



**NOTICE OF OPEN MEETING**  
**NBU BUDGET WORKSHOP**  
NBU Board Room, 263 Main Plaza, New Braunfels, Texas 78130  
May 15, 2025, at 9:00 AM  
[www.nbutexas.com](http://www.nbutexas.com)

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## **AGENDA**

### **CALL SPECIAL MEETING TO ORDER**

### **PLEDGE OF ALLEGIANCE AND INVOCATION**

Board Vice President Judith Dykes-Hoffmann

### **PUBLIC COMMENT**

### **ITEMS FROM THE CHAIR**

1. Report from the Budget Committee Meeting

### **PRESENTATION AND DISCUSSION ITEMS**

1. Presentation and Discussion of NBU Draft Fiscal Year 2026 Budget, Five-Year Operating Plan, Any Proposed Changes to NBU's Water Supply Fee, and Customer Bill Impact  
Presenter: NBU Staff
2. Presentation of Fiscal Year 2026 – 2027 Electric, Water, and Wastewater Rate Study Results and NBU Financial Operating Plan Objectives, Review of the Fiscal Year 2026 – 2027 Electric, Water, and Wastewater Study Community Advisory Panel (CAP) Pricing Objectives  
Presenter: Raftelis Staff
3. Review of CAP Feedback on the Proposed Fiscal Year 2026 – 2027 Electric, Water, and Wastewater Rate Study  
Presenter: Kimberly Britton, Britton Strategies and Justin Meadows, CAP Chair

### **ADJOURN**

If you require assistance in participating at a public meeting due to a disability as defined under the Americans with Disabilities Act, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the Board Relations Coordinator at least three (3) days prior to the scheduled meeting date at (830) 629-8400. For in-person inquiries, please visit the New Braunfels Utilities Customer Solutions Center at 1488 South Seguin Avenue, New Braunfels, Texas.

## CERTIFICATE OF POSTING

I, Ryan Kelso, Secretary to the Board of Trustees, do hereby certify that this Notice of Meeting was posted at the City of New Braunfels City Hall, 550 Landa Street, New Braunfels, Texas, the New Braunfels Utilities Main Office, 263 Main Plaza, New Braunfels, Texas, and the New Braunfels Utilities Customer Solutions Center, 1488 South Seguin Avenue, New Braunfels, Texas on the **9th day of May 2025**, and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.



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Ryan Kelso, Chief Executive Officer  
Secretary to the Board of Trustees

# FY 2026 Budget and Five-Year Financial Operating Plan

- May 15, 2025



# Overview

- Strategic Plan
- Growth & Assumptions
- Capital Plan
- Water Supply
- Operating Expenses
- Funding Sources
- Revenue Requirements
- Water Supply Fee
- Bill Comparisons
- 20-Year Financial Forecast



## Mission

Strengthening our community by providing resilient essential services



## Vision

Be a trusted community partner dedicated to excellence in service



## Core Values

Safety, Team, Integrity, Culture, and Stewardship



# STRATEGIC PLAN



# Mission, Vision, and Core Values

Item 1.

## MISSION

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community by  
providing resilient  
essential services



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and Stewardship



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**NBU** NEW BRAUNFELS  
UTILITIES

46



# Strategic Goals

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Customers and Community

People and Culture

Infrastructure and Technology

Financial Excellence

Safety and Security

Stewardship



**NBU** NEW BRAUNFELS  
UTILITIES

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**NBU** NEW BRAUNFELS  
UTILITIES

57



# FY 2026 Annual Priorities

Item 1.

## ANNUAL PRIORITIES

## MEASUREMENTS

Enterprise Asset Management

- Establish NBU's Asset Data & Information Standards

Enterprise Project Management

- Implement PMIS for capital projects for support services

Customer Experience

- Implement targeted optimization CS initiatives on Response time, Quality Assurance, Operations/Technology Efficiencies and Communication Adoption

Technology Modernization

- Select Customer Information System

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# FY 2027 Annual Priorities

## ANNUAL PRIORITIES

## MEASUREMENTS

Technology Modernization

- Implement Phase I of Customer Information System / Select Financial System

Strategic Plan

- Update Strategic Plan

Customer Experience

- Implement targeted optimization CS initiatives on Response time, Quality Assurance, Operation/Technology Efficiencies and Communication Adoption

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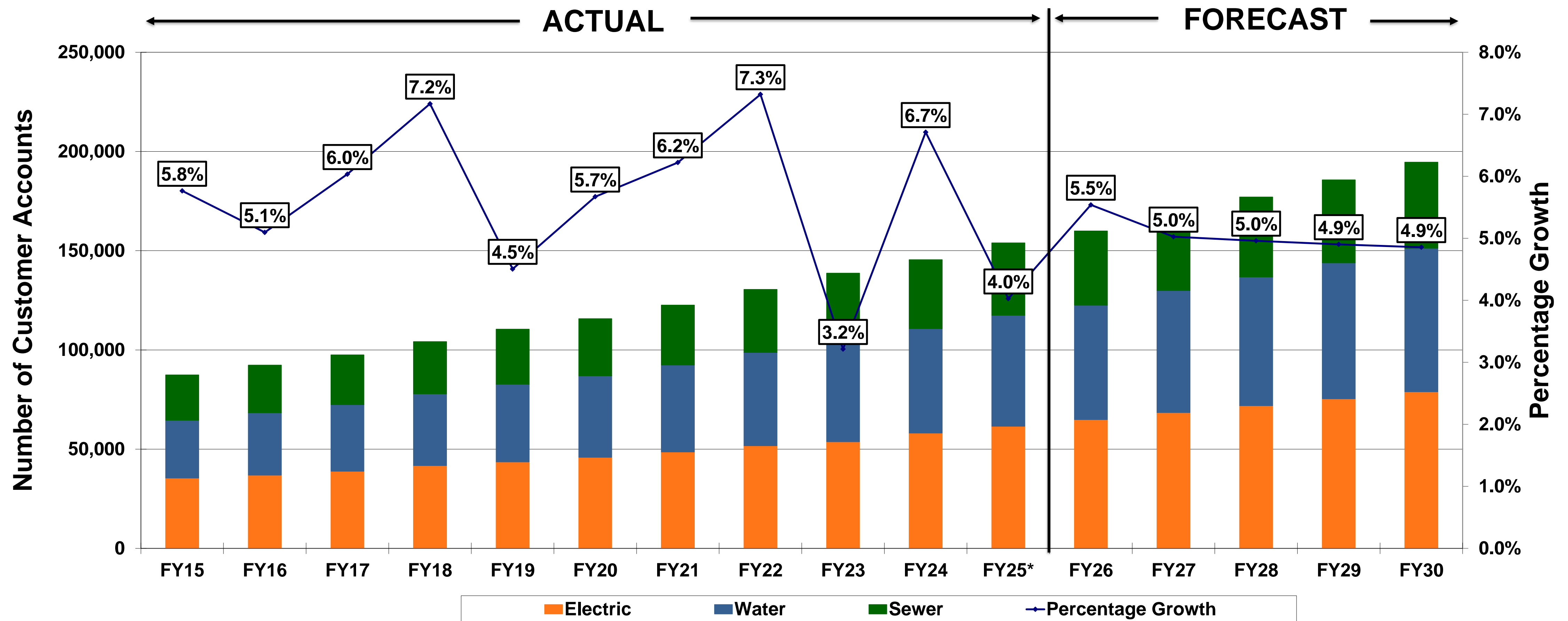




# GROWTH & ASSUMPTIONS



# Combined Customer Growth



\* Forecast (actuals through January 2025)

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# Assumptions

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- **\$142M** in impact fee revenue
- **2.2%** inflation on **O&M**
- **\$2.0M** reductions in **unspent wages/benefits**
- **28 FTE's** (FY26), **33 FTE's** (FY27), **18 FTE's** (FY28, 29 and 30) for **new positions**
- **5%** average merit increase in **personnel budget**
- **5.0%-5.5%** range on **interest rates** for long-term debt
- **\$15M** per year for the **Power Stabilization Fund** through **FY28**
- **\$2.65M** in total proceeds from **sale of the Main Office Plaza**

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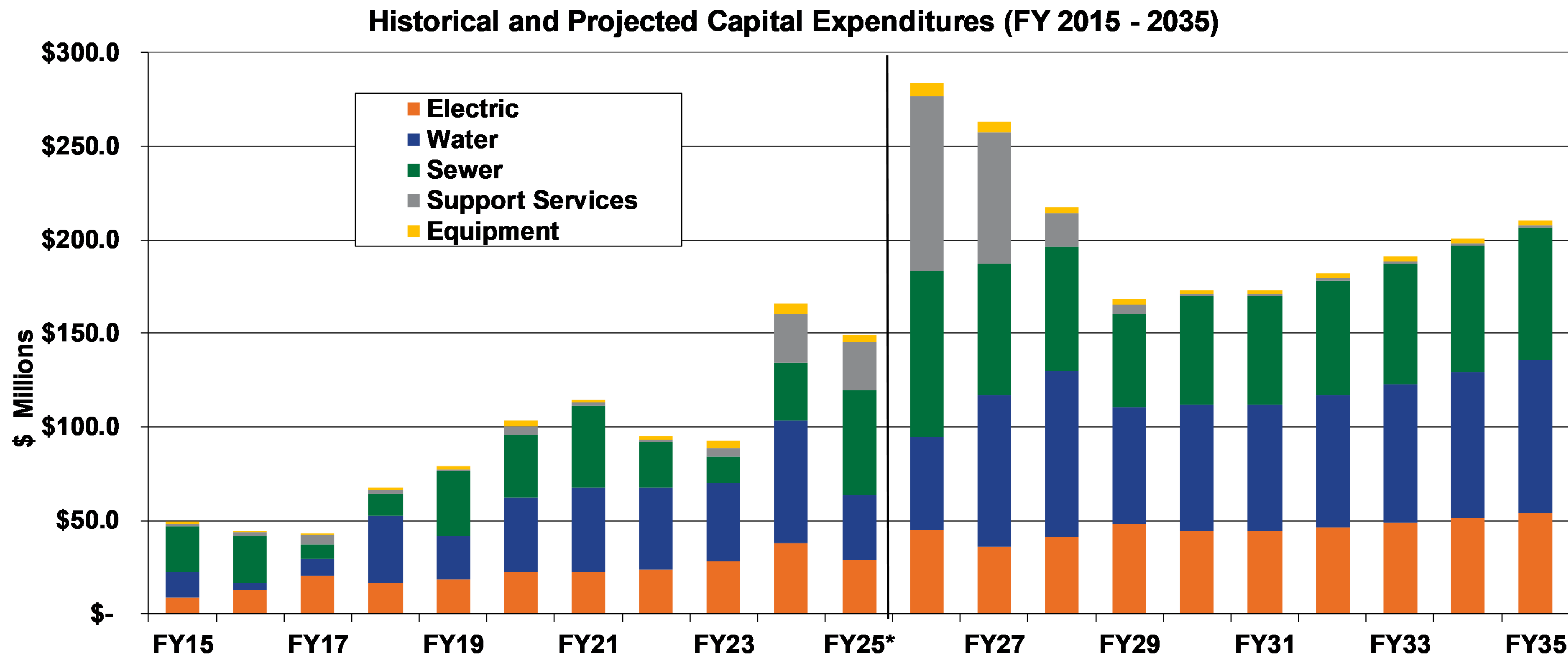


# CAPITAL PLAN



# Capital Expenditures – Historical & Projected

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\* Forecast (actuals through January 2025)

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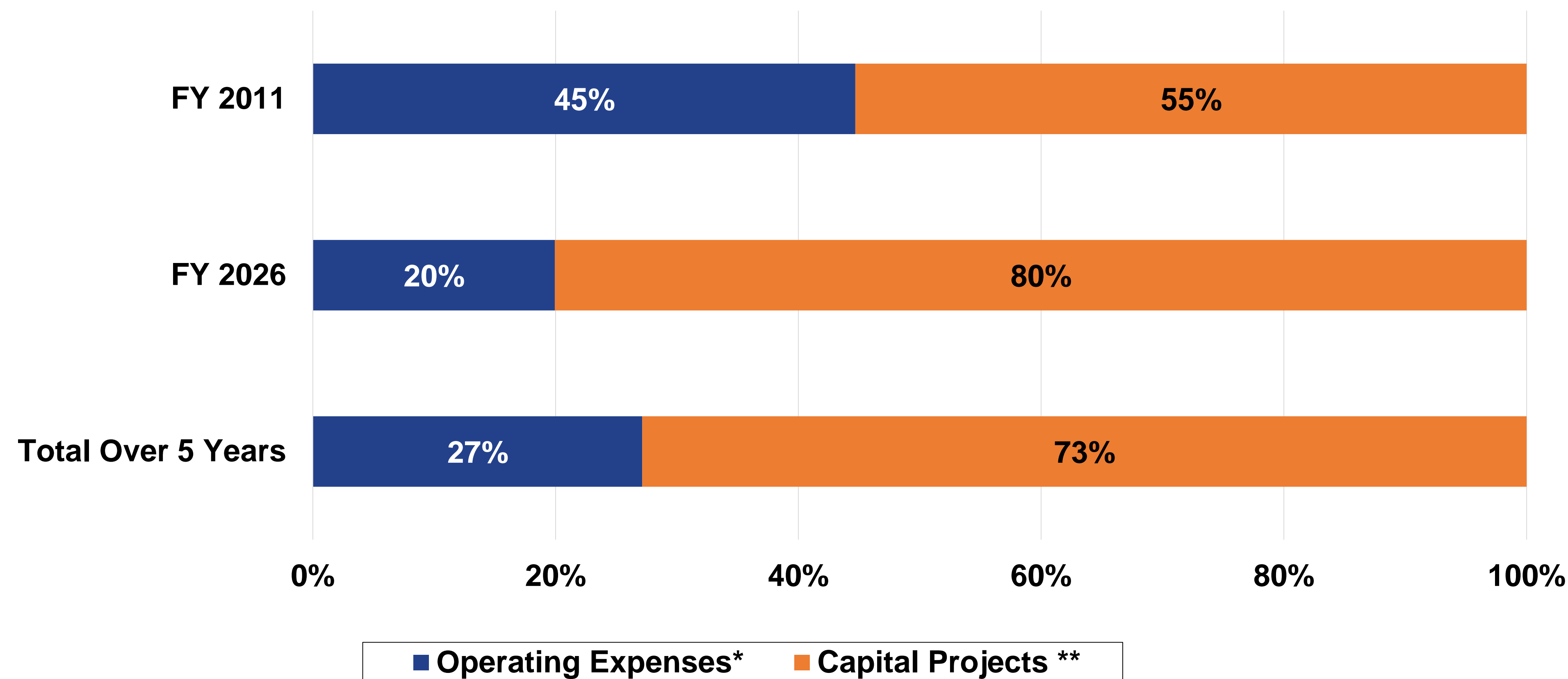
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# Budgeted Sources of Expenditures

Item 1.



- \*Does not include purchased power, purchased water, and depreciation.
- \*\* Capital includes projects and equipment.



# Drivers for Electric System Improvements

Item 1.

## Regulatory Compliance

- Design electric infrastructure to meet or exceed National Electrical Safety Code (NESC) and National Electrical Code (NEC) requirements
- Achieve all NERC (North American Electric Reliability Corporation) & ERCOT (Electric Reliability Council of Texas) requirements with NBU's transmission system

## Proactive Operations

- Maintain a 3 year rolling average SAIDI (System Average Interruption Index) in top 10% for Texas utilities or 3 year rolling average SAIDI < 52.56 minutes (99.99% reliability)
- SAIFI < 1.0 Interruptions (System Average Interruption Frequency Index)
- Customer Count per Feeder < 1,200 Customers Avg.
- Nominal Capacity > System Demand
- Rehab/Replace aging infrastructure prior to failure

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### Vision

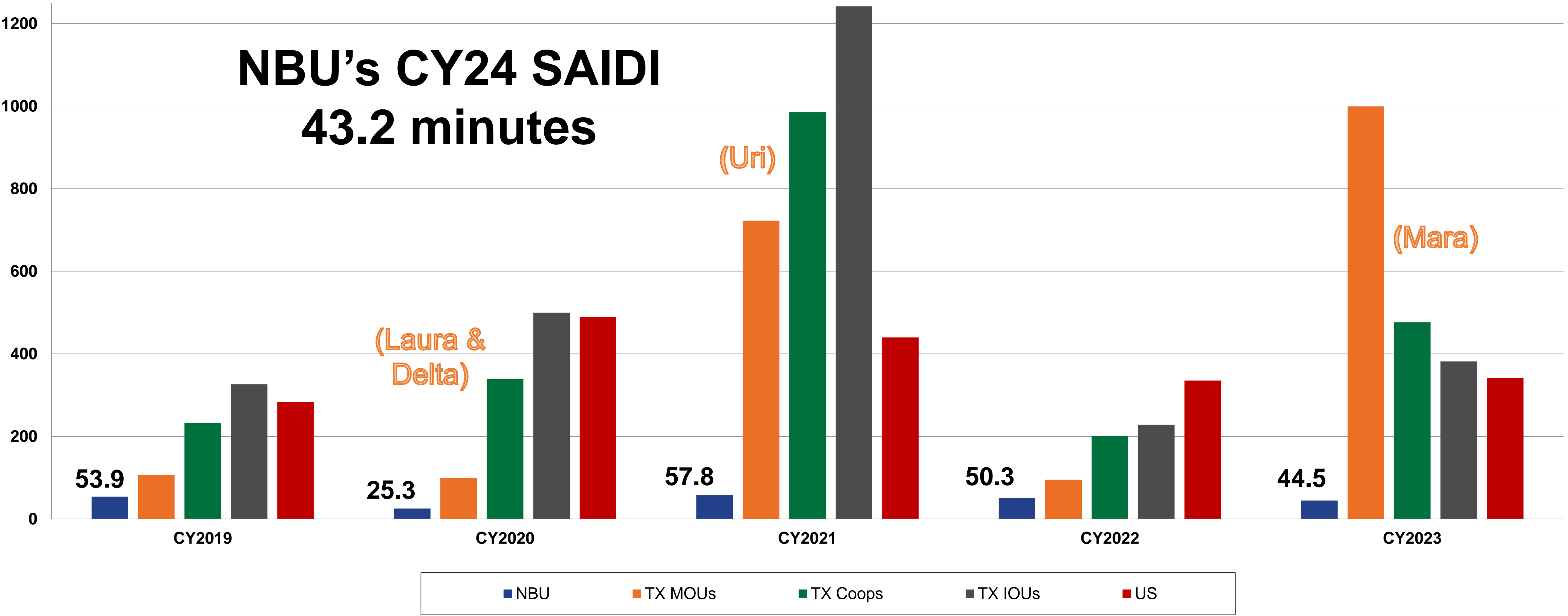
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# Reliability Bar Graph, SAIDI (Lower is better!)



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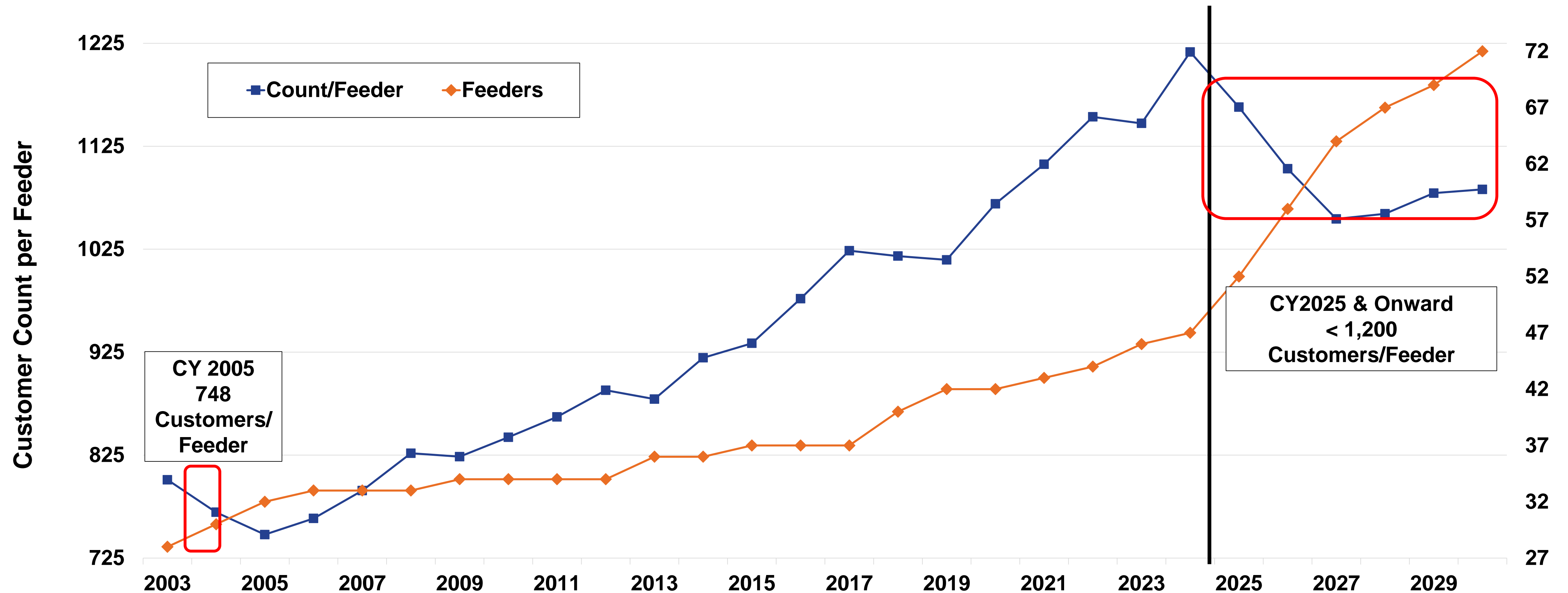
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# Customer Count per Feeder

