

CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON MAY 20, 2019

The Regular Meeting of the Board of Trustees of CPS Energy for the month of May was held in the Board Room at CPS Energy's Main Office, 145 Navarro Street, San Antonio, Texas 78205 on Monday, May 20, 2019. Chair John Steen called the meeting to order at 1:00 p.m.

Present were Board members:

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

Also present were:

Ms. Paula Gold-Williams, President & CEO
Dr. Cris Eugster, Chief Operating Officer
Ms. Carolyn E. Shellman, Chief Legal Officer & General Counsel and Board Secretary
Mr. Fred Bonewell, Chief Security, Safety & Gas Operations Officer
Ms. Vivian Bouet, Interim Chief Information Officer
Ms. Delores Lenzy-Jones, Chief Financial Officer
CPS Energy Staff Members
City of San Antonio officials
Interested Citizens

I. SAFETY UPDATE, INVOCATION AND PLEDGE OF ALLEGIANCE

The Board meeting began with a safety message, the Pledge of Allegiance, and an invocation delivered by Ms. Cinthia Deutsch, General Business Analyst, Records Management.

II. CHAIRMAN'S REMARKS

Chair Steen did not provide any remarks.

III. PRESIDENT & CEO UPDATES

Ms. Paula Gold-Williams, President & CEO, stated that she has refreshed the format of her President & CEO Update in response to Board feedback. She will be emphasizing the "voice of the customer". She summarized the changes to her report noting that information previously presented in her CEO Update remains available through different channels, including newsletters, social media, and traditional publications.

Trustee Gonzalez and Chair Steen discussed the strategic uses and benefits of social media.

As part of her report, Ms. Gold-Williams provided context and insights into items on the meeting agenda.

Ms. Gold-Williams discussed the evolving approach to the Flexible Path dialogue, transitioning from a broad, general approach to more focused “deep dives” into aspects such as the future of coal, modeling renewable generation, and the next iteration of the Save for Tomorrow Energy Plan (STEP). She stated that CPS Energy is assessing “power bundles” – solar plus storage plus gas – as an interim generation strategy. She noted that gas has been recognized as a transition fuel by industry leaders.

In conclusion, Ms. Gold-Williams noted upcoming topics of her President & CEO Update.

IV. ADDITIONAL UPDATES

Cost Savings: Renegotiated Contracts in Operations

Mr. Rudy Garza, Senior Vice President, Distribution Services & Operations, informed the Board that the renegotiation of existing contracts has led to \$1.28 million in cost savings over the contract lives. The renegotiated contracts are for the replacement of underground residential distribution facilities, streetlight maintenance, and joint trench residential services. Mr. Garza emphasized that the renegotiations resulted in cost savings for the community and continued excellent customer service.

Trustee Gonzalez commented on the methods by which procurements may be made, including the lowest priced, technically acceptable (LTPA) option and best value. She stressed the importance of being thoughtful in determining which method is used for various procurements.

Trustee Gonzalez inquired about the location of underground joint trench projects for new subdivisions completed in FY19. Mr. Garza agreed to provide the information to her, but stated that generally new development is happening throughout the city.

CPS Energy/IBEW Local 500 United Way Golf Tournament Check Presentation to Brighton Center

Ms. Maria Garcia, Vice President, Community Engagement, provided a briefing on the CPS Energy/IBEW United Way Golf Tournament held on May 2, 2019. The tournament traditionally kicks off the annual United Way giving campaign, provides an opportunity for networking between CPS Energy employees and its suppliers and vendors, and raises funds for a designated charity each year. Proceeds from this year’s tournament benefit Brighton Center, an organization that provides developmental and educational services to children of all abilities and offers enrichment and development through an inclusive early childhood education program as well as therapy services, counseling, case management and special education support and services. This year’s golf tournament raised \$107,250.00 for Brighton Center, enabling the organization to increase the number of children it serves.

Ms. Garcia presented a ceremonial check to Ms. Kim Jefferies, Brighton Center President & CEO, Ms. Katrina Campbell, Brighton Center Vice President of Development, and Ms. April Ancira, Brighton Center Board Member.

Ms. Penny Parsons, Revenue Assurance & Meter Quality Specialist and 26-year CPS Energy employee, addressed the Board, expressing her appreciation for Brighton Center, which provided services to her son when he was a young child.

