINUED TO ENGAGE OUR CUSTOMERS.

THE MUNICIPAL UTILITY COMMITTEE, COUNCILMAN COURAGE, APPRECIATE YOUR LEADERSHIP AND THE MEMBERS OF THE MUNICIPAL UTILITY COMMITTEE FOR ENGAGING WITH US IN A REALLY, REALLY CONSTRUCTIVE WAY.

THEY'RE ASKING GOOD QUESTIONS AND WE TALK ABOUT WHAT ARE YOU DOING TO CONNECT WITH YOUR CUSTOMERS.

WE'VE HAD, BY THE END OF THE YEAR WE WOULD HAVE HAD 1,000 ENGAGEMENT EVENTS AND ENGAGED WITH OVER 72,000 INDIVIDUALS ABOUT THE NEEDS THEY HAVE, YOU KNOW, TO DEAL WITH ALL KINDS OF ISSUES.

AGAIN, IT'S NOT JUST UTILITY ASSISTANCE AND CATCHING UP ON THEIR BILLS, IT'S RENTAL ASSISTANCE, IT'S FOOD.

IT'S TRANSPORTATION CHALLENGES.

WE REALLY ARE LOOKING AT THE WHOLE OF THE PERSON IN TAKING THE TIME TO HELP THEM.

WE'RE GOING TO CONTINUE TO DO THIS AND AS PART OF THE RATE CASE CONVERSATION WE'RE GOING TO GO TO WHATEVER COMMUNITY EVENTS YOU'D LIKE TO SEE US AT.

WE'RE GOING TO HOST OUR OWN PUBLIC EVENTS FOR OUR CUSTOMERS TO COME AND ASK US QUESTIONS.

AND SO WE'LL CONTINUE TO ENGAGE THE PUBLIC IN THE WAY THAT WE KNOW THAT YOU EXPECT US TO.

A BIG PORTION OF THAT ENGAGEMENT IS GOING TO BE THE WORK OF OUR RATE ADVISORY COMMITTEE AND OUR CITIZENS ADVISORY COMMITTEE.

WE HAVE TWO GREAT LEADERS, REED WILLIAMS, LOUISA CASO.

THESE ARE CITIZENS WHO DON'T HAVE TO ENGAGE US THE WAY THEY'RE ENGAGING US BUT THEY'RE SHOWING UP EVERY MONTH AND IN THE RAC'S CASE THEY'RE SHOWING UP EVERY WEEK FOR THREE HOURS TO LISTEN TO WHAT WE HAVE TO TALK TO THEM ABOUT.

AND THEY'RE READY TO DIG IN.

THEY HAVE BEEN FRUSTRATED, QUITE FRANKLY, BECAUSE WHEN WE TOOK A STEP BACK WE HAD TO PAUSE THE WORK OF THE RAC TO REALLY MAKE SURE, YOU KNOW, THERE'S NO REASON TO TALK ABOUT AN 8.2% RATE CASE IF THE NUMBER IS GOING TO CHANGE.

SO WE HAVE SENT THEM ALL THE MATERIALS THAT BEN HAS AND THAT COUNCIL WILL SEE OVER THIS PROS.

THE RATE ADVISORY COMMITTEE MET LAST WEEK, WE POSTED THAT ON OUR WEBSITE ON MONDAY AND THEY'RE REALLY GOING TO DIG IN.

AS A FORMER COUNCIL MEMBER, CHAIRMAN WILLIAMS UNDERSTANDS THIS PROCESS PRETTY WELL AND I THINK THE PROCESS OF RAC IS VERY, VERY COMPLEMENTARY TO WHAT THE CITY IS DOING SO THE BOARD WILL GET A VERY THOROUGH, I BELIEVE, SET OF INPUTS FROM THE RATE ADVISORY COMMITTEE.

SO AS BEN MENTIONED, YOU KNOW, WE REALLY ARE AT A PLACE WHERE WE'RE TALKING ABOUT APPLES AND ORANGES.

WHERE WE STARTED AND WHERE WE ARE TODAY ARE TWO VERY DIFFERENT PLACES AND I DON'T WANT TO LEAVE YOU WITH THE IMPRESSION THAT, YOU KNOW, THAT THE PROCESS WE USE TO GET THE 10% AND THEN THE 8.2% THAT WE STARTED TALKING ABOUT, WE REALLY PAUSED AND WE REBUILT THIS CASE FROM THE GROUND UP SO, YOU KNOW, AS CORY AND I AND OUR LEADERSHIP TEAM ARE LOOKING AT THE FINANCIALS, LOOKING AT OUR BUDGET CHALLENGES, LOOKING AT THE THINGS GOING ON IN OUR COMMUNITY WITH RESPECT TO BAD DEBT AND THE FUEL COST.

WE'RE REALLY LOOKING AT DOES THIS TAKE CARE OF THE LIQUIDITY ISSUES THAT ARE CREATED AND DOES IT MOVE OUR METRICS THAT ARE IMPORTANT TO THOSE WHO INVEST IN OUR BONDS AND IMPORTANT TO THE CITY OF SAN ANTONIO AND YOUR OWN FINANCIAL CONDITION.

YOU KNOW, DOES IT TAKE CARE OF THAT NEED.

I TOLD DR. MACKEY AND MY BOARD MEMBERS THIS, I BELIEVE THE 3.85% DOES TAKE CARE OF THE NEED AND ALLOWS US TO HAVE THOUGHTFUL CONVERSATIONS ABOUT THE FUTURE MOVING FORWARD.

SO WHAT'S INCLUDED.

REALLY THIS IS A PARED DOWN VERSION OF WHERE WE STARTED.

IT INCLUDES THE INVESTMENTS IN OUR WEATHERIZATION AND INFRASTRUCTURE RESILIENCY.

WE'RE INVESTING A LOT OF MONEY IN OUR POWER GENERATION UNITS TO MAKE SURE THAT THEY'RE CAPABLE AND READY TO RUN DURING THE COLDEST TIMES OF THE YEAR IN JANUARY AND FEBRUARY.

SO WE'VE SPENT A LOT OF MONEY NOW -- AND I'VE GOT A SLIDE ON THAT.

WE WILL CONTINUE TO INVEST.

THERE ARE A LOT OF REGULATORY REQUIREMENTS.

THE PUBLIC UTILITY COMMISSION IS BRINGING UPON US IN THE FUTURE YEARS THAT WE'VE GOT TO PLAN FOR.

THOSE AREN'T DISCRETIONARY INVESTMENTS.

THOSE ARE INVESTMENTS THAT WE HAVE TO MAKE AS THE FOURTH LARGEST GENERATOR IN THE STATE OF TEXAS.

AND SO INFRASTRUCTURE RESILIENCY IS REALLY AN IMPORTANT COMPONENT OF THIS REQUEST.

TECHNOLOGY.

OUR SYSTEM, THE BRAINS OF OUR COMPUTERS THAT ALLOW US TO BILL CUSTOMERS, THAT ALLOW CUSTOMERS TO ENGAGE WITH US ONLINE THROUGH OUR MANAGE MY ACCOUNT SYSTEM, THAT ALLOW US TO TAKE PHONE CALLS. THAT ALLOW US TO SEND BILLS OUT.

THAT ALLOW US TO PAY OUR VENDORS.

IT'S 22 YEARS OLD.

IT'S BEYOND ITS LIFE AT THIS POINT AND WE GOT TO PLAN FOR THAT REPLACEMENT.

90% OF THAT INVESTMENT IS RIPPING OUT THE OLD SYSTEM BEFORE WE EVER GET INTO REINSTITUTING THE NEW SYSTEM THAT'S COMING.

SO THERE'S A COUPLE OF YEARS OF PLANNING WORK THAT WE'VE GOT TO DO TO GET THAT PROJECT ON THE RIGHT PATH.

AS BEN SAID, YOU KNOW, WE'LL KNOW ONCE WE GO THROUGH THE RFP PROCESS WHAT THE ACTUAL INVESTMENT IS GOING TO BE AND THEN WE CAN COME BACK TO THE CITY AND WE CAN TALK ABOUT THAT AS A KNOWN DOLLAR AMOUNT, NOT WHAT WE ESTIMATE.

GROWTH.

OUR COMMUNITY IS GROWING IN EVERY DIRECTION.

EVERY DIRECTION.

YOU KNOW, IT'S NOT JUST WHEN A CUSTOMER CONNECTS TO OUR SYSTEM, THEY PAY A CONTRIBUTION TO BE ABLE TO DO THAT RIGHT UP FRONT TO BE ABLE TO CONNECT TO OUR SYSTEM BUT THERE ARE OTHER INVESTMENTS THAT YOU HAVE TO MAKE AS YOUR COMMUNITY'S GROWING.

INVESTMENTS IN SUBSTATIONS.

CONNECTIONS ON TRANSMISSION LINES AND THINGS THAT ALLOW US TO KIND OF RECONSTITUTE OUR SYSTEM [LAPSE IN AUDIO].

SO THERE'S SOME MONEY TO BE ABLE TO HANDLE THAT GROWTH.

AND THEN OUR PEOPLE.

I CAN'T RUN A UTILITY COMPANY WITHOUT EMPLOYEES AND WE ARE DANGEROUSLY LOW IN TERMS OF OVERALL EMPLOYEE NUMBERS.

WE'RE DOWN ABOUT 2900 EMPLOYEES FOR 900,000 CUSTOMERS, GIVE OR TAKE. THAT IS NOT WHERE WE WANT TO BE.

WE HAVE A LOT OF OUR EMPLOYEES THAT ARE GETTING CLOSE TO RETIREMENT.

MY CHIEF ADMINISTRATOR OFFICER, LISA LEWIS IS HERE TO ANSWER ANY QUESTIONS YOU MAY HAVE ABOUT OUR WORKFORCE BUT I GOT TO BE ABLE TO HIRE ENGINEERS AND THE JOB MARKET, AS ERIK CAN TELL YOU, HIRING PEOPLE IN TODAY'S JOB MARKET IS NOT EASY.

WE'RE LOSING PEOPLE THAT WE DON'T WANT TO LOSE RIGHT NOW AND SO WE'VE GOT TO COME UP WITH A COMPENSATION SYSTEM FOR -- I MEAN, FOR OUR BREAD-AND-BUTTER EMPLOYEES, FOR THE FRONTLINE PEOPLE THAT ALLOW US TO REMAIN COMPETITIVE.

AND THAT'S IT.

INFRASTRUCTURE, TECHNOLOGY, SYSTEM GROWTH, AND OUR PEOPLE.

THAT AMOUNTS TO ROUGHLY \$73 MILLION THAT WE BELIEVE WILL MOVE US IN THE RIGHT DIRECTION GOING FORWARD.

WHAT'S NOT INCLUDED.

AND, AGAIN, BEN ALLUDED TO SOME OF THESE.

YOU KNOW, WE'RE GOING TO GO THROUGH THE PROCESS OF, YOU KNOW, WE REALLY PUT OFF THE DISCONNECT PROGRAM THROUGH THE HOLIDAYS.

WE HAVEN'T STARTED DISCONNECTING ANY RESIDENTIAL CUSTOMERS BECAUSE WE WANTED TO HAVE A THOUGHTFUL CONVERSATION WITH COUNCIL ABOUT OUR APPROACH.

WE'VE REVISED OUR APPROACH IN A LOT OF WAYS AT THE MUNICIPAL UTILITIES COMMITTEE HAS GIVEN US FEEDBACK ON, WHICH I THINK HAS BEEN A STEP IN THE RIGHT DIRECTION.

WE DON'T KNOW FOR SURE WHETHER IT'S A \$130 MILLION PROBLEM OR ONCE WE START DISCONNECTING FOR THOSE CUSTOMERS WHO CAN'T PAY, THAT NUMBER PROBABLY IS 40-SOMETHING MILLION DOLLARS IN THE FUTURE AND A LOT OF THAT IS PEOPLE WE CAN FIND ASSISTANCE TO HELP.

SO WE'RE NOT GOING TO PUT ANY PANDEMIC BAD DEBT UNTIL WE GET A LITTLE FURTHER ALONG.

EARLY TO MID NEXT YEAR WE'LL HAVE A GOOD HANDLE ON WHERE WE ARE AND THEN WE CAN COME BACK TO THE CITY AND TALK ABOUT THAT.

IF IT'S SOMETHING WE CAN'T FIGURE OUT HOW TO FUND ON OUR OWN.

DISPUTED FUEL COSTS.

WE HAVE HAD CONVERSATIONS WITH COUNCIL.

WE PAID \$418 MILLION IN FUEL COSTS ASSOCIATED WITH WINTER STORM URI BUT THERE'S AN ALMOST \$600 MILLION OF FUEL WE'RE STILL DISPUTING.

I BELIEVE, AND WE WILL CONTINUE TO FIGHT THE FIGHT TO PROTECT OUR CUSTOMERS AND SO WE'RE NOT INCLUDING FUEL COSTS THAT IS STILL UNDER DISPUTE.

WE'RE ONLY INCLUDING THE PORTION UP TO NOW THAT WE'VE PAID THAT WE BELIEVE HAS BEEN THE RIGHT SETTLEMENTS, THE RIGHT APPROACH WITH OUR

COUNTERPARTS AND THAT IS PART OF THE REGULATORY ASSET THAT BEN TALKED ABOUT.

FUTURE GENERATION DECISIONS.

I HAVE SPENT TIME WITH OUR BOARD TALKING ABOUT THE FACT THAT WE'VE GOT TO GET A COMMUNITY PROCESS RIGHT, A PROCESS THAT INVOLVES THE RATE ADVISORY COMMITTEE TO TALK ABOUT THE FUTURE OF OUR GENERATION ASSETS.

SO THERE'S NOTHING IN HERE THAT PRESUPPOSES WHAT THOSE SOLUTIONS ARE GOING TO BE.

WE STRIPPED OUT ANY PLANNING WORK ON ASSUMING THAT WE'RE GOING TO CONVERT SOME OF OUR UNITS TO NATURAL GAS.

WHEN WE MAKE THAT DECISION, WE'LL PUT THEM IN THE PLAN.

SO WE PULLED OUT SOME OF THE PLANNING WORK THAT WAS IN THERE OVER THE LONG TERM.

AND THEN RATE DESIGN CHANGES, YOU KNOW, WHEN WE TALK ABOUT THE UTILITY BURDEN, WHICH I SPOKE TO THE MEDIA ABOUT THIS A LITTLE WHILE AGO.

ONE THING I HAVE LEARNED FROM THE RATE ADVISORY COMMITTEE MEMBERS, YOU KNOW, WE'VE ALSO LOOKED AT THE UTILITY BURDEN, YOU KNOW, CONCEPT [LAPSE IN AUDIO].

IT'S SOMETHING THAT REALLY HAS ONLY COME INTO AS A TERM, AS A CONCEPT. HAS REALLY COME INTO EXISTENCE OVER THE LAST DECADE.

WE'VE BEEN HERE BEFORE CITY COUNCIL FOR RATE INCREASE ONCE IN THE LAST 12 YEARS.

WE HAVE NOT HAD AN OPPORTUNITY TO RECAST OUR AFFORDABILITY PROGRAM FROM A TRUE UTILITY BURDEN STANDPOINT BUT, YOU KNOW, WE'RE HAVING A REALLY GOOD CONVERSATION WITH THE RATE ADVISORY COMMITTEE RIGHT NOW.

THAT'S GOING TO TAKE A LITTLE BIT OF TIME BUT WHEN WE COME BACK TO CITY COUNCIL AFTER THIS PROCESS, WE CAN TALK ABOUT HOW CAN WE RESTRUCTURE RATES IN A MANNER THAT WORKS FOR OUR COMMUNITY?

SO THOSE REALLY -- THAT'S REALLY THE PRESUMPTIVE POLICY TYPE OF STUFF THAT WE REALLY PULLED OUT OF THIS CONVERSATION TO REALLY JUST FOCUS IN ON WHAT WE KNOW AND WHAT WE KNOW WE NEED.

INFRASTRUCTURE RESILIENCY.

I WANT TO TALK ABOUT THAT REALLY IN TWO PHASES HERE.

PHASE ONE IS WHAT WE HAVE DONE THIS YEAR.

THAT'S COSTS THAT WE'VE ALREADY PAID THAT PREPARES FOR THIS WINTER SEASON.

AS I SAID PHASE TWO REALLY IS THOSE REGULATORY REQUIREMENTS THAT ARE STILL UNDER REVIEW AT THE STATE AND AT THE FEDERAL LEVEL THAT ARE CERTAINLY GOING TO BRING COSTS DOWN UPON US AS AN OPERATOR THAT WE'RE GOING TO HAVE TO PLAN FOR.

AND SO WHAT WE'RE ASKING FOR SUPPORT IS TO GIVE US THOSE DOLLARS THAT WE BELIEVE ARE GOING TO BE NECESSARY TO BE COMPLIANT GOING FORWARD IN THE FUTURE.

WINTER STORM URI FUEL COSTS.

WHAT WE'RE PROPOSING AS PART OF THE REGULATORY ASSET, WHICH IS BASICALLY A FANCY TERM FOR PAYING THAT FUEL COST OVER TIME, IS \$24 MILLION A YEAR.

IT'S ROUGHLY \$1.26 ON AN AVERAGE RESIDENTIAL CUSTOMER BILL PER MONTH. BUT THAT REALLY ALLOWS US TO THOUGHTFULLY AND AFFORDABLY COLLECT THOSE FUEL COSTS THAT WE HAVE PAID OVER TIME FROM OUR CUSTOMERS. THE NEXT SLIDE, I WANT TO KIND OF GIVE YOU A BENCHMARK OF WHAT OTHER SYSTEMS HAVE DONE.

THAT MAP ON THE RIGHT REALLY IS THE ENTIRE CENTRAL U.S. WAS IN THE EXACT SAME POSITION THAT WE WERE IN.

EVERY GAS GENERATOR OR GAS UTILITY PROVIDER HAD A FUEL EXPENSE FROM WINTER STORM URI THAT THEY HAD TO DO SOMETHING WITH.

AND WHEN YOU LOOK AT THE OTHER APPROACHES THAT THE OTHER COMMUNITIES AND THE OTHER UTILITIES HAVE TAKEN, YOU KNOW, THEY HAVE GONE FROM ONE MONTH CHARGING SOMEBODY \$1,000 ONE TIME AND LETTING THEM PAY IT OFF HOWEVER THEY PAY IT OFF OR SPREADING THAT OUT OVER 28 YEARS.

WHAT WE'RE TALKING ABOUT IS 25 YEARS.

OBVIOUSLY, WE'RE ON THE LOWER END OF THAT 1 TO 58-DOLLAR IMPACT. WE WERE TALKING ABOUT \$1.26.

THE AVERAGE MONTHLY BURDEN ON THIS HAS BEEN \$11.

AGAIN, WHEN AN EXTRAORDINARY EVENT LIKE THIS POPS UP YOU DON'T WANT TO SHOCK YOUR CUSTOMERS AND IN TEXAS THERE WAS A LOT OF RATE SHOCK. A LOT OF THE CONVERSATIONS THAT ARE GOING ON AT THE STATE LEVEL NOW IS TRANSFERRING OUT OF THE ELECTRIC AND GAS UTILITY INDUSTRY INTO THE NATURAL GAS SUPPLIER INDUSTRY BILLIONS OF DOLLARS WITH NO CONSUMER PROTECTIONS WHATSOEVER.

WE'RE GOING TO KEEP FIGHTING THIS FIGHT BUT WHAT WE'RE ASKING FOR HERE IS WHAT WE HAVE PAID THAT WE BELIEVE IS JUSTIFIABLE.

SO AS PART OF THE FUEL ADJUSTMENT, THIS COMES UP, AND CERTAINLY IT'S A CONVERSATION WE'RE HAVING WITH OUR RATE ADVISORY COMMITTEE ALMOST EVERY MEETING.

WHAT'S IN THE FUEL COST.

FUEL COST IS NOT REVENUE THAT WE EARN.

IT DOESN'T COME INTO OUR POCKETS TO PROVIDE SERVICE.

IT LITERALLY GOES TO -- IT'S A PASS-THROUGH.

WE PAY IT, WE PASS IT ON TO CUSTOMERS.

AND SO THAT INCLUDES JUST WHAT IT COSTS US TO GENERATE POWER.

THE FUEL ASSOCIATED WITH THAT.

OUR PPAs WITH OUR RENEWAL PURCHASES THAT WE MAKE.

WE DON'T OPERATE SOLAR OR WIND FARMS.

WE BUY THOSE THROUGH PPA.

THOSE COSTS ARE IN THERE.

WHEN WE HAVE TO BUY POWER ON THE OPEN MARKET, WE BUY AND SELL POWER FREQUENTLY ON THE OPEN MARKET SO THOSE TRANSACTIONS END UP IN OUR FUEL COST.

AS DOES OUR SAFER TOMORROW ENERGY PLAN, WHICH WE'VE STILL GOT SOME WORK TO DO WITH OUR BOARD, BUT THOSE COSTS ARE PASSED ON AS PART OF OUR CUSTOMER BEHAVIOR INITIATIVE ON ENERGY EFFICIENCY.

AND SO THE STORM FUEL COSTS WILL BE THAT FIFTH COMPONENT NOW THAT WE'LL RECOVER IN A REGULATORY ASSET OVER 25 YEARS.

I WILL NOW TURN IT OVER TO CORY AND CORY, OUR CFO, WILL WALK YOU THROUGH A NUMBER OF THE FINANCIAL COMPONENTS OF THE PRESENTATION. THANK YOU.

THANK YOU, RUDY.

GOOD AFTERNOON, MAYOR.

GOOD AFTERNOON, COUNCIL.

I WANT TO BEGIN SIMILAR TO RUDY.

I DO WANT TO EXTEND MY APPRECIATION TO THE CITY LEADERSHIP TEAM, ERIK AND BEN AND RUSSELL AND JEFF AS WELL.

THERE'S BEEN A LOT OF HARD WORK OVER THE LAST SEVERAL WEEKS AND REALLY PROUD OF THE WORK WE'VE DONE.

ALSO WANT TO THANK THE FINANCIAL SERVICES TEAM AND ALL THOSE AT CPS WHO HAVE ALSO CONTRIBUTED TO THIS EFFORT.

THE ONE THING I'LL MENTION BEFORE WE GET STARTED AS WELL, RUDY ALLUDED TO SOME FINANCIAL DATA.

FOLLOWING THIS MEETING WE WILL SEND OVER A SUPPLEMENTAL PACKET WITH DETAILS THAT SUPPORT THE PRESENTATION TODAY.

ALL THE HANDFUL OF HIGH-LEVEL SLIDES IN THIS PRESENTATION BUT OVER THE COMING WEEKS YOU'LL HAVE OPPORTUNITIES TO REVIEW IT WITH YOUR TEAMS, YOUR STAFF, AND ASK US QUESTIONS AT YOUR LEISURE FOR ANY OF THOSE ITEMS.

SO, WITH THAT, ON THE NEXT SLIDE RUDY DID A REALLY GOOD JOB TEEING UP THE APPROACH HERE AND TALKING ABOUT THE SIZE OF THE RATE REQUEST.

I WANTED TO BEGIN ON THIS SLIDE TAKING A STEP BACK, REALLY LOOKING AT OUR BUDGETING PROCESS AND THE SIZE OF OUR BUDGET AND HOW THE RATE REQUEST FITS INTO THAT CONTEXT.

YOU'LL HEAR US TALK ABOUT THE SOURCES AND USES OF REVENUE AND THIS IS REALLY WHAT THIS CHART SHOWS.

ON THE LEFT-HAND SIDE WE ILLUSTRATE HOW WE RECEIVE OUR REVENUE, THE SOURCES OF THEM.

AND THAT HAS TO EQUAL THE AMOUNT ON THE RIGHT-HAND SIDE, WHICH IS OUR USES OF REVENUE.

AND SO THE WAY YOU LOOK AT THESE, I'LL LOOK AT IT BOTTOM TO TOP ON THE LEFT-HAND SIDE.

THE LION'S SHARE COMES FROM OUR ELECTRIC REVENUE.

ABOVE THAT IS REVENUE FROM OUR GAS DISTRIBUTION SYSTEM.

AND THEN IN GREEN YOU SEE WHOLESALE REVENUE, WHICH RUDY TALKED ABOUT.

THAT'S WHEN WE HAVE EXCESS POWER WE CAN SELL IT ON TO THE MARKET.

AND A SMALL SLIVER, WHICH YOU PROBABLY CAN'T SEE, FOR NON-OPERATING REVENUE, THAT'S LIKE INTEREST INCOME.

AT THE VERY TOP, IF THERE'S EVER A GAP BETWEEN OUR USES OF REVENUE AND OUR SOURCES, WE HAVE TO INCREASE THE AMOUNT OF REVENUE COMING IN.

THAT SLIVER AT THE VERY TOP SAYS \$66.8 MILLION.

THAT IS ACTUALLY THE RATE REQUEST FOR NEXT FISCAL YEAR, FISCAL YEAR '23.

THAT'S LESS THAN THE \$73 MILLION THAT BEN AND RUDY TALKED ABOUT.

FROM AN IMPLEMENTATION STANDPOINT WE'RE LOOKING AT BEGINNING MARCH 1 FOR US SO IT'S ONLY REFLECTING 11 MONTHS OF OUR FISCAL YEAR BASED ON THE PROPOSAL THAT WE'RE PUTTING FORWARD.

AND SO THAT HELPS KIND OF PUT IN PERSPECTIVE THE SIZE OF THE RATE REQUEST TO OUR PROJECTED BUDGET FOR NEXT YEAR.

JUST FOR INFORMATIONAL USE, ON THE RIGHT-HAND SIDE, YOU KNOW, THE WAY WE USE OUR REVENUE IS IN ALIGNMENT WITH OUR FLOW OF FUNDS, WHICH IS DICTATED IN OUR BOND ORDINANCE.

