



# **FY 2012 Budget**

**Board Meeting**

**January 31, 2011**



## Table of Contents

- Board Presentation 1
- FY 2012 Budget Report (Narrative) 2
- FY 2012 Budget Report – (Supplemental Information) 3
  - ✓ Non-Fuel O&M Budget Summary
  - ✓ Capital Budget Summary
  - ✓ Capital Budget Summary Charts
  - ✓ Capital Plan, Sorted by Category and \$ Range
  - ✓ Capital Plan, Sorted by Project Description
  - ✓ Description of Strategic Categories
- FY 2012 Key Budget Assumptions 4

Tab 1



# **FY 2012 Budget**

**January 31, 2011 Board Meeting**

**Presented by:  
Shannon R. Albert  
Sr. Director, Strategic Enterprise Resource Planning**



# Agenda

- ***Fiscal Strength***
- Revenue Requirements & Capital Expenditures
  - FY 2011 & FY 2012
- Commitment to 2-Year Rate Plan
- FY 2012 Budget
  - Operating & Maintenance (O&M), Capital & Funding
- Financial Ratios
- ***Summary / Board Approval***



## Fiscal Strength

- Managing within our 2-Year Rate Plan
  - Prudent cost control and disciplined spend
- Managing Latest Estimate (LE) process
  - Timely reforecasting
  - Management engagement and accountability
- Managing the use of financial instruments
  - Effective financing plan
- Contributing more to the R&R
  - Provides ability to invest in aging infrastructure resulting in improved reliability
  - Results in potentially less borrowing in the future

***Fiscal Achievements = Benefits to our Community***



## 2-Year Rate Plan – Revenue Requirements & Capital Expenditures

<i>(in millions)</i>	FY 2011			FY 2012			<u>2-Year Target Total</u>
	2010 Rate Plan	Increases / (Decreases)	LE*	2010 Rate Plan	Increases / (Decreases)	Current Plan	
<b>Adjusted Gross Revenue</b>	\$1,976	\$120	\$2,096	\$2,118	\$93	\$2,211	<b>CPS O&amp;M</b>  <b>&gt; \$744M</b>
<b>Less:</b>							
<b>Operating Expense</b>	1,190	16	1,206	1,274	84	1,358	
<b>Debt Service**</b>	375	2	377	408	(17)	391	
<b>R&amp;R - 6%</b>	119	7	126	127	6	133	
<b>City Payment</b>	248	28	276	269	8	277	
<b>R&amp;R Remainder</b>	\$44	\$67	\$111	\$40	\$12	\$52	
<b>Capital Expenditures</b>	\$523	(\$75)	\$448	\$433	\$75	\$508	<b>Capital</b>  <b>= \$956M</b>

\* LE = "Latest Estimate" - based on 11 months of actuals and one month estimate.

\*\* Principal and interest.

<b>Revenue</b> <i>(Wholesale sales)</i>	<b>Operating Expenses</b> <i>(Fuel)</i>	<b>R&amp;R remainder</b> <i>(Wholesale margin)</i>
--	--	---



## Commitment to 2-Year Rate Plan

<i>(in millions)</i>	<u>O&amp;M</u>	<u>Capital</u>	
Dec-10 Actuals (YTD)	\$ 314	\$ 370	
Jan-11 – LE (Month)	<u>42</u>	<u>78</u>	
FY 2011 – LE	<u>356*</u>	<u>448</u>	A
FY 2012 – Targets	383	500	
FY 2012 – Contingency	<u>5</u>	<u>8</u>	
FY 2012 – Budget	<u>388</u>	<u>508</u>	B
2-Year Total	<u>744</u>	<u>956</u>	A+B
Rate Plan	<u>744</u>	<u>956</u>	
Variance	<u>\$ -</u>	<u>\$ -</u>	

**Note:** A primary objective of management is to closely monitor CPS Energy's Capital and O&M spending over its 2-Year Rate Plan, working to ensure that total spend in either category is not exceeded.

*\*Difference due to rounding.*



# Operating & Maintenance Budget

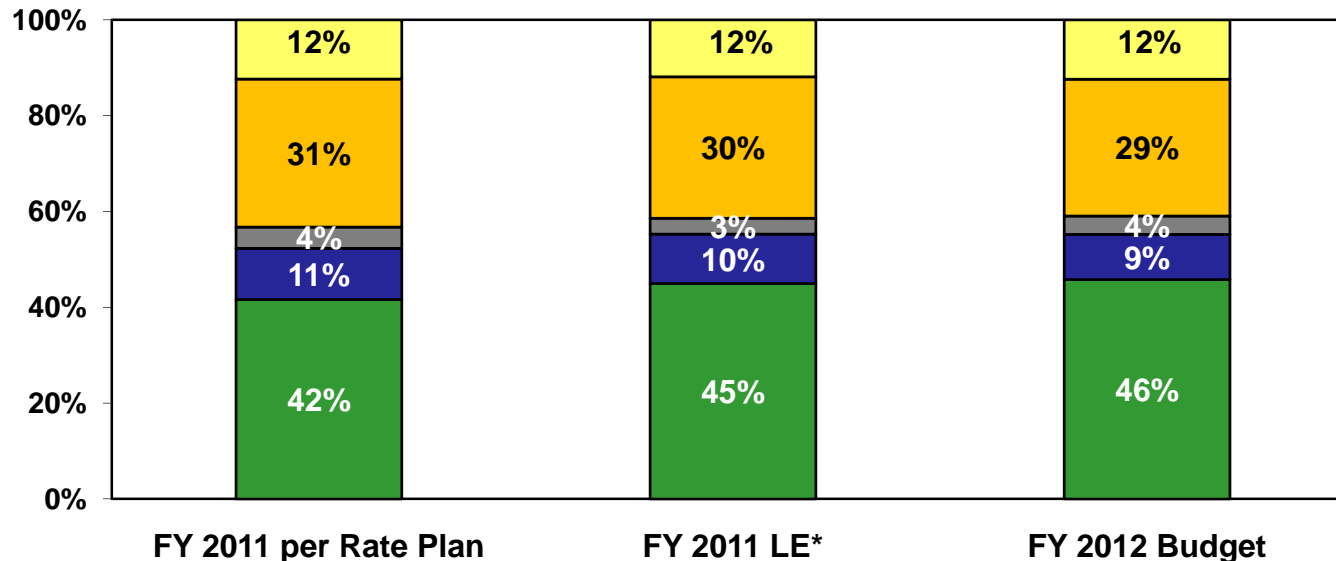
<i>(in millions)</i>	FY 2011 per Rate Plan	FY 2011 LE*	FY 2012 Budget
Electric Fuel & Purchased Power**	\$495	\$541	\$622
Distribution Gas	127	124	128
PUCT and ERCOT	53	40	52
CPS Energy Non-fuel O&M	368	355	388
STP Non-fuel O&M***	147	146	168
<b>Total</b>	<b>\$1,190</b>	<b>\$1,206</b>	<b>\$1,358</b>

\* Based on 11 months of actuals and one month estimate.

\*\* Includes STEP expenses.

\*\*\* Includes Decommissioning.

\$16 increase      \$152 increase



## FY 2012

- *Rising fuel costs: more volume for Spruce 2 and moderate commodity increase.*
- *STP 1&2: 2 refueling outages.*

■ Electric Fuel & Purchased Power   ■ Distribution Gas   ■ PUCT and ERCOT   ■ CPS Energy Non-fuel O&M   ■ STP Non-fuel O&M



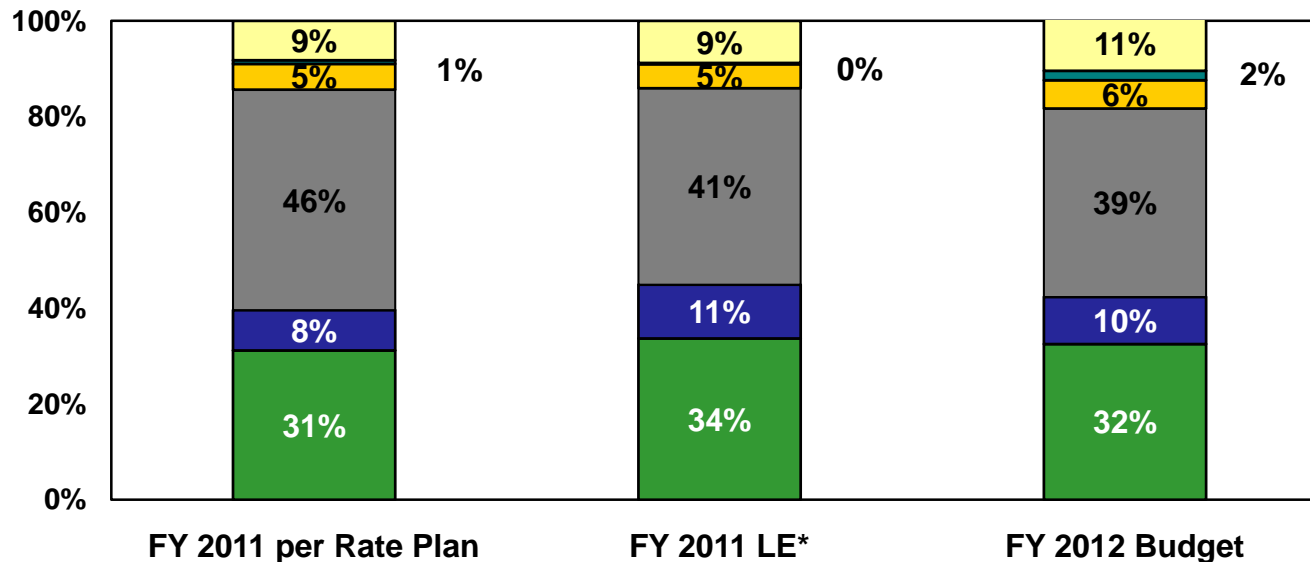
# Capital Budget by Major Functional Categories

(in millions)	FY 2011 per Rate Plan	FY 2011 LE*	FY 2012 Budget
Electric Distribution	\$163	\$151	\$160
Electric Transmission	44	50	50
Energy Supply	241	184	200
Gas Distribution	28	23	30
Retail	4	1	10
Enterprise Services and other	43	39	58
<b>Total</b>	<b>\$523</b>	<b>\$448</b>	<b>\$508</b>

\*Based on 11 months of actuals and one month estimate.

\$75 decrease

\$60 increase



## FY 2012

- *Scrubbers deferred from FY 2012; added Renewable Project.*
- *Spruce 2 deferral of \$38M to FY 2012.*
- *Reliability upgrades of \$25M.*

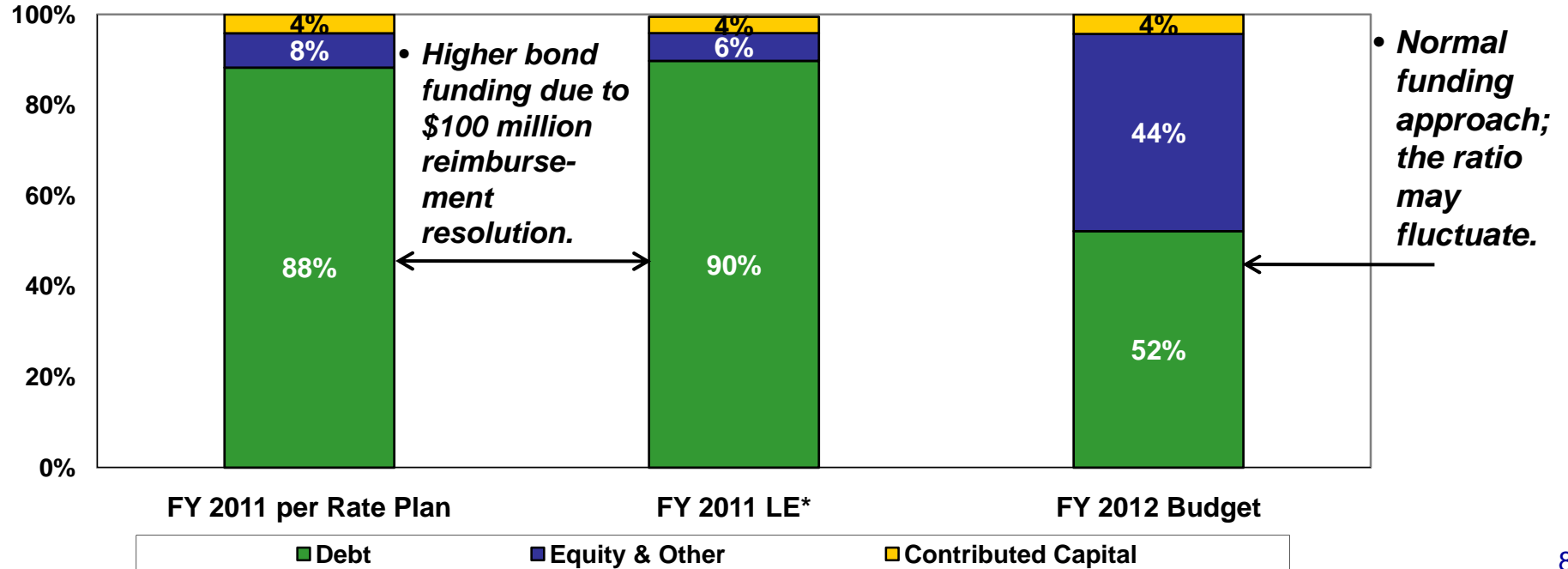
■ Electric Distribution ■ Electric Transmission ■ Energy Supply ■ Gas Distribution ■ Retail ■ Enterprise Services



# Construction Funding

<i>(in millions)</i>	FY 2011 per Rate Plan	FY 2011 LE*	FY 2012 Budget
Debt	\$462	\$402	\$265
Equity & Other	40	30	221
Contributed Capital	21	16	22
<b>Total</b>	<b>\$523</b>	<b>\$448</b>	<b>\$508</b>

\* Based on 11 months of actuals and one month estimate.





# Financial Ratios

Ratio	FY 2011 per Rate Plan	FY 2011 LE	FY 2012 per Rate Plan	FY 2012 Budget
Debt to Equity Ratio (%)	61.0%	60.3%	61.0%	59.0%
Debt Service Coverage Ratio - Total coverage after City payment (Times)	1.43x	1.64x	1.41x	1.47x

Includes all debt, including Tax Exempt Commercial Paper and Flexible Rate Revolving Note Program (FRRN).

## Favorable Financing Plan Execution

- Refreshed the Commercial Paper Program in lieu of new money (deferral)
- Negotiated more surety capacity that lowered borrowing
- Build America Bonds (BABs) resulted in lower borrowing costs



## Board Approval

- CPS Energy is on target to spend within the 2-Year Rate Plan.
- Requesting Board approval of FY 2012 Budget in accordance with the authorized 2-Year Rate Plan.



# Questions?

Tab 2



## FISCAL YEAR 2012 BUDGET REPORT

### GENERAL INFORMATION REGARDING CPS ENERGY

Acquired by the City of San Antonio (City) in 1942, CPS Energy (the Company) is the nation's largest municipally owned energy utility that provides both natural gas and electric services. For the fiscal year ending on January 31, 2011, CPS Energy served more than 710,000 electric customers throughout its 1,514-square-mile service area while simultaneously serving more than 320,000 gas customers, mostly within the urban Bexar County area.

Low customer rates, a diverse electric-generating resource portfolio and strong financial management characterize CPS Energy. CPS Energy has a retail electricity rate that is well below U.S. averages. CPS Energy has a sound and balanced generation resource plan to meet customer demand through its fuel diversification program that includes nuclear, coal, natural gas, wind, solar and landfill gas. CPS Energy also has a fuel-hedging program to help mitigate natural gas price volatility.

In its financial ratings, CPS Energy's historically high credit rating enables it to obtain low interest rates when financing new projects or refinancing existing debt. These high ratings are primarily attributed to an experienced and prudent management team; a moderate debt burden; consistently strong debt service coverage ratios; competitive retail electric rates; solid liquidity; and a monthly fuel and purchased power pass-through mechanism that insulates financial performance from market and operational volatility.

While its gas business operates competitively, CPS Energy remains outside of the Texas retail choice market. The San Antonio City Council passed a resolution in 2001, electing not to opt-in to the deregulated electricity market. CPS Energy remains dedicated to offering a wide range of pricing options and programs for its community, ensuring its customers receive the full benefits of community ownership. With a diversity of energy sources and support of economic development in San Antonio, CPS Energy works closely with community leaders to continually grow its metropolitan market and benefit the community. With some exceptions, CPS Energy returns approximately 14% of its gross revenues to the City of San Antonio. Since 1942, CPS Energy has provided more than \$4.9 billion in payments to the City, which support important services such as those provided by the fire and police departments.