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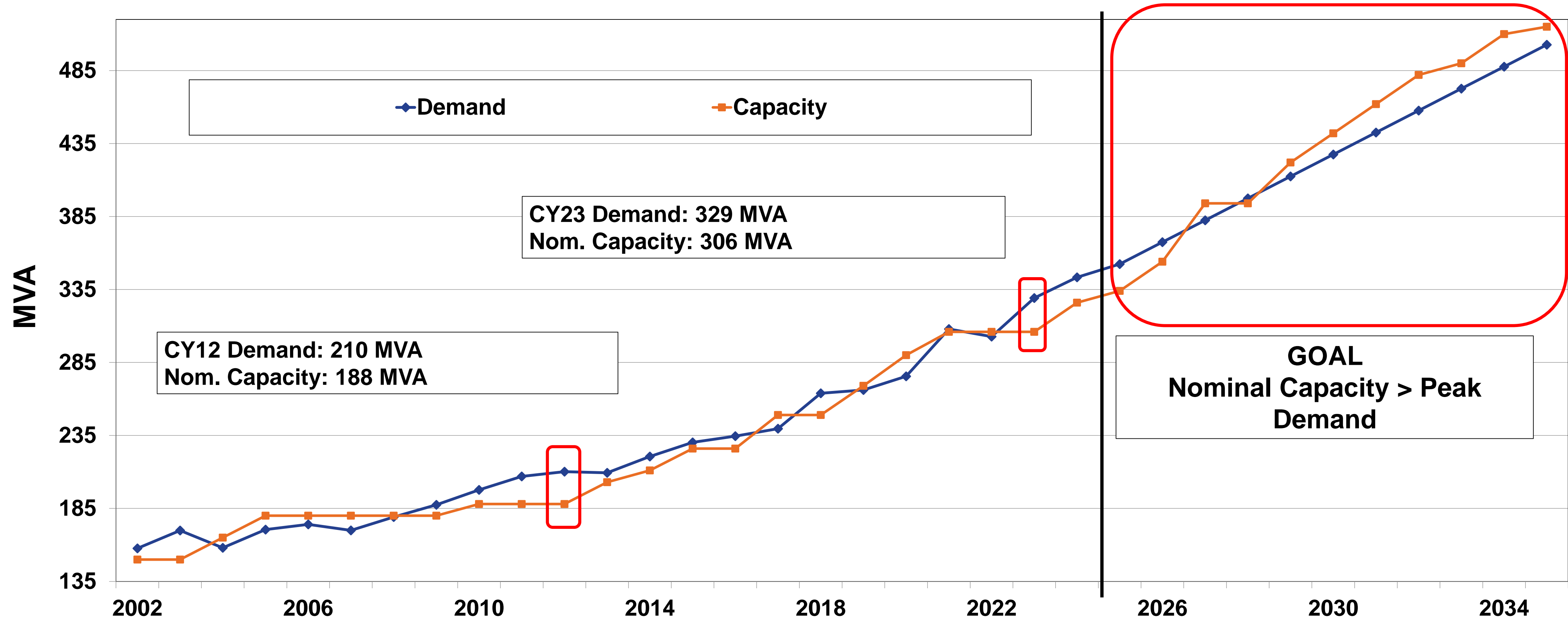


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# Demand in Megavolt-Amperes (MVA) System Demand vs. Nominal Capacity

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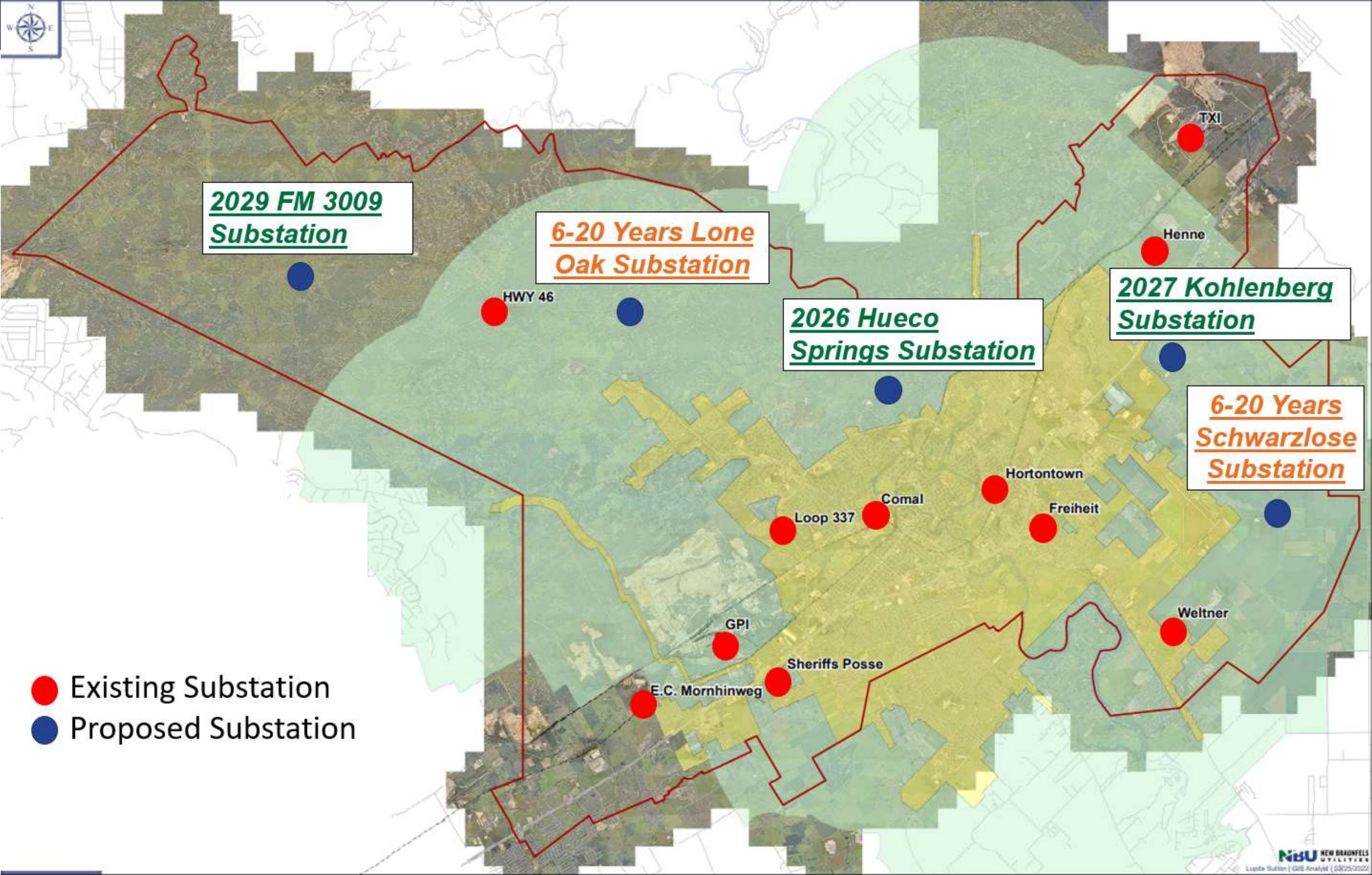
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# Distribution Substations

Over the past 30 years, NBU has added five substations. In the five-year CIP, NBU plans to add 3 more substations, all in high-growth regions of the system.



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# Significant Electric 5 Year CIP Projects

Year	Project	Budget	Substation	Transmission	Distribution
2026	Hueco Springs Substation & Feeders	\$6,488,409	X		X
	Henne Substation Breaker & Half	\$2,433,881		X	
	HW14 to FM 3009 Extension Phase 2	\$2,380,970			X
	Comal T3 Replacement & Feeder CO33	\$2,370,388	X		X
2027	Kohlenberg Rd. Substation	\$10,682,679	X		X
	Residential OH to UD Conversion	\$4,171,523			X
	GPI Substation Improvements	\$2,444,630	X	X	
2028	Sheriff's Posse to Marion T-340	\$10,674,244		X	
2029	FM 3009 Substation	\$11,112,414	X		X
	TxDOT Road Widening	\$6,567,305			X
	Comal Substation Breaker & Half	\$6,522,301	X	X	
	Freiheit T2 Replacement	\$3,663,720	X		
	FR34 Hueco Dr. Feeder	\$2,505,156			X
2030	Sheriff's Posse T3	\$9,416,875	X		
	Hueco Springs Lone Oak Distribution Tie	\$5,053,950			X
	SP32 Green Valley Rd. Feeder	\$3,280,098			X
	Schwarzlose Rd. Substation Land	\$3,041,875	X		

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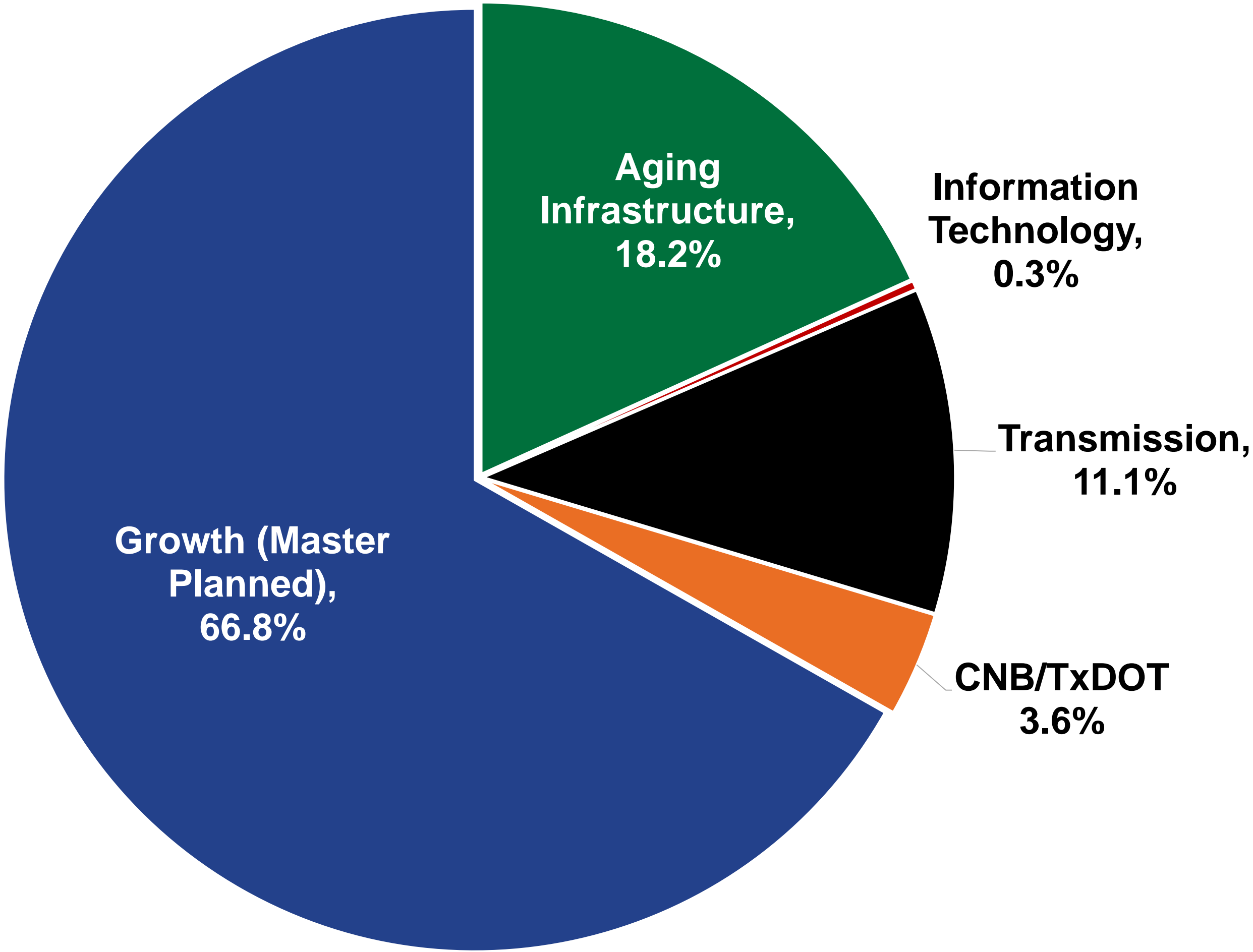
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# Electric Capital Plan

ELECTRIC CIP BY CATEGORY	
Aging Infrastructure	\$38,578,190
CNB/TxDOT	\$7,543,502
Transmission	\$23,575,159
Information Technology	\$591,273
Growth (Master Planned)	\$141,327,606
Total 5-Year Plan	\$211,615,730



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# Drivers for Water System Improvements

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## Regulatory Compliance

- **Pressure**
  - 35 psi minimum
- **Elevated Storage**
  - 100 gallons per connection (minimum)
  - 200 gallons per connection (recommended to reduce pumping requirements)
- **Pumping**
  - With 200 gal/connection = 0.6 gpm per connection of water production
  - Less than 200 gal/connection = Peak hour demand w/ largest pump out of service
- **Linear**
  - Hydrostatic testing

## Proactive Operations

- Rehab/replace aging infrastructure
- Reduce risk of high consequence failures

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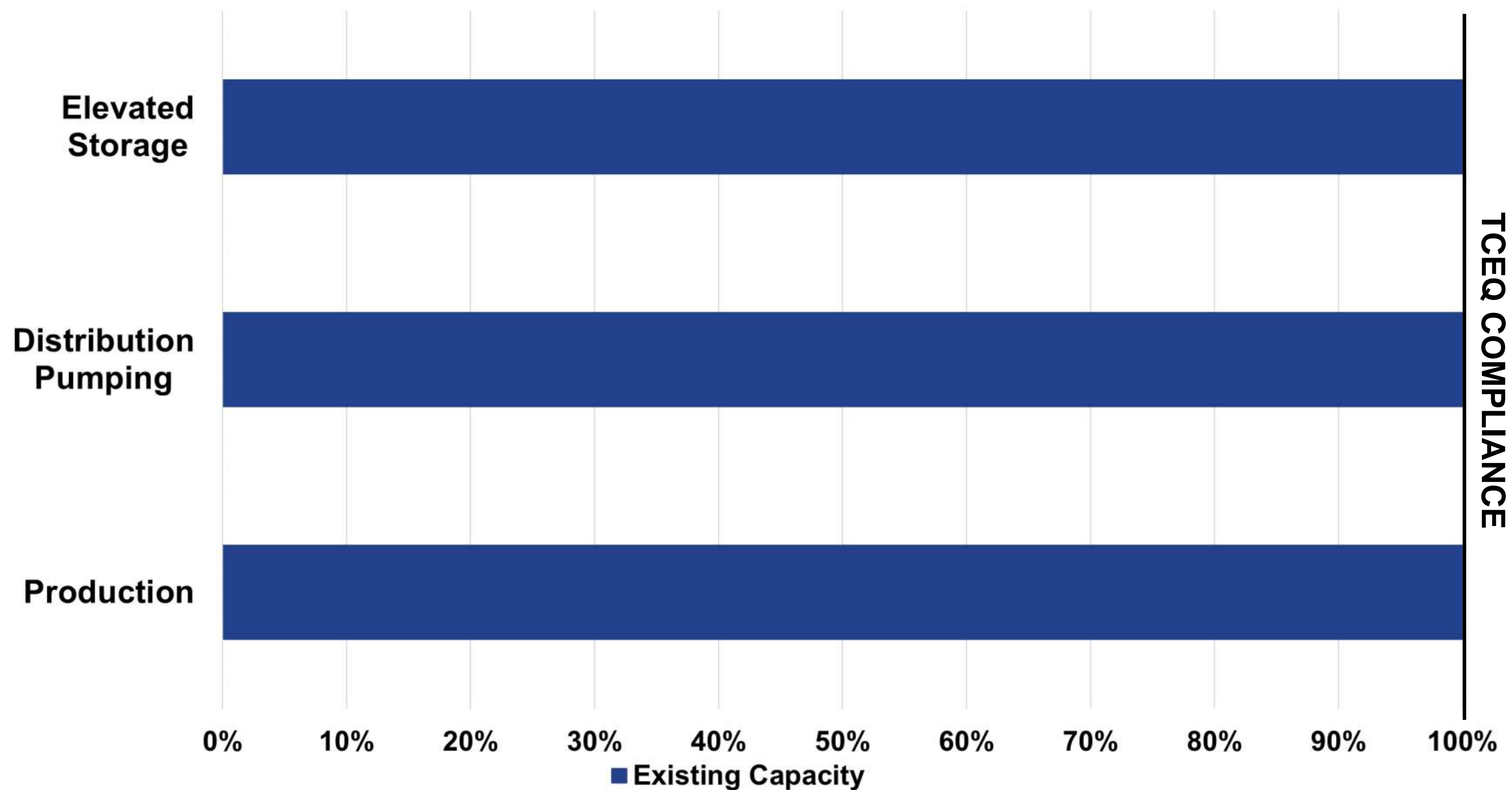
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# Water Capacity vs. Compliance

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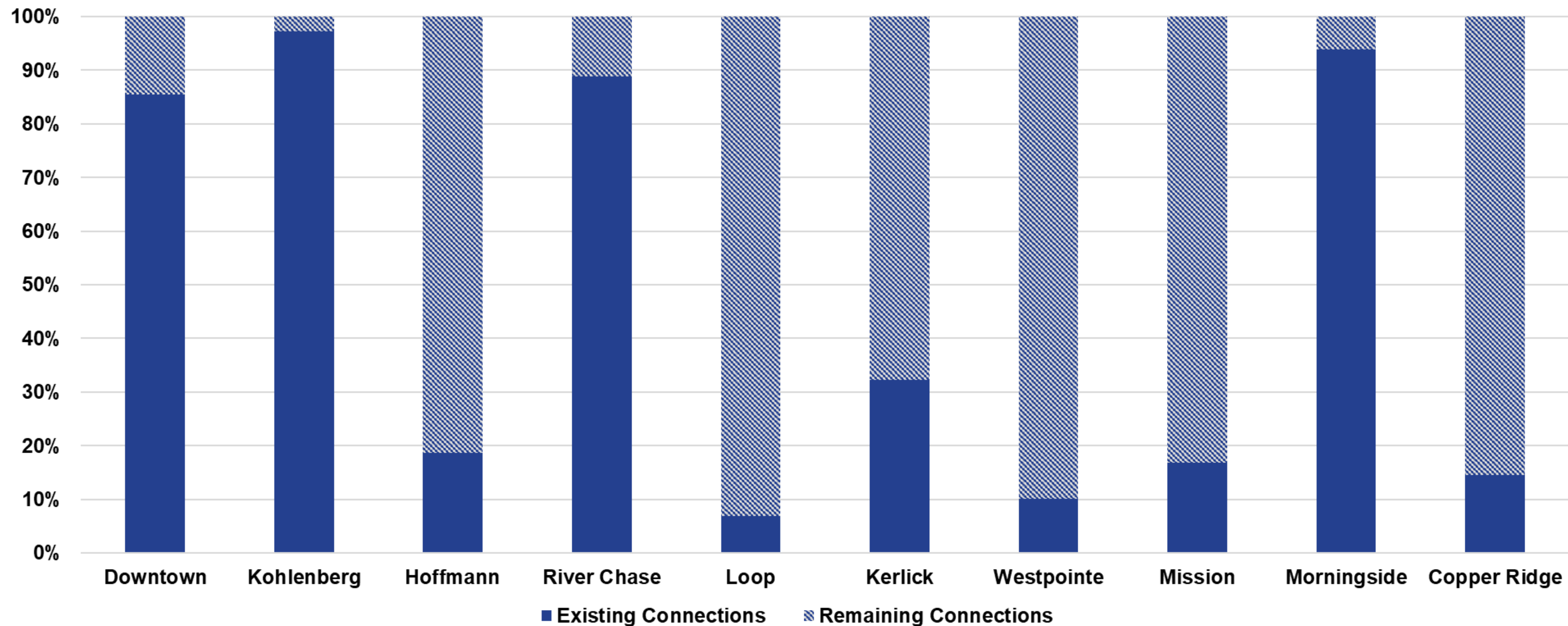
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# Water Elevated Storage Capacity

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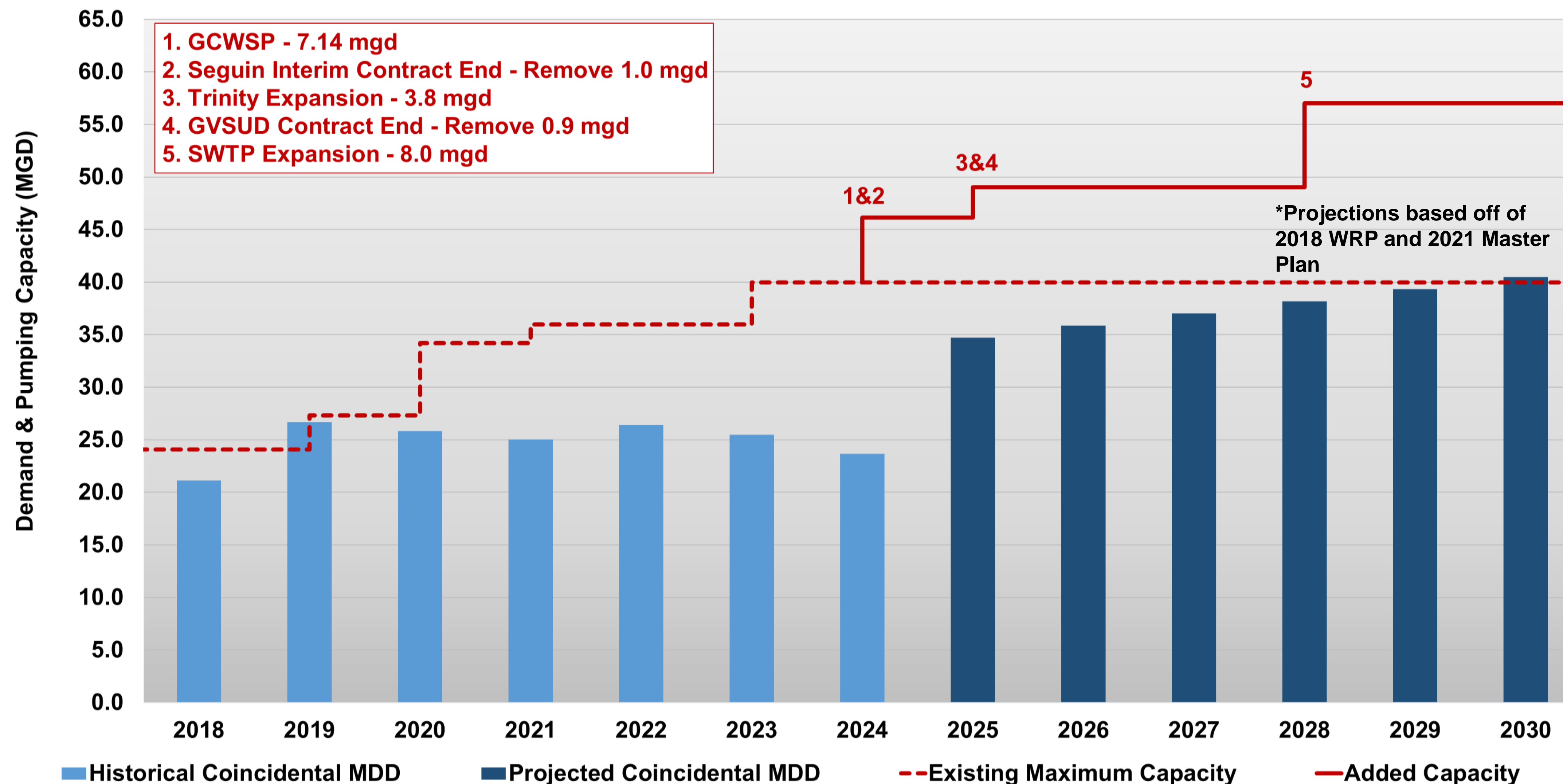
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# Water Production Evaluation