Financial Update

Mr. Gary Gold, Vice President, Accounting, provided the Financial Update. He reminded the Board that the report reflects the results as of April 30, 2019, three months since the start of the fiscal year, February 1, 2019.

Net revenues year-to-date are lower than budget due to lower fuel recoveries primarily due to lower fuel costs. Operations and Maintenance (O&M) expenses are lower than budget due to the timing of Enterprise Information Technology (EIT) and administrative and business activities. Lower net revenues resulted in year-to-date Repair & Replacement (R&R) Fund additions of \$32.2 million, \$0.7 million below budget. Capital expenditures are \$46.7 million lower than budget due to project scheduling changes in Power Generation, EIT and Gas Delivery, as well as the timing of the headquarters construction.

Mr. Gold stated that although R&R Fund additions are currently slightly below budget, they are projected to be \$1.1 million above budget for the year. O&M is projected to be \$0.4 million below the budgeted amount of \$674.8 million. Capital expenditures are projected to be comparable to the budgeted amount of \$738.9 million.

Mr. Gold reported on projections for key financial metrics. Adjusted Debt Service Coverage is currently forecasted to be 1.66, better than the business plan threshold of 1.50 for the year. Days Cash on Hand is currently forecasted to be 245, better than the business plan threshold of 150 for the year. Debt Capitalization is currently forecasted to be 62.4%, slightly higher than the business plan threshold of 60% for the year.

Mr. Gold discussed key drivers of net income, including the proposed financing transactions, higher market prices coupled with lower fuel costs, and depreciation savings coupled with higher interest earnings.

In summary, Mr. Gold stated that lower fuel recoveries coupled with lower fuel costs resulted in lower year-to-date net revenues and the forecast for the rest of the year is unfavorable due to the timing of fuel and regulatory recoveries. Year-to-date O&M expenses are favorable to budget, but forecasted to end unfavorable to budget due to labor benefit costs. Year-to-date capital expenses are favorable to budget and expected to end comparable to budget. Net income for FY20 is projected to be higher than budget due to higher wholesale market margins and financing plan savings. Management continues to monitor the operational and financial environments for opportunities to further improve net income.

Trustee Kelley commented on the impact of operating without a rate increase for six years.

Other

No other updates were presented.

V. BOARD GOVERNANCE

Chair Steen announced that the Board would take up the posted Board Governance item at this time.

He began by outlining the action items discussed at the April 2019 Board Meeting:

1. Accept the Citizen Advisory Committee's (CAC) proposal to post meeting agendas and minutes.
2. Develop a cost proposal for equipping the Board room to accommodate live-streaming.
3. Discuss allowing public comment at monthly Board meetings and how that could be accomplished.

Chair Steen recalled that Mayor Nirenberg requested that the CAC provide input on the Board's action items and, in response, the CAC submitted a letter. Ms. Shellman read aloud the CAC's response dated May 14, 2019, attached, to ensure its inclusion in the minutes.

At Chair Steen's request, Mr. Robert Romeo, CAC Chair, addressed the Board, reiterating that the CAC supports the Board and its decisions on the action items.

Ms. Shellman provided an update on the second action item: develop a cost proposal for equipping the Board room to accommodate live-streaming. She stated that three options were suggested by Mr. Jonathan Tijerina, Senior Director, Corporate Communication & Marketing & Smart City Outreach, and his team:

1. Live-stream using YouTube or Facebook Live.
 - a. Advantages of this option include its minimal cost and ease of management.
 - b. Disadvantages are that this technology transmits only a single view; it does not allow for multiple camera angles or the projection of presentation slides. Additionally, the audio may be difficult to hear at times.
2. Purchase and use an encoder in the Board room to enable the existing camera to capture audio and provide a live-stream feed.
 - a. Advantages of this option are that it enables live-streaming to our website and may enable the projection of presentation slides.
 - b. Disadvantages of this option are that it does not enable multiple camera angles, it may require additional audio/video technicians, and the encoder alone may cost up to \$2,000. Projected costs of this option are \$8,000 to \$10,000.
3. Outsource meeting production.
 - a. The advantage of this option is that it would provide a high-quality product, similar to a live news feed.
 - b. The disadvantage is the high cost, up to \$4,000 per recording.

Chair Steen asked Mayor Nirenberg for his comments.

