

SEPTEMBER 01, 2022

OFFICIAL NOTICE

OF A

REGULAR MONTHLY MEETING

The Kerrville Public Utility Board will hold its Regular Monthly Meeting on Wednesday, September 06, 2023, beginning at 8:30 a.m. 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
REGULAR MONTHLY MEETING
WEDNESDAY, SEPTEMBER 06, 2023, 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

Pursuant to Chapter 551.127, Texas Government Code, one or more members of the Board of Directors or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CITIZEN/CONSUMER OPEN FORUM:

Members of the public may address the Board. Prior to speaking, each speaker must sign in with their name, address and the topic to be addressed. The Board may not discuss or take any action on an item not on the agenda but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

4. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcements of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognition of KPUB officials, employees; reminders about upcoming events sponsored by KPUB. No action taken.

**Please note: Upcoming Board Meetings are tentatively scheduled for:*

- *Wednesday, September 20, 2023 at 8:30 a.m.,*
- *Wednesday, October 18, 2023 at 8:30 a.m.,*
- *Wednesday, November 15, 2023 at 8:30 a.m., and*
- *Wednesday, December 20, 2023 at 8:30 a.m.*

5. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a Board Member asks for separate consideration of an item. It is recommended that the Board approve the following items which will grant the General Manager to take all actions necessary for each approval:

5A.	APPROVAL OF MINUTES – Approval of the July 26, 2023, Regular Monthly Board Meeting, and July 26, 2023, Special Called Board Meeting Minutes	1
5B.	RESOLUTION NO. 23-12 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies	7
5C.	JUNE 2023 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the June 2023, Quarterly Funds Report as presented to the Investment Committee following the July 26, 2023, Board Meeting	10
6.	<u>FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:</u>	13
7.	<u>MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:</u>	
I.	<u>EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:</u>	
	In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:	
A.	Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO	
II.	<u>EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:</u>	
	In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:	
A.	Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;	
(1)	Discussion and Possible Action on Hedging Activities, ERCOT Activities and Wholesale Power Contracts – Mike Wittler, CEO	
8.	<u>CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:</u>	
9.	<u>ADJOURNMENT</u>	

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, JULY 26, 2023, AT 3:30 P.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Tammye Riley, Director of Operations
Robby McCutcheon, Director of IT (*via teleconference*)
Allison Bueché, Director of Customer and Community Relations
Ricardo Berrios, Distribution Engineer
Jill Cook, Accounting Supervisor
Howard Hall, Field Services Supervisor
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Mayor Judy Eychner

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
Gilberto Salinas, KEDC

1. CALL TO ORDER:

Mr. Mark Cowden, Chairman, called the Regular Monthly Meeting to order at 3:30 p.m.

2. PLEDGE OF ALLEGIANCE

3. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

4. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted Utility Line Inspector/Lineman Tommy Goodman as the staff spotlight for the month. Mr. Goodman has been with KPUB for sixteen years. Cindy Hough will be retiring at the end of August with twenty-one years of service to KPUB. Ms. Bueché passed on to the Board positive feedback received from a customer regarding their outage experience. She also highlighted volunteer participation in the UGRA River Clean Up; as well upcoming community support events for the Hill Country Crisis Council, Stock Show Fundraiser, Baubles & Beads Fundraiser and Habitat for Humanity Golf tournament. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- Wednesday, September 6, 2023 at 8:30 a.m., with a Special Called Budget Workshop immediately following the regular meeting.
- Wednesday, September 20, 2023 at 8:30 a.m.
- Wednesday, October 18, 2023 at 8:30 a.m.

**Mr. Wittler requested Chairman Cowden proceed to item number 6 on the Agenda. The Board agreed and Chairman Cowden proceeded to item number 8.*

6. CONSIDERATION AND ACTION ON ANNUAL FUNDING REQUEST FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – GIL SALINAS, COO:

Mr. Gilberto Salinas advised that the Kerrville Economic Development Corporation continues on its mission of fostering the economic growth of the greater Kerrville area through the support of local industry, recruitment of companies, creation and retention of quality jobs, expansion of capital investment and infusion of new tax dollars into the community. Mr. Salinas reviewed KEDC’s progress as well as the annual funding request. He highlighted the projects and programs KEDC has worked on since the last budget request. After discussion by the Board, Glenn Andrew, Treasurer, motioned to approve the funding request from KEDC. Chairman Cowden called for a second, with no second forthcoming. Motion died for lack of second. Board Members suggested discussing the item at the Budget Workshop in September.

