



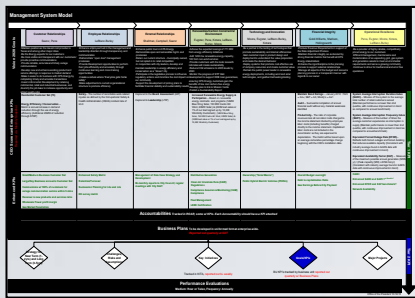
# **Report From the President & CEO February 2011**

Presented by:

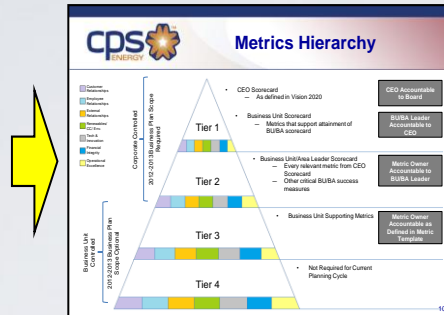
Doyle N. Beneby, President and CEO  
CPS Energy

# Management System Model

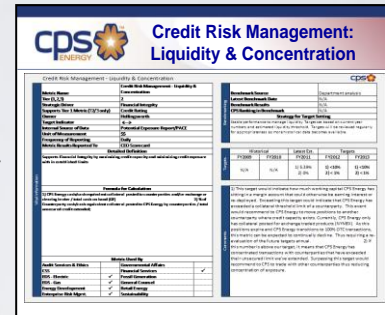
*Linkage and alignment between V2020, CEO Scorecard, Business Unit metrics, accountability and performance evaluations*



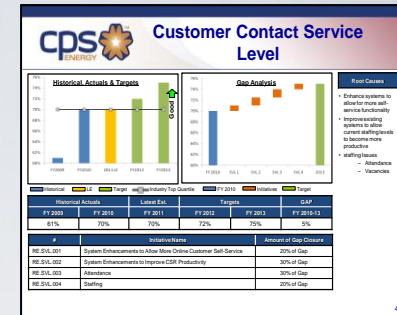
- Identified strategic drivers



- Developed metrics hierarchy



- Defined metrics and targets



- Conducted root cause and gap analysis

- Initiated a Gap-Based Business Planning process
- Performance Management

# Feb 2<sup>nd</sup> Load Shedding

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- **CPS Energy is critically self-assessing performance**
  - Created a high impact team to perform the assessment
  - Conducted a detailed lessons learned session
  - Primary deliverables, due by March 4
    1. **Timeline of events:** what we did and when did we do it
    2. **Analysis of events:** report detailing what happened and why
    3. **Lessons learned:** critical self assessment of what we learned (positive/negative)
    4. **Corrective Action Plan:** project plan to implement the lessons learned



- **Responding to numerous external inquiries**
- **Committed to remaining accountable to stakeholders**

# Legislature could shift natural gas role in Texas energy future

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"Lt. Gov. Dewhurst is interested in gradually increasing the use of cleaner-burning Texas natural gas through market-based incentives, so we can continue to improve air quality, create more Texas jobs, increase our energy independence and provide for the future energy needs of our growing population,"  
-Dewhurst spokesman Mike Walz

- **CPS Energy Progress**

- CPS Energy will continue dialogue with the Lieutenant Governor's staff
- CPS Energy is exploring the option to pursue a third party partnership

# STP 3&4 Update

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- **Department of Energy Loan (DOE) Guarantee Interagency Process**
  - Application has been reviewed by the DOE Credit Committee with conditional approval
  - The application is awaiting Office of Management & Budget and Treasury review
  - The DOE Credit Review Board would have final approval
  - The Executive Branch would formally sign off indicating conditional approval
- **NRG has approached CPS Energy to discuss options**