AGAIN, I READ THAT FROM THE BOTTOM TO TOP WITH THE LARGEST PORTION OF OUR USES ON OPERATING EXPENSES AND THEN SECOND IS OUR DEBT SERVICE OBLIGATIONS AND THEN, THIRD, YOU CAN SEE 6% OF R&R, OUR REPAIR AND REPLACEMENT ACCOUNT.

AND THEN IN THE GREEN THERE YOU CAN SEE CITY PAYMENT OF COURSE AND THEN, LASTLY, ANY REMAINING FUNDS GO TO OUR R&R ACCOUNT AS WELL. SO THAT'S A LITTLE BIT OF CONTEXT.

I'M GOING TO MOVE ON HERE.

SO A PART OF HOW WE USE OUR MONEY IS OUTLINED IN OUR CAPITAL PLAN AND OUR OPERATING EXPENSES.

SO I'VE GOT TWO SLIDES, ONE ON EACH TO TALK ABOUT IT VERY BRIEFLY. IN THE PACKET THAT YOU'LL RECEIVE IN THE SUPPLEMENTAL DATA YOU'LL HAVE A DETAILED CAPITAL PLAN THAT IS OUTLINED LINE BY LINE THAT OUTLINES THE PROJECTS.

IT'S THE SAME MATERIALS THAT WE REVIEWED WITH BEN AND HIS TEAM AT LENGTH, GOING THROUGH THOSE PROJECTS.

AND TO REITERATE WHAT'S BEEN SAID TODAY, WE HAVE EVALUATED OUR CAPITAL PLAN WITH A FOCUS ON THE NEAR-TERM INVESTMENTS.

AS WE HAVE MENTIONED A COUPLE OF TIMES AS WELL, WE'RE NOT INCLUDING DOLLARS FOR GENERATION PROJECTS AT THIS TIME.

IT'S ABSOLUTELY A CONVERSATION FOR OUR BOARD TO HAVE, RATE ADVISORY COMMITTEE COUNCIL ET CETERA, SO THOSE ARE NOT REFLECTED IN THE MATERIALS THAT YOU RECEIVE.

WHAT YOU CAN SEE, AS NOTED IN THE FAR RIGHT TWO BARS, YOU SEE WHAT THE PROJECT CAPITAL SPEND LOOKS LIKE.

NOW IT IS NOTABLY BIGGER THAN THIS YEAR BUT THE KEY DRIVERS THAT RUDY TALKED ABOUT WAS CUSTOMER GROWTH AND SYSTEM GROWTH AND THE INVESTMENTS IN RESILIENCY, BROADLY SPEAKING, THAT HAVE HELPED MAKE BOTH OUR POWER GENERATION AND DISTRIBUTION NETWORK MORE RESILIENT TO EXTREME WEATHER.

IN TERMS OF WHAT'S IN IT FOR THE CUSTOMER, OF COURSE, THIS WILL HELP SHORE UP RELIABILITY AND PROVIDE THE RESILIENCY THAT WE ALL EXPECT IN OUR COMMUNITY.

OKAY.

SO ON THE NEXT SLIDE HERE, THIS IS WHAT WE CALL OUR OPERATING EXPENSES. AGAIN, I'VE KIND OF OUTLINED THREE YEARS HISTORICAL AND TWO YEARS PROJECTED UP ON THE SLIDE.

WE HAVE IT HIGHLIGHTED, THE '23 AND FISCAL '24.

SIMILAR THEME HERE, WHILE THE FISCAL '23 AND '24 FOR OPERATING EXPENSES IS HIGHER THAN PREVIOUS YEARS, THAT INCREASE IS DRIVEN BY INVESTMENTS ON THE INFRASTRUCTURE SIDE, INVESTMENTS IN TECHNOLOGY AND ANY ASSESSMENTS RELATED TO THAT.

RUDY TALKED ABOUT OUR CORE CUSTOMER SYSTEMS ARE OVER 20 YEARS OLD. THAT IS INCREDIBLY OLD AND INHIBITS SOME OF THE FLEXIBILITY THAT WE'D LIKE TO PROVIDE IN TERMS OF HOW WE CAN ENGAGE WITH OUR CUSTOMERS.

SO, AGAIN, SOME OF THE CUSTOMER VALUE IS BETTER INTERACTION WITH CPS ENERGY THROUGH THE UPDATE OF THIS TECHNOLOGY.

AGAIN, WHICH WE BEGIN FUNDING IN THE NEXT COUPLE OF YEARS.

AS RUDY MENTIONED AS WELL FROM A STAFFING LEVEL, STABILIZING STAFFING IS VERY IMPORTANT TO US.

IT WILL HELP RELIEVE AREAS WHERE WE HAVE BACKLOG IN MEETING CUSTOMER REQUESTS AND ENSURE THAT FROM A CUSTOMER CALL CENTER PERSPECTIVE, WE HAVE THE RIGHT FOLKS THERE AND ABLE TO ANSWER THE PHONES.

AND SO THAT'S A QUICK SUMMARY ON THE CAPITAL AND THE OPERATING EXPENSES.

THE NEXT SLIDE HERE TAKES THE CONVERSATION FROM THE SIZE OF THE RATE REQUEST AND BREAKS IT DOWN TO WHAT ARE YOUR CONSTITUENTS GOING TO FEEL ON THEIR BILL?

WHAT IS THAT BILL IMPACT?

BEN ALLUDED TO THIS IN HIS COMMENTARY BUT I HAVE BROKEN OUT THE TWO COMPONENTS, MUCH LIKE BEN DID IN HIS EARLIER SLIDE, AND I'LL REITERATE IT. ON THE TOP ROW IS THAT BASE RATE INCREASE.

THIS WAS THE 3.85% NUMBER WE SAID EARLIER.

THAT'S THE APPROXIMATE \$73 MILLION OVER A 12 MONTH PERIOD.

WHAT THAT MEANS FOR AN AVERAGE RESIDENTIAL CUSTOMER IS ABOUT \$3.84 IMPACT A MONTH ON THEIR BILL.

AND AS WE TALKED ABOUT, THE BILL IMPACT FROM THAT IS 2.5%.

ALSO STATED BY RUDY EARLIER IS THE IMPACT FROM THE URI FUEL COSTS. THAT REPRESENTS THE \$418 MILLION THAT WE HAVE PAID AND NOT YET RECOVERED FROM OUR CUSTOMERS.

BREAK THAT DOWN, IT'S THE SAME NUMBERS RUDY SHOWED EARLIER. WHEN YOU'RE TALKING TO YOUR COMMUNITY AND YOUR CONSTITUENTS, WHAT'S THE TOTAL BILL IMPACT?

IT'S A LITTLE OVER \$5 PER MONTH WHEN YOU COMBINE THESE ITEMS TOGETHER.

MODEST COMPARED TO THE PREVIOUS APPROACH WE HAD BUT WE THINK THIS IS THE RIGHT WAY TO APPROACH IT FOR OUR COMMUNITY WITH A MORE MODEST BILL IMPACT.

SO RUDY TALKED ABOUT UTILITY BURDEN.

HE TALKED ABOUT OUR AFFORDABILITY PROGRAM.

SO I HAVE A SLIDE HERE THAT'S GOING TO TALK ABOUT THAT.

AS RUDY ALLUDED TO, WE'VE HAD A NUMBER OF CONVERSATIONS ABOUT UTILITY BURDEN AND IT'S BEEN EYE OPENING AND I THINK THE ENTIRE ORGANIZATION IS VERY RESPONSIVE TO THAT.

BECAUSE OUR NEEDS ARE IMMEDIATE AND THAT TOPIC IS COMPLEX, THE LONGER-TERM STRUCTURAL ISSUES THAT ARE NEEDED TO ADDRESS THAT WILL TAKE MORE TIME.

WE'VE PROPOSED, AS PART OF THIS RATE REQUEST, ARE TWO THINGS FOR OUR AFFORDABILITY DISCOUNT PROGRAM.

NUMBER ONE IS THAT WE ARE PROPOSING TO OFFSET THE FULL BASE RATE INCREASE TO ALL CUSTOMERS WHO QUALIFY FOR THE AFFORDABILITY DISCOUNT PROGRAM.

AND THE SECOND THING THAT WE'RE PROPOSING TO DO IS TO INCREASE THE NUMBER OF PARTICIPANTS THAT CAN BE ON THAT PROGRAM BY ABOUT 14,000 CUSTOMERS WHICH WILL BRING THE TOTAL ENROLLMENT TO ABOUT 65,000 CUSTOMERS.

AND SO, YOU KNOW, AS PART OF THIS REQUEST AND COMBINED FUNDING LEVEL FOR THAT IS CLOSE TO \$5 MILLION.

BUT, AGAIN, YOU CAN SEE THE BENEFITS TO THE CUSTOMERS WHO QUALIFY AT THE BOTTOM THERE FROM THE CURRENT DISCOUNT THAT WE HAVE TODAY PLUS THE ADDITIONAL PROPOSED DISCOUNT THAT YOU'RE LOOKING AT.

AND SO FOR A CUSTOMER WHO IS A COMBINED ELECTRIC AND GAS CUSTOMER, YOU CAN SEE A LITTLE OVER \$16 A MONTH WOULD BE THE BENEFIT ON YOUR BILL AND THEN OF COURSE NEARLY \$200 A YEAR.

SO, AGAIN, MORE CONVERSATIONS TO COME ON THIS.

ACTUALLY, YESTERDAY DEANNA DID A REALLY GOOD JOB TALKING ABOUT THE OTHER OUTREACH PROGRAMS WE HAVE FOR OUR CUSTOMERS.

TALKED ABOUT A PLAN TO BEGIN SOME AUTO ENROLLMENT FOR INSTALLMENT PLANS.

SO, AGAIN, THERE'S EXTENDED DIALOGUE YESTERDAY SO I WON'T REHASH THAT. WE'VE ALSO GOTTEN SOME QUESTIONS AROUND WHAT DOES BILL LOOK LIKE IF I'M NOT AN AVERAGE CUSTOMER?

WE THINK AVERAGE BILL IMPACT IS PROBABLY THE EASIEST WAY TO COMPARE. ON THIS SLIDE WE HAVE DIFFERENT USAGE.

IF YOUR CONSTITUENTS COME TO YOUR OFFICE AND SAY I'M NOT AN AVERAGE USER AND THEY BRING THEIR BILL IN, THIS IS A BENCHMARK SLIDE YOU CAN USE. I WON'T STEP THROUGH ALL THE DIFFERENT LEVELS BUT JUST TO ORIENT YOU ON THE PAGE, THE LEFT-HAND SIDE SHOWS THE FOUR DIFFERENT USAGE LEVELS FROM A POWER AND GAS PERSPECTIVE.

AND THEN IN THE MIDDLE YOU SEE THE BILL IMPACTS OF THE ENTIRE RESIDENTIAL CUSTOMER GROUP.

FOR THOSE CUSTOMERS ON THE AFFORDABILITY DISCOUNT PLAN, YOU CAN SEE THEIR BILL IMPACTS ON THE FAR RIGHT-HAND SIDE.

CONCEPTUALLY IT'S WHAT YOU EXPECT.

IF YOU USE LESS, IF A CUSTOMER USES LESS, YOUR BILL IMPACT IS LESS THAN THE AVERAGE USER AND IF YOU USE MORE THAN THE AVERAGE USER YOUR BILL IMPACT IS GOING TO BE HIGHER.

THIS KIND OF GIVES A LITTLE BIT OF SCALE FOR CUSTOMERS TO UNDERSTAND WHAT THAT MAY LOOK LIKE FOR YOU.

AND THEN THE OTHER QUESTIONS WE HAVE GOTTEN BEFORE AS WELL IS WHAT ABOUT BUSINESS AND INDUSTRIAL CUSTOMERS?

WHAT DO THOSE BILL IMPACTS LOOK LIKE?

ON THIS SLIDE HERE WE PUT OUT BOTH THE ELECTRIC AND THE GAS COMMERCIAL GROUPS.

HERE YOU CAN SEE FROM A BILL IMPACT PERSPECTIVE.

NOW THIS IS INCLUDING THE WINTER STORM RECOVERY.

AGAIN, A RANGE OF ABOUT 3.6 TO 3.8 BILL IMPACT ON THE ELECTRIC SIDE.

A LITTLE BIT MORE ON THE GAS SIDE.

THE GAS CUSTOMERS DON'T HAVE THE BENEFIT OF A BLENDED FUEL MIX, LIKE OUR ELECTRICAL CUSTOMERS SO YOU SEE A LITTLE BIT HIGHER FROM A BILL IMPACT PERSPECTIVE.

BUT YOU CAN SEE A FAIRLY MODEST BILL IMPACT CHANGES FOR THE COMMERCIAL CUSTOMERS AS WELL.

AND SO ON THE NEXT SLIDE, GETTING CLOSE TO CLOSING OUT HERE.

THIS IS A PICTURE OF OUR FINANCIAL HEALTH.

THIS IS REALLY WHAT WE COME DOWN TO AND THESE ARE THE KEY FINANCIAL METRICS THAT WE OFTEN TALK TO OUR RATE AGENCIES AND INVESTORS.

I REALLY LOOK AT THIS FROM A RELATABLE PERSPECTIVE.

WE GO TO A DOCTOR FOR OUR ANNUAL PHYSICAL AND YOU GET YOUR VITALS BACK AND IT TELLS YOU IF YOU'RE IN GOOD HEALTH OR NOT.

THIS IS EQUIVALENT TO THAT FOR CPS ENERGY.

AND WHAT WE LOOK FOR ON THESE THREE METRICS IS TO SEE IF WE ARE IN GOOD HEALTH OR NOT BECAUSE THE VALUE OF HAVING GOOD FINANCIAL HEALTH IS A GOOD CREDIT RATING WHICH LEADS TO AFFORDABLE INTEREST RATES.

WE HAVE TALKED ABOUT THAT A LOT AND GIVEN OTHER RELATABLE EXAMPLES. FOR US, OFTEN, THINK OF TWO INDIVIDUALS GOING OUT TO BUY A CAR, SAME PRICED CAR.

ONE INDIVIDUAL HAS A BETTER CREDIT RATING THAN THE OTHER.

ONE PERSON MAY BE PAYING MORE FOR THE SAME PRODUCT [LAPSE IN AUDIO]. THAT'S WHAT WE WANT TO BE ABLE TO DO.

WE WANT TO BE ABLE TO BORROW AFFORDABLY SO OUR COLLECTIVE COMMUNITY CAN GET MORE VALUE FOR THE DOLLARS WE SPEND AND IT GETS REINVESTED HERE AND IT'S NOT GOING OFF TO PAY INTEREST ANYWHERE ELSE. AND SO WITH THE PROPOSAL THAT WE'VE PUT FORWARD, THE FIRST METRIC IS OUR DEBT SERVICE COVERAGE RATIO.

THIS IS A FUNCTION THAT RATING AGENCIES AND INVESTORS LOOK AT, HOW LIQUID ARE YOU TO PAY YOUR DEBT.

HOW MANY TIMES CAN YOU DO THAT?

1.5 TIMES IS 1.5 IS OUR THRESHOLD FOR THE CREDIT RATING WE'RE AT.

YOU CAN SEE WE COME IN ABOVE THAT 1.5 THRESHOLD.

WE LIKE TO STAY AROUND THE 1.6, 1.8 OR BETTER IF WE CAN AND WE STAY WITHIN THOSE RANGES BASED ON THIS PROPOSAL.

THE OTHER ITEM IS A DEBT CAPITALIZATION RATIO.

THIS IS A MEASURE OF HOW LEVERAGED AN ORGANIZATION IS, HOW MUCH DEBT YOU TAKE ON.

RUDY MENTIONED THIS EARLIER, ACTUALLY.

FOR US OUR TARGET IS ABOUT 60%.

I HAVE IT HIGHLIGHTED YELLOW.

WE'RE COMING IN HIGHER, PEAKING IN FISCAL YEAR 2024, BELOW 62% BUT WE INDICATED TO THE RIGHT THAT BASED ON THE MULTIYEAR PLAN THAT BEN MENTIONED EARLY ON, A PLAN TO WORK THAT NUMBER DOWN BACK INTO THE 60s IN ABOUT FIVE OR SIX YEARS.

THAT'S AN IMPORTANT MESSAGE THAT WE HAVE GIVEN TO THE RATING AGENCIES TO COMMUNICATE THE PLAN TO MANAGE THAT PARTICULAR METRIC. AND THE LAST METRIC IS DAYS CASH ON HANDS.

THIS IS A REFLECTION OF LIQUIDITY.

FOR AN ENTITY LIKE US, WITH OUR CREDIT RATING AND THE SIZE OF OUR ORGANIZATION, WE TRY TO TARGET NO LESS THAN 150 DAYS.

170 PUTS US AT A COMFORTABLE LEVEL OF LIQUIDITY.

YOU CAN SEE THIS ACHIEVES THAT.

SO COLLECTIVELY THESE ARE THE CONVERSATIONS THAT WE HAVE WITH RATING AGENCIES.

YOU KNOW, IT'S A LITTLE DRY TOPIC BUT WE CONTINUE TO STAY IN TOUCH WITH THEM ALL SUMMER LONG.

WE HAVE HAD CONVERSATIONS ABOUT THE REVISED APPROACH THAT WE'RE TAKING, THAT BEN ALLUDED TO.

THEY SEEM RECEPTIVE.

I'LL CONTINUE TO STAY IN TOUCH WITH THEM AND LIKELY THEY'LL BE WATCHING THESE SESSIONS AS WELL AND SEEING THE TYPES OF QUESTIONS WE GET ASKED.

AT THE END OF THE DAY THIS ADDITIONAL REVENUE WILL ENSURE OUR FINANCIAL HEALTH CONTINUES AND I THINK THAT COLLECTIVELY IS FOR THE BENEFIT OF THE COMMUNITY.

SO AS I'M WRAPPING UP HERE, JUST LOOKING FORWARD, THIS REALLY SUMMARIZES EVERYTHING BEN MENTIONED.

YOU KNOW, OUR PROPOSED PLAN HERE IS LOOKING AT A RATE EVALUATION APPROXIMATELY EVERY TWO YEARS.

WHETHER WE COME EVERY TWO YEARS, WE DON'T WANT TO WAIT IN TERMS OF HOW FREQUENTLY WE COME TO COUNCIL AND JUST UPDATE YOU ON HOW THINGS ARE GOING.

THERE'S A LOT OF ITEMS LISTED THAT ARE STILL UNKNOWNNS THAT WILL COME INTO MORE CLARITY OVER THE COMING MONTHS AND MAYBE YEAR.

AND SO WHILE THESE ARE PLACEHOLDERS IN FISCAL '25 AND '27, THAT'S APPROXIMATELY THE TIME-FRAME.

I WON'T READ THAT LIST TO YOU.

THESE ARE THE ITEMS THAT WERE ON THE OTHER LIST THAT BEN HAD.
I DO WANT TO SAY THOUGH THAT IT IS APPRECIATED THAT THE
RECOMMENDATION FROM COUNCIL TO APPROVE THE \$20 MILLION ARPA
FUNDS.

THAT WAS A NEWS STORY WE GOT TO TELL THE RATING AGENCIES.
THAT'S A NICE SHOT IN THE ARM, INJECTION OF DOLLARS AND IT HELPS THE
CUSTOMERS THAT NEEDED IT THE MOST.

THAT'S BEEN VERY HELPFUL.

AND LIKE RUDY ALLUDED TO THE RATE DESIGN IS SOMETHING WE HAVE NOT
TAKEN ON IN THIS RATE REQUEST.

THAT IS A VERY COMPLEX CONVERSATION.

WE'VE HAD LONG DIALOGUE WITH THE RATE ADVISORY COMMITTEE.

THIS ALLOWS US TO BUY SOME TIME TO HAVE SOME THOUGHTFUL
CONVERSATIONS WITH THE RATE ADVISORY COMMITTEE, OUR BOARD, AND
ULTIMATELY CITY COUNCIL.

SO THE LAST THING HERE AND YOU HAVE THIS, AND THIS IS JUST AN
ILLUSTRATION OF OUR ENGAGEMENT PROCESS, MULTIPLE WORK STREAMS WITH
THE COMMUNITY, THE RATE ADVISORY COMMITTEE, THE COMMUNITY
ADVISORY COMMITTEE, THE BOARD OF TRUSTEES, AND THE CITY COUNCIL.

I WON'T REHASH ANY OF THESE ITEMS.

I THINK THEY WERE ALL MENTIONED BY EVERYONE ELSE.

IN THE SPIRIT OF TIME, I WILL WRAP UP MY COMMENTS AND AS RUDY ALLUDED
TO, WE ARE ALL HERE FOR QUESTIONS.

RUDY.

Mayor Nirenberg: THANK YOU VERY MUCH, YOU ALL.

I THINK I'M A LITTLE LOUD.

THANK YOU FOR THE PRESENTATION TO YOU RUDY, CORY, AND BEN.

LET ME START WITH WHERE YOU LEFT OFF, CORY.

WHAT I APPRECIATE ABOUT WHERE WE ARE NOW VERSUS WHERE WE WERE
MAYBE TWO MONTHS AGO IS THAT ESPECIALLY WITH REGARD TO THE FUTURE
OF THE UTILITY AND GENERATION PLANNING AND RATE DESIGN, THIS IS NOT
ASSUMING ANSWERS TO QUESTIONS FOR WHICH THERE WAS AN IMPORTANT
WELL-QUALIFIED GROUP OF CITIZENS ASSEMBLED TO GIVE US AND THE BOARD
RECOMMENDATIONS ON OUR APPROACH.

AND I'M TALKING SPECIFICALLY ABOUT THE RATE ADVISORY COMMITTEE.

YEARS IN THE MAKING, FINALLY ASSEMBLED, HAVING GREAT DIALOGUE WITH THE PEOPLE AT THAT TABLE ON THINGS LIKE WHAT IS OUR FUTURE GENERATION MIX?

HOW DO WE ENSURE EQUITABLE RATE DESIGN GOING FORWARD?

HOW DOES THE CHANGES WITHIN THE UTILITY INDUSTRY AFFECT ALL OF THAT?

THERE ARE GOING TO BE SOME IMPORTANT DISCUSSIONS AND ULTIMATELY RECOMMENDATIONS FROM THAT GROUP MADE THAT WE NEED TO CONSIDER AS A BOARD, THE CPS BOARD AND THEN OF COURSE COME TO THE CITY COUNCIL AND HOW THAT DETERMINES WHERE THE RATES GO IN THE FUTURE, THOSE THINGS ARE STILL IN THE BALANCE AND THEY'RE NOT CURRENTLY IMMEDIATE NEEDS.

AND SO I APPRECIATE THAT WE'RE NOW LOOKING AT A RATE ADJUSTMENT THAT'S FOCUSED ON IMMEDIATE FINANCIAL NEEDS.

LET ME ALSO SAY THAT AS I MENTIONED BEFORE, THIS COMMUNITY SHOULD HAVE CONFIDENCE WHEN THE REGULATOR -- AND I'M SPEAKING SPECIFICALLY ABOUT BEN GORZELL AND HIS TEAM WORK TOGETHER WITH THE CFO AND THE LEADERSHIP OF CPS AND COME TOGETHER WITH A MUTUAL UNDERSTANDING OF WHAT WE NEED TO MAKE SURE THAT CPS IS HEALTHY.

AND SO LET ME START THERE.

THERE ARE SOME FOLKS IN THE ROOM -- I'M SORRY.

THERE ARE SOME FOLKS THAT ARE NOT HERE THAT DESERVE ACKNOWLEDGMENT AND THAT'S THE ALMOST 3,000 CPS EMPLOYEES, MANY OF THEM FRONTLINE EMPLOYEES THAT HAVE BEEN WORKING UNDER EXTREMELY DIFFICULT CONDITIONS THROUGH WINTER STORMS, THROUGH HEAT WAVES, THROUGH REALLY DANGEROUS CONDITIONS, IN MANY CASES, TO KEEP THE LIGHTS ON AND KEEP ELECTRICITY FLOWING HERE IN SAN ANTONIO.

THEY DESERVE ACKNOWLEDGMENT AND I WANT TO SAY THANK YOU TO THEM FOR HELPING OUR COMMUNITY THROUGH SOME DIFFICULT TIMES.

I ALSO WANT TO SAY THANK YOU TO MY COLLEAGUE ON THE BOARD, DR. MACKEY FOR BEING HERE.

THIS HAS NOT BEEN AN EASY TIME FOR ANYBODY IN THE ENERGY UTILITY INDUSTRY, EVEN BEFORE THE PANDEMIC.

AND THEN OF COURSE HERE IN TEXAS EVEN BEFORE THE WINTER STORM BUT CERTAINLY DURING THIS LAST SIX, EIGHT, 12 MONTHS.

THESE ARE NOT TIMES FOR THE FAINT OF HEART IF YOU'RE IN THE UTILITY INDUSTRY.

SO THANK YOU FOR THE WORK.

I DON'T HAVE ANY QUESTIONS BUT I DID WANT TO POINT OUT THIS FUNDAMENTAL TRUTH ABOUT THE LARGEST ELECTRICAL AND GAS UTILITY IN THE NATION -- MUNICIPALLY-OWNED GAS UTILITY IN THE COUNTRY OWNED BY THE CITY OF SAN ANTONIO AND BY VIRTUE OF THAT THE STAKEHOLDERS AND THE COMMUNITY, THE PUBLIC IS OUR OWNER.

AND SO BECAUSE OF THAT, UNLIKE A PRIVATE UTILITY WHERE PROFITS ARE BEING MADE AND DIVIDENDS ARE GOING STRAIGHT INTO THE STOCKHOLDERS' POCKETS, THOSE DIVIDENDS GO INTO STREETS, PARKS, AND FIRE AND IT IS ONE-THIRD OF THE CITY'S OPERATING REVENUE.

