

CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JANUARY 14, 2020

The Regular Meeting of the Board of Trustees of CPS Energy for the month of January was held in the Board Room at CPS Energy's Main Office, 145 Navarro Street, San Antonio, Texas on Tuesday, January 14, 2020. Chair John Steen called the meeting to order at 1:00 p.m.

Present were Board members:

Mr. John Steen, Chair
Dr. Willis Mackey, Vice Chair
Mr. Ed Kelley
Ms. Janie Gonzalez
Mayor Ron Nirenberg (joined the meeting after it began)

Also present 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 Customer Engagement Officer
Ms. Vivian Bouet, Chief Information Officer
Ms. Delores Lenzy-Jones, Chief Financial Officer & Treasurer
Mr. Frank Almaraz, Chief Administrative & Business Development Officer

CPS Energy Staff Members
City of San Antonio officials
Interested Citizens

I. SAFETY MESSAGE

The Board meeting began with a safety message delivered by Mr. Nick Bennett, Key Account Manager 3, Key Account Management.

II. PUBLIC COMMENT

Chair Steen announced that public comments would be taken and outlined the guidelines for making public comment. The following person made comments:

1. Dr. Femi Osidele, an independent consultant and CPS Energy customer, spoke on the *FlexPower* Bundle Update (item 14). He urged the Board to heed lessons learned from the California "duck curve" and pay attention to project economics. He reminded the Board that dialogue builds trust.

III. INVOCATION AND PLEDGE OF ALLEGIANCE

An invocation and the Pledge of Allegiance were delivered by Mr. Bennett.

IV. CHAIRMAN'S REMARKS

Chair Steen noted that some agenda items would be taken out of order to accommodate Board members' schedules.

V. COMMITTEE REPORTS

Operations Oversight Committee Meeting

Dr. Mackey reported on the Operations Oversight Committee (OOC) meeting which took place on December 5, 2019. As part of its meeting, the OOC received an update on various operational initiatives, including Winter Readiness and Outage Preparations and reliability programs.

OOC Aligned Risk Sub-Committee Meeting

Dr. Mackey reported on the OOC Aligned Risk Sub-Committee meeting which took place on December 5, 2019. As part of its meeting, the Sub-Committee received presentations on key operational risks and mitigations.

Employee Benefits Oversight Committee (EBOC) Meeting

Dr. Mackey reported on the EBOC meeting which took place on December 5, 2019. As part of its meeting, the EBOC approved the CPS Energy Pension Plan Funding Policy.

In response to Trustee Kelley's question, Mr. Paul Barham, Senior Vice President, Energy Delivery Services, provided a brief description of the Texas Pension Review Board (PRB). Ms. Kathy Garcia, Vice President, Government & Regulatory Affairs & Public Policy, noted that the PRB is composed of seven members, all appointed by the Texas Governor, with the advice and consent of the Texas Senate. Dr. Mackey commented on the impetus for the new requirement that public pension plans adopt a funding policy.

VI. MIDTOWN SUBSTATION UPDATE

Mr. LeeRoy Perez, Director, Substation & Transmission Engineering, provided an update on the Midtown Substation project. CPS Energy currently has a purchase option on a 2.1-acre strategic site at 2215 Belknap Place (Site) for the proposed Midtown Substation. CPS Energy staff recommends the Site because it meets all important planning criteria without displacing any residents or businesses.

Mr. Perez informed the Board that in response to feedback received from concerned neighbors, CPS Energy collaborated with H-E-B and District 1 Councilmember Roberto Treviño to optimize the proposed substation layout by providing a spatial buffer between substation equipment and surrounding homes. This optimization requires a property exchange with H-E-B so that substation equipment may be located on an area currently used for H-E-B employee parking. The Board will be asked to approve the associated property exchange in March. In response to Trustee Gonzalez's question, Mr. Perez noted that negotiations for the

Site are complete. Trustee Kelley asked whether CPS Energy would use any of the existing buildings on the Site. Mr. Perez responded that CPS Energy would not use the existing buildings and they would be removed. The Board and Mr. Perez discussed the nature and planned usage of the spatial buffer, including the installation of a driveway, mini mesh and anti-climbing fence, decorative wall and trees.

Mr. Perez stated that CPS Energy would seek Board approval of the project and associated property transactions in March. A Board Public Input Session on the project is scheduled for February 4, 2020. The Citizens Advisory Committee (CAC) will receive an update on the project at its next meeting on January 15, 2020.

