



MARKET RATES UPDATE

INTRODUCTION BY:

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President & Chief Executive Officer (CEO)

PRESENTED BY:

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Interim Vice President, Financial Services

September 24, 2018

Informational Update

AGENDA



- **OVERVIEW OF MARKET INTELLIGENCE PROGRAM**
- **DRIVERS & RECENT TRENDS**
- **RESIDENTIAL USAGE LEVELS**
- **TEXAS CITIES COMPARISON**

MARKET INTELLIGENCE PROGRAM



CPS ENERGY COMPARES OUR RATES TO THOSE OF OTHER UTILITIES ON A MONTHLY BASIS

- Electric & gas utilities
- Texas cities comparison
- Top 20 cities in the country
- Publicly available information
 - Utility websites
 - Other industry recognized sources (e.g., PowertoChoose.org)

CPS Energy ensures value for our community by comparing rates to other prominent utilities

TRACKING THE DEREGULATED MARKET



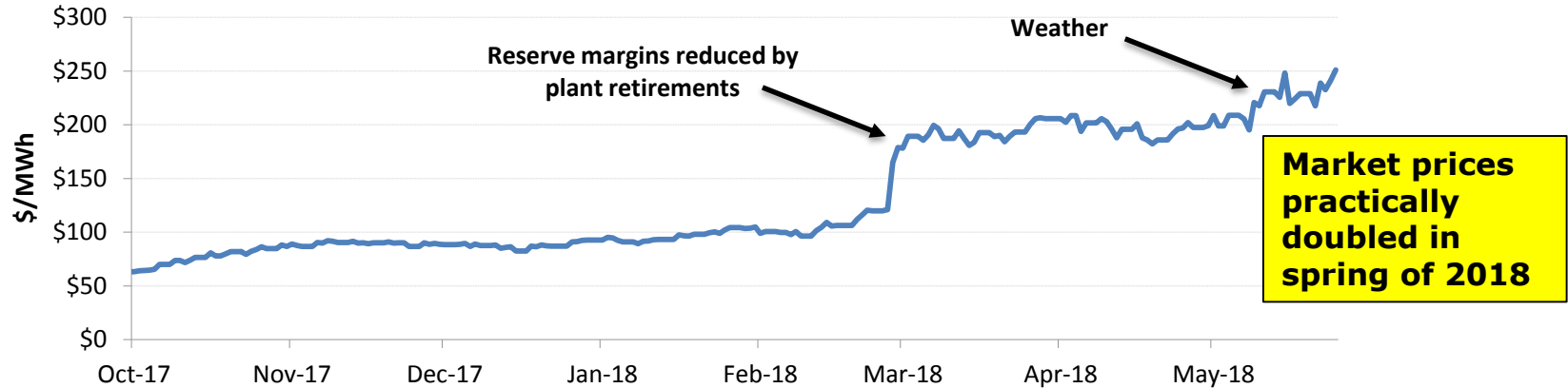
THE PUCT OWNS & OPERATES POWERTOCHOOSE.ORG AS A COMPARISON RESOURCE FOR DEREGULATED MARKETS

- Historically, we have utilized a report published monthly by the PUC; report was discontinued in April 2018
- Our new approach is more comprehensive & informative
 - Data captured daily from [PowerToChoose.org](https://www.powertochoose.org)
 - Long-term plans offered by retailers w/ comparable customer service levels
 - Documented & consistently applied