WHILE THAT HAS HAPPENED OVER THE LAST 75 YEARS, THIS HAS ALSO BEEN A COMPANY THAT HAS BEEN LAUDED AS ONE OF THE STRONGEST WELL-RUN UTILITIES IN THE COUNTRY THAT HAS SOME OF THE MOST COMPETITIVE RATES. THE GOAL THAT WE'RE TRYING TO FIND HERE IS HOW TO MAINTAIN THAT, HOW TO GET BACK TO THAT, HAVE AFFORDABLE RATES, RELIABLE ELECTRICITY, A SAFE ENVIRONMENT FOR EMPLOYEES, AND ONE THAT'S ENVIRONMENTALLY RESPONSIBLE.

THAT'S A LOT OF WORK THAT NEEDS TO BE DONE WITH THOSE CONVERSATIONS THAT ARE HAPPENING AT THE RAC BUT AT THE SAME TIME WE CAN'T DO ANY OF THAT UNLESS WE'RE FINANCIALLY STABLE.

THAT'S WHAT WE'RE LOOKING AT TODAY.

AND, AGAIN, MY APPRECIATION TO MY COLLEAGUES HERE ON THE CITY COUNCIL AS WELL AS THE CITY STAFF WHO'S BEEN WORKING IN CONJUNCTION WITH YOU, RUDY AND YOUR TEAM.

YOU KNOW, FRANCINE, WHO WE JUST APPOINTED TO THE BOARD HAD IT RIGHT WHEN SHE SAID OUR JOB NUMBER ONE IS TO RESTORE TRUST IN CPS ENERGY ON BEHALF OF THE PUBLIC OWNER.

I THINK YOU'RE ON THE ROAD TO DOING THAT.

I THINK THIS IS A GOOD IMPORTANT STEP THAT WE HAVE TO TAKE.

OBVIOUSLY, THERE'S A LOT OF PROCESS THAT WE NEED TO GO THROUGH UNTIL WE ACTUALLY GET TO THE CITY COUNCIL FOR OUR VOTE BUT THIS IS A GOOD STEP AND I'M LOOKING FORWARD TO THE DIALOGUE.

THANK YOU AGAIN, EVERYBODY FOR LEANING INTO THE DISCUSSION TODAY.

SO LET ME START AND WE'LL GO INTO QUESTIONS NOW.

COUNCIL MEMBER MCKEE-RODRIGUEZ.

McKee-Rodriguez: THANK YOU, MAYOR.

AND THANK YOU SO MUCH FOR THAT PRESENTATION.

I REALLY APPRECIATE THAT YOU MENTIONED THE CPS EMPLOYEES.

THERE ARE A FEW, THE CREW MEMBERS WHO ARE CONSTANTLY REACHING OUT AND ARE AT OUR FIELD OFFICE AND ARE WORKING WITH OUR CONSTITUENTS AND I REALLY FEEL THAT THE EMPLOYEES DO WANT TO HELP [LAPSE IN AUDIO]. FAMILIES FROM DISTRICT 2 ARE AMONG THE MOST MARGINALIZED IN THE CITY AND MY FAMILIES WERE DEVASTATED BY THE PANDEMIC AND BY THE WINTER STORM AND ACCORDING TO THE DATA PROVIDED BY CPS ENERGY, AS OF AUGUST WE SUFFER FROM THE SECOND-HIGHEST NUMBER OF RESIDENTS AT RISK OF DISCONNECTION.

SO I'M FREQUENTLY HEARING FROM RESIDENTS THAT STRUGGLE TO PAY THEIR BILLS AT THE CURRENT RATE AND IT'S VERY, VERY, VERY DIFFICULT FOR ME TO CONSIDER RAISING RATES ANY FURTHER, ESPECIALLY WHEN RESIDENTS IN MY DISTRICT CAN BARELY AFFORD THEIR ELECTRICITY BILLS AT THE CURRENT RATE, MUCH LESS AT THE PROJECTED HIGHER RATE.

AND I UNDERSTAND THAT THIS IS ONE OF THE VERY FIRST TIMES THAT YOU'RE ADDRESSING US PUBLICLY AND I KNOW AS YOU'RE WORKING TO BUILD TRUST THIS IS A VERY CHALLENGING FIRST ASK AND FIRST PRESENTATION SO I APPRECIATE THE NUANCES OF THIS.

AND I ALSO -- I HAVE TO ACKNOWLEDGE THAT WHILE WE'RE SAYING IT'S AN EXTRA \$3.84 A MONTH, THAT'S A PRIVILEGED STATEMENT TO MAKE.

RESIDENTS WHO ARE STRUGGLING FINANCIALLY, IT'S A BLOW TO THEIR HOPE OF CLIMBING OUT OF DEBT AND WE AS CITY LEADERS CAN'T EXPECT TO COLLECT AN ADDITIONAL \$3.50 A MONTH FOR FAMILIES THAT ARE BARELY ABLE TO PAY THEIR BILLS AT A CURRENT LEVEL.

I'M GOING TO START WITH A FEW QUESTIONS.

THE CPS ENERGY AFFORDABILITY DISCOUNT PROGRAM PROVIDED A DISCOUNTED OF \$12.30 A MONTH [LAPSE IN AUDIO] THE BASE RATE INCREASE.

I THINK THAT'S AN EXCELLENT MOVE BUT MY QUESTION IS THIS: IS THE CURRENT AFFORDABILITY PROGRAM EFFECTIVE AT THE \$12.30 AMOUNT AND DOES IT BRIDGE THE AFFORDABILITY GAP FOR THE FAMILIES WHO ARE ENROLLED SO THEY'RE ABLE TO NOW AFFORD THEIR BILL?

COUNCILMAN, I THINK THAT'S A REALLY GREAT QUESTION.

AS THE MAYOR REALLY ALLUDED TO, OUR JOB AT CPS ENERGY IS TO TRY TO BALANCE.

FOR EVERY DOLLAR THAT THOSE WHO CAN'T PAY, YOU KNOW, WE REDUCED THEIR BILL.

THE REST OF OUR CUSTOMERS PICK UP THAT TAB AND SO WE'VE TRIED TO MAXIMIZE, QUITE FRANKLY, THAT STILL ALLOWS US TO KEEP OUR BILLS AFFORDABLE FOR THE ENTIRETY OF OUR CUSTOMERS.

YOU KNOW, THAT 14,000 WILL ALLOW US TO CONTINUE AT THE PACE WE HAVE BEEN ON, SIGNING AFFORDABILITY CUSTOMERS UP SO IT CREATES SOME ADDITIONAL CAPACITY, IF YOU WILL, TO REACH UP INTO, YOU KNOW, TO MORE LEVELS OF LOW-INCOME CUSTOMERS.

SO IT CERTAINLY IS MATERIAL, LET ME SAY THAT, TO HELPING CUSTOMERS WHO HAVE TROUBLE PAYING THEIR BILLS, YOU KNOW, WITH AN AFFORDABLE DISCOUNT THAT OUR COMMUNITY CAN SUPPORT.

AND THERE ARE OTHER WAYS.

AGAIN, AS I STATED, WE DON'T JUST HELP OUR CUSTOMERS WITH AFFORDABILITY DISCOUNT.

WE HELP THEM WITH BILL PAYMENT ASSISTANCE FROM SOCIAL AGENCIES ACROSS THE COMMUNITY.

WE PARTNER WITH 300 SOCIAL AGENCIES ACROSS THE COMMUNITY EVERY DAY. WE'RE HELPING THEM WITH RENTAL ASSISTANCE.

WE'RE HELPING THEM WITH FOOD SO WE REALLY ARE LOOKING AT THE WHOLE OF THE PERSON AND THE WHOLE OF THE FAMILY AND HOW MANY FOLKS DO YOU HAVE LIVING IN YOUR HOUSE.

AND WE TRY TO RIGHT SIZE THE ASSISTANCE THAT WE'RE TRYING TO ARRANGE FOR OUR CUSTOMERS BASED ON WHAT THE SPECIFICS OF THAT SITUATION ARE. SO THE BEST ANSWER I CAN GIVE YOU IS WE ARE TRYING TO MAXIMIZE EVERY AMOUNT OF ASSISTANCE THAT'S AVAILABLE ON A CUSTOMER BY CUSTOMER BASIS THAT OUR COMMUNITY HAS TO OFFER.

McKee-Rodriguez: THANK YOU.

I GUESS TO PUT IT A LITTLE BIT MORE SIMPLY IS THAT IF THIS PROGRAM IS WORKING AND IF IT'S SERVING NEEDS, THEN WE SHOULD EXPECT TO SEE THE NUMBER OF OVERDUE ACCOUNTS DECREASE.

IS THAT HAPPENING?

FOR THE LOW-INCOME CUSTOMERS, IT IS.

IT IS HAPPENING.

OUR LOW-INCOME CUSTOMERS, AS I'VE SAID TO THE MUNICIPAL UTILITIES COMMUNITY, THEY ARE SOME OF OUR MOST ENGAGED CUSTOMERS.

THE LOW-INCOME CUSTOMERS AREN'T THE ONES WHO AREN'T CALLING US.

IT'S CUSTOMERS WHO JUST DON'T HAVE TO PAY THE BILL YET UNTIL THEY ARE FACED WITH THAT DISCONNECT NOTICE AND THEN THEY'LL PAY.

SO I FEEL LIKE THE ISSUE ISN'T NECESSARILY GETTING TO OUR LOW-INCOME CUSTOMERS BECAUSE THEY'RE GOING TO REACH OUT LOOKING FOR ASSISTANCE. AND WE'RE TAKING IT A STEP FURTHER.

WHAT I DIDN'T MENTION IS THAT WE ARE BEGINNING -- THE CORE CAMPAIGN TO CALL CUSTOMERS, WE HAVE WON AWARDS FOR THAT OVER THE LAST YEAR DURING A REALLY DIFFICULT TIME, BECAUSE NO UTILITY DOES THAT.

WE'RE TAKING THAT A STEP FURTHER OVER THE NEXT FEW MONTHS BECAUSE OF THE ARPA FUNDING THAT COUNCIL SO GRACIOUSLY PROVIDED US, WE'RE GOING TO START KNOCKING ON DOORS.

EVERY CUSTOMER THAT IS CAPABLE AND ELIGIBLE FOR ASSISTANCE, IF WE HAVEN'T CONTACTED THEM YET, THEY'RE GOING TO GET A KNOCK ON THEIR DOOR FROM US AND A LOT OF COUNCIL MEMBERS HAVE SAID, HEY, I WANT TO BE IN ON THAT PROGRAM.

I THINK WE ARE DOING EVERYTHING WE CAN POSSIBLY DO TO REACH THOSE CUSTOMERS.

McKee-Rodriguez: THANK YOU.

GOODNESS, I DISTRACTED ME.

SO HOW DO YOU PLAN TO IDENTIFY THE 14,000 MORE RESIDENTS TO QUALIFY FOR THE ADP PROGRAM.

CURRENTLY I UNDERSTAND THE QUALIFICATIONS ARE SET AT THE THRESHOLD OF 125% OF THE FEDERAL POVERTY LEVEL.

WOULD YOU CONSIDER A CHANGE OF 200% FPL?

IS THAT A CONVERSATION?

IT DEPENDS ON WHERE THE RESOURCES ARE COMING FROM.

THERE ARE CERTAINLY FEDERAL GUIDELINES THAT WILL ONLY PROVIDE ASSISTANCE UP TO 125%.

I MAY NEED TO PHONE A FRIEND IN DEANNA WHO RUNS THESE PROGRAMS FOR US.

WE HAVE CONTEMPLATED, ESPECIALLY WITH RESPECT TO THE REAP PROGRAM, WE HAVE A REAP PROGRAM THAT OFFERS UP TO \$400 A YEAR IN UTILITY ASSISTANCE.

WE HAVE CONTEMPLATED MOVING THAT UP TO 200%.

I BELIEVE THERE ARE SOME OPTIONS FOR US TO DO THAT.

McKee-Rodriguez: ONE OF MY QUESTIONS WAS GOING TO BE WHEN DO YOU PLAN TO REDESIGN THE RATE STRUCTURE?

AND I UNDERSTAND THAT IT'S GOING TO BE AFTER A CONVERSATION WITH THE RAC, WITH CITY COUNCIL, AND WITH THE COMMUNITY.

ONE OF MY CONCERNS IS THAT AT THE VERY BEGINNING OF MY TERM I WAS MAKING APPOINTMENTS TO A NUMBER OF BOARDS AND COMMISSIONS AND ONE OF THE PROBLEMS IS THAT MY PREDECESSOR HAD APPOINTED AN EXECUTIVE FROM VALERO TO THE RATE ADVISORY COMMITTEE AND THEY TOLD ME THEY DON'T LIVE IN MY DISTRICT.

AND I TRIED TO CHANGE THAT APPOINTMENT AND THEY REFUSED TO RESIGN. DISTRICT 2 IS NOT REPRESENTED AND THE WORKING CLASS OF DISTRICT 2 ARE NOT REPRESENTED AND SO I'M GOING TO FIND IT REALLY CHALLENGING TO ACCEPT THE RECOMMENDATIONS OF THE RATE ADVISORY COMMITTEE IF THEY DON'T SEEM LIKE THEY'RE MEETING THE NEEDS OF MY DISTRICT.

SURE.

McKee-Rodriguez: I GUESS ONE OF MY NEXT QUESTIONS IS, BECAUSE I'M GLAD YOU'RE HERE, I HAVE ASKED THIS QUESTION A FEW TIMES AND THERE IS NEVER ANYBODY HERE THAT CAN GIVE ME AN ANSWER.

WHEN DOES CPS ENERGY PLAN TO CREATE A THOROUGH PUBLIC DISCUSSION TO CLOSE THE SPRUCE COAL POWER PLANT?

WE'VE GOT TO DO THAT IN PARTNERSHIP WITH THE BOARD.

OUR BOARD HAS TO HAVE A THOUGHTFUL CONVERSATION AND REALLY, IT'S NOT JUST SPRUCE.

WE'VE GOT TO LOOK AT THE ENTIRETY OF OUR GENERATION FLEET AND LOOK AT HOW MUCH -- WHAT EXPOSURE DO WE HAVE TO MARKET PRICES, YOU KNOW, IF WE GO ALL RENEWABLE.

I DO BELIEVE THAT WE CAN GET THAT CONVERSATION ON THE RIGHT TRACK OVER THE NEXT YEAR.

BECAUSE WE DO HAVE SOME DECISIONS TO MAKE.

McKee-Rodriguez: SO WITHIN THE NEXT YEAR?

YES, SIR.

IN THE NEXT YEAR.

McKee-Rodriguez: MY LAST BIT IS THAT THE PRESENTATION STATES THAT -- WILL LIKELY DRIVE ADDITIONAL REVENUE SO I WANT TO KNOW BEFORE WE LOOK TO DRIVE REVENUE OFF OF DISCONNECTIONS WHERE ELSE DID CPS ENERGY LOOK FOR EFFICIENCIES TO DRIVE DOWN COSTS BEFORE LOOKING TO DO THAT?

SO EVERY TIME WE'RE EXPENDING A DOLLAR WE'RE LOOKING FOR OPPORTUNITIES, WHETHER IT'S THE CONTRACT FOR FUEL, NATURAL GAS, COAL THAT WE HAVE TO USE TO RUN OUR POWER PLANTS, THE -- EVERY TIME WE PUT OUT AN RFP FOR VENDORS THAT PROVIDE US SERVICES, WE'RE CONSTANTLY LOOKING TO DRIVE DOWN COSTS IN A LOT OF WAYS.

WE RECENTLY MARKED SOME BONDS IN THE MARKET AND WE WERE LIKE FIVE TIMES OVERSUBSCRIBED, WHICH MEANS THAT THE CPS ENERGY BRAND, THE CITY OF SAN ANTONIO BRAND HAS A GOOD BRAND IN THE INVESTMENT MARKETS.

WE ACTUALLY ABLE TO SAVE CLOSE TO \$25 MILLION AND ACTUALLY LOWER THE AMOUNT OF DEBT IN THAT ISSUANCE BECAUSE WE GOT SUCH GOOD INTEREST RATES.

SO EVERY ONE OF THOSE ACTS IS AN OPPORTUNITY FOR US TO SAVE MONEY, AND EVERY TIME WE'RE SPENDING DOLLARS, WE'RE TRYING TO GET IT FOR THE MOST EFFICIENT PRICE.

MCKEE-RODRIGUEZ: THANK YOU.

THE REASON I ASKED THAT QUESTION IS BECAUSE I UNDERSTAND THE DESIRE AND THE NEED FOR A RATE INCREASE.

I UNDERSTAND THE CONDITIONS THAT BROUGHT US TO THIS POINT, TO THIS, YOU KNOW, PROPOSAL AND THERE ARE A LOT OF NECESSITIES FUNDED FOR EVERY DOLLAR IN THE BUDGET, BUT I ALSO KNOW AND I UNDERSTAND THAT MY CONSTITUENTS, AND MANY OF OUR CONSTITUENTS ACROSS THE CITY HAVE HAD TO MAKE DECISIONS ABOUT WHICH ONE OF THEIR NECESSITIES COULD THEY PUT ON THE BACK BURNER, WHICH THINGS CAN THEY POSSIBLY CUT FROM THEIR LIFE, WHICH BILLS DO THEY HAVE TO PRIORITIZE, WHICH CHILD STAYS HOME FROM SCHOOL SO THEY CAN GO TO WORK SINCE THEY CAN'T AFFORD CHILDCARE, WHICH CAR PROBLEM CAN THEY IGNORE AND FOR HOW LONG CAN THEY DO THAT?

AND SO I JUST NEED TO SEE WHAT CUTS -- WHAT CUTS ARE BEING MADE.

I NEED THIS TO BE COMMUNICATED TO THE PUBLIC, I NEED TO SEE REAL IMPACT AND RELIEF FOR THOSE IMPACTED BY THE PANDEMIC AND BY THE STORM AND I NEED TO SEE A THOROUGH PUBLIC DISCUSSION ON OUR GENERATION SOURCES. AND UNTIL THEN, I DON'T KNOW IF I WILL BE ABLE TO CONFIDENTLY VOTE FOR A RATE INCREASE.

THANK YOU.

MAYOR NIRENBERG: THANK YOU, COUNCILMEMBER MCKEE-RODRIGUEZ.
COUNCILMEMBER ROCHA GARCIA.

GARCIA: THANK YOU, MAYOR.

I'LL START OFF WITH THE EASY QUESTION, AND IT'S FOR THE ENGAGEMENT PROCESS, AND YOU HEARD ME TALK ABOUT THIS YESTERDAY.

I STILL THINK THAT THAT'S -- [LAPSE IN AUDIO] -- TO THE PUBLIC.

I THINK WE NEED TO HAVE SOME ADDITIONAL POPUPS. RIGHT NOW WE ONLY HAVE ONE POPUP THAT LOOKS LIKE IT'S BEEN SCHEDULED.

MAYBE WE CAN BE A LITTLE BIT MORE CREATIVE, MAYBE GET OUT TO SOME OF THE ARPA MEETINGS, THE BOND MEETINGS THAT WE'RE HAVING AND GET SOME INFORMATION OUT THERE AS SOON AS POSSIBLE, BUT I DO THINK THAT WE NEED TO JUST CREATE SOME ADDITIONAL COMMUNITY ENGAGEMENT THERE. SO THAT WAS THE EASY ONE.

AND THEN I ALSO WANT TO THANK PETER ONOFRE WHO IS MY DISTRICT 4 APPOINTEE.

MR. ONOFRE BRIEFS ME REGULARLY EVERY TIME THERE'S A RAC MEETING. I THINK THERE'S SOME IMPORTANT INFORMATION THAT I WANT TO SHARE WITH YOU ALL THAT I THINK IS IMPORTANT FOR YOU ALL TO CONSIDER.

AND MY FIRST QUESTION, AND IT'S IN RECORD TO THE -- [LAPSE IN AUDIO] -- AFFORDABILITY POLICY THAT MAYBE SETS THE ENERGY BURDEN AT CERTAIN PERCENTAGE OF HOUSEHOLD INCOME FOR LOW INCOME RESIDENTS? SO, COUNCILWOMAN, THAT BRADDLE STUDY REALLY DID -- IT WAS EDUCATIONAL FOR US.

YOU KNOW, START LOOKING -- WE'VE KIND OF LOOKED AT INFORMATION IN THE PAST AND BY ZIP CODES, BY COUNCIL DISTRICTS, BY TRUSTEE QUADRANT AND REALLY DIGGING INTO THE CENSUS TRACTS HAS GIVEN US ANOTHER DIMENSION OF DATA THAT WE CAN ACTUALLY TAKE AND GO DO SOMETHING WITH.

SO, AGAIN, I SAID IT.

YOU KNOW, THE EDUCATION THAT I RECEIVED PERSONALLY, AND I WAS -- YOU KNOW, I LISTEN IN, EVERY ONE OF THOSE SESSIONS, REALLY GOT MY MIND AND OUR TEAM'S MIND THINKING ABOUT, YOU KNOW, HOW CAN WE TAKE THAT INFORMATION AND ACTUALLY PUT IT INTO PLAY?

I WILL TELL YOU, YOU KNOW, I KNOW A LOT OF FOLKS THINKS THAT WE'RE CONSTANTLY LOCKING HORNS WITH OUR ENVIRONMENTAL STAKEHOLDERS. GREG HARMAN WITH THE DECELERATION NEWS PUT OUT A REALLY INSIGHTFUL ARTICLE ABOUT THE CENSUS TRACTS WITH THE HIGH UTILITY BURDEN.

I SENT THAT TO MY CHIEF CUSTOMER OFFICERS, I SAID WE'RE GOING TO START KNOCKING HERE, WHERE THE 20% UTILITY BURDEN IS SHOWING UP, BECAUSE WE WANT TO MAKE SURE THOSE CUSTOMERS GAIN ACCESS TO THE FUNDING THAT'S AVAILABLE TO THEM.

SO ALL I CAN DO IS START SOMEWHERE, AND WHERE I'M STARTING IS WITH THE INFORMATION THAT OUR OWN COMMUNITY'S PUTTING OUT THERE.

WE DON'T HAVE TO ARGUE ABOUT THESE ISSUES, THOSE -- ALL OF US WANT TO HELP OUR CUSTOMERS AT THE END OF THE DAY, AND SO I DO THINK THAT THE UTILITY BURDEN CONVERSATION AT THE RAC AND IN THE COMMUNITY WITH FOLKS LIKE GREG HAVE BEEN REALLY, REALLY PRODUCTIVE.

GARCIA: RUDY, I'D LIKE TO MAYBE REQUEST THAT YOU CAN SHARE THAT STUDY WITH MY COLLEAGUES IF THEY HAVEN'T TAKEN A LOOK AT IT.

IT'S A REALLY INSIGHTFUL POWERPOINT PRESENTATION AND THEY DID A GOOD JOB OF ALSO BUILDING IN OUR INFORMATION COMPARED TO OTHER CITIES.

SO WE KNOW THAT CPS BILLS ARE ABOUT 24% LOWER THAN TEXAS AVERAGE 10% NATIONAL AVERAGE, BUT WE ALSO HAVE POORER HOUSEHOLDS, RIGHT? AND SO SOMETHING TO TAKE INTO CONSIDERATION, OF COURSE, IS THAT WE HAVE THE FIFTH HIGHEST AMOUNT OF ELECTRICITY THAT'S CONSUMED, BUT WE HAVE THE LOWEST ELECTRICITY RATES WITH REGARD TO GAS, LOWEST GAS CONSUMPTION, GAS PRICES, SO THE CORRELATION'S THERE.

I STILL DON'T UNDERSTAND THE CORRELATION AND THE PRICING, BUT THAT'S GOING TO BE AN OFFLINE CONVERSATION, MIGHT TAKE A LITTLE LONGER THAN THE SIX MINUTES I HAVE LEFT.

WHAT I DID NOTICE THAT ON AVERAGE THAT'S GOING TO BE ABOUT -- [LAPSE IN AUDIO] -- AND MORE THAN 20 OF THE TRACTS WITHIN THE FIRST INCOME QUINTILE ARE EXPERIENCING ENERGY BURDENS OF MORE THAN 25%.

THEY'RE ALL CLUSTERED IN THE CENTER AND SOUTHERN REGIONS OF SAN ANTONIO.

AND SO THE BURDENS ARE FOUR TIMES HIGHER THAN THOSE IN THE LEAST BURDENED, AND THAT'S JUST BY LOOKING AT THE STAT THAT'S THE REPORT PROVIDED.

AND SO I'M -- I THINK THAT IT'S NICE, LIKE COUNCILMAN MCKEE-RODRIGUEZ SAID THAT WE HAVE -- THAT WE'RE ALREADY THINKING OF THEM, BUT I THINK IT'S GOING TO TAKE A POLICY CHANGE, SO THAT'S WHY I'M REALLY INTERESTED IN THIS ENERGY AFFORDABILITY POLICY BEING SET, RIGHT?

SO WHAT CAN WE DO TO KIND OF SET THE THRESHOLD?

WITH THAT SAID, THE ENERGY -- SO ONE OF MY -- ONE OF THE RAC COMMITTEE MEMBERS, MY REPRESENTATIVE, HAS BEEN TALKING ABOUT ENERGY BURDEN LOW IMPACT INCOME STUDY TO ADDRESS THE INCREASE OVER THE NEXT FOUR TO FIVE YEARS WE'RE GOING TO SEE AN INCREASE AND YOU ALL SHOWED IT TO US TODAY, BUT I'D LOVE TO SEE HOW WE CAN GET ALL OF US A LITTLE BIT MORE ENGAGED THAN THAT AS WELL.

