

September 01, 2023

**OFFICIAL NOTICE
OF A
SPECIAL CALLED MEETING**

The Kerrville Public Utility Board will hold a Special Called Meeting on Wednesday, September 06, 2023, beginning at 9:30 a.m. (Immediately after the Regular Board Meeting). The meeting will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.



Lidia S. Goldthorn, Assistant Secretary

AGENDA
KERRVILLE PUBLIC UTILITY BOARD
SPECIAL CALLED MEETING
WEDNESDAY, SEPTEMBER 06, 2023, 9:30 A.M.
(IMMEDIATELY AFTER THE REGULAR BOARD MEETING)
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

1. **CALL TO ORDER**

2. **CONSIDERATION AND DISCUSSION OF FISCAL YEAR 2023-2024 BUDGET:**

Discussion of Fiscal Year 2023-2024 Budget by Senior Staff led by Amy Dozier.
No action will be taken.

3. **ADJOURNMENT**



Fiscal Year 2024 Proposed Budget

September 6, 2023



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BUDGET MESSAGE



GENERAL MANAGER & CEO MESSAGE

September 6, 2023

Dear Kerrville Public Utility Board Members,

In accordance with Board Policy 49, attached please find my submission of KPUB's Fiscal Year 2024 (FY2024) proposed budget.

The proposed budget reflects KPUB's mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price.

The budget was prepared over several months using input from staff, outside experts and extensive research on items ranging from energy futures to economic forecasts to construction in Kerrville.

FY2023 was a productive and rewarding year. Significant accomplishments include:

- Signing an extension of our power supply contract with CPS Energy through 12/31/2026
- Multiple awards, including national awards from APPA for safety, communications and community service, a certificate of achievement for excellence in financial reporting and the Kerrville Kindness award from Kerrville City Council for our mutual aid efforts
- Multiple internal promotions, including three promotions from apprentice lineman to lineman, a promotion from lineman to crew leader and a promotion from crew leader to a newly created safety coordinator position
- KPUB's general manager was elected President of Texas Public Power Association
- Mutual aid deployments to New Smyrna Beach, FL and Central Texas Electric Cooperative's (CTEC) service area
- Completing significant facility remodel projects on main offices and warehouse
- Implementing new technology that will allow customer service representatives to take credit card payments over the phone while remaining compliant with payment card industry standards
- Radio system upgrade project that will be completed in November 2023
- Completing many system improvement projects, including customer line extensions and most of an underground project at Clay St
- Adopting a new line extension policy
- Significant progress on a multi-year pole inspection and replacement project
- Celebrating KPUB's 35th anniversary
- Achieving 2+ years without a lost-time work injury

FY2024 looks to be just as significant with the following items planned:

- Implementation of rate adjustments according to the final phase recommended in the 2018 Cost of Service study
- Implementation of a customer-focused key accounts program
- Implementation of an enhanced education program for local schools
- Relaunch of KPUB's energy audit program that will include a new online audit tool



- Completion of radio system upgrade
- Completion of multiple construction projects, including enhancing redundancy through a new express feed, completing a line underbuild project at the Harper substation, a new feeder to the Jack Furman substation and a public safety reliability project
- Aerial imagery updates to enhance GIS mapping functionality
- Completion of the pole inspection and replacement project backlog, with a move to ongoing maintenance in FY2025
- Wire barn weatherization improvements, including an enclosed tool room and covered parking for on-call vehicles and equipment

In addition, attracting and retaining staff in a very competitive market continues to be a priority for KPUB. Accordingly, the budget presented includes an average 6.0% average merit increase and two new positions in operations (lineman and substation lineman). The new positions will provide additional operational support for system maintenance and address succession planning and upcoming retirements in that department. We anticipate keeping employee benefit levels the same, but expect to see health insurance premiums increase 16% in January 2024.

Despite rising prices and significant supply chain issues, KPUB's financial position is strong. Our rates remain lower than other utilities in our region. Lower natural gas prices combined with our diversified and long-term power purchase strategy will allow us to implement rate changes between rate categories (power cost, distribution, customer charge), while maintaining our overall rate of \$102.50 for 1,000 kWh of residential power, thereby minimizing the impact on our customers. In addition, our financial metrics continue to be in line with or better than APPA metrics for utilities of similar size or in a similar area (see page 11).

As required by policy, the attached pages present summary and detailed information regarding our operating and capital budget for FY2024. In addition, five-year forecast information is less certain, but presented for planning and discussion purposes. The five-year forecast calls for a positive change in net position in four of the next five years. Based on our projections, this allows KPUB to cash fund \$28 million in capital projects over that period. It is important to note that the five-year forecast does not include any additional financial impact from Winter Storm Uri. However, the final financial impact remains unknown, contingent on the outcome of litigation between KPUB's main power supplier and third parties.

The FY2024 proposed budget reflects fiscal discipline and continued focus on our mission. The budget provides the resources to accomplish significant projects while maintaining current service levels and comparatively low rates. As always, I look forward to the board's input and strategic guidance during the coming fiscal year.

Regards,

A handwritten signature in black ink, appearing to read 'Mike Wittler', is written over a light blue rectangular background.

Mike Wittler, P.E.
General Manager and CEO

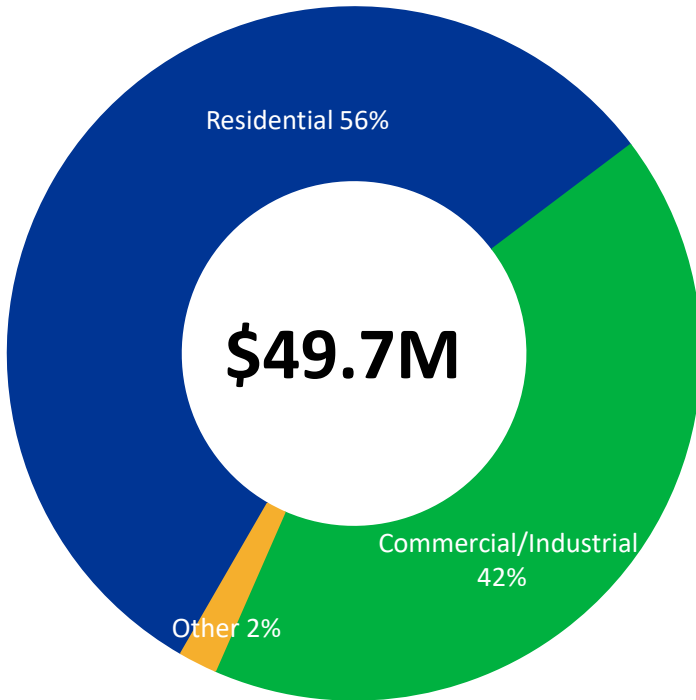


OPERATING BUDGET



BUDGET SUMMARY

KPUB's FY2024 proposed budget projects operating revenues of \$49.7M and operating expenses of \$48.6M. After adjustments for nonoperating items, the budget results in a \$1.5M increase in net position.



