

Municipal Utilities Committee

Briefing on the History and Governance of CPS Energy and SAWS August 24, 2021

Presented by: Ben Gorzell Jr., Chief Financial Officer

City Council Oversight

- Rate and Charges
- Issuance of Debt
- Condemnation Approval
- Board Member Appointment/Confirmation
 - CPSE – Council confirms or rejects the CPSE Board’s nomination of Trustees *
 - SAWS – Council appoints all Trustees *

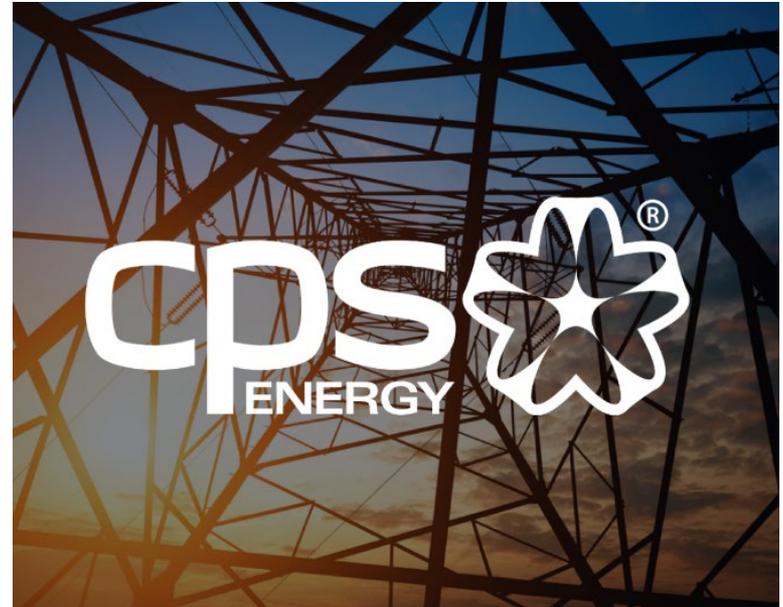


* except the Mayor who serves as an ex-officio member on both Boards

CPS ENERGY

History

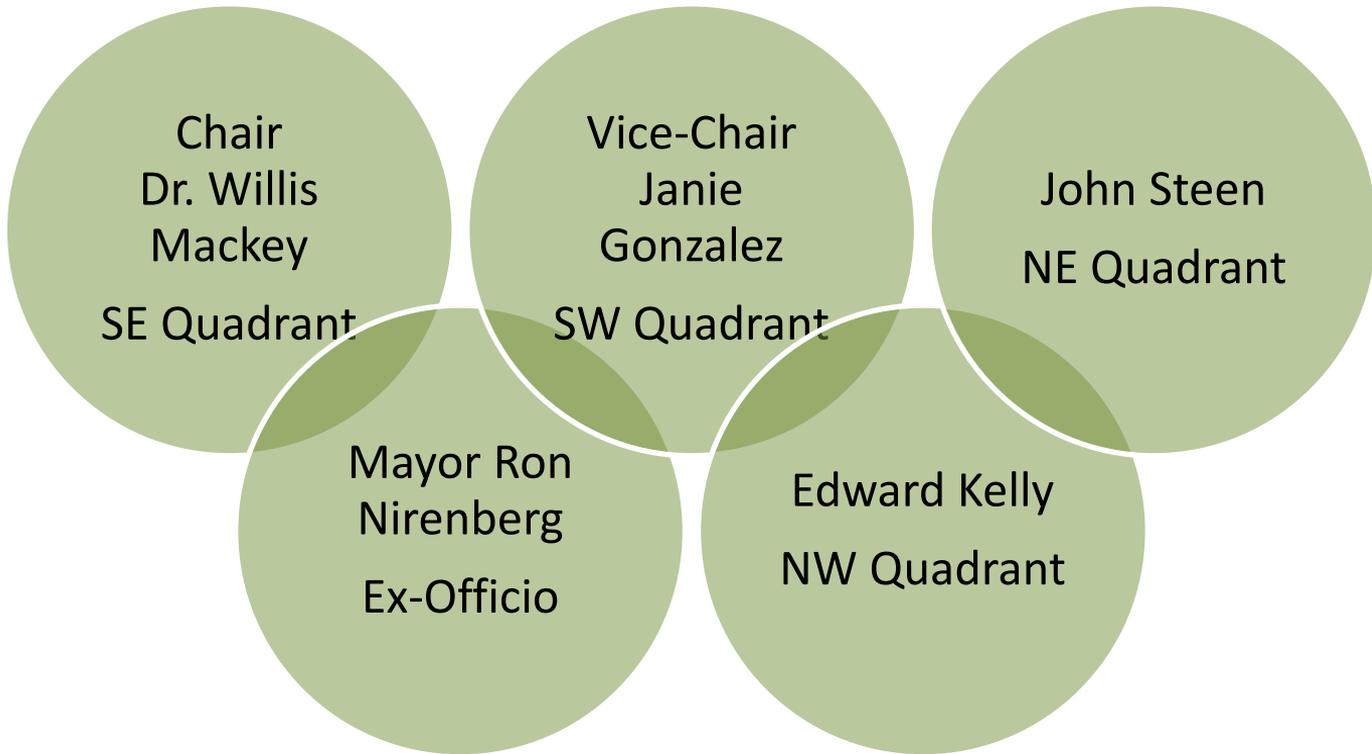
- City acquired the *San Antonio Public Service Company* in 1942 from the American Light and Traction Company
 - Holding Company Act of 1935 required the sale of properties
- Serves more than 888,000 electric and 367,000 natural gas customers
- As a municipally owned utility, CPSE is exempt from:
 - Payment of income taxes
 - State franchise taxes
 - Use taxes
 - Real and personal property taxes