Chair Steen clarified that the Board Operations Oversight Committee, Dr. Mackey and Trustee Gonzalez, will attend the Board Public Input Session, although other Board members have also been invited.

Trustee Kelley made numerous comments about the price of the Site, which, in his opinion, is too high. Trustee Gonzalez agreed that CPS Energy must be careful about spending but noted that factors such as public input must be considered. In response to Dr. Mackey's question, Mr. Perez noted that the property was appraised, and the negotiated price was based on the appraisal. Trustee Kelley requested that staff review the negotiated price for reasonableness. Mr. Almaraz agreed to do so. Ms. Gold-Williams reminded the Board that CPS Energy purchases property based on strategic needs, which may not align with properties considered choice in the market. She reiterated that we would address the market issues and provide more information to the Board before the March meeting. Dr. Eugster added that one particular factor important to the selection of the property is its proximity to transmission lines. Trustee Kelley agreed that strategic issues may support this property transaction, but requested that staff determine whether other properties meet that requirement.

Chair Steen suggested that staff consult with Trustee Kelley on contemplated real property purchases since that is his expertise. He also requested that we express our appreciation to H-E-B when this transaction concludes.

Mayor Nirenberg joined the meeting at this time.

VII. EXECUTIVE SESSION

At approximately 1:31 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:

- Real Property (§551.072)
- Competitive Matters (§551.086)
- Security Devices or Security Audits (§551.089)

The Board reconvened in open session at 2:34 p.m. Ms. Shellman reported that only Real Property and Competitive Matters, and no others, were discussed and no votes were taken in Executive Session.

VIII. RESOLUTION FOR APPROVAL OF REAL ESTATE ITEMS

Ms. Shellman reported that this item would not be taken up at this meeting.

IX. OPERATIONAL ENHANCEMENTS: NEW OUTAGE MAP!

Mr. Brian Spruiell, Customer Service Director, informed the Board that the outage map provided to customers on CPSEnergy.com has been enhanced to provide a better overall experience for customers.

Trustee Kelley asked whether the smart meters provide information on outages. Mr. Spruiell responded that they do, and that information is integrated with the outage map which refreshes every five minutes.

The enhanced map was developed by a cross-functional team and was based on customer feedback received through phone calls, social media and focus groups. The new outage map became available in November 2019.

Mr. Spruiell highlighted features of the enhanced map including: different language settings; visibility of current weather radar activity; locations of downed wires; summary of outages by area; links to community support, road closures and safety information; and mobile device functionality. Customers may also report outages from the new map.

In response to an inquiry from Trustee Gonzalez, Mr. Spruiell agreed to provide more information about map accessibility for the visually impaired. He showed an instructional video and briefed the Board on ways the public was being notified of the new map. Trustee Kelley questioned whether customers will use the map. Ms. Vivian Bouet informed the Board that usage of the map may be monitored, and such information would be available to the Board. Trustee Gonzalez commented that she notices increased activity on CPS Energy social media sites during storms. She encouraged staff to continue thinking about adding functionality in languages other than English and Spanish.

Mayor Nirenberg commented positively about the map. He encouraged staff to link the map with the City of San Antonio's (CoSA) "311" app.

Chair Steen asked whether outages due to storms are more concentrated during certain times of the year. Ms. Gold-Williams responded that spring tends to be a stormy season, but June 2019 was a particularly stormy month. Chair Steen encouraged Ms. Gold-Williams to share that information with city council, suburban cities and the media. She agreed to do so.

X. CEO'S REPORT

Ms. Gold-Williams began her report by providing insight and context for certain agenda items.

Regarding real property (agenda item 7), she reminded the Board that we have multiple properties currently being marketed to the community and we continue to look for the best opportunity to monetize them and defer the cost of our new headquarters. The marketed properties are excess and not needed to maintain our energy systems.

Ms. Gold-Williams highlighted the success of the Save for Tomorrow Energy Program (STEP) and the request to continue STEP for a year until its next iteration is developed. She noted that the additional investment we make in the community to drive energy efficiency and conservation is dubbed “The Fifth Fuel”.

Regarding *FlexPower* Bundle Update (agenda item 14), Ms. Gold-Williams highlighted that, in response to feedback about plans for a natural gas tolling agreement, our approach has shifted and will now incorporate an “all-source” element in our request for proposals that allows us to get more input. However, reliability and firming capability are still vital.