CPS Energy continues to place strong emphasis on strategic planning to remain a leader in the utility industry and to continue to be a valuable asset, providing reliable, low cost energy, which improves the quality of life for its customers in Greater San Antonio. CPS Energy's goals to be #1 in customer satisfaction and improve and sustain an engaged workforce are supported through initiatives that are funded through its Operating & Maintenance (O&M) and Capital Budgets. CPS Energy has allocated funding for specific programs, initiatives and activities to support the Company's key strategies.

### SAN ANTONIO AREA ECONOMIC PROJECTIONS

CPS Energy's planning process considers national, state and local economic trends. Although, the local economy differs from the broad national landscape often resulting in more moderate peaks and valleys, the San Antonio metropolitan economy has more moderately slowed down since late 2007. Accordingly, San Antonio continues to systematically grow its economy, as indicated by recent publications, naming it as one of the nation's best performing and strongest metropolitan areas (Brookings Institute, Business Week, and Forbes).



## FISCAL YEAR 2012 BUDGET REPORT

Customer growth in the San Antonio market is forecasted to continue, although it is anticipated that the rate of growth will be less than the level experienced between 2006 through 2008, when new home construction peaked. Since that time, the local housing market has softened, but growth is continuing in response to economic development, which continues to draw new companies to San Antonio.

The prospects for the San Antonio economy remain positive as it continues to position itself as one of the most dynamic economies in Texas and in the United States. Even with the current economic conditions, the San Antonio metropolitan area is expected to experience continued strength in the tourism, aerospace, biosciences/healthcare, education, financial services, construction, and manufacturing sectors. As the seventh largest City in the United States, it has solidified its position as a location that can support mission critical information technology firms, security companies, and large data centers.

New employment opportunities that have risen from economic development have helped stimulate the San Antonio market. Expansion in the northern part of the City has been on-going for some time, and growth in the western suburbs of the City is continuing. New growth is also projected to occur to the south, which is a relatively new direction for major development in San Antonio. As a result, CPS Energy is not predicting net customer losses in fiscal year (FY) 2012.

### FORECAST OF CUSTOMER REQUIREMENTS

The CPS Energy planning process begins with the development of the Customer Requirements Forecast, which is a projection of the number of customers and their energy consumption. The forecast is based on weather-normalized, historic sales, adjusted for the effect of its energy efficiency and conservation programs, such as the Save for Tomorrow Energy Plan (STEP) Program. The development of this forecast is a complex process involving the assessment of various economic, demographic and technological factors. The forecast is the basis for planning decisions regarding the future growth and operation of the electric and gas systems and for the determination of the revenues required to finance that growth. The most recent summary forecast of Customer Requirements was prepared during the summer of calendar year 2010.

Electric system customer accounts totaled 717,109 on December 31, 2010, and are estimated to be at 744,769 on January 31, 2012, for an increase of 27,660 customer accounts, or 3.9%.

Gas system customer accounts totaled 324,634 on December 31, 2010, and are estimated to be at 325,337 on January 31, 2012, for an increase of 703 customers, or 0.2%.



# FISCAL YEAR 2012 BUDGET REPORT

## FINANCING PLAN AND REVENUE REQUIREMENTS

Total Gross Revenue is estimated at \$2,211 million for Fiscal Year (FY) 2012 with Operating Revenue projected at \$2,180 million. Total Gross Revenue will be used to fund Operating Expenses, Debt Services (principle and interest), City Payment and part of the Capital Budget (also referred to as the Repair and Replacement Account (R&R)). For FY 2012, the total O&M budget of \$1,358 million will be funded with 61% of the Gross Revenue. Debt Requirements and City Payment have been estimated at \$391 million and \$277 million, respectively, and will be funded with 18% and 13% of the Gross Revenue, respectively. The remaining \$185 million (\$133 million at 6% of revenues plus a \$52 million residual), or 8% of Total Gross Revenue, will be available for partially funding the Capital Budget for FY 2012.

The current plan is to fund next year's capital budget with \$265 million debt, \$221 million from the R&R Account and \$22 million from third-party Contributed Capital. (Also see Figure 3 of the Charts section.)

In March 2010, CPS Energy issued \$380 million of new money bonds, which after paying for costs of issuance, left \$377 million of bond proceeds available to fund construction through FY 2011. In November 2010, CPS Energy issued an additional \$300 million of new money bonds, which provided \$298 million of bond proceeds after paying for costs of issuance. CPS Energy also refunded \$200 million of its outstanding Tax Exempt Commercial Paper (TECP) program. Combined, these proceeds are projected to fund construction through March of 2012, at which time CPS Energy will use existing TECP capacity to continue funding construction. Proceeds from all sources, including interest earned, will be primarily used to fund electric transmission, electric distribution, generation, and gas distribution construction projects.

Revenue Requirements <i>(\$ In millions)</i>		
	FY 2012 Budget	% of Revenue
<b>Revenue</b>	<b>\$2,211</b>	<b>100%</b>
<b>Operating Expenses:</b>		
Electric Fuel & Renewables/Purchased Power	\$622	28%
Distribution Gas	128	6%
PUCT and ERCOT Assessments	52	2%
CPS Energy Non-Fuel O&M	388	17%
STP Non-Fuel O&M	168	8%
<b>Total Operating Expenses</b>	<b>\$1,358</b>	<b>61%</b>
<b>Debt Service</b>	<b>\$391</b>	<b>18%</b>
<b>City Payment</b>	<b>\$277</b>	<b>13%</b>
<b>Available for Construction (R&amp;R)</b>	<b>\$185</b>	<b>8%</b>

Debt <i>(\$ in millions)</i>	
Total Debt	\$4,882
Debt to Equity Ratio	59%
Planned Capital	
New Money Debt issues (Excluding solar considerations)	\$0
Planned AFUDC (Capitalized Interest)	\$24
Estimated Long Term Borrowing Rate	5.25%



# FISCAL YEAR 2012 BUDGET REPORT

## OPERATING & MAINTENANCE BUDGET

O&M is comprised of five major categories: Electric Fuel and Purchased Power, Distribution Gas, Public Utility Commission of Texas (PUCT) and Electric Reliability Council of Texas (ERCOT) Assessments, CPS Energy Non-fuel O&M and South Texas Project (STP) Non-fuel O&M.

Actual O&M costs for FY 2011 are estimated at \$1,206 million, or \$16 million above the approved FY 2011 budget. Electric Fuel and Purchased Power is expected to be \$46 million above budget, while Distribution Gas is expected to be \$3 million below the approved level. PUCT and ERCOT Assessments are expected to be \$13 million under the approved budget. CPS Energy's Non-fuel O&M is also expected to be \$13 million below the approved budget and STP Non-fuel O&M is expected to be \$1 million below budget.

The O&M budget for FY 2012 is \$1,358 million, which is \$152 million, or 13%, above the expected level for FY 2011 (see Figure 1). Electric Fuel and Purchased Power is projected to increase \$81 million. Distribution Gas is projected to increase \$4 million. PUCT and ERCOT Assessments are projected to increase \$12 million. CPS Energy Non-fuel O&M is projected to increase \$33 million, and STP Non-fuel O&M is projected to increase \$22 million.

While movement in O&M between FY 2011 and FY 2012 has occurred, total O&M spend will be managed within the 2-Year Rate Plan target.

The composition of the FY 2012 budget is as follows:

<i>(\$ in millions)</i>	<b>FY 2012 Budget</b>	<b>% of Operating Budget</b>	<b>% of Estimated Revenues</b>
Electric Fuel & Renewables/Purchased Power	\$622	46%	28%
Distribution Gas	128	9%	6%
PUCT and ERCOT Assessments	52	4%	2%
CPS Energy Non-Fuel O&M	388	29%	17%
STP Non-Fuel O&M	168	12%	8%
<b>Total Company</b>	<b>\$1,358</b>	<b>100%</b>	<b>61%</b>

Each of these cost categories is discussed in detail in the following section.



# FISCAL YEAR 2012 BUDGET REPORT

## ELECTRIC FUEL AND PURCHASED POWER

CPS Energy has a very diverse fuel mix with 20 electric generating units, four of which are coal-fired (2,206 MW) and 16 of which are gas-fired (2,776 MW). CPS Energy also has a 40% interest in STP Unit 1&2 nuclear generating units (1,080 MW). As of calendar year 2011, CPS Energy has contracted for 859 MW of wind power, 14 MW of solar power and 9.6 MW of landfill gas-generated energy, under which power is being received. CPS Energy has also contracted for 30 MW of solar power - potentially from multiple local sites - that is expected to be available in late FY 2013. To reach its goal of 1,500 MW of renewable energy, with up to 100 MW of that amount being solar power, CPS Energy announced another 50 MW solar Request for Proposal (RFP) that will include critical aspects of economic development and education.

Electric Fuel and Purchased Power reflects the costs of the various fuels used to generate electricity and the costs associated with purchased power. Costs in this category are a function of the level of electric sales, unit fuel costs and the mix of the various fuels used to generate electricity and purchased power costs, which includes wind.

Under the latest estimate for FY 2011, Electric Fuel and Purchased Power of \$541 million is estimated to be \$46 million, or 9%, above the approved budget. The variance is primarily due to higher than planned sales volumes and increases in average fuel commodity costs resulting from increased renewable volumes and gas generation costs necessary during Spruce 2 precommercial operation.

**For FY 2012, the Electric Fuel and Purchased Power estimates total \$622 million, \$81 million above the FY 2011 expected level. The variance is primarily due to increased generation from Spruce 2. In addition, the FY 2012 budget includes \$8 million for higher fuel costs related to low-sulfur coal that will be utilized to reduce emissions.**

## DISTRIBUTION GAS

CPS Energy procures its gas supply for use in electric generation, as well as distribution to gas customers. CPS Energy receives natural gas through several major gas delivery stations, which supply gas into CPS Energy owned and operated gas transmission pipelines, or directly into CPS Energy's gas distribution system. The gas delivery stations and gas transmission pipelines are monitored and managed through a supervisory control and data acquisition (SCADA) system.

CPS Energy manages combined natural gas supply requirements for power plants and distribution systems through a diversified portfolio of firm and interruptible services with various pipelines and suppliers. In accordance with its Fuels Management Procedures, CPS Energy has negotiated competitive, enabling contracts with gas suppliers under which CPS Energy can purchase gas on a daily, weekly, monthly or seasonal basis. These supply agreements were implemented along with contracts that form a beneficial matrix of supply, transportation and storage costs.



## FISCAL YEAR 2012 BUDGET REPORT

Policy permits staff of the Energy Supply Fuels & Hedging Division to enter into gas supply transactions for periods not exceeding one year under enabling agreements. Transactions exceeding one year must be approved by the SVP of Energy Development. The Board of Trustees must approve any fuel purchase that is for a period greater than one year and which represents more than 10% of CPS Energy's anticipated fuel purchases for the period. In addition, the Board of Trustees has approved an Energy Price Risk Management Policy, which provides formal guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments.

In FY 2008, CPS Energy received approval from the Board of Trustees to enter into a 20-year gas purchase agreement with the San Antonio Energy Acquisition Public Facility Corporation (SAEA), a Section 303 public facility corporation established by the City of San Antonio in April 2007. J. Aron, the commodity subsidiary of Goldman Sachs, supplies gas under the agreement, which represents approximately 30% of its distribution gas system requirements at a significant discount to the index price. The savings in this transaction are passed through to CPS Energy distribution gas customers. This highly structured deal involves multiple counterparties. While some entities have experienced unfavorable ratings changes, the counterparties continue to perform. CPS Energy's staff continues to closely monitor this transaction.

Distribution Gas is estimated to be \$124 million for FY 2011, which is \$3 million below the approved level. The decrease in Distribution Gas is due to a lower cost per MMBtu.

**For FY 2012, Distribution Gas has been estimated at \$128 million. The increase of \$4 million is due to an increase of distribution gas cost per MMBtu projected in FY 2012.**

### ***PUCT AND ERCOT ASSESSMENTS***

---

Effective March 2000, a regulatory adjustment factor resulting from changes in the Texas electric utility industry was added to CPS Energy's electric bills. This adjustment is comprised of two major components:

- 1) The net PUCT transmission deficit that results from the wholesale transmission pricing mechanism, and
- 2) ERCOT charges related to the operation of the Independent System Operator and various market-related costs and credits.

ERCOT is the independent entity that administers the flow of electricity on the interconnected grid that operates wholly within Texas.

Under the current plan, the assessments for FY 2011 are expected to total \$40 million, \$13 million below the approved level, due to reduced balancing energy adjustments that include lower than planned ERCOT and North American Electric Reliability Council (NERC) fees.

**For FY 2012, this category has been estimated at \$52 million. This is an increase of \$12 million, or 30% over the FY 2011 expected level. The increase is due to higher Transmission Cost of Service (TCOS) resulting from higher CPS Energy load and ERCOT access fees. Additionally, ERCOT/NERC fees are expected to be higher due to fees related to the implementation of the new nodal market.**



# FISCAL YEAR 2012 BUDGET REPORT

## ***CPS ENERGY NON-FUEL OPERATING & MAINTENANCE***

---

CPS Energy remains focused on implementing a company-wide strategy to achieve excellence. The corporate strategy emphasizes a balance between effectively running the business to provide safe, reliable and low-cost energy for its customers, and fostering an environment that promotes an engaged workforce. In addition, the strategy centers attention on promoting sustainability and positioning the Company for future opportunities while continuing to provide returns to the City of San Antonio.

CPS Energy Non-fuel O&M for FY 2011 is expected to end the year at \$355 million, which is \$13 million below the approved budget. The variance is driven primarily by lower than anticipated expenses in outside services, which includes contractor, consulting and other professional fees.

**For FY 2012, this category is estimated at \$388 million, an increase of \$33 million, or 9% from the FY 2011 expected levels. The major drivers for the increase include higher labor-related costs, power plant maintenance, conservation initiatives and services associated with maintaining the reliability of the transmission and distribution systems that support a growing customer base. The Company remains committed to not exceeding its FY 2012 targets.**

## ***STP NON-FUEL OPERATING & MAINTENANCE***

---

CPS Energy owns 40% of Units 1&2 at the STP nuclear power plant. Since November 1997, Units 1&2 have been operated by the STP Nuclear Operating Company (STPNOC) a nonprofit Texas corporation financed and controlled by the owners of the plant, pursuant to an operating agreement and a participation agreement. All costs and output continue to be shared in proportion to ownership interests. STPNOC is committed to operational and financial excellence by achieving top decile rankings among all of the commercial nuclear plants in the nation in the categories of incremental cost, forced loss rate and capability factor.

Units 1&2 Non-fuel O&M expenses for FY 2011 are expected to be \$146 million, which is \$1 million below the approved budget. The variance is primarily due to STPNOC receiving a credit based on the resolution of a commercial issue with a vendor and they did not make the planned quarterly accrual for the incentive plan as the outlook for incentive plan payouts was reduced due to forced outages.

**For FY 2012, this category has been estimated at \$168 million. This amount is \$22 million above the expected costs for FY 2011 as a result of two refueling outages, compared to only one outage in FY 2011, and compliance costs for new regulatory requirements.**



# FISCAL YEAR 2012 BUDGET REPORT

## CAPITAL BUDGET

Planning for current and future electric generation, electric transmission and distribution, gas system capital construction programs, and supporting technology and facilities is an on-going process. Given the long-term and high-cost nature of utility assets, the CPS Energy capital planning process is designed to focus on optimizing the returns on investments in capital assets. CPS Energy develops capital plans at four levels:

- A 35-year electric resource plan that projects specific electrical power generation alternatives.
- A 15-year Long-Range Transmission and Substation Development Plan that estimates the transmission requirements for the CPS Energy service area.
- A 10-year projection of the capital budget, to ensure proper integration with the Strategic Plan initiatives and targets.
- The current year plan to meet immediate growth and modernization needs.

### CAPITAL SUMMARY

Capital expenditures for FY 2011 are estimated at \$448 million and are \$75 million under the approved plan. The key drivers for this variance include \$38 million deferred spend to FY 2012, in Energy Supply, in addition to \$25 million attributed to savings and lower than expected customer growth.