OPERATING REVENUES - \$49.7M

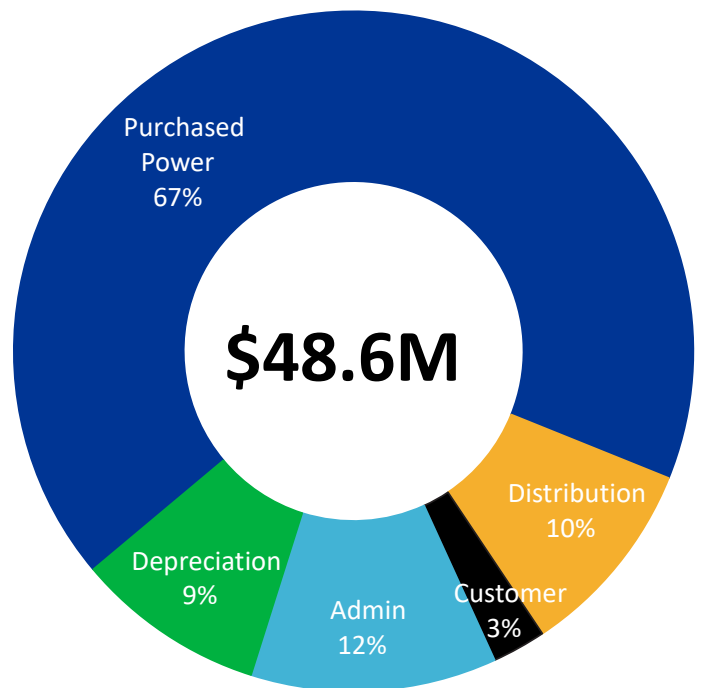
FY2024 operating revenues are projected to be 0.7% higher than the FY2023 budget due to customer growth and a rate change impacting the customer charge and distribution charge portion of the rate, offset by lower purchased power costs that reduce the power cost portion of the rate. These changes net to make budgeted revenues very close to revenues budgeted in FY2023.

Operating revenues are projected to be 8.2% higher than estimated FY2023 revenues. The increase is due to a combination of increased kWh due to customer growth and implementation of a rate change recommended in the 2018 Cost of Service study.

OPERATING EXPENSES - \$48.6M

FY2024 operating expenses are projected to be 0.6% lower than the FY2023 budget due to lower purchased power costs offset by increases in other categories, primarily due to an average 6.0% merit increase for employees, two new lineman positions and full staffing in 6 other currently vacant positions.

Operating expenses are projected to increase by 8.8% compared to estimated FY2023 expenses. The increase is driven by a 4.1% increase in purchased power due primarily to an increase in kWh's purchased. Other operating expense categories have increases primarily due to full staffing, two new lineman positions, an average 6.0% merit increase for employees, and a new radio system that was approved in FY2023, but will be paid for in FY2024.





Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
FY2024 Budget

	FY2024 Budget	FY2023 Budget	% change	FY2023 Estimate	% change
OPERATING REVENUES:					
Residential	\$ 27,653,932	\$ 27,841,338	-0.7%	\$ 26,009,716	6.3%
Commercial/Industrial	21,117,660	20,672,290	2.2%	18,997,177	11.2%
Sales to Public Authorities	258,000	258,000	0.0%	257,009	0.4%
Other	695,500	619,701	12.2%	696,659	-0.2%
TOTAL OPERATING REVENUES	49,725,092	49,391,329	0.7%	45,960,561	8.2%
OPERATING EXPENSES:					
Purchased Power	32,631,482	34,134,413	-4.4%	31,345,216	4.1%
Distribution	4,624,074	4,451,024	3.9%	3,652,331	26.6%
Customer Accounts	798,028	755,007	5.7%	649,455	22.9%
Customer Service, Informational & Sales	442,992	422,076	5.0%	308,490	43.6%
Administrative Expenses	5,689,084	5,182,799	9.8%	4,775,341	19.1%
Depreciation	4,372,411	3,900,000	12.1%	3,884,805	12.6%
TOTAL OPERATING EXPENSES	48,558,071	48,845,318	-0.6%	44,615,638	8.8%
OPERATING INCOME (LOSS)	1,167,021	546,010	113.7%	1,344,924	-13.2%
NONOPERATING REVENUES (EXPENSES):					
Interest Income - Investments	1,500,000	475,000	215.8%	1,542,412	-2.7%
Interest Income - City of Kerrville	143,571	169,285	-15.2%	169,285	-15.2%
Interest Expense - Debt	(91,014)	(114,256)	-20.3%	(108,025)	-15.7%
Interest Expense - Customer Deposits	(6,000)	(5,000)	20.0%	(3,815)	57.3%
City of Kerrville - General Fund Transfer	(1,541,930)	(1,495,990)	3.1%	(1,431,186)	7.7%
City of Ingram - Franchise Fee	(42,801)	(42,445)	0.8%	(35,778)	19.6%
Other - Net	29,000	32,000	-9.4%	33,928	-14.5%
TOTAL NONOPERATING REVENUES (EXP)	(9,173)	(981,405)	99.1%	166,822	-105.5%
INCOME BEFORE CONTRIBUTIONS	1,157,848	(435,395)	365.9%	1,511,745	-23.4%
CAPITAL CONTRIBUTIONS	360,000	300,000	20.0%	382,918	-6.0%
CHANGE IN NET POSITION	\$ 1,517,848	\$ (135,395)	1221.1%	\$ 1,894,663	-19.9%
NET POSITION AT BEGINNING OF YEAR	\$ 75,868,365	\$ 73,973,702		\$ 73,973,702	
NET POSITION AT END OF YEAR	\$ 77,386,212	\$ 73,838,307		\$ 75,868,365	



Kerrville Public Utility Board
Budget Highlights
FY2024 Budget

Operating Revenues

- * Assumes rate change in November 2023. Billed residential rate will remain at \$102.50 for 1,000 kWh.
- * Customer growth of 2.0% for Residential and 1.5% for Commercial.
- * Small increase in historical per customer usage.
- * Budgeted neutral residential cost of \$95.89 per 1,000 kWh.
- * KPUB's rate is currently lower than 11 other area utilities.

Purchased Power

- * kWh's purchased are 2.8% higher than FY2023 budget, but expense is down 4.4% due to lower natural gas prices.
- * Natural gas pricing based on natural gas futures as of August 14, 2023.
- * Renewable hedges assumed to be a net expense reduction of \$25K.
- * Pricing based on terms of new CPS Energy contract beginning in January 2024.
- * No Tier 2 pricing assumed.

Other Operating Expenses

- * Assumes full staffing and an average 6.0% merit increase. Actual salary adjustments will be based on individual performance and may be lower or higher than the budgeted average.
- * 63 full-time employees, 1 part-time intern.
- * 56 full-time employees as of August 2023.
- * Includes 2 new positions:
 - Substation Lineman
 - Lineman
- * Hiring in FY2024 will include:
 - HR Assistant (8 months) - this position was included in the FY2023 Budget
 - Lineman (12 months) - this position was included in the FY2023 Budget
 - Lineman (8 months) - NEW IN FY2024
 - Substation Lineman (12 months) - NEW IN FY2024
 - IT Supervisor (12 months) - this position was included for 6 months in FY2023 Budget
 - Director of Engineering (8 months) - this position was included in the FY2023 Budget
 - Supervisor of Engineering (8 months) - this position was included in the FY2023 Budget
- * 3 positions were included in the FY2023 Budget for a partial year, but are in FY2024 for a full year:
 - Safety & Training Coordinator - 6 months in FY2023, 12 months in FY2024
 - Key Accounts Specialist - 9 months in FY2023, 12 months in FY2024
 - IT Supervisor - 6 months in FY2023, 12 months in FY2024
- * 16% monthly premium increase for health insurance benefits starting in January 2024.
- * \$221K for new radios rebudgeted for FY2024 because they will not arrive until November 2023.

Nonoperating Revenues and Expenses

- * Interest income at 5.0%.
- * City of Kerrville transfer is 3% of gross revenues.
- * City of Ingram franchise fee is 2% of Ingram revenues.