Mayor Nirenberg thanked the Board for discussing this issue and thanked the CAC for its letter. Mayor Nirenberg clarified that allowing a member of the public to address the Board at its Board meetings would not replace Board Public Input Sessions, but rather it would provide an additional opportunity for the public to briefly address the Board. Mayor Nirenberg recommended moving forward with a public comment period at the next meeting or to convene a committee that will establish the detailed procedures for implementing a public comment period.

The Board discussed archiving aspects of the live-streaming options.

The Mayor indicated his preference to pursue the least impactful option and set aside the costly third option. He stated that the new headquarters should be equipped with the proper equipment. He reiterated that the public expects the increased transparency and the Board's actions do not replace what the Board is currently doing.

Dr. Mackey stated his understanding and agreement with the Mayor. However, since CPS Energy is moving to its new headquarters fairly soon, he opposed spending a lot of money to improve the current Board room. He suggested proceeding with a minimal cost options and properly equip the new headquarters. He also suggested that the Board Chair and Vice Chair propose parameters for a public comment period and

present them to the rest of the Board at its next meeting. He emphasized that the parameters ensure that the Board is still able to conduct necessary business.

Trustee Gonzalez stated that she is in favor of the Board's actions, though she questioned whether this is about transparency as much as perception. She emphasized the importance of finding ways to significantly increase public engagement and giving the Board venues through which they can prove CPS Energy's value to the public. She expressed concern with the ability to have candid discussions during Board meetings without actions and soundbites being exploited and taken out of context. Furthermore, San Antonio has one of the highest percentage of households without internet access, so streaming will not reach all stakeholders. Trustee Gonzalez added that any legal considerations of streaming over social media need to be researched and that additional Board training may be necessary.

Dr. Mackey clarified that the public comment portion of a meeting is generally not appropriate for two-way communication with the Board.

Regarding including a public comment period, Trustee Gonzalez stated she was in favor, but again stressed the need to explore associated legalities. She also questioned whether or not including a public comment period will effectively increase public engagement or positive feedback. She acknowledged the Board's responsibility for governance but also wondered about their right to privacy. She admitted that the Board has a big job to do.

Trustee Kelley remarked that since he joined the Board 8 years ago, he has governed CPS Energy as a company – one with over 3,000 employees, a strong balance sheet, \$11 billion in assets, and a high credit rating. He expressed his belief that the Board does not need to adopt the processes being discussed because Board Public Input Sessions, City Council briefings, and the CAC already provide access and transparency. Trustee Kelley expressed concerns about the changes being proposed and the possible loss of Board independence in its oversight of the utility.

Chair Steen indicated his preference for a formal action since these governance items comprise a major change for the Board. He stated that he and Dr. Mackey, who has previous experience with public comment periods during meetings, would work to establish parameters, assuming the Board votes to include a similar period during its open meetings.

Mayor Nirenberg thanked the Board for its varied perspectives. He reiterated that the public expects this type of transparency and accessibility. He noted that taking a step in the right direction is better than perfection and that, though the digital divide is an issue, reaching some is better than not reaching any. He commented that he is an optimist who believes that it is better to provide information to the public so that it may better understand the Board's work and decisions.

Chair Steen proposed that the Board affirm their desired direction; then, a plan for implementation can be established.

Mayor Nirenberg moved that Chair Steen convene a committee comprised of Chair Steen and Dr. Mackey to design the plan for the Board to implement public input during the regular monthly meetings of the Board of Trustees. Dr. Mackey seconded.

Trustee Kelley indicated his intent to vote against the pending motion despite the great respect he has for his fellow trustees.

Chair Steen proposed that the pending motion be amended to include a 6-month period, after which the practice of including a public comment period will be reviewed for effectiveness and continuance. The Mayor agreed to the amendment. Dr. Mackey seconded the amended motion.

Trustee Kelley commented that he would support the motion with the amendment.

The amended motion passed upon an affirmative vote by all members present.

Next, Mayor Nirenberg moved to direct CPS Energy staff to provide formal options for a webcasting (live-streaming) strategy, including archiving, to enable the Board to take action at its upcoming June meeting.

Trustee Gonzalez reiterated the need to review legal, regulatory and privacy issues related to live-streaming.

Chair Steen proposed that the pending motion be amended to provide for a committee comprised of Trustee Gonzalez and himself to review related issues and that a 6-month review period also be included.

Mayor Nirenberg agreed to the amendment to his motion, Trustee Gonzalez seconded, and the motion was approved upon an affirmative vote by all members present.

At this time, the Board took a short break and the Mayor left the meeting.