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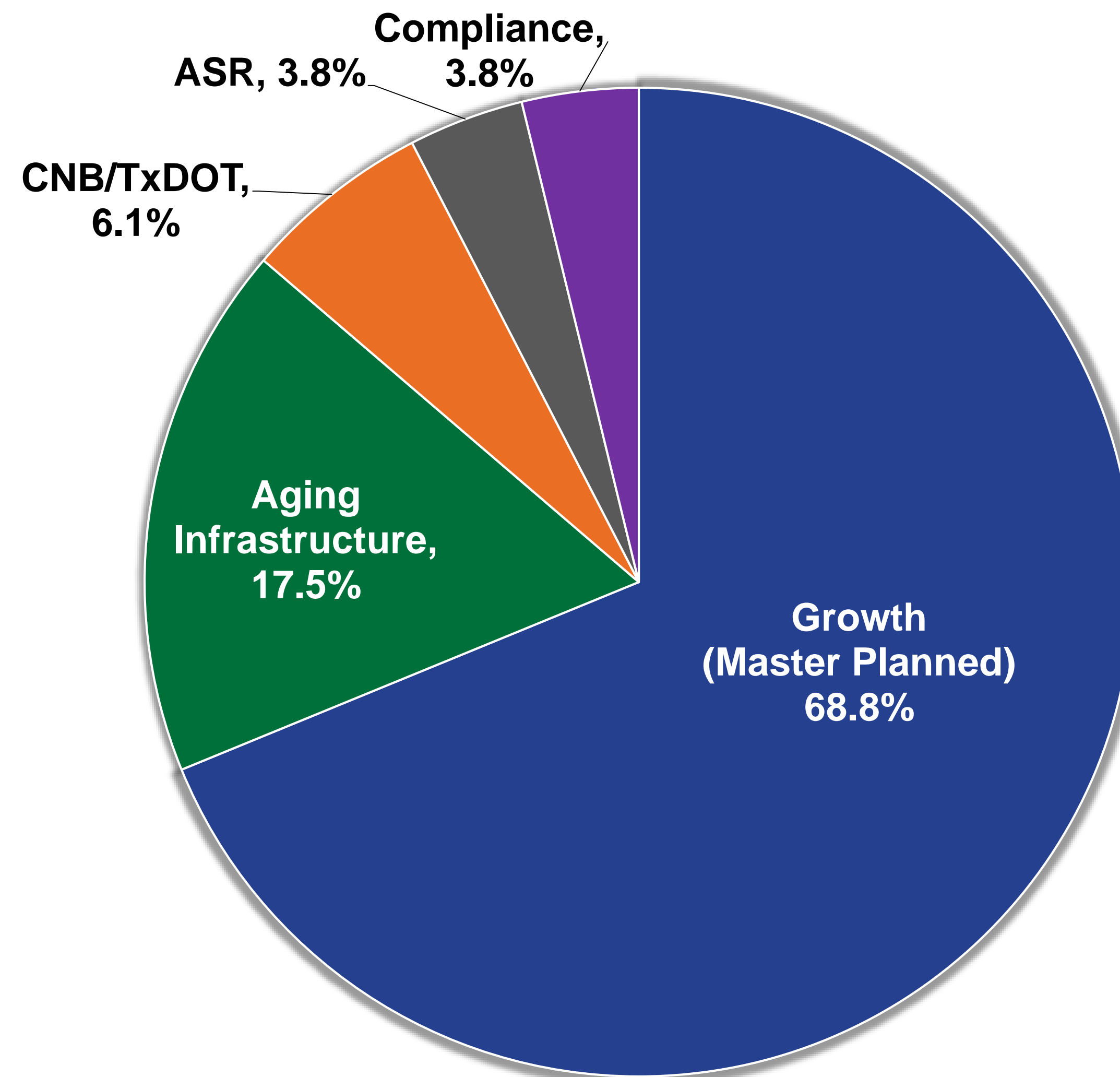
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# Water Capital Plan

Item 1.

## WATER CIP BY CATEGORY

Aging Infrastructure	\$60,524,204
Compliance	\$13,198,793
ASR	\$13,087,197
CNB/TxDOT	\$21,248,224
Growth (Master Planned)	\$238,348,072
<b>Total 5-Year Plan</b>	<b>\$346,406,489</b>



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# Drivers for Wastewater System Improvements

Item 1.

## Regulatory Compliance

- **Linear**
  - Minimum and maximum velocities
  - Sanitary sewer overflows
- **Water Reclamation Facility**
  - Discharge permit
  - 75% Capacity Design and 90% Construction
- **Pumping & Storage**
  - Pump Cycle Times
  - Wet Well Volume

## Proactive Operations

- Rehab/replace aging infrastructure
- Reduce risk of high consequence failures

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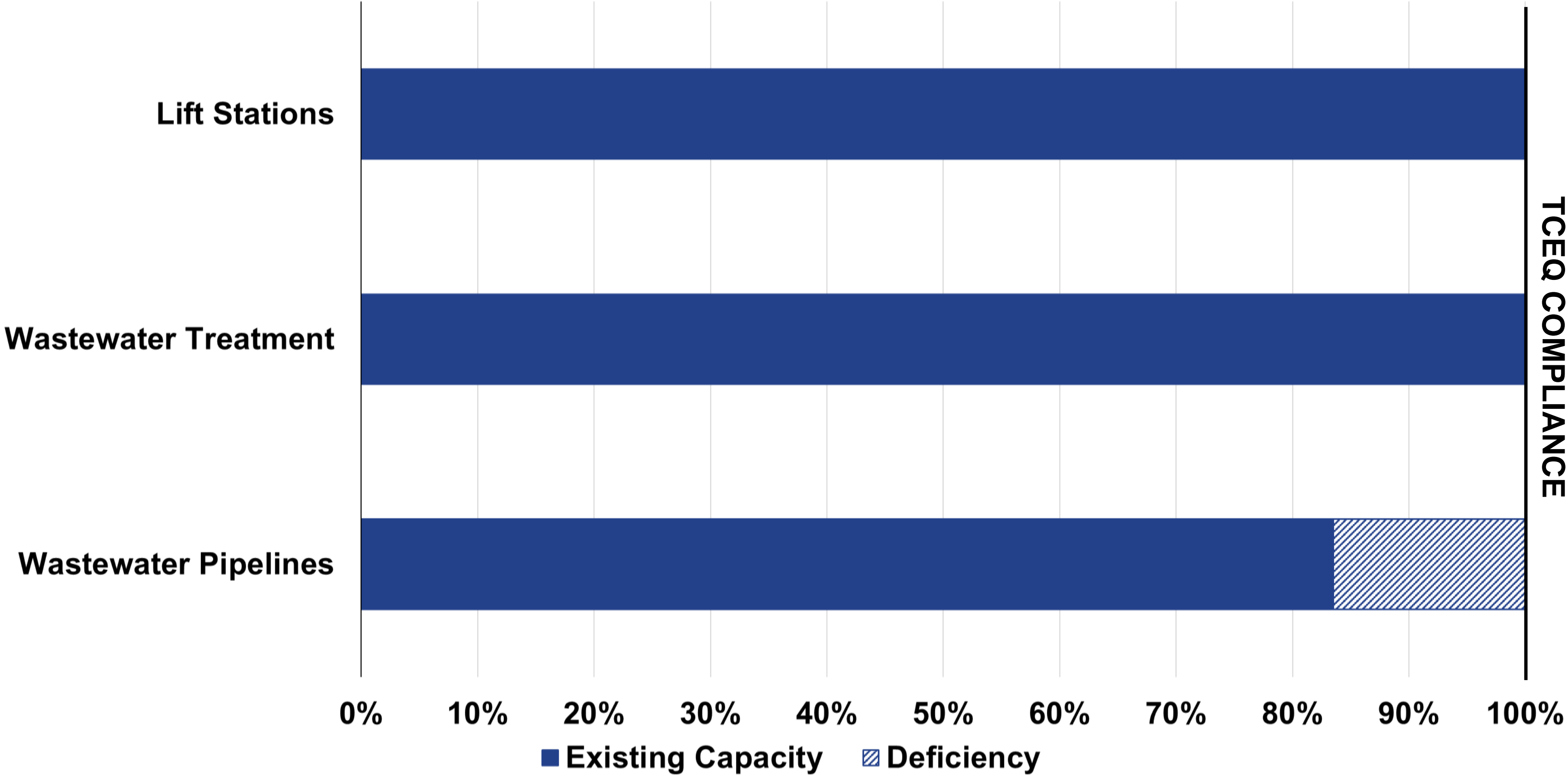
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# Wastewater Capacity vs. Compliance



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**+ Vision**

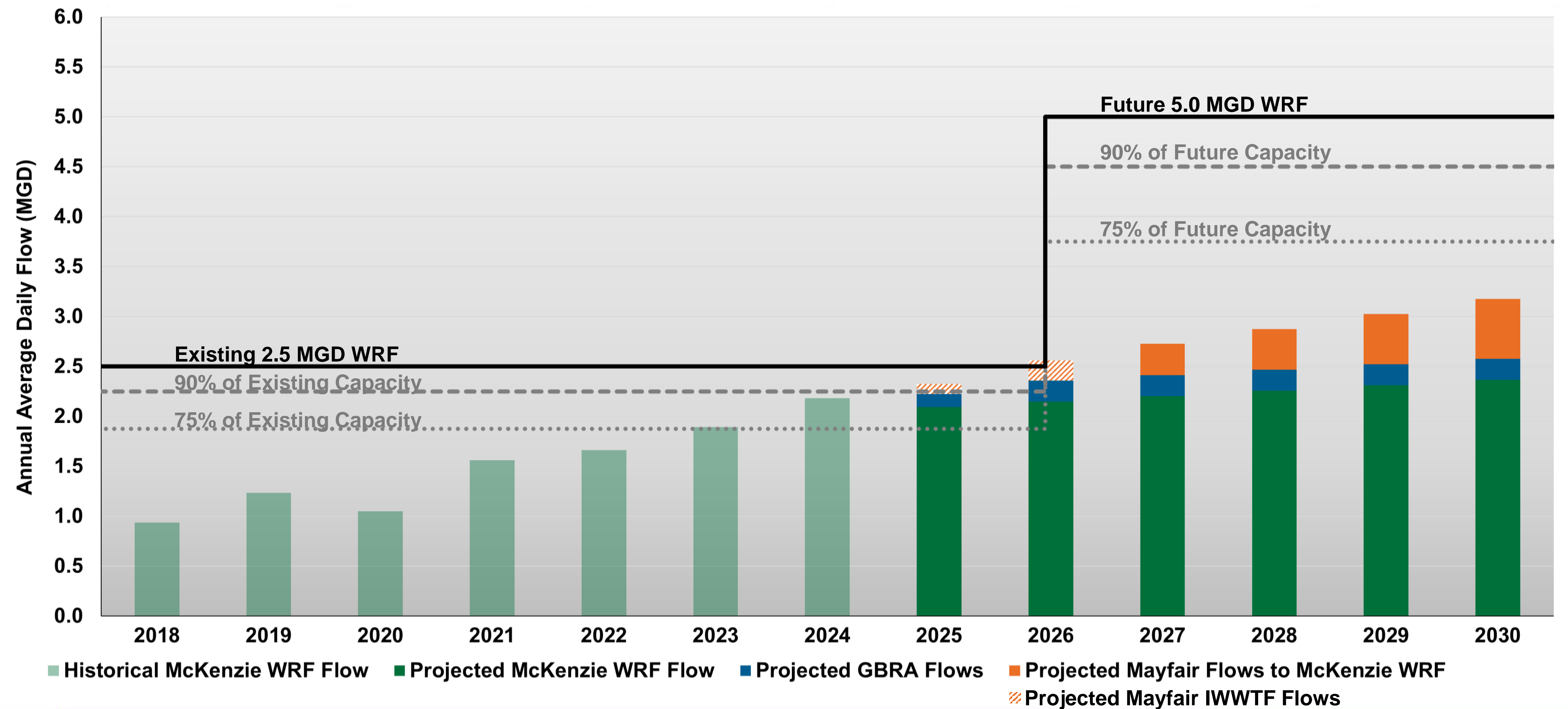
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# McKenzie Treatment Capacity



## Mission

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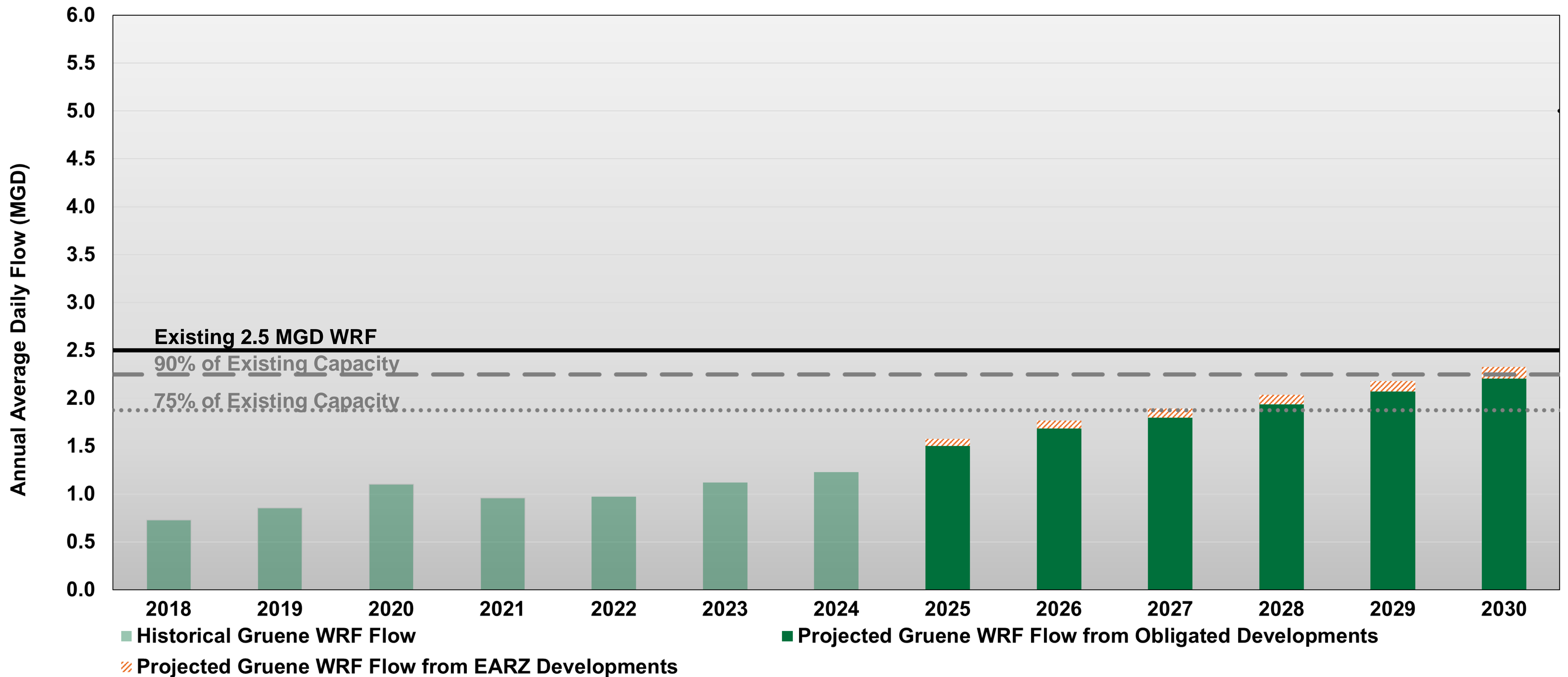


## Core Values

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# Gruene Treatment Capacity

Item 1.



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## Vision

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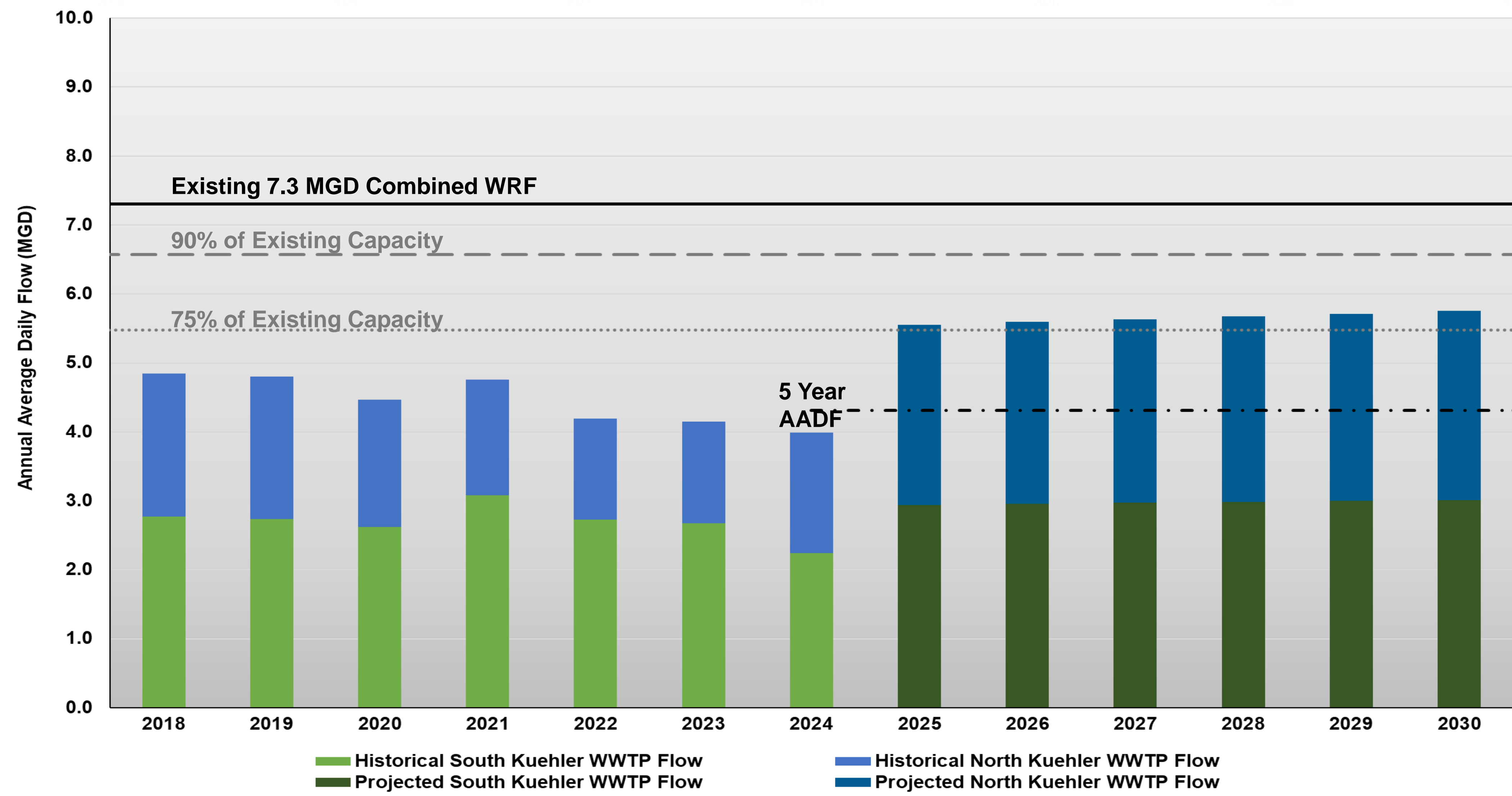


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# Kuehler Treatment Capacity



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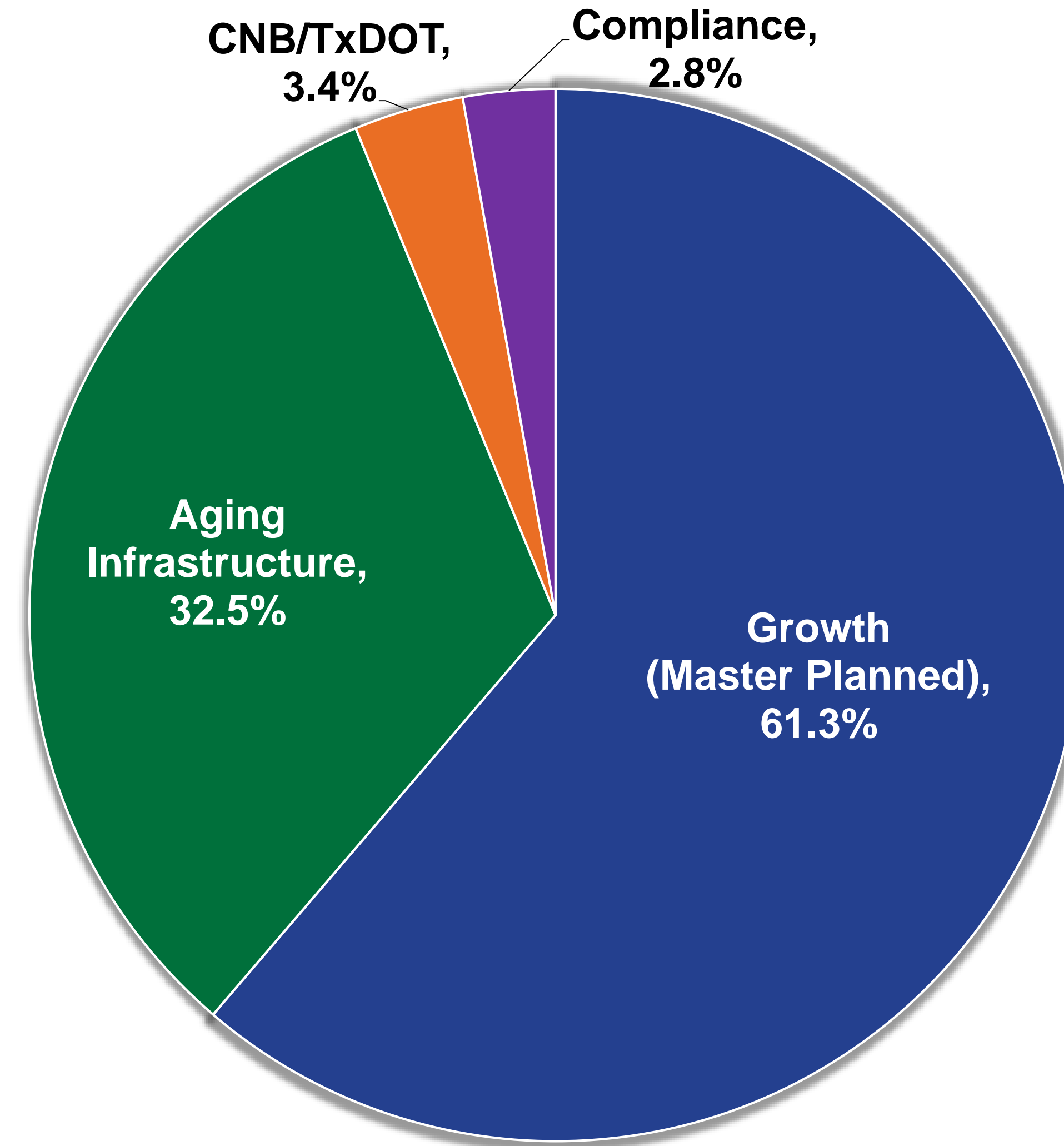
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# Wastewater Capital Plan

Item 1.