Current tracking method is an industry standard approach

WHOLESALE MARKET TRENDS

Forward Price for August 2018 Power by Quote Day



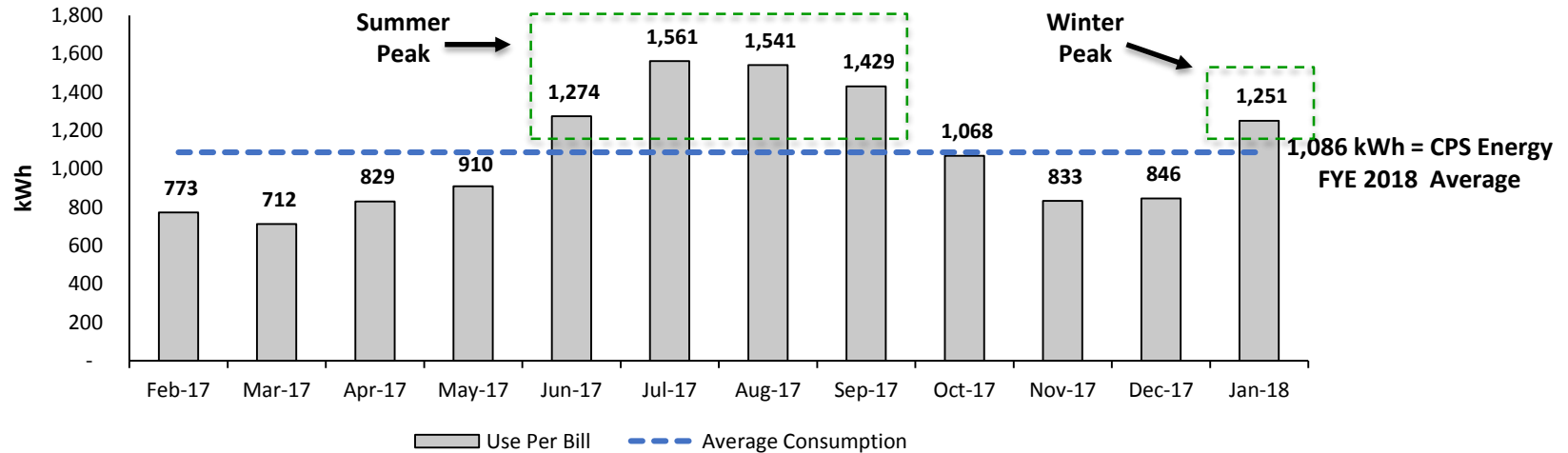
Wholesale market has been influenced by available generation and weather

¹ Forward price view from www.snl.com for ERCOT South Zone for the month of August 2018

RESIDENTIAL USAGE PATTERNS



Average Usage of CPS Energy Residential Customers By Month¹



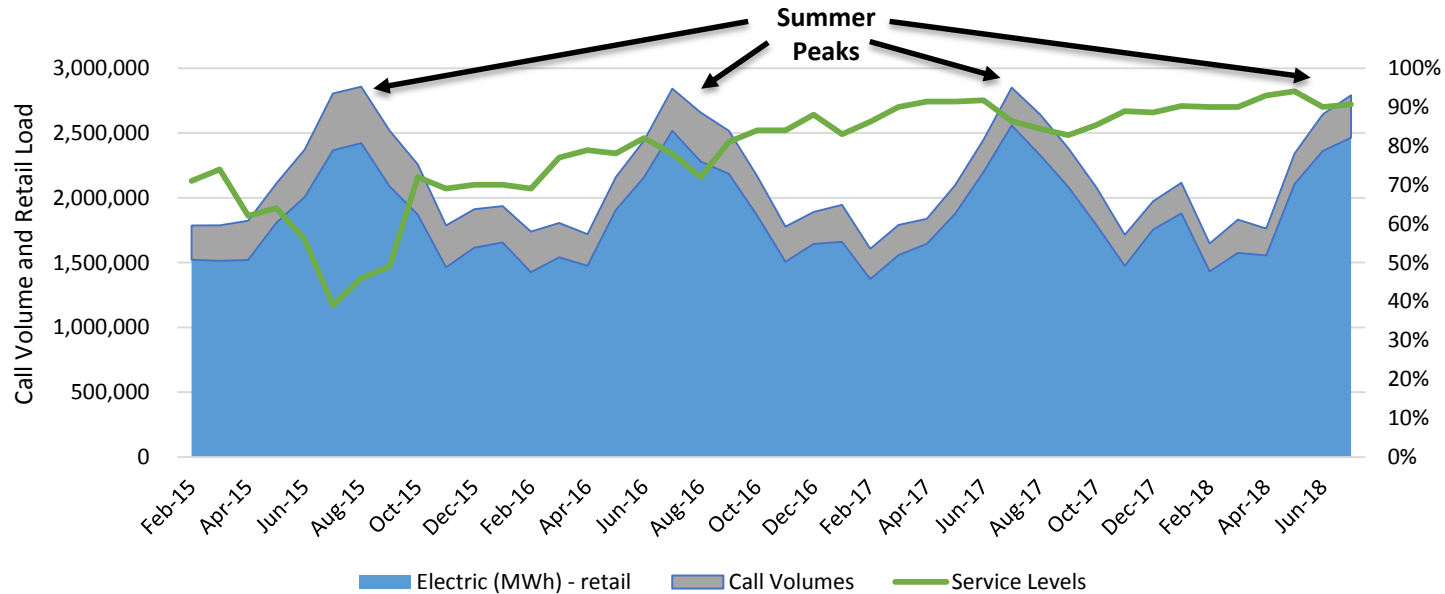
While the annual average usage is approximately 1,000 kWh/month, peaks are experienced during extreme weather swings