Governance

- Complete management and control of the Systems is vested in the Board
- Board is comprised of five citizens, one of whom is the Mayor
- Mayor is an ex-officio voting member of the Board
- Other than the Mayor, the remaining Board members are selected from geographic quadrants of the City (NE, NW, SE and SW Quadrants)
- Bond ordinances allow CPSE to pay the City up to 14% of Gross Revenues
 - Projected City Payment for FY2022 - \$361.2M (27% of General Fund)

Board Members



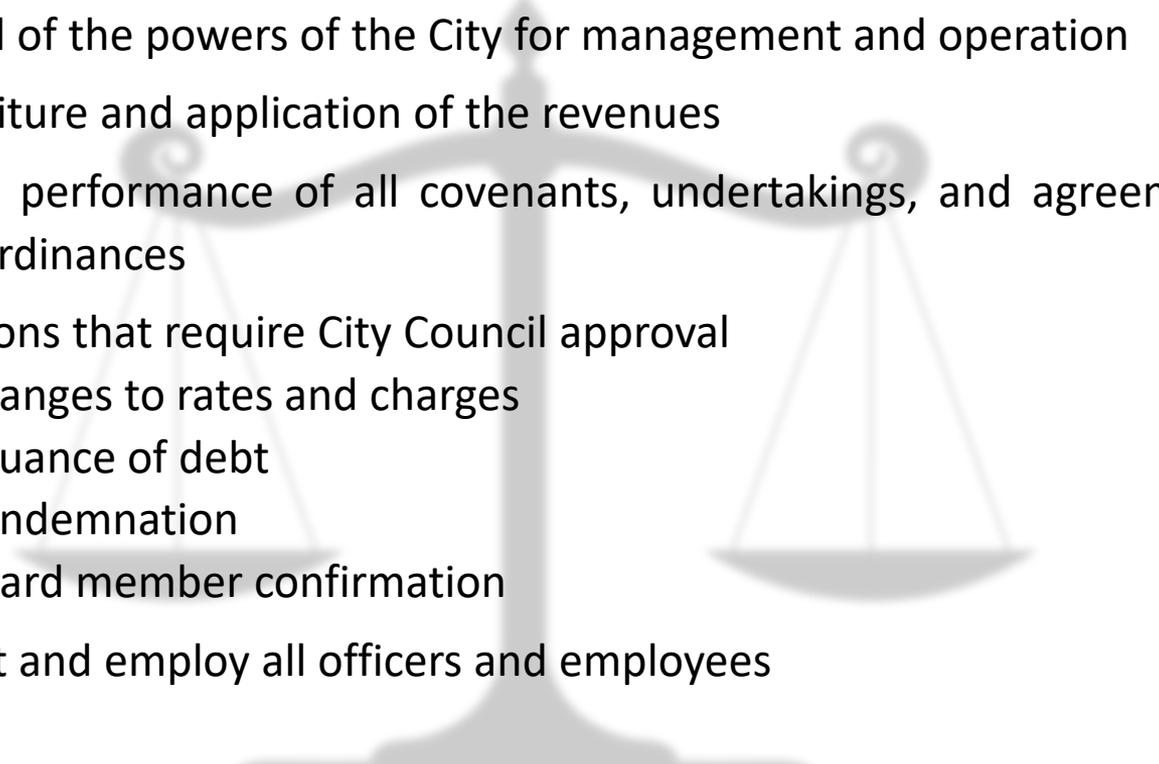
Board Vacancies

Board Vacancies are filled as follows:

- Nominee to fill such vacancy shall be elected by the majority vote of the remaining members of the Board, including the Mayor
- Elected nominee is then submitted by the Mayor to the vote of the City Council for confirmation
- At the expiration of their first five-year term of office, the members of the Board are eligible for re-appointment by election of the other Board members and confirmation by the City Council to one additional term



Authority



- Board has all of the powers of the City for management and operation
 - Expenditure and application of the revenues
 - For the performance of all covenants, undertakings, and agreements from the Bond Ordinances
