

**July 11, 2025**

**OFFICIAL NOTICE  
OF A  
REGULAR MONTHLY MEETING**

**The Kerrville Public Utility Board (KPUB) and Kerrville Public Utility Board Public Facility Corporation (KPFC) will hold its Regular Joint Monthly Meeting on Wednesday, July 16, 2025, beginning at 3:00 p.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.**



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**Lidia S. Goldthorn, Assistant Secretary**

**AGENDA**  
**KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND**  
**KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)**  
**REGULAR JOINT MONTHLY MEETING**  
**WEDNESDAY, JULY 16, 2025, 3:00 P.M.**  
**KPUB CONFERENCE ROOM**  
**KERRVILLE PUBLIC UTILITY BOARD OFFICES**  
**2250 MEMORIAL BLVD.**  
**KERRVILLE, TEXAS**

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*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.*

**CALL TO ORDER:**

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

**1. 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.

**2. 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 KPUB Board Meetings are tentatively scheduled for:***

- ***Wednesday, August 20, 2025 at 8:30 a.m.***
- ***Wednesday, September 17, 2025 at 8:30 a.m.***
- ***Wednesday, October 15, 2025 at 8:30 a.m.***
- ***Wednesday, November 19, 2025 at 8:30 a.m.***

**3. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION (KPUB and KPFC):**

**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
- B. Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – 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 Activities, Wholesale Power Contracts and Generation – Mike Wittler, CEO

**III. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of “Deliberation Regarding Real Property” regarding the following matters:

- A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

**4. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS (KPUB and KPFC):**

**5. CONSENT AGENDA (KPUB & KPFC):**

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 June 18, 2025, Regular Joint Monthly Board Meeting Minutes ..... 1
- 5B. RESOLUTION NO. 25-16 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving payment to various providers of services or supplies ..... 6

5C.	RESOLUTION NO. 25-03 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving and authorizing an agreement for Depository Services with Happy State Bank .....	9
5D.	RESOLUTION NO. 25-04 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving participation in the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) .....	16
6.	<b><u>CONSIDERATION AND ACTION ON APPROVAL OF FY2025 ANNUAL SYSTEM BUDGET (KPFC) – AMY DOZER, ASSISTANT GENERAL MANAGER:</u></b> .....	24
7.	<b><u>REPORT AND POSSIBLE ACTION ON JULY 4<sup>TH</sup> FLOOD EVENT RESPONSE – MIKE WITTLER, CEO:</u></b>	
8.	<b><u>CONSIDERATION AND DISCUSSION OF COST OF SERVICE STUDY FROM NEWGEN STRATEGIES AND SOLUTIONS – AMY DOZIER, ASSISTANT GENERAL MANAGER:</u></b> .....	29
9.	<b><u>ADJOURNMENT (KPUB and KPFC)</u></b>	

**MINUTES OF THE  
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND  
KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)  
REGULAR JOINT MONTHLY MEETING  
WEDNESDAY, JUNE 18, 2025, AT 8:30 A.M.  
KPUB CONFERENCE ROOM  
KERRVILLE PUBLIC UTILITY BOARD OFFICES  
2250 MEMORIAL BLVD.  
KERRVILLE, TEXAS**

**TRUSTEES PRESENT:**

Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.  
Mike Wittler, Executive Director (KPFC)

**STAFF PRESENT:**

Mike Wittler, General Manager and CEO (KPUB)  
Amy Dozier, Assistant General Manager  
Tony Perez, Director of Engineering  
Allison Bueché, Director of Customer and Community Relations  
Robby McCutcheon, Director of Information Technology  
(*via teleconference*)  
Annette Gonzales, Director of Human Resources  
Larry Lee, Director of Operations  
Mark Alejandro, Information Technology Supervisor  
(*via teleconference*)  
Jill Cook, Accounting Supervisor  
Howard Hall, Field Services Supervisor  
John Billings, Intern  
Lidia S. Goldthorn, Assistant Secretary to the Board

**TRUSTEES ABSENT:**

Dalton Rice (KPFC)

**OTHERS PRESENT:**

Stephen Schulte, Legal Counsel  
John Bonnin  
Arthur Kimball-Stanley, Norton Rose Fulbright  
(*via teleconference*)  
Frank Rotondi, Sky Global Partners, LLC (*via teleconference*)  
Randall Bird, Sky Global Partners, LLC (*via teleconference*)

**CALL TO ORDER:**

Mr. Bill Thomas, Vice Chairman and Vice President, called the Regular Monthly Meetings to order at 8:30 a.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

**1. CITIZEN/CONSUMER OPEN FORUM:**

There were no citizens/consumers to speak.

**2. ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Ms. Bueché highlighted employee anniversaries for June with a combined service of 83 years. She advised KPUB participated in the Public Power Day of Giving on June 6<sup>th</sup>. Upcoming volunteer activities include a Food Pantry on June 30<sup>th</sup> and UGRA River Clean Up on July 26<sup>th</sup>. Ms. Bueché advised that KPUB will be sponsoring a Community Blood Drive on June 19<sup>th</sup> and a Food Drive from June 1<sup>st</sup> to June 30<sup>th</sup> benefiting the Doyle Community Center's Food Pantry. KPUB will also be sponsoring a sustainability workshop at the Riverside Nature Center on June 21<sup>st</sup>. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, July 16, 2025 at 8:30 a.m. (possible change, will send out a poll)*
- *Wednesday, August 20, 2025 at 8:30 a.m.*
- *Wednesday, September 17, 2025 at 8:30 a.m.*
- *Wednesday, October 15, 2025 at 8:30 a.m.*

**3. QUARTERLY REPORT FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – TODD BOCK, INTERIM EXECUTIVE DIRECTOR:**

Mr. Todd Bock gave a quarterly update of KEDC's recent activities. He went over the role and purpose of the current KEDC; the financial overview; business development activities; strategic collaboration; marketing and communications; operational improvements; strategic initiatives and target industries. Mr. Bock advised he had been assisting as the interim executive director and was recently given the permanent position. Board Members thanked Mr. Bock and are looking forward to working with him in his new capacity.

*\*Mr. Wittler requested Chairman/President Thomas proceed to item number 7 on the Agenda to go into Executive Session. The Board agreed and Chairman/President Thomas proceeded to item number 7.*

**7. 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
- B. Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – 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 on Hedging Activities, ERCOT Activities, Wholesale Power Contracts and Generation – Mike Wittler, CEO

## **III. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of “Deliberation Regarding Real Property” regarding the following matters:

- A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

## **IV. EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:**

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074, the Kerrville Public Utility Board will recess to deliberate the following “Personnel Matters”:

- A. Deliberation as to Assignment to Board Committees – Mike Wittler, CEO

Staff asked the Board of Trustees if there was a motion that the Boards convene in Executive Closed Session to discuss “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, “Deliberation Regarding Real Property” in accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, and “Personnel Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074. Larry Howard, Treasurer for KPUB so moved. Glenn Andrew, Vice Chairman for KPUB seconded the motion. Vote was by show of hands. Motion carried 5 – 0. Mr. Howard so moved for KPFC. Mr. Andrew seconded the motion for KPFC. Vote was by show of hands. Motion carried 5 – 0.

The Boards entered Executive Closed Session at 9:11 a.m. At 11:05 a.m. Chairman and President Thomas adjourned the Executive Closed Session and reconvened into Open Session.

## **8. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:**

- IV. Deliberation as to Assignment to Board Committees

Mr. Andrew made a motion for KPFC to approve appointment of the Investment Committee for the KPFC as the Vice President, Treasurer, CEO and Assistant General Manager. Mr. Howard seconded the motion. Vote was by a show of hands. Motion passed 5 – 0.

*\*At this time, Chairman/President Thomas elected to proceed to item number 4 on the Agenda. The Boards agreed and Chairman/President Thomas proceeded to item number 4.*

**4. CONSENT AGENDA (KPUB):**

Mr. Howard made a motion to accept items in the consent agenda as presented. Rachel Johnston, Secretary, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

4A. APPROVAL OF MINUTES.

4B. RESOLUTION NO. 25-14– AMY DOZIER, ASSISTANT GENREAL MANAGER. A Resolution approving payment to various providers of services or supplies.

**END OF CONSENT AGENDA**

**5. CONSIDERATION AND ACTION ON RESOLUTION NO. 25-15 - AMY DOZIER, ASSISTANT GENERAL MANAGER (KPUB):**

Ms. Dozier presented a resolution related to a deposit required by the Credit Agreement between the PUCT and KPFC. The KPUB and KPFC Boards approved the Credit Agreement on March 7, 2025. The Credit Agreement was approved by City Council on March 11, 2025. She advised that section 3.2.23 of the Credit Agreement requires that a deposit equal to 3% of estimated project costs be made prior to the financial close of the loan agreement. Project costs are estimated at \$175 million, so the required deposit is \$5.25 million. The deposit will be held in escrow by the Comptroller until the Resource Commissioning date. The interconnection process must be complete, including approval to participate in the ERCOT market in order to achieve a Resource Commissioning Date. Staff anticipates achieving this milestone in the Spring of 2027, at which time, the borrower can request that the escrow funds be released. Ms. Dozier added that because KPFC has no funds available, this resolution authorizes KPUB to fund the escrow account with the stipulation that the funds will be returned to KPUB when they are released from escrow. This provision in the credit agreement, along with the purchase of a surety policy, eliminated the need to create a long-term reserve fund or include other financial metric debt covenant requirements. She advised the financial close is currently scheduled for July 8, 2025. This deposit would be made shortly before that date. Management recommends approval of this resolution. Mr. Andrew motion to approve Resolution No. 25-15. Mr. Howard seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

**6. FINANCIAL REPORT (KPUB) – AMY DOZIER, ASSISTANT GENERAL MANAGER:**

Ms. Dozier presented the final financial statements for the month of May 2025. She noted a \$572K increase in net position; \$28.1M in operating revenue; 28.6M in operating expense; \$545K in operating loss; \$489K in net nonoperating revenue; \$21.8M in over collection of power cost adjustment as of May 31, 2025; and \$33.0M invested in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned a blended rate of 4.39% in May. Ms. Dozier also provided a power point presentation with highlights and financial metrics from her memo.

*\*At this time, Chairman/President Thomas proceeded to item number 9 to adjourn the meeting.*



9. **ADJOURNMENT (KPUB and KPFC)**

Chairman and President Thomas adjourned the Regular Board Meeting at 11:31 a.m.

**Date Approved:** \_\_\_\_\_

\_\_\_\_\_  
Bill Thomas, Chairman and President

**ATTEST**

\_\_\_\_\_  
Lidia S. Goldthorn, Assistant Secretary to the Board

# MEMORANDUM

To: Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: July 9, 2025

Re: Agenda Item No. 5B – Resolution No. 25-16

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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 June 12, 2025 and July 9, 2025 for Board approval:

	Vendor	Description	Amount	Date
<b>Purchased Power:</b>				
1	Concho Bluff	May 2025	132,329.15	06/20/2025
2	NextEra	May 2025	485,088.00	06/20/2025
3	CPS	May 2025	1,094,460.13	06/23/2025
4	DG Solar	May 2025	56,801.07	06/25/2025
5	Engie	May 2025	115,295.67	06/30/2025
6	Garland	May 2025	(57,602.96)	06/30/2025
7	LCRA	May 2025	695,255.95	07/03/2025
<b>Payroll:</b>				
1	Payroll	Pay period ending 6/14/2025	169,421.31	06/20/2025
2	Payroll	Pay period ending 6/28/2025	166,043.23	07/04/2025
3	Payroll Taxes	Pay period ending 6/14/2025	60,029.48	06/25/2025
4	Payroll Taxes	Pay period ending 6/28/2025	58,336.50	07/09/2025
<b>Employee Benefits:</b>				
1	TX Health Benefits	Health Insurance - July	98,889.84	07/01/2025
2	TMRS	Pension - June Payroll	101,634.76	07/03/2025
<b>Investment Transfers:</b>				
1	Happy State Bank	Investment Transfer	600,000.00	06/13/2025
2	Happy State Bank	Investment Transfer	700,000.00	06/20/2025
3	Happy State Bank	Investment Transfer	400,000.00	06/24/2025
4	Happy State Bank	Investment Transfer	700,000.00	06/27/2025
5	Happy State Bank	Investment Transfer	650,000.00	06/30/2025

	Vendor	Description	Amount	Date
<b>KPFC:</b>				
1	Sky Global	Management Fee	85,000.00	07/03/2025
2	Texas Comptroller	Escrow Deposit	5,250,000.00	07/03/2025
3	U.S. Bank	Issuance Costs	829,651.91	07/09/2025
4	Build America Mutual	Surety Policy	106,198.09	07/09/2025

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

Sincerely,



Amy Dozier  
Assistant General Manager

**RESOLUTION NO. 25-16**

**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 16<sup>th</sup> day of July, 2025**

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**Bill Thomas, Chairman**

**ATTEST:**

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**Rachel Johnston, Secretary**

# MEMORANDUM

To: Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: July 10, 2025

Re: Agenda Item No. 5C – Resolution No. 25-03

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Attached please find a KPFC resolution accepting and approving an agreement for bank depository services with Happy State Bank and authorizing the Executive Director to execute the agreement. The proposed agreement has the same terms as KPUB's depository services agreement and runs concurrently.