¹ Average usage data from FYE 2018

CUSTOMER SERVICE LEVELS



Call Volumes and Customer Service Levels



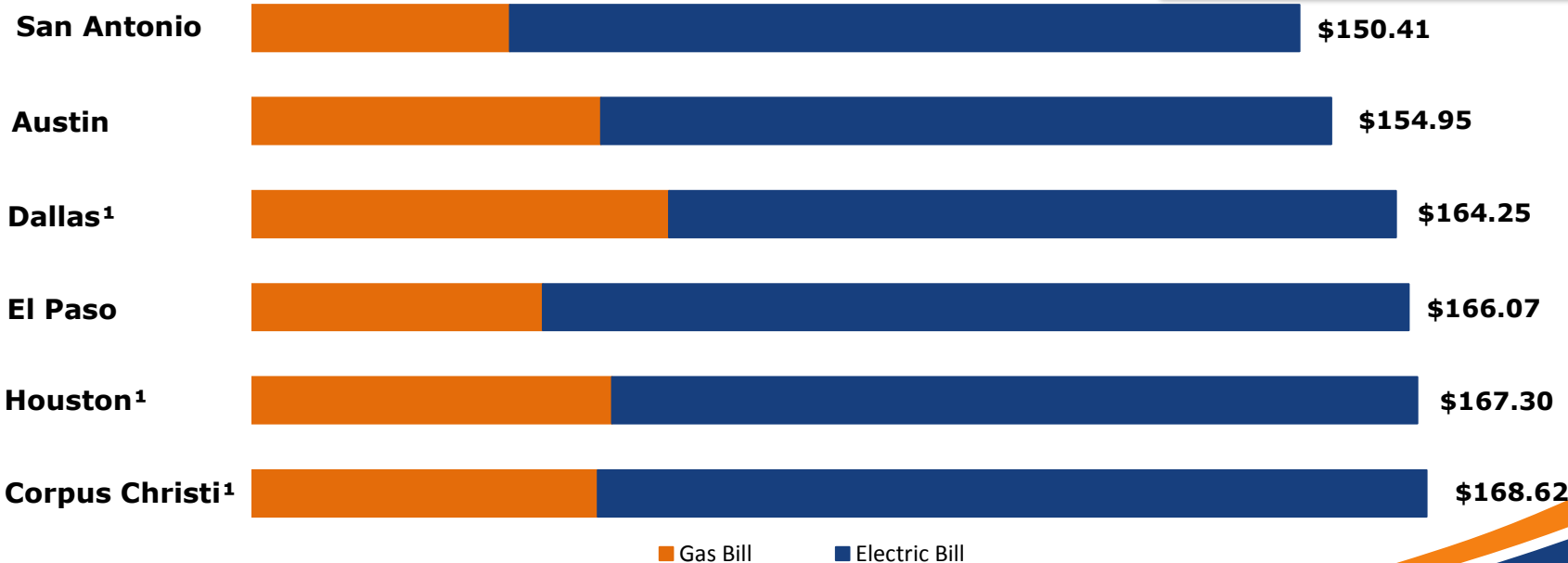
Summer peaks are consistently experienced across out entire system

TEXAS CITIES COMBINED RESIDENTIAL BILL COMPARISON



TRAILING TWELVE MONTHS ENDING AUGUST 2018

1,000 kWh & 5 MCF
CPS Energy avg² is ~1,086 kWh



¹ Electric bill based on Power To Choose data for 12-month offers with a 4 and 5 Star rating for May-August 2018, all other months based on PUCT report.

