

VISION 2027- AN EVOLVING UTILITY



CONNECTING • LISTENING • ENGAGING • SERVING
STRATEGIC PLAN

TABLE OF CONTENTS

- 1. How We Serve by the Numbers**
- 2. Mission & Values**
- 3. Evolving Energy Landscape - Headwinds & Tailwinds**
- 4. Strategic Objectives Overview**
- 5. Strategic Objective Details**
- 6. Transformation Roadmap & Key Deliverables**
- 7. FY2023 Total Budget Allocation**
- 8. Investment Drivers**
- 9. Stay Involved & Connected**

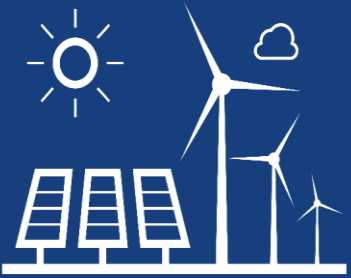
HOW WE SERVE BY THE NUMBERS¹

Up to **14%** of our annual revenue goes to the City of San Antonio's General Fund

Largest Municipally Owned Electric & Natural Gas Utility in the U.S.

1st in Solar Power Production in Texas & **5th** in the Nation²

2nd in Wind Power Production in Texas



897K Electric

371K Gas

Our Customers



\$361M

Annual Payment to the City 27.1% of
CoSA's FY2022 General Fund



162

Years of Serving
San Antonio

**FY2022
Total
Spend**

68%
Local



48%
Diverse

35%
Diverse & Local



~3,000
Employees

Our Mission:

Serving our community through reliable, competitively priced, and sustainable energy services in an equitable manner.

Our Values:

- **Safety & Wellbeing** - We take responsibility for our collective safety and wellbeing every day.
- **Transparency** - We compassionately engage with our community by listening, sharing, and acting with openness.
- **One-Team** - We work collaboratively as a community partner to achieve our mission together.
- **Accountability** - We are self-critical, open to feedback, and deliver on our commitments.
- **Integrity** - We act honestly, ethically, and respectfully.
- **Excellence** - We strive to improve every day in all we do, bringing value to our customers and community.

MISSION & VALUES

EVOLVING ENERGY LANDSCAPE



Headwinds

- Balancing use of dispatchable and renewable energy sources
- Customers are expecting us to anticipate their needs, be timely in our delivery, and provide seamless experiences
- Weather events are becoming more extreme
- The risk landscape is changing, with increasing regulatory uncertainty, cyber threats, and fuel market volatility
- Growth and advancements in technology require us to adjust our strategy of hiring and change the resources we need to get the job done
- Increase in natural gas costs are driving up bills, combined with inflation impacting customer affordability
- Technology, materials, and talent costs are rising at an accelerated rate
- Sustained soft pricing with increased volatility in the ERCOT market due to continued growth in renewables and natural gas pricing is leading to a different value proposition for generation assets
- Inflation is at its highest in 40 years causing higher interest costs on future issuances, drivers include potential actions taken by the Fed, inflation / supply chain issues, and geopolitical events
- An increase in retirements makes talent retention and attraction more difficult as the labor market tightens and compensation increases, specifically for STEM roles.
- Global tensions in conjunction with increased domestic violent extremist events amplify the probability and severity of physical and cyber threats
- Overcoming challenges to accommodate rapid customer growth
- Employee attrition is challenging our collective workforce operational experience

Tailwinds

- Technology advancements are providing opportunities to manage through extreme conditions
- Investors continue to watch the utility sector and ERCOT specifically, yet recent financing transactions indicated our bonds are still viewed favorably in the market
- Current aging assets are reaching end-of-life at an opportune time to take advantage of new technologies and market opportunities
- Implemented successful external engagement strategy
- Community partnerships present an opportunity to add value for our customers and talent pipeline
- Improved organizational culture to serve our community, work safe, and deliver on key commitments
- Enhanced alignment of priorities improving speed of decision making
- Reaffirming our commitment to meet customer expectations in-person, online, and at their doors
- Diversified generation fleet continues to provide protection against regulatory and market uncertainty
- Enhanced business controls, operational processes, and fiscal discipline are mitigating risks and ensuring business alignment
- Utilization of data analytics and digital tools to improve efficiency and asset optimization
- The increased awareness of threats are driving us, and the cyber industry, to focus more resources on proactive security defenses and create innovative and beneficial partnerships

STRATEGIC OBJECTIVES OVERVIEW

As a locally owned utility, we seek to be a valuable partner in enhancing the quality of life in our community.