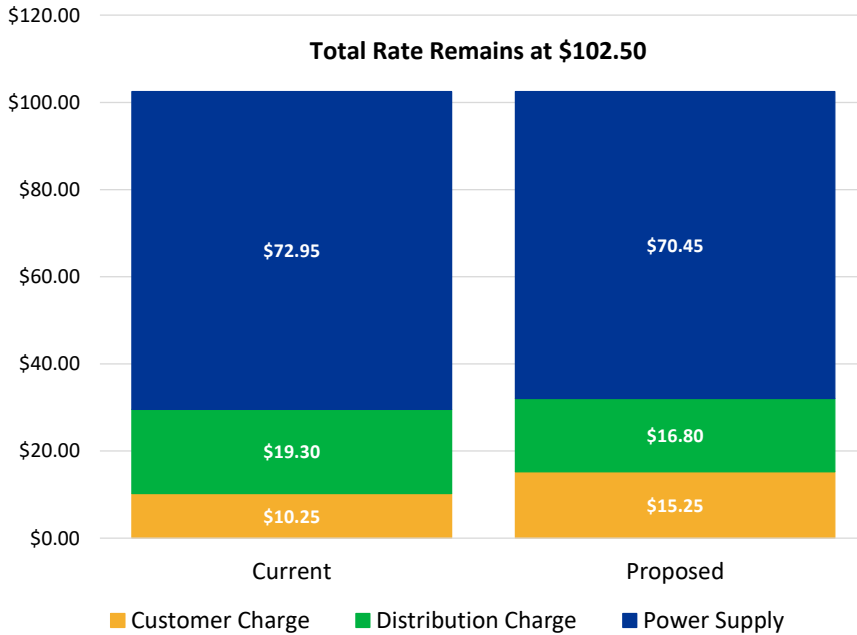
Kerrville Public Utility Board
Industry Comparison Metrics
FY2024 Budget

	FY2023 Estimate	FY2024 Budget	APPA - 20,000 to 50,000 customers (2023 report based on 2021 data)	APPA - Southwest (2023 report based on 2021 data)	APPA - No Generation (2023 report based on 2021 data)
1 Operating Ratio (Op Expense / Op Revenue)	0.886	0.889	0.843	0.812	0.882
2 O&M per kWh sales	\$ 0.081	\$ 0.085	\$ 0.086	\$ 0.076	\$ 0.085
3 O&M per customer	\$ 391.32	\$ 472.76	\$ 567.00	\$ 600.00	n/a
4 Distribution per customer	\$ 152.28	\$ 189.20	\$ 191.00	\$ 153.00	n/a
5 Customer Accts, Service, Sales per customer	\$ 39.94	\$ 50.78	\$ 71.00	\$ 58.00	n/a
6 Administrative & General per customer	\$ 199.10	\$ 232.78	\$ 168.00	\$ 183.00	n/a
7 Capital Expenditures to depreciation expense	1.56	1.73	1.20	1.04	1.23

	FY2024 KPUB Budget	APPA - 2021 Public Power Average	APPA - 2021 Cooperative Average	APPA 2021 Investor- Owned Utility Average
8 Residential Rate per 1,000 kWh usage	\$102.50	\$123.63	\$121.00	\$138.99



Billed Rate Change for 1,000 kWh - Residential



RATE CHANGE

The FY2024 budget proposes changing the rates in accordance with recommendations proposed in the 2018 Cost of Service study. The Cost of Service study proposed better matching rates with costs between customer types, cost components and fixed vs. variable costs. The rate change is proposed to take effect in November 2023. However, because the power supply portion of the rate is falling due to lower natural gas prices, the overall billed residential rate for 1,000 kWh will remain at \$102.50.

RATE COMPARISON

This chart compares KPUB’s billed residential rate to eleven other area utilities as of July 2023. KPUB’s current rate is the lowest reported. In addition to the current rate, the green bars show KPUB’s forecast for billed rates through 2028. Note that KPUB’s forecast for a \$121.00 rate in 2028 is below over half of the current rates for nearby utilities.

Billed Residential Rate - 1,000 kWh





Kerrville Public Utility Board
Operations & Maintenance Detail
FY2024 Budget

	FY2024 Budget	FY2023 Budget	% change	FY2023 Estimate	% change
DISTRIBUTION EXPENSE					
OPERATION EXPENSE					
580 Operation Supervision & Engineering	\$ 42,427	\$ 50,260	-15.6%	\$ 42,098	0.8%
581 Load Dispatching	-	17,000	-100.0%	-	
582 Station Expense	75,421	110,234	-31.6%	67,543	11.7%
583 Overhead Line Expense	10,000	-		-	
584 Underground Line Expense	1,000	-		1,106	-9.6%
585 Street Lighting & Signal Expense	-	-		4,034	-100.0%
586 Meter Expense	196,928	299,158	-34.2%	232,352	-15.2%
588 Misc. Distribution Expense	1,106,741	1,033,457	7.1%	661,349	67.3%
589 Rent Expense	-	14,000	-100.0%	-	
Total Operation Expense	1,432,517	1,524,108	-6.0%	1,008,484	42.0%
MAINTENANCE EXPENSE					
590 Maintenance Supervision & Engineering	126,478	150,678	-16.1%	56,065	125.6%
592 Maintenance of Station Equipment	437,150	404,883	8.0%	374,284	16.8%
593 Maintenance of Overhead Lines	2,434,810	2,161,320	12.7%	1,999,863	21.7%
594 Maintenance of Underground Lines	143,277	146,831	-2.4%	127,173	12.7%
595 Maintenance of Line Transformers	2,150	1,000	115.0%	5,336	-59.7%
596 Maintenance of Street Lights & Signals	-	-		272	-100.0%
597 Maintenance of Meters	37,043	52,204	-29.0%	80,221	-53.8%
598 Miscellaneous Maintenance Expense	10,650	10,000	6.5%	633	1581.6%
Total Maintenance Expense	3,191,557	2,926,915	9.0%	2,643,847	20.7%
Total Distribution Expense	4,624,074	4,451,024	3.9%	3,652,331	26.6%
CUSTOMER ACCOUNTS EXPENSE					
901 Supervision	44,955	28,908	55.5%	28,925	55.4%
902 Meter Reading	2,400	-		10,701	-77.6%
903 Customer Records & Collection	675,673	676,099	-0.1%	550,490	22.7%
904 Uncollectible Accounts	75,000	50,000	50.0%	59,339	26.4%
Total Customer Accounts Expense	798,028	755,007	5.7%	649,455	22.9%
CUSTOMER SERVICE, INFORMATIONAL & SALES EXPENSE					
907 Supervision	68,441	64,384	6.3%	60,920	12.3%
908 Customer Assistance	164,126	181,861	-9.8%	96,985	69.2%
909 Informational & Instructional	35,951	12,000	199.6%	10,251	250.7%
912 Demonstrating & Selling Expense	410	1,100	-62.7%	1,695	-75.8%
913 Advertising	174,065	162,730	7.0%	138,639	25.6%
Total CS, Informational & Sales Expense	442,992	422,076	5.0%	308,490	43.6%



Kerrville Public Utility Board
Operations & Maintenance Detail
FY2024 Budget

	FY2024 Budget	FY2023 Budget	% change	FY2023 Estimate	% change
ADMINISTRATIVE & GENERAL EXPENSE					
920 Administrative & General Salaries	1,222,957	1,171,889	4.4%	1,057,874	15.6%
921 Office Supplies & Expenses	871,245	870,340	0.1%	879,128	-0.9%
923 Outside Services Employed	609,300	363,000	67.9%	516,021	18.1%
924 Property Insurance	65,000	55,000	18.2%	61,834	5.1%
925 Injuries & Damages	209,031	86,361	142.0%	45,648	357.9%
926 Employee Pensions & Benefits	2,388,980	2,368,200	0.9%	1,887,686	26.6%
930 Miscellaneous General Expenses	206,921	161,809	27.9%	200,247	3.3%
931 Rents	-	10,700	-100.0%	17,706	-100.0%
935 Maintenance of General Plant	115,650	95,500	21.1%	109,198	5.9%
Total Administrative & General Expense	\$ 5,689,084	\$ 5,182,799	9.8%	\$ 4,775,341	19.1%

Community Support Detail

Account 930 - Miscellaneous General Expenses:

Kerrville Economic Development Corp	\$ 68,750
Community Support Sponsorships	50,000
Community Support Projects - Labor & OH	56,171
Community Support Projects - Fleet & Inventory	6,000
Scholarships	13,000
Community Event Meters	2,000
Other Supplies & Materials	11,000
Total 930 - Miscellaneous General Expenses	\$ 206,921



