

RE: Reliability Improvement Process, Updated Status of a Newly Proposed Tezel Substation

Dear CPS Energy Customers and Area Residents,

On behalf of our entire CPS Energy Team, thank you for being our customers. It has been our honor to serve the Greater San Antonio community for 161 years, and we are continuing to focus on how we can further improve.



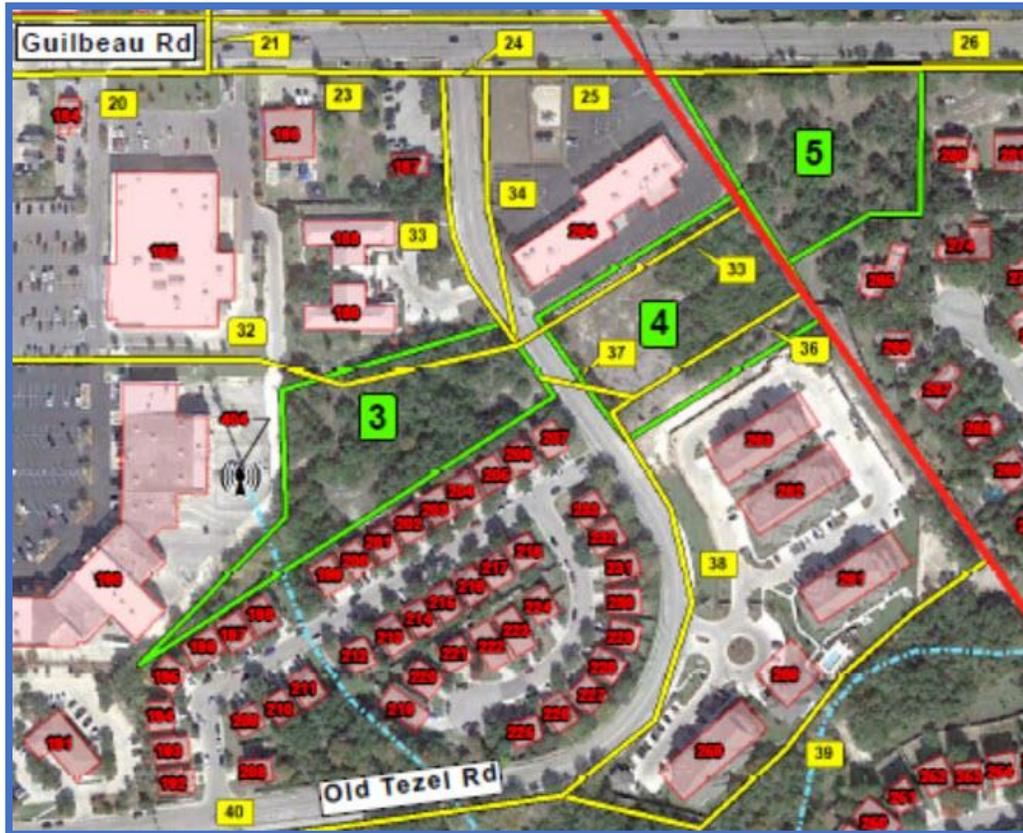
The purpose of this letter is to follow up on a *Public Dialogue and Input Session* that was held on the evening of Thursday, June 24, 2021. This recent in-person and virtual community session was one of several outreach efforts that we used to solicit your comments, questions, and concerns. All of these efforts helped us thoughtfully challenge both our assumptions and our preliminary conclusions about the opportunity to improve grid reliability in your area.

We re-evaluated our initial recommendation in light of the helpful feedback we received. We seriously re-focused on the alternately suggested location, Site 3. The following are documented considerations that we transparently want to share.

There are significant challenges with switching to Site 3 from Site 5

- Two (2) other landowners would need to provide property and easement.
 - One (1) landowner has informed us that they are not willing to provide use of their property for Site 4 or to extend the transmission line to Site 3.
 - The other landowner has not put the site up for sale. Unfortunately, even if the second landowner was willing, without the other being willing to give the needed rights to their property, pursuit of Site 3 is a less viable option.
- Site 3 (& Site 4) would require an Ordinance of Eminent Domain from San Antonio City Council and increases the risk of condemnation of two (2) private properties.
 - *Site 5 does not require condemnation.*
- Site 3 (& Site 4) would impact more customers than recommended Site 5.

- From a social justice perspective that merits treating all customers equitably regardless of their economic circumstances, we do not differentiate or put less weight on whether people are homeowners or renters.