*Vision 2027 - An Evolving Utility, focuses on strategic objectives to meet our mission through the **lenses of equity and security, enabled by technology and innovation.***



We embrace innovation and balanced solutions to bring overall value and resiliency to our customers through improved efficiency, sustainability, and management of risk.



We focus on sound budget discipline and key financial metrics to leverage our strong brand in the financial markets.



We strive to connect with our diverse customers equitably and in the way they prefer.



We focus on talent management building a culture of empowerment and engagement in meeting our mission to serve.



We are a community partner that works transparently and collaboratively to support key decisions, innovation, and economic growth.

OPERATIONAL EVOLUTION



We embrace innovation and balanced solutions to bring overall value and resiliency to our customers through improved efficiency, sustainability, and management of risk.

Approach:

Effective operational and technological assets are essential for us to serve our customers 24/7/365 and meet the objectives of the Climate Action Adaptation Plan (CAAP), now and into the future.

We are committed to diverse emerging technologies and new approaches to innovatively replace aging assets and maintain focus on our ability to reliably serve our customers while managing risks. We strive to leverage digital technology, enhanced forecasting, and data analytics to improve operations and maintenance of current and future assets in serving our growing community.

FY2023 Community Commitments:

- Strengthen generation capabilities to meet extreme conditions through investments in technology, fuel source resiliency, and plant weatherization
- Enhance communication and grid management in major events
- Support community growth through expansion and maintenance of electric and gas systems
- Plan digital ERP to mitigate end of system life
- Execute IT System Stabilization

Measures

- System Reliability
- Critical IT Systems Availability
- Portfolio Commercial Availability
- Achievement of CAAP Goals



FINANCIAL STABILITY



We focus on sound budget discipline and key financial metrics to leverage our strong brand in the financial markets.

Approach:

We align our expenditures and investments with our community's priorities, and we rigorously plan and execute against a budget that allows us to efficiently meet our customers' needs. Transparently demonstrating fiscal responsibility with our community helps us maintain a strong position in the capital markets giving us access to lower interest rates to save our customers money. Open dialogue with our owner about the needs of Greater San Antonio and associated costs builds trust and enables rate adjustments when needed.

We focus on affordability to ensure that our customers pay rates that are among the lowest in Texas, and we offer extensive customer assistance programs in pursuit of equity in our community.

FY2023 Community Commitments:

- Share FY2023 financial plan with community
- Share quarterly performance with community

Measures

- Adherence to O&M Plan
- Adherence to Capital Plan
- Days Cash on Hand
- Senior Lien Bond Rating
- Adjusted Debt Service Coverage
- Net Income
- Debt Capitalization Ratio
- Commitment to a Controls Culture



CUSTOMER EXPERIENCE



We strive to connect with our diverse customers equitably and in the way they prefer.

Approach:

Connecting our teams with our over 900,000 customers to better understand their needs and expectations. By listening and engaging, we continue to develop an effective communication strategy, products, and service experiences that deliver timely on our promise to serve. We strive to meet with our customers where they are, with what they need, and with the least amount of effort for them, so they can focus on what's most important to them. In addition, we are committed to timely and effective communication with our customers during outages.

FY2023 Community Commitments:

- Connect customers with support through American Rescue Plan Act (ARPA) funds & our Affordability Discount Program

Measures

- Customer Satisfaction- Residential
- Customer Satisfaction- Commercial
- Customer Satisfaction- Outage Communication



ENGAGED & SERVICE-ORIENTED CULTURE



We focus on talent management building a culture of empowerment and engagement in meeting our mission to serve.

Approach:

To serve our community it is essential we have engaged, safe, and highly skilled people who are passionate about our mission.

By working with local educational partners, we are helping to develop our talent pipeline, and the entire community for sustainable roles, through collaborations with Alamo Community Colleges, SAWorks, and JBSA Career Skills. We develop our people throughout their career and empower them to take actions that make a difference. Our approach to controls, safety, and wellbeing reinforces the important role they play in helping everyone go home safe every day. Through competitive benefits package, while understanding our role as a community-owned asset, we attract and retain people who care about our mission to serve.