FIVE-YEAR FORECAST



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
Five-Year Forecast

	FY2023 Estimate	FY2024 Budget	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
OPERATING REVENUES:						
Residential	\$ 26,009,716	\$ 27,653,932	\$ 30,532,649	\$ 33,092,406	\$ 34,882,533	\$ 36,784,489
Commercial/Industrial	18,997,177	21,117,660	23,206,510	24,457,581	25,753,374	27,136,619
Sales to Public Authorities	257,009	258,000	263,160	268,423	273,792	279,267
Other	696,659	695,500	730,275	766,789	805,128	845,385
TOTAL OPERATING REVENUES	45,960,561	49,725,092	54,732,595	58,585,199	61,714,827	65,045,760
OPERATING EXPENSES:						
Purchased Power	31,345,216	32,631,482	37,123,730	39,738,912	42,547,174	45,551,075
Distribution	3,652,331	4,624,074	4,762,796	4,905,680	5,052,850	5,204,436
Customer Accounts	649,455	798,028	821,969	846,628	872,027	898,187
Customer Service, Informational & Sales	308,490	442,992	456,282	469,971	484,070	498,592
Administrative Expenses	4,775,341	5,689,084	5,859,757	6,152,744	6,460,382	6,783,401
Depreciation	3,884,805	4,372,411	4,503,583	4,728,762	4,965,201	5,213,461
TOTAL OPERATING EXPENSES	44,615,638	48,558,071	53,528,117	56,842,698	60,381,703	64,149,152
OPERATING INCOME (LOSS)	1,344,924	1,167,021	1,204,477	1,742,501	1,333,124	896,609
NONOPERATING REVENUES (EXP):						
Interest Income - Investments	1,542,412	1,500,000	688,750	652,500	540,000	506,250
Interest Income - City of Kerrville	169,285	143,571	122,143	96,429	70,714	45,000
Interest Expense - Debt	(108,025)	(91,014)	(82,531)	(67,041)	(49,999)	(31,276)
Interest Expense - Customer Deposits	(3,815)	(6,000)	(5,000)	(5,000)	(5,000)	(5,000)
City of Kerrville - General Fund Transfer	(1,431,186)	(1,541,930)	(1,667,205)	(1,780,924)	(1,870,666)	(1,968,810)
City of Ingram - Franchise Fee	(35,778)	(42,801)	(47,111)	(50,427)	(53,121)	(55,988)
Other - Net	33,928	29,000	30,000	30,000	30,000	30,000
TOTAL NONOPERATING REVENUES (EXP)	166,822	(9,173)	(960,953)	(1,124,463)	(1,338,072)	(1,479,824)
INCOME BEFORE CONTRIBUTIONS	1,511,745	1,157,848	243,524	618,038	(4,948)	(583,215)
CAPITAL CONTRIBUTIONS	382,918	360,000	400,000	420,000	440,000	460,000
CHANGE IN NET POSITION	\$ 1,894,663	\$ 1,517,848	\$ 643,524	\$ 1,038,038	\$ 435,052	\$ (123,215)
NET POSITION AT BEGINNING OF YEAR	\$ 73,973,702	\$ 75,868,365	\$ 77,386,212	\$ 78,029,736	\$ 79,067,775	\$ 79,502,827
NET POSITION AT END OF YEAR	\$ 75,868,365	\$ 77,386,212	\$ 78,029,736	\$ 79,067,775	\$ 79,502,827	\$ 79,379,612



Kerrville Public Utility Board
Forecast Assumptions
Five-Year Forecast

Operating Revenues

- * Customer growth of 2.0% for residential in FY2024 and FY2025.
- * Customer growth of 1.5% for commercial in FY2024 and FY2025.
- * Customer growth of 1.5% in all customer classes for FY2026 to FY2028.
- * 5.5% rate increase in FY2026. Cost of Service study planned in FY2025.
- * Power Cost Adjustment Factor (PCAF) increases to \$121.00 in FY2028.
- * Even with rate increases and purchased power adjustments, rates remain below 2021 APPA averages and July 2023 rates for area utilities.

Purchased Power

- * Assumes a 15% increase in purchased power costs based on natural gas futures in FY2025.
- * Assumes a 5% increase in purchased power costs for FY2026-FY2028.
- * Assumes a 7% annual increase in LCRA transmission costs based on historical averages.

Other Operating Expenses

- * Assumes full staffing.
- * 63 full-time employees, 1 part-time intern.
- * 6% average merit increase in FY2024.
- * 3% salary adjustments annually in FY2025 to FY2028.

Nonoperating Revenues and Expenses

- * Interest income at 5.0% in FY2024, decreasing by 0.25% each year through FY2028.
- * City of Kerrville transfer is 3% of gross revenues.
- * City of Ingram franchise fee is 2% of Ingram revenues.



Kerrville Public Utility Board
kWh Sales
Five-Year Forecast

	FY2023 Estimate	FY2024 Budget	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
RESIDENTIAL	284,920,857	297,256,000	303,242,000	307,768,000	312,440,000	317,112,000
COMMERCIAL:						
Small Commercial	160,001,430	163,126,459	165,573,356	168,056,956	170,577,810	173,136,477
Large Commercial-Primary	13,344,000	13,615,795	13,820,032	14,027,332	14,237,742	14,451,308
Large Commercial-Secondary	45,020,716	47,657,747	48,372,613	49,098,202	49,834,675	50,582,195
COMMERCIAL	218,366,146	224,400,000	227,766,000	231,182,490	234,650,227	238,169,981
STREET & SECURITY LIGHT	1,198,378	1,200,000	1,202,400	1,204,805	1,207,214	1,209,629
TOTAL SALES	504,485,381	522,856,000	532,210,400	540,155,295	548,297,442	556,491,610
% CHANGE		3.6%	1.8%	1.5%	1.5%	1.5%



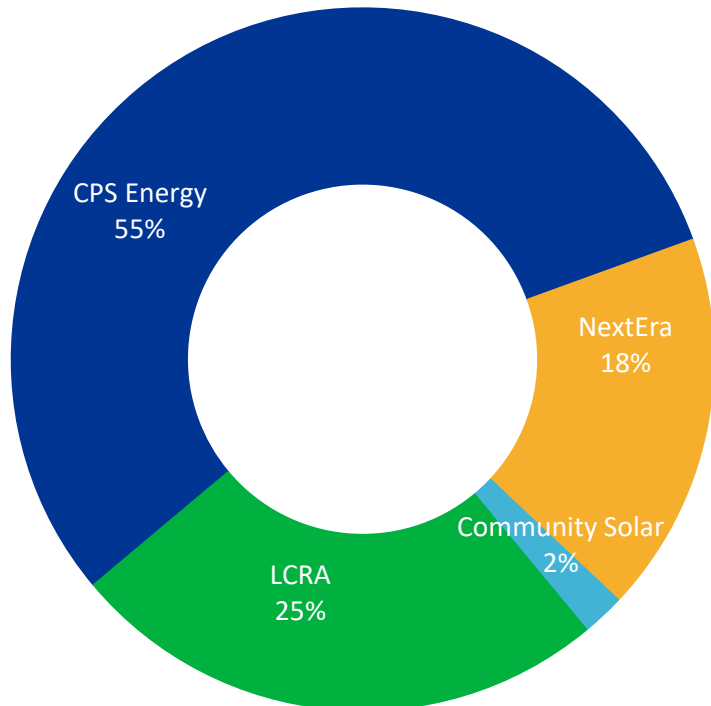
Kerrville Public Utility Board
Purchased Power Metrics
Five-Year Forecast