She informed the Board that formal financial reports will be sent to them.

Ms. Gold-Williams stated that she will periodically share interesting items from across the industry with the aim of invigorating the conversation with the Board. She discussed challenges faced by California utility Pacific Gas & Electric (PG&E), as highlighted in two December 28, 2019 Wall Street Journal articles, “PG&E: Wired to Fail” and “Five Ways to Fix PG&E”, both authored by Russell Gold, Rebecca Smith and Katherine Blunt.

Chair Steen noted that he has read other articles about PG&E and was surprised to learn that “running equipment until it breaks” is a model for some businesses that get too focused on the financial aspects. CPS Energy should not put itself in that position. Ms. Gold-Williams agreed that proactively spending to maintain equipment is critical.

Trustee Gonzalez stated that as long as we maintain our risk assessment process, consider identified risks in our planning, judiciously spend and plan for contingencies, we will be in a stronger position than PG&E. She encouraged her fellow trustees to maintain their focus and stressed “keeping our fingers on the pulse”.

In conclusion, Ms. Gold-Williams announced that Ms. Felecia Etheridge will be retiring and that Mr. Rudy Garza, Senior Vice President, Distribution Services and Operations, will assume her responsibilities as Interim Chief Customer Engagement Officer. Ms. Etheridge will spend the next five months helping with the transition. Ms. Gold-Williams and the Board thanked Ms. Etheridge for her service to CPS Energy.

At this time, the Board took a 5-minute break.

XI. ADDITIONAL UPDATES

Cost Savings: New Solar Application Portal (Part 1)

Mr. Rick Luna, Interim Director, Technology & Product Innovation, briefed the Board on cost savings associated with CPS Energy’s new solar portal. The portal enables solar installers to submit rebate applications electronically and monitor their status and replaces a very manual and paper-intensive process. Application workflows are electronically managed across multiple business areas. Mr. Luna noted that the portal was developed based on stakeholder feedback. The portal went live in December 2019 and, since then, all solar applications have been electronically received and processed.

In response to a question by Trustee Gonzalez, Dr. Eugster explained that the application question about “local panels” relates to the installer’s use of panels manufactured in San Antonio by our New Energy Economy Partner, Mission Solar.

Chair Steen asked whether an installer can still submit a paper application. Mr. Luna responded that applications are only accepted on the portal. He noted that all installers have been trained on the portal. Training is also available for new installers.

Trustee Gonzalez asked about resources for installers who do not have access to a computer. Mr. Luna indicated that we would work with the installer to facilitate the application process.

Mr. Luna noted that the new portal reduces about 50 hours of data entry per month, eliminates printing and paper storage, shortens the application processing time by about 10 days and reduces the number of calls from installers because they can access real-time updates about their applications. These improvements result in annual cost savings and created value of \$75,000.00.

Trustee Gonzalez requested that staff consider developing a system that allows customers to electronically provide feedback on solar installers. Ms. Etheridge responded that customers currently provide us feedback on installers.

Chair Steen asked about the typical process time for a solar rebate application. In response, Mr. Luna noted that a solar installation project, from application to payout, generally takes 4 to 6 months since it is dependent on the design and construction of the solar installation.

In response to Trustee Kelley, Mr. Luna noted that the system is used by commercial installers.

Trustee Gonzalez asked whether the system collects business demographic information or certifications about the installers. Ms. Gold-Williams replied that it does not. Trustee Gonzalez commented that adding that functionality is something to consider as part of our commitment to small businesses and inclusiveness.

In conclusion, Mr. Luna stated that he will present information about the solar rebate program at an upcoming Board meeting. Mayor Nirenberg stated that he is most interested in seeing equitable solar adoption across the city. He noted that solar energy production is good on the south and west sides of San Antonio, but it can be cost-prohibitive for those residents. Ms. Etheridge noted that CPS Energy created a Solar Executive Advisory Committee led by Patrick Atwater that is working on ways to increase solar installations in those areas. Trustee Gonzalez opined that education is critical since information about solar installations on social media can be confusing. Ms. Etheridge added that some structures are not structurally suitable for a solar installation. Mayor Nirenberg commented that although there are a number of secondary goals and positive consequences associated with solar, his primary concerns are the equitable and robust adoption rates across town, along with the overall impact to customers and the CPS Energy portfolio. Trustee Gonzalez noted that perhaps this is an area in which STEP can be more innovative by asking vendors to improve the homes so that they are structurally suited for solar.