FY2023 Community Commitments:

- Enhance safety culture fundamentals through training and dialogue
- Attract and retain our people through competitive compensation packages, while developing a talent pipeline in collaboration with local educational partners

Measures

- Enterprise Engagement Score
- Succession Planning
- Safety Metrics
- Environmental Compliance



COMMUNITY PARTNERSHIPS & GROWTH



We are a community partner that works transparently and collaboratively to support key decisions, innovation, and economic growth.

Approach:

As a locally owned utility, our team is committed to partnerships across the Greater San Antonio area to help meet our community's goals.

Working with our customers, local officials, and community groups, we want to have alignment on community initiatives by providing innovative solutions to our customers; in short, we want to make it easy to engage with us. We have developed synergies with over 100 agencies like CoSA, SAHA, SAWS, and others to expand the breadth and depth of our support for our customers. Our commitment to partner with local and diverse companies helps grow the San Antonio economy as we work with local businesses to help them achieve their goals.

FY2023 Community Commitments:

- Community input on the next iteration of our energy efficiency and conservation program
- Community input on our power generation resource plan
- Community input on rate design

Measures

- Community Impact
- Partner Engagement Strategy
- Local and Diverse Spend

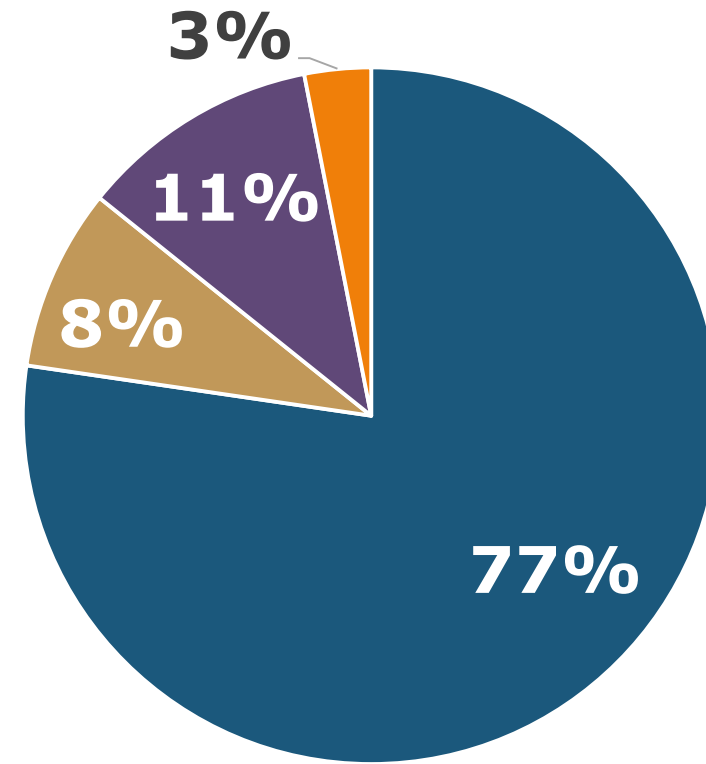


TRANSFORMATION ROADMAP & KEY DELIVERABLES

	CY2021	CY2022	CY2023	CY2024	CY2025	CY2026	CY2027
Operational Evolution	Harden and Protect Systems and Assets from Threats						
	Maintain and Build Electric (Transmission, Distribution, and Substation) and Gas Infrastructure to support Community Growth and Needs						
	Execute IT System Stabilization						
	Operate, Manage, and Maintain Power Generation Fleet to Deliver Reliable Energy Sources and Optimize Market Opportunities						
	Meet CEP and PUC Resiliency Requirements						
				Transition Power Generation Fleet to Support Community Needs			
Financial Stability	Rate Request		Review and Apply Appropriate Cost For Growth		Digital ERP Transformation: • Enhanced Budgeting Capabilities • Improved Controls and Process Management		
	Evaluate and Update Rate Designs						
	Pursue Legal Recourse for Winter Storm Uri Charges						
	Timely Local Rate Cases to Support Community Needs				★		
	★						
Customer Experience	Enhance Customer Engagement, Communication, Equity, and Transparency						
	Connect Customers with ARPA and ADP		Improvement of Mass Communication Experience		Digital ERP Transformation: • Enhanced Billing, Payment, and Solutions Experiences • Increased Proactive and Targeted Experiences Based On Preference • Improved Growth and Demand Forecasting to Identify Customer Needs		
	Improved Accuracy and Access of Energy Data						
	Resume Standard Collections and Disconnects						
	Staff to Effective Level						
	Competitive Compensation		Digital ERP Transformation: • Improved Data Tools For Safety Analytics • Enhanced Talent and Resource Management Capabilities				
Engaged & Service-Oriented Culture	Working Agreement Discussions		Working Agreement Discussions		Update Service Centers		
					Total Benefits Package Evaluation and Enhancement		
	Enhance Safety Training and Dialogue along with Update Training and Development						
