

CPS ENERGY
MINUTES OF SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON APRIL 20, 2020

A Special Meeting of the CPS Energy Board of Trustees was held on Monday, April 20, 2020 via telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). There was no in-person public access to the meeting. Chair John Steen called the meeting to order at 2:00 p.m.

Present via phone were Board members:

Mr. John Steen, Chair
 Dr. Willis Mackey, Vice Chair
 Mr. Ed Kelley
 Ms. Janie Gonzalez
 Mayor Ron Nirenberg

Also present via phone were:

Ms. Paula Gold-Williams, President & CEO
 Dr. Cris Eugster, Chief Operating Officer
 Ms. Carolyn Shellman, Chief Legal Officer & General Counsel and Board Secretary
 Mr. Fred Bonewell, Chief Security, Safety & Gas Operations Officer
 Ms. Felecia Etheridge, Chief, Business Excellence
 Ms. Vivian Bouet, Chief Information Officer
 Mr. Frank Almaraz, Chief Administrative & Business Development Officer
 Mr. Rudy Garza, Interim Chief Customer Engagement Officer

CPS Energy Staff Members
 City of San Antonio officials
 Interested Citizens

I. ROLL CALL OF BOARD MEMBERS

Ms. Shellman called the roll. A quorum was present.

II. SAFETY MESSAGE

In response to the Chair’s request, Mayor Nirenberg provided an update on the COVID-19 pandemic, including current statistics and trends. He emphasized that the City of San Antonio’s (City) “Stay Home, Work Safe” order is still in place. He noted plans to develop recommendations for resuming activities and reopening businesses suspended by the pandemic. On behalf of the City and its citizens, the Mayor thanked CPS Energy leadership and employees, and especially the field employees, for their work in providing essential services.

Ms. Gold-Williams provided an overview of the continued precautions that CPS Energy has undertaken in response to COVID-19. She thanked the Board and expressed her gratitude for their leadership and support throughout the pandemic.

III. INVOCATION

An invocation was delivered by Ms. Zandra Pulis, Deputy General Counsel & Chief Records Management Officer.

IV. PUBLIC COMMENT

Chair Steen announced that public comments would be taken and outlined the guidelines. The following people made comments:

1. Ms. DeeDee Belmares, Public Citizen, asked about the status of the Mayor's proposal of the Rate Advisory Committee (RAC).
2. Ms. Celia Valles, Texas Organizing Project, also urged the advancement of the RAC and requested a status update. She encouraged CPS Energy to utilize a process for public participation to address the needs of customers impacted by COVID-19.
3. Ms. Alice Canestaro-Garcia, Energía Mía, expressed her support of the RAC and requested an update.
4. Mr. Justin Lecea expressed his interest on the status of the proposed RAC and suggested that its members be selected by the public and not by the Board or City Council.
5. Mr. Greg Harman, Sierra Club, encouraged CPS Energy to contemplate the long-term, post-pandemic financial effects on its customers and offer arrearage forgiveness. He suggested that the employee incentive pay deferred by CPS Energy be used for customer debt relief and that incentive pay be discontinued unless it is tied to achieving the goals of the Climate Action and Adaptation Plan (CAAP). He concluded by suggesting that CPS Energy focus on debt relief and ending disconnections.
6. Mr. Aaron Arguello, Move Texas, urged CPS Energy to move away from coal and towards sustainable energy, stating that certain vulnerable groups are disproportionately impacted by asthma. He commented that the goals set in the CAAP, such as achieving carbon neutrality by 2050, will not be possible without the closure of the Spruce Coal Plant. He urged increased data transparency from CPS Energy and suggested tying its incentive pay to reducing carbon emissions. In conclusion, he expressed support for the RAC.

V. COVID-19 / BUSINESS CONTINUITY UPDATE

Ms. Gold-Williams briefly explained that progress on the RAC has been impacted by the recent COVID-19 crisis. She stated that the request for proposals (RFP) process for RAC consulting services has been impacted and the deadline extended. Nevertheless, CPS Energy continues to work on the RAC.

Ms. Gold-Williams explained that CPS Energy is a vertically integrated utility, providing power generation and transmission and distribution services, as well as customer service. Our employees, like many others in the community, have been affected by issues related to COVID-19, such as school closures and remote work.