Mayor Nirenberg asked whether CPS Energy communicates about our solar program with participants of CoSA’s Under One Roof program. Ms. Gold-Williams replied that we do. She highlighted that CPS Energy has solar programs that do not require that customers buy a system, such as lease programs

and community solar. As CPS Energy does new deals, like the *FlexPower* Bundle, we want bidders to be creative about helping customers who cannot access our current products. Bidders will be asked to identify new products that can be located in those geographic areas to drive solar adoption.

Other

No other updates were provided.

XII. STEP BRIDGE

Mr. Luna presented information about the STEP Bridge, a one-year continuation of the current STEP program, for which Board approval is requested. Upon Board approval, STEP Bridge will be presented to City Council.

Mr. Luna reminded the Board that STEP's goal of achieving 771 MW savings by 2020 was achieved in August 2019. The goal was met spending \$130 million less than budgeted, resulting in more energy savings for every dollar invested. ICF, an independent third party that performed a formal program review of STEP in 2019, validated the energy savings. ICF's report highlights that, over the life of STEP, it yielded 6.3 million MWhs and in FY19, saved 1.4 million MWhs, or enough energy to power about 104,000 homes. ICF also found that STEP resulted in creation of an estimated average of 680 jobs per year and \$28 million in income over the life of the program. Regarding the environment, STEP has reduced carbon dioxide emissions by 3.3 million tons since the program's start.

Mr. Luna recapped STEP's vision to drive energy efficiency and conservation, sometimes referred to as the "Fifth Fuel" and to offset the need for a new, large power plant. The Fifth Fuel remains part of the *Flexible Path*. To provide continuity of the STEP customer programs as we transition to *FlexSTEP*, Board approval of a one-year STEP Bridge, allocating \$70 million to save 75 MWs, is being requested. During the one-year bridge, CPS Energy will continue to receive community input on the design of *FlexSTEP*. Over the subsequent 10-year *FlexSTEP* period, CPS Energy estimates saving 600 MWs at a cost of \$700 million. The residential bill impact of the STEP Bridge amounts to \$3.43 per month, a decrease in monthly cost from FY2019.

Mr. Luna noted that the decision to request the STEP Bridge is underpinned by the guiding pillars of Customer Affordability and Environmental Responsibility while optimizing our investment in the program in a financially responsible way.

CPS Energy continues to receive input through the STEP assessment, customer feedback (online surveys), partner engagement and segment research to inform the design of *FlexSTEP*. Partner engagements include gathering feedback from suburban cities, solar installers, San Antonio Builders Association, and the Westside San Antonio Chamber of Commerce. Community engagement activities include *People First* Community Fairs, City Council district meetings, homeowners' association meetings, and the Mission Open Air Market.

In conclusion, Mr. Luna requested Board approval to continue STEP through a one-year bridge until January 2021 by adding \$70 million to the program with a 75 MW demand reduction goal. Following Board approval, the STEP Bridge will be presented to City Council for its approval.

Trustee Gonzalez asked whether the CPS Energy CAC or staff has been discussing this matter with City Council. Ms. Gold-Williams responded that we have been talking with the Council for some time, but they do not have any specific requests or complaints relative to STEP. We plan to continue the conversation around specifics with them.

Ms. Gold-Williams clarified for Trustee Gonzalez that battery storage is not included in the STEP Bridge, but it may be part of *FlexSTEP*. The bridge is only a continuation of the current STEP.

In response to an inquiry by Trustee Gonzalez, Dr. Eugster responded that the STEP Bridge is factored into his team's generation resource planning.

Chair Steen asked Ms. Gold-Williams to comment on the environmental impact of STEP. Ms. Gold-Williams reiterated the environmental benefits validated by ICF, whose report has been provided to the Board via email. She noted that energy efficiency and conservation have been around for decades and are considered, in many ways, to be the easiest means to control energy usage. They allow us to optimize our assets and smooth energy usage and enable us to shave our capital investments, and also grant our customers the opportunity to save money. The STEP Bridge provides time to be thoughtful about our next investments. As STEP investments are made, value happens immediately, but additional investments are needed, additional investments are needed. She referenced CPS Energy's thermostat programs that help control consumption peaks and mitigate the San Antonio and ERCOT grids reaching capacity. STEP is a very effective program; the challenge is that there is not a "secret bucket of money" to fund it; all customers must fund it through the fuel factor.