	FY2023 Estimate	FY2024 Budget	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
1 Total Customers	23,985	24,440	24,911	25,283	25,666	26,050
2 kWh Sales	504,485,381	522,856,000	532,210,400	540,155,295	548,297,442	556,491,610
3 Line Loss	6%	7%	6%	6%	6%	6%
4 kWh Purchased	536,728,425	562,436,705	566,181,277	574,633,292	583,295,151	592,012,351
5 Purchased Power Cost	\$ 31,345,216	\$ 32,631,482	\$ 37,123,730	\$ 39,738,912	\$ 42,547,174	\$ 45,551,075
6 Cost per kWh - purchased	0.05840	0.05802	0.06557	0.06916	0.07294	0.07694
7 Cost per kWh - sold	0.06213	0.06241	0.06975	0.07357	0.07760	0.08185
8 Power Cost Adjustment Factor	1.5655	1.5724	1.7575	1.8536	1.9551	2.0623
9 Residential Rate - 1,000 kWh	\$ 93.11	\$ 95.89	\$ 103.40	\$ 110.51	\$ 114.63	\$ 118.99
10 Billed Residential Rate - 1,000 kWh	\$ 102.50	\$ 102.50	\$ 105.00	\$ 112.00	\$ 117.00	\$ 121.00
11 % Change - Power Cost		4.1%	13.8%	7.0%	7.1%	7.1%
12 % Change - Cost per kWh - purchased		-0.7%	13.0%	5.5%	5.5%	5.5%
13 % Change - Cost per kWh - sold		0.4%	11.8%	5.5%	5.5%	5.5%
14 % Change - Residential Rate		3.0%	7.8%	6.9%	3.7%	3.8%
15 % Change - Billed Residential Rate		0.0%	2.4%	6.7%	4.5%	3.4%

FY2024 Budget - Expense by Supplier

PURCHASED POWER

The largest component of KPUB's purchased power expense is paid to CPS Energy. KPUB pays LCRA for transmission services. For budget purposes, cost stabilization activities in the form of renewable hedges and congestion revenue rights are assumed to be approximately neutral, representing less than 1% of total power cost.





CAPITAL BUDGET



Kerrville Public Utility Board
Capital Budget
Five-Year Forecast

	FY2024 Budget	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
METERS					
Existing AMR Systems	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Total Meters	75,000	75,000	75,000	75,000	75,000
LINE CONSTRUCTION					
Ordinary Replacements	113,142	115,971	118,870	121,842	125,497
Customer Extensions	1,506,805	1,543,710	1,581,600	1,620,425	1,652,834
System Improvements	591,325	573,950	614,092	473,000	600,000
Furman - New Feeder to Reduce Harper Load	150,000	-	-	-	-
Barker - Express Feed for Redundancy	350,000	350,000	-	-	-
Harper to Furman Transmission Underbuild	350,000	-	-	-	-
Single to Three Phase Conversion (HR30 & ST60)	125,000	125,000	125,000	125,000	-
New Ingram Circuit	-	638,880	-	-	-
Pole Inspection Replacements	450,000	300,000	300,000	300,000	300,000
Power Factor Improvement	43,904	45,002	46,127	47,280	48,226
Contingency	56,324	92,727	98,251	95,033	154,500
Padmount Refurbish & Replacements	197,260	198,120	199,020	199,940	200,940
Street Lights	66,240	16,640	17,040	17,480	18,004
Clay Street Improvements	100,000	-	-	-	-
KPD/KCSO/KPUB Reliability Project	200,000	-	-	-	-
Total Line Construction	4,300,000	4,000,000	3,100,000	3,000,000	3,100,000
HEAVY EQUIPMENT & VEHICLES					
Bucket/Derrick Truck	325,000	340,000	340,000	210,000	360,000
Small Vehicles	105,000	150,000	47,500	129,875	104,000
Total Heavy Equipment & Vehicles	430,000	490,000	387,500	339,875	464,000
GENERAL PLANT/OTHER					
Normal IT	25,000	25,000	25,000	25,000	25,000
Major IT	265,000	225,000	205,000	170,000	90,000
Aerial Imagery Update - Eagleview	82,500	-	-	-	-
FiberOptic Communications	60,000	61,500	63,000	65,000	67,000
Radio System Upgrade at Hunt Substation	554,000	-	-	-	-
Office Furniture	75,000	-	-	-	-
Facilities Improvements	50,000	50,000	50,000	50,000	50,000
Wire Barn Improvements	50,000	-	-	-	-
EV Charging	875,000	(550,000)	50,000	50,000	50,000
Capital Tools	25,000	45,000	45,000	45,000	45,000
Total General Plant / Other	2,061,500	(143,500)	438,000	405,000	327,000
SUBSTATIONS					
Ingram Transformer Replacement	-	-	1,509,740	-	-
New Substation	250,000	-	-	2,000,000	-
Minor Improvements	186,000	311,000	800,200	63,000	153,000
DA Equipment Deployment	15,000	15,000	15,000	15,000	15,000
Total Substations	451,000	326,000	2,324,940	2,078,000	168,000
TOTAL CAPITAL BUDGET	\$ 7,317,500	\$ 4,747,500	\$ 6,325,440	\$ 5,897,875	\$ 4,134,000
CASH FLOW FOR CAPITALIZED LEASES & SBITA'S	\$ 239,057	\$ 244,903	\$ 228,236	\$ 230,562	\$ 155,366