AND THEN I WANTED TO ASK YOU, IN THE RAC PRESENTATION FOR TOMORROW, IT SAYS THAT WE'VE REDUCED O & M EXPENSES AND THAT WE'RE FOCUSING ON PROJECTS THAT ARE KNOWN, REASONABLE AND JUSTIFIABLE.

I WAS GOING TO ASK AS A PART OF IT, WHAT ARE THOSE COST SAVINGS AND I NOTICE THERE'S A DEFERRAL OF \$60.6 MILLION IN CAPITAL FOR FISCAL YEAR 2023.

WHAT DOES THAT DO FOR OUR INFRASTRUCTURE NEEDS?

DOES THAT PUT US BEHIND BECAUSE OF THE CAPITAL PROJECTS THAT WE'RE DEFERRING?

AND ALSO HOW IS INNOVATION HELPING?

SO, FOR INSTANCE, R & D OF STORAGE, ARE WE CONSIDERING THAT?

HOW ARE WE PROJECTING COSTS OUT FOR THAT?

WELL, COUNCILWOMAN, THE REASON WE'RE HERE IS BECAUSE WHEN YOU GET IN A CASH CRUNCH, INFRASTRUCTURE INVESTMENT IS EXACTLY WHAT GETS DEFERRED.

AND WE'VE GOT A LOT OF OLD INFRASTRUCTURE HERE IN SAN ANTONIO THAT IF WE'RE NOT DEALING WITH IT, THE OUTAGES GET LONGER, THEY GET MORE DIFFICULT TO FIX.

YOU KNOW, EVERY WEATHER EVENT WE HAVE IS MORE CATASTROPHIC THAN THE ONE BEFORE, YOU KNOW, SO OUR GOAL AS PART OF THIS IS TO FOCUS ON THE PRIORITY, YOU KNOW, INFRASTRUCTURE THAT NEEDS TO BE DEALT WITH AND, YOU KNOW, AGAIN, WHEN WE LOOK AT WHAT'S IN AND WHAT MAYBE WE CAN PUSH OFF, WE'RE REALLY FOCUSED ON THINGS WE HAVE TO DO.

AND BOTH THE O & M AND THE CAPITAL SIDE, GENERATION INVESTMENT, GOT TO KEEP OUR POWER PLANTS RUNNING DURING EXTREME TEMPERATURES. WE JUST HAVE TO.

WE'VE LEARNED FROM URI THAT THOSE INVESTMENTS HAVE TO BE MADE.

SO THE TEAM -- YOU KNOW, WE'VE GOT A FULL KIND OF PRIORITIZATION LIST OF THE THINGS THAT WE'RE FOCUSED ON AND THE THINGS THAT WE THINK WE CAN DEFER, YOU KNOW, RESPONSIBLY, AND SO, YOU KNOW, WE CAN -- IF YOU WANT TO HAVE KIND OF SOME DETAILED CONVERSATIONS ABOUT OUR BUDGET, WE CAN COME BY AND TALK TO YOU ABOUT THAT, BUT, AGAIN, I'LL SAY THIS: YOU KNOW, THE WORK THAT CORY AND CHAD HAVE DONE WITH RUSSELL AND BEN, THEY'VE GONE LINE ITEM BY LINE ITEM THROUGH OUR BUDGET TO LOOK AT, YOU KNOW, WHAT WE BELIEVE ARE PRIORITIES SPEND AND WHAT WE THINK CAN BE DEFERRED SO THE LEVEL OF ENGAGEMENT HAS BEEN PRETTY SUBSTANTIAL.

GARCIA: THANK YOU, RUDY.

I DON'T HAVE THE LINE ITEM BY LINE ITEM BUT YOU ALL HIGHLIGHTED THAT FOR TOMORROW'S RAC PRESENTATION.

I APPRECIATE THAT ALL WENT INTO THAT LEVEL, SO THANK YOU FOR THAT.

HOW WILL WE INVEST IN MICROGRIDS FOR DISADVANTAGED COMMUNITIES TO COME BACK ONLINE A LITTLE BIT QUICKER AFTER SOME OF THE EVENTS LIKE THE ONES WE'VE BEEN HAVING.

SURE.

RICHARD MEDINA HAS -- YOU KNOW, OUR MICROGRID WORK HAS REALLY BEEN FOCUSED ON MILITARY INFRASTRUCTURE.

YOU KNOW, THE MILITARY'S GOT TONS OF RESOURCES AVAILABLE TO INVEST WITH US IN MICROGRIDS.

WE'RE STARTING TO TALK TO SAWS AND SOME OF OUR, YOU KNOW, EMERGENCY INFRASTRUCTURE HERE LOCALLY ABOUT MICROGRIDING.

YOU KNOW, ANY TIME YOU PUT SOLAR WITH A BATTERY OR YOU JUST HAVE A BATTERY THAT YOU KEEP CHARGED UP, YOU'VE CREATED A MICROGRID, YOU KNOW, IN AND OF ITSELF.

I THINK HOW WE'VE BEEN INVESTED IN SOLAR, YOU PUT A NEIGHBORHOOD BATTERY IN THERE, DOWN THE ROAD THAT CREATES AN OPPORTUNITY TO KEEP SOME ADDITIONAL LOAD ON DURING THE REALLY CHALLENGING TIMES.

SO I THINK WE'RE PROBABLY FURTHER ALONG THAN A LOT OF COMMUNITIES ARE.

WE'RE NOT AS FAR ALONG AS WE WANT TO BE, AND THERE'S A LOT OF MONEY AT THE FEDERAL LEVEL THROUGH THE INFRASTRUCTURE PACKAGE THAT JUST CAME OUT.

WE'RE SETTING UP AN ENTIRE GRANT TEAM TO GO AFTER IT SO WE CAN START PARTNERING WITH OUR COMMUNITY TO DO SOME OF THOSE TYPE OF PROJECTS.

GARCIA: AND I'D LOVE TO SEE IF WE COULD BE A PART OF LIKE A PILOT FOR THAT, SO I'M REALLY INTERESTED.

I SHARED A REPORT WITH MY COLLEAGUES ON THE UTILITIES COMMITTEE FROM THE TEXAS YCM, TEXAS TECH SCHOLAR THAT DID SOME RESEARCH I'LL BE HAPPY TO SHARE WITH YOU ALL.

I'M CONCERNED ABOUT OUR COMMUNITIES THAT NEED A LOT MORE RESILIENCE.

AND THEN ON SLIDE 20, HAVE YOU ALL TALKED TO THE SUPER LARGE COMMERCIAL CUSTOMERS JUST YET?

I NOTICED THAT WITH WINTER STORM RECOVERY THEIR BILL IMPACT IS GOING TO BE 16,581 MONTHLY.

WITHOUT IT'S ABOUT AN \$11,531 MONTHLY INCOME.

HAVE YOU ALL TALKED TO SUPER LARGE COMMERCIALS ALREADY?

I DID ABOUT AN HOUR AND A HALF PRESENTATION TO OUR LARGEST CUSTOMERS IN SAN ANTONIO ABOUT A MONTH AGO WHEN THE PERCENTAGE WAS STILL IN FLUX TO ANSWER THEIR QUESTIONS.

AND WE'LL HAVE ANOTHER ONE OF THOSE TO KIND OF REFINE WHERE WE ARE TODAY.

GARCIA: THANK YOU, RUDY.

AND THEN FINALLY, AND IT'S ON THE INNOVATION AGAIN, I KNOW I ASKED IF YOU ALL HAD AN R & D TEAM FOR AN INNOVATION DEPARTMENT AND SO IF MAYBE WE COULD LEARN A LITTLE BIT MORE ABOUT WHAT YOU'RE LOOKING AT AS FAR AS SOME INNOVATIVE PRACTICES.

YES, MA'AM.

SO I DON'T KNOW IF -- FOR THOSE OF YOU, YOU MIGHT KNOW A GENTLEMAN THAT WORKS FOR US BY THE NAME OF JONATHAN TIJIRENA, HE'S A FORWARD-THINKER, A BIG PICTURE GUY.

AND JONATHAN IS THE LEADER OVER OUR INNOVATION CAPABILITIES AND I'VE GOT HIGH HOPES FOR THE WORK HE'LL BE DOING IN THE FUTURE.

GARCIA: THANK YOU, MAYOR.

MAYOR NIRENBERG: THANK YOU, COUNCILMEMBER ROCHA GARCIA.
COUNCILMEMBER PELAEZ?

PELAEZ: RUDY, I DON'T ENVY YOU AT ALL.

I KNOW AND I RECOGNIZE THAT YOU AND THE CPS TEAM HAVE BEEN DEALT SOME REALLY UNFAIR CARDS AND THE TRUE TEST OF LEADERSHIP IS NOT HOW FAST YOU CAN FOLD, BUT HOW FAST YOU CAN ACTUALLY WORK THROUGH THAT.

AND I SEE YOU DOING THAT.

AND I WANT TO MAKE SURE THAT YOU KNOW THAT.

I SEE YOUR TEAM AND I SEE THE WORK THEY'RE POURING INTO THIS.

THANK YOU.

PELAEZ: AND THAT SHOULD NOT BE DISCOUNTED.

THANK YOU, SIR.

PELAEZ: THE I ALSO KNOW THAT THE THOUSANDS OF MEN AND WOMEN WHO WORK UNDER YOU, RIGHT, ARE OUT THERE WHEN IT RAINS, WHEN IT'S COLD, THEY'RE OUT THERE AT NIGHT, THEY STAND IN TRAFFIC TRYING TO FIX THIS

STUFF, AND THEY RISK THEIR LIVES IN MANY INSTANCES, YOU KNOW, TO GET SERVICE TURNED BACK ON IN NEIGHBORHOODS WHEN THERE'S AN OUTAGE AND, YOU KNOW, THESE WORKS WORK DANGEROUS JOBS.

AND I KNOW THAT SAFETY'S VERY IMPORTANT TO YOU, BUT THE JOBS ARE STILL DANGEROUS AND, YOU KNOW, THEY CERTAINLY DON'T GO WORK FOR CPS TO GET RICH, RIGHT?

I ALSO RECOGNIZE AND I REPEAT IT OFTEN AT MY HOA MEETINGS THAT THESE ARE MEN AND WOMEN WHO ARE THEIR NEIGHBORS, RIGHT?

WHO SEND THEIR KIDS TO THE SAME SCHOOLS AS, YOU KNOW, MY NEIGHBORS' KIDS GO TO AND THEY WORSHIP AT THE SAME CHURCHES AND THEY PLAY AT THE SAME PARKS AND THEY ALL WANT TO GET HOME SAFELY, SO THAT'S NOT LOST ON ME EITHER.

I TRY TO DRIVE THAT POINT HOME.

THANK YOU.

PELAEZ: BUT YOU'RE IN THE GRIPS OF A TRUST CRISIS RIGHT NOW.

THE PUBLIC RIGHT NOW, WHETHER YOU AGREE WITH THEM OR NOT, HAS A DELICATE RELATIONSHIP WITH YOU GUYS, RIGHT?

IT'S A LITTLE BRITTLE.

AND SOME OF IT YOU DESERVE, AND SOME OF IT, YOU KNOW, IT'S JUST THE BAD CARDS THAT THE UNIVERSE HAS DEALT YOU, AND I GET THAT, RIGHT?

AND I ALSO UNDERSTAND ERCOT AND, YOU KNOW, THE STATE GOVERNMENT HAS DEALT YOU SOME REALLY TERRIBLE CARDS AND, YOU KNOW, AND THEY EXHIBIT -- OR THEY HAVE EXHIBITED ZERO LEADERSHIP IN HELPING OUT THEIR CONSTITUENTS.

THEY TALK A LOT BUT THEY DO NOTHING.

AND WHAT THEIR STRATEGY IS, THEY JUST HOPE IT DOESN'T GET COLD LIKE THAT AGAIN.

HOPE IS NOT A STRATEGY, NOR IS IT LEADERSHIP, AND WHAT THEY'RE DOING IS THEY'RE PASSING OFF THE RESPONSIBILITY OF FIXING THIS TO YOU GUYS, WHICH IS ALSO NOT LEADERSHIP.

IT'S SOMETHING ELSE, BUT IT'S NOT LEADERSHIP.

SO, AGAIN, I DON'T ENVY YOU.

SO WHAT I DO, HOWEVER, AM CONCERNED IS A SLIDE THAT YOU SHOWED US WITH MULTIPLE STATES, THE OKLAHOMA WAS IN THERE, TEXAS WAS IN THERE AND ALL THAT.

AND SOMETHING -- THE TAKEAWAY FROM THAT SLIDE IS, LOOK, OTHER STATES HAVE HAVING TO DO THIS, OTHER UTILITIES IN OTHER STATES ARE HAVING TO DO THIS, TOO, AND PASS ON THESE COSTS TO THE CUSTOMERS, RIGHT?

WELL, I MEAN, THE POINT WAS THAT, YOU KNOW, IT WASN'T A LOCALIZED EVENT.

YOU KNOW, THE COLD WEATHER IMPACTED THE ENTIRE CENTRAL U.S.

PELAEZ: YEAH.

AND, YOU KNOW, THOSE OTHER UTILITIES ARE HAVING TO DO WHAT THEY'RE HAVING TO DO, AND I UNDERSTAND -- I UNDERSTAND THE POSITION WE'RE IN. THE DIFFERENCE, HOWEVER, FOR SAN ANTONIO AS COMPARED TO ALL THOSE OTHER CITIES WHERE THIS IS HAPPENING IS THAT WE'VE GOT THE POOREST CENSUS TRACTS IN THE NATION IN OUR CITY.

AND I THINK COUNCILMAN CASTILLO, I THINK THEY'RE IN YOUR DISTRICT, RIGHT, THOSE AREN'T IN OKLAHOMA, THOSE AREN'T IN DALLAS, THEY'RE HERE, RIGHT? AND FOR THOSE PEOPLE, AN EXTRA THREE BUCKS, FOUR BUCKS, FIVE BUCKS IS A MEAL, RIGHT?

IT'S A COPAY FOR NEEDED MEDICINE, FOR A DOCTOR'S VISIT, RIGHT?

IT'S A QUARTER OF A TANK OF GASOLINE TO BE ABLE TO GET TO THEIR JOB.

IT'S A VIA BUS PASS, RIGHT?

AND SO THAT IS -- FOR ME AND YOU, IT'S NOT MUCH MONEY.

BUT FOR A LOT OF THE FOLKS, YOU KNOW, AND MANY IN MY DISTRICT, TOO, LIVE ON VERY LIMITED FUNDS, THAT'S A LOT OF MONEY.

AND IT'S A BIG ASK.

AND SO YOU'RE ASKING US TO CONSIDER A RATE INCREASE DURING A TRUST CRISIS, RIGHT, IN A CITY WHERE WE'VE GOT THE POOREST CENSUS DISTRICTS WHO ARE NOW EVEN FURTHER INTO THE GRIPS OF CRISIS AND ANXIETY AND HOPELESSNESS AND, YOU KNOW, AND YOU CAN'T BLAME THESE FOLKS IF ANY OF US COUNCILMEMBERS WERE TO GO TO THEM AND SAY, HEY, WE'VE GOT A GREAT IDEA, LET'S RAISE YOUR BILL.

AND THEY SAY WELL, WHY?

WELL, BECAUSE WE'VE GOT TO ADDRESS THE IMMEDIATE CPS FINANCIAL PRESSURE'S BEING FACED, RIGHT?

THAT'S NOT GOING TO FLY.

I MEAN, I'M GOOD AT EXPLAINING STUFF, BUT I'M NOT THAT GOOD.

SO I'VE GOT TO FIGURE OUT HOW TO GET MY CONSTITUENTS, RIGHT, AND ALL OF US HAVE TO DO THAT, TO KIND OF EMBRACE THIS.

AND MY CONSTITUENTS ARE SMART.

THEY'VE VOTED IN THE PAST TO MAKE DIFFICULT DECISIONS THAT COST THEM MORE MONEY, BUT THEY REALIZE THAT IT'S GOOD FOR THEIR COMMUNITY AND EVERYBODY IN THE WESTERN SOCIETY UNDERSTANDS THAT, YOU KNOW, THE COVER CHARGE TO THIS PARTY IS THAT SOMETIMES YOU PAY TO GET IN, RIGHT, AND TO ENJOY THE BENEFITS.

BUT THIS ONE IS REALLY VERY DANGEROUS IF WE ARE NOT CAREFUL WITH THE OUTREACH.

AND SO I SAW THE OUTREACH SLIDES THAT YOU GUYS PUT UP THERE, AND THEN THERE'S ALL THE OUTREACH YOU'VE DONE, THOUSANDS OF MEETINGS AND TALKED TO THOUSANDS OF PEOPLE AND ALL THAT, BUT I MEAN, TELL ME, HOW MANY OF THESE MEETINGS THAT YOU'VE HAD PRIOR TO TODAY HAVE BEEN MEETINGS WITH HOAS OR THESE COMMUNITY GROUPS OR UTILITY ASSISTANCE FAIRS WHERE YOU MENTIONED THE WORD "RATE INCREASE" OR PASSING ON THE COST OF URI TO THEM?

PERSONALLY -- [LAPSE IN AUDIO] -- I'VE HAD THIS CONVERSATION WITH CUSTOMERS THAT I'VE BEEN ENGAGING WITH SINCE AUGUST, PROBABLY.

PELAEZ: OKAY.

WHERE WE TALK ABOUT, YOU KNOW, THERE BEING A -- A -- I WOULDN'T SAY RECKONING, BUT THERE'S A REALITY -- YOU KNOW, WE ONLY HAVE ONE PLACE TO GO FOR REVENUE THAT WE NEED TO RUN OUR SYSTEM, COUNCILMAN. IT'S OUR CUSTOMERS.

THAT'S IT.

WE'VE GOT NOWHERE ELSE TO GO FOR FUNDING.

PELAEZ: I KNOW.

AND SO WHEN WE HAVE THESE CONVERSATIONS, IT'S UP TO ME, JOINING YOU AT YOUR NEIGHBORHOOD ASSOCIATION MEETINGS AND TALKING ABOUT, YOU KNOW, WHAT WE'RE GOING TO DO TO HOPEFULLY TRY TO REBUILD THE TRUST WITH OUR CUSTOMERS ONE POSITIVE NEIGHBORHOOD MEETING AT A TIME. YOU KNOW, IF WE PUT THIS TO A VOTE, WOULD THE PUBLIC VOTE FOR A RATE INCREASE?

I DON'T KNOW ANYBODY -- I WOULDN'T VOTE FOR A RATE INCREASE, BUT IF YOU ASK ME, RUDY, DO YOU WANT, YOU KNOW, RELIABLE UTILITY SERVICE? I'D SAY HECK, YEAH, I WANT RELIABLE UTILITY SERVICE, AND THAT'S OUR JOB TO FIGURE OUT HOW TO DO THAT IN A MANNER THAT IS AFFORDABLE.

PELAEZ: AND THE POINT I'M TRYING TO MAKE BY ASKING THAT QUESTION, HAVE WE HAD THAT CONVERSATION WITH HOAS AND ALL THESE OTHER GROUPS?

I DON'T THINK WE'VE HAD THIS -- HEY, LET ME GIVE YOU THE BUSINESS CASE FOR A RATE INCREASE AND THIS IS HOW MUCH WE THINK WE NEED AND THIS IS HOW FAR IT WILL GET US BEFORE WE COME AND ASK -- WE HAVEN'T HAD THAT CONVERSATION ANYWHERE EXCEPT FOR RAC AND CAC AND HERE.

BUT WITH A VERY DELIBERATE, AUTHENTIC CONVERSATION WITH THESE FOLKS, NOT JUST A, HEY, AND BY THE WAY, WE'RE GOING THROUGH TOUGH TIMES AND EXPECT SOMETHING IN THE FUTURE.

AND I ACCEPT YOUR OFFER TO COME WITH ME TO HOAS.

YES, SIR.

PELAEZ: AND HERE'S WHO I THINK NEEDS TO BE SPOKEN TO BEFORE THIS COUNCIL EVEN CONSIDERS VOTING IN FAVOR.

I THINK YOU NEED TO GO TALK TO BEXAR COUNTY COMMISSIONERS, WHAT PERCENTAGE OF BEXAR COUNTY NONSAN ANTONIANS ARE YOUR CUSTOMERS? COUNCILMAN, WE'VE GOT A SESSION WITH BEXAR COUNTY THE WEEK AFTER NEXT WEEK.

WE'RE GOING TO TALK TO BEXAR COUNTY.

PELAEZ: YEAH, I WANT YOU TO TALK TO BROOKS AND, YOU KNOW, FIND OUT FROM THEM HOW IS THIS GOING TO IMPACT THEIR CONSTITUENTS AS WELL. BROOKS.

PELAEZ: THE MEDICAL CENTER.

I'M ON THE BROOKS BOARD, SIR.

PELAEZ: SO YOU KNOW.

THE MEDICAL CENTER, I WANT YOU TO TALK TO HOSPITALS, I WANT YOU TO TALK TO SCHOOLS, UNIVERSITIES, HOTELS, THEY'RE SUCKING WIND RIGHT NOW, LANDLORDS, HOMEOWNERS ASSOCIATION, OUR BIG DATA CENTER OPERATORS LIKE MICROSOFT, RESTAURANTS, UTSA, A&M, I THINK THESE ARE -- IT'S IMPORTANT TO MAKE SURE AT THE VERY LEAST THEY SAY, HEY, YOU KNOW, BEFORE YOU GUYS VOTE ON THIS, IT WOULD BE NICE FOR SOMEONE TO COME AND TALK TO US AND MAKE THE BUSINESS CASE.

AT LEAST GIVE US THE OPPORTUNITY TO WEIGH IN.

COUNCILMAN, LOOK, THE ENTIRE COUNCIL'S GOT MY COMMITMENT.

WE'VE GOT A PARTNER ENGAGEMENT PROGRAM THAT WILL GO OUT AND TALK TO ANYBODY THAT WANTS TO TALK TO US ABOUT THIS.

WE WILL DO THE WORK THAT WE NEED TO DO BEFORE THE VOTE COMES SO THAT WE GET TO THE PLACES WE NEED TO GET TO.

PELAEZ: ALL RIGHT.

LASTLY, IT'S AN ANECDOTE, BUT I THINK IT'S AN ANECDOTE THAT REPEATS ITSELF THROUGHOUT THE CITY FROM TIME TO TIME.

TODAY I HAD A LITTLE EVENT WITH SOME HOMEOWNERS ASSOCIATION REPRESENTATIVES AND THERE WAS A WOMAN THERE NAMED COURTNEY ROSEN, SHE ASKED ME TO MENTION HER TO YOU.

AND SO SHE LIVES IN A NEIGHBORHOOD CALLED OAK MEADOW.

IN THE PAST TWO WEEKS, OAK MEADOW HAS HAD FOUR OR FIVE BLACKOUTS. DURING THANKSGIVING DAY WHEN PEOPLE HAD ALL THEIR FAMILIES THERE, RIGHT, THEY HAD ONE IN THE MORNING ON THANKSGIVING AND ONE IN THE AFTERNOON.

THEY'RE FURIOUS WITH YOU GUYS.

50% OF THE HOMES IN THAT NEIGHBORHOOD ALONE HAVE BEEN EXPERIENCING BLACKOUTS MULTIPLE TIMES THROUGHOUT THE YEAR EVERY YEAR.

AND YOU GUYS KEEP SERVICING THE NEIGHBORHOOD, TRYING TO FIGURE IT OUT, AND YOU GUYS CAME OUT AND HAD A REALLY GREAT MEETINGS WITH US AT A SCHOOL -- ONE OF THE ELEMENTARY SCHOOLS, AND THEN OTHER NEIGHBORS LIKE HUNTER'S CREEK AND HUNTER'S CREEK NORTH AND HEART RANCH ALSO SHOWED UP, THEY'RE FURIOUS AT YOU GUYS.

NO REASSURANCE FROM ME, NO, NO, THEY'RE REALLY TRYING THIS, THEY'RE TAKING GOOD CARE OF YOU, THIS IS OUR MOST IMPORTANT ASSET, THEY DON'T HATE YOU, THIS IS NOT SOMEONE TRYING TO RUIN YOUR THANKSGIVING.

WE'VE GOT A LOT OF TRUST REBUILDING.

THOSE FOUR HOAS THAT I JUST MENTION THOSE ARE THE FIRST ONES -- I'M WARNING YOU AHEAD OF TIME, THEY'VE GOT THEIR KNIVES SHARPENED FOR YOU AND YOU AND I ARE GOING TO HAVE TO GO ON THE ROAD AND HAVE VERY DIFFICULT CONVERSATIONS WITH FOLKS WHO ARE ANGRY WITH US.

AND, YOU KNOW, AND I KNOW YOU'RE READY TO DO IT.

I'M READY TO DO IT, TOO, BUT THAT'S ABSOLUTELY NECESSARY BEFORE YOU EVEN GET, YOU KNOW, THE NOD FROM ME THAT YOU'RE GOING TO GET MY VOTE ON A RATE INCREASE.

SO THANKS, RUDY, I APPRECIATE YOU BEING HERE.

YES, SIR.

MAYOR NIRENBERG: THANK YOU, COUNCILMEMBER PELAEZ.

COUNCILMEMBER VIAGRAN?

VIAGRAN: THANK YOU.

THANK YOU, RUDY AND STAFF FOR THE PRESENTATION.

AS A MUNICIPALLY OWNED UTILITY THAT -- THAT I'VE LIVED AROUND MY ENTIRE LIFE, THIS IS -- THIS IS SOMETHING WE NECESSARILY WE NEED TO DO BECAUSE IT'S IMPORTANT AND IT'S NOT -- RATE INCREASES ISN'T WHAT ANYBODY WANTS TO DO, BUT IT'S WHAT WE HAVE TO DO BECAUSE WE'RE MUNICIPALLY OWNED UTILITY.