**At this time, Chairman Cowden elected to proceed to item number 5 on the Agenda. The Board agreed and Chairman Cowden proceeded to item number 5.*

5. STATUS UPDATE ON CHANGE FOR CHARITY PROGRAM – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

Ms. Bueché advised the KPUB Change for Charity program has continued to be a successful partnership with the Society of St. Vincent de Paul and continues to be well received by customers. It has been a very needed program during the extreme winter and summer temperatures experienced in 2022 and 2023. From July 1, 2022 through June 30, 2023, St. Vincent de Paul granted \$84,136.84 in assistance to KPUB customers. 658 vouchers were granted over the course of that time averaging \$127.87. Ms. Bueché introduced the Change for Charity Program Fund Administrator, Mike Henke with St. Vincent de Paul, who presented historical and financial information for the Board’s review. Chairman Cowden thanked Mr. Henke for the report to the Board.

**At this time, Chairman Cowden elected to proceed to item number 7 on the Agenda. The Board agreed and Chairman Cowden proceeded to item number 7.*

7. CONSENT AGENDA:

Larry Howard, Vice Chairman, made a motion to accept items in the consent agenda. Bill Thomas, Secretary, seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

7A. APPROVAL OF MINUTES.

7B. RESOLUTION NO. 23-10 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

7C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Fleet Purchase (Howard Hall, Field Services Supervisor)

END OF CONSENT AGENDA

8. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented the financial statements for the month of June 2023. Ms. Dozier noted a \$200K increase in net position; \$3.3M in operating revenue; \$3.2M in operating expense; \$108K in operating income; \$4.8M in over collected power cost adjustment as of June 30, 2023; and \$31.8M invested in investment pools, and an investment account at Happy State Bank. She advised the investment account at Happy State Bank is completely liquid, fully collateralized, and earning 5.32% as of July 19, 2023. She added that rates on the investment pool accounts are 5.28% at LOGIC and 5.09% at TexPool as of July 19, 2023. The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$98.52. Management recommends keeping the PCA at \$102.50 for July and August due to ongoing price volatility and continued pending litigation. Ms. Dozier provided a power point presentation with the month's highlights and financial metrics from her memo.

9. CONSIDERATION AND ACTION ON RESOLUTION NO. 23-11 – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented Resolution No. 23-11 to the Board of Trustees for their consideration and approval. Mr. Dozier advised KPUB periodically reviews and revises its Purchasing and Procurement Policy to reflect changes in State law in addition to changes in operational and business practices. KPUB's current policy was last revised in November 2016. Over the last two months, staff reviewed the existing policy as well as State law, current business practices and other municipal policies. Based on that review staff recommended changes to the policy. Ms. Dozier went over the changes proposed in the revised Board Policy No. 42. She included for the Board's review a redlined version of the policy as well as a clean copy of the proposed policy. Staff recommended that the Board of Trustees approve Resolution No. 23-11 and the revised Board Policy 42 – Purchasing and Procurement Policy. After discussion by the Board, Mr. Howard moved for approval of Resolution No. 23-11 and the revised Board Policy 42. Mr. Thomas seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

10. ENGINEERING AND OPERATIONS PROJECTS AND CAPITAL BUDGET REPORT – RICARDO BERRIOS, DISTRIBUTION ENGINEER:

Mr. Berrios presented the Projects and Capital Budget Reports for the third quarter of fiscal year end 2023. He presented major projects showing the name, location and number of units in various states of design. He highlighted some of the projects discussed in the report, those that have been completed, and active residential projects. Mr. Berrios also highlighted Customer Extensions; Clay Street Improvements; System Improvements; New Bucket Truck; Jack Furman T2; LCRA Maintenance Testing; Rim Rock 50 Breaker, Office Furniture, and Facilities Improvements.