## WASTEWATER CIP BY CATEGORY

Aging Infrastructure	\$107,827,165
Compliance	\$9,368,543
CNB/TxDOT	\$11,188,378
Growth (Master Planned)	\$203,180,077
<b>Total 5-Year Plan</b>	<b>\$331,564,163</b>



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# Facilities Capital 5-Year Plan

Item 1.



## NBU Headquarters

- \$146.3M (Net of Proceeds totaling \$3.6M)

## Backup Operations Center

- \$4.9M

## Future Facilities Rehab

- \$425K

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# NBU Headquarters Milestones

May 2025

Guaranteed Maximum Price #5

June 2025

Start Foundation Work

December 2025

Top Out and Dry-In

April 2027

Substantial Completion

May 2027

Furniture, Fixtures, and Equipment

July 2027

Operational Relocation



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# Headwaters Capital 5-Year Plan

Item 1.



## Headwaters at the Comal - Phase III

- \$12.2M
- Construction of the Comal Springs Conservation Center
- Wastewater treatment and reuse system
- Continuation of trail paths

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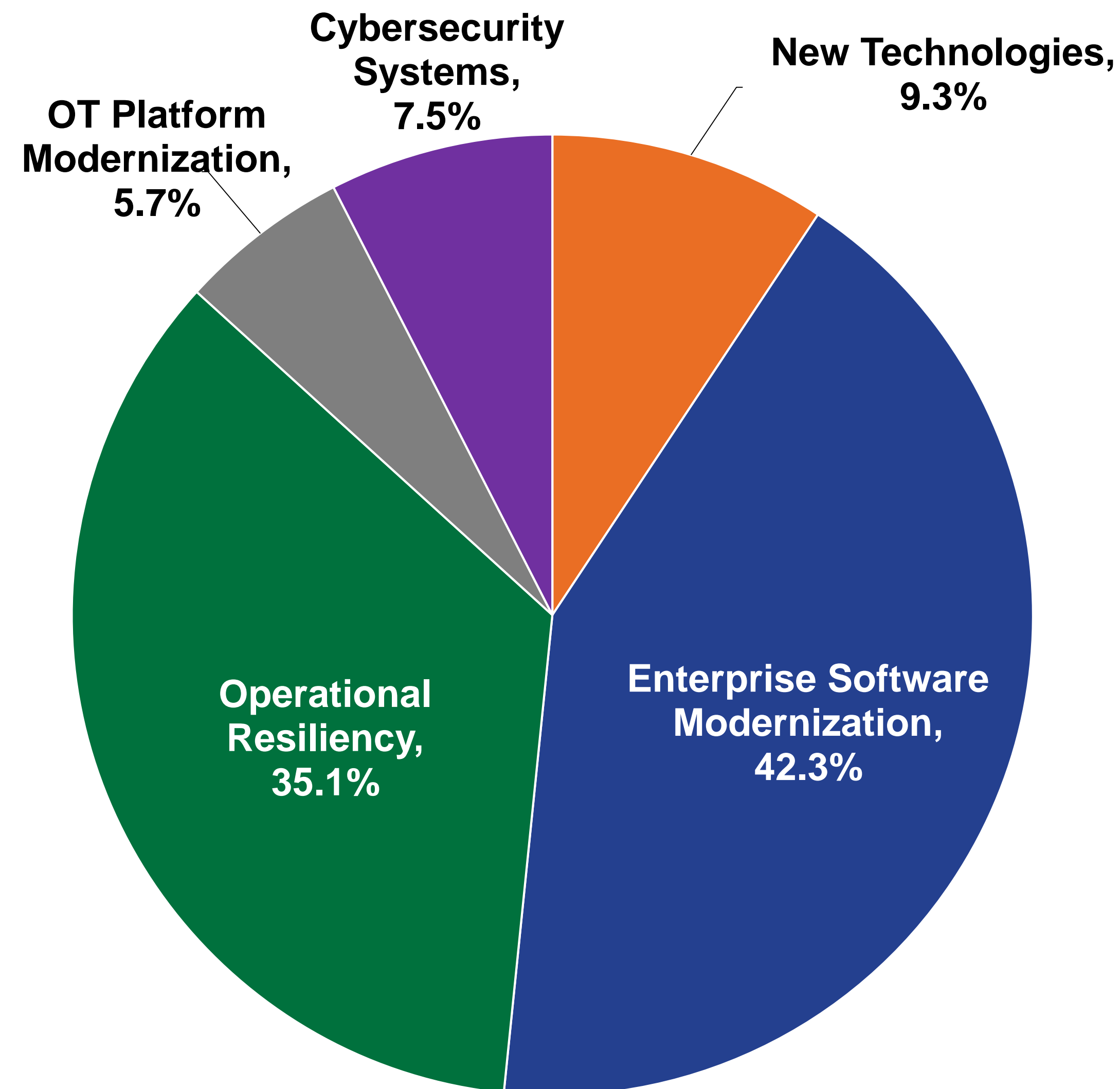
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# Technology Capital 5-Year Plan

Item 1.

TECHNOLOGY CAPITAL INITIATIVES	
Enterprise Software Modernization	\$11,800,000
New Technologies	\$2,600,000
Operational Resiliency	\$9,800,000
OT Platform Modernization	\$1,600,000
Cybersecurity Systems	\$2,100,000
<b>Total 5-Year Plan</b>	<b>\$27,900,000</b>



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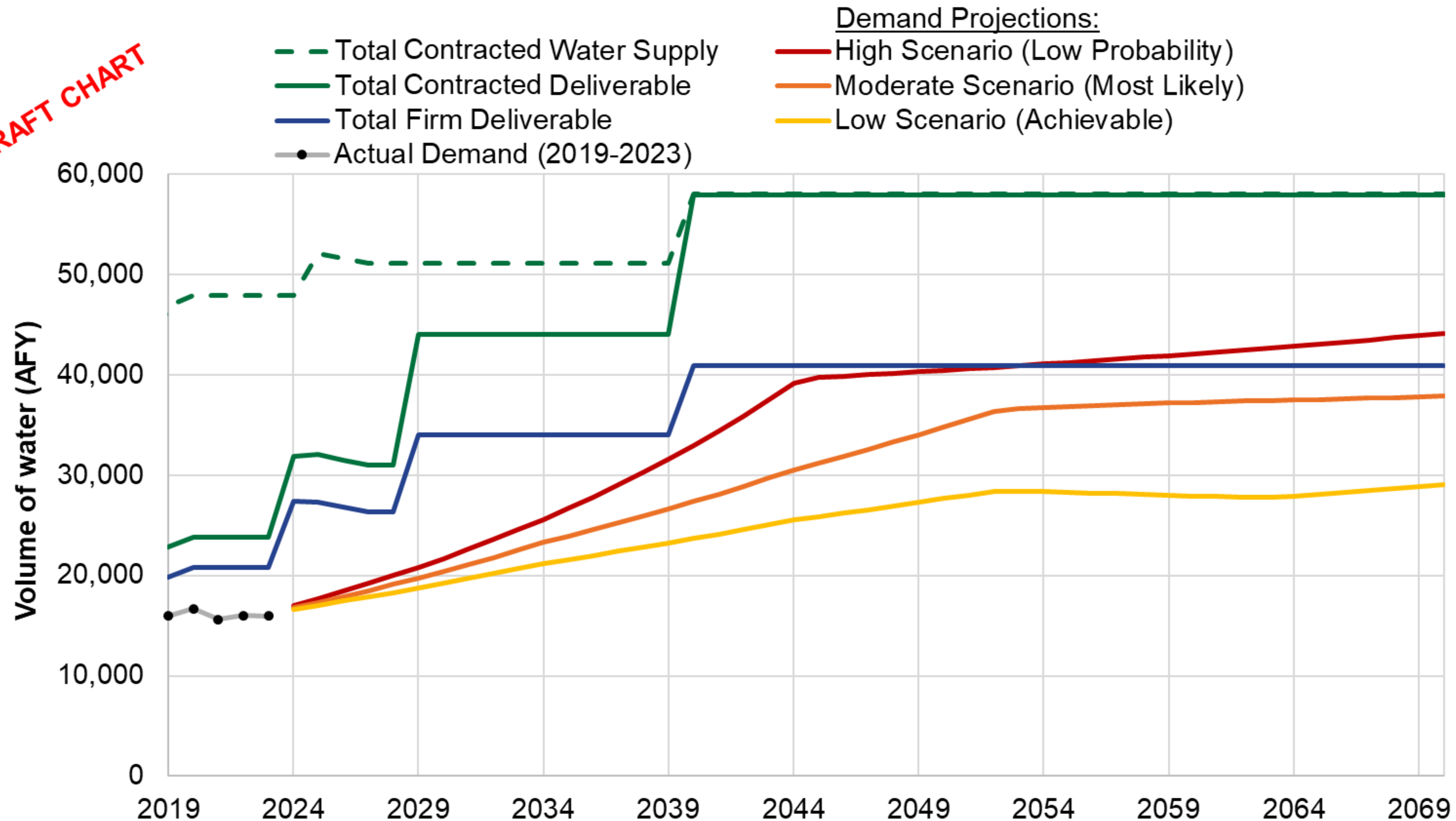


# WATER SUPPLY

# Water Supply Projections: Current to 2070

Item 1.

DRAFT CHART



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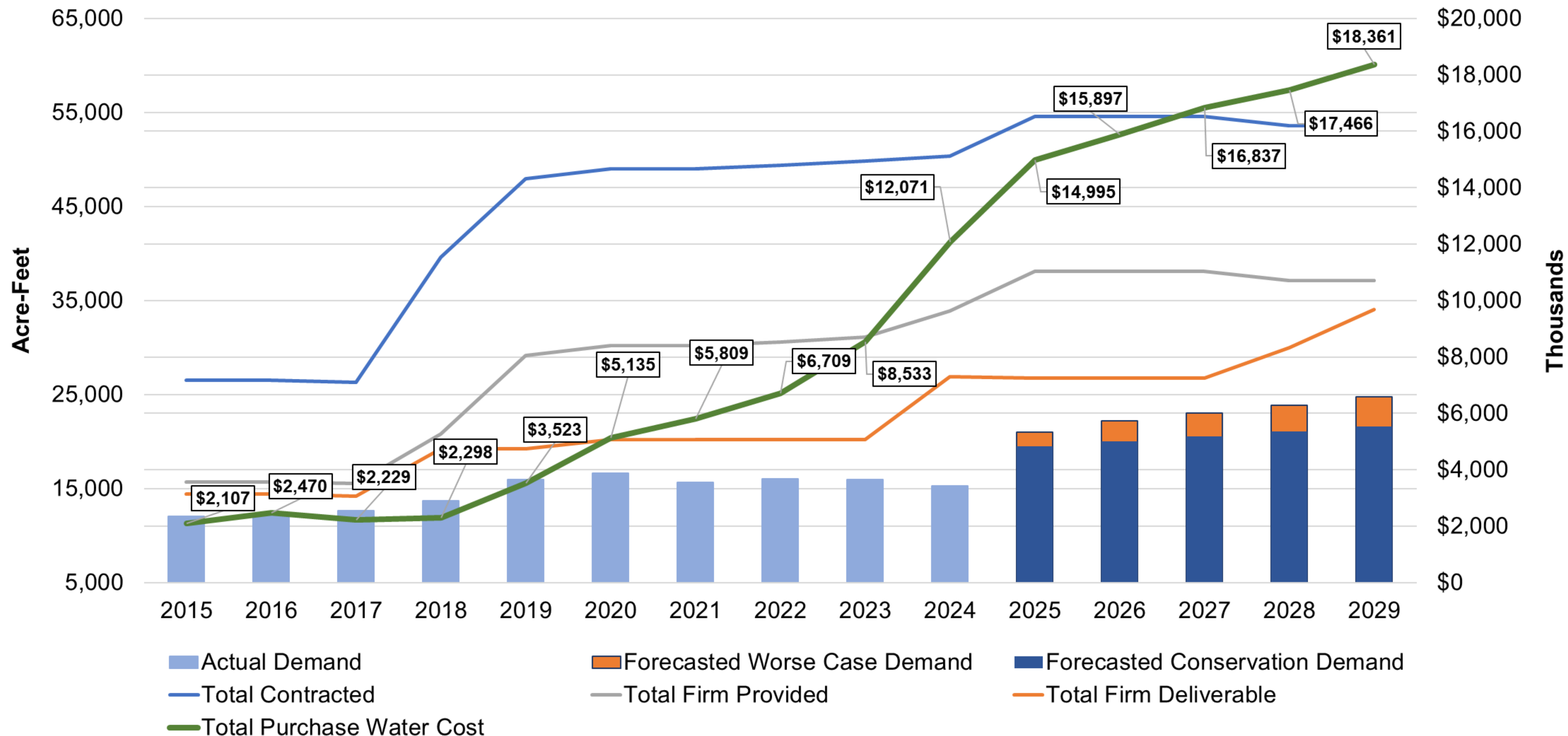
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# Water Supply Cost



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# OPERATING EXPENSES



# Operating Expenses-FY26/FY27

Item 1.

NBU Operating Expenses	FY26 Expense	FY26 Percentage	FY27 Expense	FY27 Percentage
Purchased Power Costs	\$ 152,913,325	49%	\$ 156,747,285	48%
Personnel	\$ 63,925,279	21%	\$ 70,501,940	21%
Depreciation Expense	\$ 47,168,744	15%	\$ 52,692,211	16%
Operating Expenses (Non-personnel)	\$ 32,914,325	10%	\$ 33,403,812	10%
Purchased Water Costs	\$ 14,772,619	5%	\$ 15,920,090	5%
Total Operating Expenses	\$ 311,694,292	100%	\$ 329,265,338	100%

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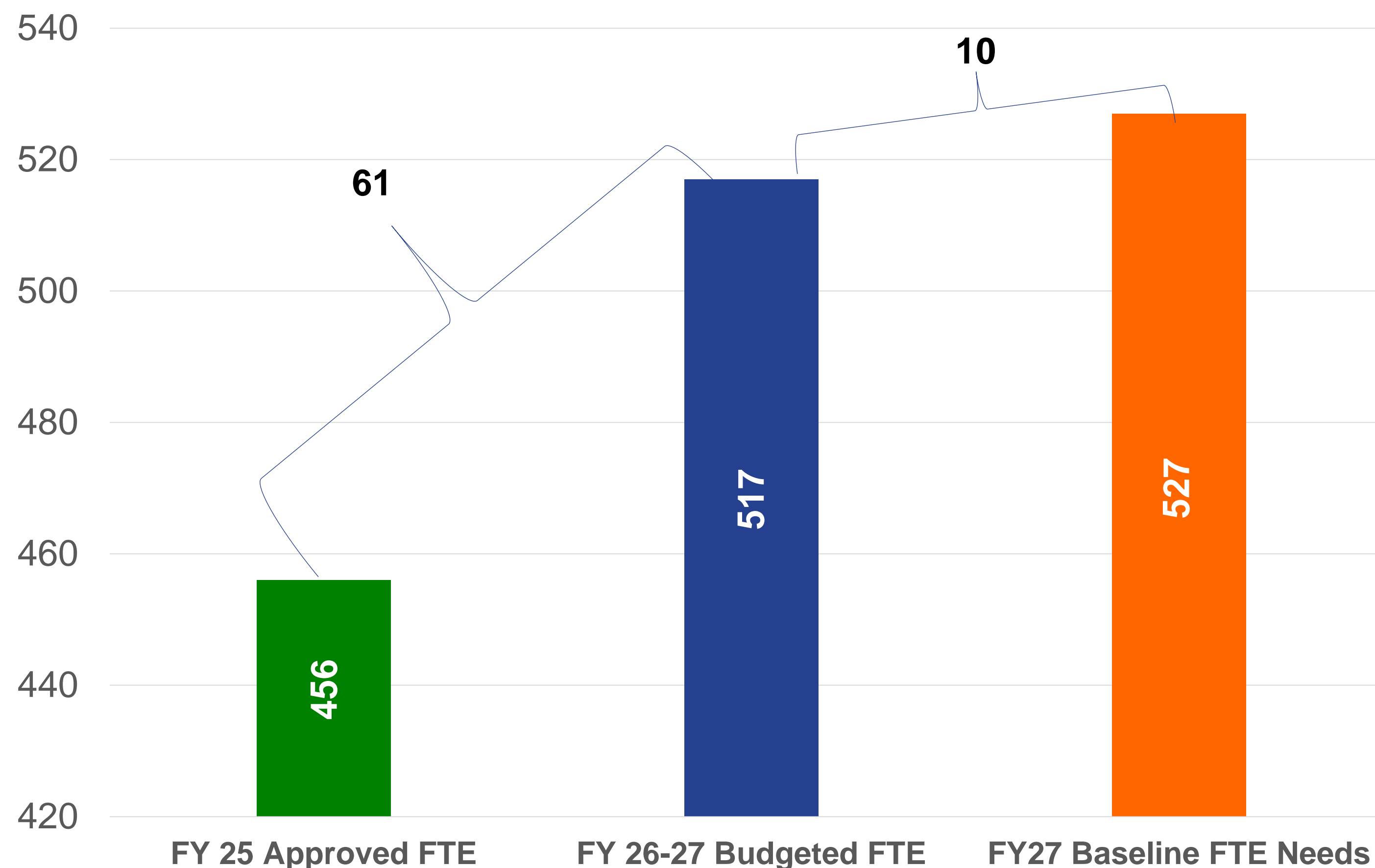
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# Workforce Planning Study

Item 1.

- NBU remains ~2% understaffed
- NBU budgeted to add 61 positions across FY26 and FY27



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# Personnel Budget

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FY2030 Fully Staffed Target*	595
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Budgeted FTE's	456
FY2026	28
FY2027	33
FY2028	18
FY2029	18
FY2030	18
<b>TOTAL</b>	<b>571</b>

## FY 2026 Full-Time Employee (FTE) Additions by Department:

- Accounting – 2
- Business Planning – 1
- Customer Service – 10
- Cybersecurity – 1
- Enterprise Communication – 3
- Energy Risk – 1
- Headwaters – 1
- Learning & Development – 1
- Operational Technology – 2
- Power Supply - 2
- Safety – 1
- Security – 1
- Water Engineering – 1
- Water Treatment & Compliance – 1

\* Target determined by using Raftelis Workforce Planning Model

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# Operating Expenses

## Amounts in Thousands

Item 1.

	FY 2025 Budget	FY 2026 Budget	Variance	Percent Change	FY 2027 Budget	Variance	Percent Change
<b>Personnel</b>							
Salaries	\$ 43,847	\$ 47,514	\$ 3,667	8.4%	\$ 53,663	\$ 6,148	12.9%
Less: Power Supply Reclassed to Purchase Power	(1,303)	(1,669)	(366)	28.1%	(1,870)	(201)	12.1%
<b>Net Salaries</b>	<b>\$ 42,544</b>	<b>\$ 45,845</b>	<b>\$ 3,302</b>	<b>7.8%</b>	<b>\$ 51,793</b>	<b>\$ 5,947</b>	<b>13.0%</b>
Benefits	\$ 14,070	\$ 16,411	\$ 2,341	16.6%	\$ 18,390	\$ 1,979	12.1%
Less: Power Supply Reclassed to Purchase Power	(403)	(546)	(142)	35.3%	(610)	(64)	11.8%
<b>Net Benefits</b>	<b>\$ 13,666</b>	<b>\$ 15,865</b>	<b>\$ 2,199</b>	<b>16.1%</b>	<b>\$ 17,780</b>	<b>\$ 1,915</b>	<b>12.1%</b>
<b>TOTAL PERSONNEL COSTS</b>	<b>\$ 56,210</b>	<b>\$ 61,711</b>	<b>\$ 5,501</b>	<b>9.8%</b>	<b>\$ 69,573</b>	<b>\$ 7,862</b>	<b>12.7%</b>
<b>Non-Personnel</b>							
Non-Personnel Costs	\$ 34,068	\$ 32,914	\$ (1,153)	-3.4%	\$ 33,404	\$ 489	1.5%
Less: Power Supply Reclassed to Purchase Power	(1,497)	(1,200)	297	-19.8%	(1,395)	(195)	16.2%
<b>TOTAL NON-PERSONNEL COSTS</b>	<b>\$ 32,571</b>	<b>\$ 31,714</b>	<b>\$ (857)</b>	<b>-2.6%</b>	<b>\$ 32,009</b>	<b>\$ 295</b>	<b>0.9%</b>
<b>Total O&amp;M</b>	<b>\$ 88,780</b>	<b>\$ 93,425</b>	<b>\$ 4,645</b>	<b>5.2%</b>	<b>\$ 101,582</b>	<b>\$ 8,157</b>	<b>8.7%</b>
Less: Contra to Capital	(22,295)	(22,753)	(458)	2.1%	(24,728)	(1,975)	8.7%
<b>Net O&amp;M</b>	<b>\$ 66,486</b>	<b>\$ 70,672</b>	<b>\$ 4,186</b>	<b>6.3%</b>	<b>\$ 76,854</b>	<b>\$ 6,182</b>	<b>8.7%</b>

### Mission

Strengthening our community by providing resilient essential services



### Vision

Be a trusted community partner dedicated to excellence in service



### Core Values

Safety, Team, Integrity, Culture, and Stewardship



# Operating Expenses – Key Initiatives

Annual Priorities	FY 2026 Budget
Enterprise Asset Management	\$562K
Customer Experience Optimization	\$307K
Enterprise Wide Project Management	\$49K
Technology Modernization	\$1.5M

Compliance Initiatives	FY 2026 Budget
Tree Trimming For Electric Overhead Lines	\$787K
Water Resource Planning	\$452K
Water Master Plan Update	\$204K
Wastewater Master Plan Update	\$204K
Transmission & Distribution Planning	\$128K
External Audit	\$90K

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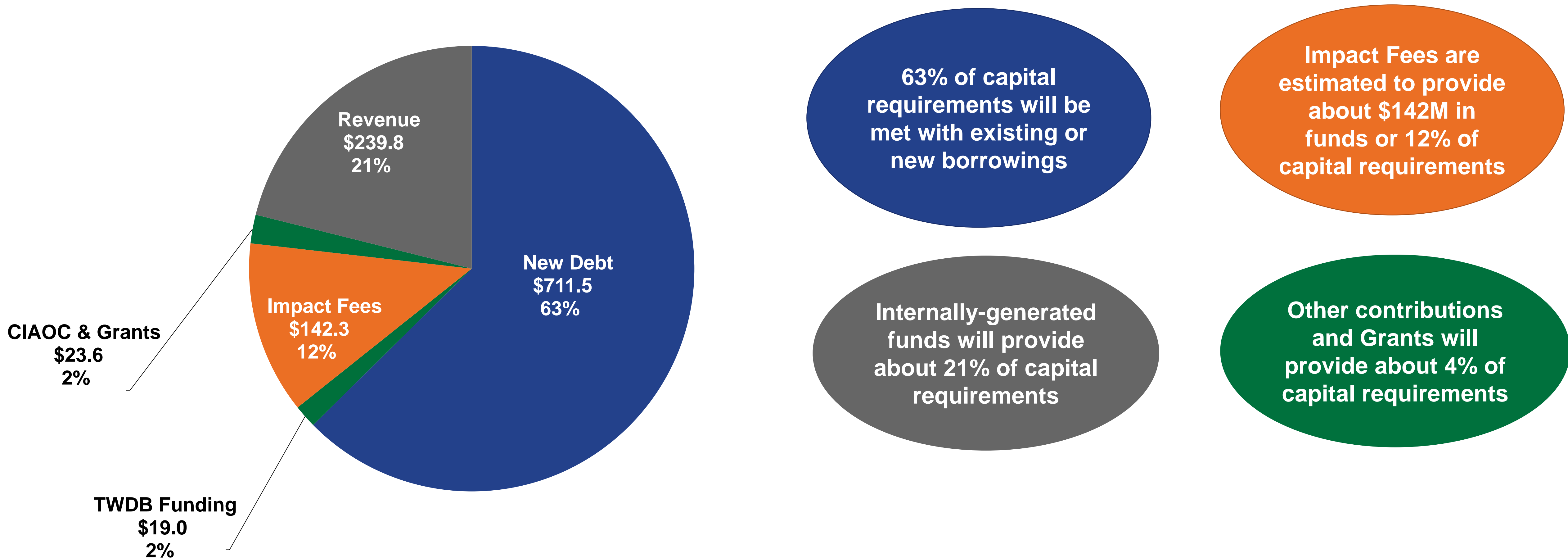
# FUNDING SOURCES



# Capital Funding by Source

## Amounts in Millions

Item 1.