It is a normal practice to make proactive, strategic property purchases

- As a matter of common company practices, we have historically made proactive strategic land purchases. This approach helps us optimize land ownership for future development that supports improved reliability and community growth. We also do this to avoid extreme cost escalations. Here are a few examples of properties we have acquired:
 - Southton – 5 acres purchased in 2009. In 2017, we initiated a Routing & Siting process for the Southton Substation.
 - ❖ *NOTE: Not every strategic proactive purchase turns into a new substation. For example, after completing the development consideration process, including public input, a different site was chosen and approved for the Southton Substation project.*
 - Helotes – 32 acres purchased in 2016 to support the future expansion of our transmission infrastructure.
 - Tenth Street – 0.9 acres purchased in 2018 to support the future rebuilding of the existing substation.

Based on community input, we will pursue opportunities to address traffic concerns on Guilbeau Road near Site 5

- This site is located on a high point on Guilbeau Road and can be seen from both eastbound and westbound directions.
- There is currently a VIA bus stop at the proposed Tezel substation site.
- There is currently a neighborhood side street where vehicles also come to a stop on Guilbeau Road to allow cross traffic to pass before turning into the neighborhood.
- We are reaching out to the City of San Antonio (CoSA) and the San Antonio Police Department to collaborate on potentially installing a traffic light at the location of Site 5.
- To further mitigate traffic concerns during site construction, we will work with the adjacent landowner of Site 5 for opportunities to potentially reroute traffic through their property from a different road, potentially Old Tezel Rd.
- The substation is not continuously manned, so after construction is complete, we anticipate only needing to access the site approximately four (4) times a year for substation maintenance activities.



Based on community input, we will protect and seek to relocate existing deer on Site 5

- We are committed to working with the Texas Parks & Wildlife department and our environmental consultants to relocate deer on the site.

The substation will help improve *Reliability*

- The new substation will shorten existing distribution lines, reducing exposure to outage events (car hit poles, weather, animals, failed equipment, etc.).
- New substations provide flexibility to create distribution ties to minimize outage durations and the number of customers affected during outages events.
- New substations also bring additional electric capacity to serve residential and commercial growth.

We need to clarify the implications relative to the February Winter Storm Uri

- That event affected the entire ERCOT grid. It was caused by a massive reduction in available power plants across the state simultaneously when the extremely cold temperatures caused what was peak demands for energy. While the new substation by itself will not prevent the need for statewide outages during this unprecedented event, it will generally improve reliability during most of the year.

We will pursue design improvements that will help prevent flooding and standing water in the detention basin

- The substation will be designed in accordance with CoSA's Regional Storm Water Management Program.
- The station will be designed in accordance with the latest CoSA Water Design Criteria Manual and Unified Development Code, and requires the approval of CoSA's Developmental Services department before construction is allowed.
- The detention basin will be dry and will only hold water during rain events for short periods thereafter. It will also be isolated by a perimeter fence located on the basin walls, which will be locked to prohibit entry by unauthorized personnel.



Aesthetic improvement plans along Guilbeau Road and adjacent homes

- To improve visual aesthetics of the project, we are committed to the following:
 - Installing an aesthetic masonry wall to visually screen the substation equipment;
 - Preserving as many of the existing trees as possible and including them in the overall site plan;
 - Planting a mix of trees and grass along the perimeter of the substation and available green spaces; and
 - Working closely with adjacent homeowners to ensure the additional vegetation visually screens the substation as much as practicable.

Summary Rationale

- We respectfully believe our recommendation of Site 5 minimizes the overall impact to the community for the following reasons:
 - It is the site with the least environmental impact;
 - It affects the least number of customers and residents;
 - It is adjacent to the existing transmission line and does not require an extension of the line over private properties;
 - It supports lower project costs;
 - It does not require an Ordinance of Eminent Domain from the San Antonio City Council; and
 - It eliminates the risk of having to execute the use of Eminent Domain if other sites are chosen.
 - We will make additional investments to enhance the outer boundaries of the site, including attractive masonry, xeriscaping and vegetative visual screening with adjacent homeowners.
- A link to the full environmental assessment and alternative site/route analysis can be found at: cpsenergy.com/tezel-ea

Thank you for your engagement, suggestions, thoughts, and comments. We considered your input and utilized it to constructively challenge our recommendation, as well as strengthen our plan. While we concluded Site 5 still has the highest combined merits, your involvement and contributions during the entire process were very valuable.

You have our deepest appreciation,

Paul

Paul Barham
Chief Grid Optimization & Resiliency Officer

CC: Councilwoman Ana Sandoval
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