



The Nation's Leader in Public Power Energy Trading

NEWS

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CPS Energy Signs Contract with The Energy Authority®

JACKSONVILLE, FL (June 6, 2007) – CPS Energy, the natural gas and electric system serving San Antonio, Texas, and surrounding area, recently signed a contract with The Energy Authority ® (TEA) for financial natural gas hedging services. “TEA’s Natural Gas Hedging Service is designed to provide CPS Energy with a framework for managing their exposure to natural gas prices. The service framework consists of fundamental market analysis, monitoring, risk measurement and reporting; with a formal and structured approach to hedging,” said Sam Doaks, Manager, Member Services, TEA. “Our Hedging Service and proprietary Models will be customized to incorporate CPS Energy’s goals and objectives of reduced price volatility and stable rates.”

Mike Kotara, CPS Energy Executive Vice President of Energy Development said, “We are confident that our partnership with TEA will be a valuable asset in protecting our customers from the unpredictability in natural gas pricing. With TEA’s unique natural gas hedging program, and our experienced staff, we believe we will be well positioned to manage our energy price risks.”

CPS Energy is the nation’s largest municipally-owned energy company providing both natural gas and electric service. Acquired by the City of San Antonio in 1942, CPS Energy serves approximately 670,000 electric customers and more than 316,000 natural gas customers in and around the seventh largest city in the U.S. Proceeds from CPS Energy remain in San Antonio and account for more than one-fifth of the City’s annual operating budget for police and fire protection, street improvements, parks and other services. CPS energy bills

rank the lowest of the nation's 20 largest cities, and the company has earned the highest financial ratings of any electric system in the nation. More information about CPS Energy can be found on the Web at cpsenergy.com.

The Energy Authority® is the nation's leader in public power energy trading and risk management. In July 2006, TEA acquired Power Resource Managers, LLP, expanding its footprint to serve California and other public power organizations located in the Northwest. TEA is wholly-owned and directed by its Public Power members who participate in the organization's decision-making. Today, 39 public power organizations across the nation, representing more than 25,000 MW of combined generation assets, are served by TEA.

For more information about what The Energy Authority® can do for you, contact Gena Jerozal, Director of Corporate Communications, at 1-800-423-4800 x11371.

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