11. QUARTERLY RELIABILITY REPORT – TAMMYE RILEY, DIRECTOR OF OPERATIONS:

Ms. Riley presented the third quarter Reliability Report for FY2022-2023 for the Board's review. She advised the report uses the System Average Interruption Durations Index (SAIDI), which is an industry standard metric. SAIDI shows how long on average, each customer was without power in each quarter throughout the fiscal year. She added it was important to note that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

12. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
 - (1) Discussion and Possible Action on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO

Mr. Howard made a motion that the Board convene in Executive Closed Session to discuss “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086. Mr. Thomas, seconded the motion. Vote was by show of hands. Motion carried 4 – 0.

The Board entered Executive Closed Session at 4:42 p.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 4:55 p.m.

13. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:

No action taken by the Board.

14. ADJOURNMENT

Chairman Cowden adjourned the Regular Board Meeting at 4:56 p.m.

Date Approved: _____

Mark Cowden, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
SPECIAL CALLED MEETING
WEDNESDAY, JULY 26, 2023, AT 4:56 P.M.
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Tammye Riley, Director of Operations
Allison Bueché, Director of Customer and Community Relations
Howard Hall, Field Services Supervisor
Lidia Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Mayor Judy Eychner

OTHERS PRESENT:

I. CALL TO ORDER:

Mr. Mark Cowden, Chairman, called the Special Called Meeting to order at 4:56 p.m.

II. STRATEGIC PLANNING WORKSHOP:

Mr. Wittler presented a power point presentation which reviewed the KPUB Strategic Plan process initiated in 2018, with updated information following meetings with staff. He reviewed the KPUB Mission, Vision, as well as the long terms goals and recent updates on the programs. He added that staff had developed goal and succession plans that continue to be monitored and reviewed as needed. Mr. Wittler advised that the Management Team continues to review where KPUB stands with regard to the Strategic Plan. Board Members thanked staff for their contributions.

No further discussion by the Board.

III. ADJOURNMENT

Chairman Cowden adjourned the Special Called Meeting at 5:44 p.m.

Date Approved: _____

Mark Cowden, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: August 31, 2023

Re: Agenda Item No. 5B – Resolution No. 23-12

In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between July 20, 2023 and August 31, 2023 for Board approval:

	Vendor	Description	Amount	Date
Purchased Power:				
1	CPS	June 2023	\$ 1,179,997.22	07/20/2023
2	DG Solar	June 2023	73,288.13	07/26/2023
3	Engie	June 2023	106,375.38	07/27/2023
4	Garland	June 2023	(940,662.49)	07/31/2023
5	LCRA	June 2023	605,652.77	07/31/2023
6	NextEra	July 2023	485,088.00	08/18/2023
7	CPS	July 2023	1,477,223.48	08/21/2023
8	DG Solar	July 2023	76,823.60	08/22/2023
9	ERCOT	Monthly - September 2023	38,144.96	08/22/2023
10	Engie	July 2023	112,391.00	08/28/2023
11	Garland	July 2023	(272,097.17)	08/31/2023
12	LCRA	July 2023	641,771.24	08/31/2023
Payroll:				
1	Payroll	Pay period ending 07/15/2023	126,687.34	07/21/2023
2	Payroll	Pay period ending 07/29/2023	125,732.57	08/04/2023
3	Payroll	Pay period ending 08/12/2023	129,604.99	08/18/2023
4	Payroll Taxes	Pay period ending 07/15/2023	46,155.18	07/26/2023
5	Payroll Taxes	Pay period ending 07/29/2023	45,699.83	08/09/2023
6	Payroll Taxes	Pay period ending 08/12/2023	47,138.25	08/23/2023
Employee Benefits:				
1	TML	Health Insurance - August	75,691.65	08/01/2023
2	TMRS	Pension - July Payroll	73,038.94	08/04/2023

Investment Transfers (from Operating Account to Investment Account at Happy State Bank):