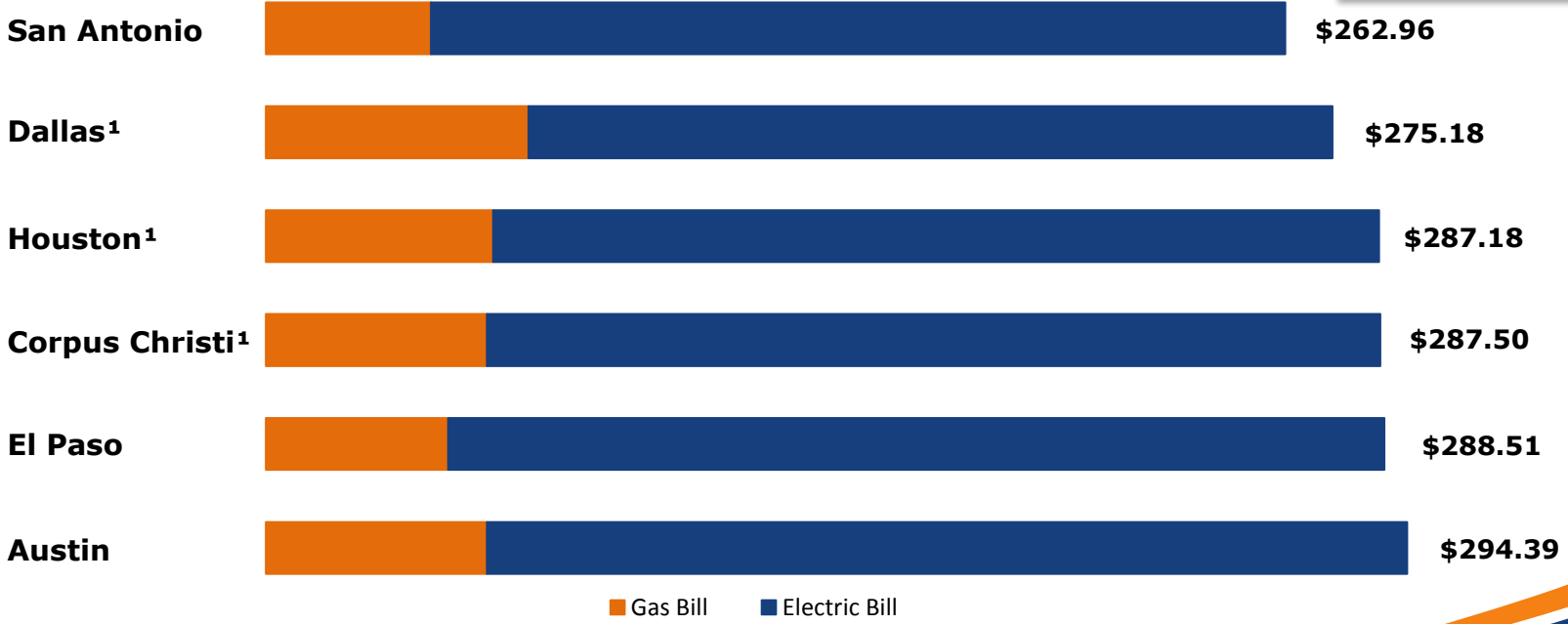
² Average monthly residential consumption for FYE 2018

TEXAS CITIES COMBINED RESIDENTIAL BILL COMPARISON



TRAILING TWELVE MONTHS ENDING AUGUST 2018

2,000 kWh and 6 MCF



¹ Electric bill based on Power To Choose data for 12-month offers with a 4 and 5 Star rating for May-August 2018, all other months based on PUCT report.