	Energy Efficiency Program						
	Resource Plan						
Community Partnerships & Growth	Rate Design		Digital ERP Transformation: • Improved Supply Chain Capabilities • Enhanced Community Engagement				
	Partner with Local, State, and National Agencies and Groups to Support Security, Economic, and Community Goals						
	SAWS Metering Partnership						

FY2023 TOTAL BUDGET ALLOCATION

By Strategic Objectives



- Operational Evolution
- Engaged Service Oriented Culture
- Community Partnership & Growth
- Customer Experience

Financial Stability ensures we are fiscally responsible in aligning investments to our mission



CY2022

- Technology
- People
- Community Growth
- Infrastructure Resiliency

CY2024*

- Technology & Security
- People
- Community Growth
- Infrastructure Resiliency

CY2026*

- Balanced Solutions for Generation Resource Plan
- Digital ERP
- Community Growth
- Investment in Security, Technology and Resiliency

✓ Completed

INVESTMENT DRIVERS

Elements of past & potential future rate requests

*Potential, we will evaluate all possibilities as the time approaches

Board of Trustees' Meetings

- cpsenergy.com/boardmeetings
- Meetings are typically held at 1:00 pm on the last Monday of every month

Rate Advisory Committee (RAC)

- cpsenergy.com/rac

Customer Assistance Programs

- cpsenergy.com/assistance

Rate Information & Bill Estimator

- cpsenergy.com/newrates

Utility Assistance Fairs, ARPA Events, & more

- cpsenergy.com/events

Social Media



CPSEnergy



Cps_energy



@Cpsenergy



CPS Energy

STAY INVOLVED & CONNECTED

To receive communications & alerts via text, phone, or email, update your information using Manage My Account or call 210-353-2222.

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ARPA	American Rescue Plan Act - U.S. federal law responding to the economic impacts of the COVID-19 pandemic.	JBSA	Join Base San Antonio
CAAP	Climate Action and Adaptation Plan – Climate goal consistent with the Paris Agreement to reach net-zero carbon emissions by 2050.	O&M Expense	Operations and Maintenance Expense - Costs incurred to keep an item in good operating condition.
CEP	Committee on Emergency Preparedness. Formed by the city of San Antonio to recommend emergency operations and other recommendations.	PUC	Public Utility Commission - Regulates the state’s electric and telecommunication utilities as well as implements respective legislation.
CoSA	City of San Antonio	RAC	Rate Advisory Committee
CY	Calendar year reflects a normal calendar year (January through December).	Resiliency	Capacity of systems to navigate extreme events, preserving essential function, while sustaining adaptability, learning, and transformation.
ERCOT	Electric Reliability Council of Texas - Operates the electric grid and manages the deregulated market for 75 percent of the state of Texas.	SAHA	Opportunity Home San Antonio (Formerly San Antonio Housing Authority).
ERP	Enterprise Resource Planning – A comprehensive software system used to integrate and manage various business processes and functions across departments.	SAWS	San Antonio Water System
Fed	Federal Reserve	STEM	Science, Technology, Engineering, Mathematics
FY	Fiscal Year - CPS Energy’s fiscal year begins on February 1st of the current year and ends January 31st of the following year.	Sustainability	Using resources to meet current needs without compromising the ability of future generations to foster a resilient community.
IT	Information Technology		