Attached please find:

1. June 16, 2023 Board memo describing the competitive bid process, results and recommendation for KPUB Depository Services
2. Resolution 25-03

Note that during the construction phase, the funds will be held and paid primarily through the Indenture Trustee, US Bank. However, we would like to establish a depository account now because it will be needed when the plant is operational and may facilitate a more efficient flow of funds during the construction phase.

Staff recommends approval of this resolution. I am happy to answer any questions at your convenience.

Sincerely,



Amy Dozier  
Assistant General Manager

# MEMORANDUM

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

From: Amy Dozier

Date: June 16, 2023

Re: Agenda Item No. 7 – Depository Services

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The Local Government Code requires that agreements for depository services not exceed five years for municipal funds. KPUB's current agreement with Happy State Bank began in 2018 and expires on September 30, 2023. Accordingly, KPUB released a Request for Proposal for depository services on April 28, 2023 with a due date of May 31, 2023.

KPUB received proposals from the following 4 local banks:

1. Happy State Bank, a division of Centennial Bank
2. Security State Bank
3. Texas Hill Country Bank
4. The Bank and Trust

Staff reviewed all proposals and quickly determined that 2 proposals were less advantageous for KPUB:

1. Texas Hill Country Bank – highest fees and 3<sup>rd</sup> best (out of 4) interest rates
2. The Bank and Trust – interest rates less than 1%

The other 2 banks submitted competitive proposals with the following key provisions:

1. Happy State Bank – no fees and interest rates equal to the 13 week T-Bill rate + 7 basis points (same as our current agreement)
2. Security State Bank – no fees and interest rates equal to the TexPool daily rate.

After analyzing each proposal and discussing it with the Investment Committee, staff and the Investment Committee are recommending the Happy State Bank proposal for the following reasons:

1. Interest income – Over the last 8 months, Happy State Bank's interest rate has exceeded the TexPool daily rate by an average of 46 basis points (0.46%). For context, over the course of a year, 46 basis points on a \$15 million balance equates to \$69,000 in additional interest income.
2. Collateral – Happy State Bank offers pledged collateral held by a 3<sup>rd</sup> party for all balances over the FDIC insured amount. Security State Bank offers a custodial letter of credit from the Federal Home Loan Bank Dallas in lieu of pledged securities. Both options are acceptable under the terms of the Public Funds Investment Act, but pledged collateral is preferred over the letter of credit because it is considered the safest and fastest way to recover funds in case of a bank failure.
3. Credit cards – Security State issues business credit cards through a bank called TIB. Happy State Bank previously used TIB, but switched to issuing them through eZ Business (part of FIS global). KPUB experienced significant customer service and online card management issues with the TIB issued credit cards.

Additional details regarding each proposal are attached in the proposal analysis summary. The proposals and agreements are approximately 150 pages long. Please let me know if you would like to review any or all of the complete proposals.

Staff recommends authorizing the General Manager to sign a three-year agreement with two optional one-year extensions with Happy State Bank, according to the terms of their proposal.

I am happy to answer any questions at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive, flowing style. The letters are connected, and the overall appearance is that of a personal or professional signature on a document.

Amy Dozier  
Director of Finance

Metric		Happy State Bank	Security State Bank & Trust	Texas Hill Country	The Bank and Trust
1	Fees	All fees waived	All fees waived	Fees for maintenance, ACH, wires, cash processing, deposits, and sweeps. Estimated at \$1,882 per month based on sample activity provided.	Account analysis fees for ACH debit and credit transactions. Monthly cash management usage fee. If ECR does not cover fees, then Bank will waive remainder.
2	Interest Rate (Current)	5.13% - 13 week T-Bill rate + 7 bps, adjusted weekly, also 7 bps above T-Bill that corresponds to that length CD.	4.9% - TexPool daily rate, reviewed every 6 mos, can be lowered to Federal Funds rate.	Prime Index - 3.75% - set by TXHCB Rate Committee every 6 weeks	0.18% to 0.66%
3	Interest Rate (12 month)	3.479% - 13 week T-Bill rate + 7 bps, adjusted weekly	2.85% - TexPool daily rate, reviewed every 6 mos, can be lowered to Federal Funds rate.	Prime Index - 2.31% - set by TXHCB Rate Committee every 6 weeks	0.035% to 0.20%
4	CRA Rating	Satisfactory and A-senior unsecured debt rating and stable outlook from KBRA.	Satisfactory + Green by Veribanc	Satisfactory	Satisfactory
5	Customer Service	Local & Lubbock for Treasury Mgmt	Local & Fredericksburg based	Local & San Antonio based	Local
6	References	Hemphill County, UGRA, City of Plainview	Kerr County, Kerrville ISD, City of FBG	Bandera County, City of Hill Country Village, Coliseum Advisory Board	Comstock ISD, Housing Authority Del Rio, Val Verde County
7	Zero Balance Account (ZBA) Sweep	ZBA master with sweeps from other accounts is available. No investment sweep because all accounts earn same rate.	Investment Sweep	ZBA Master with Investment Sweep	none
8	Safekeeping Services	Offered through sub-account with TIB or account established at HSB Trust	Offered through correspondent bank, Frost Bank	Not offered	Question not answered
9	Credit Card	Issued through eZBusiness (FIS Global)	Issued through TIB	Issued through TIB	Issued through TIB
10	Collateral	Held by TIB with 3rd party bond accounting by Stifel Nicholas & Co.	Custodial letter of credit from FHLB Dallas in lieu of pledged securities	Custodial letter of credit from FHLB Dallas in lieu of pledged securities	Held by Frost Bank
11	Community Service	Rotary, Lions, Habitat for Humanity, Schreiner University, Young Life, KEDC, Planning & Zoning, Leadership Kerr County, Chamber of Commerce, plus others.	Peterson Foundation, Little League, multiple churches, Kerrville 2050, Chamber of Commerce, Rotary, Soccer, Livestock Show, Salvation Army, Boys & Girls Club, FFA, etc.	No specifics listed, but proposal states they support the community	Peterson Health, HC Youth Ranch, Livestock Show, Chamber of Commerce, United Way



**RESOLUTION NO. 23-09**

**A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD ACCEPTING AND APPROVING AN AGREEMENT FOR BANK DEPOSITORY SERVICES AND AUTHORIZING THE GENERAL MANAGER AND CEO TO EXECUTE THE AGREEMENT**

**WHEREAS**, Ordinance No. 87-45 of the City of Kerrville, Kerr County, Texas, requires that all monies of Kerrville Public Utility Board ("KPUB") be maintained in specified funds at an official depository bank of KPUB; and

**WHEREAS**, KPUB has solicited bids for the depository services in accordance with State Statutes; and

**WHEREAS**, the existing Bank Depository Agreement with Happy State Bank, a division of Centennial Bank expires September 30, 2023; and

**WHEREAS**, KPUB staff has evaluated the bids for depository services and recommends that KPUB enter into a three-year agreement with two optional one-year extensions with Happy State Bank, a division of Centennial Bank; now, therefore,

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:**

**Section 1.** That the above recitals are true and correct.

**Section 2.** That Happy State Bank, a division of Centennial Bank is hereby selected as the official depository bank of KPUB for October 1, 2023 through September 30, 2026, with the option to extend the agreement until September 30, 2027 or September 30, 2028.

**Section 3.** That the General Manager and CEO is authorized by the Board of Trustees to execute the Bank Depository Services Contract.

**Section 4.** That this Resolution shall take effect from and after its passage.

**PASSED, APPROVED AND ADOPTED on this 28<sup>th</sup> day of June, 2023**

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**Mark Cowden, Chairman**

**ATTEST:**

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**Bill Thomas, Secretary**

## **RESOLUTION NO. 25-03**

### **A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION ACCEPTING AND APPROVING AN AGREEMENT FOR BANK DEPOSITORY SERVICES AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT**

**WHEREAS**, Kerrville Public Utility Board Public Facility Corporation (KPFC) has adopted an investment policy authorizing depository bank accounts;

**WHEREAS**, KPUB has solicited bids for the depository services in accordance with State Statutes in April 2023; and

**WHEREAS**, KPUB staff has evaluated the bids for depository services and the KPUB Board approved Resolution 23-09 in June 2023; and

**WHEREAS**, Happy State Bank has offered the same depository terms to KPFC; and

**WHEREAS**, the using the same depository institution for both entities will create significant operational efficiencies; and

**WHEREAS**, KPFC's investment officers recommend that KPFC enter into an agreement that will run concurrently with KPUB's depository agreement from August 1, 2025 through September 30, 2026, with two optional one-year extensions with Happy State Bank, a division of Centennial Bank; now, therefore,

#### **BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:**

**Section 1.** That the above recitals are true and correct.

**Section 2.** That Happy State Bank, a division of Centennial Bank is hereby selected as the official depository bank of KPFC for August 1, 2025 through September 30, 2026, with the option to extend the agreement until September 30, 2027 or September 30, 2028.

**Section 3.** That the Executive Director authorized by the Board of Trustees to execute the Bank Depository Services Contract.

**Section 4.** Authorized signers on the account shall be the KPFC Executive Director, KPFC Treasurer and KPFC Investment Officers. Those individuals are currently Mike Wittler, Larry Howard, Amy Dozier and Jill Cook.

**Section 5.** That this Resolution shall take effect from and after its passage.

**PASSED, APPROVED AND ADOPTED on this 16<sup>th</sup> day of July, 2025**

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**Bill Thomas, President**

**ATTEST:**

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**Rachel Johnston, Secretary**

# MEMORANDUM

To: Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: July 10, 2025

Re: Agenda Item No. 5D – Resolution No. 25-04

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Attached please find a resolution authorizing KPFC to participate in a local government investment pool called Texas Cooperative Liquid Assets Securities System Trust, also known as Texas CLASS.

Texas CLASS is essentially a money market fund for local governments in Texas. The fund was established in 1996 and is authorized by Section 2256.016 of the Public Funds Investment Act. The fund's objectives are legality, safety (constant dollar and highest rating), liquidity and yield. These objectives are met by choosing high quality investments. Deposits with Texas CLASS are not FDIC insured or securitized.

KPUB's Board has previously passed a resolution to allow KPUB to participate in Texas CLASS. A separate resolution passed by the KPFC Board is required for KPFC to participate in the same account.

The following items are attached for your review:

1. Texas CLASS Overview
2. S&P Fund Profile
3. Resolution 25-04

Staff recommends approval of this resolution. I am happy to answer any questions at your convenience.

Sincerely,



Amy Dozier  
Assistant General Manager

### What is Texas CLASS?

The Texas Cooperative Liquid Assets Security System Trust (Texas CLASS) is a local government investment pool that emphasizes safety, liquidity, convenience, and competitive yield. Since 1996, Texas CLASS has sought to provide Texas public entities with a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. Texas CLASS is rated 'AAAm' by S&P Global Ratings. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools.

### Who oversees and manages Texas CLASS?

Texas CLASS is supervised by a Board of Trustees whose members are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board retains the services of Public Trust Advisors, LLC (Public Trust). Public Trust serves as the investment advisor and provides administrative and marketing services for Texas CLASS. Additionally, the Board of Trustees has appointed an Advisory Board composed of individuals qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

### How can you participate in Texas CLASS?

Enrolling in Texas CLASS is simple. After reading the Trust Agreement and Information Statement (available at [www.texasclass.com](http://www.texasclass.com)), follow these steps:

- 1 Submit your entity's investment policy to the program administrator for review.
- 2 Pass a resolution authorizing participation in Texas CLASS.
- 3 Adopt the Trust Agreement by signing the Participation Certificate (Exhibit D).
- 4 Complete the Texas CLASS Trust Registration Form and submit the above documents to Texas CLASS Client Services.
- 5 After we review and approve the above documents, you will receive confirmation that you have been accepted as a Texas CLASS Participant.

### TEXAS CLASS FEATURES

As a Texas CLASS Participant, you have access to many convenient features:

- Same-day liquidity (4:00 p.m. CT cut-off)
- Contributions by wire or ACH
- Secure online access for transactions and account statements
- Professionally managed since 1996
- Competitive daily yields
- Unlimited subaccounts
- No minimum investment requirements
- Dividends applied and paid daily
- No transaction fees\*
- Audited annually by an independent auditing firm\*\*
- Direct investment of state and federal payments
- Dedicated client service representatives available via email, phone or fax on any business day

\*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from Texas CLASS for such transactions. \*\*External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



## What are the objectives of Texas CLASS?

### Safety

The primary investment objective of Texas CLASS is the safety of public funds. The Texas CLASS portfolios are professionally managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The Texas CLASS government-style fund and the Texas CLASS prime-style fund are both rated 'AAAm' by S&P Global Ratings. The custodian for Texas CLASS is UMB Bank, N.A.