VI. ADMINISTRATIVE MATTERS – CONSENT ITEMS

On motion duly made by Trustee Kelley, seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the following items on the Consent Agenda were approved:

Approval of Minutes

Minutes of the Regular Board Meeting held on April 29, 2019 were approved as written.

Approval of Payment to the City of San Antonio for April 2019

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of April 2019 is based on actual gross revenue per the New Series Bond Ordinance of \$156,331,016.87, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$10,032,711.33. Under the previously approved agreement with the City, CPS Energy will advance to the City \$10,032,711.33 against future month's revenue for fiscal year 2020. The revenue for the month of April 2019 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$171,872,305.46
Gas revenue	9,077,204.64
Interest and other income	3,066,923.54
Gross revenue per CPS Energy financial statements	<u>184,016,433.64</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,699,303.60)

LVG revenue per City Ordinance 100709	0.00
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(8,788,596.06)
Noncash and other income, GASB 31 investment market value change, miscellaneous Interest income, gas billing adjustment and unbilled revenue	(13,197,517.11)
Total excluded revenue	(27,685,416.77)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$156,331,016.87
City payment per Bond Ordinance for April 2019 based upon April 2019 revenue	\$21,886,342.36
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	640,385.22
Wholesale Special Contract Annual True Up	0.00
City Payment reduction per UTSA gas billing adjustment MOU Annual True Up per UTSA MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	22,514,227.58 A
Utility services provided to the City for April 2019	(2,354,921.89)
Net amount to be paid from April 2019 revenue to the City in May 2019	\$20,159,305.69

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

April 2019	Actual	Budget	Variance	
Current Month* A	\$22,515	\$23,163	(\$648)	-2.8%
Year-to-Date*	\$70,388	\$72,208	(\$1,820)	-2.5%

* This amount does not include any additional funding authorized by the Board of Trustees.

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$20,159,305.69, representing 14% of applicable system gross revenues for the month of April 2019, such payment being net of City utility services (\$2,354,921.89), and including the current month deficiency, is hereby approved." The total amount to be recovered from future revenues for fiscal year 2020 is \$14,198,955.61.

Approval of Procurement Items – April*

Three (3) Non-Competitive Sensitive Items

Purchase Category:	General Services
Supplier:	Zachry Underground & Utility Services Inc.
Supplier:	BCOMM Constructors LLC

Purchase Category: General Services
Supplier: The L. E. Myers Co.
Supplier: Chain Electric Company
Supplier: HJD Capital Electric, Inc.

Purchase Category: General Services
Supplier: Greenstone Electrical Services LLC
Supplier: Mears Installation LLC
Supplier: Wampole-Miller, Inc.

*Attached are the listed Procurement Items

VII. COMMITTEE REPORTS

Personnel Committee

Trustee Kelley reported on the Personnel Committee meeting which took place on May 6, 2019. The Committee reviewed the audited metrics/results of the annual performance plan for FY19. They also reviewed an analysis of total compensation, as well as a benchmark summary that was prepared and presented by Willis Towers Watson.

Technology & Innovation Committee Meeting

Trustee Gonzalez reported on the inaugural meeting of the Technology & Innovation Committee held on May 8, 2019. During the meeting, she discussed committee goals and the path to a charter, and distributed the proposed framework of the Committee. The Committee received briefings on the Data Sharing Agreement, Asset Optimization Strategy, and Epicenter.

Technology & Innovation Aligned Risk Sub-Committee Meeting

Trustee Gonzalez also reported on the Technology & Innovation Aligned Risk Sub-Committee Meeting held on May 8, 2019. The Sub-Committee received a presentation on the Risk Program, reviewed notable emerging global technology and innovation risks identified by Gartner, an international research and advisory firm, and discussed risks to be considered for review and risk mitigation plans. The Sub-Committee also reviewed the specific risks and mitigations related to fiber networks and data centers.

VIII. ASSET OPTIMIZATION STRATEGY

Ms. Vivian Bouet, Interim Chief Information Officer (CIO), presented the Asset Optimization Strategy. She stated that CPS Energy's goal is to serve its customers using a multi-pronged approach to optimize its technology assets. Specifically, CPS Energy is considering ways to leverage excess capacity at its data center and in its fiber network to benefit its customers, community, and community partners.