**The Capital Budget for FY 2012 of \$508 million is \$60 million above the expected level for FY 2011. Energy Supply accounts for the majority of the increase due to the \$38 million deferral from FY 2011 (see Figure 2).**

**The composition of the FY 2012 Capital budget is presented to the right.**

Each of these categories is discussed on the following pages.

	<u>\$ Million</u>	<u>% of Budget</u>
Electric Distribution	\$160	31%
Electric Transmission	50	10%
Subtotal EDS	210	41%
Energy Supply	200	40%
Gas Distribution	30	6%
Retail	10	2%
Enterprise Services*	58	11%
<b>Total Company</b>	<b>\$508</b>	<b>100%</b>

\* Primarily includes spend for Audit Services, Corporate Support Services, External Government Relations, Financial Services, General Counsel, President & CEO and Sustainable Growth Office.



# FISCAL YEAR 2012 BUDGET REPORT

## *ELECTRIC DISTRIBUTION*

---

---

CPS Energy's electric distribution system is the pathway for the delivery of energy from the transmission lines and substations to the customers. System additions are strategically planned to keep pace with the anticipated expansion of the San Antonio Metropolitan area, and growth in customer demands for energy. This budget category consists of costs associated with serving new subdivisions and individual customers, distribution system expansion and growth, infrastructure modernization and civic improvement projects requested by the State, County and the various cities served by CPS Energy.

Electric Distribution capital expenditures of \$151 million for FY 2011 are estimated to be \$12 million under the approved plan. The primary drivers for the variance include vehicle replacement/purchases delays and slower customer growth.

**Electric Distribution capital expenditures of \$160 million are included in the budget for FY 2012; \$9 million above the FY 2011 expected results. The increase is attributable to improvements in customer growth and infrastructure modernization. These projects include Underground Residential Distribution (URD) cable replacements and circuit upgrades to help improve reliability.**

## *ELECTRIC TRANSMISSION*

---

---

CPS Energy's transmission line network represents the path for moving electric power from the generating plants to substations within the service area, and to and from other utilities, as required. This budget category is comprised of both new additions to the transmission system and civic improvements.

Electric Transmission capital expenditures of \$50 million are estimated to be \$6 million above the approved plan. The increase is the result of spend related to right-of-way clearance to ensure transmission lines are within acceptable clearance levels, various projects that were deferred from FY 2010 and a few projects that were moved forward from FY 2012.

**For FY 2012, Electric Transmission capital expenditures are estimated at \$50 million consistent with the FY 2011 spend.**

## *ENERGY SUPPLY*

---

---

The Energy Supply category consists of capital expenditures required for the following:

- 1) Power plant improvements to improve safety, reliability, environmental stewardship and operating efficiencies;
- 2) Compliance with State and Federal regulations; and
- 3) Projects related to STP Units 1&2.



## FISCAL YEAR 2012 BUDGET REPORT

Energy Supply capital expenditures for FY 2011 are projected to be \$184 million, which is \$57 million under the FY 2011 approved budget. The decrease is primarily due to deferred spend related to Spruce 2 and a claim mitigation that did not materialize.

CPS Energy's Board of Trustees approved a negotiated settlement with the other STP Units 3&4 co-owners. The settlement resulted in CPS Energy retaining a 7.625% interest in the project that requires no further expenditures for construction. However, professional services and internal costs, primarily labor, will be required to monitor and protect its investment.

**For FY 2012, Energy Supply capital expenditures have been estimated at \$200 million or \$16 million above the expected level for FY 2011. The primary drivers of the increase are the deferral of \$38 million from FY 2011 to FY 2012 for Spruce 2. The total budget for FY 2012 includes a \$70 million renewable project. This renewable project is an addition as a result of the deferral of the Deely Scrubbers. Also included in FY 2012 is approximately \$675 thousand in costs related to STP Units 3&4.**

### ***GAS DISTRIBUTION***

---

CPS Energy's gas distribution system is the path of moving purchased natural gas to retail customers. This category is comprised of customer extensions, system expansion, infrastructure modernization, and civic improvements.

FY 2011 Gas Distribution capital expenditures of \$23 million are estimated to be \$5 million below the approved plan as a result of deferring supply main projects.

**For FY 2012, Gas Distribution has been estimated at \$30 million or \$7 million over the expected results for the FY 2011. The increase is primarily the result of the delay of supply main projects to FY 2012 and an increase in civic improvement projects.**

### ***RETAIL***

---

The CPS Energy Retail business consists of customer service, customer billing & collections, customer relations and economic development. Capital expenditures within Retail are comprised of projects that enhance customer care through telephone contact, electronic billing and payment improvements and enhanced web based customer tools.

FY 2011 Retail capital expenditures of \$1 million are estimated to be \$3 million below the approved plan. The decrease is primarily related to the initial spend on the Customer Relationship Management (CRM) billing system enhancement, which is being deferred to FY 2012.

**For FY 2012, Retail capital expenditures have been estimated at \$10 million or \$9 million over the expected results for the FY 2011. The increase is primarily due to the CRM project deferral to FY 2012, which represents \$7 million of their FY 2012 budget.**



# FISCAL YEAR 2012 BUDGET REPORT

## *ENTERPRISE SERVICES*

---

Enterprise Services consists of Audit Services, Corporate Support Services (CSS), External Government Relations, Financial Services, General Counsel, President& CEO and the Sustainable Growth Office. The Sustainable Growth Office is overseeing several projects, such as Advanced Metering Infrastructure and Master Data Management (AMI/MDM), research and technology, and environmental which make up the largest portion of the Enterprise Services capital budget followed by infrastructure modernization projects in the Information and Communications sections of CSS.

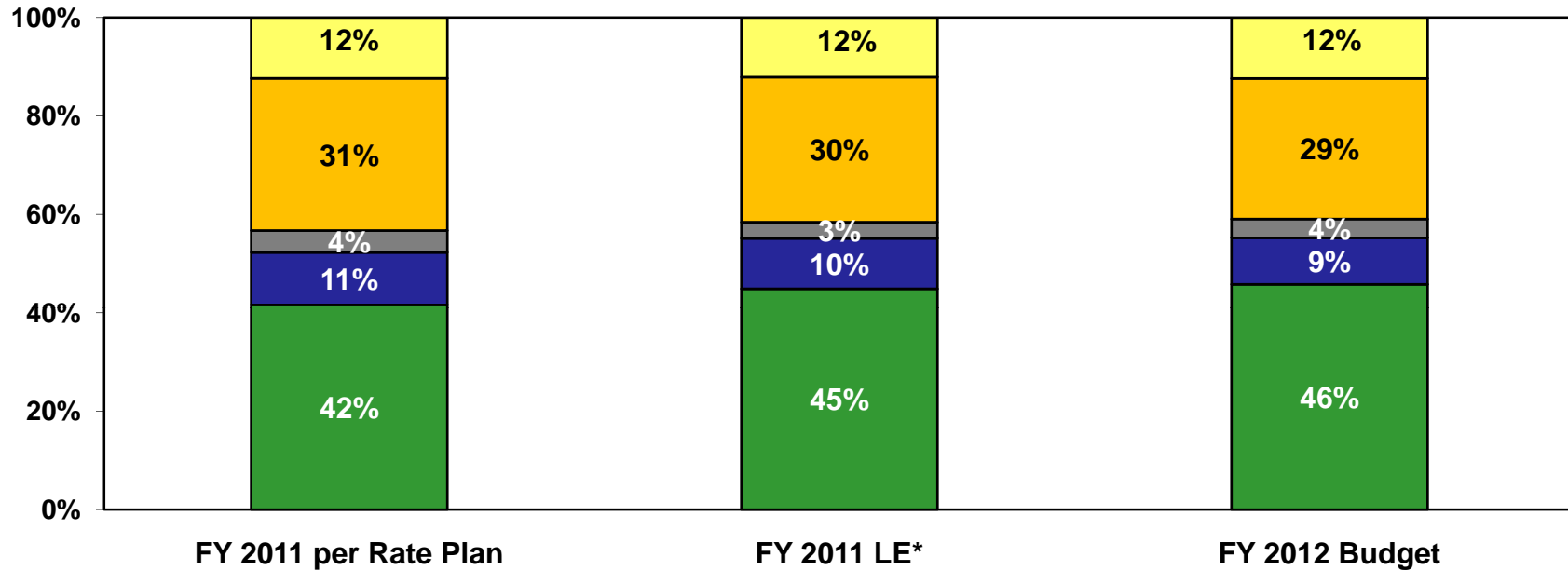
FY 2011 Enterprise Services capital expenditures of \$39 million are estimated to be \$4 million below the approved plan. The decrease is primarily due to delays in the (AMI/MDM) project, Harmony radio system, information technology server infrastructure, and security projects.

**This category has been estimated at \$58 million for FY 2012, \$19 million above the expected level for FY 2011. The increase is the result of the delay in several projects including the AMI/MDM, Harmony project and infrastructure server projects to FY 2012.**



# FISCAL YEAR 2012 BUDGET REPORT

## Operating & Maintenance Budget



■ Electric Fuel & Purchased Power  
 ■ Distribution Gas  
 ■ PUCT and ERCOT  
 ■ CPS Energy Non-fuel O&M  
 ■ STP Non-fuel O&M

(\$ millions)	FY 2011 Rate Plan	FY 2011 LE*	FY 2012 Rate Plan
Electric Fuel & Purchased Power**	\$495	\$541	\$622
Distribution Gas	127	124	128
PUCT and ERCOT	53	40	52
CPS Energy Non-fuel O&M	368	355	388
STP Non-fuel O&M***	147	146	168
<b>Total</b>	<b>\$1,190</b>	<b>\$1,206</b>	<b>\$1,358</b>

\* Forecast based on 11 months actuals and 1 month estimate.

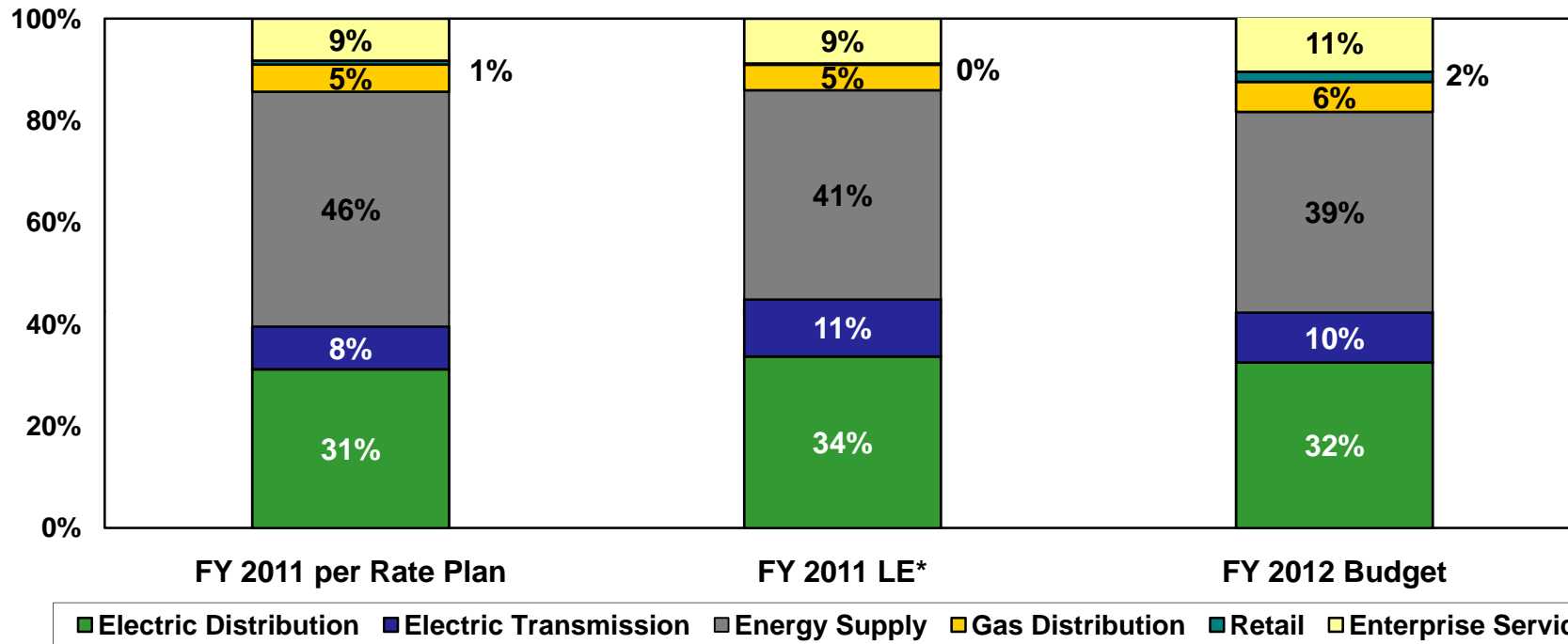
\*\* Includes STEP expenses.

\*\*\* Includes Decommissioning.

Figure 1



## Capital Budget by Major Functional Categories



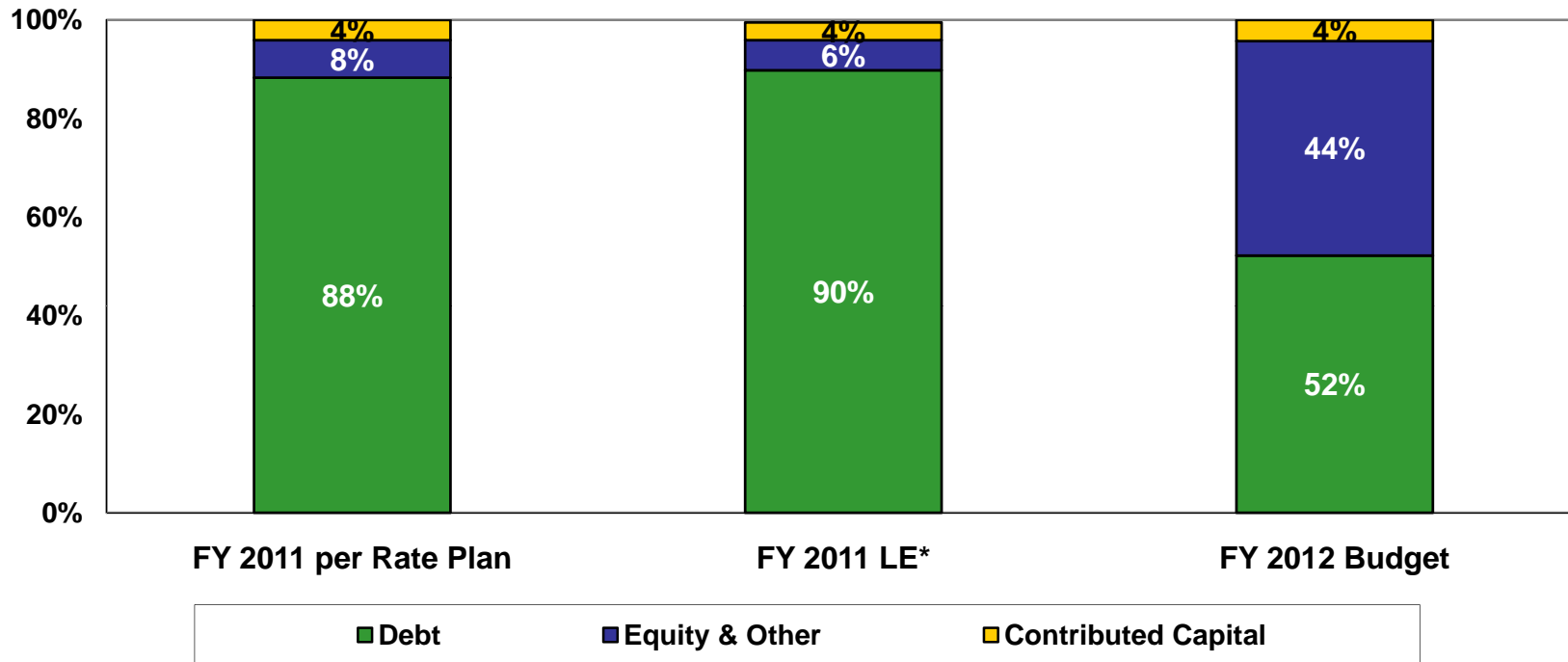
(\$ millions)	FY 2011 Budget	FY 2011 LE*	FY 2012 Budget
Electric Distribution	\$163	\$151	\$160
Electric Transmission	44	50	50
Energy Supply	241	184	200
Gas Distribution	28	23	30
Retail	4	1	10
Enterprise Services and other	43	39	58
<b>Total</b>	<b>\$523</b>	<b>\$448</b>	<b>\$508</b>

\*Based on 11 months of actuals and 1 month estimate.