### Liquidity

When you invest with Texas CLASS, you have access to your funds on any business day. You must notify Texas CLASS of your funds transaction requests by 4:00 p.m. CT. By offering daily liquidity, we aim to provide you with the flexibility you need to meet your daily cash needs.

### Convenience

To make cash management simple and efficient, Texas CLASS includes many features that make it easy to access account information and simplify record keeping. Transactions are conducted via the Texas CLASS Online Transaction Portal at [www.texasclass.com](http://www.texasclass.com) and may be entered at any time - up to 365 days in advance.

Our dedicated Client Service team is available to assist with any matters related to the administration of your account and can be reached by email at [clientservices@texasclass.com](mailto:clientservices@texasclass.com), by phone at (800) 707-6242, by fax at (855) 848-9910 or via the Texas

CLASS Online Transaction Portal at [www.texasclass.com](http://www.texasclass.com).

### Flexibility

You may establish multiple Texas CLASS accounts to track and parallel your own internal fund accounting structures. You will receive an email notification when your comprehensive monthly statement is available online; statements show your transaction activity, dividend postings, and yield summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your investment records.

### Competitive Returns

The Texas CLASS philosophy has always been to prioritize competitive yields while adhering to the objectives of safety and liquidity. Our portfolio managers are professionals with experience in public funds management. Texas CLASS maintains a low management fee structure to help facilitate a competitive yield on the investment portfolio.

### Legality

Texas CLASS invests only in investments legally permitted under Texas State Law and the Texas Public Funds Investment Act.

**Have Questions?** Contact us or visit [www.texasclass.com](http://www.texasclass.com) for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the Texas CLASS Information Statement before investing. Texas CLASS is not a bank. An investment in Texas CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Texas CLASS seeks to preserve the value of your investment at \$1.00 per share, they cannot guarantee they will do so. Please review the Texas CLASS Information Statement before investing. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. Ratings are subject to change and do not remove credit risk. For more information on rating methodologies, visit [www.spglobal.com](http://www.spglobal.com).

Public Trust Advisors, LLC, a registered investment advisor with the U.S. Securities and Exchange Commission, provides investment advisory services to the Fund. PMA Securities, LLC, an affiliate of Public Trust Advisors, is a broker-dealer and municipal advisor registered with the SEC and MSRB and is a member of FINRA and SIPC and provides marketing, and securities and other institutional brokerage services.



Texas Cooperative Liquid Assets Securities System (TX CLASS)

Principal Stability Fund Ratings Definitions

**AAAm** A fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by S&P Global Ratings

**AAm** A fund rated 'AAm' demonstrates very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. It differs from the highest-rated funds only to a small degree.

**Am** A fund rated 'Am' demonstrates strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than funds in higher-rated categories

**BBBm** A fund rated 'BBBm' demonstrates adequate capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. However, adverse economic conditions or changing circumstances are more likely to lead to a reduced capacity to maintain principal stability.

**BBm** A fund rated 'BBm' demonstrates speculative characteristics and uncertain capacity to maintain principal stability. It is vulnerable to principal losses due to credit risk. While such funds will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

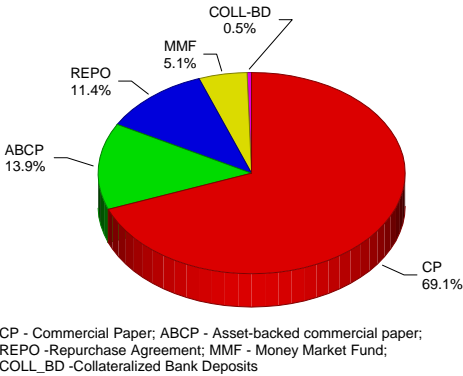
**Dm** A fund rated 'Dm' has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

**Plus (+) or Minus (-)** The ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

About the Pool

Pool Rating	AAAm
Pool Type	Stable NAV Government Investment Pool
Investment Adviser	Public Trust Advisors, LLC
Portfolio Manager	Neil Waud, CFA
Pool Rated Since	March 2009
Custodian	UMB Bank N.A.
Distributor	Public Trust Advisors, LLC (Public Trust)

Portfolio Composition as of September 24, 2024



Rationale

Texas Cooperative Liquid Assets Securities System (Texas CLASS) is rated 'AAAm' by S&P Global. The rating signifies our forward-looking opinion about a fixed-income fund's ability to maintain principal value (i.e., stable net asset value, or 'NAV'). This is accomplished through conservative investment practices and strict internal controls. S&P Global monitors the portfolio on a weekly basis.

Overview

Texas CLASS was created specifically for the use of Texas local government entities and seeks to provide safety, liquidity, convenience, and competitive rates of return. The program is designed to meet the needs of Texas public sector investors. It purchases securities that are legally permissible under state statute and available for investment by Texas counties, cities, school districts, municipal utility districts, college districts, and other public agencies. Texas CLASS is a full-service cash management and investment program designed specifically to make the function of managing public funds safer and more simple while it provides competitive returns. Texas CLASS has operated since 1996.

Management

Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool.

Portfolio Assets

Portfolio Assets aim to comply with the Public Funds Investment Act, Texas Government Code (PFIA) guidelines and may include U.S. Treasuries, agencies, state and local government obligations, collateralized certificates of deposit, repurchase agreements (REPOs), and highly-rated commercial paper. These securities, at the time of purchase, are rated in the highest rating category by one or more nationally recognized statistical ratings organizations which regularly rate such obligations. The portfolio's weighted average maturity to reset (WAM(R)) is kept under 60 days, which further helps to enhance liquidity and limits market price exposure. Portfolio securities are priced to market on a daily basis.

S&P Global Ratings Analyst: Kara Wachsmann - 303 721 4547

www.spratings.com

Participants should consider the investment objectives, risks and charges and expenses of the pool before investing. The investment guidelines which can be obtained from your broker-dealer, contain this and other information about the pool and should be read carefully before investing.

Principal Stability Rating Approach and Criteria

A S&P Global Ratings principal stability fund rating, also known as a "money market fund rating", is a forward-looking opinion about a fixed income fund's capacity to maintain stable principal (net asset value). When assigning a principal stability rating to a fund, S&P Global Ratings analysis focuses primarily on the creditworthiness of the fund's investments and counterparties, and also its investments' maturity structure and management's ability and policies to maintain the fund's stable net asset value. Principal stability fund ratings are assigned to funds that seek to maintain a stable or an accumulating net asset value.

Generally, when faced with an unanticipated level of redemption requests during periods of high market stress, the manager of any fund may suspend redemptions for up to five business days or meet redemption requests with payments in-kind in lieu of cash. A temporary suspension of redemptions or meeting redemption requests with distributions in-kind does not constitute a failure to maintain stable net asset values. However, higher rated funds are expected to have stronger capacities to pay investor redemptions in cash during times of high market stress because they generally comprise shorter maturity and higher quality investments.

Principal stability fund ratings, or money market fund ratings, are identified by the 'm' suffix (e.g., 'AAAm') to distinguish the principal stability rating from a S&P Global Ratings traditional issue or issuer credit rating. A traditional issue or issuer credit rating reflects S&P Global Ratings view of a borrower's ability to meet its financial obligations. Principal stability fund ratings are not commentaries on yield levels.

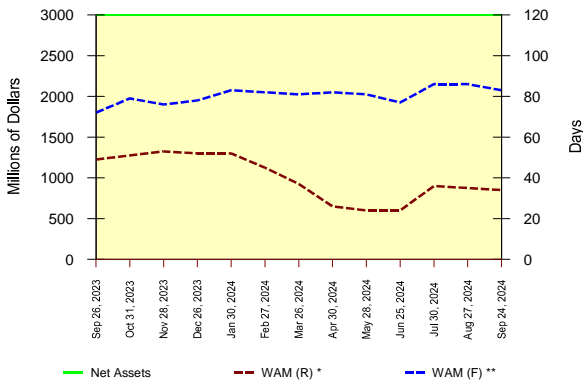
Texas Cooperative Liquid Assets Securities System (TX CLASS)

AAAm

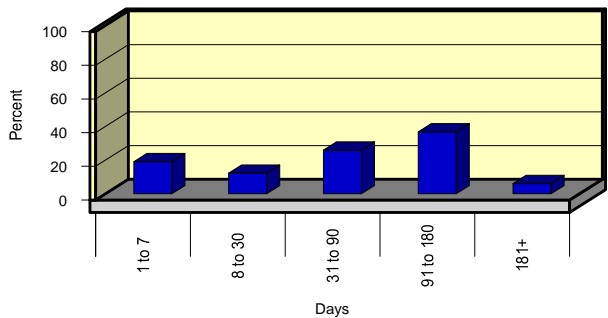
Data Bank as of September 24, 2024

Net Asset Value per Share.....	\$1.00045	Net Assets (millions).....	\$24,713.01	Inception Date.....	January 1996
WAM (R) * .....	34 days	WAM (F) ** .....	83 days	7 Day Yield.....	5.17%
* Weighted Average Maturity (Reset)		** Weighted Average Maturity (Final)			

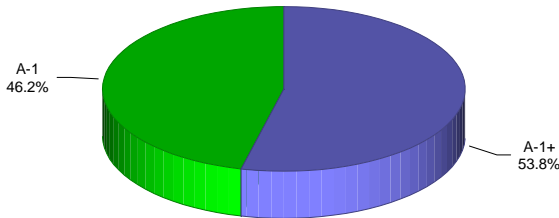
Net Assets, WAM (R) and WAM (F)



Portfolio Maturity Distribution as of September 24, 2024

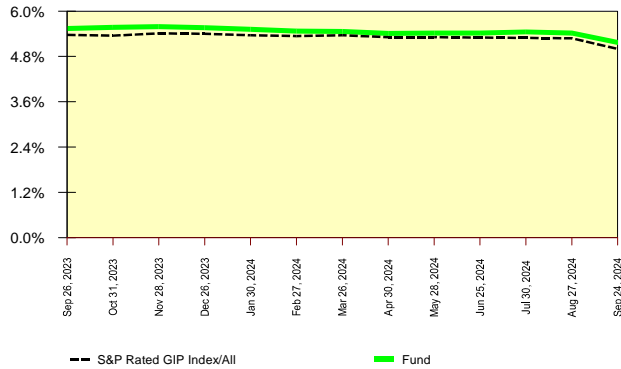


Portfolio Credit Quality as of September 24, 2024 \*



\*As assessed by S&P Global Ratings

Portfolio 7 Day Net-Yield Comparison \*



\*S&P 'AAAm' Money Fund Indices are calculated weekly by iMoneyNet, Inc., and are comprised of funds rated or assessed by S&P Global Ratings to within the specific rating categories. The S&P Global Ratings Rated LGIP Indices are calculated weekly by S&P Global Ratings and are comprised of 'AAAm' and 'AAM' government investment pools. The yield quoted represents past performance. Past performance does not guarantee future results. Current yield may be lower or higher than the yield quoted.

Pool portfolios are monitored weekly for developments that could cause changes in the ratings. Rating decisions are based on periodic meetings with senior pool executives and public information.

S&P Global Ratings is neither associated nor affiliated with the fund.

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## **RESOLUTION NO. 25-04**

### **A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION APPROVING PARTICIPATION IN THE TEXAS COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM TRUST**

**WHEREAS**, the Public Funds Investment Act, Texas Government Code, Section 2256.001 et seq. (the Act) requires the governing body of each local government in this state to adopt investment policies in accordance with the terms of the Act; and

**WHEREAS**, pursuant to the requirements of the Act, the Board of Trustees of the Kerrville Public Utility Board Public Facility Corporation (KPFC) has previously reviewed and adopted an investment policy (the Policy) that provides in part that the funds of the local government will be invested in investments permitted by the Act in order to: (i) invest only in investments legally permitted under Texas law; (ii) minimize risk by managing portfolio investments so as to preserve principal and maintain a stable net asset value; (iii) manage portfolio investments to ensure that cash will be available as required to finance operations; and (iv) maximize current income to the degree consistent with legality, safety, and liquidity; and

**WHEREAS**, pursuant to the Policy and the Act, KPFC has appointed Amy Dozier, KPUB'S Assistant General Manager to act as the investment officer of KPFC; and

**WHEREAS**, the Act provides that funds under the control of a Local Government may be invested through investment pools meeting the standards of Section 2256.016 of the Act; and

**WHEREAS**, KPFC has received and reviewed the Information Statement, dated April 2021 (the Information Statement), of Texas Cooperative Liquid Assets Securities System Trust (the Program), an investment pool administered by Public Trust Advisors, LLC that sets forth the information required by Section 2256.016(b) of the Act; and

**WHEREAS**, KPFC has determined that the investments proposed to be acquired by the Program are of a type that are permitted by the Act and are consistent with the Policy; and

**WHEREAS**, KPFC understands that the Program operates through the Ninth Amended and Restated Trust Agreement dated as of February 25, 2021 (the Trust Agreement), that provides the terms on which the Program will operate and the rights of the Participants in the Program and sets forth the responsibilities of Public Trust Advisors, LLC as the administrator of the Program (the Administrator) and of UMB Bank as custodian (the Custodian);

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION:**

**Section 1.** That the form, terms, and provisions of the Trust Agreement, a draft of which was presented and reviewed at this meeting, providing for the creation of the Program and for the rights of the Program Participants and the duties and responsibilities of the Administrator be and the same are hereby approved and adopted; and that the Investment Officer be and he or she is hereby authorized and directed to execute and deliver to the Administrator and the Custodian in the name and on behalf of KPFC a participation certificate evidencing the agreement of KPFC to be bound by the Trust Agreement substantially in the form of the Trust Agreement reviewed and approved at this meeting, together with such changes therein as may be approved by the said officer, such approval to be conclusively evidenced by the execution thereof.