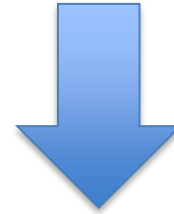
INTERESTING CUSTOMER USAGE PATTERNS

Annual



Smooth

Summer

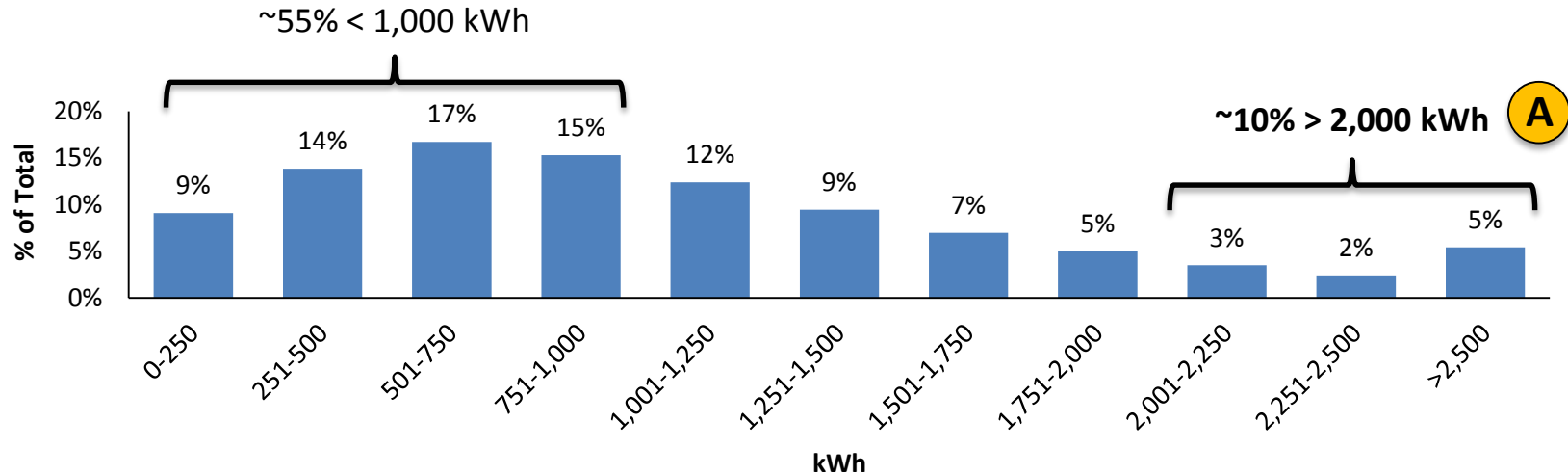


*Peak
Focus*

RESIDENTIAL ELECTRIC USAGE DISTRIBUTION



% of Residential Bills by Average Monthly Usage Level for FYE 2018¹



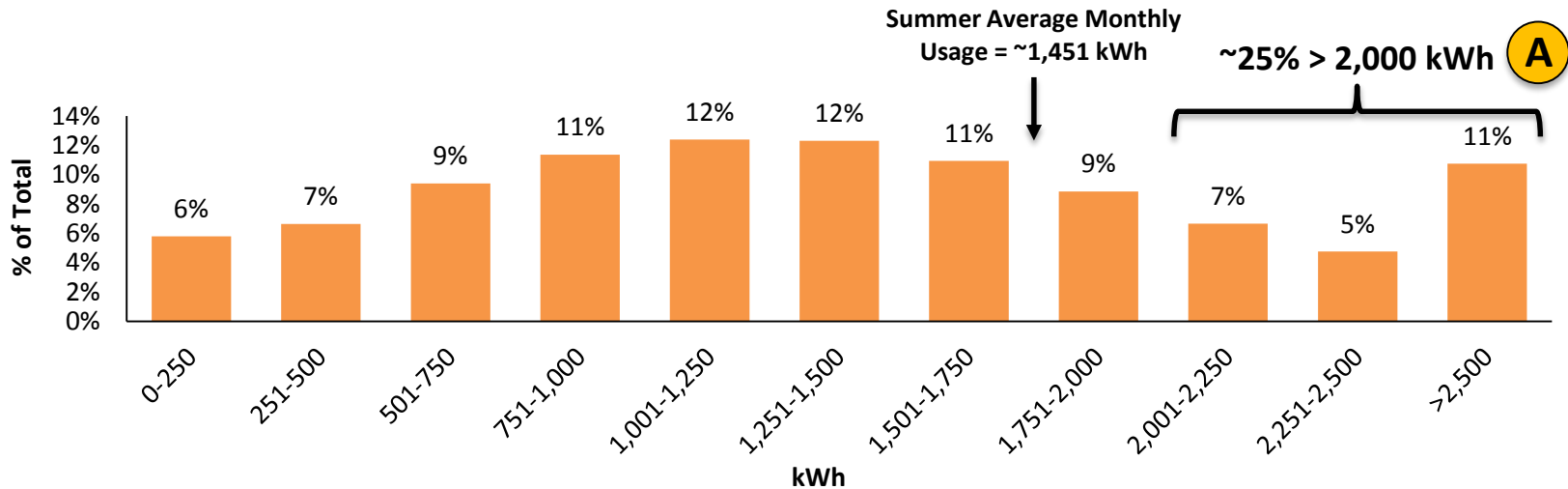
A Annually: Less than 10% of our residential customers use more than 2,000 kWh per month

¹ Usage data from FYE 2018

RESIDENTIAL ELECTRIC SUMMER USAGE DISTRIBUTION



% of Residential Bills by Average Monthly Usage Level for Summer Months¹



(A) Summer Only: 25% of our residential customers use more than 2,000 kWh per month during the summer months

¹ Usage data from June – September of FYE 2018

Conservation Matters



**Manage My Account
& My Energy Portal**

SAVENOWSM
CPS ENERGY

**Commercial
&
Residential
Programs and Rebates**



**Energy
Tips & Peak
Energy Day Info**



**Smart
Thermostats**



**Energy
Calculators**



**Upcoming
Events**

CONCLUSIONS



Our benchmarking process is comprehensive, follows a standard industry approach & incorporates timely data from transparent sources.

Our rates continue to remain competitive while delivering great value and service to our customers and community.

Conservation activities continue to be important for our customers and community, especially in summer months



Thank You