 - Exceptions that require City Council approval
 - Changes to rates and charges
 - Issuance of debt
 - Condemnation
 - Board member confirmation
 - Appoint and employ all officers and employees

SAWS

History

- The San Antonio Water System (SAWS) was created on April 30, 1992, by City Ordinance 75686
- The ordinance consolidated the operations of the existing waterworks (formerly the City Water Board), wastewater and water reuse system (formerly City departments)
- In 2012, the former Bexar Metropolitan Water District (BexarMet) was dissolved and all its assets and liability were transferred to SAWS.
- Serves more than 529,000 water and 473,000 wastewater customers in and around San Antonio



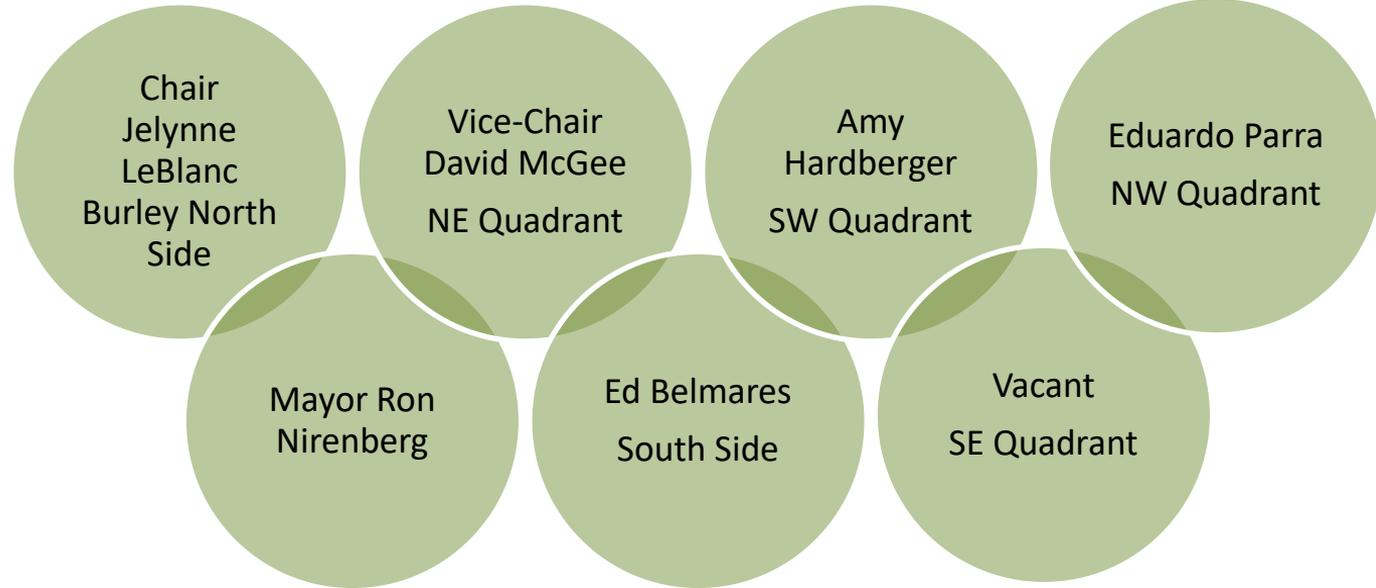
Governance

- Initial Board was made up of five members; subsequent legislation authorized expansion to seven members
- Board consist of the Mayor (ex-officio) and up to six people who are residents of the City or reside within the SAWS service area
- Except for the Mayor, all Board members are appointed by the City Council for four-year, staggered terms, and are eligible for reappointment for one additional four-year term