**Section 2.** That the investment program established by the Trust Agreement is hereby found and determined to be consistent with the Policy and to preclude imprudent investment activities arising out of investment transactions conducted between KPFC and the Program.

**Section 3.** That the Governing Body hereby officially finds and determines that the facts and recitations contained in the preamble of this Resolution are true and correct.

**Section 4.** That the Governing Body hereby finds and declares that written notice of the date, hour, place, and subject of the meeting at which this Resolution was adopted was posted for the time required by law preceding this meeting and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter thereof were discussed, considered, and formally acted upon all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and the Act.

**Section 5.** That the officers of KPFC, and each of them, shall be and each is expressly authorized, empowered, and directed from time-to-time to do and perform all acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of KPFC all certificates, instruments, and other papers, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this Resolution and of the Trust Agreement hereby authorized and approved, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument, or other paper;

**Section 6.** That this Resolution shall take effect and be in full force upon and after its passage.

**PASSED, APPROVED AND ADOPTED on this 16<sup>th</sup> day of July, 2025**

**ATTEST:**

**By:** \_\_\_\_\_

Rachel Johnston  
Printed Name

**Title:** Secretary

**By:** \_\_\_\_\_

Bill Thomas  
Printed Name

**Title:** President

# MEMORANDUM

To: Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: July 10, 2025

Re: Agenda Item No. 6 – KPFC FY2025 Budget

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KPFC successfully priced its open market bonds and held a ceremonial signing for the Texas Energy Fund on June 25, 2025. The open market bonds were sold at a true interest cost of 4.77%, which was slightly above our 4.75% estimate. Given recent volatility in financial markets due to global events and uncertainty about tariffs and inflation, we were satisfied with the bonds pricing so close to our estimate. The overall blended true interest cost for the project is 3.73%.

This partial year budget is required in order to comply with requirements of the Power Sales Agreement between KPUB and KPFC. Financial activities in this short period primarily relate to the issuance of debt. Highlights include:

- Debt issuance costs of \$2.17M that include the underwriter's discount, bond insurance premium, surety policy premium, legal fees, financial advisor fees, trustee fees, rating agency fee and other miscellaneous expenses. Government accounting standards require these costs to be expensed at issuance.
- Revenue of \$936K represents cash paid by KPUB for debt issuance costs. Remaining debt issuance costs were paid with proceeds from the open market debt issuance and will not be billed separately to KPUB.
- Interest expense of \$1.0M is offset by a utility industry financial category called allowance for funds borrowed during construction (AFUDC). This is more commonly known as capitalized interest and essentially means that the amount of funds borrowed includes interest payments owed during the construction phase.
- General and Administrative expense of \$50,000 include amounts for audit expense, community support and miscellaneous expense.

Attached please find:

- Debt issuance summary
- Debt issuance schedule of sources and uses of funds
- FY2025 Budget

I am happy to answer any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Amy Dozier", is centered below the "Sincerely," text. The signature is written in a cursive, flowing style.

Amy Dozier  
Assistant General Manager

**Kerrville Public Utility Board Public Facility Corporation**  
**Electric System Revenue Bonds, Series 2025**

FYE 9/30	Texas Energy Fund Loan					Open Market - Series 2025 Bonds (Tax-Exempt)					Aggregate
	Dated: Multi. Principal	Draws Rate	TIC: 3.00% Interest	Capitalized Interest Fund	Total Debt Service	Dated: July '25 Principal	Rate	TIC: 4.77% Interest	Capitalized Interest Fund	Total Debt Service	Blended TIC: 3.73% Total Debt Service
2025	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
2026	-		-	-	-	-		2,922,773	(2,922,773)	-	-
2027	-		-	-	-	-		3,826,175	(3,826,175)	-	-
2028	3,460,000	3.00%	4,626,138	-	8,086,138	1,475,000	5.00%	3,826,175	-	5,301,175	13,387,313
2029	5,040,000	3.00%	3,046,200	-	8,086,200	1,545,000	5.00%	3,752,425	-	5,297,425	13,383,625
2030	5,175,000	3.00%	2,895,000	-	8,070,000	1,640,000	5.00%	3,675,175	-	5,315,175	13,385,175
2031	5,340,000	3.00%	2,739,750	-	8,079,750	1,710,000	5.00%	3,593,175	-	5,303,175	13,382,925
2032	5,515,000	3.00%	2,579,550	-	8,094,550	1,785,000	5.00%	3,507,675	-	5,292,675	13,387,225
2033	5,670,000	3.00%	2,414,100	-	8,084,100	1,880,000	5.00%	3,418,425	-	5,298,425	13,382,525
2034	5,835,000	3.00%	2,244,000	-	8,079,000	1,980,000	5.00%	3,324,425	-	5,304,425	13,383,425
2035	6,015,000	3.00%	2,068,950	-	8,083,950	2,075,000	5.00%	3,225,425	-	5,300,425	13,384,375
2036	6,205,000	3.00%	1,888,500	-	8,093,500	2,170,000	5.00%	3,121,675	-	5,291,675	13,385,175
2037	6,385,000	3.00%	1,702,350	-	8,087,350	2,285,000	5.00%	3,013,175	-	5,298,175	13,385,525
2038	6,575,000	3.00%	1,510,800	-	8,085,800	2,400,000	5.00%	2,898,925	-	5,298,925	13,384,725
2039	6,765,000	3.00%	1,313,550	-	8,078,550	2,525,000	5.00%	2,778,925	-	5,303,925	13,382,475
2040	6,970,000	3.00%	1,110,600	-	8,080,600	2,650,000	5.00%	2,652,675	-	5,302,675	13,383,275
2041	7,180,000	3.00%	901,500	-	8,081,500	2,785,000	5.00%	2,520,175	-	5,305,175	13,386,675
2042	7,400,000	3.00%	686,100	-	8,086,100	2,920,000	5.00%	2,380,925	-	5,300,925	13,387,025
2043	7,615,000	3.00%	464,100	-	8,079,100	3,070,000	5.25%	2,234,925	-	5,304,925	13,384,025
2044	7,855,000	3.00%	235,650	-	8,090,650	3,220,000	5.25%	2,073,750	-	5,293,750	13,384,400
2045	-		-	-	-	11,480,000	5.25%	1,904,700	-	13,384,700	13,384,700
2046	-		-	-	-	12,085,000	5.25%	1,302,000	-	13,387,000	13,387,000
2047	-		-	-	-	12,715,000	5.25%	667,538	-	13,382,538	13,382,538
	<b>\$ 105,000,000</b>		<b>\$ 32,426,838</b>	<b>\$ -</b>	<b>\$ 137,426,838</b>	<b>\$ 74,395,000</b>		<b>\$ 62,621,235</b>	<b>\$ (6,748,948)</b>	<b>\$ 130,267,288</b>	<b>\$ 267,694,125</b>

Sources and Uses of Funds					
	Texas Energy Fund		Open Mkt Bonds		Total
Sources of Funds					
Par Amount	\$	105,000,000	\$	74,395,000	\$ 179,395,000
Net Reoffering Premium		-		3,587,660	3,587,660
Cash Contribution		935,850		-	935,850
Total Sources of Funds	\$	105,935,850	\$	77,982,660	\$ 183,918,510
Uses of Funds					
Total Underwriter's Discount	\$	-	\$	354,827	\$ 354,827
Costs of Issuance		935,850		692,900	1,628,750
Bond Insurance Premium				184,972	184,972
Capitalized Interest Fund		-		6,748,948	6,748,948
Deposit to Project Fund		105,000,000		70,000,000	175,000,000
Rounding		-		1,013	1,013
Total Uses of Funds	\$	105,935,850	\$	77,982,660	\$ 183,918,510

**KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION**  
**FY2025 BUDGET**  
**AS OF JULY 10, 2025**

	FY2025 BUDGET
<b>OPERATING REVENUE</b>	
ELECTRIC	\$ 935,850
TOTAL OPERATING REVENUE	<u>935,850</u>
<b>OPERATING EXPENSE</b>	
GENERAL AND ADMINISTRATIVE EXPNESE	<u>50,000</u>
<b>OPERATING INCOME</b>	885,850
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>	
INTEREST INCOME	187,500
INTEREST EXPENSE	(1,010,359)
ALLOWANCE FOR FUNDS BORROWED DURING CONSTRUCTION (AFUDC)	1,009,685
AMORTIZATION - DEBT PREMIUM 2025A	41,080
DEBT ISSUANCE COSTS	<u>(2,169,563)</u>
TOTAL NON-OPERATING REVENUES AND (EXPENSES)	<u>(1,941,657)</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ (1,055,807)</u></u>



# MEMORANDUM

To: Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Larry Howard  
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: July 10, 2025

Re: Agenda Item No. 8 – Cost of Service Study

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In accordance with industry best practices, KPUB conducts a Cost of Service Study approximately every 5 years. These studies are done by outside consultants to help us understand our costs and set rates that are fair and equitable for our customers. KPUB's last rate study was completed in 2018. The 2018 study recommended a series of two rate adjustments. We were able to spread the adjustments out over a longer period, which then delayed the next Cost of Service Study.

In January 2025, we began working with NewGen Strategies and Solutions to complete a new rate study. NewGen has worked with KPUB on analysis for our power generation project and pole attachment rates, but this is the first time they have provided services for a rate study.

Grant Rabon is a Partner with NewGen and will be presenting the results of the study. Wednesday's presentation is meant to provide information as well as a time for Board discussion and questions. We will come back to the Board in August with recommendations on rate adjustments that will coincide with the FY2026 budget.

Attached please find NewGen's presentation for your review prior to our discussion.