Chair Steen noted that a decade ago our predecessors made the choice to implement STEP to avoid the need for a new power plant. Ms. Gold-Williams noted that at the time STEP was implemented, CPS Energy had just constructed a new coal unit. Without STEP, it is likely that we would have already built another fifty-year generation asset. But since then, technology has improved, and we are able to ride that curve of increased effectiveness. Furthering commenting on STEP's environmental impact, Ms. Gold-Williams explained that it helped us reduce emissions and moved us in the right direction.

Trustee Gonzalez added that STEP programs provide immediate savings for customers living paycheck to paycheck. Her interest is in whether there are ways to reduce the cost of implementing different efficiency and conservation measures.

Responding to Chair Steen's request for comments, Dr. Eugster called STEP a "virtual power plant" that we are building in partnership with our customers.

Trustee Gonzalez voiced her support for the STEP Bridge because it is not a long-term commitment, but rather a prudent solution for the fluid, transition time that we are in. We can take the time to see about getting more creative and further reducing the monthly customer bill impact.

Mayor Nirenberg moved to approve the STEP Bridge and Trustee Gonzalez seconded.

Trustee Kelley stated that he is not a fan of STEP, adding that 10 years ago CPS Energy could have built a non-emitting plant that would today be generating cash flow. He cautioned that we will run out of money if STEP is carried to the extreme. He noted his support for the one-year bridge but has serious misgivings about voting for a \$700 million *FlexSTEP* program in 2021 and spending a cumulative \$1.5 billion

on the program. He requested an unbiased, complete analysis of *FlexSTEP* from someone other than those who have a vested interest in its success. He asked that work on it start in February. He noted that \$700 million is a lot of money and he wants to hear from STEP critics before moving forward.

Trustee Gonzalez agreed that she is not in favor of spending \$700 million at this time. However, she believes that the STEP Bridge offers an opportunity for CPS Energy to continue thinking about our future generation plan.

Chair Steen asked whether CPS Energy could have built a non-emitting power plant ten years ago. Ms. Gold-Williams replied that a nuclear plant was the only option. Dr. Eugster noted that any plant except nuclear would have a carbon footprint.

Trustee Gonzalez commented that CPS Energy needs to be wise and get creative about generating income without it being at the expense of those who cannot afford it.

Ms. Gold-Williams accepted the challenge and agreed to bring the Board more information.

Trustee Kelley reiterated his request for the “whole picture”.

At Chair Steen’s request, Mayor Nirenberg commented that he has many thoughts about this issue but will save them for a future meeting.

Chair Steen called for a vote and upon affirmative vote by all members present, the Mayor’s motion was approved.

XIII. APPROVAL OF CONSENT ITEMS:

Chair Steen noted that the Board would next take up the Consent Agenda, and that agenda items 14, *FlexPower* Bundle Update (Part 3), and 15, *Flexible Path* Community Engagement Update (Part 3), would be moved to the next Board meeting on January 27, 2020.

Trustee Kelley inquired about the Sundt Construction procurement item. Mr. Almaraz noted that the agenda incorrectly listed the procurement as “Misc. Building Maintenance”; the item is a “General Services” procurement. He also informed Trustee Kelley that the \$5 million contingency has not been used and that the procurement represents a reallocation of the project funds and that the scope has not been revised.

Trustee Kelley also asked what percentage of construction is complete. Mr. Almaraz responded that construction is approximately 84% complete based on the percentage of the payout to date.

Trustee Kelley clarified that as construction gets closer to completion, the contingency dollars decrease. Mr. Almaraz agreed and clarified that none of the CEO contingency funds have been used.

Ms. Shellman added that this item is before the Board because it contemplates expenditures for some items that were not initially contemplated in the Sundt contract. An example, according to Mr. Almaraz, is that Sundt was able to obtain better pricing for audio/visual equipment although those items were not originally part of the procurement plan. So, budgeted dollars are now being reallocated to Sundt for that purpose.

In response to Dr. Mackey's inquiry, Mr. Almaraz expressed his confidence in the project finishing on time, substantial completion in mid-June, and under the \$215 million budget. The move to the new headquarters will begin in September. Dr. Mackey noted the importance of the "punch list".