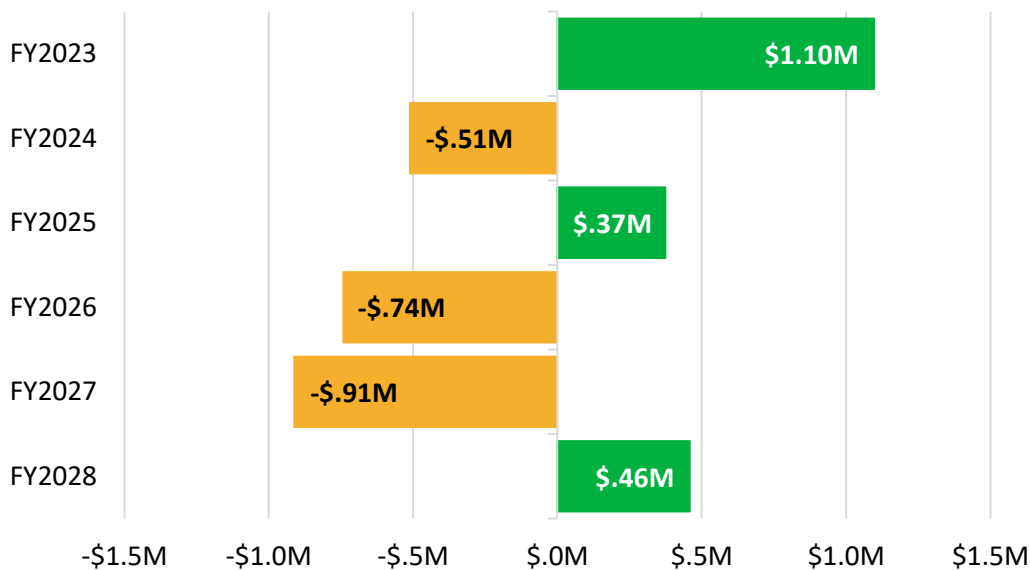
CASH FLOW FORECAST



Kerrville Public Utility Board
Cash Flow Forecast
Five-Year Forecast

	FY2023 Estimate	FY2024 Budget	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
BALANCE AT BEGINNING OF YEAR	\$ 34,000,000	\$ 35,097,149	\$ 34,585,835	\$ 34,960,545	\$ 34,218,677	\$ 33,307,848
CASH INFLOWS:						
Cash from Operations	5,887,493	5,981,273	5,229,638	5,833,842	5,450,251	5,121,521
Pension Adjustment (noncash)	100,000	100,000	100,000	100,000	100,000	100,000
Capital Contributions	382,918	360,000	400,000	420,000	440,000	460,000
Advance to City of Kerrville	1,244,999	1,219,285	1,193,571	1,167,858	1,142,143	1,116,429
Interest Income	1,542,412	1,500,000	688,750	652,500	540,000	506,250
Total Inflows	9,157,822	9,160,558	7,611,959	8,174,200	7,672,394	7,304,200
CASH OUTFLOWS:						
Winter Storm Uri			TBD			
Transfer & Franchise Fee	1,466,963	1,584,731	1,714,316	1,831,351	1,923,787	2,024,798
Debt Repayment	531,197	530,584	530,531	531,041	530,999	531,276
Cash for Capitalized Leases	262,513	239,057	244,903	228,236	230,562	155,366
Capital Spending	5,800,000	7,317,500	4,747,500	6,325,440	5,897,875	4,134,000
Total Outflows	8,060,673	9,671,871	7,237,250	8,916,068	8,583,223	6,845,441
NET CHANGE IN CASH	1,097,149	(511,314)	374,710	(741,868)	(910,829)	458,760
BALANCE AT END OF YEAR	\$ 35,097,149	\$ 34,585,835	\$ 34,960,545	\$ 34,218,677	\$ 33,307,848	\$ 33,766,608

Net Change in Cash





Kerrville Public Utility Board
 Bonds Payable and Advance Receivable Schedules
 As of September 2023

Bonds Payable:

Series 2013 Revenue Bonds
 Original Principal: \$6,300,000
 Interest Rate: 1.01% to 4.13%, overall 3.16%
 Semiannual Payments on May 1 and November 1

Maturity Schedule:

Fiscal Year	Principal	Interest	Total
FY2023	\$ 422,000	\$ 109,197	\$ 531,197
FY2024	434,000	96,584	530,584
FY2025	448,000	82,531	530,531
FY2026	464,000	67,041	531,041
FY2027	481,000	49,999	530,999
FY2028	500,000	31,276	531,276
FY2029	520,000	10,738	530,738
TOTAL	\$ 3,269,000	\$ 447,366	\$ 3,716,366

Advance Receivable:

City of Kerrville
 Original Principal: \$7,500,000
 Interest Rate: 2.4%
 Semiannual Payments on February 1 and August 1

Maturity Schedule:

Fiscal Year	Principal	Interest	Total
FY2023	\$ 1,071,428	\$ 173,571	\$ 1,244,999
FY2024	1,071,428	147,857	1,219,285
FY2025	1,071,428	122,143	1,193,571
FY2026	1,071,429	96,429	1,167,858
FY2027	1,071,429	70,714	1,142,143
FY2028	1,071,429	45,000	1,116,429
FY2029	1,071,429	19,286	1,090,715
TOTAL	\$ 7,500,000	\$ 675,000	\$ 8,175,000



DEBT SERVICE COVERAGE



Kerrville Public Utility Board
Debt Service Coverage
Five-Year Forecast

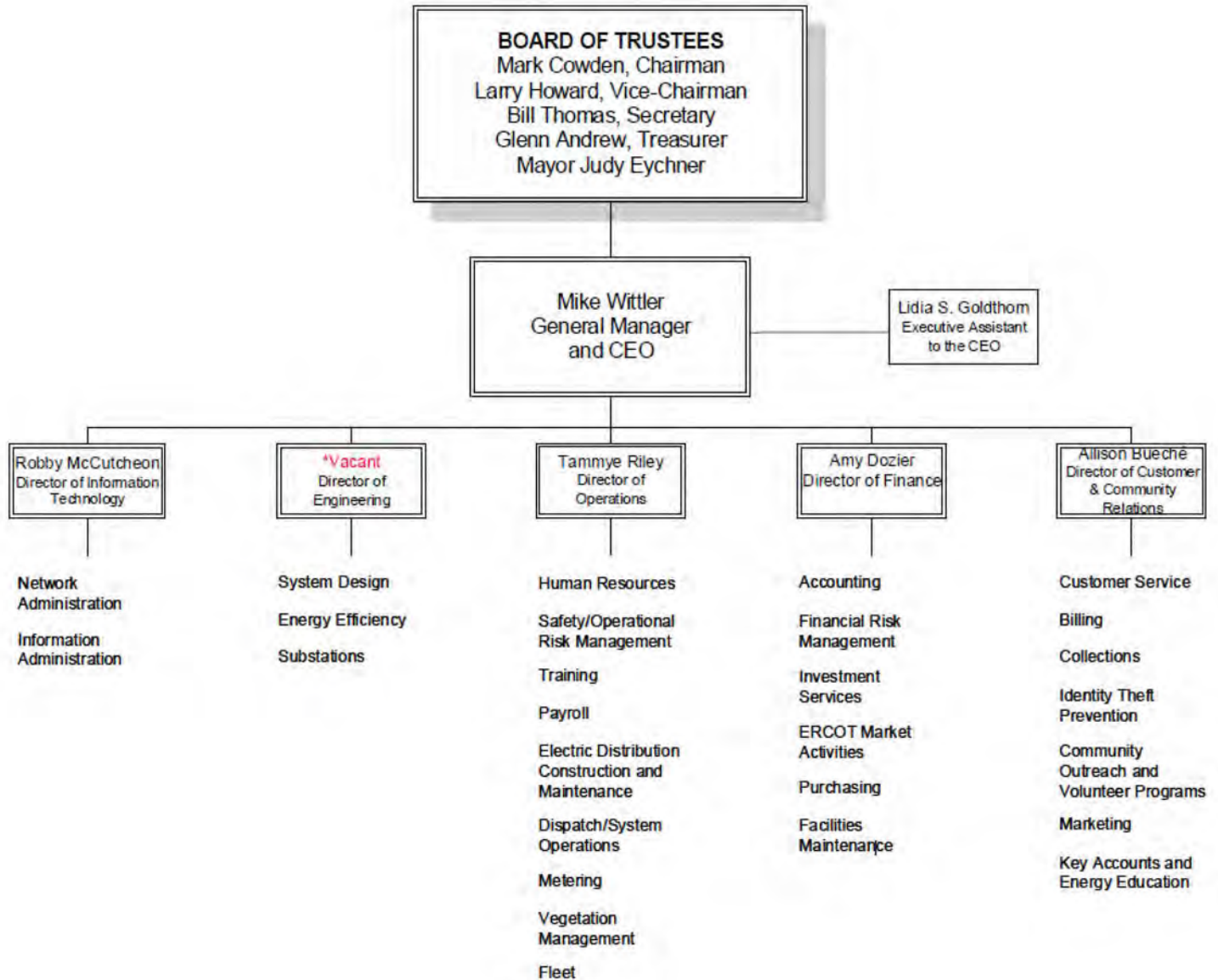
	FY2023 Estimate	FY2024 Budget	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
CHANGE IN NET POSITION	\$ 1,894,663	\$ 1,517,848	\$ 643,524	\$ 1,038,038	\$ 435,052	\$ (123,215)
PLUS:						
Interest Expense (net of amortizations)	108,025	91,014	82,531	67,041	49,999	31,276
Depreciation Expense	3,884,805	4,372,411	4,503,583	4,728,762	4,965,201	5,213,461
Numerator	5,887,493	5,981,273	5,229,638	5,833,842	5,450,251	5,121,521
DIVIDED BY:						
Interest Expense (net of amortizations)	108,025	91,014	82,531	67,041	49,999	31,276
Principal Payment Due	433,000	446,833	462,667	479,583	498,417	518,333
Denominator	\$ 541,025	\$ 537,848	\$ 545,197	\$ 546,624	\$ 548,415	\$ 549,609
DEBT SERVICE COVERAGE RATIO	10.88	11.12	9.59	10.67	9.94	9.32