1	Happy State Bank	Investment Transfer	350,000.00	07/21/2023
2	Happy State Bank	Investment Transfer	600,000.00	07/25/2023
3	Happy State Bank	Investment Transfer	800,000.00	07/28/2023
4	Happy State Bank	Investment Transfer	1,250,000.00	07/31/2023
5	Happy State Bank	Investment Transfer	600,000.00	08/01/2023
6	Happy State Bank	Investment Transfer	300,000.00	08/04/2023
7	Happy State Bank	Investment Transfer	500,000.00	08/07/2023
8	Happy State Bank	Investment Transfer	500,000.00	08/11/2023
9	Happy State Bank	Investment Transfer	400,000.00	08/14/2023
10	Happy State Bank	Investment Transfer	1,200,000.00	08/21/2023
11	Happy State Bank	Investment Transfer	700,000.00	08/25/2023
12	Happy State Bank	Investment Transfer	600,000.00	08/28/2023
13	Happy State Bank	Investment Transfer	550,000.00	08/31/2023

I am happy to answer any questions regarding these transfers at your convenience.

Sincerely,



Amy Dozier
Director of Finance

RESOLUTION NO. 23-12

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER / CEO.

WHEREAS, the providers of services or material have submitted invoices for payment;
and

WHEREAS, the Chief Financial Officer or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

WHEREAS, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

Section 2. That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

Section 3. This Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 6th day of September, 2023

Mark Cowden, Chairman

ATTEST:

Bill Thomas, Secretary

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: August 30, 2023

Re: Agenda Item No. 5C – Quarterly Funds Report

Attached please find summary information from KPUB's quarterly funds report.

As of June 30, 2023, KPUB had \$31.8M invested in municipal investment pools and demand accounts at Happy State Bank. The majority of the funds (\$18.8M) are held in demand accounts at Happy State Bank. These accounts are fully collateralized, completely liquid and earning 5.37% as of August 30, 2023.

The Investment Committee discussed KPUB's investment accounts following the July Board meeting. The committee continued to recommend keeping approximately 3 months of operating expense available in municipal pool accounts (LOGIC and TexPool) out of an abundance of caution given high-profile regional bank failures earlier in the year. Our plan is to continue the current strategy of holding completely liquid and fully collateralized investments at favorable rates until pending litigation is resolved.

In addition, I confirmed that all documents have been signed to continue our depository services contract with Happy State Bank following the Board's approval of their proposal in June 2023. The new agreement begins on October 1, 2023.

I am happy to answer any questions regarding the Quarterly Funds Report at your convenience.

Sincerely,



Amy Dozier
Director of Finance

**Kerrville Public Utility Board
Schedule of Average Daily Balance of Fund
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended June 30, 2023**

Total Funds Invested

Day of the Month	April 2023		May 2023		June 2023		Totals
1	\$	32,177,657	\$	31,232,295	\$	31,541,073	
2		32,177,657		31,232,295		31,541,073	
3		32,102,000		31,232,295		31,541,073	
4		32,102,000		31,159,775		31,541,073	
5		32,102,000		31,459,775		31,541,073	
6		32,502,000		31,459,775		31,541,073	
7		32,502,000		31,459,775		31,541,073	
8		32,502,000		31,459,775		32,091,073	
9		32,502,000		31,459,775		32,091,073	
10		32,502,000		31,759,775		32,091,073	
11		32,502,000		31,759,775		32,091,073	
12		32,502,000		32,259,637		32,517,444	
13		32,392,635		32,259,637		32,517,444	
14		32,392,492		32,259,637		32,517,306	
15		32,392,492		32,259,637		32,517,306	
16		32,392,492		32,259,637		32,517,306	
17		32,392,492		32,759,637		32,517,306	
18		31,908,056		31,441,469		32,517,306	
19		30,898,726		31,387,583		32,517,306	
20		30,898,726		31,387,583		32,032,218	
21		31,550,680		31,387,583		31,106,566	
22		31,550,680		31,387,583		31,106,566	
23		31,550,680		31,387,583		31,456,566	
24		31,550,680		31,387,583		31,456,566	
25		31,550,680		31,276,512		31,456,566	
26		30,531,939		31,277,754		31,400,135	
27		30,480,306		31,277,754		31,400,135	
28		31,104,700		31,277,754		31,950,135	
29		31,104,700		31,277,754		31,850,041	
30		31,232,295		31,277,754		31,820,001	
31				31,616,886			
<hr/>							
Total of daily balance	\$	956,050,762	\$	978,782,047	\$	956,326,030	
<hr/>							
Average daily balance	\$	31,868,359	\$	31,573,614	\$	31,877,534	\$ 31,770,976
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Interest earnings	\$	127,595	\$	139,132	\$	137,590	\$ 404,317
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APR ----->		4.87%		5.19%		5.25%	5.10%
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**Kerrville Public Utility Board
Schedule of Other Investment Facts
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended June 30, 2023**