Sincerely,



Amy Dozier  
Assistant General Manager



July 16, 2025

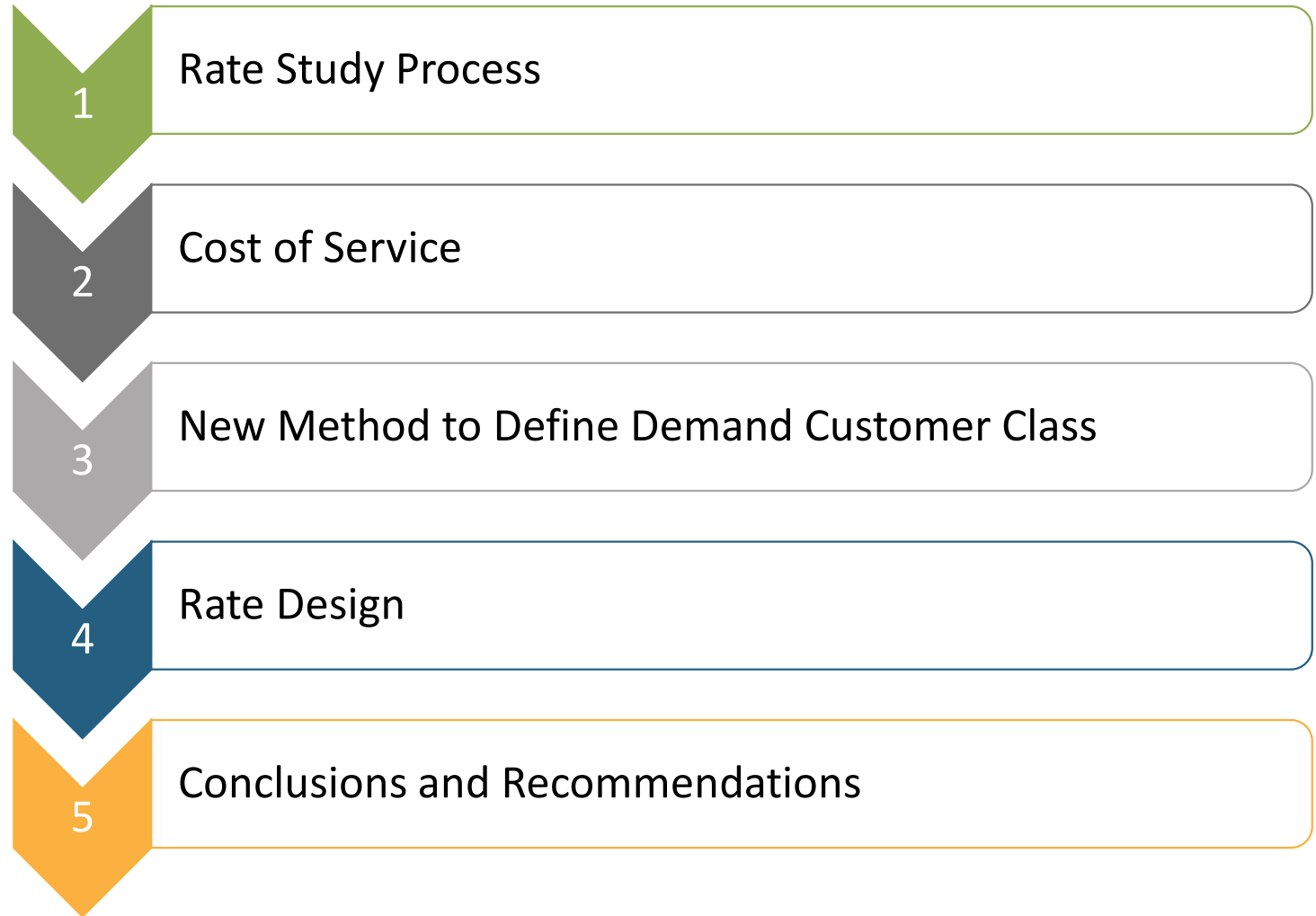
# KERRVILLE PUBLIC UTILITY BOARD ELECTRIC RATE STUDY



NewGen  
Strategies & Solutions

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# RATE STUDY AGENDA





## RATE STUDY PROCESS

## WHY DO A RATE STUDY?

---

- Understand the utility's costs and drivers
  - Different costs to serve different customer classes
- Set rates to collect sufficient revenue
  - Fair and equitable
  - Fixed cost recovery
  - Send the customer pricing signals
  - Understand effects on customers
- Defensible rates
  - Industry standard methods

## WHEN TO DO A RATE STUDY?

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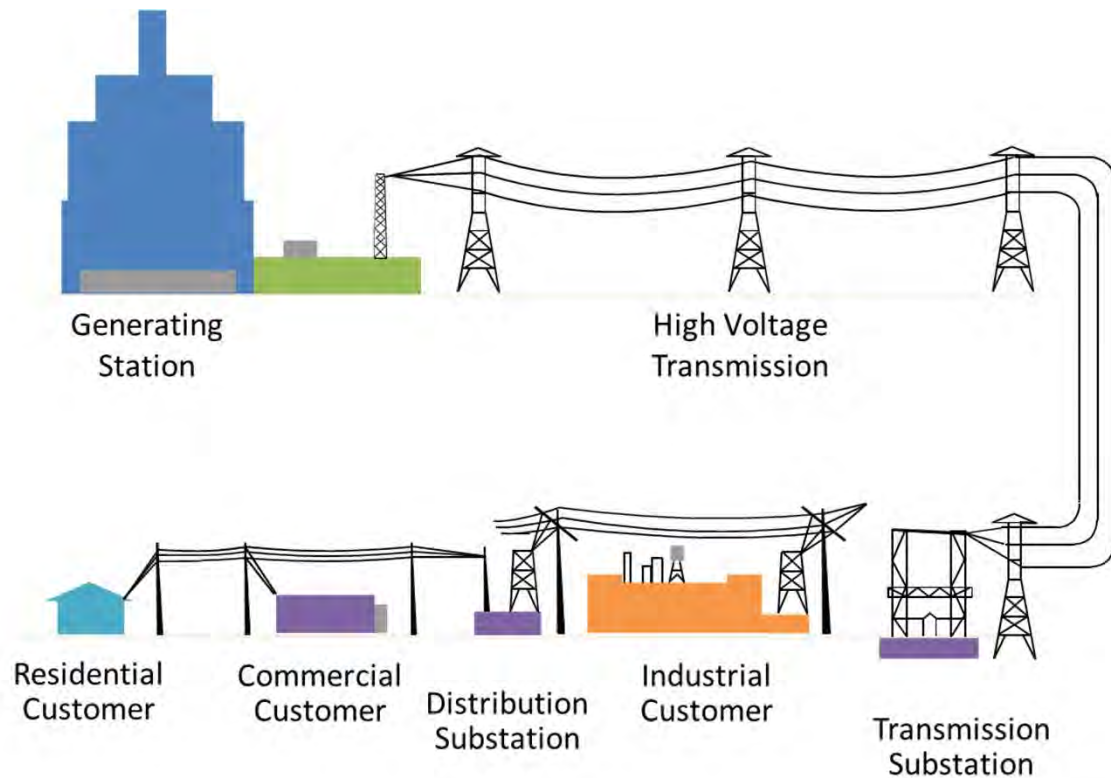
- Cash reserve issues
- Change in customer load (large customer, electrification, DG)
- Change in power supply (utility-owned, contract, market)
- Change in capital plan/funding needs
- Change in operating costs
- Change in technology (AMI)
- Length of time since last study
  - Industry standard: typically, every 3 to 5 years





## COST OF SERVICE

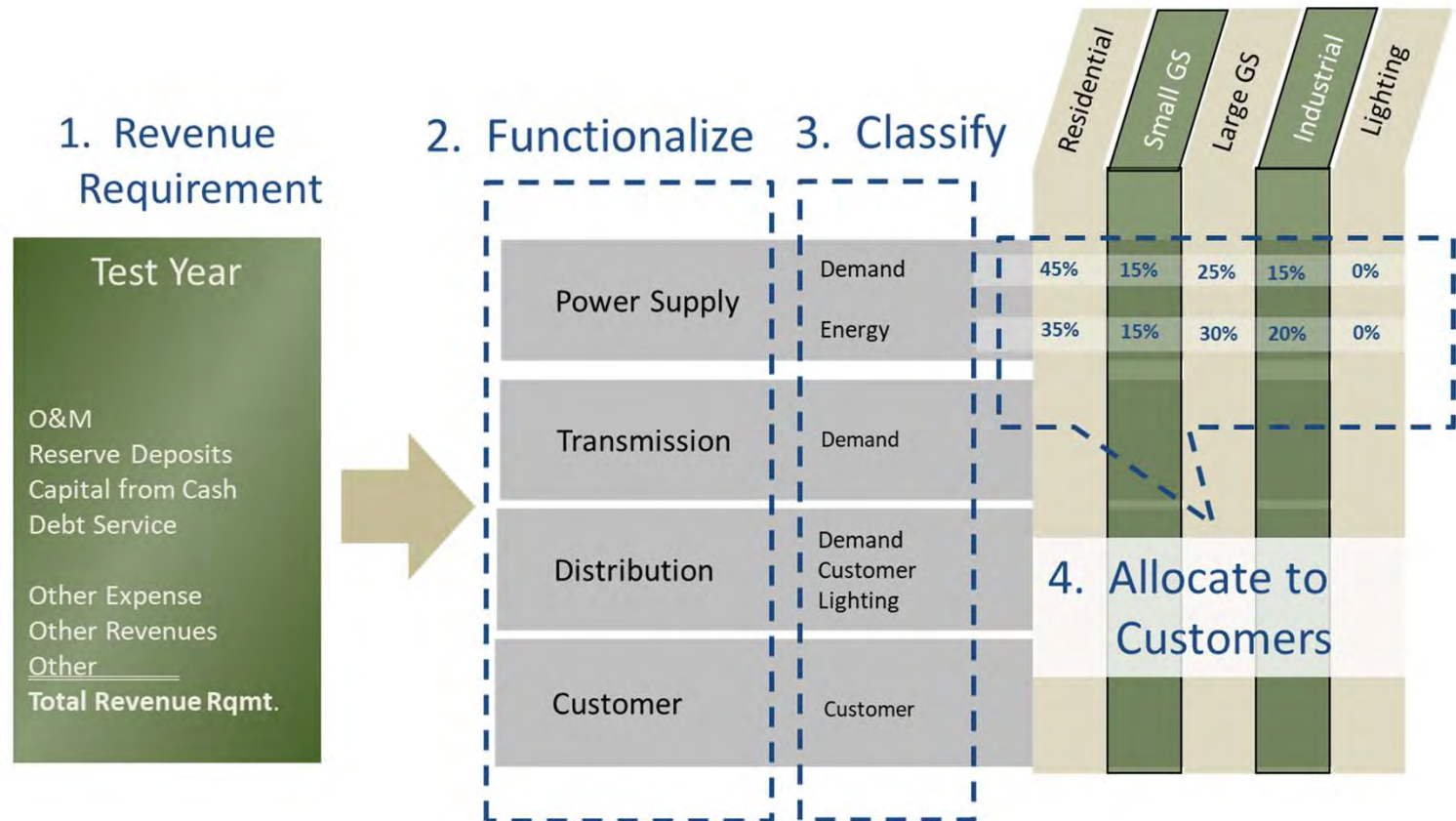
# SERVICES PROVIDED TO CUSTOMERS



- Where does the customer take power on the system (voltage)?
- When does the customer use power (customer load profile)?



# COST OF SERVICE MODEL DESIGN



*Generic example, not specific to KPUB*

## REVENUE REQUIREMENT

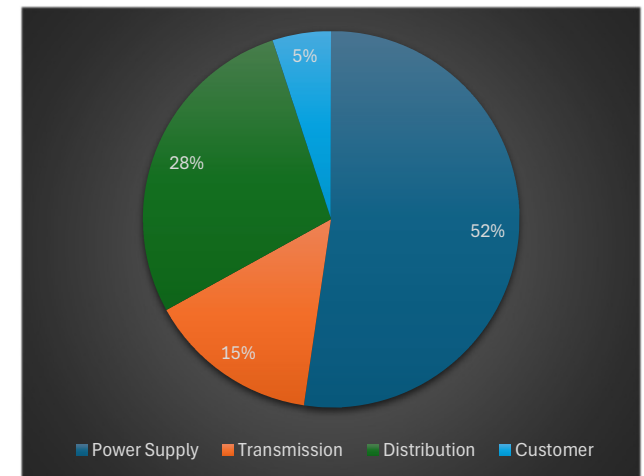
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Component	Rev. Req. (millions)
Cash O&M Expenses	\$ 56.96
Capital from Cash	\$ 6.43
Debt Service (KPUB only)	\$ 0.53
Franchise and Contributions	\$ 1.96
Other Operating Revenues (late payment fee, pole rental, etc.)	(\$ 0.72)
Misc Revenues (merchandising, jobbing, contract work, etc.)	<u>(\$ 0.04)</u>
Revenue Requirement	\$ 65.13

*Revenue Requirement is based on an average of FY 2026 through FY 2030*

## COST OF SERVICE: FUNCTIONALIZED

Component	Revenue Requirement (millions)	\$/kWh (sales)	% of Total
Power Supply	\$34.08	\$0.06525	52%
Transmission	\$9.55	\$0.01828	15%
Distribution	\$18.23	\$0.03489	28%
Customer	\$3.28	\$0.00627	5%
<b>Revenue Requirement</b>	<b>\$65.13</b>	<b>\$0.12469</b>	<b>100%</b>

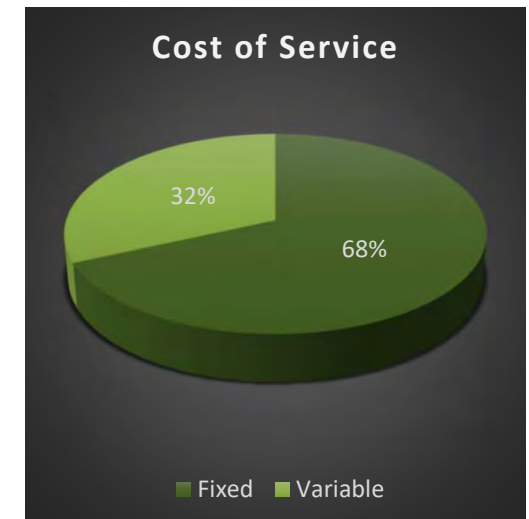
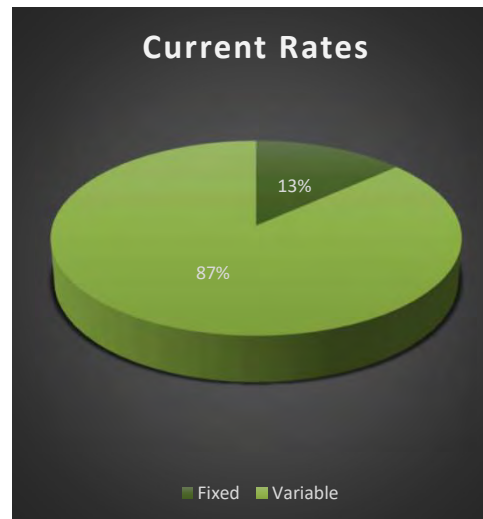