Figure 2



## Construction Funding



<i>(in millions)</i>	FY 2011 Budget	FY 2011 LE*	FY 2012 Budget
Debt	\$462	\$402	\$265
Equity & Other	40	30	221
Contributed Capital	21	16	22
<b>Total</b>	<b>\$523</b>	<b>\$448</b>	<b>\$508</b>

\* Based on 11 months of actuals and one month estimate.

Figure 3



## Financial Ratios

Ratio	FY 2011 Rate Plan	FY 2011 LE	FY 2012 Rate Plan	FY 2012 Budget
Debt to Equity Ratio (%)	61.0%	60.3%	61.0%	59.0%
Debt Service Coverage Ratio - Total coverage after City payment (Times)	1.43x	1.64x	1.41x	1.47x

Includes all debt, including Tax Exempt Commercial Paper and Flexible Rate Revolving Note Program (FRRN).

Figure 4

Tab 3



## FISCAL YEAR 2012 BUDGET REPORT Non-Fuel O&M Budget Summary

Unit / Area	FY 2012 Budget (1)	FY 2011 Latest Estimate (2)	FY 2011 Budget
<b>Business Units (BUS):</b>			
Electric Distribution Services (EDS)	\$124,335,000	\$120,879,416	\$124,531,266
Energy Supply (ES)	104,687,000	98,928,578	102,526,675
Gas Distribution	25,641,000	25,788,557	25,110,000
Retail Energy (RE)	27,716,000	24,409,166	27,070,000
Subtotal BUS	\$282,379,000	\$270,005,717	\$279,237,941
<b>Business Areas (BAS):</b>			
Audit Service & Ethics (AS)	\$2,208,000	\$1,499,125	\$1,430,000
Corporate Support Services (CSS)	78,834,000	75,015,834	77,446,688
Enterprise Risk Management (ERM)	6,875,000	7,125,528	7,035,417
External Government Relations	9,633,000	8,873,896	9,267,026
Financial Services (FS)	13,219,000	10,913,520	11,570,000
General Counsel (GS)	8,668,000	6,297,451	8,088,843
President & CEO	6,024,000	4,120,553	4,910,000
Sustainable Growth Office (SGO)	10,192,000	6,701,167	5,790,000
Subtotal BAS	\$135,653,000	\$120,547,074	\$125,537,972
<b>Other:</b>			
Capitalized Costs & Other Credits	(35,000,000)	(35,313,325)	(36,659,622)
Contingency	5,378,000		
<b>Total Non-Fuel O&amp;M</b>	<b>\$388,410,000</b>	<b>\$355,239,466</b>	<b>\$368,116,291</b>

**Notes:**

- (1) Changes between BUS / BAS may occur during the year as a result of re-organizations. However, total spend will remain the same.
- (2) Based on 11 months actuals and one month estimate. Actuals are unaudited and subject to revision.



# FISCAL YEAR 2012 BUDGET REPORT

## Capital Budget Summary

(Without Capitalized Interest)

System	Category	FY 2012 Budget (1)	FY 2011 Latest Estimate (2)
<b>Electric Distribution Total</b>			
	Civic Improvements	\$2,252,361	
	Customer Growth	53,411,715	
	Environmental/Legislative/Regulatory	3,974,664	
	Infrastructure/Modernization	54,644,164	
	Special Projects	4,207,013	
	System Growth	41,551,997	
		<b>\$160,041,914</b>	<b>\$150,814,369</b>
<b>Electric Transmission Total</b>			
	Civic Improvements	560,000	
	Environmental/Legislative/Regulatory	13,172,797	
	Infrastructure/Modernization	14,639,566	
	System Growth	21,564,014	
		<b>\$49,936,377</b>	<b>\$50,382,928</b>
<b>Energy Supply Total</b>			
	Environmental/Legislative/Regulatory	31,424,208	
	Infrastructure/Modernization	47,577,923	
	Special Projects	120,976,667	
		<b>\$199,978,798</b>	<b>\$183,847,652</b>
<b>Gas Distribution Total</b>			
	Civic Improvements	9,000,000	
	Customer Growth	8,200,209	
	Environmental/Legislative/Regulatory	1,565,000	
	Infrastructure/Modernization	4,531,000	
	Special Projects	1,163,000	
	System Growth	5,500,000	
		<b>\$29,959,209</b>	<b>\$22,469,601</b>
<b>Retail Energy Total</b>			
	Infrastructure/Modernization	7,680,000	
	Special Projects	2,205,000	
		<b>\$9,885,000</b>	<b>\$1,104,681</b>
<b>Enterprise Services Total</b>			
	Customer Growth	3,450,000	
	Environmental/Legislative/Regulatory	2,217,200	
	Infrastructure/Modernization	17,102,118	
	Special Projects	24,082,642	
	System Growth	2,357,165	
		<b>\$49,209,125</b>	<b>\$39,360,186</b>
	<i>Corporate Adjustment</i>	<i>1,800,000</i>	
	<i>Contingency</i>	<i>7,610,986</i>	
		<b>\$508,421,409</b>	<b>\$447,979,417</b>

Notes:

- (1) Changes between BUs / BAs may occur during the year as a result of re-organizations. However, total spend will remain the same.
- (2) Based on 11 months actuals and one month estimate. Actuals are unaudited and subject to revision.



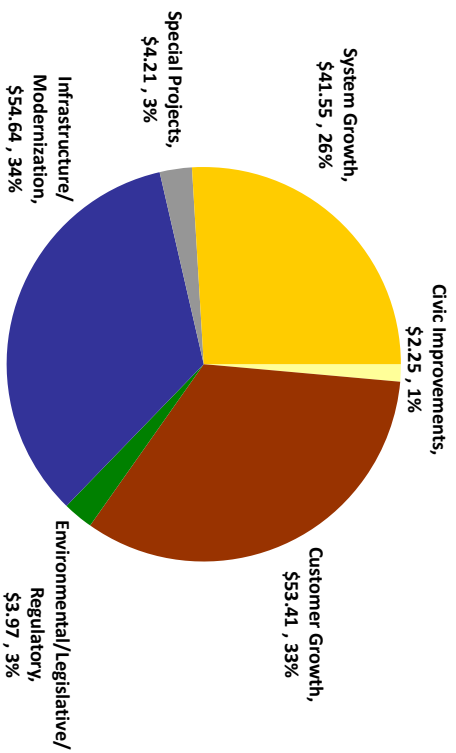
# FISCAL YEAR 2012 BUDGET REPORT

## Capital Budget Summary Charts

(In millions)  
(Without Capitalized Interest)

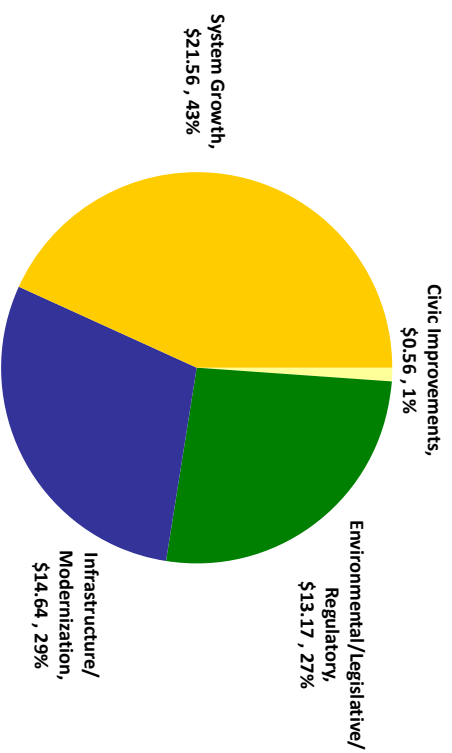
### Electric Distribution

Maintains electric distribution system for current and new electric customers.



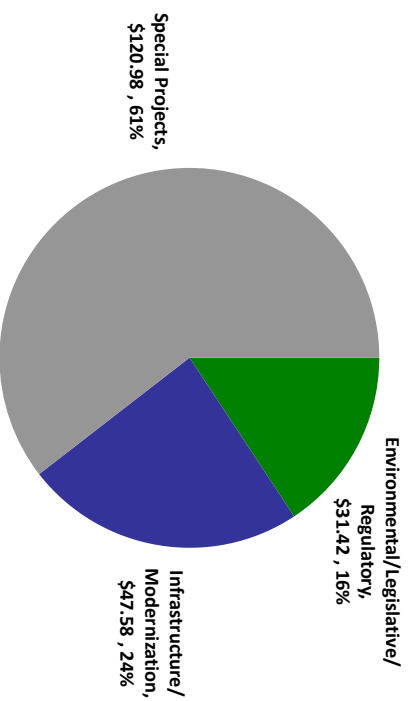
### Electric Transmission

Maintains electric transmission infrastructure from power plants to electric distribution system.



### Energy Supply

Generates the power; Spruce 2, Brauning Peakers, environmental, etc.





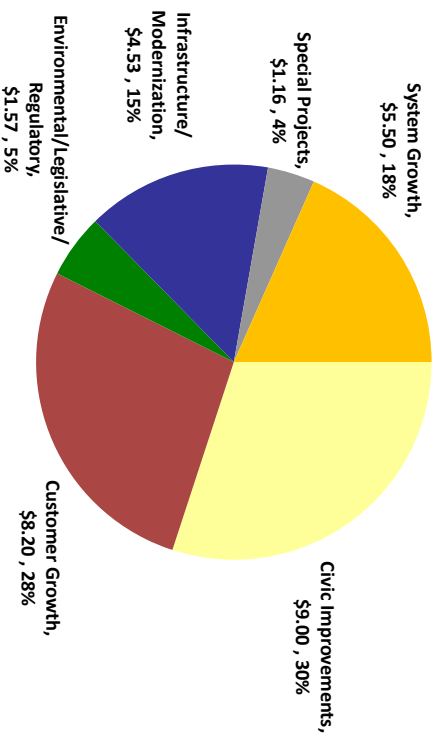
# FISCAL YEAR 2012 BUDGET REPORT

## Capital Budget Summary Charts

(In millions)  
(Without Capitalized Interest)

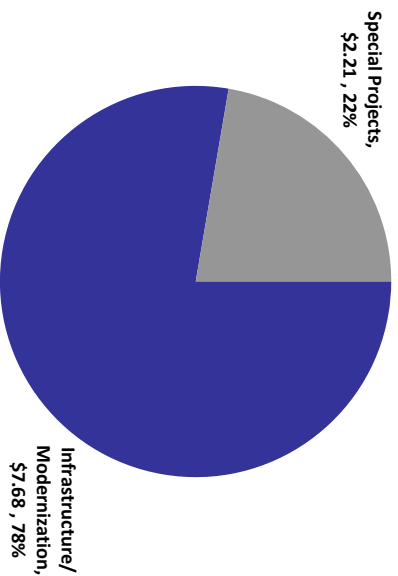
### Gas Distribution

Maintains gas distribution system for current and new gas customers.



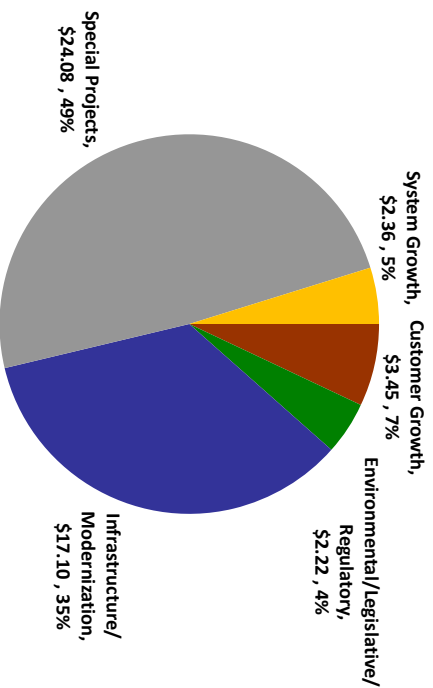
### Retail Energy

Focused on billing system and call center improvements.



### Enterprise Services

Focused on information systems and facilities.







**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
**Sorted By Category and \$ Range**

Project Description	Category	\$ Range
Cap-Civic Improvement - City of SA	Civic Improvement	\$4,000,000 - \$10,000,000
Cap-Civic Improvement - Bexar County	Civic Improvement	\$1,000,000 - \$4,000,000
Elec Conv City of San Antonio-UG-CAP	Civic Improvement	\$1,000,000 - \$4,000,000
Relocate OH for COSA Civic Projects	Civic Improvement	\$1,000,000 - \$4,000,000
Cap Civic Improv Renewal Other	Civic Improvement	\$400,001 - \$1,000,000
Cap-Civic Imp TXDOT Nonreimbursal	Civic Improvement	\$400,001 - \$1,000,000
Elec Conv City of San Antonio-OH-CAP	Civic Improvement	\$400,001 - \$1,000,000
Relocate OH for Bexar Civic Projects	Civic Improvement	\$400,001 - \$1,000,000
Relocate UG for Civ Improv Projects	Civic Improvement	\$400,001 - \$1,000,000
Wurzbach Pkwy Civic Imp: West-Jones M.	Civic Improvement	\$400,001 - \$1,000,000
Cap-Civic Imp TXDOT Reimbursable	Civic Improvement	\$150,001 - \$400,000
Texas A&M University Tamus UG-CAP	Civic Improvement	\$150,001 - \$400,000
Cap-Civic Improvements - Other	Civic Improvement	\$5,000 - \$150,000
Relocate Network for Civ Improv Projects	Civic Improvement	\$5,000 - \$150,000
Dir Pur Pre-Cap 1 Phase Padmnt Transfrm	Customer Growth	\$4,000,000 - \$10,000,000
Dir Pur Pre-Cap Overhead Transformers-AI	Customer Growth	\$4,000,000 - \$10,000,000
UG Infrastructure Subdivision	Customer Growth	\$4,000,000 - \$10,000,000
UG Service & Mtr Residential-CAP	Customer Growth	\$4,000,000 - \$10,000,000
CAP - Install Gas Subd Infrastructure	Customer Growth	\$1,000,000 - \$4,000,000
Cap-Gas Customer Growth	Customer Growth	\$1,000,000 - \$4,000,000
Cap-Install Plastic Services FY10-12	Customer Growth	\$1,000,000 - \$4,000,000
Dir Pur Pre-Cap 3 Phase Padmnt Transfrm	Customer Growth	\$1,000,000 - \$4,000,000
Dir Purch Pre-Cap Elect Meters w/o CTVT	Customer Growth	\$1,000,000 - \$4,000,000
Disco-SWRI:Upgrade Transfs.	Customer Growth	\$1,000,000 - \$4,000,000
OH Commercial Line Ext/Serv/Mtr	Customer Growth	\$1,000,000 - \$4,000,000
OH Electric Main Extension-Commercial	Customer Growth	\$1,000,000 - \$4,000,000
OH Line Extension Engr & Tech/NSD	Customer Growth	\$1,000,000 - \$4,000,000
OH Service & Meter Commercial	Customer Growth	\$1,000,000 - \$4,000,000
UG Electric Service-Residential	Customer Growth	\$1,000,000 - \$4,000,000
UG Service & Meter Commercial	Customer Growth	\$1,000,000 - \$4,000,000
UG Street Light for COSA/Suburban Cities	Customer Growth	\$1,000,000 - \$4,000,000
CAP - Install & Remove Gas Serv<800 Cfh	Customer Growth	\$400,001 - \$1,000,000
CAP - Install Gas Mains Apartments	Customer Growth	\$400,001 - \$1,000,000
Dir Pur Pre-Cap Network Transformers	Customer Growth	\$400,001 - \$1,000,000
Dir Purch ERT Modules	Customer Growth	\$400,001 - \$1,000,000
Dir Purch Pre-Cap Elect Meters w/CTVT	Customer Growth	\$400,001 - \$1,000,000
Dir Purch Pre-Cap Gas Meters	Customer Growth	\$400,001 - \$1,000,000
Install & Remove Gas Serv >800CFH	Customer Growth	\$400,001 - \$1,000,000
Make-ready adjustments for Telecomms	Customer Growth	\$400,001 - \$1,000,000
OH All Night Streetlight (ANSL)	Customer Growth	\$400,001 - \$1,000,000
OH Electric Service-Commercial	Customer Growth	\$400,001 - \$1,000,000
OH Electric Service-Residential	Customer Growth	\$400,001 - \$1,000,000
OH Residential Line Ext and/or Serv/Mtr	Customer Growth	\$400,001 - \$1,000,000
OH Service & Mtr Residential-CAP	Customer Growth	\$400,001 - \$1,000,000
OH Street Lights-COSA/Suburban Cities	Customer Growth	\$400,001 - \$1,000,000
Reroute OH Line-Comm/Indust Customers	Customer Growth	\$400,001 - \$1,000,000
UG Electric Main Extension-Residential	Customer Growth	\$400,001 - \$1,000,000
UG Infrastructure APT, MHP	Customer Growth	\$400,001 - \$1,000,000
UG Line & Svc for Comm/Indust Cust	Customer Growth	\$400,001 - \$1,000,000
CAP - Install Plastic Stubs	Customer Growth	\$150,001 - \$400,000
Dir Purch Pre-Cap Electric Meter Cabinet	Customer Growth	\$150,001 - \$400,000
Dir Purch Pre-Cap Gas Serv Regulator	Customer Growth	\$150,001 - \$400,000
Direct Purchase Pre-Cap ION Meters	Customer Growth	\$150,001 - \$400,000
OH Electric Main Extension-Residential	Customer Growth	\$150,001 - \$400,000
OH Infrastructure Subdivision	Customer Growth	\$150,001 - \$400,000
Remodel, Remove & Reoute Gas Serv Res	Customer Growth	\$150,001 - \$400,000
UG All Night Streetlight (ANSL)	Customer Growth	\$150,001 - \$400,000
UG Commercial Line Ext/Serv/Mtr	Customer Growth	\$150,001 - \$400,000
UG Line Extensn at Ft Sam/Camp Bullis	Customer Growth	\$150,001 - \$400,000
CAP - Install Gas Mains Residential	Customer Growth	\$5,000 - \$150,000
CAP-Inst OH Elec Serv FSCB	Customer Growth	\$5,000 - \$150,000
Dir Purch Pre-Cap Electric Transocket	Customer Growth	\$5,000 - \$150,000
Dir Purch Pre-Cap Gas Com/Ind Regu	Customer Growth	\$5,000 - \$150,000
Make-ready adjustments for Phone Co	Customer Growth	\$5,000 - \$150,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
**Sorted By Category and \$ Range**