She explained CPS Energy's five asset optimization principles:

- A. Provide reliable, sustainable, and secure IT services to enable customer and operations;
- B. Maximize value to our customers by managing cost and maximizing returns on investments;
- C. Support community initiatives to improve lives;
- D. Enable valuable and flexible capabilities at scale; and

E. Minimize complexity and risk (operational, legal/political, security and financial).

Ms. Bouet described various opportunities to optimize CPS Energy's Echo Data Center and its fiber network in accordance with the principles. She identified Via Metropolitan Transit, City of San Antonio, Bexar County and other governmental entities as potential partners. In conclusion, Ms. Bouet clarified that as part of this strategy, infrastructure assets, not party data, would be shared, and adequate security measures would be taken to ensure the protection of CPS Energy's physical and cyber assets.

IX. JOINT BASE SAN ANTONIO (JBSA) UPDATE

Mr. Garrick Williams, Senior Director of Military Strategic Cooperation & Support, provided an update on the privatization of Joint Base San Antonio (JBSA). He stated that the Department of Defense began the privatization efforts in October 2012 by issuing a request for proposals (RFP) to transfer the ownership, operation and maintenance of the JBSA electric and gas infrastructure to a third party. CPS Energy submitted a proposal, was awarded the contract in September 2017, and expects to finalize the Bill of Sale in June 2019. The 50-year contract includes a fixed price with economic adjustments. During a 21-month transition (due diligence) period, during which CPS Energy has inventoried and evaluated the infrastructure, the contract value has increased from \$248.45 million to \$289.72 million. Mr. Williams clarified that this is a "paper transaction", that is, no cash is exchanging hands between the parties.

Trustee Kelley inquired about how this transaction would impact the Debt Capitalization metric and whether or not this transaction would impact CPS Energy's profit and loss (P&L) statement. Ms. Gold-Williams, Ms. Lenzy-Jones, Chief Financial Officer (CFO), and Mr. Gold explained that this transaction was a non-cash acquisition, and that the assets being acquired would be reflected on the balance sheet with an offsetting liability. This liability is different than the liabilities associated with the issuance of debt and would have no impact on the Debt Capitalization metric. With respect to P&L, JBSA is paying CPS Energy for the costs being incurred to maintain and manage this system. The transaction is accretive and will not have a negative P&L impact.

Trustee Gonzalez commented on the clearances that may be required to enter upon and work on secure military facilities.

In response to an inquiry by Trustee Kelley, Mr. Williams and Ms. Gold-Williams clarified that five other parties responded to the RFP.

Mr. Williams explained the next steps of the JBSA privatization, including completing transition period activities and signing the Bill of Sale formalizing the change of ownership and establishing a contract performance start date of July 1, 2019.

Mr. Williams requested the Board's approval to finalize and execute the Bill of Sale with the Department of Defense. On motion by Trustee Kelley, seconded by Trustee Gonzalez, and upon affirmative vote by all members present, the Board authorized President & CEO, Paula Gold-Williams, to finalize and execute the Bill of Sale with the Department of Defense.

X. EXECUTIVE SESSION

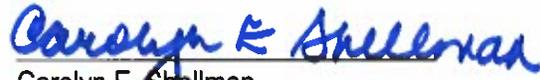
At approximately 3:26 p.m., Chair Steen announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of the following posted items:

- Attorney-Client Matters (§551.071)
- Competitive Matters (§551.086)
- Security Audits and Devices (§551.089)

The Board reconvened in open session at 4:29 p.m. Ms. Shellman reported that the posted items and no others were discussed and no votes were taken in Executive Session.

XI. ADJOURNMENT

There being no further business to come before the Board, 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 4:30 p.m. by Chair Steen.


Carolyn E. Shellman
Secretary of the Board



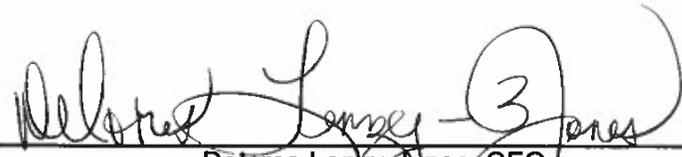
CPS Energy Board of Trustees Meeting
May 20, 2019
APPROVAL of PROCUREMENT ITEMS
Table of Contents

Three (3) Non-Competitive Sensitive Items

- 1. **Purchase Category:** General Services
Supplier: Zachry Underground & Utility Services Inc.
Supplier: BCOMM Constructors LLC

- 2. **Purchase Category:** General Services
Supplier: The L. E. Myers Co.
Supplier: Chain Electric Company
Supplier: HJD Capital Electric, Inc.