Total Funds Invested by Fund

Fund	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Revenue	\$ 22,538,916	\$ 288,047	\$ 132,313
Construction	1,507,836	19,035	9,063
Rate Stabilization	1,984,307	25,050	10,875
Long Term Rate Stabilization	1,772,181	22,372	7,250
Debt Reserve	-	-	-
Interest & Sinking	306,545	2,974	907
Emergency, Repair, Replace & Cont. Fund	3,710,216	46,838	20,844
Total	\$ 31,820,001	\$ 404,317	\$ 181,252

Total Funds Invested by Security

Type of Security	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Certificate of Deposit	0% \$ -	\$ -	-
TexPool	9% 2,794,012	34,217	15,915
LOGIC	32% 10,271,790	124,535	58,510
Happy State Bank - Investment	59% 18,754,199	245,564	106,827
Totals	100% \$ 31,820,001	\$ 404,317	\$ 181,252

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: August 30, 2023

Re: Agenda Item No. 6 – Financial Report

Attached please find financial statements for the month of July 2023.

Highlights include:

- **\$343K increase in net position** for the month, **\$1.7M increase** in net position on a year-to-date (YTD) basis, which is \$1.8M better than budget.
- **\$3.1M in operating revenue** for the month, **\$36.5M** on a YTD basis.
 - Through July, operating revenue is 8.6% lower than expected due to a combination of lower than forecast sales and purchased power price. On a year-to-date basis, kWh sales are 5.0% less than budget through July. However, we are expecting August and September sales to exceed budget and bring us close to our full year forecast as of our September 30 year end. The rest of the difference is due to lower than budgeted prices for purchased power. Since the largest component of our rate is based on actual power cost, lower than budgeted purchased power cost results in a lower rate and revenue that is lower than budget.
- **\$2.8M in operating expense** for the month, **\$35.3M** on a YTD basis.
 - YTD operating expense is 10.7% lower than budget due to lower than budgeted costs in all operating expense categories. The largest impact is lower than expected purchase power cost due to low natural gas prices and effective renewable hedges, especially during hot summer days when ERCOT real time market prices spike. Staffing vacancies, mutual aid deployments (New Smyrna Beach and CTEC), and radio purchases budgeted in FY2023 that will not occur until November 2023 are also contributing to the variance.
- **\$282K in operating income** for the month, **\$1.2M in operating income** on a YTD basis.
- **\$6.7M in over collection of power cost adjustment** as of 7/31/2023, an **increase of \$2.0M** from the prior month.
- **\$34.0M invested** in investment pools and an investment account at Happy State Bank. The investment account at Happy State Bank is completely liquid, fully collateralized, and earning 5.37% as of August 30, 2023. Rates on the investment pool accounts are 5.51% at LOGIC and 5.33% at TexPool as of August 30, 2023.

The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$93.94. Management recommends keeping the PCA at \$102.50 for September due to ongoing price volatility and continued pending litigation.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive style and is placed on a light gray rectangular background.

Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended July 31, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 1,814,098	\$ 2,673,557	\$ (859,459)	-32.15%	\$ 2,962,078	\$ (1,147,980)	-38.76%
Commercial/Industrial	1,219,552	2,040,362	(820,810)	-40.23%	2,087,591	(868,040)	-41.58%
Sales to Public Authorities	21,695	21,500	195	0.91%	21,564	131	0.61%
Other	40,888	40,813	75	0.18%	41,365	(476)	-1.15%
TOTAL OPERATING REVENUES	3,096,233	4,776,232	(1,679,999)	-35.17%	5,112,598	(2,016,365)	-39.44%
OPERATING EXPENSES:							
Purchased Power	1,801,432	3,523,527	1,722,095	48.87%	3,652,135	1,850,703	50.67%
Distribution	268,258	375,666	107,408	28.59%	326,344	58,086	17.80%
Customer Accounts	58,269	65,451	7,182	10.97%	56,074	(2,195)	-3.91%
Customer Service, Informational & Sales	33,151	35,535	2,384	6.71%	25,926	(7,225)	-27.87%
Administrative Expenses	319,848	403,212	83,365	20.68%	331,034	11,186	3.38%
Depreciation & Amortization	332,833	326,854	(5,979)	-1.83%	314,489	(18,345)	-5.83%
TOTAL OPERATING EXPENSES	2,813,791	4,730,246	1,916,455	40.51%	4,706,002	1,892,211	40.21%
OPERATING INCOME (LOSS)	282,442	45,986	236,456	514.19%	406,596	(124,154)	-30.54%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	148,054	18,750	129,304	689.62%	51,332	96,723	188.43%
Interest Income - City of Kerrville	13,929	13,929	0	0.00%	15,000	(1,071)	-7.14%
Interest Expense	(10,053)	(9,986)	(66)	0.66%	(9,619)	(434)	4.52%
City of Kerrville - General Fund Transfer	(97,329)	(143,849)	46,521	-32.34%	(154,914)	57,585	-37.17%
City of Ingram - Franchise Fee	(3,684)	(4,124)	440	-10.68%	(3,515)	(169)	4.80%
Other - Net	1,629	2,667	(1,038)	-38.93%	3,375	(1,746)	-51.75%
TOTAL NONOPERATING REVENUES (EXP)	52,546	(122,615)	175,161	-142.86%	(98,341)	150,887	-153.43%
INCOME BEFORE CONTRIBUTIONS	334,988	(76,629)	411,617	537.16%	308,255	26,733	8.67%
CAPITAL CONTRIBUTIONS	7,513	25,000	(17,487)	-69.95%	13,553	(6,040)	-44.56%
CHANGE IN NET POSITION	\$ 342,501	\$ (51,629)	\$ 394,130	763.39%	\$ 321,808	\$ 20,693	6.43%
NET POSITION AT BEGINNING OF MONTH	\$ 75,363,199				\$ 73,264,101		
NET POSITION AT END OF MONTH	\$ 75,705,700				\$ 73,585,909		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended July 31, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance		Year to Date Last Year Amount	Variance	
			Favorable (Unfavorable)	Percentage Variance		Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 20,597,748	\$ 22,429,370	\$ (1,831,622)	-8.17%	\$ 21,252,036	\$ (654,288)	-3.08%
Commercial/Industrial	15,054,963	16,730,075	(1,675,113)	-10.01%	15,216,605	(161,642)	-1.06%
Sales to Public Authorities	214,009	215,000	(991)	-0.46%	215,693	(1,683)	-0.78%
Other	615,113	538,155	76,958	14.30%	599,645	15,468	2.58%
TOTAL OPERATING REVENUES	36,481,833	39,912,600	(3,430,767)	-8.60%	37,283,978	(802,146)	-2.15%
OPERATING EXPENSES:							
Purchased Power	24,758,617	27,547,814	2,789,197	10.12%	25,041,915	283,298	1.13%
Distribution	2,896,963	3,695,656	798,693	21.61%	2,939,247	42,283	1.44%
Customer Accounts	517,837	623,388	105,552	16.93%	482,584	(35,253)	-7.30%
Customer Service, Informational & Sales	264,852	350,438	85,586	24.42%	243,838	(21,014)	-8.62%
Administrative Expenses	3,600,048	4,007,506	407,458	10.17%	3,359,624	(240,424)	-7.16%
Depreciation & Amortization	3,229,507	3,244,703	15,195	0.47%	3,106,336	(123,172)	-3.97%
TOTAL OPERATING EXPENSES	35,267,825	39,469,505	4,201,680	10.65%	35,173,543	(94,282)	-0.27%
OPERATING INCOME (LOSS)	1,214,008	443,095	770,913	173.98%	2,110,435	(896,428)	-42.48%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,242,412	437,500	804,912	183.98%	163,512	1,078,900	659.83%
Interest Income - City of Kerrville	143,571	143,571	0	0.00%	150,000	(6,429)	-4.29%
Interest Expense	(91,733)	(99,283)	7,550	-7.60%	(97,730)	5,997	-6.14%
City of Kerrville - General Fund Transfer	(1,131,727)	(1,210,503)	78,776	-6.51%	(1,123,425)	(8,303)	0.74%
City of Ingram - Franchise Fee	(28,378)	(34,261)	5,883	-17.17%	(28,109)	(269)	0.96%
Other - Net	30,928	26,667	4,261	15.98%	27,154	3,774	13.90%
TOTAL NONOPERATING REVENUES (EXP)	165,073	(736,310)	901,383	-122.42%	(908,598)	1,073,671	-118.17%
INCOME BEFORE CONTRIBUTIONS	1,379,081	(293,215)	1,672,296	-570.33%	1,201,837	177,243	14.75%
CAPITAL CONTRIBUTIONS	352,918	250,000	102,918	41.17%	273,737	79,180	28.93%
CHANGE IN NET POSITION	\$ 1,731,998	\$ (43,215)	\$ 1,775,214	4107.85%	1,475,575	\$ 256,423	17.38%
NET POSITION AT BEGINNING OF YEAR	\$ 73,973,702				\$ 72,110,335		
NET POSITION AT END OF MONTH	\$ 75,705,700				\$ 73,585,909		