Project Description	Category	\$ Range
OH Commercial Line Ext/Serv/Mtr-FSH/CB	Customer Growth	\$5,000 - \$150,000
OH Line Extensn at Ft Sam/Camp Bulls	Customer Growth	\$5,000 - \$150,000
UG Commercial Line Ext/Serv/Mtr-Brooks	Customer Growth	\$5,000 - \$150,000
UG Residential Line Ext and/or Serv/Mtr	Customer Growth	\$5,000 - \$150,000
UG Service at Ft Sam/Camp Bulls	Customer Growth	\$5,000 - \$150,000
JTD2 Selective Catalytic Reduction (SCR)	Environmental/Legislative/Regulatory	> \$10,000,000
Austin Rd - Kirby Rebuild	Environmental/Legislative/Regulatory	\$4,000,000 - \$10,000,000
Power Plant NERC Security	Environmental/Legislative/Regulatory	\$4,000,000 - \$10,000,000
Tranco-Hill Chtry:Install 4th Auto/Ph.1	Environmental/Legislative/Regulatory	\$4,000,000 - \$10,000,000
Cap-Genco Construction of Gasco Assets	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
EMO-NERC CI	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
EMO-Upgrade GMS/MOS for ERCOT NODAL PH1	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
LCP LM6000 SCR NOX Catalyst	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Mobile Unit Facility @ Skyline Substation	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
MRP DECOMMISSIONING	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Power Plant Information Security	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
WB12 ASBESTOS ABATEMENT	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Avr Site CEMS Upgrade	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
LCP CT Network Interface Unit	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
Leon Creek LM6000 Variable Stator Vane Bushing Replacement	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
NERC Cyber Security Standards.	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
NERC Physical Security for Gas Sites	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
NERC Refresh for Plant Controls Network	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
NODAL Replacement Project	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
Tranco-Multi-Station:NERC Sec. FY12-13	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
Constnction Centers Code Compliance	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Control Room Upgrade	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
DNP/PP Conversion	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
DWDM Optical Networking Gear	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Emergency Generators	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Fiber Construction - Brooks to Brauning	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Fiber Construction - Brooks to Chaveneaux	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Gas Transmission Work - Non Civic	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
SCADA for Solar Sites	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
VHF/UHF Re-banding (FCC Mandate)	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Avaya Voice Portal Outage Notification	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
BlackBerry Enterprise Server and PGP	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
BOBJ Security	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Dir. Purchase - Call Logging System Expansion	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Environmental - Legal - Gagnon - Kendall	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Fiber Construction - EMC - BUDD - St. Hedwig	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Fire Detection/Suppression Systems	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
IBM Tivoli: Application Dependency Discovery Migr.	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
PC Replacements	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
PI Gateway for Spectrum	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
PowerWorld Topology Processor	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Sync ERCOT NIMMS and CPS CMMMS models	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Direct Purch Upgrades Due to Poor Reliability	Infrastructure Modernization	\$4,000,000 - \$10,000,000
OWS2 Reheater and Superheater Assemblies	Infrastructure Modernization	\$4,000,000 - \$10,000,000
Rebuild Toyota to Valley Rd. 138 kV Transmission Line	Infrastructure Modernization	\$4,000,000 - \$10,000,000
SAP/CRM Conversion (Capital)	Infrastructure Modernization	\$4,000,000 - \$10,000,000
UG Facility Improvements-CAP	Infrastructure Modernization	\$4,000,000 - \$10,000,000
URD Cable Replacement	Infrastructure Modernization	\$4,000,000 - \$10,000,000
AVR SITE LTSA CAPITAL PARTS	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Calaveras Power Station Road Improvement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Capital Facilities & Infrastructure Repairs	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Cap-Replace SP Mains	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Cap-Replace Steel Gas Serv w/ Plastic	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Common Construction	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Direct Purch Vehicles-EDS DISCO	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Disco-Austin Rd.:Replace TR#1/SWGR#1	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Disco-Capital Maintenance FY2012	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Downtown Network System Improvement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Enterprise Server Upgrades	Infrastructure Modernization	\$1,000,000 - \$4,000,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
**Sorted By Category and \$ Range**

Project Description	Category	\$ Range
Enterprise Storage Upgrades	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Future Control Systems' Projects - These	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS1 Generator Step Up Transformer	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS1 Mercury Control Project	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS2 Boiler Work Platform	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS2 Selective Catalytic Reduction (SCR) Catalyst Addition	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD1 Coutant Bottom Replacement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD2 Exciter	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD2 Generator Step Up Transformer	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD2 Superheater Pendant Assemblies	Infrastructure Modernization	\$1,000,000 - \$4,000,000
LA Heights - Dresden Trans. Rebuild	Infrastructure Modernization	\$1,000,000 - \$4,000,000
OH District Pole Pulling	Infrastructure Modernization	\$1,000,000 - \$4,000,000
OH Emergency Replacement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
OWS2 Exciter	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Pole Replacement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Reclosers for Circuit Reliability	Infrastructure Modernization	\$1,000,000 - \$4,000,000
VHB3 FRONT & REAR WATERWALL	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Window Server Back up Improvement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Archiving CCS.PMSAP	Infrastructure Modernization	\$400,001 - \$1,000,000
AVR CT2 Capital Parts (not covered under LTSA)	Infrastructure Modernization	\$400,001 - \$1,000,000
Braunig Dam Concrete Toe Drain Ditch	Infrastructure Modernization	\$400,001 - \$1,000,000
Cap-Replace DP Facilities	Infrastructure Modernization	\$400,001 - \$1,000,000
Corporate Network Infrastructure	Infrastructure Modernization	\$400,001 - \$1,000,000
CY Conveyor Belt Replacements	Infrastructure Modernization	\$400,001 - \$1,000,000
Dir Pur - Tools	Infrastructure Modernization	\$400,001 - \$1,000,000
Direct Purch Const Equip-EDS TRANCO	Infrastructure Modernization	\$400,001 - \$1,000,000
Direct Purch Vehicles-EDS TRANCO	Infrastructure Modernization	\$400,001 - \$1,000,000
Disco-Dresden:Replace TR#3/SWGR #2&#3	Infrastructure Modernization	\$400,001 - \$1,000,000
Disco-Multi-Subst.:Feeder Upgrade FY2012	Infrastructure Modernization	\$400,001 - \$1,000,000
Disco-South San:Replace SWGR#1	Infrastructure Modernization	\$400,001 - \$1,000,000
Gas SCADA Project	Infrastructure Modernization	\$400,001 - \$1,000,000
Install Capacitor Banks	Infrastructure Modernization	\$400,001 - \$1,000,000
JTD Site Reserve Aux Transformer	Infrastructure Modernization	\$400,001 - \$1,000,000
Marbach/Cagnon Reconfiguration	Infrastructure Modernization	\$400,001 - \$1,000,000
OH Dist Sys Imprvmt - Circuit Patrols	Infrastructure Modernization	\$400,001 - \$1,000,000
OH Electric Dist Sys Imprvmt - Districts	Infrastructure Modernization	\$400,001 - \$1,000,000
OWS/JTD Sewage Treatment Plant Replacement	Infrastructure Modernization	\$400,001 - \$1,000,000
OWS1 - 7 HP Feedwater Heater	Infrastructure Modernization	\$400,001 - \$1,000,000
OWS1 Superheater	Infrastructure Modernization	\$400,001 - \$1,000,000
Replace Substion Transfrm Oil Proce	Infrastructure Modernization	\$400,001 - \$1,000,000
SAP Functional Release 1	Infrastructure Modernization	\$400,001 - \$1,000,000
SCADA-Cagnon-4-Line Terms-S-0401	Infrastructure Modernization	\$400,001 - \$1,000,000
Server Consolidation Virtualization	Infrastructure Modernization	\$400,001 - \$1,000,000
Tranco-LeonCrk-Pearsall:ML SE Upgrades	Infrastructure Modernization	\$400,001 - \$1,000,000
UG Elec Sys Imprv at Old Kaily AFB	Infrastructure Modernization	\$400,001 - \$1,000,000
Various Stations-Replace 15 Brks w/SF6	Infrastructure Modernization	\$400,001 - \$1,000,000
VHB1 Waterwall Replacement	Infrastructure Modernization	\$400,001 - \$1,000,000
Web Single Sign-On	Infrastructure Modernization	\$400,001 - \$1,000,000
Windows 7	Infrastructure Modernization	\$400,001 - \$1,000,000
Windows Server Data Migration	Infrastructure Modernization	\$400,001 - \$1,000,000
A/C Replacement Communication Shelters	Infrastructure Modernization	\$150,001 - \$400,000
Audio and Video Conference Upgrades - (EOL)	Infrastructure Modernization	\$150,001 - \$400,000
Avaya IQ - Replacement for NICE Analyzer and CMS	Infrastructure Modernization	\$150,001 - \$400,000
Badger Remote Terminal Unit (RTU) Replacement (EOF)	Infrastructure Modernization	\$150,001 - \$400,000
Battery Sets (Refresh - "D" Project) (EOL)	Infrastructure Modernization	\$150,001 - \$400,000
BI Real Time Data Migration	Infrastructure Modernization	\$150,001 - \$400,000
Braunig Page Phone System Upgrade	Infrastructure Modernization	\$150,001 - \$400,000
Cap-Conversion 4kv OH Elec	Infrastructure Modernization	\$150,001 - \$400,000
Coal Conveyor Spare Motor	Infrastructure Modernization	\$150,001 - \$400,000
Corporate Wifi Infrastructure	Infrastructure Modernization	\$150,001 - \$400,000
Critical Application Servers - EAD	Infrastructure Modernization	\$150,001 - \$400,000
CY VFD on CY Dumper Motor	Infrastructure Modernization	\$150,001 - \$400,000
Disco-LA Heights:Replace SWGRs #1&#2	Infrastructure Modernization	\$150,001 - \$400,000
Disco-Medina Base:Replace TR#2/SWGR#2	Infrastructure Modernization	\$150,001 - \$400,000
Distribution Automation	Infrastructure Modernization	\$150,001 - \$400,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
**Sorted By Category and \$ Range**

Project Description	Category	\$ Range
HPSM System Upgrade	Infrastructure Modernization	\$150,001 - \$400,000
JKS1 Acoustic Monitoring System	Infrastructure Modernization	\$150,001 - \$400,000
JKS2 Flow Monitors	Infrastructure Modernization	\$150,001 - \$400,000
JTD1 NEUCO Scoot Opt Controls	Infrastructure Modernization	\$150,001 - \$400,000
JTD2 BFPT Rotor	Infrastructure Modernization	\$150,001 - \$400,000
JTD2 NEUCO Scoot Opt Controls	Infrastructure Modernization	\$150,001 - \$400,000
LCP Sprint Kit	Infrastructure Modernization	\$150,001 - \$400,000
Lytle Tower	Infrastructure Modernization	\$150,001 - \$400,000
NAVARRO BUILDING CHILLER	Infrastructure Modernization	\$150,001 - \$400,000
ONS Network	Infrastructure Modernization	\$150,001 - \$400,000
OWS1 Main Aux Transformer	Infrastructure Modernization	\$150,001 - \$400,000
Replacement of NCR 7780 transporters & Scanner	Infrastructure Modernization	\$150,001 - \$400,000
Standards and Calibration Laboratory	Infrastructure Modernization	\$150,001 - \$400,000
Storage Upgrade	Infrastructure Modernization	\$150,001 - \$400,000
Substation Capital Tools & Equipment	Infrastructure Modernization	\$150,001 - \$400,000
Telephony Adjuncts, License and Maintenance	Infrastructure Modernization	\$150,001 - \$400,000
Telephony upgrades and Enterprise Survivability Systems	Infrastructure Modernization	\$150,001 - \$400,000
Tranco-Cagnon to AVR(345kv):TLRU	Infrastructure Modernization	\$150,001 - \$400,000
Tranco-Spruce to AVR:TLRU	Infrastructure Modernization	\$150,001 - \$400,000
UG Emergency Replacement	Infrastructure Modernization	\$150,001 - \$400,000
Unified Communications - (EOL)	Infrastructure Modernization	\$150,001 - \$400,000
UNIX Virtualization	Infrastructure Modernization	\$150,001 - \$400,000
Upgrade of access control readers and access cards	Infrastructure Modernization	\$150,001 - \$400,000
Vehicle Replacements	Infrastructure Modernization	\$150,001 - \$400,000
VHB SITE DIESEL FIRE PUMPS	Infrastructure Modernization	\$150,001 - \$400,000
Avr Site Historical HMI Honeywell Replacement	Infrastructure Modernization	\$5,000 - \$150,000
Braunig Concrete Boat Ramp	Infrastructure Modernization	\$5,000 - \$150,000
Cataveras Boat Ramps	Infrastructure Modernization	\$5,000 - \$150,000
Cataveras Site Boiler Blowdown	Infrastructure Modernization	\$5,000 - \$150,000
Cap-Over Pressure Protection (OPP)	Infrastructure Modernization	\$5,000 - \$150,000
DBC Debt Manager Software - Interface to General Ledger	Infrastructure Modernization	\$5,000 - \$150,000
Diagnostic Equipment & New Technology	Infrastructure Modernization	\$5,000 - \$150,000
Dir Pur - Telecom Tools and test equipment	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Ball Park #1:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Ball Park #3:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Harlandale #1:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Harlandale #2:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Somerset #4:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Walzern #1:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Westside #2:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
EMC / Jones Upgrades	Infrastructure Modernization	\$5,000 - \$150,000
Gas RTUs Wireless for SCADA	Infrastructure Modernization	\$5,000 - \$150,000
JKS1 Absorber Tower	Infrastructure Modernization	\$5,000 - \$150,000
JKS1 Coal Mill Lube Oil Modicon System	Infrastructure Modernization	\$5,000 - \$150,000
JTD Valve Replacements	Infrastructure Modernization	\$5,000 - \$150,000
Military Base Conversion GAS - 20yr SR	Infrastructure Modernization	\$5,000 - \$150,000
Multimedia Equipment	Infrastructure Modernization	\$5,000 - \$150,000
Navarro Building Cooling Tower	Infrastructure Modernization	\$5,000 - \$150,000
Navarro Building Outside Make-Up, Duct & Motor	Infrastructure Modernization	\$5,000 - \$150,000
OH System Improvement at Brooks	Infrastructure Modernization	\$5,000 - \$150,000
OWS 1 Gas Valve Actuator	Infrastructure Modernization	\$5,000 - \$150,000
OWS 2 Gas Valve Actuator	Infrastructure Modernization	\$5,000 - \$150,000
OWS VALVES	Infrastructure Modernization	\$5,000 - \$150,000
OWS2 Auxiliary Boiler Feed Pump	Infrastructure Modernization	\$5,000 - \$150,000
OWS2 Turbine Trip Block Valve	Infrastructure Modernization	\$5,000 - \$150,000
Purchase of Security Technician Vehicle	Infrastructure Modernization	\$5,000 - \$150,000
Replacement of Security Technician Vehicle	Infrastructure Modernization	\$5,000 - \$150,000
Substation Battery Replacement	Infrastructure Modernization	\$5,000 - \$150,000
Substation Varnint Proofing	Infrastructure Modernization	\$5,000 - \$150,000
Temp OH electric services	Infrastructure Modernization	\$5,000 - \$150,000
TLRU - Braunig to Elmendorf	Infrastructure Modernization	\$5,000 - \$150,000
Tranco-Balpark to Deely:TLRU	Infrastructure Modernization	\$5,000 - \$150,000
Tranco-Deely to Laredo St.:TLRU	Infrastructure Modernization	\$5,000 - \$150,000
Tranco-Harlandale to Sommers:TLRU	Infrastructure Modernization	\$5,000 - \$150,000
Underground Residential (URD) - Emergen	Infrastructure Modernization	\$5,000 - \$150,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Category and \$ Range