IF WE WERE IN SOMEPLACE ELSEWHERE IT WAS PRIVATE AND THERE WAS COMPETITIVE, WE WOULD SEE COMMERCIALS LIKE YOU DO WHEN YOU'RE STREAMING ABOUT COME OVER HERE AND YOU GET THIS FOR FREE OR YOU HAVE THE DIFFERENT RATE DESIGNS WHICH WE DON'T HAVE YET.

SO I'M FULLY -- I FULLY COMPREHEND THAT.

AND I DO WANT TO COMMEND THE MAYOR AND THE CITY COUNCIL AND THE FORMER CITY COUNCIL FOR TRYING TO ADDRESS THE INFRASTRUCTURE ISSUES. AND AS I'VE SAID BEFORE, WHEN WE TALK INFRASTRUCTURE, AND WHAT'S GOING ON IN OUR NORTHERN SIDES, D9, D10, D8, IT'S VERY DIFFERENT WHEN MY COUNCIL COLLEAGUE TALKS ABOUT D4 AND THE INFRASTRUCTURE STRUCTURES WE HAVE HERE.

AND WHY WE PAY SO MUCH TO HEAT OUR HOUSES AND TO COOL OUR HOUSES AND TO MAKE SURE THAT EVERYTHING'S LIT WHEN WE'RE USING WINDOW UNITS STILL.

SO I -- IT'S VERY IMPORTANT THAT WE'RE THOUGHTFUL ABOUT THIS RATE INCREASE.

AND I WANT TO COMMEND BEN AND THE CITY STAFF FOR GOING BACK AND SAYING WE CAN DO BETTER, AND THEN COMING BACK WITH, I FEEL, SOMETHING THAT IS BETTER.

SO THE REALITY AND THE SOBERING CONVERSATION FOR ME IS THAT I HAVE, AND IT MAY HAVE GONE DOWN, BUT IN DISTRICT 3, I HAVE OVER 10,000 RESIDENTS PENDING DISCONNECTIONS.

WITH THAT, I HAVE WORKED WITH MY CREW TEAM, MY CUSTOMER RESPOND UNIT TO MAKE SURE THAT WE GET OUT THERE.

AND I'M ONE OF THOSE COUNCILMEMBERS THAT'S READY TO GET PEOPLE TO KNOCK ON DOORS TO MAKE SURE THAT WE DO NOT GET THESE RESIDENTS DISCONNECTED.

BUT I THINK THE REALITY IS, WE NEED TO BE IN COMPLIANCE, THAT'S 24 MILLION.

WE NEED TO FIND THAT SOMEWHERE.

WE NEED TO MAINTAIN THE LOCAL SERVICE THAT SAN ANTONIANS ARE EXPECTING, AND THEN WE NEED TO IMPROVE IT SO THAT WE DON'T HAVE THOSE BLACKOUTS IN NEIGHBORHOODS.

AND WE DO NEED TO MAKE SURE THAT CPS KEEPS UP WITH EMPLOYEE RETENTION BECAUSE I HAVE SOME GREAT CRU MEMBERS, PEOPLE WORKING ON CPS STAFF, AND IF WE AT THE LGC INCREASE MY BUDGET, I'D PROBABLY HIRE THEM AWAY FROM YOU, SO THIS IS ONE OF THESE THINGS THAT WE HAVE TO TALK ABOUT, BECAUSE WHILE IT IS A MUNICIPALLY OWNED UTILITY AND WHILE WE GET THE BENEFITS FROM THEIR PROFITS AS A CITY, IT IS STILL A BUSINESS. AND THEY NEED TO STILL RUN AS A BUSINESS.

SO THIS CONVERSATION IS DIFFICULT, THOUGH.

THREE DOLLARS, \$5, IT CAN MEAN THE DIFFERENCE BETWEEN DO I PAY MY ELECTRICAL BILL OR DO I GO TO THE GROCERY STORE?

SO I THINK WE NEED TO MAKE SURE THAT WHEN WE TALK ABOUT THE PROGRAMS THAT WE LOOK AT EXPANDING THE MIDDLE CLASS, AND I AM REALLY LOOKING FORWARD TO THOSE RATE DESIGNS AND I HAVE AN INCREDIBLE PERSON ON THE RAC COMMITTEE THAT IS LOOKING FORWARD TO HAVING CONVERSATIONS, SO I WANT TO THANK BRENDA PACHECO FOR HER SERVICE.

MY QUESTION ARE BETWEEN DECEMBER 15TH AND JANUARY 13TH, DO WE PLAN TO HAVE A MEETING, ONE TOWN HALL TYPE MEETING TO TALK ABOUT THE RATE INCREASE OR WILL IT BE DEPENDENT ON JUST HAVING THEM GO TO OUR NEIGHBORHOOD ASSOCIATION MEETINGS?

NO, MA'AM.

WE'RE PLANNING A BOARD SESSION WITH THE PUBLIC.

IT WILL BE IN PERSON OR VIRTUAL, WE'LL PROBABLY HAVE A VIRTUAL OPTION AS WELL.

I WANT TO SAY WE'RE LOOKING AT SOMEWHERE AROUND DECEMBER 13TH, WE'RE WORKING WITH DR. MACKEY AND THE BOARD ON THEIR AVAILABILITY, BUT, YES, WE WILL HAVE A SESSION, IF NOT MORE -- THE TELETOWN HALL THAT WE DO, THAT Y'ALL DO FOR YOUR BUDGETS ACTUALLY REACH ABOUT 3,000 PEOPLE EVERY TIME WE DO IT.

THOSE HAVE BEEN PRETTY SUCCESSFUL.

I KNOW WE CAN'T JUST DO IT THAT WAY, BUT WE WILL PROBABLY HAVE A COUPLE OF THOSE SESSIONS AS WELL.

VIAGRAN: YEAH.

BECAUSE I WOULD LIKE TO SEE -- [LAPSE IN AUDIO] -- CPS HAS GONE OUT TO HIGH LAND PARK, YOU HAVE TALKED ABOUT THE RATE INCREASE WITH THEM, SO

I APPRECIATE THAT, BUT I'M -- FOR ME PERSONALLY, I HAVE A LOT OF THINGS TO DISCUSS WITH MY NEIGHBORHOOD ASSOCIATIONS BECAUSE OF ARPA AND UDC AND EVERYTHING ELSE THE CITY HAS GOING ON THAT I WAS LIKE JOINT -- JUMPING IN ANOTHER CPS, BUT IF THEY WANT YOU THERE, I'LL MAKE SURE THEY GET YOU THERE.

SO THAT WAS MY FIRST QUESTION.

THE OTHER QUESTION I HAVE IS, WITH THE INFRASTRUCTURE DOLLARS COMING DOWN, I THINK THERE'S THE -- AND I THINK CONGRESS CUELLAR SENT THIS OUT, THE NATIONAL GAS DISTRIBUTION INFRASTRUCTURE SAFETY AND MODERNIZATION GRANT PROGRAM AND THE ENERGY INFRASTRUCTURE FEDERAL FINANCIAL ASSISTANCE PROGRAM, IS THERE A POSSIBILITY THAT CPS COULD APPLY AND GET THAT FUNDS AND WE COULD POSSIBLY LOOK AT LOWER -- A LOWER RATE INCREASE IN THE NEXT TWO YEARS?

I DOUBT THAT WE'LL BE ABLE TO, YOU KNOW, FIGURE THAT OUT BETWEEN NOW AND WHEN WE'RE GOING TO BE COMING TO COUNCIL FOR, YOU KNOW, A VOTE. BUT CERTAINLY WE'RE GOING TO TURN OVER EVERY STONE WITH RESPECT TO FEDERAL FUNDING, YOU KNOW, FOR THE FUNDS THAT MAKE SENSE FOR OUR COMMUNITY.

VIAGRAN: BECAUSE THE INCREASE OF THE 5.5 AND THE 5.5 IN THE NEXT FOUR YEARS, IT DOES CAUSE SOME CONCERN FOR ME, BECAUSE THAT IS -- THAT IS QUITE A JUMP.

YEAH.

VIAGRAN: EVERYTHING WE CAN DO TO MAKE SURE THAT GETS A LITTLE LOWER. COUNCILWOMAN, LET ME JUST ADD THAT I THINK BOTH BEN AND CORY SAID IT, THOSE ARE PLACE HOLDERS.

THE CLOSER WE GET TO THOSE CONVERSATIONS, THE MORE THOSE NUMBERS WILL BE REFINED.

VIAGRAN: AND THE OTHER THING I JUST WANT TO MAKE SURE THAT WE'RE LOOKING -- AND I'M SURE THAT OUR CITY STAFF DID, IS THAT FIVE-YEAR FINANCIAL FORECAST, BECAUSE -- AND I DO WANT TO HELP WITH UTILITY ASSISTANCE, BUT SOME OF THE REQUIREMENTS THAT WE HAVE AND SOME OF THE REQUIREMENTS FOR ARPA, IT IS MY MIDDLE CLASS THAT'S GETTING HIT THE HARDEST.

SO IF THERE'S ANYTHING WE CAN DO IN TERMS OF PROGRAMMING TO MAKE SURE WE'RE HELPING THE MIDDLE CLASS.

AND RIGHT NOW THE ONLY WAY I THINK OF HELPING THE MIDDLE CLASS THAT ARE A LITTLE BIT ABOVE THAT RATE THAT APPLIES THEM FOR UTILITY ASSISTANCE IS TO KEEP THE GENERATE LOWER.

SO IF THERE'S ANY -- THE GENERAL RATE LOWER.

THEY'RE THE ONES THAT ARE GOING TO TAKE THE BIGGEST BURDEN.

AND ALSO MY SENIORS ON RETIREMENT.

THEY'RE GETTING A SALARY, AND A LOT OF THEM ARE NOT MAKING THAT -- THEY'RE MAKING TOO MUCH TO GET THAT ASSISTANCE, AND I THINK WE NEED TO LOOK AT THAT, TOO.

AND THEY'RE LIVING IN HOMES THAT ARE JUST -- THEY'RE HARD TO HEAT, LIKE I SAID.

SO, YOU KNOW, I -- I LOOK FORWARD TO THE CONVERSATION.

I THINK YOU GUYS DID A GOOD JOB.

I LIKE WHAT'S INCLUDED IN TERMS OF TECHNOLOGY, I'M JUST GOING TO GIVE A SHOUTOUT.

WE NEED TO MAKE SURE THAT WE -- THAT ALL OUR COMMUNITY, ESPECIALLY OUR SENIORS, NOW KNOW HOW TO USE THE TECHNOLOGY AND WHEN IT COMES TO THE PEOPLE, IF YOU'RE GOING TO GIVE MONEY TO THE CUSTOMER RESPONSE UNIT AND BUILD THAT TEAM, I'M ALL FOR THAT.

AND WHAT'S NOT INCLUDED, THE FUTURE GENERATION DECISIONS AND THE RATE DESIGN CHANGES, I -- YOU KNOW, I PLAN TO BE HERE FOR AS LONG AS MY RESIDENTS WANT ME TO MAKE SURE THAT THIS GETS DONE.

SO THANK YOU SO MUCH.

THANK YOU, COUNCILWOMAN.

MAYOR NIRENBERG: THANK YOU COUNCILMEMBER VIAGRAN.

COUNCILMEMBER CABELLO HAVRDA?

HAVRDA: THANK YOU, MAYOR.

I JUST WANT TO CLARIFY SOMETHING.

I WROTE DOWN, I THINK IT WAS SLIDE 6, 3.3% BILL IMPACT.

YEAH.

HAVRDA: MAYBE THIS IS FOR BEN.

BUT I'M HEARING --

IT GETS CONFUSING.

YOU KNOW, YOU KIND OF BUILD IN THE AMOUNT OF USAGE IN ADDITION TO THE INCREASE AND IT DOESN'T MATCH UP, YOU KNOW, KIND OF DOLLAR FOR DOLLAR.

PEOPLE USING LESS, YOU KNOW, BUT THE RATE INCREASE IS 3.85, YOU GET TO A LOWER NUMBER, BECAUSE THAT --

HAVRDA: SO WHAT I'M HEARING LIKE DOLLAR AMOUNTS.

IT'S NOT ABOUT NECESSARILY A THREE OR FOUR INCREASE, IT'S BASED ON 3.3%, RIGHT?

IT COULD BE HIGHER, IT COULD BE LOWER.

AND CORY SHOWED THE SLIDE IF YOU USE \$2,000-KILOWATT HOURS A MONTH. IT'S TOTALLY BASED ON USAGE.

HAVRDA: THANK YOU FOR THE PRESENTATION.

THERE'S A COUPLE OF DISPARATE ISSUES I HAVE TO RECONCILE.

ONE IS THAT I THINK WE HAVE 16,000 DISTRICT 6 RESIDENT WHOSE ARE CURRENTLY BEHIND IN PAYMENTS TO CPS AND WE'RE ASKING FOR POTENTIALLY A RATE INCREASE, SO THERE IS -- THAT'S TOUGH.

THAT'S A TOUGH ASK.

WHAT I NEED IN ORDER TO RECONCILE THESE TWO ISSUES ARE A COUPLE OF REALLY POINTS FOR ME TO GO AND TALK TO MY COMMUNITY ABOUT.

ONE IS WHAT IS THE PLAN TO MOVE -- TO HELP PEOPLE WHO ARE BEHIND ON THEIR PAYMENTS BECOME CURRENT, RIGHT?

BECAUSE THEIR TIMELINE -- THAT TIMELINE'S GOING TO AFFECT OUR RATE PAYERS.

RIGHT.

SO THE -- YOU KNOW, WE DO THAT WORK EVERY MONTH, AND, YOU KNOW, WE'RE GOING TO ACTUALLY DOUBLE DOWN NOW THAT WE KNOW WHAT THE ARPA FUNDING LOOKS LIKE.

THAT -- WE'LL EXTEND THAT ASSISTANCE AS FAR AS IT WILL GO.

YOU KNOW, I THINK COMMUNITY-WIDE THAT WILL PROBABLY HELP US WITH 20,000, YOU KNOW, HELP THE BALANCE -- WIPE THE BALANCES OUT FOR ABOUT 20,000 CUSTOMERS WHICH IS REALLY GOOD, AND THERE ARE OTHER FUNDING OPPORTUNITIES.

I MEAN, COUNCILWOMAN VIAGRAN HIT THE NAIL ON THE HEAD, YOU KNOW, WE'RE GOING TO REACH OUT TO EVERYBODY.

I'VE SAID IT BEFORE, AND I'LL KEEP SAYING IT, NO CUSTOMER NEEDS TO GET CUT OFF.

THEY'VE JUST GOT TO CONNECT WITH US AND WE'LL FIND THEM, YOU KNOW, WHATEVER ASSISTANCE THAT THEY QUALIFY FOR.

THE MIDDLE CLASS, WE'VE GOT SOME WORK TO DO FOR THEM.

IT'S GOING TO BE PAYMENT PLANS AND, YOU KNOW, TRYING TO, YOU KNOW, FIND A LITTLE BIT MORE FLEXIBLE, YOU KNOW, PROGRAMS THAT WE HAVE TO OFFER.

THE SENIORS, WE HAVE A SENIOR PROGRAM, SENIORS ARE PROUD, THEY DON'T WANT TO ASK FOR ASSISTANCE A LOT OF TIME, SO Y'ALL HELPING US CONNECT WITH THE SENIORS THAT NEED THE HELP.

THEY DON'T HAVE TO CALL US, WE'LL CALL THEM YOU'VE JUST GOT TO TELL US WHERE THEY ARE.

HELP US MAKE THAT CONNECTION.

WE'RE GOING TO DO EVERYTHING WE CAN DO.

WE'LL GET THROUGH THE HOLIDAYS.

WE'RE NOT GOING TO BE DISCONNECTING UNTIL PROBABLY MIDJANUARY SOME TIME AND THAT GIVES US A LOT OF TIME TO CONTINUE THE OUTREACH AND THEN DOUBLE DOWN.

WE'LL KNOCK ON EVERY DOOR, YOU KNOW, THAT WE HAVEN'T BEEN ABLE TO CONNECT WITH FOR ARPA FUNDING AND THEN WE'LL FIGURE OUT HOW TO, YOU KNOW, TAKE THAT TO THE NEXT LEVEL FOR THOSE CUSTOMERS THAT ARE STILL OUTSTANDING.

I MEAN, I'M HOPING, YOU KNOW, THAT OUR EFFORTS TO DO THAT WILL REALLY MAKE AN IMPACT FOR THOSE CUSTOMERS THAT WE'VE -- A LOT OF CUSTOMERS WE JUST HAVEN'T BEEN ABLE TO REACH.

IF WE KNOCK ON YOUR DOOR AND YOU DON'T ANSWER AND EVEN IF WE GIVE YOU AN EXTRA MONTH OR TWO, YOU KNOW, AUTOMATICALLY TO PAY YOUR BILL, YOU KNOW, IT MAY BE UNTIL YOU GET CUT OFF THAT YOU CONNECT WITH US, AND THEN WE'LL GET YOU BACK ON AND WE'LL GET YOU ON THE RIGHT PROGRAM.

SO I HOPE FOLKS WILL TAKE IT UPON THEMSELVES TO HEAR THAT MESSAGE AND REACH OUT TO US, BECAUSE I MEAN, WE'LL CONNECT WITH YOU ANY WAY WE CAN.

HAVRDA: AND I THINK YOU BRING UP AN IMPORTANT POINT.

I'VE LEARNED VERY QUICKLY IN THIS ROLE THAT THEY -- I HAVE TO GO TO THEM. THEY WON'T -- I CAN'T -- THEY WON'T TAKE IT UPON THEMSELVES.

THEY'VE GOT BUSY LIVES AND JOBS AND KIDS AND ALL OF THAT, AND SO EVEN WITH A BIG BILL LOOMING OVER THEIR HEAD, THEY'VE GOT TO KEEP TRUCKING AND SO WE HAVE TO GO TO THEM.

I PLAN ON ASKING YOU ABOUT YOUR COMMUNICATION PLAN TO GET THIS INFORMATION TO RESIDENTS, BUT I HEAR YOU AND I'M GLAD TO SAY TO HEAR YOU KNOCKING ON DOORS.

THAT IS MY JAM.

I LOVE KNOCKING ON DOORS IN DISTRICT 6.

IT'S MY FAVORITE.

I'LL GO TO MY SENIOR CENTER, ALICIA TREVINO CENTER, THAT'S WHERE MY SENIORS ARE.

COME WITH ME, WE HAND OUT THE FROZEN LUNCHES.

WE'LL SET UP TABLES FOR A COUPLE WEEKS IF YOU WANT US TO, YES, MA'AM.

HAVRDA: ALSO SINCE WINTER STORM URI WE'VE TALKED ABOUT CLEAR COMMUNICATION PLANS NOT JUST FOR COUNCIL BUT DIRECTLY TO OUR RESIDENTS ABOUT WHAT'S GOING ON WITH OUR UTILITIES.

I WANT TO MAKE IT VERY CLEAR THIS IS OF THE UTMOST IMPORTANCE.

WE NEED TO MAKE IT CLEAR TO OUR RESIDENTS WHAT YOU'RE TALKING ABOUT, THE FACT THAT THESE ARE CRITICAL IMMEDIATE NEEDS.

I THINK IT'S A TOUGH CLIMB, YOU KNOW, BUT I THINK AS -- THIS IS A CHANGE FROM WHAT I THINK WAS EXPECTED.

YOU KNOW, WE WEREN'T LOOKING AT JUST THE IMMEDIATE NEEDS OF OUR UTILITY, OF THEIR UTILITY.

WHEN YOU'RE TALKING ABOUT OUR COMMUNITIES AND YOU TELL THEM THAT THE PRICE WILL -- THAT THE PAYOFF HERE, LITERAL PAYOFF WHEN YOU INCREASE THE RATE AND WE PAY THIS INCREASED RATE IS A RELIABLE PUBLIC UTILITY, HOW DO WE HOLD YOU ACCOUNTABLE FOR THAT?

WHAT'S THE -- WHAT GUARANTEE CAN WE GIVE THE COMMUNITY THAT THEIR LIGHTS AREN'T GOING TO GO OUT AND IN WHAT TIME FRAME?

WELL, AS COUNCILMAN PELAEZ, EVERY YEAR WE'VE BEEN IN SOME NEIGHBORHOOD WHO'S HAVING A PROBLEM, YOU KNOW, TRYING TO ADDRESS THEIR ISSUES.

YOU KNOW, WHEN THOSE ISSUES POP UP, I THINK WE'RE GETTING A LOT BETTER WITH TECHNOLOGY TO, YOU KNOW, LET US KNOW THAT A NEIGHBORHOOD'S GOING TO HAVE -- YOU KNOW, IS GOING TO START HAVING PROBLEMS, SO THAT WE CAN PROACTIVELY GET AHEAD OF IT.

YOU KNOW, ALL I CAN DO TO ASSURE PEOPLE THAT WE'RE GOING TO BE RESPONSIVE IS TO GO OUT AND TALK TO THEM ABOUT WHAT THE PROBLEM IS AND THEN DO WHAT I SAY -- WHAT I TOLD THEM I WAS GOING TO DO.

AND SO FOR ME, THAT'S HOW YOU GAIN TRUST IS, YOU KNOW, EVEN IN TIMES -- AND I'VE SAID IT TO THE MUNICIPAL UTILITY COMMITTEE. CUSTOMERS WEREN'T SO UPSET THAT THEY WERE OFF, THEY WERE UPSET THAT IT WASN'T ROTATING THE WAY IT SHOULD.

HAVRDA: IT WASN'T EQUITABLE.

BECAUSE WE DIDN'T GIVE THEM A COUPLE TWO, THREE DAYS NOTICE IF THEY WANTED TO GO TO A FAMILY MEMBER'S HOUSE OR MAKE ARRANGEMENTS, THOSE ARE THE THINGS THAT WE'VE FOCUSED ON DURING THE LAST NINE MONTHS AND IF THERE IS A NEXT TIME, YOU'LL SEER RICK AND I AND ROBERT PUENTE AND WHATEVER OTHER PUBLIC OFFICIAL TALKING TO THE COMMUNITY ABOUT WHAT'S GOING ON.

ALL I'VE GOT IS MY WORD, COUNCILWOMAN, IN THIS BUSINESS AND THAT MEANS DEALING WITH ISSUES AS THEY ARISE ONE NEIGHBORHOOD AT A TIME.

HAVRDA: I APPRECIATE THAT, BUT I REALLY THINK WE NEED TO COME UP -- WE NEED TO TALK MORE ABOUT -- BECAUSE THAT'S WHAT THEY'RE GOING TO ASK ME.

OKAY, YOU'RE PROMISING ME A RELIABLE UTILITY AND WHAT IF IT DOESN'T HAPPEN?

AND I'VE ALREADY OKAYED THIS RATE INCREASE OR I'VE TOLD YOU AS MY REPRESENTATIVE THAT I'M OKAY WITH IT, I COME HERE AND SAY IT'S OKAY, AND THEN WHAT RECOURSE DO THEY HAVE IF IT'S NOT?

YOU KNOW, IF IT'S NOT ENOUGH, IF -- YOU KNOW --

THE RECOURSE ULTIMATELY IS THAT THE BOARD HOLDS ME AND MY TEAM ACCOUNTABLE FOR THE JOB I'M DOING FOR THE COMMUNITY.

HAVRDA: I HEAR THAT.

I THINK WE NEED TO GIVE THEM A LITTLE BIT MORE THAN THAT, THOUGH. ON SLIDE 6, YOU TALKED ABOUT -- I THINK THIS MAY BE FOR BEN, BUT WE TALKED ABOUT INCREASED CITY REVENUES FROM THE POTENTIAL RATE INCREASE AND THERE'S A COUPLE OF ASTERISKS THAT SAID THIS WAS NOT SUBJECT TO CITY PAYMENTS.

SO MY QUESTION IS REGARDING THE REVENUE THAT THE CITY RECEIVES FROM CPS.

HAS THAT BEEN CALCULATED OR FORECASTED AND -- ACCORDING TO SLIDE 6, IT LOOKS LIKE THERE ARE SOME THINGS THAT WILL BE ACCEPTED FROM OUR REVENUE AS A CITY?

GORZELL: YES, COUNCILWOMAN, THAT'S CORRECT.

SO THE PORTION THAT IS RELATED TO WINTER STORM URI'S RECOVERY, THAT \$418 MILLION THAT WILL BE RECOVERED OVER TIME WITH FINANCING COST, WE HAVE WAIVED -- OR WE'RE RECOMMENDING WAIVER OF CITY PAYMENT ON THAT.

THAT'S SOMETHING THAT CITY MANAGER TALKED ABOUT, I THINK, BACK IN PROBABLY MARCH OR APRIL AND PROBABLY SEVERAL TIMES SINCE THEN.

SO WE ARE WAIVING CITY PAYMENT ON THAT PORTION.

WE WOULD GET CITY PAYMENT ON THE BASE RATE INCREASE, THE 3.85 PERCENT.

HAVRDA: OKAY.

SLIDE 8, WOULD YOU MIND PULLING IT UP, THERE WERE NOTES

DISPUTED -- ABOUT DISPUTED FUEL COSTS FROM THE WINTER STORM URI.

WE -- THAT THERE WERE -- WE'RE NOT GOING TO BE ASKING THE COMMUNITY TO COVER THE COSTS OF URI THAT ARE DISPUTED, YOU KNOW, THE LAWSUIT, RIGHT?

WHAT COSTS OCCURRED THAT ARE NOT PART OF THE LAWSUIT AND WHAT DOLLAR AMOUNT WILL BE COVERED BY THE RATE INCREASE.