Transmission is separated from Power Supply in the Cost of Service

*Transmission, Distribution, Customer, and a portion of Power Supply costs are primarily fixed in nature and do not vary with changes in Energy Consumption.*

## COST OF SERVICE: FIXED VS. VARIABLE COST RECOVERY

Typical Cost Functions	Typical Cost Classifications
Power Supply	Demand Related Energy Related
Transmission	Demand Related
Distribution	Demand Related Customer Related Direct Assignments
Customer Service	Customer Related

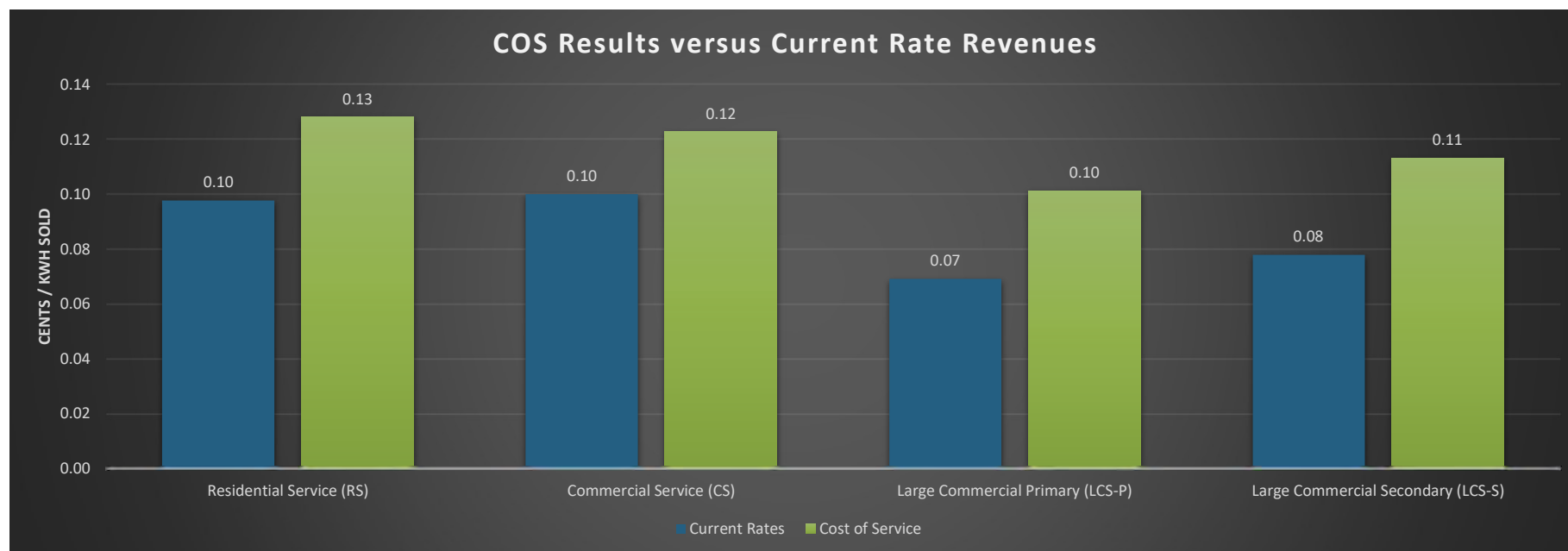


Ratio will vary based on PCAF.

## COST OF SERVICE RESULTS

Class	Cost of Service (millions)	Test Year Revenues at Current Rates (millions)	Under (Over) Cost Recovery (millions)	Difference from Test Year Revenues at Current Rates: Increase (Decrease)
Residential	\$37.82	\$28.85	\$8.96	31%
Commercial	\$20.20	\$16.46	\$3.73	23%
Large Commercial Primary	\$1.41	\$0.96	\$0.45	47%
Large Commercial Secondary	\$5.35	\$3.68	\$1.66	45%
Lighting	\$0.32	\$0.50	(\$0.17)	(34%)
Total	\$65.12	\$50.47	\$14.65	29%

## COST OF SERVICE RESULTS COMPARED TO CURRENT RATE REVENUES (CENTS/KWH)



*\*Lighting is over-recovering but represents a negligible portion of revenues.*



## NEW METHOD TO DEFINE DEMAND CUSTOMER CLASS

## CURRENT CUSTOMER CLASSES

Rate Class	Description	Bill Structure
<b>Residential Service (RS)</b>	<ul style="list-style-type: none"> <li>- Homes, apartments (individually metered)</li> <li>- Single-phase service only</li> </ul>	- Customer Charge, Energy Charge, Power Supply Charge, PCAF Charge
<b>Commercial Service (CS)</b>	<ul style="list-style-type: none"> <li>- Businesses under 400 kW demand</li> <li>- Single/three-phase options</li> </ul>	- Customer Charge, Energy Charge, Power Supply Charge, PCAF Charge
<b>Large Commercial Service- Secondary (LCS-S)</b>	<ul style="list-style-type: none"> <li>- 400 kW+ monthly demand</li> <li>- Secondary voltages</li> </ul>	- Customer Charge, Energy Charge, Demand Charge, Power Supply Charge, PCAF Charge
<b>Large Commercial Service- Primary (LCS-P)</b>	<ul style="list-style-type: none"> <li>- 400 kW+ monthly demand</li> <li>- Primary voltages</li> </ul>	- Customer Charge, Energy Charge, Demand Charge, Power Supply Charge, PCAF Charge
<b>Outdoor Area Lighting (OAL)</b>	<ul style="list-style-type: none"> <li>- Unmetered security lighting</li> <li>- Fixed monthly fees</li> </ul>	
<b>Street Lighting (SL)</b>	<ul style="list-style-type: none"> <li>- Public roadway lighting</li> <li>- Metered &amp; unmetered options</li> </ul>	



## NEW MEDIUM COMMERCIAL RATE CLASS

---

- The Medium Commercial class was created to better recover costs from commercial customers who exceed 25 kW, ensuring rates better align with the cost of service
  - The proposed Medium Commercial class has demand charges
- Currently, Commercial Service (CS) has a demand charge only if the customer uses more than 2,500 kWh in a month
- The majority of new Medium Commercial customers would see a 2–3% increase in their total bill when moving from current CS rates to Phase 1 Medium Commercial rates
- Approximately 850 current CS customers would qualify for the proposed Medium Commercial class

# PROPOSED CUSTOMER CLASSES

Rate Class	Description	Bill Structure
<b>Residential Service (RS)</b>	<ul style="list-style-type: none"> <li>- Homes, apartments (individually metered)</li> <li>- Single-phase service only</li> </ul>	- Customer Charge, Energy Charge, Power Supply Charge, PCAF Charge
<b>Commercial Service (CS)</b>	<ul style="list-style-type: none"> <li>- Businesses under 25 kW demand</li> <li>- Single/three-phase options</li> </ul>	- Customer Charge, Energy Charge, Power Supply Charge, PCAF Charge
<b>Medium Commercial Service (CM)</b>	<ul style="list-style-type: none"> <li>- Businesses over 25 kW demand</li> <li>- Businesses under 400 kW demand</li> </ul>	- Customer Charge, Energy Charge, Demand Charge, Power Supply Charge, PCAF Charge
<b>Large Commercial Service- Secondary (LCS-S)</b>	<ul style="list-style-type: none"> <li>- 400 kW+ monthly demand</li> <li>- Secondary voltages</li> </ul>	- Customer Charge, Energy Charge, Demand Charge, Power Supply Charge, PCAF Charge
<b>Large Commercial Service- Primary (LCS-P)</b>	<ul style="list-style-type: none"> <li>- 400 kW+ monthly demand</li> <li>- Primary voltages</li> </ul>	- Customer Charge, Energy Charge, Demand Charge, Power Supply Charge, PCAF Charge
<b>Outdoor Area Lighting (OAL)</b>	<ul style="list-style-type: none"> <li>- Unmetered security lighting</li> <li>- Fixed monthly fees</li> </ul>	
<b>Street Lighting (SL)</b>	<ul style="list-style-type: none"> <li>- Public roadway lighting</li> <li>- Metered &amp; unmetered options</li> </ul>	



# RATE DESIGN

## COST OF SERVICE TO RATE DESIGN

---

### Cost of Service

Revenue Requirement  
Functionalize  
Classify  
Allocate

- Guide for cost-based rates

### Rate Making

Policy decisions  
Incentivize behavior  
Rates do not always  
match cost of service  
(but should be  
informed by cost of  
service)

### Rates

Collect sufficient  
revenue  
Support community  
goals  
Support utility goals  
Price signal to  
customers

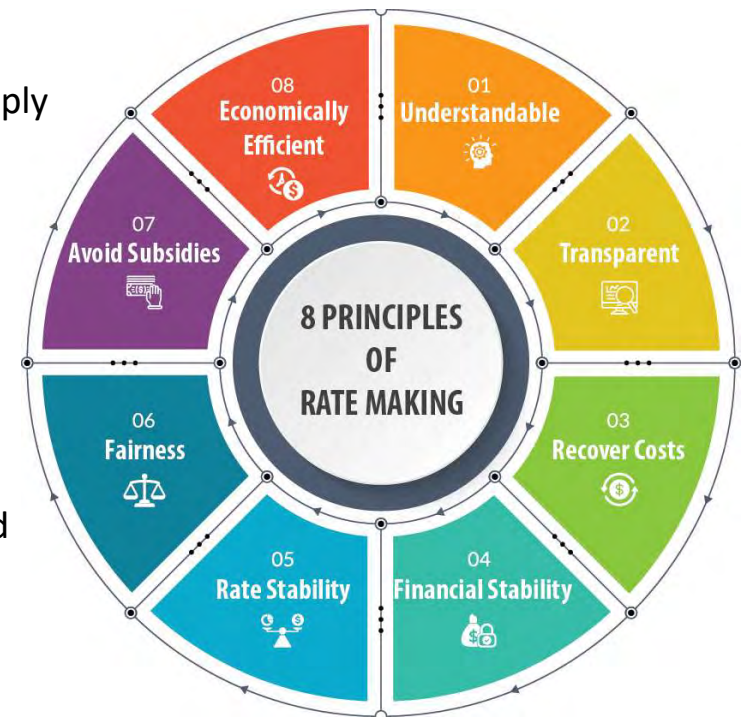
- Convey information
- Change behavior

# BONBRIGHT

- **Bonbright's Principles of Public Utility Rates\***

1. Practical: readily understandable, acceptable, and feasible to apply
2. Uncontroversial as to interpretation
3. Effective in meeting revenue requirements
4. Stable from a revenue perspective
5. Stable from a rate perspective
6. Fairness among customer classes
7. Avoidance of undue discrimination
8. Economically efficient: discouraging wasteful use of services and promoting optimal offerings of services

- **Acknowledge important role rate design plays in signaling desired behavior**



\* Bonbright, "Principles of Public Utility Rates", Columbia University Press (1<sup>st</sup> ed., 1961)

## APPROACH

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- Sets rates to recover costs over the five-year period (2026–2030)
- Annual adjustments to Distribution Energy charges, Demand charges, and PCAF (Power Cost Adjustment Factor) rates to gradually move toward cost-of-service targets and minimize rate shock
- A one-time adjustment to the Power Supply base charge and Customer charge for each class is proposed in 2026
- Design of Power Supply charge to recover fixed production costs (allocated based on 12CP) allows the PCAF rates to be uniform for all customer classes (at the same voltage)