Project Description	Category	\$ Range
VHB FUEL OIL PIPELINE REPLACEMENT	Infrastructure Modernization	\$5,000 - \$150,000
Web Training Dvlp Room Furniture	Infrastructure Modernization	\$5,000 - \$150,000
Cap-NEW COAL GENERATING UNIT	Special Projects	> \$10,000,000
Renewable Project	Special Projects	> \$10,000,000
STP 182	Special Projects	> \$10,000,000
AMI-Advanced Metering Infrastructure-Imp	Special Projects	\$4,000,000 - \$10,000,000
MDM-Meter Data Management	Special Projects	\$4,000,000 - \$10,000,000
Cataveras Lake Bows	Special Projects	\$1,000,000 - \$4,000,000
Capital Initiatives Identified by	Special Projects	\$1,000,000 - \$4,000,000
Corp Adj-Increase health and pension costs	Special Projects	\$1,000,000 - \$4,000,000
Desktops	Special Projects	\$1,000,000 - \$4,000,000
Dir Purch Constr Equip-Production	Special Projects	\$1,000,000 - \$4,000,000
Direct Purch - Fleet ModernizationConst Equip Stores	Special Projects	\$1,000,000 - \$4,000,000
Harmony Radio System Expansion - Phase IV	Special Projects	\$1,000,000 - \$4,000,000
MDS Upgrade R10 X	Special Projects	\$1,000,000 - \$4,000,000
VHB PEAKING UNITS	Special Projects	\$1,000,000 - \$4,000,000
WMIS Upgrade (Tot Cap)	Special Projects	\$1,000,000 - \$4,000,000
Centralized PI Data Historian	Special Projects	\$400,001 - \$1,000,000
Distribution Management System (DMS)	Special Projects	\$400,001 - \$1,000,000
DP Const Equip -Util/Gasco FY10-14	Special Projects	\$400,001 - \$1,000,000
STP 384	Special Projects	\$400,001 - \$1,000,000
Business Center Development	Special Projects	\$150,001 - \$400,000
Data Center Improvemnts MO 9th Floor (Fire)	Special Projects	\$150,001 - \$400,000
Demand Response System (Capital)	Special Projects	\$150,001 - \$400,000
Dir Pur - Fleet Replacement	Special Projects	\$150,001 - \$400,000
Dir Purch Cap Tools-Equip - Genco	Special Projects	\$150,001 - \$400,000
Dir Purch Cap Tools-Equip-Util/Disco	Special Projects	\$150,001 - \$400,000
Dir Purch-Financial Analysis & Rptng	Special Projects	\$150,001 - \$400,000
DP Vehicles - Utility/Gasco FY 10-14	Special Projects	\$150,001 - \$400,000
E-Discovery	Special Projects	\$150,001 - \$400,000
Fleet Smart Fuel System	Special Projects	\$150,001 - \$400,000
GEO Special Projects	Special Projects	\$150,001 - \$400,000
IVR-Additional Functionality (Capital)	Special Projects	\$150,001 - \$400,000
O&M Plugin HybridElecVehicle	Special Projects	\$150,001 - \$400,000
Purchase AMI Modules	Special Projects	\$150,001 - \$400,000
Rate Options On-line	Special Projects	\$150,001 - \$400,000
SAP Portal Enhancements	Special Projects	\$150,001 - \$400,000
Secured Evidence Storage (Capital)	Special Projects	\$150,001 - \$400,000
Smart Grid Technology Integration	Special Projects	\$150,001 - \$400,000
Troux Module	Special Projects	\$150,001 - \$400,000
Web Self Service - Phase II (Capital)	Special Projects	\$150,001 - \$400,000
Braunig Potable Water Main for Power Station	Special Projects	\$150,001 - \$400,000
Comp Equip - Genco	Special Projects	\$5,000 - \$150,000
Curallment Mgr (Tot Cap)	Special Projects	\$5,000 - \$150,000
Database Performance Mgmt Tools	Special Projects	\$5,000 - \$150,000
Dir Purch Cap Tools Equip - OE&SS	Special Projects	\$5,000 - \$150,000
Dir Purch Cap Tools-Equip-Util/Gasco	Special Projects	\$5,000 - \$150,000
Dir Purch Comp Equip - Utility/DiscoTEMP	Special Projects	\$5,000 - \$150,000
Dir Purch Office Equip-Genco	Special Projects	\$5,000 - \$150,000
Dir Purch-Comp Equip-Financial Svcs	Special Projects	\$5,000 - \$150,000
Direct Purchase – Copier	Special Projects	\$5,000 - \$150,000
Electronic Bill Payment Present(Capital)	Special Projects	\$5,000 - \$150,000
Email/Text system	Special Projects	\$5,000 - \$150,000
Energy Efficiency Microsite	Special Projects	\$5,000 - \$150,000
Equipment for Technical Services in Customer Solutions and Economic Development	Special Projects	\$5,000 - \$150,000
HPSM Knowledge - Employee Self Service	Special Projects	\$5,000 - \$150,000
HPSM Request Management	Special Projects	\$5,000 - \$150,000
HPSM Service Catalog	Special Projects	\$5,000 - \$150,000
Mass Email and Text Capability	Special Projects	\$5,000 - \$150,000
Media Equipment	Special Projects	\$5,000 - \$150,000
O&M Energy Management System Pilot	Special Projects	\$5,000 - \$150,000
Proactive Dialer Transfer Feature	Special Projects	\$5,000 - \$150,000
Purchase of Furniture	Special Projects	\$5,000 - \$150,000
Reconfigure Magnolia PC Lab	Special Projects	\$5,000 - \$150,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Category and \$ Range

Project Description	Category	\$ Range
Remote Pressure Monitoring	Special Projects	\$5,000 - \$150,000
Remote Supervisory Equipment	Special Projects	\$5,000 - \$150,000
Single Sign On	Special Projects	\$5,000 - \$150,000
Syst Measurement & Tech Green Mtn-CAP	Special Projects	\$5,000 - \$150,000
Time Entry via SAP Portal	Special Projects	\$5,000 - \$150,000
Webroom Deployment	Special Projects	\$5,000 - \$150,000
Common Construction	System Growth	\$4,000,000 - \$10,000,000
TCC Grissom Re-Route	System Growth	\$4,000,000 - \$10,000,000
Upgrade conductor	System Growth	\$4,000,000 - \$10,000,000
Blossom - New Substation	System Growth	\$1,000,000 - \$4,000,000
Cap - Gas Supply Lines	System Growth	\$1,000,000 - \$4,000,000
Cap - Gas Distribution Mains	System Growth	\$1,000,000 - \$4,000,000
Common - Mauermann Substation (A5)	System Growth	\$1,000,000 - \$4,000,000
Common Construction - Talley Rd.	System Growth	\$1,000,000 - \$4,000,000
Direct Purchase Pre-Cap Netwkr Protectors	System Growth	\$1,000,000 - \$4,000,000
DISCO Planning and Construction	System Growth	\$1,000,000 - \$4,000,000
Disco-Nacodoches-Install TR/SWGR	System Growth	\$1,000,000 - \$4,000,000
Distribution Automation Equipment	System Growth	\$1,000,000 - \$4,000,000
LA Heights, Line Breakers & Remote Ends	System Growth	\$1,000,000 - \$4,000,000
New Feeder circuits for Growth	System Growth	\$1,000,000 - \$4,000,000
Right of Way	System Growth	\$1,000,000 - \$4,000,000
Anderson Loop	System Growth	\$400,001 - \$1,000,000
Capital Maint (Unforeseen Replacement)	System Growth	\$400,001 - \$1,000,000
Dir Pur Pre-Cap Capacitor Banks	System Growth	\$400,001 - \$1,000,000
Miscellaneous Electric OH Improvements	System Growth	\$400,001 - \$1,000,000
Oracle Database License Expansion	System Growth	\$400,001 - \$1,000,000
Tranco-Castroville-Install 138kv L(TAEP)	System Growth	\$400,001 - \$1,000,000
UG Line/Svc Downtown Netwkr Customers	System Growth	\$400,001 - \$1,000,000
Cap-City Gate Stations	System Growth	\$150,001 - \$400,000
Conversion of 13kV to 35kV	System Growth	\$150,001 - \$400,000
Current Data Centers (Interim replacement Equip)	System Growth	\$150,001 - \$400,000
Dir Pur Pre-Cap Voltage Regulators	System Growth	\$150,001 - \$400,000
Disco-Hill Cnty 138kv-Install TR/SWGR	System Growth	\$150,001 - \$400,000
Hill Cnty - Stonegate 2nd 138KV Ckt	System Growth	\$150,001 - \$400,000
ICS - TAMU-SA Fiber Optic Extension	System Growth	\$150,001 - \$400,000
Integration Network Management Systems	System Growth	\$150,001 - \$400,000
Middleware Expansion	System Growth	\$150,001 - \$400,000
Monopole Tower - Howard Road	System Growth	\$150,001 - \$400,000
Quality Assurance Tool	System Growth	\$150,001 - \$400,000
Talley Road Transmission Loop	System Growth	\$150,001 - \$400,000
Transmission Line Project	System Growth	\$150,001 - \$400,000
Tuttle - Kirby 138KV	System Growth	\$150,001 - \$400,000
Cap-Custody Transfer Gas Measurement	System Growth	\$5,000 - \$150,000
Cap-District Regulators	System Growth	\$5,000 - \$150,000
Cap-Install Underground Services Kelly	System Growth	\$5,000 - \$150,000
Dir Purch PreCap Gas System Regulator	System Growth	\$5,000 - \$150,000
Hill Country 4th Auto Addition - 138KV Transmission Circuit	System Growth	\$5,000 - \$150,000
Miscellaneous Electric UG Improvements	System Growth	\$5,000 - \$150,000
Telenium - Network Mgt System (EOP)	System Growth	\$5,000 - \$150,000
<b>Grand Total CPS Energy</b>		

> \$10,000,000
\$4,000,000 - \$10,000,000
\$1,000,000 - \$4,000,000
\$400,001 - \$1,000,000
\$150,001 - \$400,000
\$5,000 - \$150,000





**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Project Description

Project Description	Category	\$ Range
A/C Replacement Communication Shelters	Infrastructure Modernization	\$150,001 - \$400,000
AML-Advanced Metering Infrastructure-Imp	Special Projects	\$4,000,000 - \$10,000,000
Anderson Loop	System Growth	\$400,001 - \$1,000,000
Archiving CCS,PMISAP	Infrastructure Modernization	\$400,001 - \$1,000,000
Audio and Video Conference Upgrades - (EOL)	Infrastructure Modernization	\$150,001 - \$400,000
Austin Rd - Kirby Rebuild	Environmental/Legislative/Regulatory	\$4,000,000 - \$10,000,000
Avaya IQ - Replacement for NICE Analyzer and CMS	Infrastructure Modernization	\$150,001 - \$400,000
Avaya Voice Portal Outage Notification	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
AVR CT2 Capital Parts (not covered under LTSA)	Infrastructure Modernization	\$400,001 - \$1,000,000
AVR Site CEMS Upgrade	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
AVR Site Historican HMI Honeywell Replacement	Infrastructure Modernization	\$5,000 - \$150,000
AVR SITE LTSA CAPITAL PARTS	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Badger Remote Terminal Unit (RTU) Replacement (EOP)	Infrastructure Modernization	\$150,001 - \$400,000
Battery Sets (Refresh - "D" Project) (EOL)	Infrastructure Modernization	\$150,001 - \$400,000
BI Real Time Data Migration	Infrastructure Modernization	\$150,001 - \$400,000
BlackBerry Enterprise Server and PGP	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Blossom - New Substation	System Growth	\$1,000,000 - \$4,000,000
BOBJ Security	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Braunig Concrete Boat Ramp	Infrastructure Modernization	\$5,000 - \$150,000
Braunig Dam Concrete Toe Drain Ditch	Infrastructure Modernization	\$400,001 - \$1,000,000
Braunig Page Phone System Upgrade	Infrastructure Modernization	\$150,001 - \$400,000
Braunig Potable Water Main for Power Station	Special Projects	\$5,000 - \$150,000
Business Center Development	Special Projects	\$150,001 - \$400,000
Calaveras Boat Ramps	Infrastructure Modernization	\$5,000 - \$150,000
Calaveras Lake Bouys	Special Projects	\$1,000,000 - \$4,000,000
Calaveras Power Station Road Improvement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Calaveras Site Boiler Blowdown	Infrastructure Modernization	\$5,000 - \$150,000
CAP - Install & Remove Gas Serv<800 Cfh	Customer Growth	\$400,001 - \$1,000,000
CAP - Install Gas Mains Apartments	Customer Growth	\$400,001 - \$1,000,000
CAP - Install Gas Mains Residential	Customer Growth	\$5,000 - \$150,000
CAP - Install Gas Subd Infrastructure	Customer Growth	\$1,000,000 - \$4,000,000
CAP - Install Plastic Stubbs	Customer Growth	\$150,001 - \$400,000
CAP Civic Improv Renewal Other	Civic Improvement	\$400,001 - \$1,000,000
Cap - Gas Supply Lines	System Growth	\$1,000,000 - \$4,000,000
CAP - Install Gas Mains Comm / Industrial	Customer Growth	\$5,000 - \$150,000
Cap-City Gate Stations	System Growth	\$150,001 - \$400,000
Cap-Civic Imp TXDOT Nonreimbursal	Civic Improvement	\$400,001 - \$1,000,000
Cap-Civic Imp TXDOT Reimbursable	Civic Improvement	\$150,001 - \$400,000
Cap-Civic Improvement - Bexar County	Civic Improvement	\$1,000,000 - \$4,000,000
Cap-Civic Improvement - City of SA	Civic Improvement	\$4,000,000 - \$10,000,000
Cap-Civic Improvements - Other	Civic Improvement	\$5,000 - \$150,000
Cap-Conversion 4kv OH Elec	Infrastructure Modernization	\$150,001 - \$400,000
Cap-Custody Transfer Gas Measurement	System Growth	\$5,000 - \$150,000
Cap-District Regulators	System Growth	\$5,000 - \$150,000
Cap-Gas Customer Growth	Customer Growth	\$1,000,000 - \$4,000,000
Cap-Gas Distribution Mains	System Growth	\$1,000,000 - \$4,000,000
Cap-Genco Construction of Gasco Assets	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Cap-Inst OH Elec Serv FSCB	Customer Growth	\$5,000 - \$150,000
Cap-Install Plastic Services FY10-12	Customer Growth	\$1,000,000 - \$4,000,000
Cap-Install Underground Services Kelly	System Growth	\$5,000 - \$150,000
Capital Facilities & Infrastructure Repairs	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Capital Initiatives identified by	Special Projects	\$1,000,000 - \$4,000,000
Capital Maint (Unforeseen Replacement)	System Growth	\$400,001 - \$1,000,000
Cap-NEW COAL GENERATING UNIT	Special Projects	> \$10,000,000
Cap-Over Pressure Protection [OPP]	Infrastructure Modernization	\$5,000 - \$150,000
Cap-Replace DP Facilities	Infrastructure Modernization	\$400,001 - \$1,000,000
Cap-Replace SP Mains	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Cap-Replace Steel Gas Serv w/ Plastic	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Centralized PI Data Historian	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Circuit Upgrades Due to Poor Reliability	Special Projects	\$400,001 - \$1,000,000
Coal Conveyor Spare Motor	Infrastructure Modernization	\$4,000,000 - \$10,000,000
Common - Mauermann Substation (A5)	System Growth	\$150,001 - \$400,000
Common Construction	System Growth	\$1,000,000 - \$4,000,000
Common Construction	Infrastructure Modernization	\$4,000,000 - \$10,000,000
Common Construction - Talley Rd.	System Growth	\$1,000,000 - \$4,000,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Project Description