ORGANIZATION CHARTS

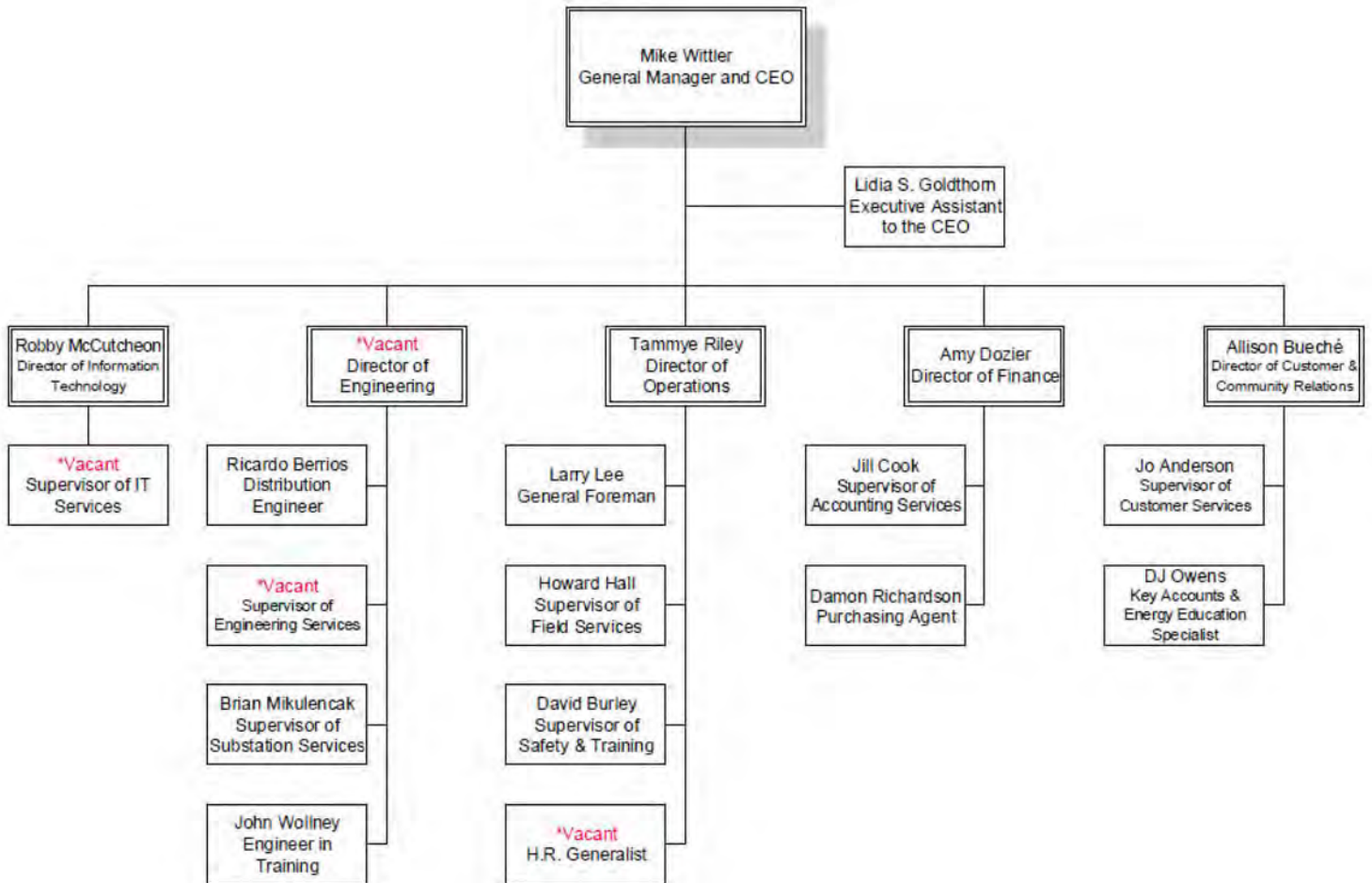


Kerrville Public Utility Board
 2023 Board Organization Chart
 August 31, 2023



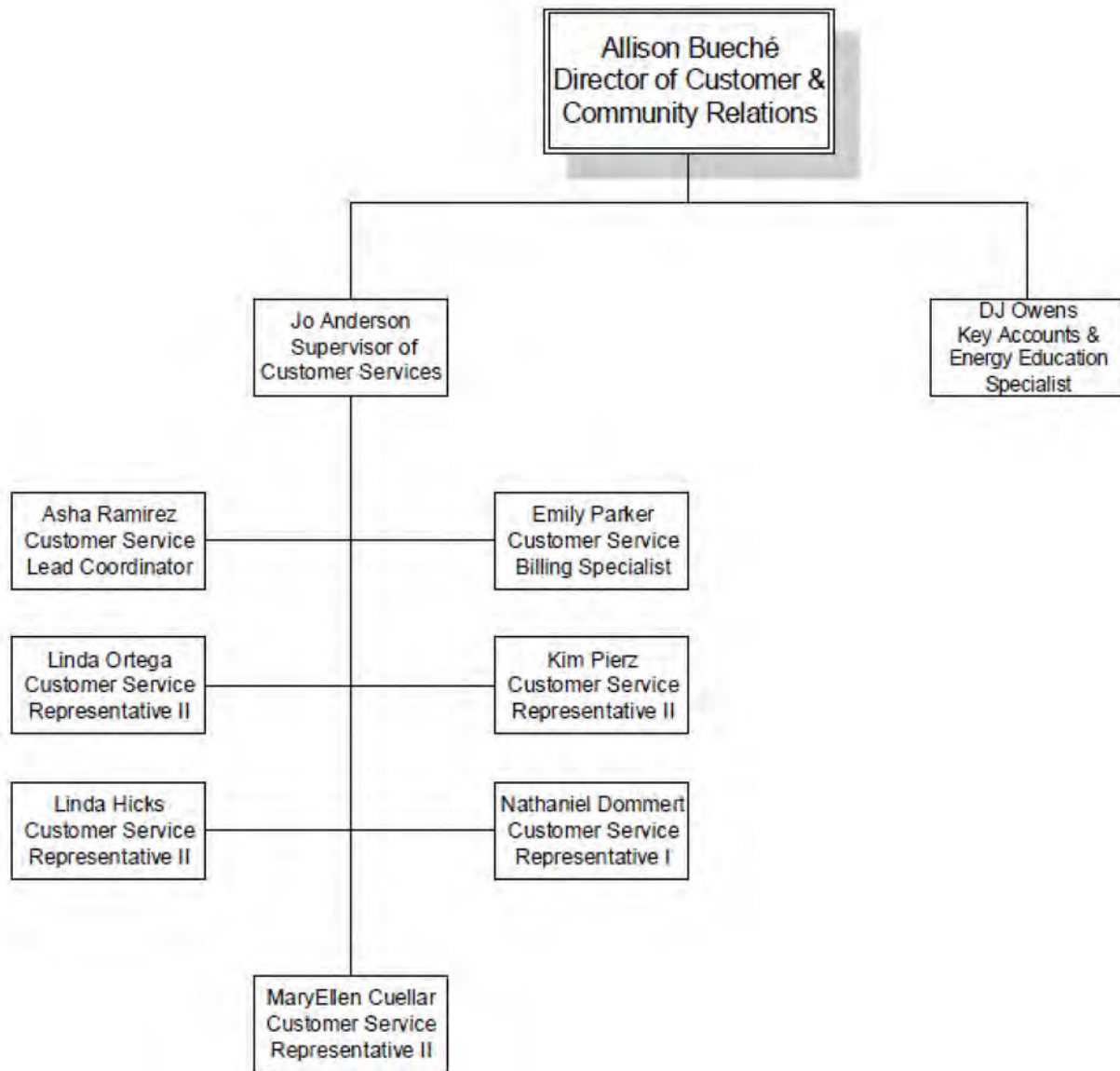


Kerrville Public Utility Board
2023 Organization Chart
August 31, 2023



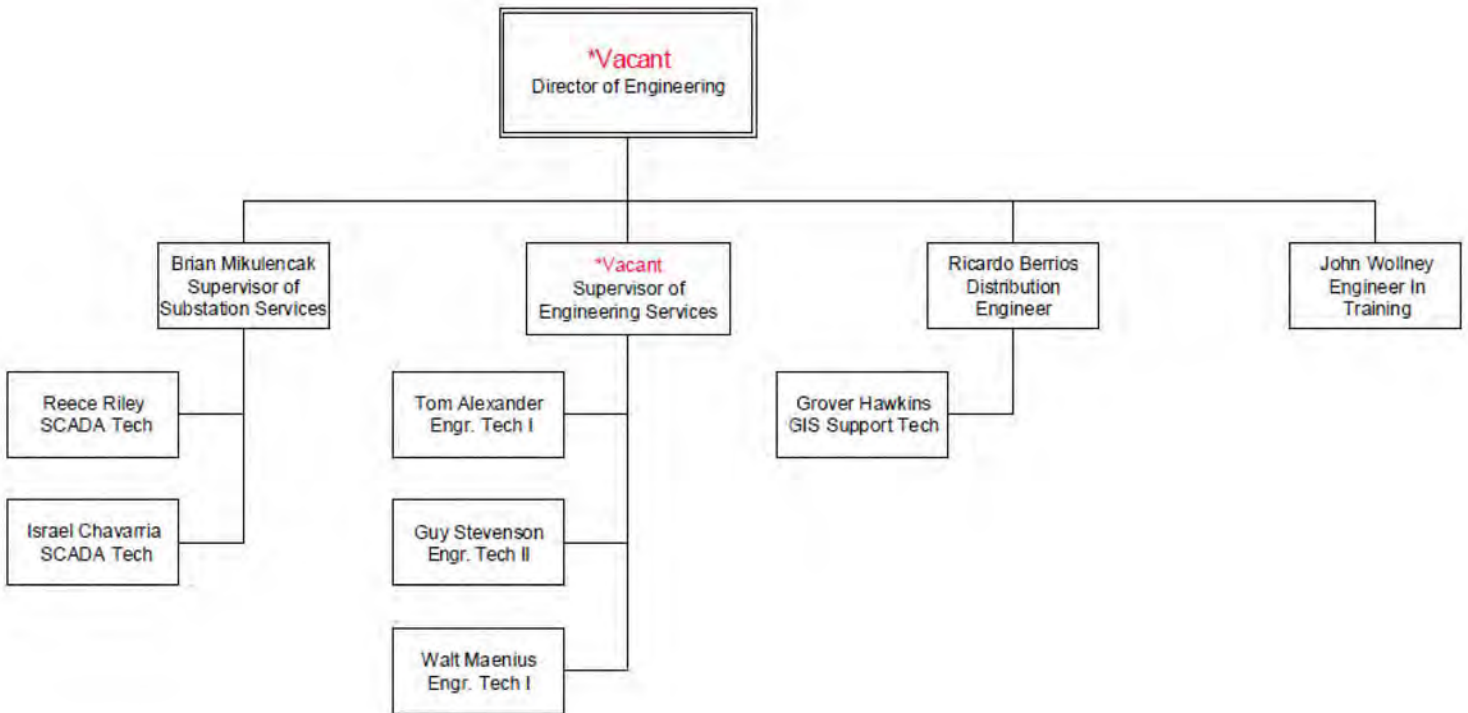


Kerrville Public Utility Board
Customer & Community Relations