Chair Steen asked Dr. Eugster about the Professional Services procurement on the Consent Agenda. He replied that it relates to engaging engineering firms to help with distribution planning. Trustee Gonzalez asked for information on the selected firms, specifically how many have small business components and the basis for any diverse designations. Mr. Richard Medina, Vice President, Transformation & Engineering, stated that one of the selected firms is local, as it is located in Boerne, Texas. Staff agreed to provide additional information to Trustee Gonzalez. Mr. Almaraz and Ms. Shellman explained the use of the term, "Non-Competitive Sensitive" to mean whether the procurement item relates to confidential matters, not whether the item was competitively bid. Trustee Gonzalez noted that she knows the selected firms are qualified but is interested in their collaboration with diverse firms.

At Chair Steen's request, Mr. Bonewell explained that his procurement is for outside professional engineering services to support the development and construction of natural gas facilities.

Chair Steen called for action on the Consent Agenda. Dr. Mackey moved and Trustee Kelley seconded a motion to approve the Consent Agenda. Chair Steen called for discussion. Trustee Gonzalez noted that she is not supportive of the motion because she believes that staff needs to do more to diversify contractors and give more attention to bidders' small business classifications. Mr. Almaraz agreed to work with Trustee Gonzalez on the issue. Chair Steen called for a vote and upon an affirmative vote of 4-1, Trustee Gonzalez voting against, the following items on the Consent Agenda were approved:

Approval of Procurement Items – January

Three (3) Non-Competitively Sensitive Items

Purchase Category:	Professional Services
Supplier:	Burns & McDonnell Engineering Co., Inc.
Supplier:	Leidos Engineering, LLC
Supplier:	Schneider Electric Engineering Services, LLC dba Schneider
Supplier:	Electric USA, Inc.
Supplier:	Schneider Engineering, LTD.
Purchase Category:	Professional Services
Supplier:	Civil Design Services, Inc. DBA CDS/Muery
Supplier:	Don Durden, Inc. DBA Civil Engineering Consultants
Supplier:	Halff Associates, Inc.
Supplier:	Pape-Dawson Consulting Engineers, Inc. DBA Pape-Dawson
	Engineers, Inc.
Supplier:	Vickrey & Associates, Inc.
Purchase Category:	General Services
Supplier:	Sundt Construction, Inc.

*Attached are the listed Procurement Items.

XIV. FLEXPOWER BUNDLE UPDATE (PART 3)

This item was deferred to a later meeting and not taken up.

XV. FLEXIBLE PATH COMMUNITY ENGAGEMENT UPDATE (PART 3)

This item was deferred to a later meeting and not taken up.

XVI. ADJOURNMENT

There being no further business to come before the Board and upon a motion duly made by Dr. Mackey, seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was adjourned at 4:30 p.m. by Chair Steen.



Carolyn E. Shellman
Secretary of the Board



CPS Energy Board of Trustees Meeting
January 14, 2020
APPROVAL of PROCUREMENT ITEMS
Table of Contents

Three (3) Non-Competitive Sensitive Items

1. **Purchase Category:** Professional Services
Supplier: Burns & McDonnell Engineering Co., Inc.
Supplier: Leidos Engineering, LLC
Supplier: Schneider Electric Engineering Services, LLC dba Schneider Electric USA, Inc.
Supplier: Schneider Engineering, LTD.

2. **Purchase Category:** Professional Services
Supplier: Civil Design Services, Inc. DBA CDS/Muery
Supplier: Don Durden, Inc. DBA Civil Engineering Consultants
Supplier: Half Associates, Inc.
Supplier: Pape-Dawson Consulting Engineers, Inc. DBA Pape-Dawson Engineers, Inc
Supplier: Vickrey & Associates, Inc.

3. **Purchase Category:** General Services
Supplier: Sundt Construction, Inc.