## PCAF CHANGES

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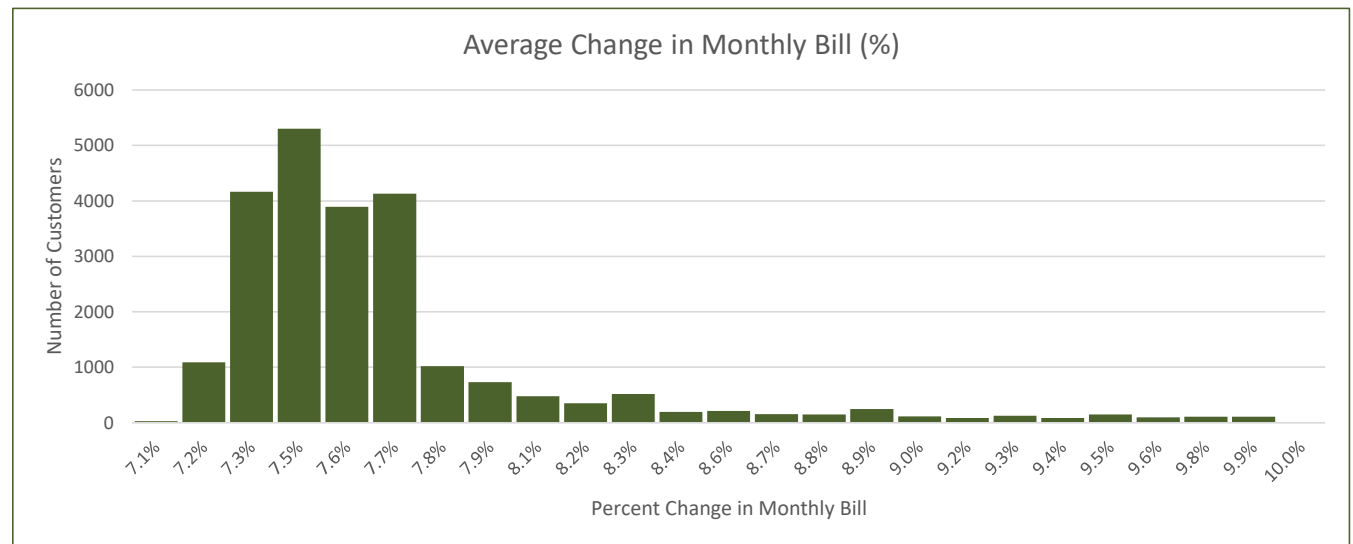
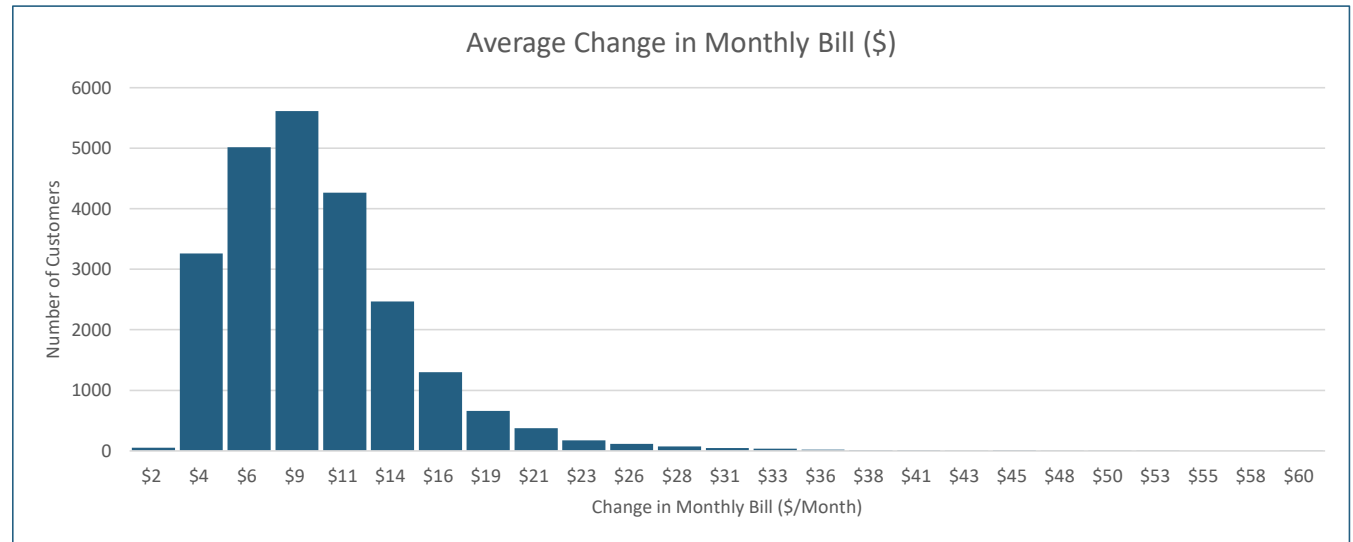
- NewGen is proposing to transition PCAF rates to a simplified method that applies one rate for secondary voltage customers and another for primary voltage customers. This method has been adopted by utilities nationwide and is often considered the standard approach for PCAF cost recovery. Currently, KPUB has one PCAC factor which results in different rates for different customer classes.
- The proposed PCAF would be stated in terms of dollars per kWh (rather than a factor).
- The proposed PCAF method is facilitated by recovery of majority of fixed costs for Production Function in Power Supply Charge. Otherwise, a uniform PCAF for all customer classes at the same voltage might not be equitable.

## RESIDENTIAL

Class	Current Rates	Phase 1 2026	Phase 2 2027	Phase 3 2028	Phase 4 2029	Phase 5 2030
Customer Charge	\$15.25	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75
Distribution Charge						
Energy (\$/kWh)	\$0.01680	\$0.02088	\$0.02496	\$0.02905	\$0.03314	\$0.03723
Power Supply Charge	\$0.04060	\$0.04543	\$0.04543	\$0.04543	\$0.04543	\$0.04543
PCAF (illustrative, will vary based on actual costs)	\$0.03235	\$0.02979	\$0.03715	\$0.03944	\$0.04324	\$0.04818
Monthly Bill (1,000 kWh)	\$105.00	\$112.85	\$124.29	\$130.67	\$138.56	\$147.59
Change from Prior Phase (%)		7.5%	10.1%	5.1%	6.0%	6.5%



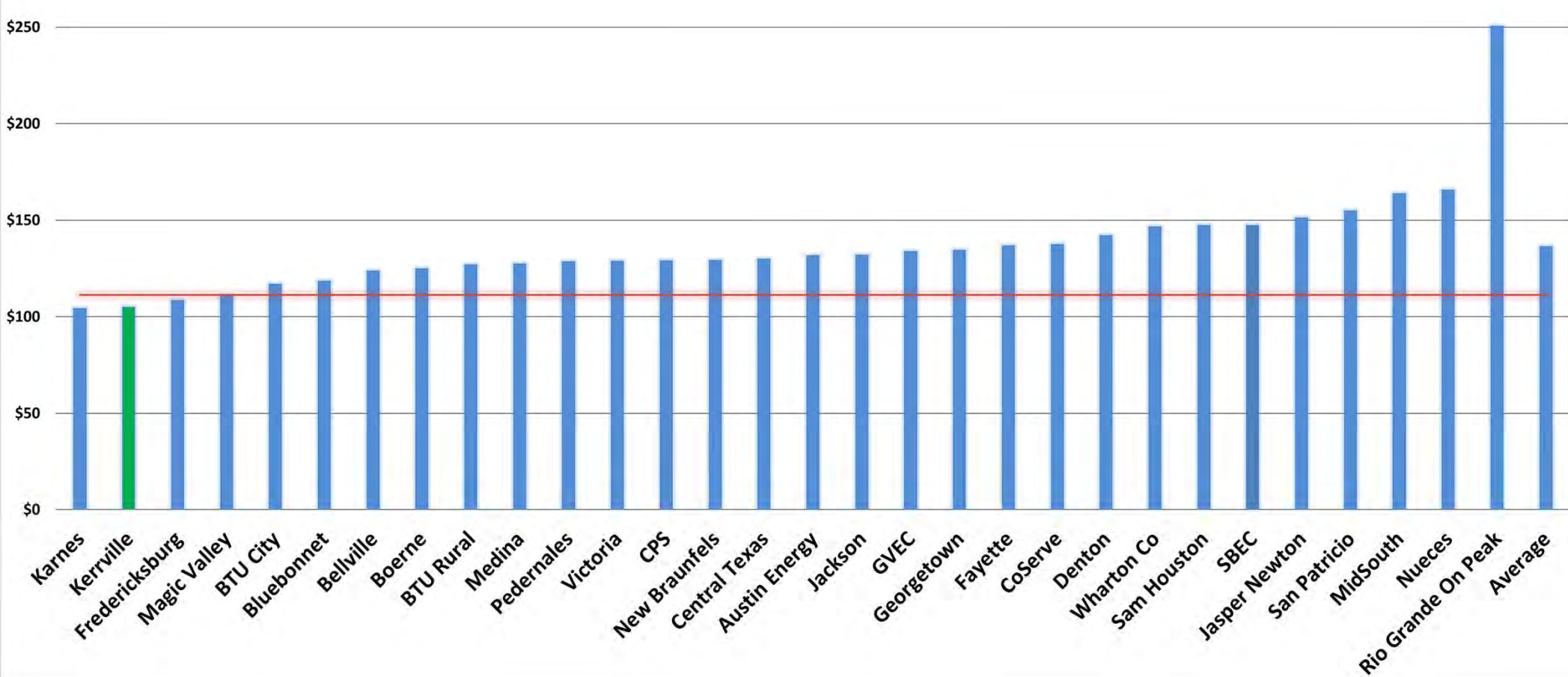
# RESIDENTIAL BILLING IMPACTS CURRENT TO PHASE 1



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*Red line is bill for KPUB FY 2026 Proposed Rate*

**1,000 kWh - June 2025**



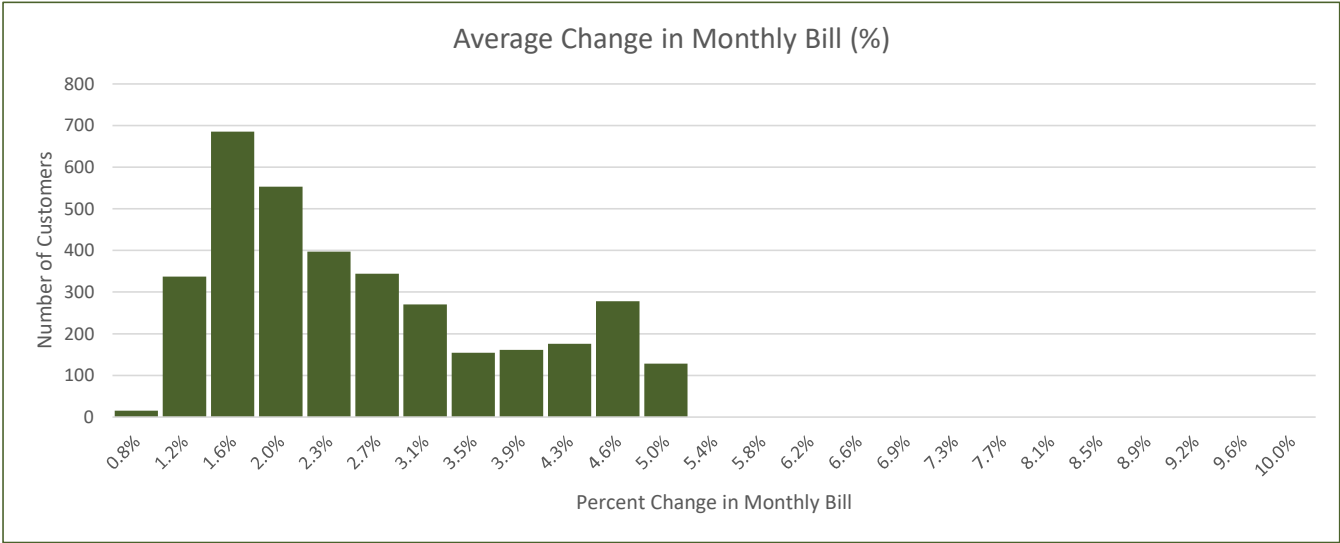
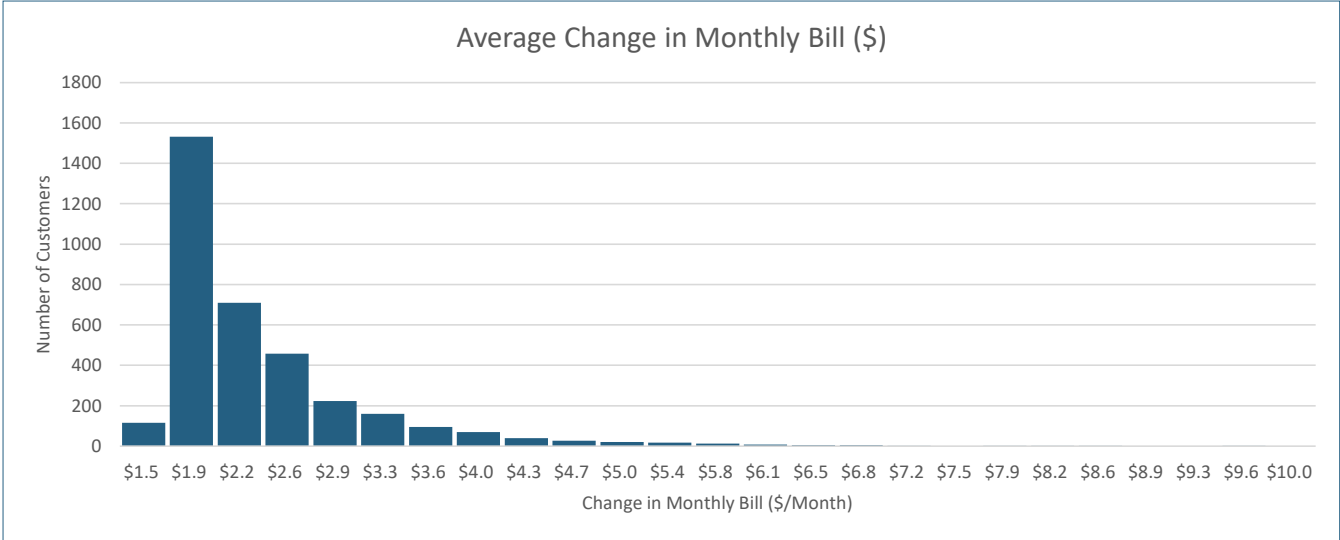
# RESIDENTIAL BENCHMARKING