Project Description	Category	\$ Range
Comp Equip - Genco	Special Projects	\$5,000 - \$150,000
Construction Centers Code Compliance	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Control Room Upgrade	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Conversion of 13kV to 35kV	System Growth	\$150,001 - \$400,000
Corp Adj-Increase health and pension costs	Special Projects	\$1,000,000 - \$4,000,000
Corporate Network Infrastructure	Infrastructure Modernization	\$400,001 - \$1,000,000
Corporate WiFi Infrastructure	Infrastructure Modernization	\$150,001 - \$400,000
Critical Application Servers - EAD	Infrastructure Modernization	\$150,001 - \$400,000
Current Data Centers (Interim replacement Equip)	System Growth	\$150,001 - \$400,000
Curtilment Mgr (Tot Cap)	Special Projects	\$5,000 - \$150,000
Customer Care (Tot Cap)	Special Projects	\$5,000 - \$150,000
CY Conveyor Belt Replacements	Infrastructure Modernization	\$400,001 - \$1,000,000
CY VFD on CY Dumper Motor	Infrastructure Modernization	\$150,001 - \$400,000
Data Center Improvements MO 9th Floor (Fire)	Special Projects	\$150,001 - \$400,000
Database Performance Mgmt Tools	Special Projects	\$5,000 - \$150,000
DBC Debt Manager Software - Interface to General Ledger	Infrastructure Modernization	\$5,000 - \$150,000
Demand Response System (Capital)	Special Projects	\$150,001 - \$400,000
Desktops	Special Projects	\$1,000,000 - \$4,000,000
Diagnostic Equipment & New Technology	Infrastructure Modernization	\$5,000 - \$150,000
Dir Pur - Fleet Replacement	Special Projects	\$150,001 - \$400,000
Dir Pur - Telecom Tools and test equipment	Infrastructure Modernization	\$5,000 - \$150,000
Dir Pur - Tools	Infrastructure Modernization	\$400,001 - \$1,000,000
Dir Pur Pre-Cap 1 Phase Padmnt Transfrm	Customer Growth	\$4,000,000 - \$10,000,000
Dir Pur Pre-Cap 3 Phase Padmnt Transfrm	Customer Growth	\$1,000,000 - \$4,000,000
Dir Pur Pre-Cap Capacitor Banks	System Growth	\$400,001 - \$1,000,000
Dir Pur Pre-Cap Network Transformers	Customer Growth	\$400,001 - \$1,000,000
Dir Pur Pre-Cap Overhead Transformers-AI	Customer Growth	\$4,000,000 - \$10,000,000
Dir Pur Pre-Cap Voltage Regulators	System Growth	\$150,001 - \$400,000
Dir Purch Cap Tools-Equip - OE&SS	Special Projects	\$5,000 - \$150,000
Dir Purch Cap Tools-Equip - Genco	Special Projects	\$150,001 - \$400,000
Dir Purch Cap Tools-Equip-Util/Disco	Special Projects	\$150,001 - \$400,000
Dir Purch Cap Tools-Equip-Util/Gasco	Special Projects	\$5,000 - \$150,000
Dir Purch Comp Equip - Utility/DiscoTEMP	Special Projects	\$5,000 - \$150,000
Dir Purch Constr Equip-Production	Special Projects	\$1,000,000 - \$4,000,000
Dir Purch ERT Modules	Customer Growth	\$400,001 - \$1,000,000
Dir Purch Pre-Cap Elect Meters w/CITVT	Customer Growth	\$400,001 - \$1,000,000
Dir Purch Pre-Cap Elect Meters w/o CITVT	Customer Growth	\$400,001 - \$1,000,000
Dir Purch Pre-Cap Electric Meter Cabinet	Customer Growth	\$1,000,000 - \$4,000,000
Dir Purch Pre-Cap Electric Transocket	Customer Growth	\$150,001 - \$400,000
Dir Purch PreCap Electric Transocket	Customer Growth	\$5,000 - \$150,000
Dir Purch PreCap Gas Com/Innd Regultr	Customer Growth	\$5,000 - \$150,000
Dir Purch Pre-Cap Gas Meters	Customer Growth	\$400,001 - \$1,000,000
Dir Purch Pre-Cap Gas Serv Regulator	Customer Growth	\$150,001 - \$400,000
Dir Purch PreCap Gas System Regulator	System Growth	\$5,000 - \$150,000
Dir Purchase - Call Logging System Expansion	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Dir Purchase Office Equip-Genco	Special Projects	\$5,000 - \$150,000
Dir Purch-Comp Equip-Financial Svcs	Special Projects	\$5,000 - \$150,000
Dir Purch-Financial Analysis & Rptng	Special Projects	\$5,000 - \$150,000
Direct Purch - Fleet Modernization/Const Equip Stores	Special Projects	\$150,001 - \$400,000
Direct Purch Const Equip-EDS DISCO	Special Projects	\$1,000,000 - \$4,000,000
Direct Purch Const Equip-EDS TRANCO	Infrastructure Modernization	\$400,001 - \$1,000,000
Direct Purch Vehicles-EDS DISCO	Infrastructure Modernization	\$400,001 - \$1,000,000
Direct Purch Vehicles-EDS TRANCO	Infrastructure Modernization	\$400,001 - \$1,000,000
Direct Purchase - Copier	Special Projects	\$5,000 - \$150,000
Direct Purchase Pre-Cap ION Meters	Customer Growth	\$150,001 - \$400,000
Direct Purchase Pre-Cap Netwk Protectors	System Growth	\$1,000,000 - \$4,000,000
DISCO Planning and Construction	System Growth	\$1,000,000 - \$4,000,000
Disco-Austin Rd.:Replace TR#1/SWGR#1	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Disco-Ball Park #1:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Ball Park #3:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Capital Maintenance FY2012	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Disco-Dresden:Replace TR#3/SWGR #2&#3	Infrastructure Modernization	\$400,001 - \$1,000,000
Disco-Harlandale #1:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Harlandale #2:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Hill Cntry 138kv:Install TR/SWGR	System Growth	\$150,001 - \$400,000
Disco-LA Heights:Replace SWGRs #1 &#2	Infrastructure Modernization	\$150,001 - \$400,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Project Description

Project Description	Category	\$ Range
Disco-Medina Base:Replace TR#2/SWGR#2	Infrastructure Modernization	\$150,001 - \$400,000
Disco-Multi-Subst.:Feeder Upgrade FY2012	Infrastructure Modernization	\$400,001 - \$1,000,000
Disco-Nacogdoches:Install TR/SWGR	System Growth	\$1,000,000 - \$4,000,000
Disco-Somerset #4:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-South San:Replace SWGR#1	Infrastructure Modernization	\$400,001 - \$1,000,000
Disco-SWRI:Upgrade Transfs.	Customer Growth	\$1,000,000 - \$4,000,000
Disco-Walzem #1:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Disco-Westside #2:DFRU	Infrastructure Modernization	\$5,000 - \$150,000
Distribution Automation	Infrastructure Modernization	\$150,001 - \$400,000
Distribution Automation Equipment	System Growth	\$1,000,000 - \$4,000,000
Distribution Management System (DMS)	Special Projects	\$400,001 - \$1,000,000
DNP/IP Conversion	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Downtown Network System Improvement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
DP Const Equip -Util/Gasco FY10-14	Special Projects	\$400,001 - \$1,000,000
DP Vehicles -Utility/Gasco FY 10-14	Special Projects	\$150,001 - \$400,000
DWDM Optical Networking Gear	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
E-Discovery	Special Projects	\$400,001 - \$1,000,000
Elec Cony City of San Antonio-OH-CAP	Civic Improvement	\$1,000,000 - \$4,000,000
Electronic Bill Payment Present(Capital)	Special Projects	\$5,000 - \$150,000
Email/Text System	Special Projects	\$5,000 - \$150,000
EMC / Jones Upgrades	Infrastructure Modernization	\$5,000 - \$150,000
Emergency Generators	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
EMO-NERC CI	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
EMO-Upgrade GMS/MOS for ERCOT NODAL PH1	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Energy Efficiency Microsite	Special Projects	\$5,000 - \$150,000
Enterprise Server Upgrades	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Enterprise Storage Upgrades	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Environmental - Legal - Cagnon - Kendall	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Equipment for Technical Services in Customer Solutions and Economic Development	Special Projects	\$5,000 - \$150,000
Fiber Construction - Brooks to Braunig	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Fiber Construction - Brooks to Chaveneaux	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
Fiber Construction - EMC - BUDC - St. Hedwig	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Fire Detection/Suppression Systems	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Fleet Smart Fuel System	Special Projects	\$150,001 - \$400,000
Future Control Systems' Projects - These	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Gas RTUs Wireless for SCADA	Infrastructure Modernization	\$5,000 - \$150,000
Gas SCADA Project	Infrastructure Modernization	\$400,001 - \$1,000,000
Gas Transmission Work - Non Civic	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
GEO Special Projects	Special Projects	\$150,001 - \$400,000
Harmony Radio System Expansion - Phase IV	Special Projects	\$1,000,000 - \$4,000,000
Hill Cntry - Stonegate 2nd 138kV Ckt	System Growth	\$150,001 - \$400,000
Hill Country 4th Auto Addition - 138kV Transmission Circuit	System Growth	\$5,000 - \$150,000
HPSM Knowledge - Employee Self Service	Special Projects	\$5,000 - \$150,000
HPSM Request Management	Special Projects	\$5,000 - \$150,000
HPSM Service Catalog	Special Projects	\$5,000 - \$150,000
HPSM System Upgrade	Infrastructure Modernization	\$150,001 - \$400,000
IBM Tivoli Application Dependency Discovery Mgr.	Infrastructure Modernization	\$5,000 - \$150,000
ICS - TAMU-SA Fiber Optic Extension	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Install & Remove Gas Serv >800CFH	System Growth	\$150,001 - \$400,000
Install Capacitor Banks	Customer Growth	\$400,001 - \$1,000,000
Integration Network Management Systems	Infrastructure Modernization	\$400,001 - \$1,000,000
IVR-Additional Functionality (Capital)	System Growth	\$150,001 - \$400,000
JKS1 Absorber Tower	Special Projects	\$150,001 - \$400,000
JKS1 Acoustic Monitoring System	Infrastructure Modernization	\$5,000 - \$150,000
JKS1 Coal Mill Lube Oil Modicon System	Infrastructure Modernization	\$150,001 - \$400,000
JKS1 Generator Step Up Transformer	Infrastructure Modernization	\$5,000 - \$150,000
JKS1 Generator Step Up Transformer	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS1 Mercury Control Project	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS2 Boiler Work Platform	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JKS2 Flow Monitors	Infrastructure Modernization	\$150,001 - \$400,000
JKS2 Selective Catalytic Reduction (SCR) Catalyst Addition	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD Site Reserve Aux Transformer	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD Valve Replacements	Infrastructure Modernization	\$400,001 - \$1,000,000
JTD1 Coultant Bottom Replacement	Infrastructure Modernization	\$5,000 - \$150,000
JTD1 NEUCO Soot Opt Controls	Infrastructure Modernization	\$1,000,000 - \$4,000,000
JTD1 NEUCO Soot Opt Controls	Infrastructure Modernization	\$150,001 - \$400,000





**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Project Description

Project Description	Category	\$ Range
OWS1 Superheater	Infrastructure Modernization	\$400,001 - \$1,000,000
OWS2 Auxiliary Boiler Feed Pump	Infrastructure Modernization	\$5,000 - \$150,000
OWS2 Exciter	Infrastructure Modernization	\$1,000,000 - \$4,000,000
OWS2 Reheater and Superheater Assemblies	Infrastructure Modernization	\$4,000,000 - \$10,000,000
OWS2 Turbine Trip Block Valve	Infrastructure Modernization	\$5,000 - \$150,000
PC Replacements	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
PI Gateway for Spectrum	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Pole Replacement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Power Plant Information Security	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Power Plant NERC Security	Environmental/Legislative/Regulatory	\$4,000,000 - \$10,000,000
PowerWorld Topology Processor	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Proactive Dialer Transfer Feature	Special Projects	\$5,000 - \$150,000
Purchase AMI Modules	Special Projects	\$150,001 - \$400,000
Purchase of Furniture	Special Projects	\$5,000 - \$150,000
Purchase of Security Technician Vehicle for new employee	Infrastructure Modernization	\$5,000 - \$150,000
Quality Assurance Tool	System Growth	\$150,001 - \$400,000
Rate Options On-line	Special Projects	\$150,001 - \$400,000
Reconfigure Magnolia PC Lab	Special Projects	\$5,000 - \$150,000
Rebuild Toyota to Valley Rd. 138 kV Transmission Line	Infrastructure Modernization	\$4,000,000 - \$10,000,000
Reclosers for Circuit Reliability	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Relocate Network for Civ Imprvm Projects	Civic Improvement	\$5,000 - \$150,000
Relocate OH for Bexar Civic Projects	Civic Improvement	\$400,001 - \$1,000,000
Relocate OH for COSA Civic Projects	Civic Improvement	\$1,000,000 - \$4,000,000
Relocate UG for Civ Imprvm Projects	Civic Improvement	\$400,001 - \$1,000,000
Remodel, Remove & Reroute Gas Serv Res	Customer Growth	\$150,001 - \$400,000
Remote Pressure Monitoring	Special Projects	\$5,000 - \$150,000
Remote Supervisory Equipment	Special Projects	\$5,000 - \$150,000
Renewable Project	Special Projects	> \$10,000,000
Replace Substion Transfrmr Oil Proce	Infrastructure Modernization	\$400,001 - \$1,000,000
Replacement of NCR 7780 transporters & Scanner	Infrastructure Modernization	\$150,001 - \$400,000
Replacement of Security Technician Vehicle	Infrastructure Modernization	\$5,000 - \$150,000
Reroute OH Line-Comm/Indust Customers	Customer Growth	\$400,001 - \$1,000,000
Rright of Way	System Growth	\$1,000,000 - \$4,000,000
SAP Functional Release 1	Infrastructure Modernization	\$400,001 - \$1,000,000
SAP Portal Enhancements	Special Projects	\$150,001 - \$400,000
SAP/CRM Conversion (Capital)	Infrastructure Modernization	\$4,000,000 - \$10,000,000
SCADA for Solar Sites	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
SCADA-Cagnon-4 Line Terms-S-0401	Infrastructure Modernization	\$400,001 - \$1,000,000
Secured Evidence Storage (Capital)	Special Projects	\$150,001 - \$400,000
Server Consolidation Virtualization	Infrastructure Modernization	\$400,001 - \$1,000,000
Single Sign On	Special Projects	\$5,000 - \$150,000
Smart Grid Technology Integration	Special Projects	\$150,001 - \$400,000
Standards and Calibration Laboratory	Infrastructure Modernization	\$150,001 - \$400,000
Storage Upgrade	Infrastructure Modernization	\$150,001 - \$400,000
STP 1&2	Special Projects	> \$10,000,000
STP 3&4	Special Projects	\$400,001 - \$1,000,000
Substation Battery Replacement	Infrastructure Modernization	\$5,000 - \$150,000
Substation Capital Tools & Equipment	Infrastructure Modernization	\$150,001 - \$400,000
Substation Varmint Proofing	Infrastructure Modernization	\$5,000 - \$150,000
Sync ERCOT NIMMS and CPS CMMS models	Environmental/Legislative/Regulatory	\$5,000 - \$150,000
Syst Measurement & Tech Green Mtn-CAP	Special Projects	\$5,000 - \$150,000
Talley Road Transmission Loop	System Growth	\$150,001 - \$400,000
TCC Grisson Re-Route	System Growth	\$4,000,000 - \$10,000,000
Telenium - Network Mgt System (EOF)	System Growth	\$5,000 - \$150,000
Telephony Adjuncts, License and Maintenance	Infrastructure Modernization	\$150,001 - \$400,000
Telephony upgrades and Enterprise Survivability Systems	Infrastructure Modernization	\$150,001 - \$400,000
Temp OH electric services	Infrastructure Modernization	\$5,000 - \$150,000
Texas A&M University Tamus UG-CAP	Civic Improvement	\$150,001 - \$400,000
Time Entry via SAP Portal	Special Projects	\$5,000 - \$150,000
TLRU - Brauning to El mendorf	Infrastructure Modernization	\$5,000 - \$150,000
Tranco-Ballpark to Deely:TLRU	Infrastructure Modernization	\$5,000 - \$150,000
Tranco-Cagnon to AVR(345kV):TLRU	Infrastructure Modernization	\$150,001 - \$400,000
Tranco-Castroville:Install 138kV LTA(EEP)	System Growth	\$400,001 - \$1,000,000
Tranco-Deely to Laredo St.:TLRU	Infrastructure Modernization	\$5,000 - \$150,000
Tranco-Hartandale to Sommers:TLRU	Infrastructure Modernization	\$5,000 - \$150,000