Financial Approval:



Delores Lenzy-Jones, CFO & Treasurer

Approval:



Paula Gold-Williams, President & CEO



CPS Energy Board of Trustees Meeting
January 14, 2020
PROCUREMENT FORM 1

Originator	Trieu Vo
Department	Delivery, Engineering, Integrated Planning - Substation and Transmission
Division	Distribution Planning
Purchase Order Value	\$3,000,000
Purchase Category	Professional Services
Senior VP Del Eng Integ Planning Substation and Transmission	Paul Barham
Chief Operating Officer	Cris Eugster

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (if applicable)
Burns & McDonnell Engineering Co., Inc.	2 Years	\$ 900,000	30%	2188523	Non-Local / Non-Diverse	
Leidos Engineering, LLC	2 Years	\$ 900,000	30%	2188524	Non-Local / Non-Diverse	
Schneider Engineering, LTD.	2 Years	\$ 600,000	20%	2188525	Local / Diverse	
Schneider Electric Engineering Services, LLC dba Schneider Electric USA, Inc.	2 Years	\$ 600,000	20%	2188526	Non-Local / Non-Diverse	

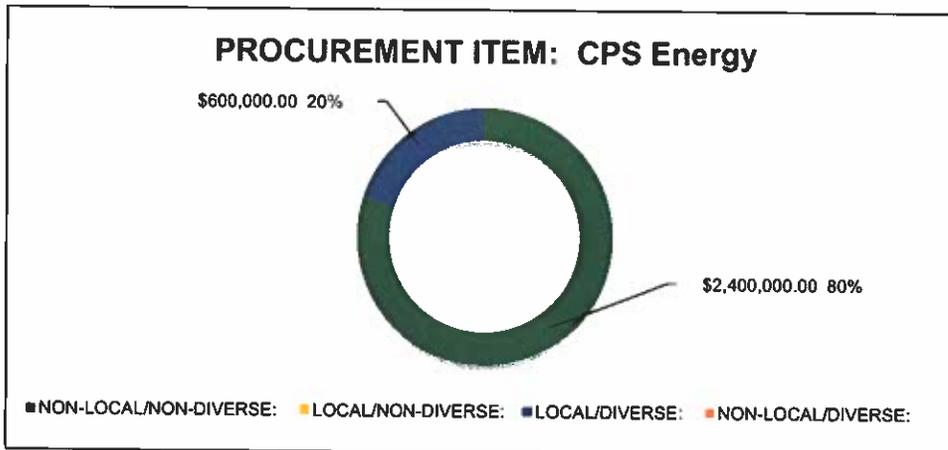
Project Description
Contract to provide Distribution Planning Engineering Services that will be used to supplement CPS Energy's Distribution Planning Department. The services include system and reliability planning, load growth forecasting, feasibility and interconnection studies for Distributed Energy Resources such as Solar and Energy Storage and development of modernization technologies such as Distribution Automation.

Value Proposition & Summary
CPS Energy will have the capability and resources to perform necessary Distribution and Substation planning services, that focus on increased load growth, reliability and service availability. CPS Energy will promote cost effective and timely use of company resources, and enhanced system performance which will create customer value, ensure grid operations and increase the reliability of our distribution system.

Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
21	TBD	Capital	\$1,350,000	TBD
21	TBD	O&M	\$150,000	TBD

Basis for Award: Best Value
Procurement Analyst: BonnieSue Bray
Competitive Information: YES NO
Collective #: 7000154791
If yes, reason

PROCUREMENT ITEM: CPS Energy	
NON-LOCAL/NON-DIVERSE:	\$ 2,400,000.00
LOCAL/NON-DIVERSE:	
LOCAL/DIVERSE:	\$ 600,000.00
NON-LOCAL/DIVERSE:	
	<u>\$ 3,000,000.00</u>





CPS Energy Board of Trustees Meeting
January 14, 2020
PROCUREMENT FORM 2

Originator	Anthony J. Moy
Department	Security Safety & Gas Solutions
Division	Gas Solutions
Purchase Order Value	\$10,000,000
Purchase Category	Professional Services
Sr. Director Gas Solutions	Richard Lujan
Chief Security Safety & Gas Solutions Officer	Fred Bonewell

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (If applicable)
Don Durden, Inc. DBA Civil Engineering Consultants (CEC)	3 years	\$ 2,450,000	24.5%	2188518	Local / Diverse	
Civil Design Services, Inc. DBA CDS/Muery	3 years	\$ 2,450,000	24.5%	2188519	Local / Non-Diverse	
Half Associates, Inc.	3 years	\$ 1,700,000	17%	2188516	Local / Non-Diverse	
Pape-Dawson Consulting Engineers, Inc. DBA Pape-Dawson Engineers, Inc	3 years	\$ 1,700,000	17%	2188515	Local / Non-Diverse	
Vickrey & Associates, Inc.	3 years	\$ 1,700,000	17%	2188517	Local / Diverse	