GORZELL: THE PORTION THAT IS IN THIS RATE CASE IS THE \$14 MILLION THAT THEY HAVE PAID TO DATE.

THAT INCLUDES FUEL COSTS, ASSOCIATED WITH THE WINTER STORM, IT WILL INCLUDE PROJECTED FINANCING COSTS, LEGAL FEES, OTHER RELATED COSTS.

THAT'S WHAT'S INCLUDED IN THE RATE CASE THAT YOU'RE GOING TO BE CONSIDERING.

THEY, AGAIN, WILL FINANCE THAT OVER A 25-YEAR PERIOD.

THAT'S WHAT RESULTS IN THAT ROUGHLY 8/10 OF A PERCENT BILL IMPACT OF THE RECOVERY.

THAT \$527 MILLION DISPUTED THAT WILL CONTINUE TO BE WORKED ON.

THERE'S NOTHING BUILT INTO THIS RATE CASE ABOUT RECOVERING THAT.

THAT IS OUTSIDE OF THIS RATE CASE.

HAVRDA: I THINK I HEARD YOU SAY 418 IS THE AMOUNT THAT WE'RE GOING TO BE ASKING -- WE'RE GOING TO BE COVERING -- [LAPSE IN AUDIO] -- DISPUTED COSTS FROM URI.

GORZELL: THOSE ARE COSTS THAT CPS HAS ALREADY PAID.

HAVRDA: ALL RIGHT.

THANK YOU, BEN.

THANK YOU, MAYOR.

MAYOR NIRENBERG: THANK YOU, COUNCILWOMAN CABELLO HAVRDA.
COUNCILMEMBER PERRY?

PERRY: OH, MAN, THEY PUT THESE LEGS IN THE WRONG PLACE ON THESE TABLES.

THAT HURT.

ALL RIGHT.

LET ME CLEAR MY EYES THERE.

RUDY, GOOD JOB ON PUTTING THIS TOGETHER.

HATS OFF TO Y'ALL.

BUT I'VE GOT TO -- I'VE JUST GOT SOME GENERAL COMMENTS HERE AT THE BEGINNING, AND I'VE GOT A TON OF QUESTIONS.

IT WOULD TAKE ME AN ENTIRE HOUR TO GO THROUGH ALL MY QUESTIONS ON THIS PRESENTATION.

AND SO I'LL GET IT TO YOU SOME KIND OF WAY TO GET THE ANSWERS.

WE'LL SET UP AN INDIVIDUAL BRIEFING, SIR.

PERRY: ALL RIGHT.

GREAT.

NUMBER ONE, RATE INCREASES ARE TOUGH ANY TIME THAT THAT IS DISCUSSED. I MEAN ANY TIME.

RATE INCREASES WHEN PEOPLE START HEARING TALKS ABOUT THAT, PEOPLE'S ANTENNAS GO UP AND SAY WHY.

AND THAT'S ANY TIME.

BUT NOW IS THE WORST TIME EVER TO COME IN SAYING WE NEED A RATE INCREASE.

YOU KNOW, THAT'S -- AND I AGREE WITH COUNCILMAN PELAEZ, I DON'T THINK THERE'S ENOUGH TIME BUILT INTO THE SCHEDULE TO PUT A FRAMEWORK AROUND THIS, WHY WE NEED A RATE INCREASE AND AT THIS RATE.

YOU KNOW, OUR PROPERTY TAXES CONTINUE TO GO UP EVERY YEAR, WE'VE GOT INFLATION HAPPENING RIGHT NOW.

GO FILL UP YOUR CAR.

WHAT HAS THAT DONE?

DOUBLED THE PRICE.

GROCERIES, CONSUMABLES, EVERYTHING IS GROWING UP, AND THEN WE'LL PILING ON THE TOP OF IT, ORIGINALLY WE WERE SAYING 10%.

YOU KNOW, IT JUST DOESN'T SEEM TO STOP ON HOW WE'RE HAMMERING OUR CUSTOMERS OUT ACROSS SAN ANTONIO AND BEYOND.

IT'S NOT JUST SAN ANTONIANS, IT'S ALL THE OTHER SERVICE AREAS THAT YOU PROVIDE SERVICE TO.

IT'S JUST THE WORST TIME FOR SOMETHING LIKE THIS.

I'VE GOT QUESTIONS ABOUT -- YOU KNOW, WE'VE GOT THE RAC, WE'VE GOT THE CAC, WE'VE GOT THE BOARD, WE'VE GOT THE CITY COUNCIL, WE'VE GOT THE CITY STAFF ALL INVOLVED IN THIS PROCESS.

I WOULD LIKE TO SEE, YOU KNOW, EXACTLY WHAT THOSE ROLES ARE ON EACH ONE OF THOSE, BECAUSE WE'VE GOT THIS -- YOU DO HAVE A TIMELINE ON WHERE IT'S GOING AND WHEN, BUT ALL OF THIS SEEMS TO BE WORKING LIKE THIS.

AND WHO'S -- THE CITY COUNCIL MAKES THE FINAL DECISION, BUT WHO'S AUTHORITY IS EACH ONE OF THOSE STEPS AND WHAT DO THEY APPROVE?

I -- YOU KNOW, I THINK THAT NEEDS TO BE EXPLAINED A LITTLE BIT FURTHER. LET ME JUST GET A COUPLE OF THESE THINGS OUT HERE.

AND WHY IN THE WORLD WOULD WE GO -- I'M TALKING FROM PERSONAL EXPERIENCE, A DISTRICT 10 MEETING WHERE THERE'S A PRESENTATION GIVEN BY CPS SAYING WE NEED A 10% INCREASE.

AND HERE'S WHAT WE'RE GOING TO BE DOING TO GET THAT RATE INCREASE. AND EVERYBODY'S SITTING THERE GASPING, SAYING, A 10% RATE INCREASE? WHERE IS THIS COMING FROM?

VERY LITTLE DETAIL ABOUT WHY.

AND NOW WE'RE TALKING -- OH, IT'S NOT A 10%, IT'S A 3.85 OR WHATEVER IT IS. IF I'M A CONSUMER -- AND I'M A CONSUMER, I'M GOING TO BE SAYING, WELL, WHY DO YOU NEED A RATE INCREASE AT ALL IF YOU START AT 10%, YOU'RE DOWN TO 3.85, WHY DO YOU NEED ONE AT ALL IF YOU -- YOU KNOW, WHAT HAPPENED THERE?

WHY THE DELTA?

YOU KNOW, I DON'T UNDERSTAND THAT AT ALL.

THAT NEEDS TO BE THOROUGHLY EXPLAINED BECAUSE THERE IS A NEWSPAPER ARTICLE THAT SAID, YEAH, 10% RATE INCREASE, THAT'S WHAT Y'ALL ARE LOOKING FOR.

AND NOW WE'VE GOT -- THAT'S TO COUNCILMAN PELAEZ'S COMMENT A WHILE AGO ABOUT THE PUBLIC TRUST IN THIS ORGANIZATION AND HOW ARE WE GOING TO RECOVER FROM THAT?

WELL, IT'S GOING TO TAKE A HECK OF A LOT OF EXPLAINING TO MY DISTRICT. I DON'T KNOW ABOUT THE OTHER DISTRICTS, BUT TO GET THIS DONE IN A MONTH'S TIME, A LITTLE OVER A MONTH, NO.

NO WAY.

I'M NOT GOING TO ACCEPT THAT, AND MY CUSTOMERS IN DISTRICT 10 WILL NOT ACCEPT THAT.

WE NEED MORE TIME TO EXPLAIN THIS THOROUGHLY AS TO WHY WE NEED ANY INCREASE, AND CERTAINLY WHY IT WENT DOWN FROM 10 TO 3.8 OR WHATEVER THAT NUMBER IS.

SO WE NEED MORE TIME ON THAT.

YOU MADE A COMMENT A WHILE AGO, OUR CUSTOMERS ARE THE ONLY RESOURCE THAT YOU HAVE TO GET REVENUE FROM.

WELL, WE JUST GAVE YOU \$20 MILLION FROM ARPA FUNDS.

SO THAT'S OUTSIDE THE BOX.

WHAT OTHER BOXES OUT THERE ARE AVAILABLE FOR US AS A CITY COUNCIL OR YOU AS CPS TO GET REVENUE FROM TO HELP CUSTOMERS OUT THERE I THINK THERE'S SOME OTHER AREAS OUT THERE AND WE'RE GOING TO BE DISCUSSING MORE ABOUT ARPA FUNDS HERE SOON.

I THINK THAT WAS -- TO ME, THAT WAS A LITTLE MISLEADING SAYING THAT THAT'S THE ONLY REVENUE SOURCE BECAUSE, YEAH, ARPA FUNDS IS THERE. AND YOU ALREADY GOT SOME OF THOSE.

SO I THINK WE NEED TO THINK OUT OF THE BOX A LITTLE BIT MORE.

I THINK I MENTIONED ONE TIME WE'VE GOT ONE OF THE WORLD'S LARGEST GAS SUPPLIES AT OUR BACK DOOR, NATURAL GAS, EAGLE FORD SHALE, WHY DON'T WE HAVE OUR OWN PIPELINE?

WHY DON'T WE HAVE OUR OWN GAS COMPANY TO SUPPLY CPS?

I THINK WE CAN GET A HECK OF A LOT CHEAPER THAN PAYING ALL THESE GAS COMPANIES OUT THERE TO SUPPLY THAT GAS TO US.

JUST A THOUGHT.

JUST -- THAT'S JUST ONE OF THOSE, HEY, WHAT IF?

YOU KNOW, WHAT WOULD THAT DO.

SO THAT'S JUST MY OPENING COMMENTS, RUDY.

LET ME GO THROUGH SOME OF MY QUESTIONS HERE.

THE ENGAGEMENT UPDATE, SLIDE 4, WHAT -- YOU TALK ABOUT ALL OF THESE ENGAGEMENT EVENTS, BUT I THINK THAT WAS UTILITY ASSISTANCE, AS YOU HAVE MENTIONED HERE.

PRIMARILY.

PERRY: BUT I KNOW IN DISTRICT 10 YOU TALKED ABOUT A RATE INCREASE, AND, AGAIN, TO COUNCILMAN PELAEZ'S THING, WHAT KIND OF INPUT WERE YOU GETTING BACK FROM PEOPLE AT ALL THESE ENGAGEMENTS HERE?

SO WE -- YOU KNOW, WE COVER A NUMBER OF ISSUES, WE COVER PUBLIC SAFETY, WE COVER, YOU KNOW, ASSISTANCE.

YOU KNOW, WE TALK ABOUT, YOU KNOW, THE NEED FOR -- GENERALLY FOR RATE INCREASE.

COUNCILMAN, I'LL TELL YOU, WE TOOK -- WE HAD TO STOP AND TAKE -- AND SOMEWHAT TAKE A STEP BACK.

THE DISMOUNT COMING OUT OF THE GATE WAS NOT GRACEFUL, AND IT TOOK ERIK AND I, YOU KNOW, HAVING SOME REALLY -- THE MAYOR, OUR BOARD CHAIR HAVING SOME REALLY TOUGH CONVERSATIONS ABOUT, HEY, WE NEED TO PAUSE, WE NEED TO GET ALIGNED ON THE APPROACH TO BUILDING THE CASE ITSELF AND THEN, YOU KNOW, WE REENGAGED.

SO WE STOPPED TALKING ABOUT THE PERCENTAGE WITH THE COMMUNITY FOR A WHILE, YOU KNOW, BECAUSE WE RECOGNIZED THAT WASN'T HELPING THE TRUST ISSUE THAT I WAS SPECIFICALLY, YOU KNOW, CHARGED WITH TRYING TO DO SOMETHING ABOUT.

SO THIS REENGAGEMENT WILL INCLUDE, YOU KNOW, A LOT MORE DETAIL ABOUT THE FINANCIALS.

AGAIN, WE'LL COME TALK TO YOU ABOUT ALL THOSE QUESTIONS THAT YOU LAID OUT FOR US, BUT THERE ARE, YOU KNOW, I THINK, REASONABLE EXPLANATIONS FOR HOW WE GOT TO THIS PLACE AND WE'VE GOT A LOT OF WORK TO DO IN THE COMMUNITY OVER THE NEXT, YOU KNOW, SIX TO SEVEN WEEKS.

PERRY: WELL, AGAIN, I DON'T THINK SIX TO SEVEN WEEKS IS ENOUGH TIME BECAUSE I'M GOING TO REACH OUT TO MY DISTRICT SAYING WHO ALL WANTS TO KNOW ABOUT THIS?

AND THERE'S NOT A SINGLE CONVENIENT TIME FOR EVERYBODY TO GET THAT, SO I JUST THINK THAT WE'RE RUSHING THIS THROUGH THE SYSTEM.

I KNOW YOU NEED TO GET THIS DONE VERY QUICKLY, BUT, AGAIN, I JUST DON'T THINK THAT'S ENOUGH TIME.

ONE OF THE THINGS THAT WAS STRESSED AT THAT MEETING IN DISTRICT 10 THAT WE NEEDED 10% -- AGAIN, I'M GOING BACK ON THE 10% THING, AND IT WAS NEEDED FOR INFRASTRUCTURE RESILIENCY.

THAT'S WHAT WAS ON THE SLIDE.

AND HERE ON SLIDE 7, WE ADDED TECHNOLOGY, GROWTH, PEOPLE.

YOU KNOW, ADDING UP TO \$73 MILLION.

NONE OF THAT WAS TALKED ABOUT AT YOUR BRIEFING, IT WAS ONLY FOR THE RESILIENCY PART.

SO EVERYBODY'S GOING TO SAY, WHAT'S ALL THIS OTHER STUFF FROM? AND HAVE SOME TOUGH QUESTIONS ABOUT IT.

I'VE GOT TOUGH QUESTIONS ABOUT IT, LIKE THIS MANPOWER -- OR THE PEOPLE PART.

WOW.

\$13 MILLION FOR PEOPLE IN CPS?

I DON'T GET THAT DELTA ON WHAT YOU'RE PAYING TODAY AND HOW MANY YOU HAVE ON HAND VERSUS HOW MANY -- HOW MANY VACANCIES DO YOU HAVE AND AT WHAT PAY STRUCTURE?

YOU KNOW, THAT -- MAN, THAT OPENS UP A WHOLE BUNCH OF QUESTIONS RIGHT THERE.

COUNCILMAN, WE SHOULD BE AT 3300 EMPLOYEES TO REASONABLY MANAGE OUR SYSTEM.

WE'RE DOWN AROUND 2900 AND WE'RE LOSING FOLKS TODAY, BECAUSE WE'RE NOT -- WE'RE NOT COMPETITIVE IN THE MARKET.

THE MARKET HAS PASSED US BY AND WE CAN SHOW YOU ALL THE DATA, YOU KNOW, THAT BACKS THAT UP.

WE'RE NOT TALKING -- TAKE THE EXECUTIVE TEAM OUT OF IT.

WE'RE NOT TALKING ABOUT EXECUTIVE PAY HERE, WE'RE TALKING ABOUT THE FOLKS THAT OPERATE THE SYSTEM.

WE'VE GOT TO HAVE OPERATORS IN A CONTROL ROOM OPENING UP AND CLOSING SWITCHES AND OPERATING POWER PLANTS.

IF WE DON'T STAY COMPETITIVE, THAT PRESENTS ITS OWN RELIABILITY CHALLENGES IN AND OF ITSELF.

PERRY: WE'VE GOT SUCH THINGS AS WORKFORCE TRAINING PROGRAM AND ALL OF THAT STUFF THAT --

YES, SIR.

PERRY: I THINK ALL THE OTHER AREAS NEED TO BE LOOKED AT BEFORE WE NEED TO SAY WE NEED ANOTHER \$13 MILLION FOR PEOPLE HERE.

BUT ANYWAY, AGAIN, NONE OF THOSE AREAS WERE ADDRESSED WHEN YOU CAME OUT TO DISTRICT 10.

I SEE I'M GETTING CLOSE TO TIME.

LIKE I SAID, RUDY, I'VE GOT A LOT OF QUESTIONS HERE.

I'LL CHIME BACK IN HERE IN A FEW MINUTES, GET A FEW MORE.

OKAY.

PERRY: BUT I'LL WORK WITH YOU TO GET THESE OUT.

AND THESE ARE NOT JUST QUESTIONS FROM DISTRICT 10, THESE ARE CITYWIDE QUESTIONS ON THIS PRESENTATION AND WHY WE REALLY NEED THIS RATE INCREASE.

YOU KNOW, I WANT TO WORK WITH YOU, BUT RIGHT NOW WE'RE NOT THERE.
WE'VE GOT A LONG WAY TO GO.

OKAY.

PERRY: THANK YOU, SIR.

MAYOR NIRENBERG: THANK YOU COUNCILMAN PERRY.

ERIK YOU WANT TO RESPOND TO THAT.

WALSH: YEAH, JUST REAL QUICK.

SOME OF THE ISSUES THAT YOU ASKED ABOUT, THEY'LL BE INCLUDED IN BEN'S
REPORT.

RIGHTFULLY, THE ANSWER TO SOME OF THOSE QUESTIONS SHOULD COME FROM
CPS AND I THINK WE'LL WORK TO BUILD THAT IN.

FOR EXAMPLE, HOW DO WE GET FROM 10 AND A HALF TO 3.85%.

I MEAN, THERE'S A SERIES OF THINGS AND ASSUMPTIONS THAT WERE CHANGED
IN THE MODEL.

WE'LL MAKE SURE THAT WE OUTLINE THAT FOR NEXT WEEK'S PRESENTATION
AND WE HAVE BEEN IN LOCK STEP WITH RUDY AND CORY AND THE CPS TEAM
OVER THE LAST THREE OR FOUR WEEKS TO KIND OF REREVIEW WHAT
THAT -- WHAT THAT INITIAL NUMBER WAS THAT CAME OUT OF THE GATE AS
RUDY SAID.

MAYOR NIRENBERG: ALL RIGHT.

THANKS, ERIK.

COUNCILMEMBER CASTILLO?

CASTILLO: THANK YOU, MAYOR.

CORY, RUDY, AND BEN FOR THE PRESENTATION.

AND I ALSO WANT TO THANK OUR RAC APPOINTEE ANDY GARCIA FOR THE WORK
HE'S PUT IN THERE ANDS WITH ALE THE FOLKS DOING THE INTAKE WORK
CONNECTING FOLKS TO SERVICES THROUGH CPS.

THAT'S A LOT OF HEAVY WORK AND WHEN YOU SIT ALONGSIDE THOSE CPS
EMPLOYEES WHO ARE DOING THE APPLICATIONS, YOU HEAR AND LEARN THAT
THE ENERGY BURDEN IS AN INEQUITY THAT WE NEED TO ADDRESS.

WHAT THIS PAY RATE INCREASE CAN MEAN IS MORE RESIDENTS PUTTING, YOU
KNOW, GROCERIES ON CREDIT CARDS, PICKING OUT -- TAKING OUT PAYDAY
LOANS TO PAY THEIR UTILITIES.

YOU KNOW, \$5 IS TWO SCHOOL LUNCHES, AND WHEN WE LOOK AT THE DATA,
WE SEE THAT DISTRICT 5 IS DISPROPORTIONATELY IMPACTED BY
DISCONNECTIONS AND SO MANY OTHER INEQUITIES.

MY CONCERN IS THAT WITH A PAY RATE INCREASE, THAT IT'S GOING TO CONTINUE TO BE OUR MOM AND POP LANDLORDS, RESIDENTIAL USERS AND SMALL BUSINESS OWNERS WHO ARE GOING TO CONTINUE TO FEEL THE BURDEN OF THIS INEQUITABLE PAY RATE STRUCTURE.

SO I APPRECIATE THAT Y'ALL ACKNOWLEDGE THAT WE DO NEED TO ADDRESS THE PAY RATE STRUCTURE, BUT WHAT I WOULD LIKE TO HEAR IS A TIMELINE AND A COMMITMENT OF WHEN THAT'S GOING TO BE AGENDIZED.

CAN WE GET A COMMITMENT?

YEAH.

SO WE HAD ALWAYS, YOU KNOW, SET UP THE RATE ADVISORY COMMITTEE TO LOOK AT RATE STRUCTURE AND GENERATION PLANNING, YOU KNOW, OVER A DEFINED, YOU KNOW, KIND OF TIME HORIZON.

SO I BELIEVE THAT, YOU KNOW, PROBABLY SOMETIME AROUND NEXT YEAR WE CAN PROBABLY START HAVING POLICY CONVERSATIONS WITH COUNCIL ABOUT OPTIONS AND, YOU KNOW -- [LAPSE IN AUDIO] -- OBVIOUSLY THE RATE ADVISORY COMMITTEE IS SET UP TO BE KIND OF A POLICY ADVISER TO OUR BOARD.

SO THERE'S A PROCESS TO DO THAT, BUT I DO BELIEVE THEY'LL MOVE INTO THAT IMMEDIATELY.

CASTILLO: YEAH.

THANK YOU.

AND, AGAIN, RIGHT, MY CONCERN IS THAT CPS WILL BE COMING BACK FOR ANOTHER PAY RATE INCREASE AND WE'VE KNOWN THAT PRIOR TO COVID THAT FOLKS WERE DISPROPORTIONATELY SPENDING THEIR INCOME ON THEIR UTILITIES, CPS IN PARTICULAR, SO I WANT TO HEAR A MORE CONCRETE TIMELINE THAT ISN'T WITHIN THE NEXT YEAR BECAUSE, AGAIN, IT'S IN 2022 THAT WE'LL BE HEARING FROM YOU AGAIN FOR ANOTHER PAY RATE INCREASE.

WE'LL -- I THINK THAT'S SOMETHING THAT ERIK AND I HAVE TALKED ABOUT, THAT WE'LL -- THEY'RE GOING TO BE ASKING US TO PUT A MORE CONCRETE TIMELINE TOGETHER.

CASTILLO: OKAY.

GREAT.

THANK YOU.

AND I BELIEVE YOU MENTIONED THAT YOU MET WITH SOME OF THE LARGEST COMMERCIAL USERS.

WHICH RESIDENTIAL STAKEHOLDERS HAVE YOU MET WITH TO TALK ABOUT HOW THIS WILL IMPACT THEM?

WE CAN GET YOU A LIST.
WE'VE GOT A WHOLE LIST OF RESIDENTIAL STAKEHOLDERS THAT WE'VE MET WITH.
WE MEET WITH THEM PRETTY REGULARLY.
AS WE WERE RECASTING THE PROCESS FOR HAVING THIS CONVERSATION, THOSE NUMBERS OBVIOUSLY CHANGED.
AS I SAID, WE'VE GOT SOME WORK TO DO TO GET BACK OUT INTO THE COMMUNITY AND START TALKING ABOUT MORE SPECIFICS.
CASTILLO: GREAT.
THANK YOU.
I KNOW THERE'S CONCERN ABOUT CAPACITY.
I THINK IT WOULD BE HELPFUL TO CREATE A DASHBOARD, WHERE RESIDENTS COMMERCIAL USERS COULD ENTER THEIR CURRENT.
WE HAVE THAT MA'AM.
THEY CAN GO IN AND PLAY WITH THEIR USAGE ON WHAT'S ON OUR WEBSITE.
CASTILLO: WITH WHAT'S BEING PRESENTED TODAY?
YES, MA'AM.
CASTILLO: LET'S SEE.
MY NEXT QUESTION IS WHAT WOULD THE IMPACT BE TO PAY RATE PAYERS IF CPS CONTINUES TO BE ON THE HOOK FOR THE URI FUEL COSTS?
WHAT'S THE IMPACT TOTAL?
I THINK IT WOULD BE SOMEWHERE AROUND THREE BUCKS.
A LITTLE OVER \$3 FOR THE FULL BILLION.
YOU KNOW, ASSUMING, WHICH WE'RE NOT CONCEDING BY ANY MEANS THAT IT'S THE FULL BILLION DOLLARS PRICE TAG.
IT WOULD BE A LITTLE OVER \$3.
CASTILLO: AND, AGAIN, RIGHT, \$3 IS A LOT NOT JUST FOR DISTRICT 5 RESIDENTS BUT FOR FOLKS THROUGHOUT SAN ANTONIO.
AND WHILE I APPRECIATE THAT Y'ALL HAVE CREATED THE DASHBOARD, I THINK THAT'S VERY HELPFUL.
I THINK IT WOULD ALSO BE HELPFUL TO INCLUDE WITHIN PEOPLE'S BILLS WHAT THE POTENTIAL IMPACT WILL LOOK ON THEIR UTILITY.
WE DO THAT EVERY TIME.
ABSOLUTELY.
CASTILLO: Y'ALL HAVE DONE IT WITH THIS PAY --
WE'LL DO BILL INSERTS WITH OUR CUSTOMERS TALKING ABOUT THIS INFORMATION.

CASTILLO: YES, BUT SPECIFICALLY SHOWING HOW IT WILL IMPACT THEIR EXISTING BILL?

YES, MA'AM.

CASTILLO: OKAY.

NOT JUST LIKE A -- OKAY.

THOSE ARE ALL MY QUESTIONS FOR NOW.

THANK YOU.

THANK YOU, COUNCILWOMAN.

MAYOR NIRENBERG: THANK YOU COUNCILMEMBER CASTILLO.

COUNCILMEMBER COURAGE?

COURAGE: THANK YOU, MAYOR.

I REALLY BELIEVE THIS WAS A GREAT REPORT.

I THINK YOU WENT INTO A LOT OF GOOD DETAIL AND OBVIOUSLY THERE'S MORE THAT WE'D LIKE TO KNOW.