- 3. **Purchase Category:** General Services
Supplier: Greenstone Electrical Services LLC
Supplier: Mears Installation LLC
Supplier: Wampole-Miller, Inc.

Financial Approval: 
Delores Lenzy Jones, CFO

Approval: 
Paula Gold-Williams, President & CEO



CPS Energy Board of Trustees Meeting
May 20, 2019
PROCUREMENT FORM 1

Originator	Derrick Reed
Department	Resource Management
Division	Overhead Construction Services
Purchase Order Value	\$14,000,000
Purchase Category	General Services
Senior VP Distribution Services & Ops	Rudy Garza
Chief Operating Officer	Cristopher Eugster

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (If applicable)
Zachry Underground & Utility Services Inc.	2 Years	\$ 12,000,000	86%	2183397	Local, Non-Diverse	
BCOMM Constructors LLC	2 Years	\$ 2,000,000	14%	2183398	Local, Diverse	

Project Description

This contract renewal is required to provide the installation of Underground Residential Distribution Facilities such as conduit, cable and transformer replacements. This will allow CPS Energy the ability to provide reliable energy. These contracts are for two (2) years and will expire in May 2021.

Value Proposition & Summary

These Underground Residential Distribution contracts support CPS Energy with meeting the replacement of aging residential infrastructure in our service territories and maintaining reliability for CPS Energy customers. This supports CPS Energy in delivering safe, reliable and effective energy, ultimately providing the necessary electrical power needs to our customers. The current vendors agreed to decrease their rates for two years. BCOMM Constructors reduced their rates by 5.74% and Zachry Underground & Utility Services reduced their rates by 3.87%. The overall cost savings is \$578,000.

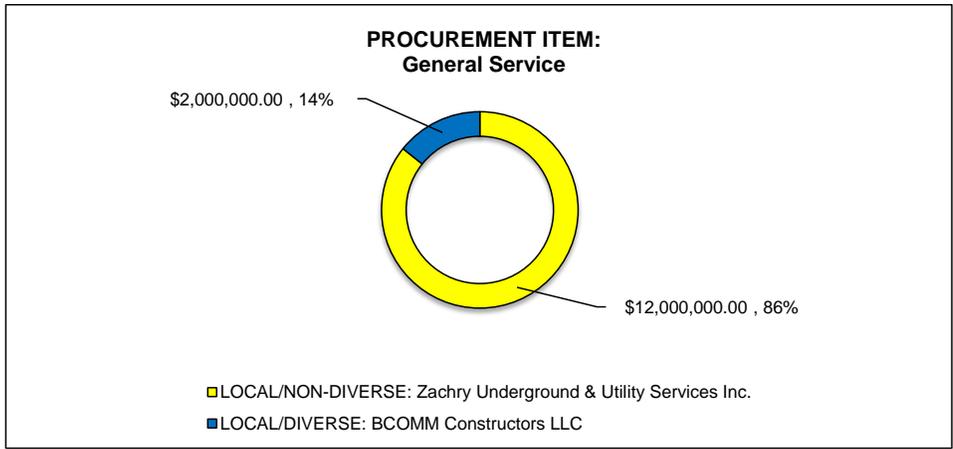
Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
20	\$765,400,000	Capital	\$7,000,000	0.91%
20	\$673,700,000	O&M	\$0	0.00%

Basis for Award: Best Value Procurement Analyst: Patricia Wiatrek

Competitive Information: YES NO Collective #: N/A

If yes, reason

PROCUREMENT ITEM: General Service	
LOCAL/NON-DIVERSE: Zachry Underground & Utility Services Inc.	\$ 12,000,000.00
LOCAL/DIVERSE: BCOMM Constructors LLC	\$ 2,000,000.00
	\$ 14,000,000.00





**CPS Energy Board of Trustees Meeting
May 20, 2019
PROCUREMENT FORM 2**

Originator	Derrick Reed
Department	Resource Management
Division	Overhead Construction Services
Purchase Order Value	\$11,000,000
Purchase Category	General Services
Senior VP Distribution Services & Ops	Rudy Garza
Chief Operating Officer	Cristopher Eugster

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (If applicable)
The L. E. Myers Co.	3 Years	\$ 5,000,000	45.5%	2183599	Local, Non-Diverse	
Chain Electric Company	3 Years	\$ 5,000,000	45.5%	2183598	Local, Non-Diverse	
HJD Capital Electric, Inc.	3 Years	\$ 1,000,000	9%	2183300	Local, Diverse	

Project Description

This contract renewal is required to provide Streetlight Maintenance such as ANSL, residential, white way and expressway repairs and luminaire replacement. This will allow CPS Energy the ability to provide adequate lighting for roadways and the public. These contracts will be for three (3) years and will expire in May 2022.