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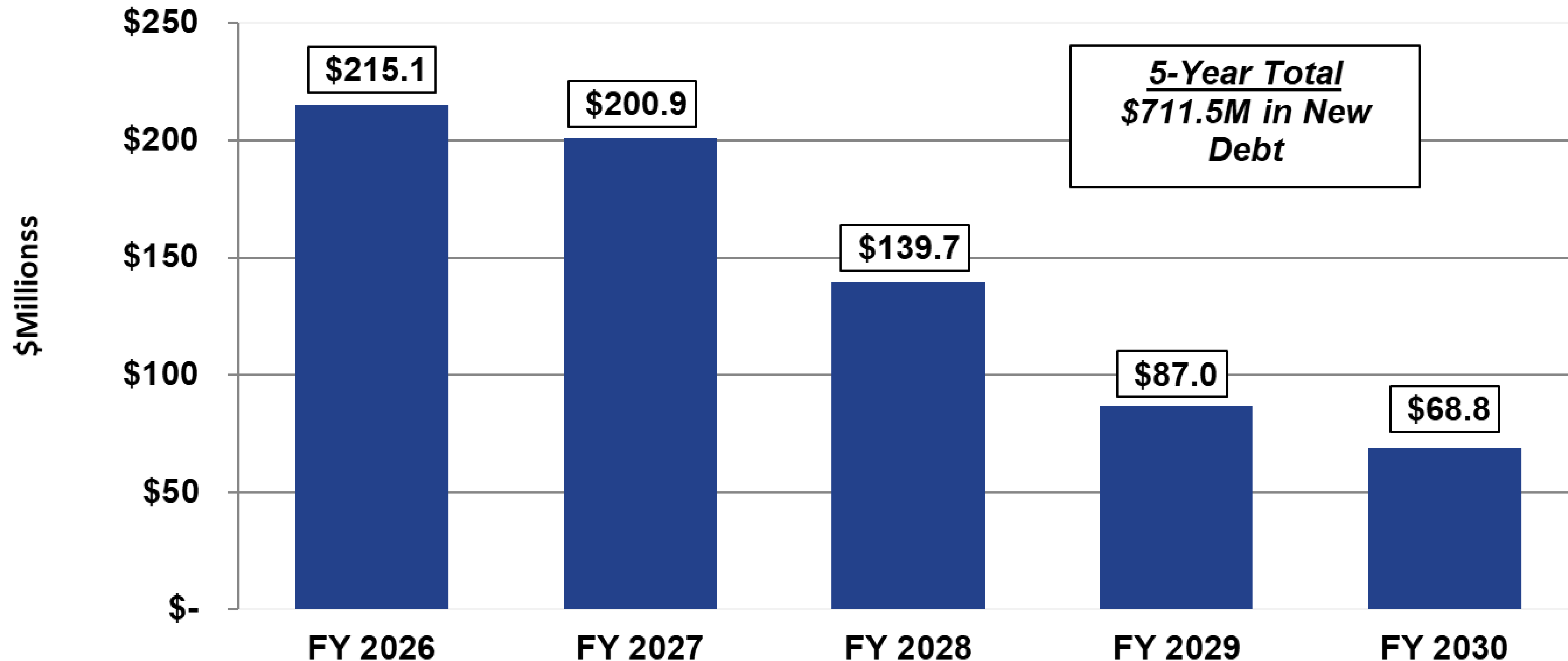


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# Debt Funding Requirement Long-Term Financing

Item 1.



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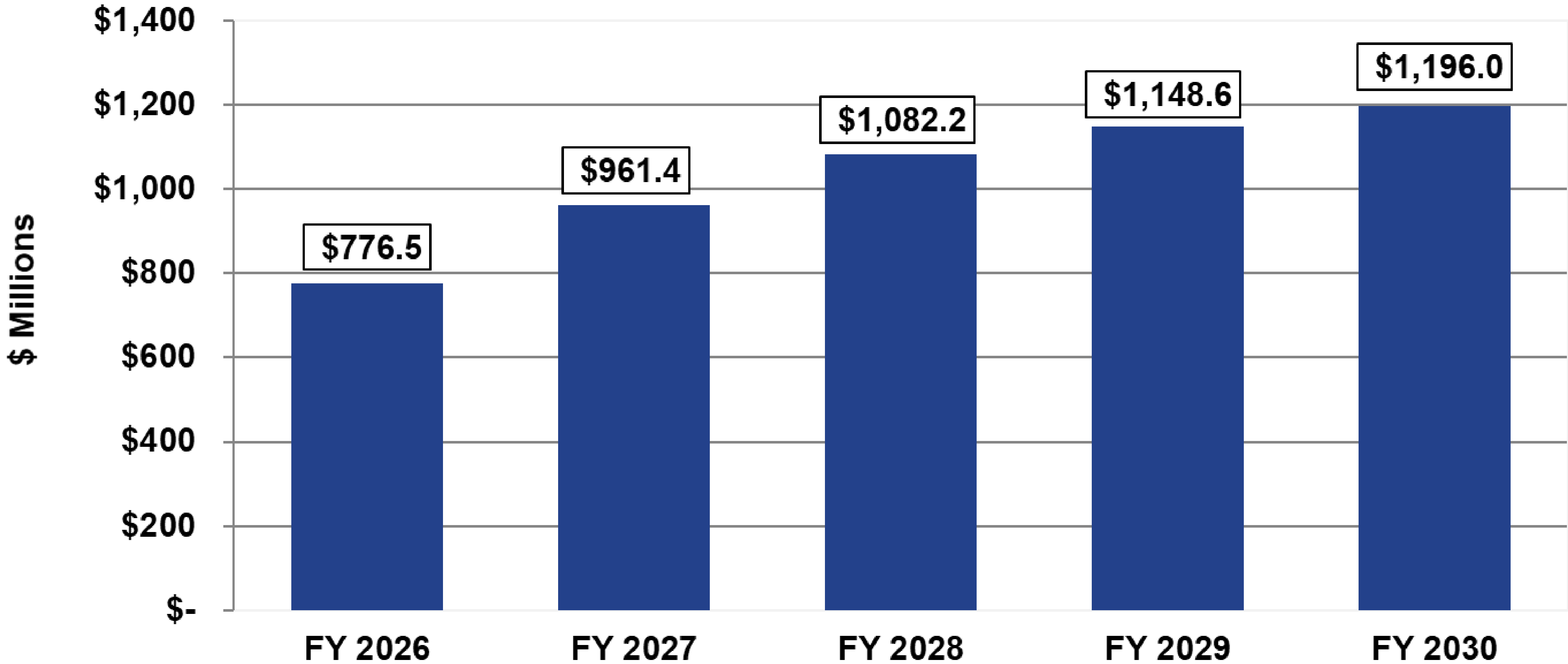


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# Total Debt



Amounts are cumulative

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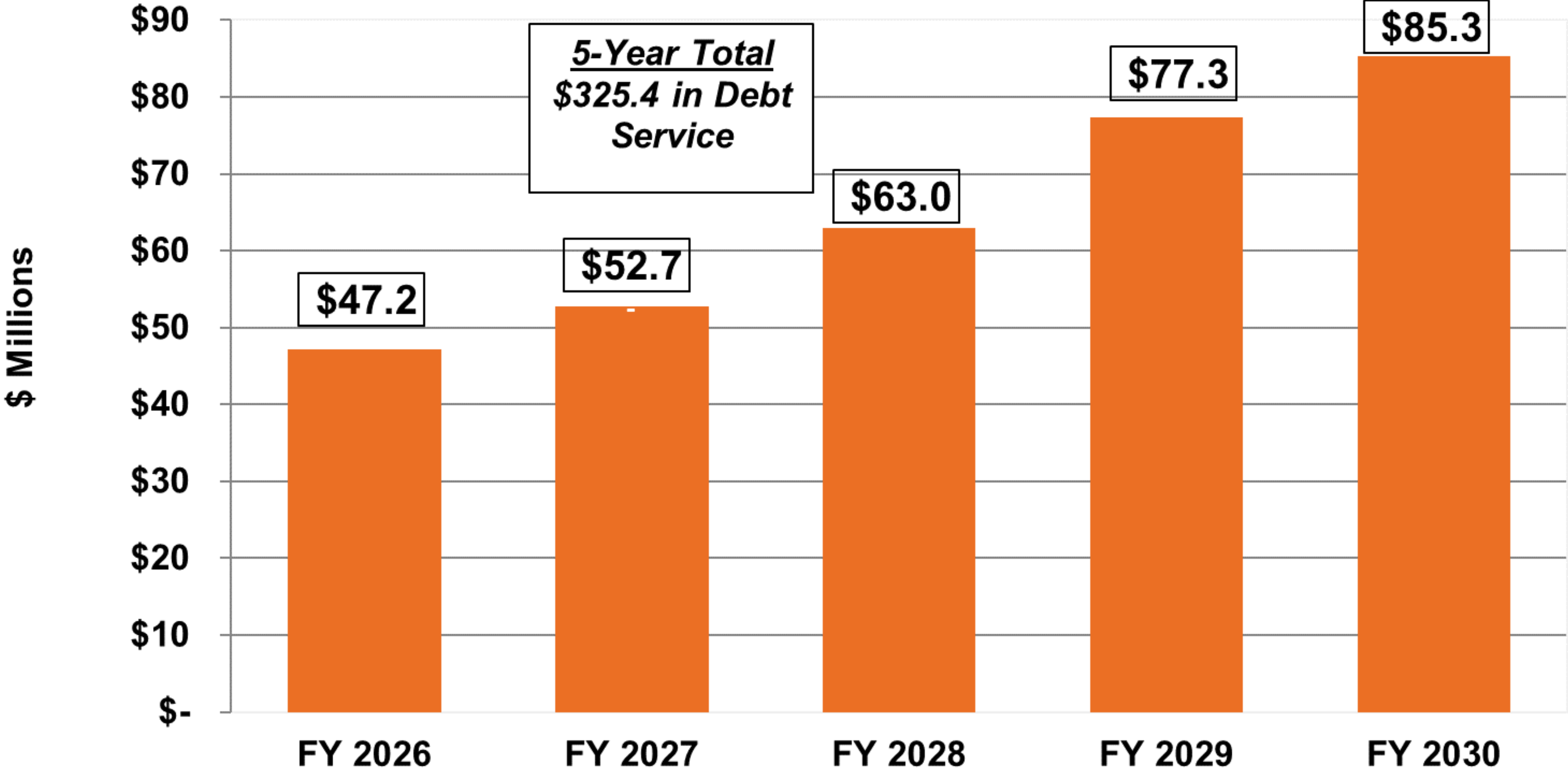
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# Debt Service



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# REVENUE REQUIREMENTS

# Revenue Requirements & Results

Item 1.

FY26 Financial Operating Plan					
FY26 Budget	FY26	FY27	FY28	FY29	FY30
Electric	4.7%	3.2%	1.2%	1.6%	1.3%
Water	9.9%	9.9%	9.9%	9.9%	9.9%
Wastewater	7.7%	7.7%	7.7%	7.7%	7.7%

FY2030 Results	
DSC	2.62
Total New Debt	\$711M
Debt to Cap.	54.63%
Total Debt	\$1,196M

## Policy

≥2.4X

<55%

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# Historical Revenue Requirements

Legend																		
Highest Rate Increases - Farthest from 0%																		
Neutral - Middle																		
Lowest Rate Increases - Closest to 0%																		
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY26 Plan Projections				
														FY2026	FY2027	FY2028	FY2029	FY2030
Electric*	0.00%	0.00%	0.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.70%	3.30%	4.80%	5.90%	4.70%	3.20%	1.20%	1.60%	1.30%
Water	0.00%	0.00%	0.00%	2.50%	2.50%	2.50%	6.00%	22.00%	22.00%	22.00%	22.00%	9.10%	13.40%	9.90%	9.90%	9.90%	9.90%	9.90%
Wastewater	0.00%	3.60%	4.50%	4.50%	4.50%	4.50%	0.00%	16.50%	16.50%	13.00%	13.00%	7.30%	7.30%	7.70%	7.70%	7.70%	7.70%	7.70%

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# Historical Revenue Requirements

Legend
Highest Rate Increases - Farthest from 0%
Neutral - Middle
Lowest Rate Increases - Closest to 0%

	FY2013-2019 (Avg)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY26 Plan Projections				
								FY2026	FY2027	FY2028	FY2029	FY2030
Electric*	0.14%	0.00%	0.00%	1.70%	3.30%	4.80%	5.90%	4.70%	3.20%	1.20%	1.60%	1.30%
Water	1.93%	22.00%	22.00%	22.00%	22.00%	9.10%	13.40%	9.90%	9.90%	9.90%	9.90%	9.90%
Wastewater	3.09%	16.50%	16.50%	13.00%	13.00%	7.30%	7.30%	7.70%	7.70%	7.70%	7.70%	7.70%

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# Financial Results

## Amounts in Thousands

Item 1.

	Forecast FY 2025	Budget FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Policy Requirement
Total Debt	\$ 574,279	\$ 776,486	\$ 961,358	\$ 1,082,188	\$ 1,148,556	\$ 1,196,008	
Equity	779,192	812,701	860,021	914,158	948,881	993,299	
Capitalization	\$ 1,353,471	\$ 1,589,187	\$ 1,821,380	\$ 1,996,347	\$ 2,097,437	\$ 2,189,307	
<b>Total Debt / Capitalization Ratio<sup>1</sup></b>	<b>42%</b>	<b>48.86%</b>	<b>52.78%</b>	<b>54.21%</b>	<b>54.76%</b>	<b>54.63%</b>	<b>≤ 55%</b>
<b>Days Cash on Hand</b>	<b>224</b>	<b>317</b>	<b>355</b>	<b>401</b>	<b>417</b>	<b>436</b>	<b>&gt; 140</b>
<b>Debt Service Coverage<sup>2</sup></b>	<b>5.09</b>	<b>2.75</b>	<b>2.66</b>	<b>2.61</b>	<b>2.41</b>	<b>2.62</b>	<b>≥ 2.4</b>
Beginning Debt Balance	\$ 574,279	\$ 574,279	\$ 776,486	\$ 961,358	\$ 1,082,188	\$ 1,148,556	
<b>New Long-Term Debt</b>	<b>\$ -</b>	<b>\$ 215,115</b>	<b>\$ 200,917</b>	<b>\$ 139,689</b>	<b>\$ 86,962</b>	<b>\$ 68,796</b>	<b>Total New Debt \$ 711,479</b>
Principal Payments - Current Debt		9,757	10,167	10,915	11,315	11,775	
Principal Payments - New Debt		3,151	5,877	7,944	9,279	9,569	
<b>Total Debt</b>	<b>\$ 574,279</b>	<b>\$ 776,486</b>	<b>\$ 961,358</b>	<b>\$ 1,082,188</b>	<b>\$ 1,148,556</b>	<b>\$ 1,196,008</b>	
CIAOC	\$ 2,000	\$ 4,130	\$ 3,790	\$ 6,079	\$ 4,467	\$ 5,123	
Beginning Equity	\$ 718,622	779,192	812,701	860,021	914,159	948,881	
Change in Net Position Before Contributions	58,570	29,379	43,530	48,058	30,255	39,295	
Ending Equity	\$ 779,192	\$ 812,701	\$ 860,021	\$ 914,158	\$ 948,881	\$ 993,299	

<sup>1</sup> Total Debt / (Current Debt + Long-Term Debt + Equity)

<sup>2</sup> Net Available for Debt Service / Debt Service

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# Fitch Bond Rating Comparisons

Bryan Utilities City Electric System	AA	Stable
<b>New Braunfels Utilities</b>	<b>AA-</b>	<b>Stable</b>
Austin Energy	AA-	Stable
Garland Power & Light	AA-	Stable
Lower Colorado River Authority (LCRA)	AA-	Stable
Pedernales Electric Cooperative	AA-	Stable
CPS Energy	AA-	Stable
Guadalupe Valley Electric Cooperative	A+	Positive
City of Denton	A	Stable
Seguin Utility Fund*	A-	Stable
Brownsville Public Utilities Board	A-	Stable

Source: Fitch Ratings 2024 U.S. Public Power Peer Review

\*Not included on Peer Review but rating was affirmed by Fitch April 26, 2024

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# WATER SUPPLY FEE (WSF)

# WSF as Currently Defined

Item 1.

Cost assessed to customers who have a volumetric usage.

Cost of certain water supplies expressed as dollars per 1,000 gallons, multiplied by the gallons sold during a billing period to each customer.

Calculated and assessed annually based on estimated variables for the period.

Reconciled annually with actual costs and credits.

NBU Board apprised of any changes to the WSF.

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# FY 2025 WSF Forecast

Item 1.

WSF Forecast	
Water Supply Fee	<b>\$ 1.84 per thousand gallons</b>
Purchased Water Costs	\$ 7,326,557
FY 2024 True-Up	\$ (3,010,131)
<b>WSF Revenue Required</b>	<b>\$ 4,316,426</b>
YTD WSF Revenue Collected	\$ 2,619,571
Estimated Remaining WSF Collections	\$ 2,546,775
<b>Projected Total WSF Collections</b>	<b>\$ 5,166,346</b>
<b>Cumulative Over/(Under) Collection</b>	<b>\$ 849,920 = WSF True-up</b>

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# FY 2026 WSF Estimate

Item 1.

WSF Estimate	
Seguin	\$ 2,598,662
GBRA Canyon - Coleta Creek	\$ 1,012,000
GBRA Canyon - Womack	\$ 524,400
GBRA GCWSP	\$ 1,903,023
Green Valley	\$ 1,013,348
Comal Trinity	\$ 168,000
Water Sales	\$ 0.00
Cumulative WSF True-Up	\$ (849,920)
Water Volume	2,624,646,821 gallons
Water Supply Fee	\$2.43 per thousand gallons

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# FY 2027 WSF Estimate

Item 1.