AND I THINK THIS IS GOING TO BE IMPORTANT FOR THE PUBLIC TO HEAR AND TO CHIME IN ON, AND I KNOW THAT'S GOING TO BE OUR GOAL OVER THE NEXT MONTH, SIX WEEKS, SO THAT THE COUNCIL HAS MORE THAN JUST YOUR INPUT, BUT THE INPUT FROM THE COMMUNITY.

I'M NOT TRYING TO BE A CHEERLEADER FOR CPS ENERGY, BUT MORE THAN WHAT YOU'VE JUST TALKED ABOUT TODAY, THERE ARE A LOT OF OTHER FACTORS THAT THE PUBLIC NEEDS TO CONSIDER AND I HOPE MAYBE BY REMINDING US A LITTLE BIT OF THESE, THEY'LL GET CONSIDERATION WHEN THE TIME COMES. FOR EXAMPLE, RIGHT NOW, CPS SERVES OVER 2 MILLION RESIDENTS IN THIS AREA.

WE HAVE A PUBLICLY OWNED UTILITY, OWNED BY US, WITH VERY LOW RATES COMPARED TO MOST OTHER PLACES IN THE STATE.

IF THIS WAS A PRIVATE UTILITY, NUMBER ONE, THE RATES WOULD BE HIGHER.

NUMBER TWO, THEY'D BE PAYING 15, 16, 17% OR MORE PER YEAR TO THEIR STAKEHOLDERS WHO ARE OUT FOR PROFITS AND TO FEDERAL STATE AND LOCAL GOVERNMENTS AND TAXES.

BUT THE CITY RECEIVES 14% OF CPS REVENUE ANNUALLY.

THAT MEANS THAT CPS CONTRIBUTES \$30 MILLION, OR ABOUT THAT MUCH EVERY MONTHS TO THE GENERAL FUND FOR THE CITY OF SAN ANTONIO.

SO CPS IS HELPING TO PAY FOR POLICE, FIRE, PUBLIC HEALTH, PARKS, LIBRARIES, TRASH PICKUP, PUBLIC ART AND SO MUCH MORE.

BUT OVER THE PAST 20 MONTHS, TENS OF THOUSANDS OF PEOPLE HAVEN'T PAID THEIR UTILITY BILL, BUT CPS STILL SUPPLIES ENERGY.

STORM URI AND I HAVE TO SAY THE STATE REGULATORS CRIPPLED CPS'S ABILITY TO SUPPLY ENERGY FOR ALMOST HALF THE PEOPLE IN THIS CITY BACK IN FEBRUARY, BUT YOU'RE STILL SUPPLYING ENERGY TODAY.

AND THE ENERGY COBBLE IN THIS STATE IS TRYING TO BLEED A BILLION DOLLARS FROM OUR CITIZEN'S POCKETS, BUT CPS IS FIGHTING FOR THAT FOR ALL OF US. YOU KNOW, CPS HAS OVER \$150 MILLION IN LOST REVENUE TO FILL. IT'S IN LITIGATION TO SAVE US A HALF OF THAT BILLION DOLLARS RIGHT NOW. IT'S LOOKING TO RESTRUCTURE A FAIRER RATE STRUCTURE WITH THE ONGOING RAC THAT'S EXISTING AND LOOKING TO LIVE UP TO OUR CITIZEN'S GOAL -- OUR CITY'S GOAL OF OUR CLIMATE ACTION PLAN.

THEY'RE GOING TO BE LOOKING AT WHAT COULD BE A NEW MIX OF ENERGY AND HOW CAN WE MOVE AWAY FROM COAL?

ALL OF THAT IS ONGOING THROUGH THIS RAC STRUCTURE AND WILL CONTINUE BEYOND THIS PARTICULAR RATE INCREASE WE'RE TALKING ABOUT.

THEY HAVE A HUGE NUMBER OF THEIR WORKERS, AS YOU'VE JUST HEARD, THAT ARE EITHER AT OR CLOSING IN ON RETIREMENT AGE.

AND THEY'RE STRUGGLING, JUST LIKE WE ARE IN THE CITY AND LIKE EVERY BUSINESS IN THE CITY IS JUST TO FIND GOOD QUALIFIED PEOPLE TO COME WORK FOR THEM AT A COST THAT THEY CAN AFFORD, OR THAT WE AS THE OWNERS OF THIS UTILITY, CAN AFFORD.

AND THEY'RE FACING INCREASING EQUIPMENT, MATERIAL COSTS LIKE EVERY OTHER BUSINESS IS FACING IN THE CITY.

CPS AND US, AS OWNERS OF CPS, ARE FACING THESE HUGE CHALLENGES, AND I THINK THAT'S AN IMPORTANT INGREDIENT THAT NEEDS TO GO IN TO THE DISCUSSION WITH THE PUBLIC AND WITH US AS A COUNCIL.

THESE ARE THE INGREDIENTS THE PUBLIC NEEDS TO CONSIDER AS THIS GOES OUT FOR MORE PUBLIC CONSIDERATION OVER THE NEXT FEW WEEKS.

AND I JUST WANTED TO BRING THESE TO EVERYBODY'S ATTENTION AS WE CONTINUE FORWARD.

AS I SAID, I THINK YOU'VE DONE A GREAT JOB IN LAYING OUT THE COURSE THAT CPS IS RECOMMENDING.

I'LL APPRECIATE HEARING MORE.

THANK YOU, MAYOR.

THANK YOU, COUNCILMAN.

MAYOR NIRENBERG: THANK YOU COUNCILMAN COURAGE.

COUNCILMEMBER BRAVO?

BRAVO: THANK YOU.

RUDY, CONGRATULATIONS ON BEING NAMED INTERIM CEO.

I WANT YOU TO BE SUCCESSFUL AT THIS JOB.

I WANT CPS ENERGY TO BE SUCCESSFUL.

CPS ENERGY IS ALL OF OUR UTILITY AND, YOU KNOW, I -- THE BUSINESS MODEL FOR UTILITIES IS EVOLVING AT A FASTER RATE THAN I THINK MOST PEOPLE REALIZE.

AND I WANT CPS ENERGY TO STAY AT THE FOREFRONT.

AND RECENTLY CPS ENERGY HAS EXPERIENCED A LOT OF CHALLENGES, AND SO I'M CONCERNED ABOUT -- YOU KNOW, I'VE ALWAYS BEEN CONCERNED ABOUT TRANSPARENCY, I'VE ALWAYS LISTEN CONCERNED ABOUT ACCOUNTABILITY, I'VE ALWAYS BEEN CONCERNED ABOUT US DOING MORE TO BECOME A MORE SUSTAINABLE, ENVIRONMENTALLY SUSTAINABLE UTILITY, BUT NOW IN ADDITION TO THAT, I'M CONCERNED ABOUT RETAINING TALENT, RIGHT?

BECAUSE HOW DO WE STAY AT THE FOREFRONT OF THAT MODEL?

HOW DO WE LEAD AMONG PUBLIC UTILITIES AND ALL UTILITIES IN THE NATION?

WE'RE GOING TO HAVE TO HAVE A REALLY TALENTED STAFF, SO WE NEED TO RETAIN THE GOOD PEOPLE WE HAVE, BEING ABLE TO ATTRACT MORE PEOPLE.

AND SO PEOPLE HAVE BROUGHT THIS UP ALREADY, THAT THERE ARE ISSUES WITH TRUST AND ACCOUNTABILITY, AND SO THIS IS A HARD TIME TO BE COMING TO US ASKING FOR A RATE INCREASE, MAKING PROMISES OF THE THINGS THAT YOU'RE GOING TO DO IN THE FUTURE, RIGHT?

I THINK WHAT WE'RE READY TO SEE IS WE NEED TO SHOW TO OUR CONSTITUENTS THAT THERE ARE CHANGES IN BEHAVIOR AND SO THAT WE CAN SAY, OKAY, WE'VE ALREADY GOT -- HERE ARE SOME COMMITMENTS THAT WE'VE GOTTEN OUT OF CPS ENERGY TO DO -- YOU KNOW, SO THAT THEY CAN DO BETTER GOING FORWARD.

AND WHAT WOULD BE HARD TO DO IS GO TO OUR CONSTITUENTS AND SAY, HEY, WE AUTHORIZED THIS RATE INCREASE AND THEY SAID THEY'RE GOING TO GET US NEXT TIME.

THEY'RE GOING TO COME BACK LATER.

SO WE'RE DEFINITELY GOING TO SEE, I BELIEVE, SOME COMMITMENTS BEFORE WE GO THROUGH WITH THIS.

ONE THING THAT I'VE BEEN CALLING FOR IS OUTSIDE EXPERT STUDY.

I THINK THAT AN OUTSIDE STUDY OF CPS ENERGY LOOKING AT THE CORPORATE CULTURE, LOOKING AT THE MANAGEMENT STRUCTURE, LOOKING AT HOW DO YOU RETAIN TALENT, HOW DO YOU ATTRACT NEW TALENT I BELIEVE THAT COULD SERVE AS A ROADMAP FOR YOUR SUCCESS AT A CEO OF CPS ENERGY,

AND THEN YOU COULD COME BACK TO US, TO OUR MUNICIPAL UTILITY COMMITTEE, JUST LIKE YOU'RE COMING NOW AND SHOWING US, HERE WERE THE DIFFERENT RECOMMENDATIONS ON EMERGENCY PREPAREDNESS AND HERE'S THE PROGRESS WE HAVE MADE ON EACH ONE.

HERE ARE THE RECOMMENDATIONS BY THIS OUTSIDE EXPERT STUDY AND HERE'S THE PROGRESS THAT WE'RE MAKING.

SO THAT'S SOMETHING THAT I WOULD LOVE TO SEE A COMMITMENT TO.

I WANT TO THANK COUNCILWOMAN ADRIANA ROCHA GARCIA FOR SHARING THIS BRAD L REPORT ON AS -- BRADDLE REPORT ON ASSESSING CPS'S ENERGY, THERE'S A LOT TO DIGEST IN HERE, BUT I WOULD LIKE FOR US, MAYBE THROUGH THE MUNICIPAL UTILITY COMMITTEE LOOK AT HOW CAN WE TAKE SOME OF THESE IDEAS, GREG HARMAN HAS BEEN PUTTING A LOT OF THOUGHT INTO THIS, WHAT ARE HIS IDEAS, I'VE GOT SOME IDEAS, TOO.

HOW CAN WE LOOK AT DATA AND LOOK AT WHAT ARE -- IF WE LOOK AT SOME OF THOSE CENSUS BLOCKS WHERE LOW INCOME PEOPLE LIVE AND LOOK AT WHAT IS THEIR ENERGY CONSUMPTION PER SQUARE FOOT OF THEIR HOUSE, THEN WHO'S EXPERIENCING THE HIGHEST ENERGY COST BURDEN.

I MET EARLIER THIS WEEK WITH COPS METRO AND WE WERE TALKING ABOUT HOMES THAT USE EXCESSIVE ENERGY AND ONE OF THE PRIESTS WHO WAS IN THE COPS METRO MEETING, HE SAID COUNCILMAN, WE CALL THOSE WHOLLY HOUSES BECAUSE THEY HAVE SO MANY HOLES THEY'RE SO DRAFTY, THEY'RE WASTING A LOT OF ENERGY.

SO WHEN I LOOK AT THIS DISCOUNT PROGRAM, RIGHT NOW IF SOMEBODY QUALIFIES FOR IT, THEY GET ABOUT \$12 A MONTH OFF OF THEIR UTILITY BILL AND YOU'RE PROPOSING TO RAISE THAT TO \$16 A MONTH, WHICH IS GREAT. BUT I THINK IF WE WERE TO TARGET THE RIGHT HOUSEHOLDS WHO ARE OUTLIERS IN THEIR ENERGY BURDEN, THEN MAYBE WE CAN HELP THEM -- INSTEAD OF GIVING THEM \$16 OFF THEIR BILL, MAYBE WE COULD GO WEATHERIZE THEIR HOMES, DO SOME ENERGY RETROFITS MAYBE WE COULD SAVE THEM 30, 40, \$50 MORE PER MONTH, THAT WOULD ALSO HELP WITH SUSTAINABILITY, INSTEAD OF US GIVING THEM A DISCOUNT BECAUSE THEIR HOMES ARE WASTING SO MUCH ENERGY, WE'RE GOING TO HELP THEM CONSERVE ENERGY AND HAVE A LOWER BILL.

I THINK WE REALLY NEED TO GET MOVING ON THAT.

CPS ENERGY HAS NOT COME TO US FOR A RATE INCREASE IN EIGHT YEARS, BUT THERE'S ALSO INFLATION, AND I'M WONDERING HOW OUR RATES, WHERE

THEY'RE AT NOW AND WHERE YOU'RE PROPOSING FOR THEM TO BE, WOULD TRACK WITH INFLATION?

AND I KNOW THAT INFLATION WOULD PLAY A ROLE IN THE FUEL COSTS, RIGHT? BUT I'M REALLY INTERESTED IN SEEING THAT, HOW --

OKAY.

YEAH, WE'LL PROVIDE THAT LOOK TO ALL THE COUNCILMEMBERS.

BRAVO: GREAT.

AND, YOU KNOW, PART OF THE REASON WE'RE HAVING THIS CONVERSATION IS BECAUSE OF WINTER STORM URI AND HOW MUCH MONEY WE LOST ON THE WHOLESALE MARKET HAVING TO PURCHASE ENERGY WHEN WE WERE SHORT. IN PREVIOUS YEARS, I THINK PART OF THE REASON MAYBE YOU DIDN'T COME TO US AND ASK FOR A RATE INCREASE IS BECAUSE YOU WERE MAKING MONEY ON THAT -- ON THE WHOLESALE MARKET, RIGHT?

AND SO WHEN OTHER UTILITIES ACROSS THE STATE WERE SHORT AND THEY WERE -- WE WERE ABLE TO PRODUCE EXTRA ELECTRICITY AND PUT IT OUT ON THE WHOLESALE MARKET, THEY WERE ABLE TO BUY FROM US.

I REMEMBER A FEW YEARS AGO IT WAS LIKE CHRISTMAS DURING THE CITY BUDGET SESSION WHEN AT FIRST THE CITY'S BUDGET WAS GOING -- THERE WAS GOING TO BE A SHORTFALL AND ALL OF A SUDDEN THERE WAS A HUGE SURPLUS FROM A HEAT WAVE THAT...

YEAH, IT WAS 2017, RIGHT, FRANK?

WALSH: IT WAS 2019 GOING INTO FISCAL YEAR '20.

WELL, THERE WAS ONE YEAR THAT OUR WHOLESALE REVENUES WAS SOMEWHERE AROUND \$145 MILLION.

THAT'S BEEN THE HIGH WATER MARK.

PRICES IN THE MARKET HAVE BEEN PRETTY SOFT SINCE THEN.

BRAVO: RIGHT.

AND WOULD YOU SAY THAT HELPED PREVENT RATE INCREASES IN THE PAST.

IT CERTAINLY HELPS, YES.

BRAVO: SO I'D REALLY BE INTERESTED IN SEEING, YOU KNOW, WHERE ARE WE NOW VERSUS -- HOW DOES THAT TRACK WITH INFLATION?

WE CAN SHOW YOU THAT.

BRAVO: YOU HAVE HERE \$418 MILLION IN REASONABLE VALIDATED FUEL COSTS THAT YOU'RE LOOKING TO PAY DOWN, AND I'M WONDERING WHAT -- HOW DO YOU -- HOW DO YOU DETERMINE WHAT IS REASONABLE AND VALIDATED? WERE SOME OF THOSE \$9,000 OF MEGAWATT HOUR ELECTRICITY COSTS BUT YOU FELT LIKE IT WAS FAIR TO BE CHARGING THAT RATE AT THAT TIME?

SO THE MARKET -- YOU KNOW, THERE'S A MARKET CAP, YOU KNOW, FOR A REASON.

AND THAT'S TO INCENT GENERATORS TO COME ON IN TIMES WHERE THE DEMAND IS HIGH AND SUPPLY IS SHORT.

YOU KNOW, WHEN ERCOT'S ADMITTED, YOU KNOW, IT SHOULD HAVE BEEN -- FRANK, COME UP HERE REAL QUICK.

YOU KNOW, IT SHOULD HAVE BEEN, YOU KNOW, 31 HOURS THAT THEY SHOULD HAVE BEEN AT THAT PRICE CAP AND THEY WERE AT IT FOR DAYS, SO, FRANK, WHY DON'T YOU GIVE A LITTLE BIT OF...

YEAH.

SO GOOD AFTERNOON, EVERYONE.

FRANK ALMARES, I'M WITH CPS ENERGY.

SO THE WAY IT WORKED DURING THE WINTER STORM WAS THE PUBLIC UTILITY COMMISSION AND ERCOT ADMINISTRATIVELY SET PRICES AT THAT CAP FOR, YOU KNOW, MUCH TOO LONG.

AND OVER 30 HOURS, AND IT WAS AT A MOMENT WHEN THE DEMAND WAS HIGHEST, IT WAS AS COLD AS -- IT WAS AT THE DEPTHS OF THE COLD AND A LOT OF CUSTOMERS WERE BEING INVOLUNTARILY TURNED OFF, WHAT THEY CALL FIRM LOAD SHED, AND SO WE BELIEVE THAT THAT WAS NOT A GOOD DECISION, WE THINK IT COST THE STATE A LOT OF MONEY, IT COST US A LOT OF MONEY, OUR CUSTOMERS, AND THAT'S WHAT HAPPENED.

IT WAS ADMINISTRATIVELY PRICED -- SET TO THE VERY HIGH PRICE.

BRAVO: THANK YOU.

SO I MEAN, YOU AND I HAVE TALKED ABOUT SOME OF THIS ALREADY, BUT I JUST WANT TO SAY IT IN PUBLIC, YOU KNOW, SOME OF THE THINGS I'M INTERESTED IN SEEING IS CPS ENERGY ENDING THEIR SUBSIDIES FOR THE NATURAL GAS INDUSTRY IN TERMS OF NO LONGER OFFERING REBATES FOR PEOPLE TO CONVERT THEIR ELECTRIC STOVES TO NATURAL GAS STOVES, ELECTRIC WATER HEATERS TO NATURAL GAS.

OR IF SOMEBODY'S BUILDING A NEW NEIGHBORHOOD PAYING THE DEVELOPER TO INSTALL ALL NATURAL GAS APPLIANCES.

I'M CONCERNED ALSO ABOUT HOW WHEN WE ADD TO CPS ENERGY'S NATURAL GAS DISTRIBUTION NETWORK, WE'RE SPREADING OUT, WE'RE SPRAWLING AS A CITY OR EVEN WITHIN CPS'S ENERGY'S SERVICE TERRITORY, WHICH IS BEYOND THE CITY AND THE COUNTY, AND WHAT IS IT GOING TO TAKE TO MAINTAIN THAT INFRASTRUCTURE, WHAT ARE THOSE COSTS GOING TO BE, YOU KNOW, DECADES INTO THE FUTURE.

AND SO, YOU KNOW, WHAT KIND OF COSTS ARE GOING TO BE PASSED ON.

I WILL TELL YOU ON THE NATURAL GAS SIDE, YOU KNOW, WE'VE GOT AN OBLIGATION TO SERVE ON BOTH THE ELECTRIC AND GAS SIDE.

ON THE GAS SIDE, WE'VE GOT A LOT MORE COMPETITION AROUND US, SO IF CPS ENERGY DECIDES WE'RE NOT GOING TO EXTEND SERVICE, THEY COULD GO TO GRAY FOREST OR THEY COULD GO TO CENTER POINT OR A COUPLE OTHER. CENTRIC.

THERE'S A FEW OTHER GAS PROVIDERS OUT THERE.

SO WHERE YOU HAVE COMPETITION, YOU KNOW, CPS ENERGY NOT SERVING THEM DOESN'T MEAN THEY'RE NOT GOING TO GET SERVICE, BUT WE DO HAVE AN OBLIGATION TO SERVE WHEN SOMEBODY ASKS US FOR NATURAL GAS AND IT'S AVAILABLE, YOU KNOW, WE'VE GOT TO SERVE THEM.

BRAVO: THANK YOU.

MAYOR NIRENBERG: THANK YOU, COUNCILMEMBER BRAVO.
COUNCILMEMBER PELAEZ?

PELAEZ: THANK YOU.

RUDY, YOU AND I HAVE BEEN IN PUBLIC SERVICE LONG ENOUGH TO KNOW THAT WHEN WE SAY SOMETHING THAT'S NOT CRYSTAL CLEAR, THEN PEOPLE WILL RUN WITH IT AND INTERPRET WHATEVER AND YOU SAID SOMETHING AND I HAVE A FEELING THAT IT MIGHT NOT BE CRYSTAL CLEAR WHAT YOU SAID.

AND SO I NEED TO NAIL YOU DOWN.

OKAY.

PELAEZ: AND SO WHEN I ASKED YOU, YOU KNOW, WILL YOU COME WITH ME AND WILL WE GO TALK AND ALL THAT, YOU SAID YOU HAVE MY COMMITMENT THAT WE WILL TALK TO ANYONE WHO WANTS TO TALK TO US.

I KNOW WHAT YOU MEAN.

BUT I THINK SOME PEOPLE WILL THINK THAT MEANS, OH, RUDY WILL WAIT FOR OUR CALL.

YES, SIR.

PELAEZ: AND SO WE ARE AFFIRMATIVELY GOING TO GO OUT AND KNOCK ON DOORS?

YES, SIR.

I MEAN, Y'ALL HAVE DONE A GREAT JOB, YOU KNOW, AND EVERY COUNCILMEMBER I'VE EVER WORKED WITH IN SAN ANTONIO HAS ALWAYS INVITED US TO YOUR NEIGHBORHOOD, YOU KNOW, PRESIDENT'S MEETINGS WHERE, YOU KNOW, YOU'RE CONGREGATING TO HAVE THESE CONVERSATIONS.

SO WHETHER IT'S THAT TYPE OF OPPORTUNITY OR AN OPPORTUNITY THAT WE SET UP ON OUR OWN BECAUSE THOSE NEIGHBORHOOD ASSOCIATIONS CONTACT US, TOO.

PELAEZ: YEAH.

OKAY.

SECOND, THREE VERY SPECIFIC ASKS.

OKAY.

PELAEZ: I WANT TO BE IN THE ROOM AND HELP BROKER THE MEETING, IF NECESSARY, WITH THREE GROUPS, ONE IS A RESTAURANT ASSOCIATION.

OKAY.

PELAEZ: I THINK THEY'VE GOT A VERY IMPORTANT VOICE THAT WE NEED TO BE LISTENING TO MORE OFTEN ON THIS COUNCIL, AND, YOU KNOW, THEY'RE HURTING A LOT.

TWO, IS THE NONPROFIT COUNCIL.

I'D LIKE TO SEE US TALK TO THE NBOS OUT THERE WHO ARE ALSO PAYING THESE BILLS AND THEY HAVEN'T SEEN THEIR BUDGETS INCREASE.

IN FACT, THEY'VE GOTTEN PRETTY SIGNIFICANT KICK TO THE GUT OVER THE PAST TWO YEARS, AND WE NEED TO LISTEN TO THEM, TOO.

AND THEN THE THIRD ONE IS FOLKS DON'T TALK ABOUT DATA CENTERS AS MUCH AS THEY SHOULD.

I DON'T THINK PEOPLE UNDERSTAND EXACTLY HOW IMPORTANT A CUSTOMER THAT IS TO US BUT I'VE BEEN GETTING VISITS FROM MICROSOFT, I KNOW YOU HAVE TOO SO IF YOU CAN HELP A BROTHER OUT AND MEET ME WITH MICROSOFT.

BILL AND I HAVE ALREADY CONTACTED AND WE'RE SETTING UP SOME TIME. I'LL INCLUDE YOU IN THAT.

Pelaez: NUMBER THREE, SIX TO SEVEN WEEKS, THAT'S 44 DAYS.

I'LL WARN YOU RIGHT NOW I DON'T THINK ANY COUNCIL MEMBER RIGHT NOW WILL QUARREL WITH THE FACT THAT YOU'RE GOING TO HAVE A DIFFICULT TIME TALKING TO PEOPLE BETWEEN THE 20th OF DECEMBER AND JANUARY 3.

EVERYBODY IS OFF.

WE TRY TO GET PEOPLE OUT TO OUR EVENTS, REALLY HARD.

UNLESS YOU'RE GIVING THEM FREE FOOD AND BACKPACKS AND OFFERING THEM A PARTY, REALLY TOUGH.

I'M NOT SURE THAT THOSE DATES, WHICH ARE 15 DAYS IN A ROW, ARE GOING TO BE WORKING DAYS FOR YOU GUYS.

I DON'T KNOW HOW YOU'RE GOING TO GET PEOPLE OUT THERE AND I WANT TO MAKE SURE EVERYBODY'S EXPECTATIONS ARE MANAGED HERE.

THAT'S A LOT OF DAYS IN A 44-DAY SPAN WHERE YOU MAY NOT GET THE KIND OF EYEBALLS THAT YOU NEED ON YOUR MESSAGE.

TO THE EXTENT OUR COMMUNITY ORGANIZATIONS WILL MAKE THEM, YOU KNOW, TIME AVAILABLE TO US, EVERY ONE OF MY EXECUTIVE TEAM IS READY TO GET OUT THERE AND START HAVING THESE CONVERSATIONS.

SO I'VE GOT 100 PEOPLE STRONG THAT WILL BE READY TO PRESENT.

SO WE'VE GOT THE MANPOWER TO MAKE IT HAPPEN.

YOU'RE RIGHT.

IT JUST DEPENDS ON THE AVAILABILITY OF THE ORGANIZATION.

Pelaez: AND I UNDERSTAND THE PRESSURE, NOT JUST MAKING THESE DAYS UP AND IF YOU DON'T GET THIS YOU'VE GOT A BIGGER EMERGENCY ON YOUR HANDS.