August 31, 2023



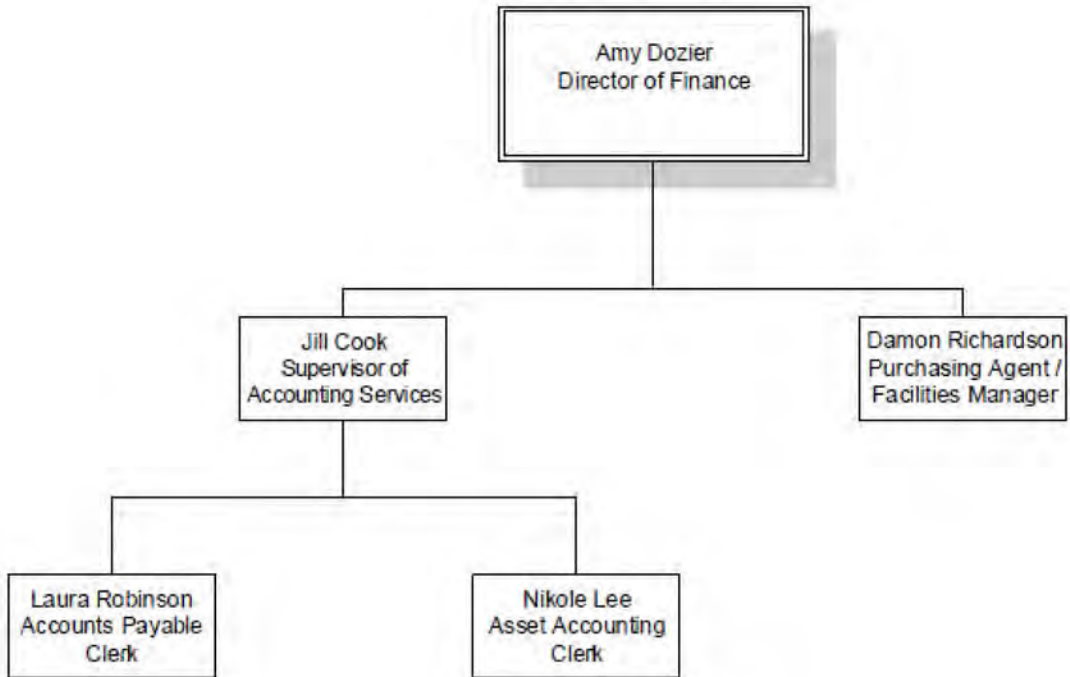


Kerrville Public Utility Board
Engineering
August 31, 2023



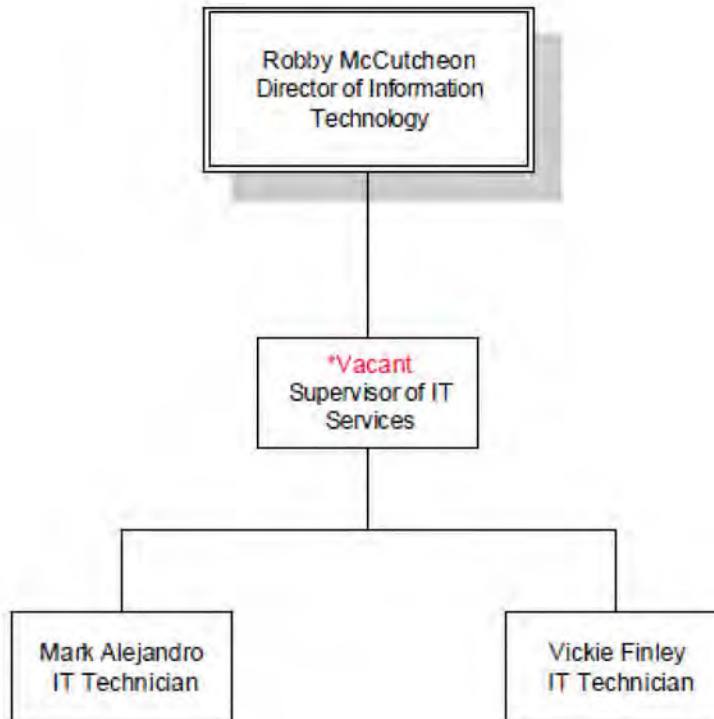


Kerrville Public Utility Board
Finance
August 31, 2023





Kerrville Public Utility Board
Information Technology
August 31, 2023





Kerrville Public Utility Board
Operations
August 31, 2023