WSF Estimate	
Seguin	\$ 2,598,662
GBRA Canyon - Coleta Creek	\$ 1,062,600
GBRA Canyon - Womack	\$ 550,620
GBRA GCWSP	\$ 2,597,512
Green Valley	\$ 1,038,681
Comal Trinity	\$ 168,000
Water Sales	\$ 0.00
Cumulative WSF True-Up	\$ 0.00
Water Volume	2,703,024,577 gallons
Water Supply Fee	\$2.97 per thousand gallons

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# Two-Year Rate Plan WSF

	FY 2026	FY 2027
WSF (Residential, Blocks 1 & 2)	\$0.00	\$0.00
WSF (All Other Blocks / Customer Classes)	\$2.43	\$2.97

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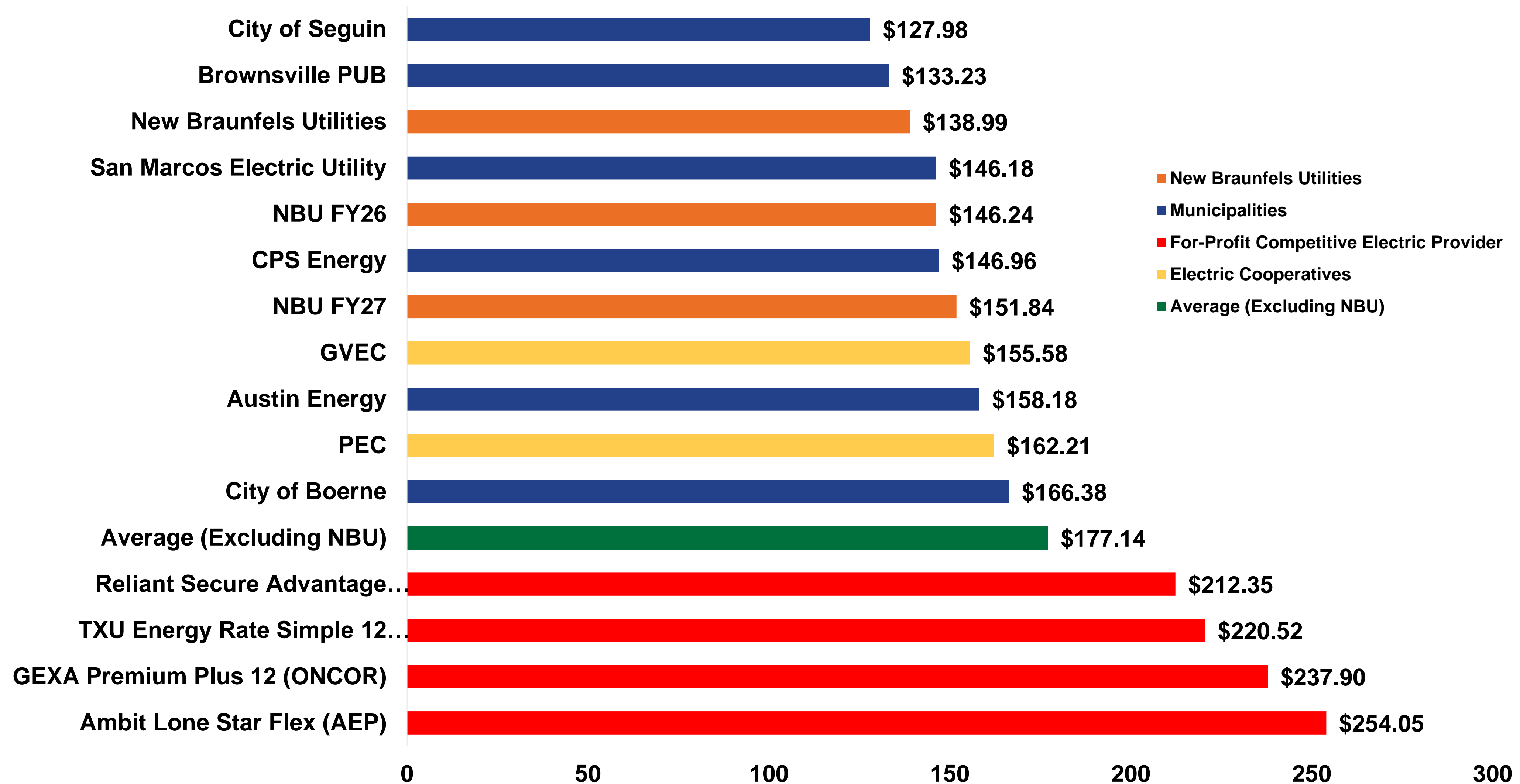
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# BILL COMPARISONS

# May 2025 Residential Electric Bill Comparison – 1200 kWh

Item 1.



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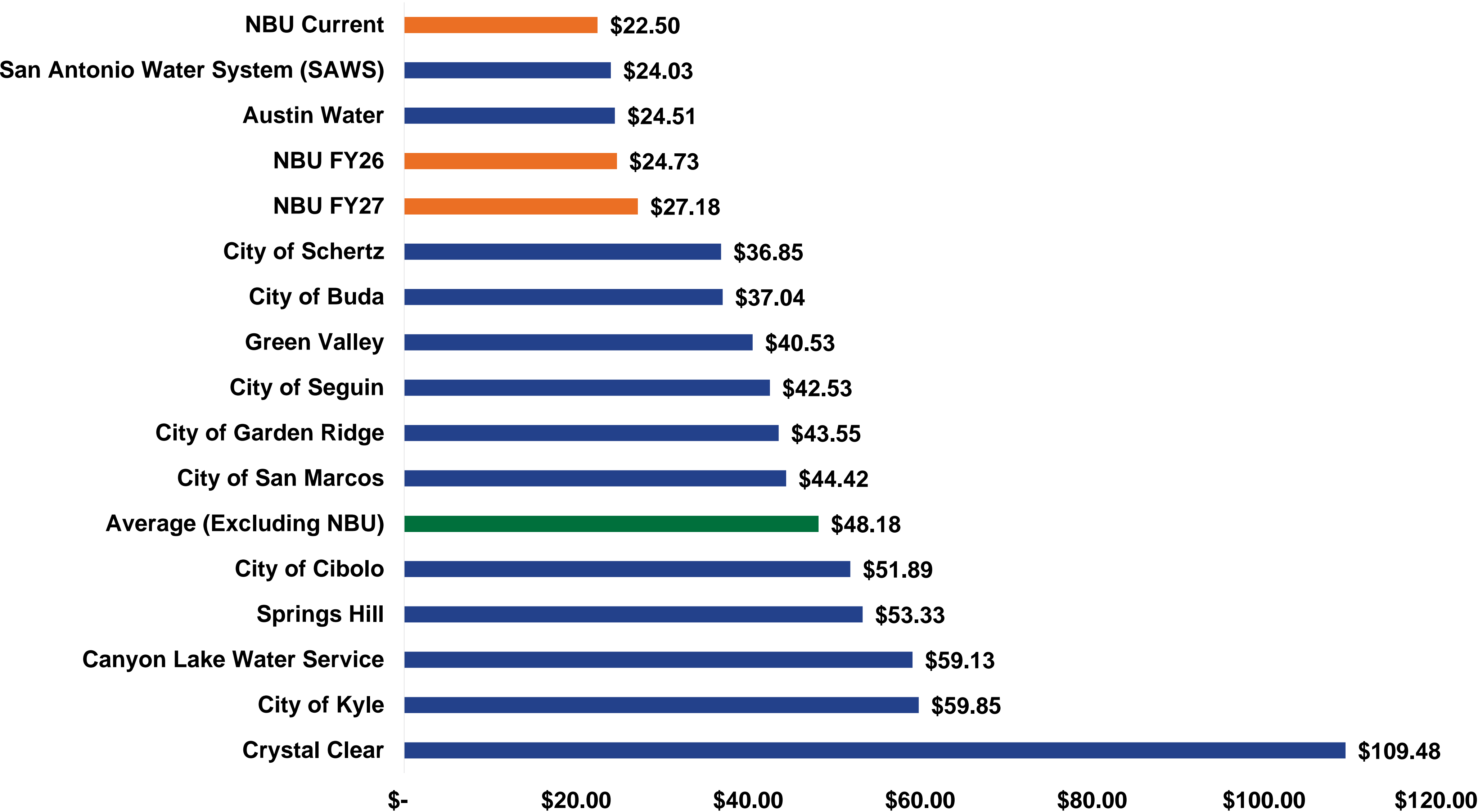


## Core Values

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# May 2025 Residential Water Bill Comparison – 3000 Gallons



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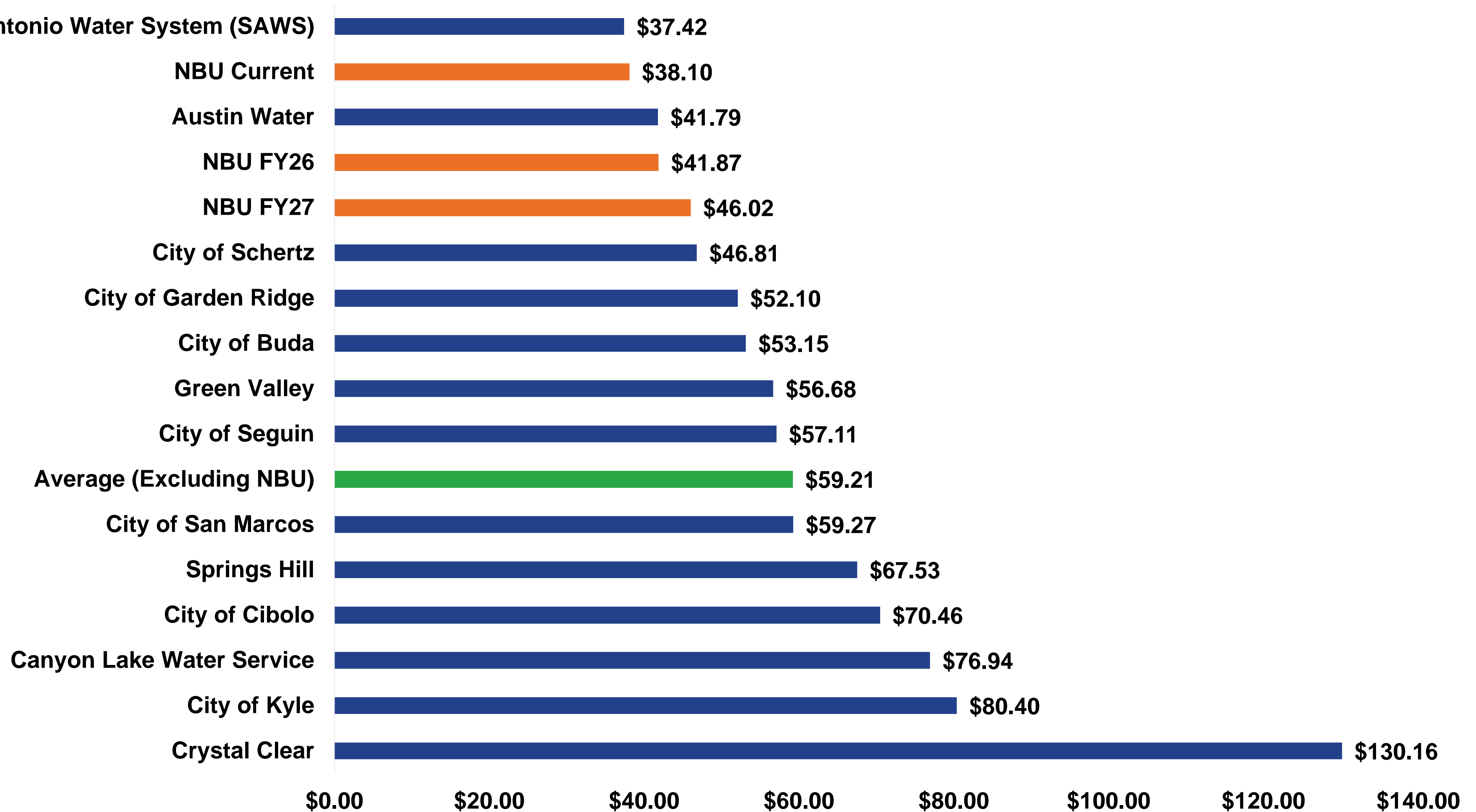
**+ Vision**

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**+ Core Values**

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# May 2025 Residential Water Bill Comparison – 6000 Gallons



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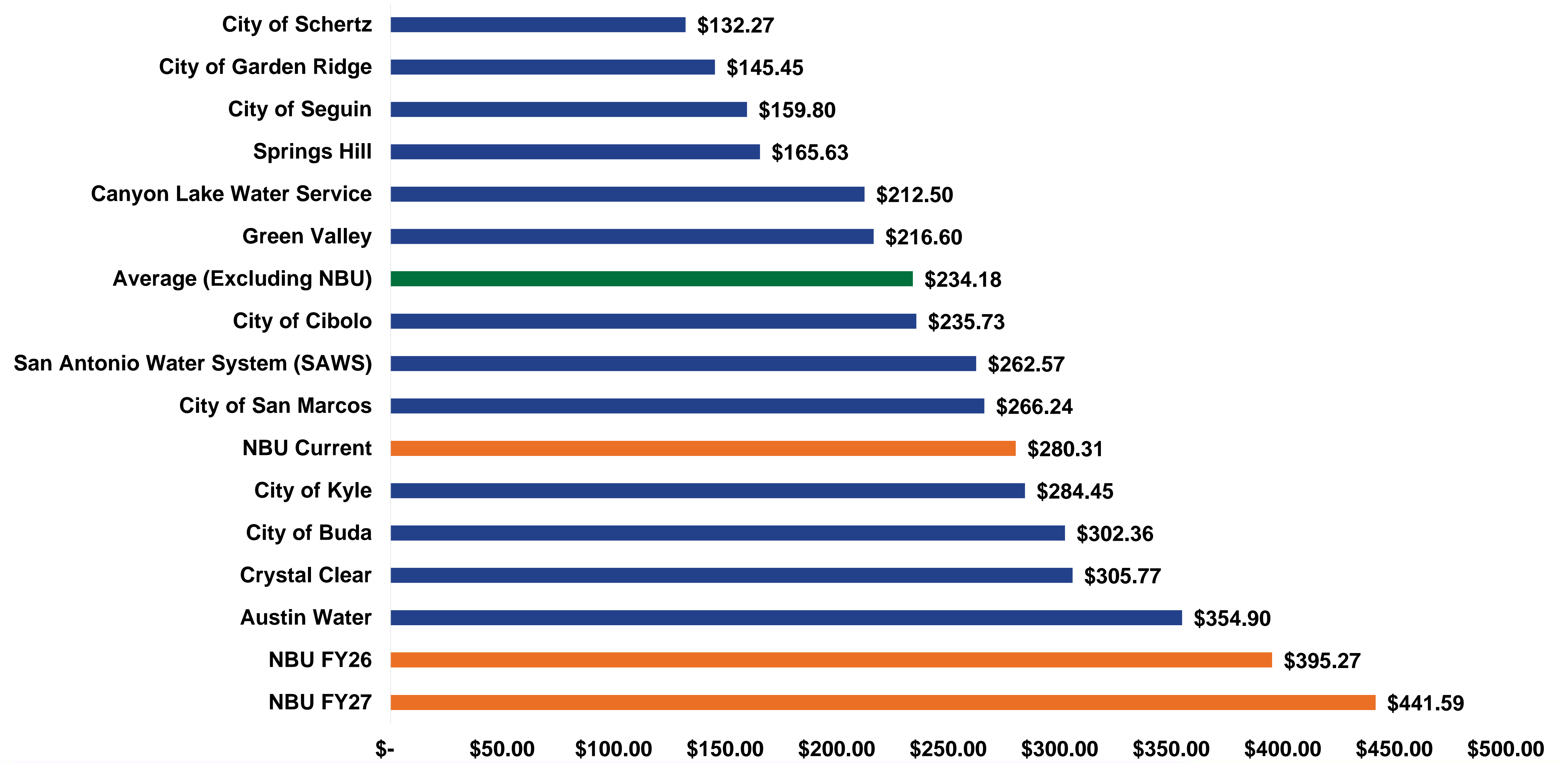


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# May 2025 Residential Water Bill Comparison – 30000 Gallons



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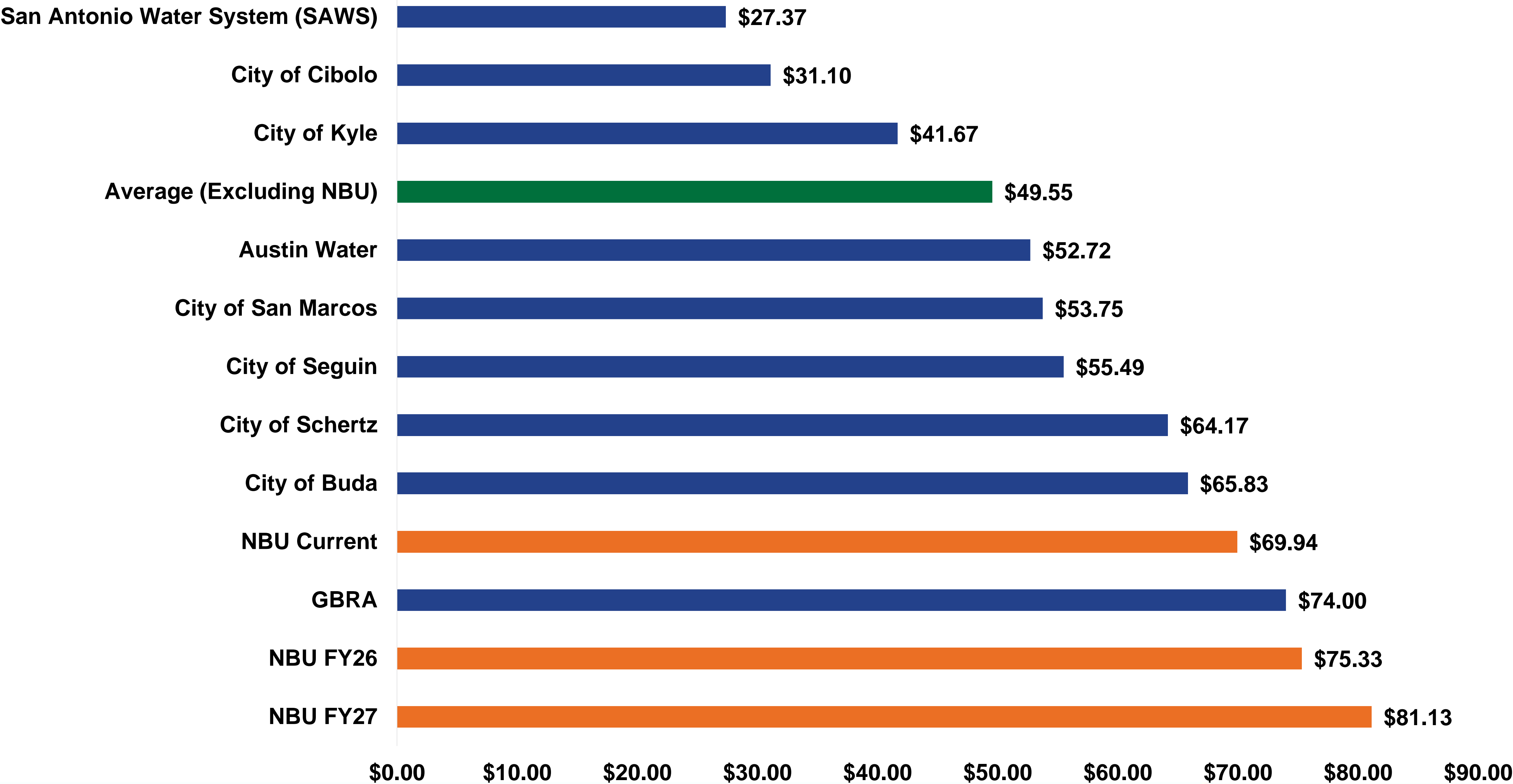


**Core Values**

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# May 2025 Residential Wastewater Bill Comparison – 4600 Gallons



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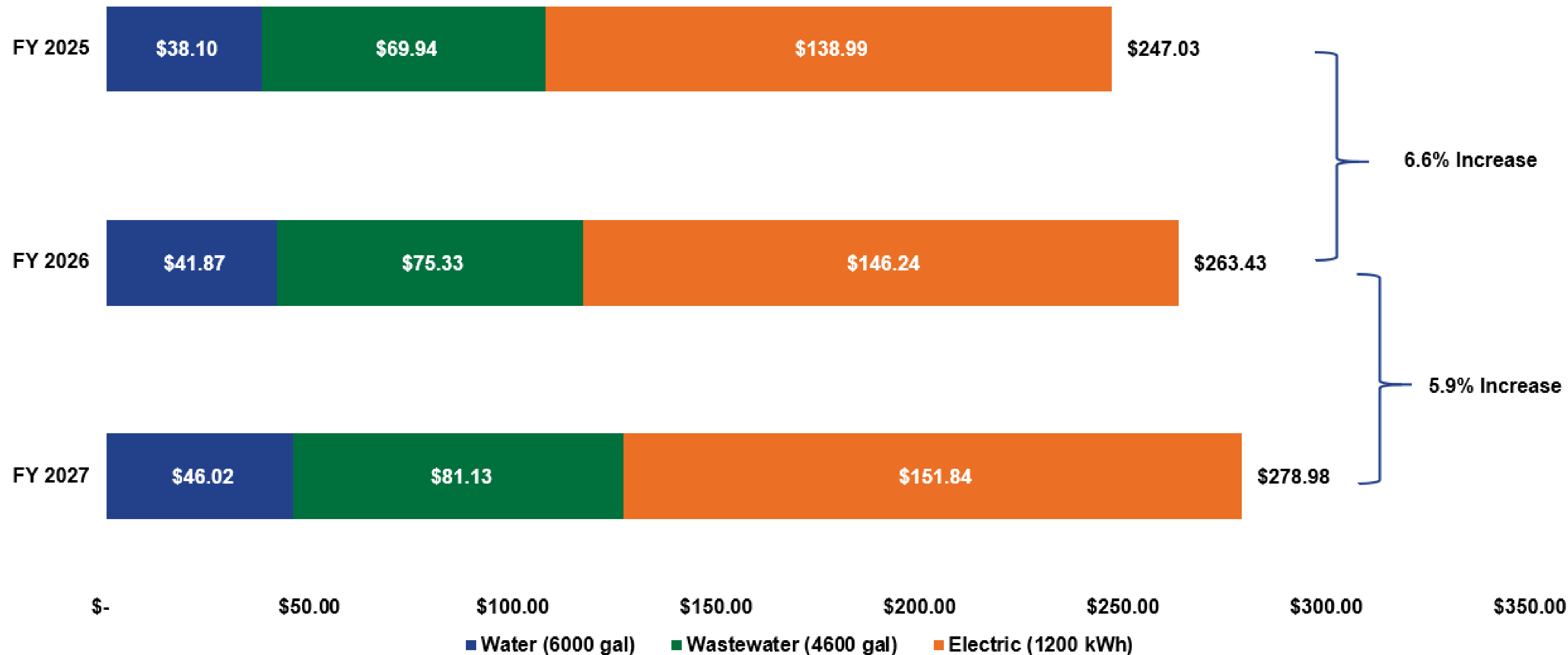
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# Total Bill Comparison FY 2025 – FY 2027

Item 1.