Value Proposition & Summary

These Streetlight Maintenance contracts support CPS Energy with meeting the maintenance and replacement of luminaires from Sodium Vapor to LEDs in our service territories and maintaining streetlights for CPS Energy customers. This supports CPS Energy in delivering adequate lighting for roadways and the public through out CPS Energy service territory. The current vendors agreed to decrease their rates for three years. The L. E. Myers Co. reduced their rates by 2.05%, Chain Electric Company reduced their rates by 1.24% and HJD Capital Electric Inc. reduced their rates by 13.54%, respectively. The overall cost savings is \$198,000.

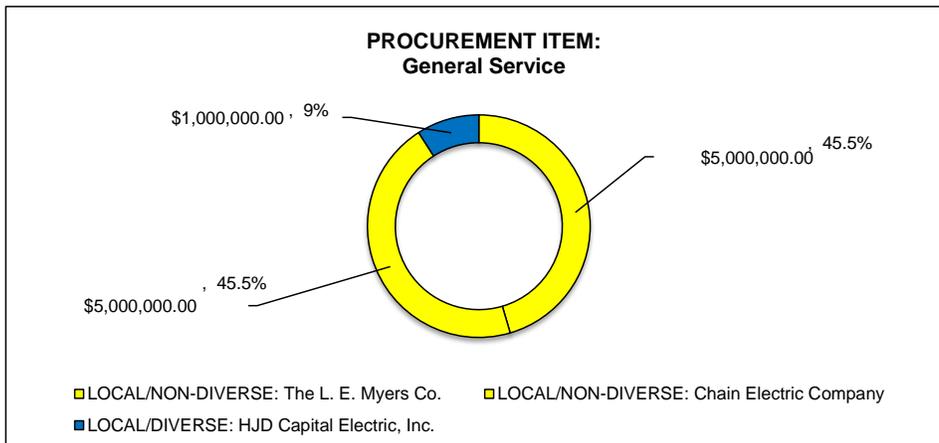
Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
20	\$765,400,000	Capital	\$0	0.00%
20	\$673,700,000	O&M	\$3,666,666	0.54%

Basis for Award: Best Value Procurement Analyst: Patricia Wiatrek

Competitive Information: YES NO Collective #: N/A

If yes, reason

PROCUREMENT ITEM: General Service	
LOCAL/NON-DIVERSE: The L. E. Myers Co.	\$ 5,000,000.00
LOCAL/NON-DIVERSE: Chain Electric Company	\$ 5,000,000.00
LOCAL/DIVERSE: HJD Capital Electric, Inc.	\$ 1,000,000.00
	\$ 11,000,000.00





**CPS Energy Board of Trustees Meeting
May 20, 2019
PROCUREMENT FORM 3**

Originator	Blaine Brietzke
Department	Resource Management
Division	Overhead Construction Services
Purchase Order Value	\$31,000,000
Purchase Category	General Services
Senior VP Distribution Services & Ops	Rudy Garza
Chief Operating Officer	Cristopher Eugster

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (If applicable)
Greenstone Electrical Services LLC	3 years	\$ 10,000,000	32%	2183603	Local, Diverse	
Mears Installation LLC (Infrasource)	3 years	\$ 11,000,000	36%	2183311	Local, Non-Diverse	
Wampole-Miller, Inc.	3 years	\$ 10,000,000	32%	2183312	Local, Non-Diverse	

Project Description

This contract renewal is required to provide the installation of Underground Infrastructure Facilities for Joint Trench Gas and Electric Services in New Residential Subdivisions. This contract will be for three (3) years and will expire in May 25, 2022.

Value Proposition & Summary

These Underground Infrastructure contracts support CPS Energy with meeting residential growth in our service territories and maintaining reliability for CPS Energy customers. This supports CPS Energy to deliver safe, reliable and effective energy, ultimately providing the necessary electrical power needs to our customers. The current vendors agreed to decrease their rates for three years. Greenstone Electric Services LLC provided a reduction of 1.00%, Mears Installation (Infrasource) provided a reduction of 2.00% and Wampole-Miller Inc. provided a reduction of 1.00%, respectively. The overall cost savings is \$507,000.