**FISCAL YEAR 2012 BUDGET REPORT**  
**Capital Plan**  
 Sorted By Project Description

Project Description	Category	\$ Range
Tranco-Hill Cntry:Install 4th Auto/Ph.1	Environmental/Legislative/Regulatory	\$4,000,000 - \$10,000,000
Tranco-LeoncCrk-PearSall:ML:SE Upgrades	Infrastructure Modernization	\$400,001 - \$1,000,000
Tranco-Multi-Station:NERC Sec. FY12-13	Environmental/Legislative/Regulatory	\$400,001 - \$1,000,000
Tranco-Spruce to AVR:TLRU	Infrastructure Modernization	\$150,001 - \$400,000
Transmission Line Project	System Growth	\$150,001 - \$400,000
Trouc Module	Special Projects	\$150,001 - \$400,000
Tuttle - Kirby 138kV	System Growth	\$150,001 - \$400,000
UG All Night Streetlight (ANSLS)	Customer Growth	\$150,001 - \$400,000
UG Commercial Line Ext/Serv/Mtr	Customer Growth	\$5,000 - \$150,000
UG Commercial Line Ext/Serv/Mtr-Brooks	Customer Growth	\$400,001 - \$1,000,000
UG Elec Sys Imprv at Old Kelly AFB	Infrastructure Modernization	\$400,001 - \$1,000,000
UG Electric Main Extension-Residential	Customer Growth	\$400,001 - \$1,000,000
UG Electric Service-Residential	Customer Growth	\$1,000,000 - \$4,000,000
UG Emergency Replacements	Infrastructure Modernization	\$150,001 - \$400,000
UG Facility Improvements-CAP	Infrastructure Modernization	\$4,000,000 - \$10,000,000
UG Infrastructure APT, MHP	Customer Growth	\$400,001 - \$1,000,000
UG Infrastructure Subdivision	Customer Growth	\$4,000,000 - \$10,000,000
UG Line & Svc for Comm/Indust Cust	Customer Growth	\$400,001 - \$1,000,000
UG Line & Svc for Comm/Indust Cust	Customer Growth	\$150,001 - \$400,000
UG Line/Svc Downtown Netwrk Customers	System Growth	\$400,001 - \$1,000,000
UG Residential Line Ext and/or Serv/Mtr	Customer Growth	\$5,000 - \$150,000
UG Service & Meter Commercial	Customer Growth	\$1,000,000 - \$4,000,000
UG Service & Mtr Residential-CAP	Customer Growth	\$4,000,000 - \$10,000,000
UG Service at Ft Sam/Camp Bullis	Customer Growth	\$5,000 - \$150,000
UG Street Light for COSA/Suburban Cities	Customer Growth	\$1,000,000 - \$4,000,000
Underground Residential (URD) - Emergen	Infrastructure Modernization	\$5,000 - \$150,000
Unified Communications - (EOL)	Infrastructure Modernization	\$150,001 - \$400,000
UNIX Virtualization	Infrastructure Modernization	\$150,001 - \$400,000
Upgrade conductor	System Growth	\$4,000,000 - \$10,000,000
Upgrade of access control readers and access cards	Infrastructure Modernization	\$150,001 - \$400,000
URD Cable Replacement	Infrastructure Modernization	\$4,000,000 - \$10,000,000
Various Stations-Replace 15 Brkrs w/SF6	Infrastructure Modernization	\$400,001 - \$1,000,000
Vehicle Replacements	Infrastructure Modernization	\$150,001 - \$400,000
VHB FUEL OIL PIPELINE REPLACEMENT	Infrastructure Modernization	\$5,000 - \$150,000
VHB PEAKING UNITS	Special Projects	\$1,000,000 - \$4,000,000
VHB SITE DIESEL FIRE PUMPS	Infrastructure Modernization	\$150,001 - \$400,000
VHB1 Waterwall Replacement	Infrastructure Modernization	\$400,001 - \$1,000,000
VHB3 FRONT & REAR WATERWALL	Infrastructure Modernization	\$1,000,000 - \$4,000,000
VHFUHF Re-banding (FCC Mandate)	Environmental/Legislative/Regulatory	\$150,001 - \$400,000
WBT2 ASBESTOS ABATEMENT	Environmental/Legislative/Regulatory	\$1,000,000 - \$4,000,000
Web Self Service - Phase II (Capital)	Special Projects	\$150,001 - \$400,000
Web Single Sign-On	Infrastructure Modernization	\$400,001 - \$1,000,000
Web Training Divlp Room Furniture	Infrastructure Modernization	\$5,000 - \$150,000
Webroom Deployment	Special Projects	\$5,000 - \$150,000
Window Server Back up Improvement	Infrastructure Modernization	\$1,000,000 - \$4,000,000
Windows 7	Infrastructure Modernization	\$400,001 - \$1,000,000
Windows Server Data Migration	Infrastructure Modernization	\$400,001 - \$1,000,000
WMIS Upgrade (Tot Cap)	Special Projects	\$1,000,000 - \$4,000,000
Wurzbach Pkwy Civic Imp.: West-Jones M.	Civic Improvement	\$400,001 - \$1,000,000
<b>Grand Total CPS Energy</b>		

> \$10,000,000
\$4,000,000 - \$10,000,000
\$1,000,000 - \$4,000,000
\$400,001 - \$1,000,000
\$150,001 - \$400,000
\$5,000 - \$150,000





## FISCAL YEAR 2012 BUDGET REPORT

### Description of Strategic Categories

There are six Strategic Categories under which CPS Energy capital spending is budgeted. The categories are defined below. Projects are assigned to a Strategic Category based on the primary driver for the project. Once the Capital Budget is established, any changes to the Strategic Category assignment for a project are to be coordinated with Strategic Enterprise Resource Planning (SERP). To ensure consistency across the company, SERP will make the final determination of the appropriate Strategic Category assignment for projects.

- **Customer Growth Projects:** Projects associated with adding individual gas and/or electric customers to the infrastructure.
- **System Growth Projects:** Initiatives required to grow the infrastructure to accommodate the increasing load, but not directly associated with individual customers. These projects would be identified by the business units and would be aggregated at the strategic category level to provide flexibility as market needs change. Examples of System Growth Projects include: new substation, growth in substations, purchases of switchgear, capacitor bank, step voltage regulators, projects to upgrade conductors, new distribution feeder for the substations, new gas supply pressure mains, capacity growth of existing transmission infrastructure, etc.
- **Environmental/Legislative/Regulatory Mandated Projects:** Projects required by proscribed time frames to meet mandatory goals. These projects can be federal requirements, such as NERC Compliance and EPA directives; state requirements, implementation of the NODAL market; and local ordinances. Major components of this category are environmental projects.
- **Infrastructure Modernization:** Projects associated with the capital repair, refurbishment or replacement of infrastructure during its useful life. The project life of equipment will vary significantly by type. In short term, our goal is to identify major assets and, using benchmarking and historical data, determine the cycle time and relative costs for major refurbishments, periodic repair processes involving purchases of capital components and the replacement of various assets.
- **Civic Improvements:** Projects associated with city, county or TxDOT road improvements or other utility activity affecting the CPS Energy infrastructure. Coordination with road construction planners will be necessary to identify the level of activity for each given year, and an estimate of the costs to relocate our facilities. Also included in this category are underground conversions on the military bases, the downtown and inner city underground conversions and transmission line relocations.



## FISCAL YEAR 2012 BUDGET REPORT

### Description of Strategic Categories

- **Special Projects (Strategic Capital Projects):** Initiatives of a non-recurring multi-year nature, with a definite start and end date. These projects will be examined for flexibility of applications and linkage to the strategic direction of the business unit. Examples of Special Projects include items such as the following:
  - New power plants
  - New technology or market trials
  - New product commercialization
  - Information systems, including software and hardware, to accomplish new functionality
  - Business acquisitions
  - Transmission projects outside the CPS Energy service territory
  - Real estate related items, such as land acquisitions, new building construction, and parking facility purchases or construction
  - Communications licenses
  - Large purchases of office equipment, furniture, capital tools or special vehicles

Tab 4



## Key Budget Assumptions FY 2012

Dollars in Thousands

	Historical			Latest Estimate	Forecasted
	2008	2009	2010	2011	2012
<b><u>Debt Ratings Bond/TECP</u></b>					
<b>Fitch Ratings</b>					
Senior Lien	AA+	AA+	AA+	AA+	AA+
Junior Lien	AA+ / F1+	AA+ / F1+	AA+ / F1+	AA+ / F1+	AA+ / F1+
TECP	F1+	F1+	F1+	F1+	F1+
<b>Moody's Investor Service, Inc.</b>					
Senior Lien	Aa1	Aa1	Aa1	Aa1	Aa1
Junior Lien	Aa2 / VMIG 1	Aa2 / VMIG 1	Aa2 / VMIG 1	Aa2 / VMIG 1	Aa2 / VMIG 1
TECP	P-1	P-1	P-1	P-1	P-1
<b>Standard &amp; Poor's Rating Services</b>					
Senior Lien	AA	AA	AA	AA	AA
Junior Lien	AA- / A-1+	AA- / A-1+	AA- / A-1+	AA- / A-1+	AA- / A-1+
TECP	A-1+	A-1+	A-1+	A-1+	A-1+
<b><u>Customer Growth (average)</u></b>					
Electric	3.3%	2.3%	1.6%	1.8%	3.3%
Gas	1.4%	0.9%	0.5%	0.6%	0.3%
<b><u>Retail Sales Growth (MWH)</u></b>					
Electric	-1.3%	3.5%	2.0%	2.1%	-1.3%
Gas	0.8%	-6.2%	5.8%	5.8%	-5.8%
<b><u>Revenue - Retail</u></b>					
Electric Revenue (Non-Fuel)	\$ 856,135	\$ 906,982	\$ 967,474	\$ 1,076,447	\$ 1,065,955
\$/MWH	\$ 44.30	\$ 45.34	\$ 47.46	\$ 51.68	\$ 51.84
<b><u>Ratio of Wholesale Electric Revenue to Total Electric Revenue</u></b>					
	11.4%	12.2%	6.1%	8.4%	12.9%
<b><u>Total Debt</u></b>					
	\$ 3,842,621	\$ 3,992,826	\$ 4,569,519	\$ 5,060,500	\$ 4,881,776
<b><u>Debt Issuances</u></b>					
Long Term Debt	\$ 578,255	\$ 445,965	\$ 1,024,945	\$ 876,673	\$ -
Commercial Paper	\$ 100,000	\$ -	\$ 350,000	\$ -	\$ -



## Key Budget Assumptions FY 2012

Dollars in Thousands

	Historical			Latest Estimate	Forecasted
	2008	2009	2010	2011	2012
<b>Capital Expenditures</b>					
Capital Expenditures	\$ 782,498	\$ 841,075	\$ 835,826	\$ 447,979	\$ 508,421
Allowance for Funds Used During Construction (AFUDC)	28,454	43,385	59,165	39,886	23,743
Total capital expenditures	<u>\$ 810,952</u>	<u>\$ 884,460</u>	<u>\$ 894,991</u>	<u>\$ 487,865</u>	<u>\$ 538,390</u>
<b>Funding</b>					
Debt	\$ 515,605	\$ 553,692	\$ 683,043	\$ 402,181	\$ 265,253
Equity & Other	295,347	330,769	211,948	85,684	273,137
Total Funding	<u>\$ 810,952</u>	<u>\$ 884,461</u>	<u>\$ 894,991</u>	<u>\$ 487,865</u>	<u>\$ 538,390</u>
<b>STP 3 &amp; 4 - Capital Expenditures</b>					
Capital Expenditures	\$ 63,852	\$ 107,082	\$ 197,836	\$ 1,297	\$ 676
AFUDC	404	3,713	7,139	8,907	9,789
Total Capital Expenditures	<u>\$ 64,256</u>	<u>\$ 110,795</u>	<u>\$ 204,975</u>	<u>\$ 10,204</u>	<u>\$ 10,465</u>
Project-to-date	<u>\$ 64,256</u>	<u>\$ 175,051</u>	<u>\$ 380,026</u>	<u>\$ 390,230</u>	<u>\$ 400,695</u>
<b>Interest Rates</b>					
Commercial Paper (weighted average)	3.60%	1.84%	0.56%	0.31%	0.31%
Commercial Paper (new issuances)					1.50%
Long-Term Debt (weighted average)	4.70%	4.70%	4.60%	4.43%	4.43%
Long-Term Debt (new issuances)					5.25%
<b>Investment Rate</b>	5.35%	3.17%	1.20%	0.90%	1.50%
<b>Fund Cash Balances</b>					
Repair & Replacement	\$ 440,751	\$ 299,276	\$ 296,262	\$ 386,676	\$ 283,723
General	\$ 329,529	\$ 250,799	\$ 287,797	\$ 274,999	\$ 275,000
<b>Days Cash on Hand</b>	239	143	177	199	150



### Key Budget Assumptions FY 2012

	Historical			Latest Estimate	Forecasted
	2008	2009	2010	2011	2012
<i>Dollars in Thousands</i>					
<b><u>Rates</u></b>					
Electric Rate Increase	-	3.50%	-	7.50%	-
Bill Impact	-	3.00%	-	3.11%	-
Gas Rate Increase	-	3.50%	-	8.50%	-
Bill Impact	-	2.00%	-	4.97%	-
<b><u>Net Income</u></b>	\$ 111,045	\$ 90,553	\$ 70,800	\$ 108,435	\$ 22,210
<b><u>Labor Headcount</u></b>	3,716	3,640	3,617	3,650	3,764
<b><u>Fuel Mix</u></b>					
Gas	15.7%	15.7%	15.0%	6.8%	7.9%
Coal	39.1%	38.1%	34.4%	46.3%	51.2%
Nuclear	36.7%	35.2%	34.6%	32.4%	30.5%
Total Generation	<u>91.5%</u>	<u>89.0%</u>	<u>84.0%</u>	<u>85.5%</u>	<u>89.6%</u>
Wind power and other renewables	5.7%	7.4%	10.1%	9.4%	9.3%
Other purchased power	2.8%	3.6%	5.9%	5.1%	1.1%
Total Other Power	<u>8.5%</u>	<u>11.0%</u>	<u>16.0%</u>	<u>14.5%</u>	<u>10.4%</u>
Total Generation & Other Power	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b><u>Natural Gas Prices</u></b>	\$ 7.11	\$ 8.70	\$ 4.85	\$ 4.10	\$ 5.08
<b><u>Employee Benefit Plans - Total Assets*</u></b>					
Health	\$ 201,182	\$ 152,168	\$ 186,281	\$ 212,630	Not Available
Life	50,567	35,835	41,570	46,044	
Disability	3,718	2,535	3,227	3,842	
Pension	1,140,853	921,320	1,078,003	1,156,636	
Total Employee Benefit Plans - Total Assets	<u>\$ 1,396,320</u>	<u>\$ 1,111,858</u>	<u>\$ 1,309,081</u>	<u>\$ 1,419,152</u>	

FY 2011 latest estimate based on 11 months actual and 1 month estimate

\* Based on actuals as of November 30, 2010.