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# 20-YEAR FINANCIAL FORECAST



# Financial Results – 20-Year Financial Forecast

## Revenue Requirements

	Electric	Water	Wastewater
FY 2026	4.7%	9.9%	7.7%
FY 2027	3.2%	9.9%	7.7%
FY 2028	1.2%	9.9%	7.7%
FY 2029	1.6%	9.9%	7.7%
FY 2030	1.3%	9.9%	7.7%
FY 2031	0%-1%	0%-2%	0%-2%
FY 2032	0%-1%	0%-2%	0%-2%
FY 2033	0%-1%	0%-2%	0%-2%
FY 2034	0%-1%	0%-2%	0%-1%
FY 2035	0%-1%	0%-2%	0%-1%
FY 2036	0%-1%	0%-3%	0%-1%
FY 2037	0%-1%	0%-3%	0%-1%
FY 2038	0%-1%	0%-3%	0%-1%
FY 2039	0%-1%	0%-3%	0%-1%
FY 2040	0%-1%	0%-1%	0%-1%
FY 2041	0%-1%	0%-1%	0%-3%
FY 2042	0%-1%	0%-1%	0%-3%
FY 2043	0%-1%	0%-1%	0%-3%
FY 2044	0%-1%	0%-1%	0%-2%
FY 2045	0%-1%	0%-1%	0%-2%

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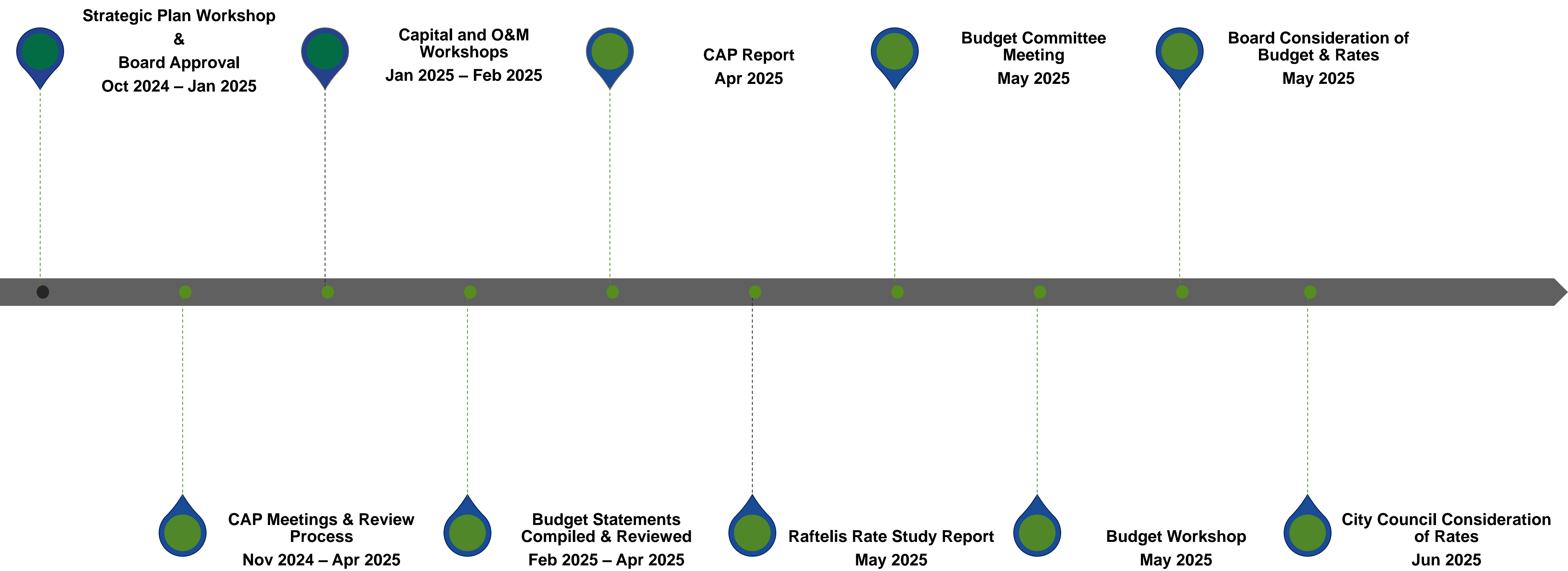
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# FY26/27 Budget & Rate Process Milestones



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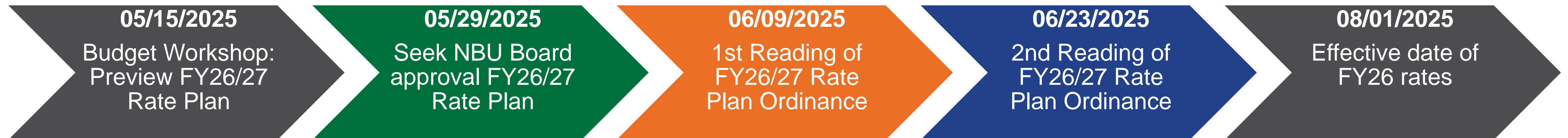
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# FY26/27 Rate Plan Next Steps

Item 1.



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# QUESTIONS?

# THANK YOU!



# New Braunfels Utilities

Rate Review Study

May 15, 2025

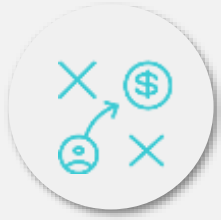
Item 2.

# Agenda

1. Scope of Work
2. Financial Planning
3. Revenue Requirements  
Adjustments
4. Electric
5. Water
6. Wastewater
7. Wrap-up



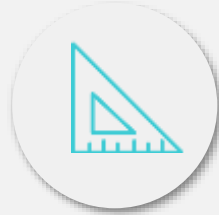
# Raftelis Scope of Work



## PLANNING

---

- **Financial forecasting**
  - > NBU Revenue Requirements
- **Capital financing**
  - > Debt vs. Cash
- **Financial policies**
  - > Reserves
  - > Coverage



## RATE DESIGN

---

- **Pricing Objectives**
- **Consumption Analysis**
  - > Evaluate impact of previous rate structure changes on consumption and revenue
- **Develop Rate Design scenarios based on pricing objectives**



## COMMUNICATIONS

---

- **Customer and Stakeholder Communications**
  - > CAP
  - > Customers

# How do we develop a Rate Plan to meet the Revenue Requirements?

**Financial Planning** provides a roadmap for determining where the utility has been and where it needs to be to maintain financial goals and objectives

**1**

Aligns financial strategy with organizational goals and policies

**2**

Ensures adequate cash flow for operations and capital investment

**3**

Plans for long-term capital needs

**4**

Provides transparency and accountability to stakeholders



# Financial Plan Inputs



## Customer Accounts, Billed Consumption, Revenue

- Estimating Income from customer rates, fees, and other sources.
- Consider demand trends and rate adjustments



## Operating Expenses

- Reflects labor, materials, power costs, maintenance
- Forecasted based on historical trends and future needs



## Capital Planning

- Infrastructure Investment funded with cash, impact fees (W/WW), grants, contributions in aid of construction, and long-term debt

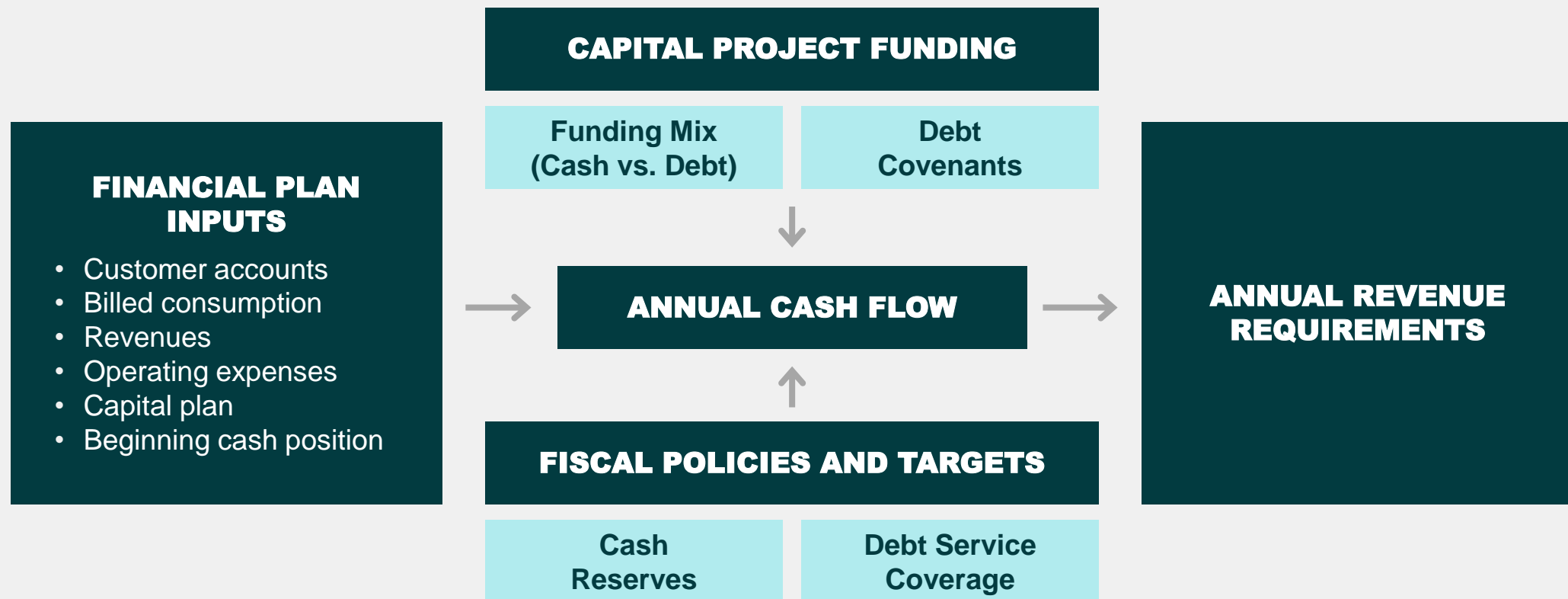


## Financial Policies

- Days Cash on Hand
- Debt to Capital Ratio
- Debt Service Coverage
- Power Stabilization Fund
- System Contingency Fund

# Revenue Requirements & Financial Planning

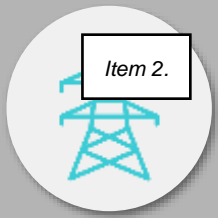
## FINANCIAL PLAN ELEMENTS





# Total Revenue Requirement Adjustments

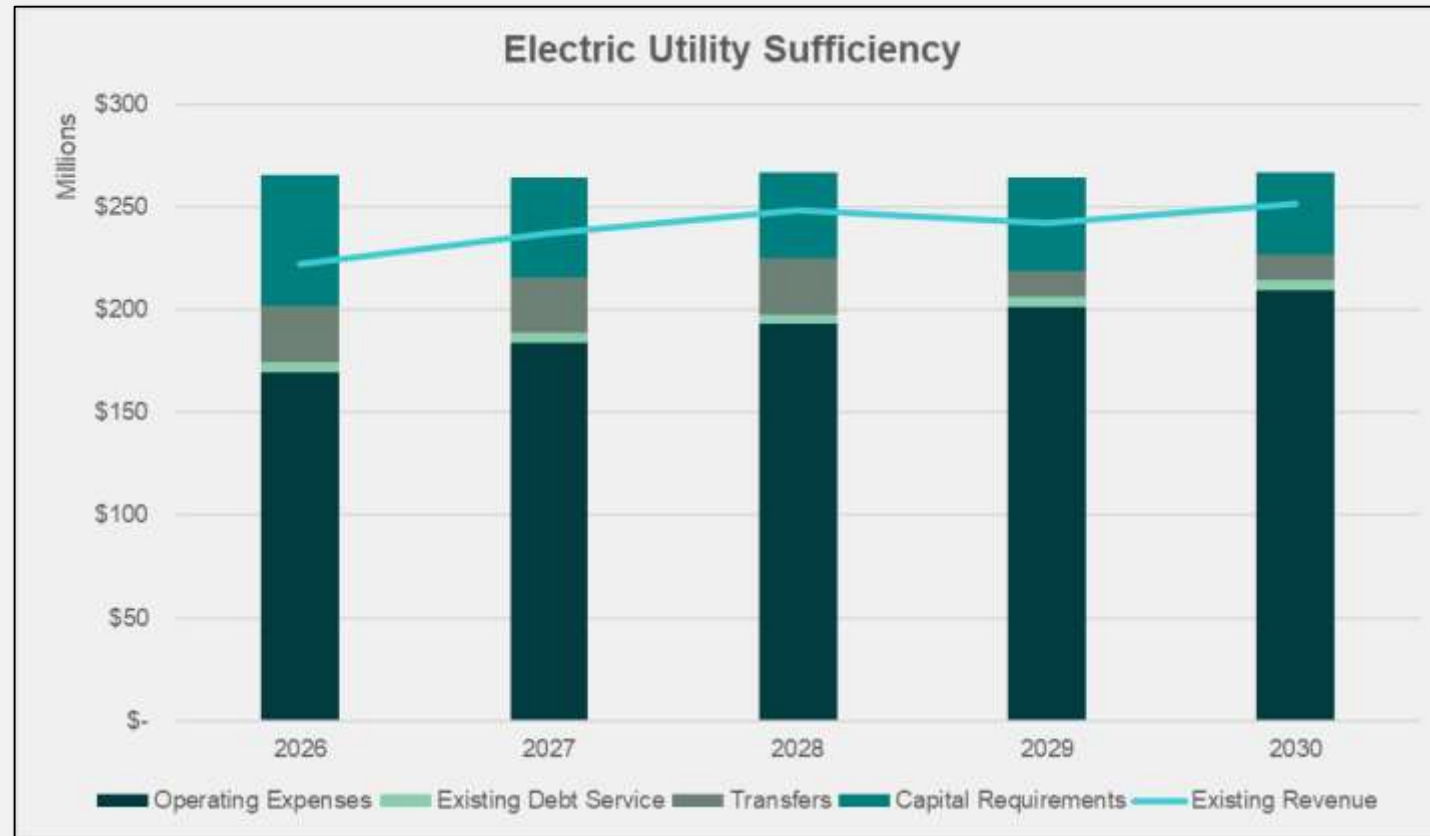
Utility	2026	2027	2028	2029	2030
Electric	4.7%	3.2%	1.2%	1.6%	1.3%
Water	9.9%	9.9%	9.9%	9.9%	9.9%
Wastewater	7.7%	7.7%	7.7%	7.7%	7.7%



# Electric



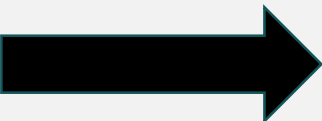
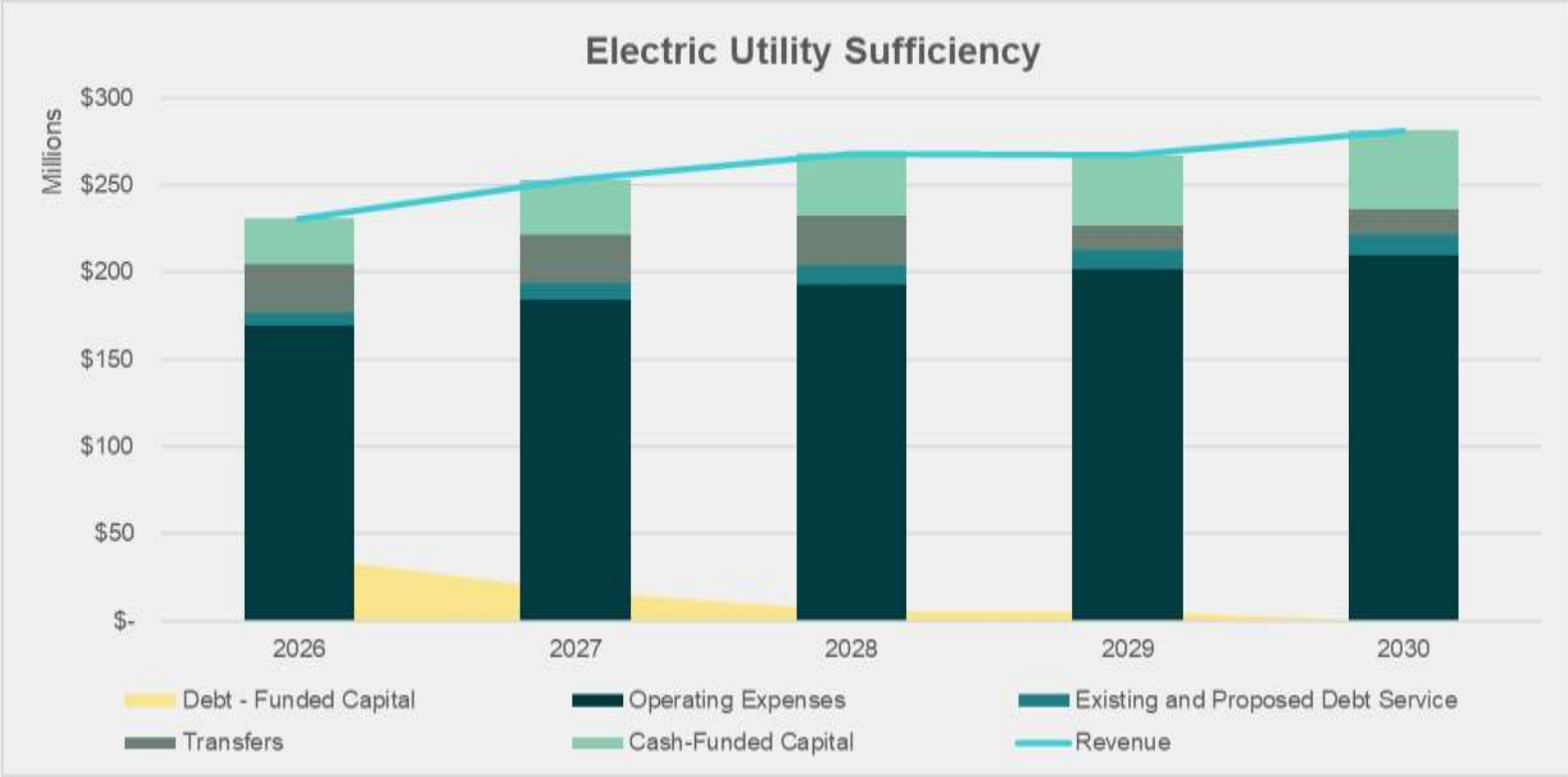
# Electric Results at Existing Rates



Existing financial position shows the utility is meeting Operating, Existing Debt, and Transfer requirements and has additional funds to cash fund capital. The remaining capital will need to be funded by debt and require rate increases to support debt obligations.

# Electric Forecast at Proposed Revenue Requirement Adjustment

Year	2026	2027	2028	2029	2030
Revenue Adjustment*	4.7%	3.2%	1.2%	1.6%	1.3%



The proposed rate increases provide the utility additional revenue that is sufficient to pay for debt requirements of new debt, and support cash funding of capital.

# Electric Rates



## Residential

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Electric Service Availability Charge, per month	\$20.00	\$22.80	\$24.97
Delivery Charge, per kWh	\$0.02646	\$0.03016	\$0.03303

## Small General Service

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Electric Service Availability Charge, per month	\$35.46	\$40.42	\$44.26
Delivery Charge, per kWh	\$0.01560	\$0.01778	\$0.01947



# Electric – Customer Bill Impact

## Residential

kWh	Charges	FY 2025	Proposed (FY 2026)	Proposed (FY 2027)
1200	Availability & Delivery	\$51.75	\$59.00	\$64.60
	Cost recovery*	87.24	87.24	87.24
	Total Bill	\$138.99	\$146.24	\$151.84

\*Cost recovery subject to change as purchased power costs change

# Electric – Customer Bill Impact

## Small General Service

kWh	Charges	FY 2025	Proposed (FY 2026)	Proposed (FY 2027)
1200	Availability & Delivery	\$54.18	\$61.77	\$67.63
	Cost Recovery*	87.24	87.24	87.24
	Total Bill	\$141.42	\$149.01	\$154.87

\*Cost recovery subject to change as purchased power costs change

# Electric – Fidelity to CAP Pricing Objectives



Rate and Revenue Stability

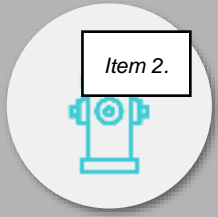


Financial Sufficiency



Minimal Customer Impacts

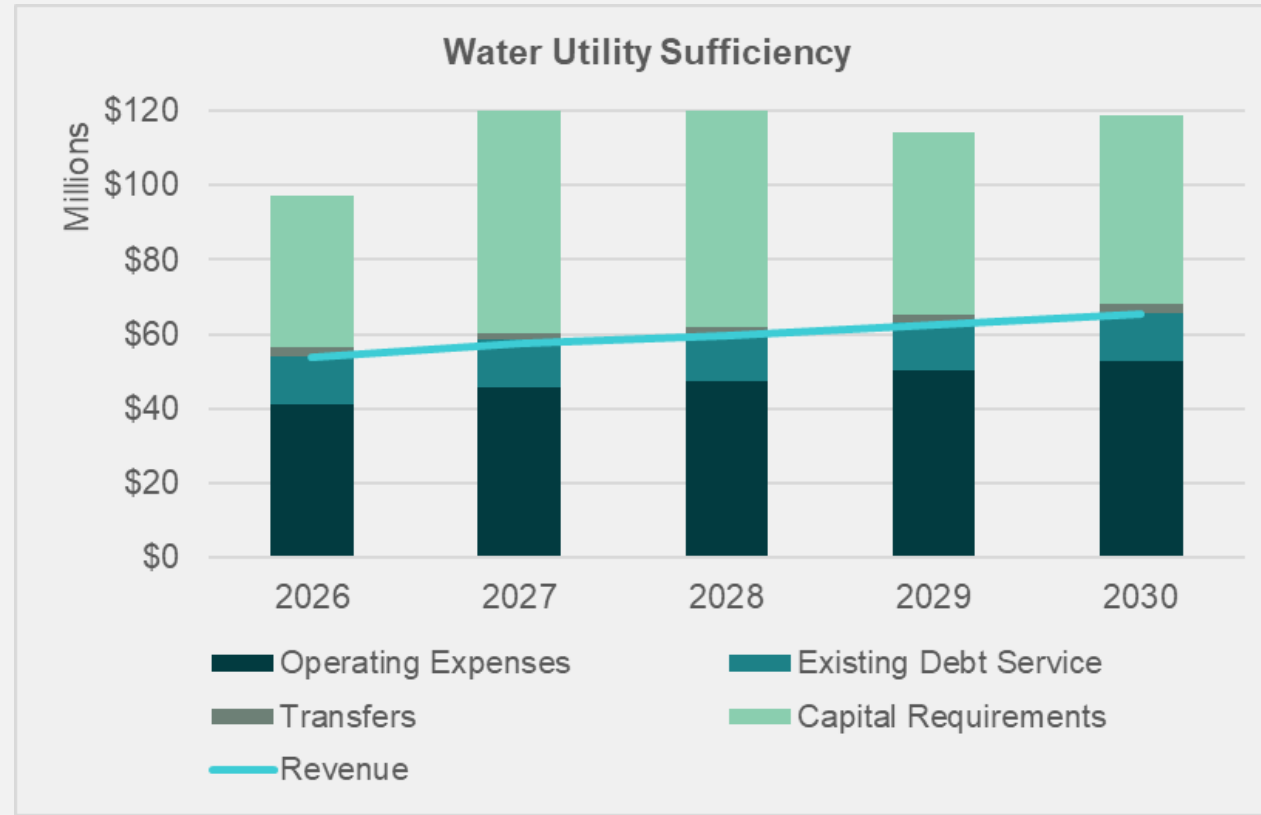




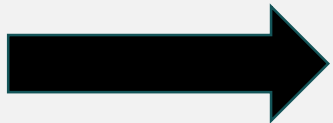
# Water



# Financial Outlook at Existing Rates – Water

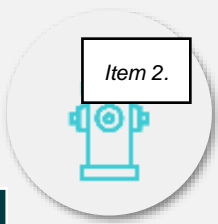


Existing financial position shows the utility does not have sufficient revenue to cover operating expenses, debt service, and transfers.