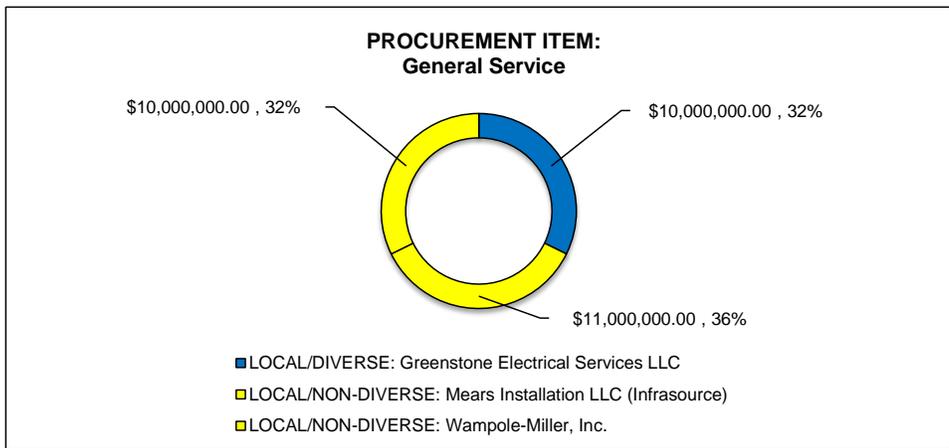
Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
20	\$765,400,000	Capital	\$10,300,000	1.35%
20	\$673,700,000	O&M	\$0	0.00%

Basis for Award: Best Value Procurement Analyst: Patricia Wiatrek

Competitive Information: YES NO Collective #: N/A

If yes, reason

PROCUREMENT ITEM: General Service	
LOCAL/DIVERSE: Greenstone Electrical Services LLC	\$ 10,000,000.00
LOCAL/NON-DIVERSE: Mears Installation LLC (Infrasource)	\$ 11,000,000.00
LOCAL/NON-DIVERSE: Wampole-Miller, Inc.	\$ 10,000,000.00
	\$ 31,000,000.00





May 14, 2019

Mr. John Steen
Chairman CPS Energy Board of Trustees
145 Navarro
San Antonio Texas 78296

RE: Input from the CAC to the CPS Energy Board of Trustees on Public Input, Video streaming Board meetings and the archiving of these meetings on the web.

Mr. Steen, it was a pleasure speaking with you and the Executive Committee of the CAC at our most recent meeting on May 8, 2019. I would like to thank the Board of Trustees for their acceptance of CAC modifications to our processes for greater transparency. The CAC is very honored that you, the Mayor and your fellow board members would ask for our input into this matter of importance. As we discussed, your request was for the CAC to offer an opinion on the following:

- Provide for public input period during the CPS Energy Board meetings and;
- Stream CPS Energy Board meetings over the internet and archive them on the web

The CAC supports the current Board process of utilizing more comprehensive Public Input Sessions that seek public input from customers and the community at large. These public input sessions that include evening meeting times to accommodate broader public participation as well as a process to aggregate questions and post responses on the CPS Energy website should be praised as a model of transparency. In addition, the Board does not limit itself to one subject related to public input but rather several different subject matters that meet the needs and the desires of the community. These meetings, in their entirety, are dedicated to the public and their desire for provide input to CPS Energy.

As we understand it, the proposed public comment at Board meetings would be a one-way form of communication that would provide limited engagement as compared to the current process. We believe the current Board process is more effective and efficient method to seek public input. While this is our recommendation, the CAC will support the Board in its decision regarding this matter. If you do choose to allow for public input at your meetings, the CAC recommends that the board utilize a process with structured time and that participants maintain the effectiveness of the Board to handle regular business and to be respectful of the time of all concerned.

On the second matter of streaming the Board meetings and video archival, the CAC sees this request as an expansion of transparency. It will provide an additional avenue for residents and interested parties to learn about CPS Energy. The CAC supports this request.

Thank you for the opportunity to offer the input of the CAC on these matters. If you have any questions related to our actions, please do not hesitate contacting me.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert Romeo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert Romeo
Chairman and District 8 Representative
Citizens Advisory Committee