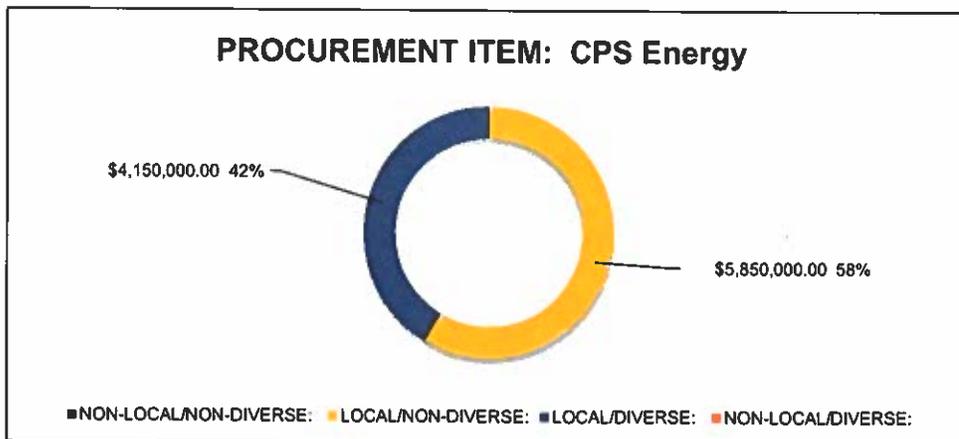
Project Description
Development and issuance of construction plans for natural gas facilities including main lines, service lines, meters, and regulator station projects signed by a Professional Engineer ("PE") licensed in the State of Texas.

Value Proposition & Summary
The utilization of external design consultants under this PO will enable customer and system improvement projects to be completed without additional permanent head-count.

Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
21	TBD	Capital	\$3,313,333.00	TBD
21	TBD	O&M	\$20,000	TBD

Basis for Award: Best Value Procurement Analyst: BonnieSue Bray
 Competitive Information: YES NO Collective #: 700054979
 If yes, reason

PROCUREMENT ITEM: CPS Energy	
NON-LOCAL/NON-DIVERSE:	
LOCAL/NON-DIVERSE:	\$ 5,850,000.00
LOCAL/DIVERSE:	\$ 4,150,000.00
NON-LOCAL/DIVERSE:	
	<u>\$ 10,000,000.00</u>





CPS Energy Board of Trustees Meeting
January 14, 2020
PROCUREMENT FORM 3

Originator	John Benedict
Department	Facility & Capital Construction
Division	Real Estate & Master Planning
Purchase Order Value	\$157,000,000 (Original \$145,000,000 + \$12,000,000)
Purchase Category	General Services
Interim VP Compliance, Ethics & Facilities Mstr Ping	Curt Brockmann
Chief Administrative & Business Development Officer	Frank Almaraz

Recommended Supplier(s)						
Supplier Name	PO Term	Projected PO Value	%	PO #	SBA Classification	Comments (if applicable)
Sundt Construction, Inc.	42 mos.	\$ 157,000,000	100%	2166784	Local / Non-Diverse	Added funds: \$12,000,000

Project Description
The added funds will be accommodated within the project's \$215M budget to support scope changes, safety and environmental improvements, repair or replacement of structural steel identified during construction, reallocation of project tasks, and constructing a retaining wall to meet code requirements. Sundt will perform this additional work utilizing a wide range of local, diverse and/or small businesses as it has throughout the project and the reallocation will not effect the diverse, small business usage percentages.

Value Proposition & Summary
In addition to addressing unplanned activities, Sundt is able to perform certain project tasks more efficiently and cost effectively than originally planned.

Annual Funds Budgeted				
FY	Corporate Annual Budget	Funding Method	Annual PO Average Spend	% Of Annual Corp Budget
21	TBD	Capital	\$55,000,000	TBD
21	TBD	O&M	\$0	TBD

Basis for Award: Best Value Procurement Analyst: Dolores Torres-Elizondo
Competitive Information: YES NO Collective #: 7000141039
If yes, reason

PROCUREMENT ITEM: CPS Energy	
NON-LOCAL/NON-DIVERSE:	
LOCAL/NON-DIVERSE:	\$ 157,000,000.00
LOCAL/DIVERSE:	
NON-LOCAL/DIVERSE:	
	<u>\$ 157,000,000.00</u>