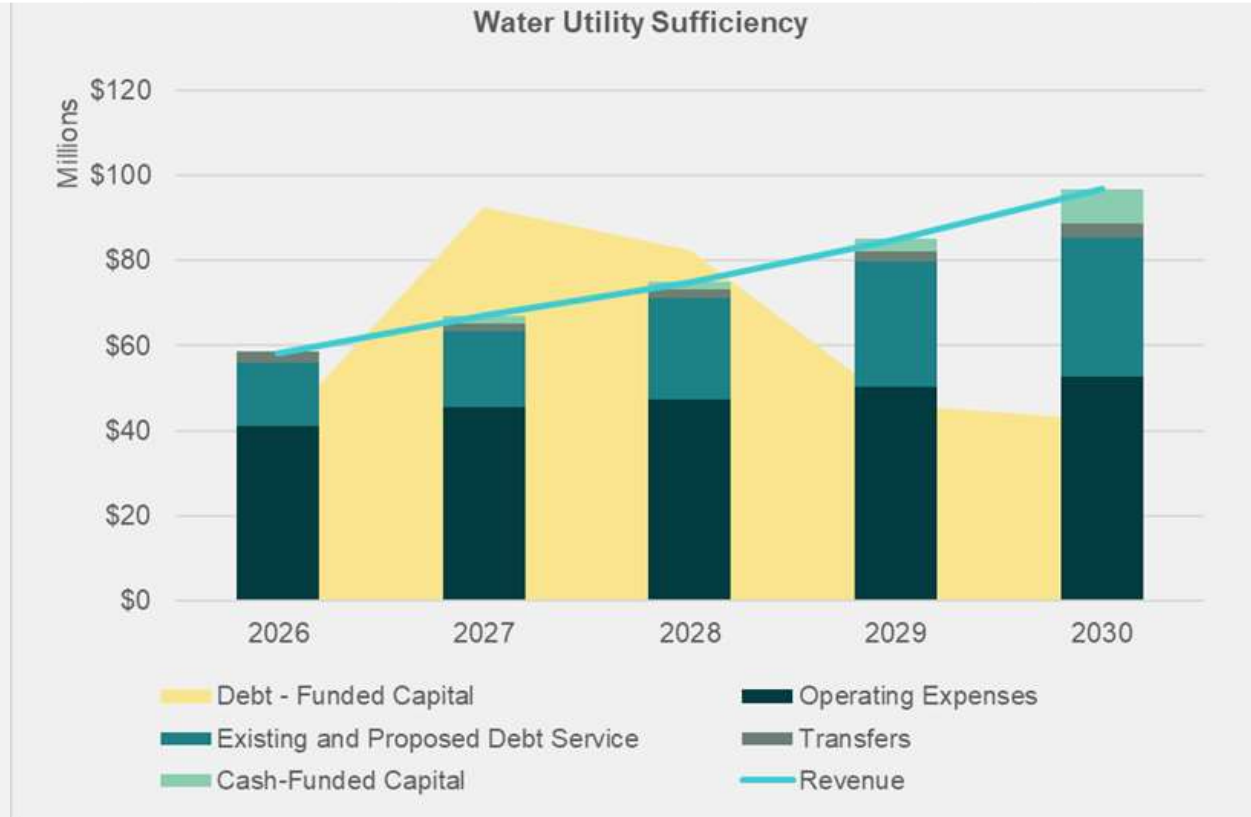


To cover operating expenses, debt, transfers and cash fund capital, additional rate increases would be required.

# Water Forecast at Proposed Rates



Year	2026	2027	2028	2029	2030
Revenue Adjustment	9.9%	9.9%	9.9%	9.9%	9.9%



With 9.9% rate increases and issuing debt, the utility can fund all capital projects, and cash fund capital at end of study period.



# Prior Water Rate Structure Change Analysis

Description	Prior Tier Thresholds (in gallons)	Current Tier Thresholds (in gallons)
Tier 1	0 – 7,500	0 – 3,000
Tier 2	7,501 – 15,000	3,001 – 6,000
Tier 3	15,001 – 25,000	6,001 – 12,000
Tier 4	>25,000	>12,000

# Residential Water Rates – Fixed Charges

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5/8"	\$16.05	\$17.64	\$19.39
1"	\$29.10	\$31.98	\$35.15
1.5"	\$33.00	\$36.27	\$39.86
2"	\$40.00	\$43.96	\$48.31
3"	\$58.10	\$63.85	\$70.17
4"	\$68.50	\$75.28	\$82.73

# Residential Water Rates – Volumetric Charges



Description	Tier Threshold (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Tier 1	0 – 3,000	\$2.15	\$2.36	\$2.60
Tier 2	3,001 – 6,000	\$5.20	\$5.71	\$6.28
Tier 3	6,001 – 12,000	\$8.00	\$8.79	\$9.66
Tier 4	>12,001	\$12.25	\$13.46	\$14.80



# Residential Water Rates – Customer Bill Impact



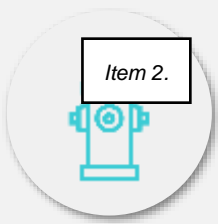
Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
3,000	\$22.50	\$24.73	\$27.18
6,000	\$38.10	\$41.87	\$46.02
15,000	\$139.41	\$156.88	\$175.11
30,000	\$350.76	\$395.27	\$441.59

Monthly Average Usage – 4,905 gallons

35% of customers use less than 3,000 gallons on average

74% of customers use less than 6,000 gallons on average

# Small General Service Water Rates – Fixed Charges



Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5/8"	\$22.00	\$24.18	\$26.57
1"	\$24.25	\$26.65	\$29.29
1.5"	\$31.25	\$34.34	\$37.74
2"	\$40.00	\$43.96	\$48.31
3"	\$60.00	\$65.94	\$72.47
4"	\$91.00	\$100.01	\$109.91
6"	\$157.91	\$173.54	\$190.72
8"	\$185.00	\$203.32	\$223.44
10"	\$225.00	\$247.28	\$271.76

# Small General Service Water Rates – Volumetric Charges



Description	Tier Threshold (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Tier 1	0 – 5,000	\$3.75	\$4.12	\$4.53
Tier 2	5,001 – 35,000	\$5.75	\$6.32	\$6.94
Tier 3	35,001 – 75,000	\$8.00	\$8.79	\$9.66
Tier 4	>75,001	\$12.00	\$13.19	\$14.49



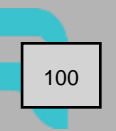
# Small General Service Water Rates – Customer Bill Impact



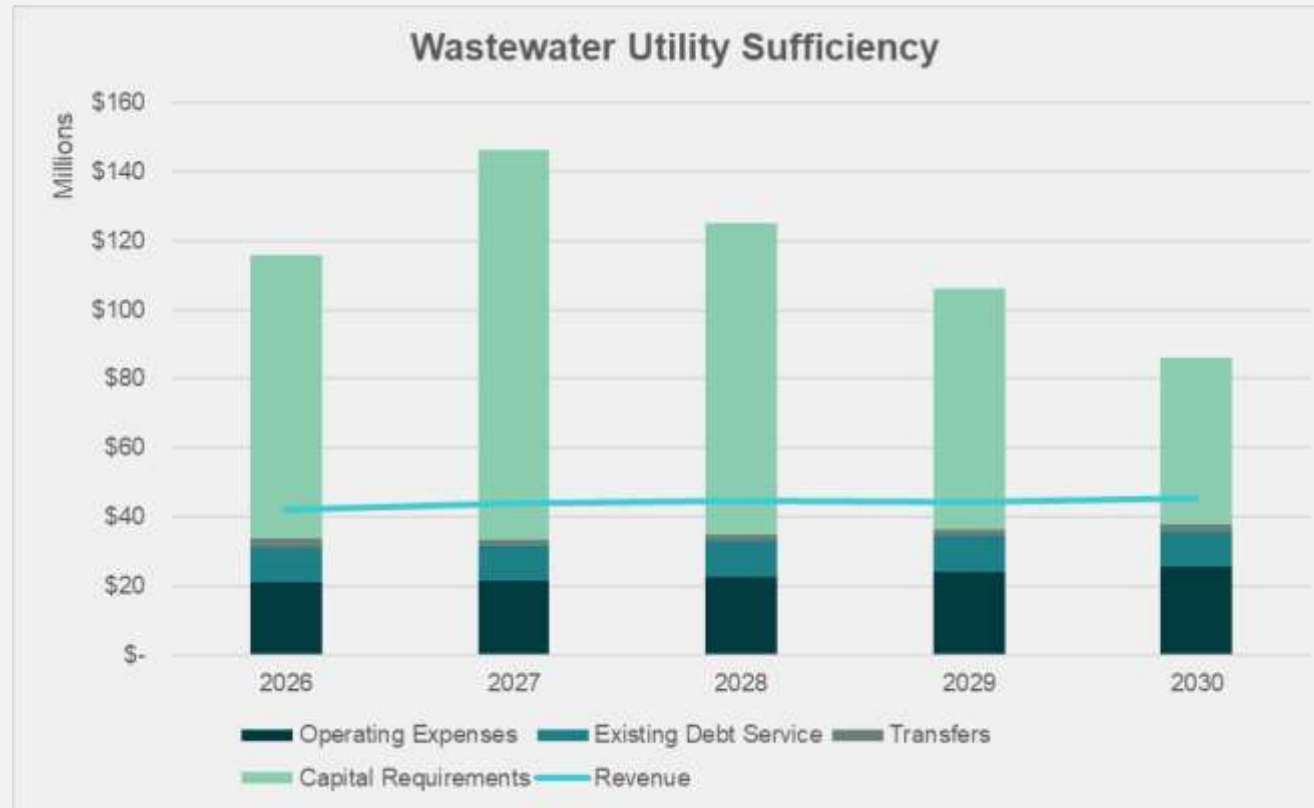
Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5,000	\$49.95	\$56.93	\$64.07
35,000	\$277.65	\$319.41	\$361.51
75,000	\$671.25	\$768.29	\$866.81
100,000	\$1,017.25	\$1,158.74	\$1,303.40



# Wastewater Utility



# Wastewater Forecast at Current Rates



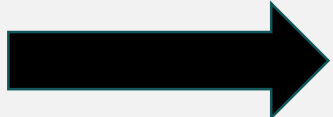
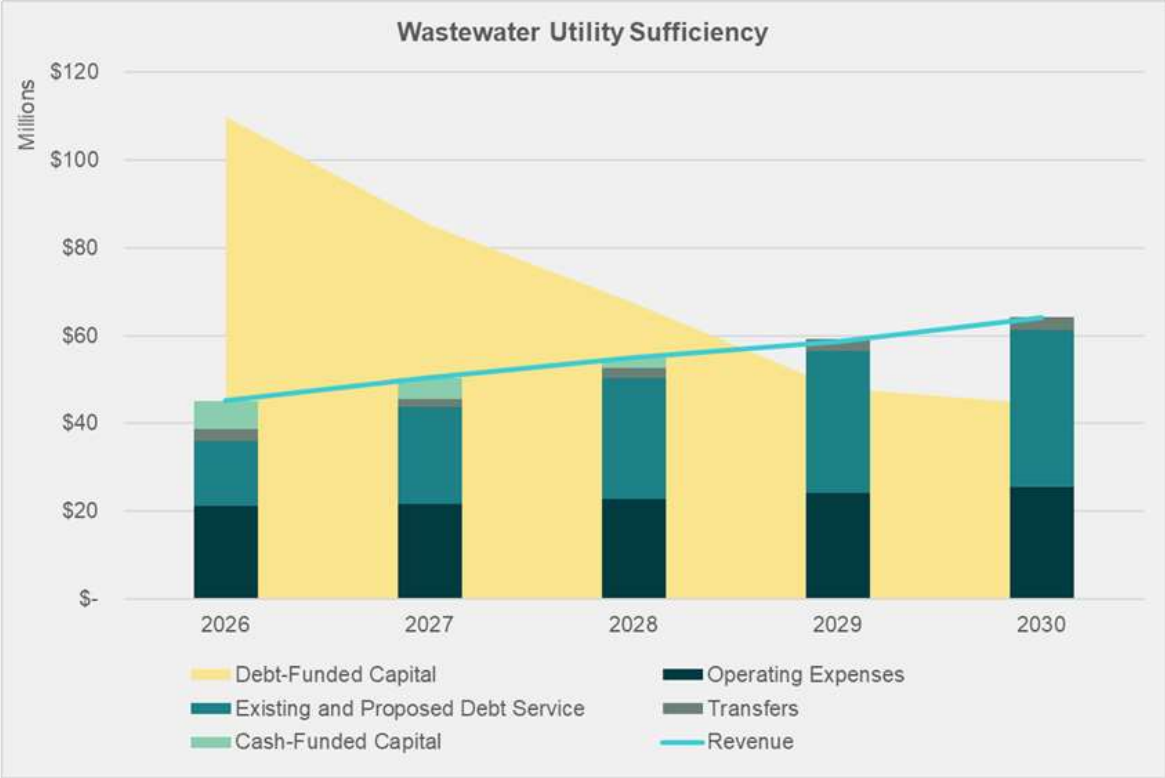
The current financial position indicates that the wastewater utility generates enough revenue to cover operating expenses, service existing debt, and cash fund a small amount of capital

The additional capital needs will be addressed by issuing debt each year to fund the remaining infrastructure, and rate increases will be necessary to cover the proposed debt issuances



# Wastewater Forecast at Proposed Rates

Year	2026	2027	2028	2029	2030
Revenue Adjustment	7.7%	7.7%	7.7%	7.7%	7.7%



The proposed rate increases allow the utility to pay for debt obligations and cash fund some capital

# Residential Wastewater Rates

## Fixed Charges

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
All Meter Sizes	\$33.60	\$36.19	\$38.97

## Volumetric Charges

Description	Existing	Proposed (FY 2026)	Proposed (FY 2027)
All usage	\$7.90	\$8.51	\$9.16

# Residential Wastewater Rates – Customer Bill Impact



Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
4,600	\$69.94	\$75.33	\$81.13

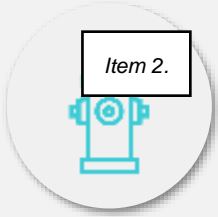


# Small General Service Wastewater Rates – Fixed Charges



Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5/8"	\$39.12	\$42.13	\$45.38
1"	\$42.45	\$45.72	\$49.24
1.5"	\$59.21	\$63.77	\$68.68
2"	\$75.31	\$81.11	\$87.35
3"	\$116.22	\$125.17	\$134.81
4"	\$167.40	\$180.29	\$194.17
6"	\$301.70	\$324.93	\$349.95
10"	\$520.66	\$560.75	\$603.93

# Small General Service Wastewater Rates – Volumetric Charges



Description	Existing	Proposed (FY 2026)	Proposed (FY 2027)
All usage	\$8.18	\$8.81	\$9.49

# Small General Service Wastewater Rates – Customer Bill Impact



Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
7,000	\$96.38	\$103.80	\$111.79
25,000	\$243.62	\$262.38	\$282.58
300,000	\$2,493.12	\$2,685.09	\$2,891.84
450,000	\$3,720.12	\$4,006.57	\$4,315.08



# Water/Wastewater – Fidelity to CAP Pricing Objectives



Essential Use Affordability



Revenue Stability



Conservation Pricing Signal

# Wrap-Up



Proposed rates were validated through two independent Raftelis Financial Planning Models and made available to NBU staff



Raftelis Report will be received by NBU Board at May Board Meeting

Q&A





# Thank you!

**Contact:** Angie Flores  
512 790 2108 / [aflores@raftelis.com](mailto:aflores@raftelis.com)

# Community Advisory Panel (CAP) Final Report and Response to the NBU Rate Study

**Kimberly M. Britton**  
Chief Executive Officer & Founder

BRITTON STRATEGIES



# Rate Study Process and the CAP

- In November 2024, the Community Advisory Panel (CAP) – a 13-member, special advisory group to the NBU Board of Trustees – embarked on the second of three major NBU initiatives for calendar years 2024 and 2025 – the NBU Rate Study.
- Throughout the process, members were regularly briefed by NBU staff and subject matter experts from Raftelis, the utility's rate study consultant.
- The CAP's overarching priorities of Affordability and Reliability were kept at the forefront as members set their pricing objectives for the process.
- At the Board's request, the CAP also provided targeted feedback on key topics.



BRITTON STRATEGIES





# Board Requested Items Presented for CAP Feedback

November 2024 – April 2025



Growth Projections



Aging Infrastructure Replacement



Impact Fees



Scenarios



Rate Proposals



Rate Design Options

BRITTON STRATEGIES



# Rate Study Process and the CAP

- As the study progressed, panel members reviewed its findings and offered input through both virtual small-group sessions and larger, full-panel meetings.
- Their feedback directly informed the development of the CAP's Final Report and Response to the NBU Rate Study.



BRITTON STRATEGIES



# Community Advisory Panel (CAP) Final Report and Response to the NBU Rate Study

BRITTON STRATEGIES



After reviewing the information provided by NBU and the rate study conducted by Raftelis, we, the members of the CAP, offer the following response to the NBU Board of Trustees and leadership:

1. The proposed rate plan effectively balances reliability and affordability for electric, water, and wastewater services while ensuring NBU secures the necessary funding to fulfill its mission and serve the community.

3. The CAP encourages NBU to continue investing in capital projects that appropriately manage growth and address aging infrastructure to meet the needs of the community and maintain regulatory compliance.



2. The growth projections used for this study are based on meter growth, trends observed in similar cities, the number of building permits, and census data, and are considered reasonable and well-founded.

BRITTON STRATEGIES





After reviewing the information provided by NBU and the rate study conducted by Raftelis, we, the members of the CAP, offer the following response to the NBU Board of Trustees and leadership:



4. The CAP supports the use of impact fees to offset the cost of growth as well as the collection of them at the maximum allowable level as long as economic conditions support the practice.

5. We recommend incentivizing infill development with reduced impact fees in areas where infrastructure already exists or can be easily upgraded

6. We commend the community initiative to establish a Development Advisory Committee and strongly encourage NBU’s participation in this effort.

BRITTON STRATEGIES

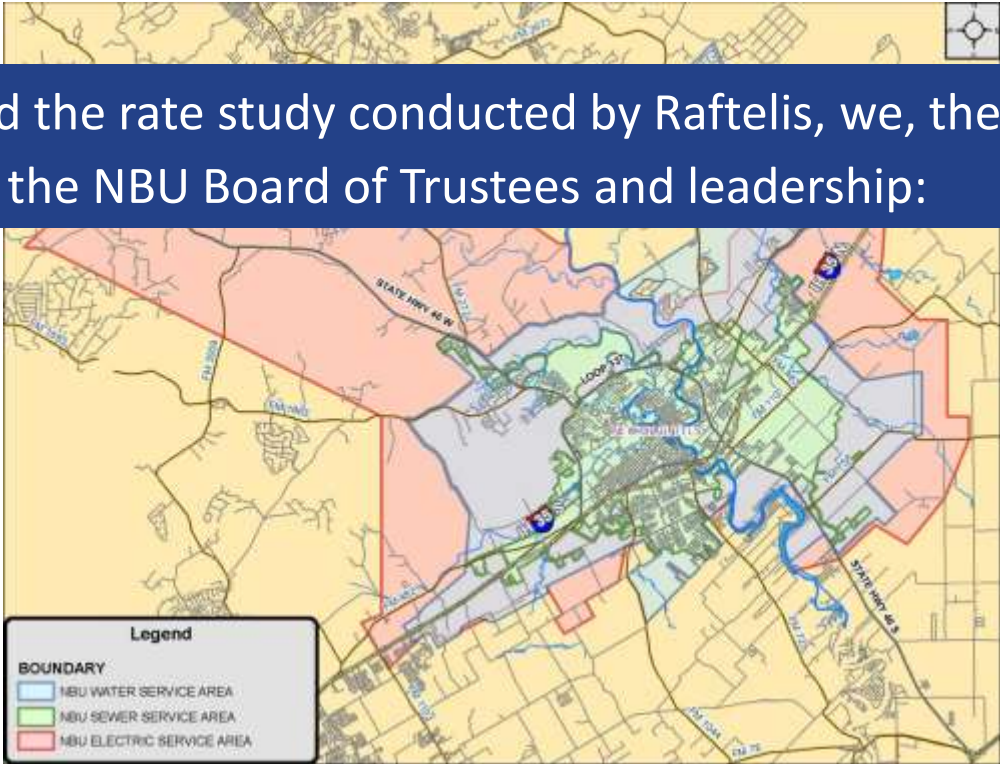


After reviewing the information provided by NBU and the rate study conducted by Raftelis, we, the members of the CAP, offer the following response to the NBU Board of Trustees and leadership:

7. The CAP recognizes the importance of funding NBU’s efforts to enhance service to the community while managing growth, tackling aging infrastructure and increasing reliability while ensuring affordability.

8. The rate plan appropriately generates cash flow over the next five years and supports a balanced use of debt.

9. We recognize that customers will bear these costs and emphasize the need for transparency in communicating the necessity of these increases as well the pass-through charges and additional fees that affect customer bills. Additionally, we urge NBU to implement the rate increases equally across-the-board while continuing to fund NBU’s Utility Bill Assistance Program proportionally.



BRITTON STRATEGIES



After reviewing the information provided by NBU and the rate study conducted by Raftelis, we, the members of the CAP, offer the following response to the NBU Board of Trustees and leadership:

10. The CAP encourages NBU to continue promoting conservation initiatives and programs that help customers reduce usage while maintaining affordability and financial sufficiency.



11. We strongly encourage NBU to provide a straightforward and transparent explanation to customers of the need for the rate adjustments, including how the funds will be used and the specific ways the community will benefit. Equally important is a well-articulated message about the substantial investment in a new headquarters and its benefit to customers.

BRITTON STRATEGIES



After reviewing the information provided by NBU and the rate study conducted by Raftelis, we, the members of the CAP, offer the following response to the NBU Board of Trustees and leadership:

12. Lastly, we extend our sincere appreciation to NBU for the expertise and insights made available to the CAP. Through this process, CAP members have gained a deeper understanding of the complexities involved in setting rates that not only cover operational costs and capital investments but also remain affordable for the community.



BRITTON STRATEGIES





# Questions and Comments

BRITTON STRATEGIES