Kerrville Public Utility Board
Balance Sheet
As of July 31, 2023

Assets and Deferred Outflows	July 31, 2023 (Unaudited)	September 30, 2022	Net Position, Liabilities and Deferred Inflows	July 31, 2023 (Unaudited)	September 30, 2022
Utility Plant:					
Utility Plant in Service	\$ 98,094,179	\$ 93,982,686	Total Net Position	\$ 75,705,700	\$ 73,973,702
Less: Accumulated Depreciation	(48,510,364)	(46,827,910)			
Net Utility Plant in Service	49,583,815	47,154,776	Liabilities:		
Construction Work in Progress	1,458,819	1,834,762	Current Liabilities:		
Total Utility Plant	51,042,634	48,989,538	Current Maturities of Long-Term Liabilities	449,108	437,108
Restricted and Noncurrent Assets:			Accrued Interest Payable	27,351	48,046
Customer Deposits	500,776	463,149	Accounts Payable - Purchased Power	11,128,328	10,817,424
Interest and Sinking Fund	351,317	434,802	Accounts Payable - Other	864,107	1,369,794
Emergency, Repair, Replace, Contingency Fund	3,726,903	3,585,091	Over Collection of Power Cost Adjustment	6,733,242	3,846,149
Advance to City of Kerrville, net of current portion	5,892,858	6,428,572	Total Current Liabilities	19,202,135	16,518,522
Net Pension Asset	677,020	677,020	Noncurrent Liabilities:		
Total Restricted and Noncurrent Assets	11,148,874	11,588,634	2013 Revenue Bonds, net of current portion	2,413,000	2,847,000
Current Assets:			Lease Liability	188,557	108,000
Revenue Fund:			Customer Deposits	500,776	463,149
Cash and Cash Equivalents	593,162	606,004	Interest on Customer Deposits	4,293	2,437
Investments	24,650,386	23,084,450	Total OPEB Liability	382,619	382,619
Less: Customer Deposits	(500,776)	(463,149)	Total Long-Term Liabilities	3,489,245	3,803,205
Total Revenue Fund	24,742,772	23,227,305	Total Liabilities	22,691,380	20,321,726
Construction Fund:			Deferred Inflows of Resources - Pension & OPEB	2,044,144	2,044,144
Cash and Cash Equivalents	5,340	5,135			
Investments	1,514,618	1,456,985			
Total Construction Fund	1,519,958	1,462,120			
Rate Stabilization Fund:					
Investments	1,993,232	1,917,388			
Total Rate Stabilization Fund	1,993,232	1,917,388			
Long Term Rate Stabilization Fund:					
Investments	1,780,151	1,094,339			
Total Rate Stabilization Fund	1,780,151	1,094,339			
Customer Accounts Receivable, net of allowance	4,214,378	4,055,633			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
Materials and Supplies	1,080,072	1,135,750			
Other	945,955	895,666			
Total Current Assets	37,347,946	34,859,629			
Deferred Outflow of Resources - Pension & OPEB	901,771	901,771			
Total Assets and Deferred Outflows	\$ 100,441,224	\$ 96,339,572	Total Net Position, Liabilities and Deferred Inflows	\$ 100,441,224	\$ 96,339,572