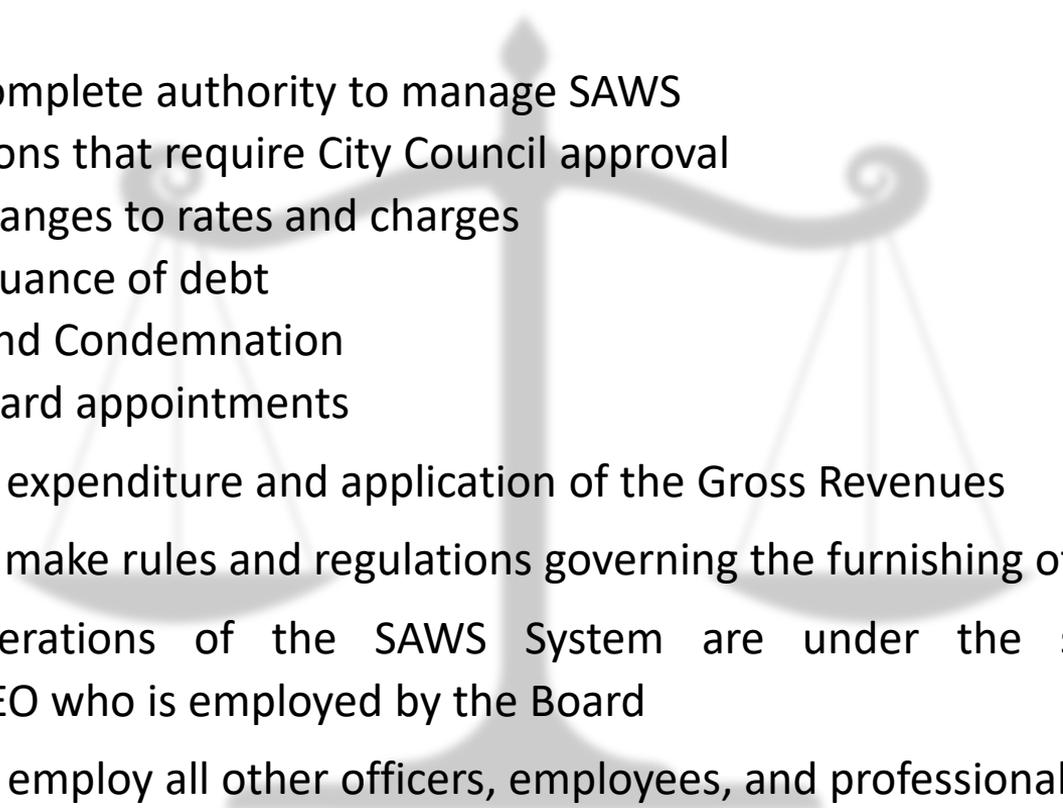
Governance (Cont.)

- Four Board members must be appointed from four different quadrants in the City (NE, NW, SE, SW) and two Board members are appointed from the north and south sides of the City
- Bond ordinances allow SAWS to pay the City up to 5% of Gross Revenues.
 - Current level of City Payment 4%
 - Increased from 2.7% in October 2019.
 - SAWS projected City Payment for FY2022 - \$30.8M

Board Members



Authority



- Board has complete authority to manage SAWS
 - Exceptions that require City Council approval
 - Changes to rates and charges
 - Issuance of debt
 - Land Condemnation
 - Board appointments
- Controls the expenditure and application of the Gross Revenues
- Authority to make rules and regulations governing the furnishing of service
- General operations of the SAWS System are under the supervision of the President/CEO who is employed by the Board
- Appoint and employ all other officers, employees, and professional consultants

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