She summarized public outreach efforts during the pandemic, including her participation in an April 16, 2020 Facebook Live event with Mr. Robert Puente, President & CEO, San Antonio Water System (SAWS) and Mr. Jeff Arndt, President & CEO, VIA Metropolitan Transit, sharing how essential services continue to be provided in spite of COVID-19.

Ms. Gold-Williams reported that CPS Energy employees are wearing face masks in accordance with the direction of Mayor Nirenberg and Judge Nelson Wolff. She commented on the different types of masks worn by the different groups of CPS Energy employees. General instruction on the proper use, reuse and disposal of masks was also provided. There have been some delays in the supply of face masks, but shipments are being received.

She discussed the various screening and testing measures adopted and considered for CPS Energy employees. In addition to providing employees with self-screening resources, we have conducted a screening process, including temperature checks of employees working on-site. She emphasized the mission-critical nature of employees that work to keep the power on.

Ms. Gold-Williams noted that CPS Energy offers assistance through various programs and payment plans to many customers. Additionally, CPS Energy has suspended service disconnects, like it typically does during summer peaks and holidays. She encouraged customers who need help to call (210) 353-2222 for assistance.

Field workers have been retrained on precautionary measures to safeguard themselves and customers when in-person interaction is necessary.

Focus on the CPS Energy Business Continuity Plan and Pandemic Preparedness Plan is ongoing.

She reported that an emergency-fill plan applicable to the senior chief positions, requested at the recent Board Personnel Committee meeting, would be provided to the Board this week and explained that it will be incorporated into our Business Continuity Plan.

Ms. Gold-Williams highlighted her ongoing communications with Mr. Erik Walsh, CoSA City Manager, and Mr. Puentes of SAWS to share strategies. She explained that discussions, coordinated by the EPIcenter, are ongoing with regional utilities, including Austin Energy, New Braunfels Utilities, and the Lower Colorado River Authority, to discuss best practices ranging from customer service to employee sequestration.

Ms. Gold-Williams provided a brief overview of the considerations relative to our sequestration plan for mission-essential employees, such as control room operators and other key positions in providing generation, transmission and distribution and energy marketing activities. She stated that the incremental costs associated with sequestering employees might be reimbursed by the Federal Emergency Management Agency (FEMA), which typically provides cost recovery to utility companies for resiliency activities. However, at this time, FEMA has not received additional funding to support these costs.

She reported that construction projects are moving forward without interruption, as is construction at our new headquarters. Currently, we anticipate a two-week delay in the move schedule due to new requirements issued by the Fire Marshall and to additional work on the water infrastructure. Also, the COVID-19 pandemic has resulted in some furniture delivery delays. However, the \$215 million budget is not expected to be exceeded.

Ms. Gold-Williams provided an overview of the technology tools utilized for working remotely and explained the capacity issues on the CPS Energy network.

Regarding financial impacts of COVID-19, Ms. Gold-Williams stated that, notwithstanding CPS Energy's excellent credit ratings, Standard & Poor's placed the municipal industry, including utilities, on negative outlook. Because we provide a critical service 24 hours a day, 7 days a week, 365 days a year, the rating agencies are focused on our safe, continuous operations and sufficient liquidity during the pandemic.

Key measures utilized in maintaining high credit ratings include:

- Monitoring operational impacts
- Partnering with local, state and national entities to stay on top of critical developments
- Continuously monitoring our financial situation and related forecast
- Looking at alternatives to reduce costs (O&M and Capital) for this year
- Exploring potential sequestration
- Managing the emotional impact of COVID-19 on customers and employees
- Maintaining revenues from our very diverse customer base
- Having low debt write-offs

Ms. Gold-Williams stated that although we do not have the ability to do a debt forgiveness program, we are committed to working with our customers through this disruption.

Chair Steen called for comments. Dr. Mackey praised the company for all its work during this tough time and requested that Ms. Gold-Williams provide a high-level, mid-month update to the Board.

VI. EXECUTIVE SESSION

At approximately 3:04 p.m., Chair Steen announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of the following posted item:

- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 4:53 p.m. Ms. Shellman reported that Attorney-Client Matters, and no others, were discussed and no votes were taken in Executive Session.

VII. ADJOURNMENT

Trustee Gonzalez and Mayor Nirenberg left the meeting before open session resumed.

There being no further business to come before the Board and upon a motion duly made by Dr. Mackey, and seconded by Trustee Kelley, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:54 p.m. by Chair Steen.


Carolyn E. Shellman
Secretary of the Board