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended July 31, 2023

	Date	Revenue Fund	Restricted					Total Funds Invested	
			Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund		Emergency Repair, Replacement & Contingency
Beginning Fund Balance		\$ 22,538,916	\$ 1,507,836	\$ 1,984,307	\$ 1,772,181	\$ -	\$ 306,545	\$ 3,710,216	\$ 31,820,001
Withdrawals:									
Happy Investment - TML	07/03/23	(75,692)							(75,692)
Happy Investment - TMRS	07/06/23	(73,776)							(73,776)
Happy Investment - ERCOT	07/18/23	(112)							(112)
Happy Investment - NextEra	07/19/23	(469,440)							(469,440)
Happy Investment - CPS	07/20/23	(1,179,997)							(1,179,997)
Happy Investment - ERCOT	07/25/23	(15,867)							(15,867)
Happy Investment - DG Solar	07/26/23	(73,288)							(73,288)
Happy Investment - Engie	07/27/23	(106,375)							(106,375)
Happy Investment - LCRA	07/31/23	(605,653)							(605,653)
Investments:									
Happy Investment	07/06/23	400,915							400,915
Happy Investment	07/10/23	400,000							400,000
Happy Investment	07/14/23	400,000							400,000
Happy Investment	07/18/23	450,000							450,000
Happy Investment	07/21/23	350,000							350,000
Happy Investment	07/25/23	600,000							600,000
Happy Investment	07/28/23	800,000							800,000
Happy Investment	07/31/23	1,250,000							1,250,000
Fund Balance after Withdrawals & Investments		24,589,630	1,507,836	1,984,307	1,772,181	-	306,545	3,710,216	33,870,715
Allocation of:									
Interest Income	07/31/23	104,143	6,782	8,925	7,970	-	1,385	16,687	145,892
Total Interest Allocation		104,143	6,782	8,925	7,970	-	1,385	16,687	145,892
Fund Balance After Allocations		24,693,773	1,514,618	1,993,232	1,780,151	-	307,930	3,726,903	34,016,607
Interfund Transfers :									
Debt Service	07/31/23	(43,387)					43,387		-
Ending Fund Balance		\$ 24,650,386	\$ 1,514,618	\$ 1,993,232	\$ 1,780,151	\$ -	\$ 351,317	\$ 3,726,903	\$ 34,016,607

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended July 31,2023

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 342,501	\$ 1,731,998	\$ 2,106,049
PLUS:			
Interest Expense (net of amortizations)	10,053	91,733	114,425
Depreciation & Amortization Expense	332,833	3,229,507	3,877,506
Numerator	<u>685,387</u>	<u>5,053,239</u>	<u>6,097,980</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	10,053	91,733	114,425
Principal Payment Due	36,167	324,500	431,000
Denominator	<u>\$ 46,220</u>	<u>\$ 416,233</u>	<u>\$ 545,425</u>
DEBT SERVICE COVERAGE RATIO	<u>14.83</u>	<u>12.14</u>	<u>11.18</u>

Minimum Requirement per Bond Covenant	1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices	1.65	times Debt Service