I GET IT.

REMEMBER I MENTIONED THAT LADY IN HER NEIGHBORHOOD, OAK MEADOWS? HER POWER WAS RESTORED AT 3:00 P.M. WHILE YOU AND I WERE TALKING UP HERE.

HER NEIGHBORHOOD HAS BEEN OUT FOR SEVEN HOURS TODAY AND SO, I MEAN, JUST WARNING YOU THEIR KNIVES ARE SHARPENING FOR YOU.

TO BE FAIR, I DON'T WANT YOU AND YOUR TEAM WALKING AWAY FROM THIS MEETING LATER GOING, GOSH, PELAEZ DOESN'T GET HOW IMPORTANT WE ARE. YOU'RE THE GOLDEN GOOSE.

WE NEED YOU TO BE HEALTHY.

WHAT IS IT, A MILLION DOLLARS A DAY YOU SEND OUR WAY?

MY TEAM HAS BEEN TAKING NOTES AND WE'RE READY TO GET OUT THERE.

Pelaez: WHAT'S THE DOLLAR AMOUNT?

ABOUT A MILLION.

Pelaez: A MILLION DOLLARS A DAY AND IF IT WEREN'T FOR -- THAT MILLION DOLLARS, IF CPS BELONGED TO SOMEBODY ELSE, IT WOULD GO TO NEW YORK AND THE POCKETS OF INSTITUTIONAL INVESTORS.

THAT MILLION DOLLARS A DAY PAYS FOR SIDEWALKS, STREETS, SENIOR CENTERS AND ALL THE AMAZING THINGS WE DO.

BATTERED WOMEN SHELTER FUNDING AND WITHOUT YOU GUYS BEING HEALTHY WE'VE GOT A BIGGER EMERGENCY ON OUR HANDS AND SO I HAVEN'T LOST SIGHT OF THAT.

WE ALL GET THAT, THAT YOU GUYS ARE TOO IMPORTANT TO FAIL.

ANYWAY, THANKS.

MERRY CHRISTMAS.

[LAUGHTER]

Mayor Nirenberg: THANK YOU, COUNCIL MEMBER PELAEZ.

COUNCIL MEMBER CASTILLO.

Castillo: THANK YOU, MAYOR.

YEAH, OUR SMALL BUSINESSES AND OUR RESTAURANT INDUSTRY IS REALLY HURTING.

EARLIER THIS WEEK I WAS IN THE SMALL BUSINESS COMMITTEE MEETING WHERE DURING THE PUBLIC COMMENT MANY SMALL BUSINESS OWNERS AND MICRO BUSINESSES WERE EXPRESSING THE NEED FOR RENTAL ASSISTANCE.

THEY'RE FEELING THE ECONOMIC IMPACT FROM EVERY ANGLE SO I WOULD LIKE TO WORK WITH MY COUNCIL COLLEAGUES TO ENSURE THAT WE ESTABLISH A PROGRAM SIMILAR TO EHAP FOR OUR COMMERCIAL ASSISTANCE TO ENSURE THAT OUR SMALL BUSINESS OWNERS ARE ABLE TO STAY IN BUSINESS.

BUT I WAS CHIMING BACK IN BECAUSE I PULLED UP THE DASHBOARD AND IF I COULD GET SOME ASSISTANCE AT THE END OF THE MEETING TO SEE BECAUSE IT DOESN'T HAVE THE PROPOSED PAY RATE INCREASE BUT NOW THAT I CAN MAKE OUT MY OWN WRITING, I WANTED TO ASK YOU ALL HAD PROVIDED THE ZIP CODES AND THE POTENTIAL DISCONNECTIONS PER ZIP CODE, RATHER.

SO I WOULD APPRECIATE IT IF WE CAN GET A BREAKDOWN OF THE LOWEST, HIGHEST, AND MEDIAN RESIDENTIAL ACCOUNTS AND WHAT THOSE LOOK LIKE SO WE HAVE AN IDEA.

PER ZIP CODE?

Castillo: YES.

COME TALK ABOUT WHAT'S GOING TO BE AVAILABLE ON THE WEBSITE.

GOOD AFTERNOON, MY NAME IS DEANNA, I'M THE INTERIM EVP FOR CUSTOMER STRATEGY.

FOR THE WEBSITE WE ARE WORKING TO GET THAT UP AND RUNNING.

IT'S NOT LIVE JUST YET BUT AS SOON AS IT IS WE'LL SEND THAT TO YOU.

WE HAD SOME CHANGES WITH SOME OF THE RECENT CHANGES THAT WE MADE ON THE RATE AND WE WANT IT TO BE REFLECTIVE OF THE CHANGES THAT WE'VE MADE SO AS SOON AS WE HAVE THAT WE'LL GET THE LINK AND WE CAN COORDINATE WITH YOUR OFFICE AS WELL TO GET EVERYBODY COMFORTABLE, AS WELL AS YOURSELF.

IN TERMS OF THE ZIP CODE PIECE, THAT'S SOMETHING WE CAN ABSOLUTELY DO.

WE HAVE A CUSTOMER TEAM DEDICATED TO GET THAT INFORMATION, SO WE CAN GET THAT INFORMATION BY ZIP CODE WITH THAT RANGE.

NOT A PROBLEM.

Castillo: GREAT.

I WOULD ALSO LIKE TO SEE HOW COMMERCIAL ACCOUNTS WOULD ALSO BE IMPACTED BY THE PAY RATE INCREASE, THE PROPOSED PAY RATE INCREASE.

CAN WE GET THAT AS WELL?

IN ADDITION TO THAT, I WOULD ALSO LIKE TO SEE HOW ACCOUNTS THAT ARE ALREADY PAST DUE WOULD BE IMPACTED BY THE PAY RATE INCREASE AND HOW THAT WOULD IMPACT THE NEED FOR MORE ARPA DOLLARS GOING TOWARDS UTILITY ASSISTANCE.

ABSOLUTELY WE CAN DO THAT.

Castillo: THANK YOU.

THANK YOU, MAYOR.

I WOULD JUST ADD ON THAT, AGAIN FOR THOSE WHO QUALIFY FOR OUR AFFORDABILITY, YOU KNOW, WE'RE BUYING DOWN THAT IMPACT SO THOSE BILLS WOULD STAY THE SAME.

Mayor Nirenberg: THANK YOU, COUNCIL MEMBER CASTILLO.

COUNCIL MEMBER PERRY.

Perry: THANKS AGAIN, SIR.

RUDY, JUST REAL QUICK.

BENCHMARKING.

BENCHMARKING WITH OTHER CITIES ON WHAT OUR RATES ARE COMPARED TO THEIRS.

YES, SIR.

Perry: HAVE WE BENCHMARKED WITH THESE PROPOSED RATE INCREASES WITH THOSE OTHER CITIES TO SEE IF WE'RE STILL A GOOD DEAL HERE IN CPS?

YES, SIR.

THAT WASN'T IN THIS PARTICULAR RATE PRESENTATION BUT LET ME LET CORY TALK TO YOU ABOUT THAT.

YEAH, WE WILL HAVE THAT.

WE STILL REMAIN COMPETITIVE.

Perry: I WOULD REALLY LIKE TO SEE THAT.

WITH THESE RATE INCREASES, WHERE DOES THAT PUT US IN REGARDS TO THE OTHER CITIES HERE IN TEXAS?

I TOTALLY DON'T GET SLIDE NO. 12 AND WE CAN TALK ABOUT THAT LATER.

SLIDE 9 SHOWED THE TWO PHASES BUT WE DIDN'T SAY HOW MUCH EACH PHASE IS GOING TO COST US.

SO PHASE ONE, WHICH IS WHAT WE'RE DOING RIGHT NOW, IT'S ABOUT \$2 MILLION.

AGAIN, EVERY YEAR, DEPENDING ON WHAT'S GOING ON WITH OUR PLANS, IT MAY BE 500,000 ONE YEAR, A MILLION DOLLARS THAT WE DO WEATHERIZATION. WEATHERIZATION IS SOMETHING WE DO EVERY YEAR.

YOU KNOW, SO WE'VE SPENT ROUGHLY \$21 MILLION OVER THE LAST TEN YEARS, IF YOU ADD UP ALL THE YEARS TOGETHER, AND WE'RE TALKING ABOUT SPENDING \$31 MILLION GOING FORWARD.

Perry: OVER WHAT PERIOD OF TIME, \$31 MILLION?
TWO YEARS.

Perry: TWO YEARS?

OVER THE TWO-YEAR WINDOW BETWEEN FISCAL '23 AND '24 THE CAPITAL ALLOCATION FOR RELATED INFRASTRUCTURE FOR THAT IS OVER \$100 MILLION BETWEEN THE TWO FISCAL YEARS.

Perry: YEAH, I NEED THAT EXPLAINED A LITTLE BIT MORE TO ME AS WELL. WE'LL PROVIDE IT IN THE SUPPLEMENTAL INFORMATION.

Perry: ON SLIDE 14 IT SHOWS, YOU KNOW, THE CHARTS AND ALL THAT STUFF AND THAT'S GREAT, CORY BUT I WANT TO KNOW WHAT WE HAVE BEEN OVER THE LAST FIVE YEARS.

YOU KNOW, SHOW US A TRACK RECORD AND WHAT THOSE BOTH ON THE SOURCES OF REVENUE AND THE USES OF THE REVENUE.

LET'S SEE A TRACK RECORD THERE.

I DON'T WANT TO SEE WHAT WE'RE PLANNING ON, WHAT HAVE WE DONE IN THE PAST.

SO I WOULD LIKE TO SEE THAT.

THAT WILL ALSO BE IN YOUR SUPPLEMENTAL INFORMATION.

WE'LL HAVE FIVE YEARS OF HISTORY FOR YOU.

Perry: GREAT.

ON THE NEXT SLIDE, SLIDE 15.

I HAVE BEEN ASKING THIS FOR YEARS.

IT SHOWS A CAPITAL PLAN AND I'M HAVING A HARD TIME BELIEVING THAT WE DON'T KNOW WHERE THE LINES ARE GOING TO CROSS.

IN OTHER WORDS, WHAT'S YOUR CAPACITY RIGHT NOW AND WHAT'S THE REQUIREMENT OVER TIME, OVER YEARS?

AND AT SOME POINT, IN TIME THOSE LINES ARE GOING TO CROSS AND THAT'S WHEN YOU NEED TO HAVE ADDITIONAL CAPACITY TO SERVE YOUR CUSTOMERS HERE.

THAT'S WHAT I'VE BEEN ASKING FOR AND I THINK THOSE COSTS, WHATEVER THOSE COSTS ARE FOR AN ADDITIONAL PLANT, AT SOME POINT IN TIME NEEDS TO BE FIGURED IN HERE AND SHOWN, YOU KNOW, THIS DATE IS WITHIN FIVE YEARS, IS IT TEN YEARS, 15.

AND WE CAN'T CONSERVE OUR WAY OUT OF THIS SITUATION.

WE HAVE TO PLAN FOR ADDITIONAL CAPACITY TO MEET THE DEMAND OVER TIME.

AND I'VE BEEN ASKING THAT FOR YEARS AND I JUST HAVE NOT GOTTEN THAT YET FROM CPS.

COUNCILMAN, WHAT YOU'RE TALKING ABOUT IS REALLY PART OF THE GENERATION PLANNING DISCUSSION.

WE'VE GOT OLD GAS UNITS THAT NEED TO COME OFFLINE OVER THE NEXT FIVE YEARS.

WHILE WE'RE TALKING ABOUT WHAT THE FUTURE OF THE SPRUCE UNITS LOOKS LIKE.

SO THIS IS PART OF A GENERATION CONVERSATION THAT REALLY HAS TO DO WITH GROWTH VERSUS CAPACITY.

BUT WE CAN CERTAINLY -- FRANK, DO YOU WANT TO COME UP HERE?

Perry: I GOT A COUPLE MORE HERE.

I'M LIMITED ON TIME HERE.

WE'LL HAVE THAT CONVERSATION WITH YOU, SIR.

Perry: ON SLIDE NO. 17, WE'RE SHOWING 3.3% BUT ON SLIDE NO. 6 WE'RE SHOWING 3.85%.

WHAT'S THE RIGHT NUMBER THERE?

SO THAT'S THE QUESTION THAT COUNCILWOMAN HAVRDA ALSO ASKED.

IT JUST HAS TO DO WITH THE AMOUNT OF USAGE VERSUS THE RATE.

IF YOU'RE USING LESS YEAR OVER YEAR THEN THE IMPACT IS LOWER.

Walsh: THE 3.85 IS THE RATE INCREASE.

THE 3.3% IS THE AVERAGE IMPACT.

Perry: OKAY.

YOUR BILL HAS A BASIC COMPONENT OF FUEL AND REGULATORY COST.

WHEN WE TALK ABOUT BASE RATE, THAT'S WHAT COUNCIL VOTES ON.

Perry: ALL RIGHT.

AND THEN SLIDE 22, TO WRAP THIS THING UP -- AND LIKE I SAID, I'VE GOT A LOT OF OTHER QUESTIONS IN HERE BUT SLIDE 22, WE'RE NOT REALLY JUST TALKING ABOUT THIS 3.85 IN 2023.

AS I UNDERSTAND THIS SLIDE IT'S SHOWING ANOTHER 5.5% IN 2025 AND THEN ANOTHER 5.5% TWO YEARS LATER AT 2027.

THAT'S 14.85% INCREASE, IS THAT CORRECT?

WE ARE GOING TO HAVE TO COME BACK MORE FREQUENTLY TO HAVE THESE CONVERSATIONS.

WE CANNOT GO EIGHT YEARS WITHOUT COMING TO COUNCIL AND TALKING ABOUT WHERE WE ARE.

Perry: SO WHAT YOU'RE TELLING EVERYBODY OUT THERE IS BY 2027 YOU'RE GOING TO BE COMING BACK FOR A TOTAL OF 14.85% INCREASE.

I ALLUDED TO THIS EARLIER.

THAT'S WHAT'S IN OUR FINANCIAL PLAN BUT EVERY TIME WE COME IN THOSE NUMBERS WILL CHANGE.

NO, I'M NOT SAYING IT'S GOING TO BE 14%.

YOU KNOW, I'M SAYING THAT WE'RE GOING TO HAVE TO GET ON A PATHWAY WHERE WE COME IN MORE FREQUENTLY TO HAVE CONVERSATIONS ABOUT OUR RATE NEEDS.

Perry: GOTCHA.

I HOPE WE CAN SHIFT THOSE DOWN LIKE WE DID THIS TIME WHEN THE CITY GOT INVOLVED.

ANYWAY, THAT'S IT, SIR.

Mayor Nirenberg: THANK YOU, COUNCIL MEMBER PERRY.

IS THERE ANYBODY ELSE IN THE QUEUE?

I HAVE HAD SOME TECH ISSUES OVER HERE.

OKAY.

COUNCIL MEMBER BRAVO.

Bravo: THANKS.

I HAVE SOME QUESTIONS FOR BEN GORZELL.

BEN, AT WHAT POINT DID YOU START ENGAGING WITH CPS ENERGY IN THESE CONVERSATIONS ABOUT A RATE INCREASE AND WHAT WAS THE ORIGINAL RATE THAT WAS PROPOSED TO YOU?

Gorzell: I GUESS WE STARTED ENGAGING IN SEPTEMBER.

I MENTIONED THE DRAFT RATE REQUEST THAT WE GOT FROM CPS, THE ONE I SHOWED ON THE SLIDE, WHICH WAS A 13.4% BASE RATE INCREASE.

AND INCLUDED SOME RECOVERIES FOR BAD DEBT AND FOR WINTER STORM URI WITH A BILL IMPACT OF ABOUT 11.1%.

I THINK WE GOT THAT IN MID SEPTEMBER, EARLY SEPTEMBER. SOMEWHERE IN THERE.

Bravo: GOT IT.

THEN THERE WERE SEVERAL ITERATIONS AFTER THAT BEFORE YOU GOT TO THIS 3.85%?

I'LL BE QUITE HONEST, COUNCILMAN, HOW RUDY DESCRIBED IT, I THINK THERE WAS A PAUSE BECAUSE WHEN WE GOT A CHANCE TO REVIEW THAT DETAIL, WE SPENT A COUPLE WEEKS LOOKING AT IT.

WE PROVIDED CPS OUR FEEDBACK AND THEN WE SUGGESTED A DIFFERENT APPROACH AND THAT WAS THE APPROACH TO REALLY FOCUS ON IMMEDIATE FINANCIAL NEEDS AND DEALING WITH THE WINTER STORM URI COST, GETTING THE POLICY ISSUES.

SOME OF THESE AREAS THAT HAVE A LOT OF UNCERTAINTY AROUND THEM THAT WE KNOW ARE GOING TO EVOLVE OVER TIME, GETTING ALL OF THAT OUT OF THE MODEL.

IN ESSENCE WE BUILT THE RATE CASE OVER THE PAST MONTH OR SO.

Bravo: THEN I HAVE QUESTIONS FOR RUDY.

RUDY, WHEN DID CPS ENERGY LAST PASS A BUDGET?

WE PASSED OUR BUDGET IN JULY, SIR.

THIS YEAR'S BUDGET.

Bravo: SO YOU INCURRED A BUNCH OF DEBT IN FEBRUARY OF LAST YEAR FOR THE WINTER STORM.

YOU KIND OF GOT A HANDLE OR SENSE OF WHAT THAT WAS LIKE.

HOW DID YOU PASS A BUDGET IN JULY OF THIS YEAR WITHOUT THAT 3.85% BAKED INTO IT OR APPROVED?

YEAH, SO THE BUDGET INCLUDED KIND OF A NET LOSS AT THE END OF THE DAY. THERE WAS A GAP, YOU KNOW, AND IT DOESN'T HAPPEN -- I'M NOT SURE WHEN THE LAST TIME THAT'S HAPPENED BUT WE'VE MANAGED OUR BUDGET BELOW -- WE SET THE BUDGET BASED ON EXPECTED REVENUE AND EVERY MONTH, JUST LIKE THE CITY DOES, WE HAVE OUR 11 PLUS ONE AND UNTIL TODAY.

WE'RE GETTING THERE IN TERMS OF TRYING TO BALANCE OUR BUDGET AS BEST WE CAN BUT THIS YEAR WE DID PASS A BUDGET WITH A DEFICIT.

Bravo: GREAT.

MOVING ON TO OTHER THINGS THAT I'M REALLY INTERESTED IN SEEING ARE I KNOW THAT CPS ENERGY IS LOCKED INTO USING NATURAL GAS IN A LOT OF WAYS.

USING NATURAL GAS TO PRODUCE ELECTRICITY.

HOW MANY POWER PLANTS DO YOU HAVE NATURAL GAS, FIRE POWER PLANTS? 13 UNITS.

Bravo: AND SO SEVERAL OF THOSE ARE DUE TO BE RETIRED IN MAYBE THE NEXT FIVE YEARS.

YES, SIR.

Bravo: BUT YOU'RE STILL GOING TO HAVE A MAJORITY OF THOSE OVER A DECADE OUT.

WE'LL HAVE SOME NATURAL GAS.

CERTAINLY, RIO IS ONE OF THE MOST EFFICIENT GAS UNITS IN THE STATE. NATURAL GAS WILL CONTINUE TO BE PART OF OUR SUPPLY GOING FORWARD.

Bravo: IT'S PART OF YOUR PORTFOLIO FOR PRODUCING ELECTRICITY. YOU ALSO DISTRIBUTE NATURAL GAS TO PEOPLE'S HOMES TO COOK WITH, TO HEAT THEIR HOMES WITH.

AND SO KNOWING THAT, YET WE'D LIKE TO MOVE OFF OF FOSSIL FUELS.

WE HAVE PASSED A CLIMATE PLAN.

YOUR BOARD ACTUALLY VOTED UNANIMOUSLY IN SUPPORT OF THE CITY'S GOALS FOR THE CLIMATE PLAN.

AND SO KNOWING ALL THAT, I'D LIKE TO SEE CPS ENERGY BE ABLE TO OFFER A PREMIUM FOR MORE RESPONSIBLY-PRODUCED NATURAL GAS SO WHEN YOU GO OUT AND PURCHASE NATURAL GAS, SEND A PRICE SIGNAL OUT THERE TO THE MARKET TO LET PEOPLE KNOW THAT WE UNDERSTAND THAT THERE ARE NATURAL GAS LEAKS AND THOSE NATURAL GAS LEAKS ARE RESPONSIBLE FOR A LARGE PORTION OF THE CLIMATE CHANGE THAT WE'RE EXPERIENCING IN THE SHORT TERM.

AND SO KNOWING THAT, THAT WE WOULD LIKE TO BE ABLE TO PURCHASE NATURAL GAS THAT CAN BE THIRD-PARTY CERTIFIED THAT THEY'RE MEETING MORE RESPONSIBLE PRODUCTION STANDARDS, THAT THEY'RE MONITORING THEIR LEAKS IN REALTIME AND FIXING THEM QUICKLY.

COUNCILMAN, YOU AND I TALKED ABOUT THIS ONE-ON-ONE.

I'M NOT SURE THERE ARE MANY POSITIVES COME OUT OF OUR NATURAL GAS ISSUES FROM URI BUT ONE OF THE ONES THAT IS A POSITIVE IS IT'S REALLY FORCED US TO THINK ABOUT WHO WE'RE DOING BUSINESS WITH ON THE NATURAL GAS SIDE.

SO I DO THINK THERE ARE OPPORTUNITIES TO REALLY LOOK AT WHERE WE'RE GETTING OUR SUPPLY FROM, TO IMPROVE OUR CAPABILITIES, TO FIND NEW PARTNERS TO BUY GAS FROM.

CERTAINLY, WHAT YOU'RE TALKING ABOUT ARE ESG ISSUES THAT CORPORATE BOARDS ARE PAYING MORE ATTENTION TO.

SO I DO THINK THAT WE CAN WORK TOGETHER ON THIS.

Bravo: GREAT.

YEAH, AND SINCE YOU HAVEN'T BEEN TO -- COME TO COUNCIL TO ASK FOR A RATE INCREASE IN THE LAST EIGHT YEARS, YOU HAVEN'T HAD TO REALLY LOOK AT HOW DO YOU TIGHTEN YOUR BELT A LOT IN THE LAST EIGHT YEARS.

THAT'S ACTUALLY SOMETHING I WOULD LIKE TO ASK.

COUNCILMAN, WE HAVE TIGHTENED OUR BELT A LOT.

\$900 MILLION IS NO EASY TASK.

Bravo: OF AN OUTSIDE INDEPENDENT STUDY LOOKING AT THAT, THAT'S ONE THING THEY COULD LOOK AT AS WELL.

THANK YOU SO MUCH, RUDY.

Mayor Nirenberg: THANK YOU, COUNCIL MEMBER BRAVO.

ANYONE ELSE?

LET ME WRAP UP FRAMING WHERE WE STARTED AND CLOSE THAT WAY WHICH IS THE RATE REQUEST THAT WE'VE ASKED FOR THROUGH A PROCESS THAT IS COORDINATED WITH THE CITY IS WHAT ARE THE REVENUE REQUIREMENTS FOR CPS RIGHT NOW.

AND WE KNOW THAT IN THE FUTURE THERE ARE GOING TO NEED TO BE RATE ADJUSTMENTS BASED ON EXACTLY WHAT COUNCILMAN PERRY DESCRIBED AND WHERE OUR CAPACITY THAT WE CURRENTLY HAS CROSSES WITH THE GROWTH OF THE CITY.

WE KNOW THAT'S GOING TO BE A REQUIREMENT IN THE FUTURE.

THOSE CONVERSATIONS AND THE RECOMMENDATIONS AND THE ACTIONS TAKEN FROM THOSE RECOMMENDATIONS ARE GOING TO BE DEPENDENT ON THE WORK THAT THE RAC IS DOING AND OUR POLICY DECISIONS WITH REGARD TO GENERATION PLANNING, RATE EQUITY, ET CETERA.

WHAT WE'RE LOOKING AT TODAY IS WHAT IT COST TO RUN THE UTILITY FOR THE CITY OF SAN ANTONIO, WHICH IS OWNED BY US, THE COMMUNITY.

IF WE KEEP THAT IN MIND AND FOCUS ON, AGAIN, THE NEEDS AND THE GROWTH LATER I THINK WE'LL GET TO WHERE WE NEED TO BE.

AGAIN, RUDY, THE TEAM, BEN, THANK YOU VERY MUCH FOR THE PRESENTATION.

2021.12.01 closed
Captioning B Session

I THINK YOU HEARD ALL ACROSS THIS DAIS A COMMITMENT TO WORK WITH YOU TO MAKE SURE THAT WE'RE GETTING IN FRONT OF AS MANY FOLKS IN THIS COMMUNITY AS POSSIBLE SO THAT EVERYBODY'S GOT THE INFORMATION THAT THEY NEED AND THAT FRANKLY THAT THEY'RE JUSTIFIED AND WANTING TO GET. WITH THAT, I THINK THAT'S IT FOR OUR DISCUSSION TODAY.

WE LOOK FORWARD TO SEEING YOU GUYS AGAIN NEXT WEEK, I GUESS.

THERE WILL BE NO EXECUTIVE SESSION TODAY.

EXECUTIVE SESSION ITEMS THAT WERE POSTED FOR TODAY WILL BE CARRIED OVER TO THE CITY COUNCIL MEETING TOMORROW THURSDAY DECEMBER 2, 2021, AND MAY BE CONSIDERED AT ANY TIME DURING TOMORROW'S CITY COUNCIL MEETING.

THE TIME IS NOW 4:47 P.M.

TODAY'S MEETING IS NOW IN RECESS.

City Council B Session

Wed, Dec 1 2:00 PM

City Council B Session - Agenda Comments

No comments to report for this meeting's agenda