## SMALL COMMERCIAL

Class	Current Rates	Phase 1 2026	Phase 2 2027	Phase 3 2028	Phase 4 2029	Phase 5 2030
Customer Charge	\$31.50	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00
Distribution Charge						
Energy (\$/kWh)	\$0.01873	\$0.02112	\$0.02351	\$0.02590	\$0.02829	\$0.03068
Power Supply Charge	\$0.04228	\$0.04443	\$0.04443	\$0.04443	\$0.04443	\$0.04443
PCAF (illustrative, will vary based on actual costs)	\$0.03369	\$0.02979	\$0.03715	\$0.03944	\$0.04324	\$0.04818
Average Bill	\$122.42	\$123.63	\$132.90	\$137.34	\$143.23	\$150.20
Change from Prior Phase (%)		1.0%	7.5%	3.3%	4.3%	4.9%

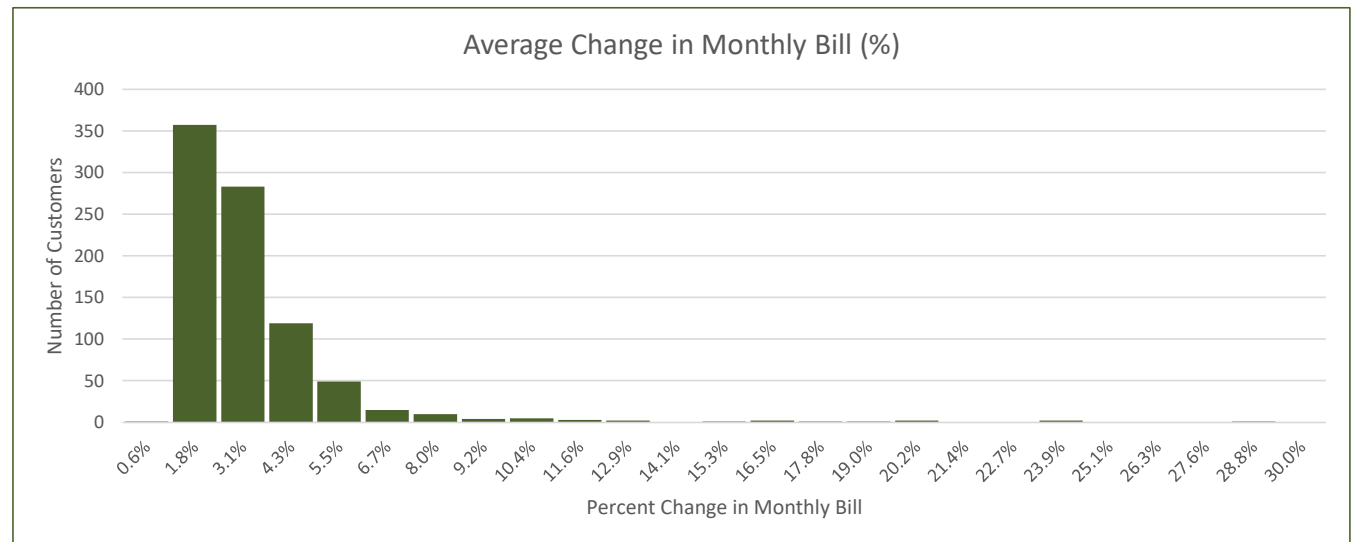
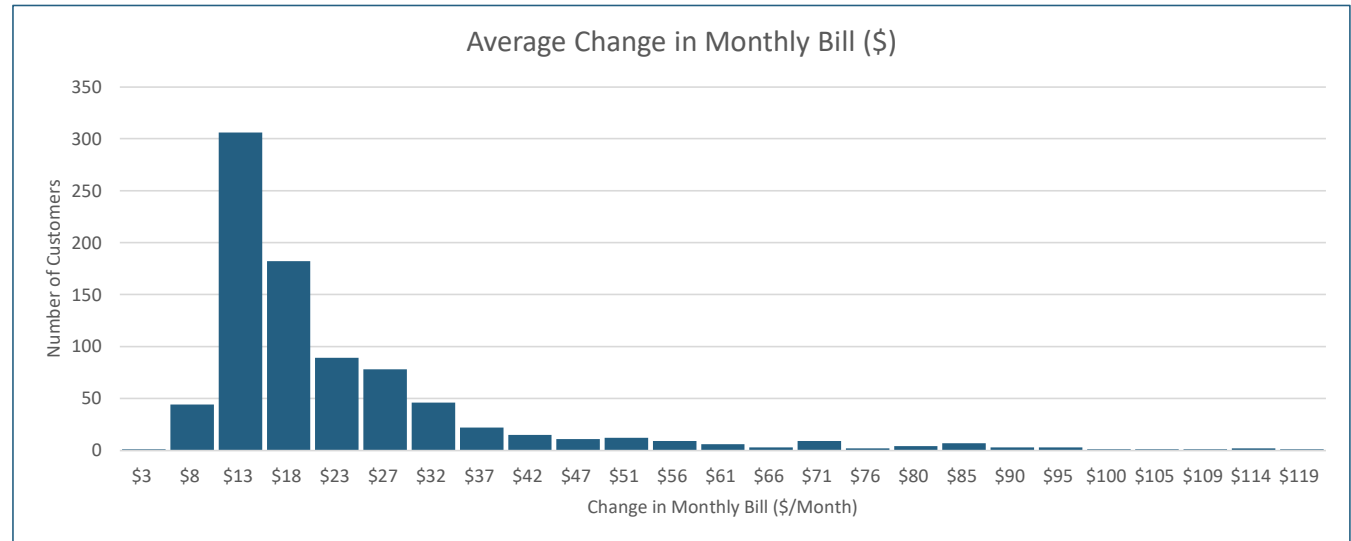
SMALL  
COMMERCIAL  
BILLING  
IMPACTS  
CURRENT TO  
PHASE 1



## MEDIUM COMMERCIAL

Class	Current Rates	Phase 1 2026	Phase 2 2027	Phase 3 2028	Phase 4 2029	Phase 5 2030
Customer Charge	\$31.50	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00
Distribution Charge						
Energy (\$/kWh)	\$0.01523	\$0.01672	\$0.01821	\$0.01969	\$0.02117	\$0.02265
Demand (\$/kW)	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50
Power Supply Charge	\$0.04228	\$0.04443	\$0.04443	\$0.04443	\$0.04443	\$0.04443
PCAF (illustrative, will vary based on actual costs)	\$0.03369	\$0.02979	\$0.03715	\$0.03944	\$0.04324	\$0.04818
Average Bill	\$1,123.34	\$1,132.76	\$1,254.85	\$1,319.07	\$1,400.50	\$1,494.90
Change from Prior Phase (%)		0.8%	10.8%	5.1%	6.2%	6.7%

# MEDIUM COMMERCIAL BILLING IMPACTS CURRENT TO PHASE 1



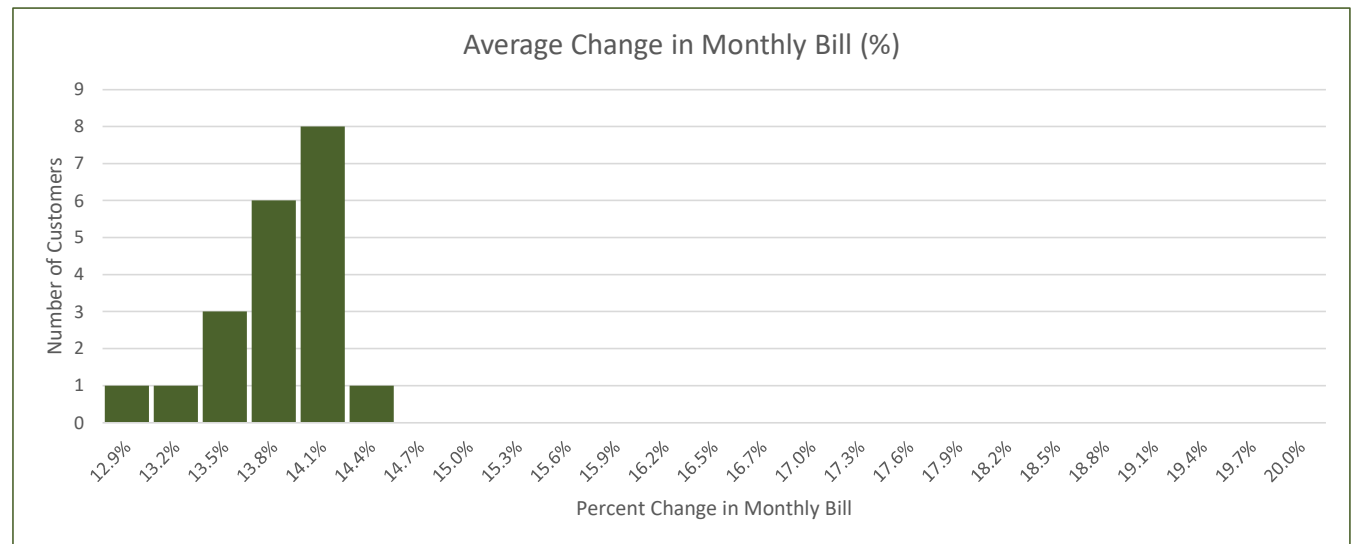
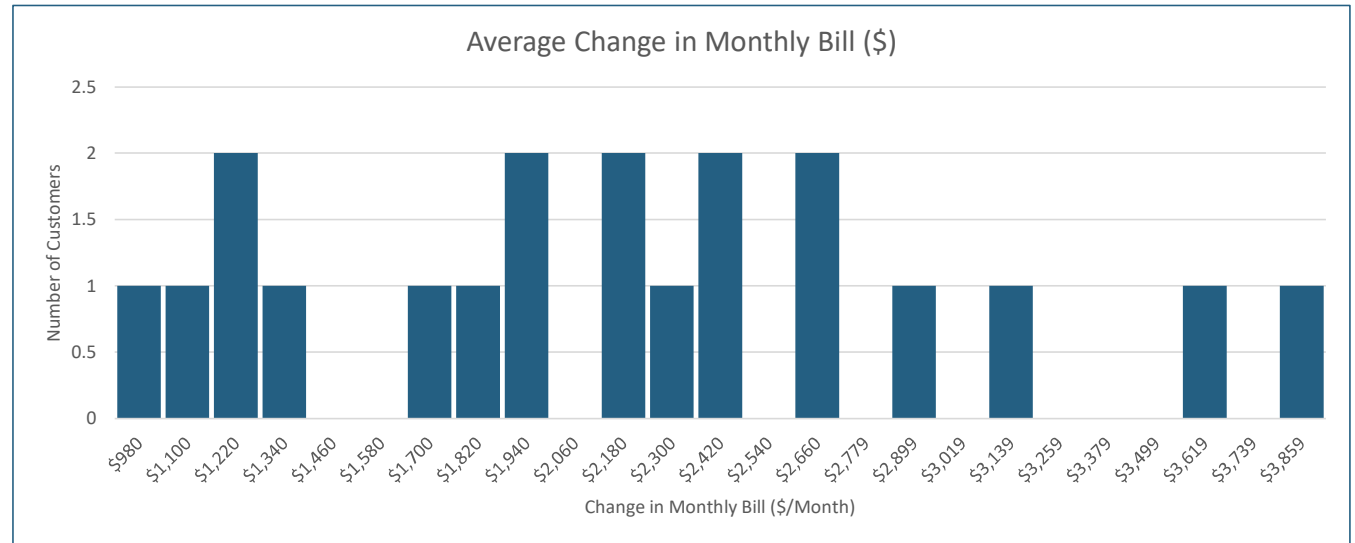
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## LARGE COMMERCIAL - SECONDARY VOLTAGE

Class	Current Rates	Phase 1 2026	Phase 2 2027	Phase 3 2028	Phase 4 2029	Phase 5 2030
Customer Charge	\$230.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00
Distribution Charge						
Energy (\$/kWh)	\$0.00220	\$0.00580	\$0.00940	\$0.01300	\$0.01660	\$0.02020
Demand (\$/kW)	\$7.50	\$8.00	\$8.50	\$9.00	\$9.50	\$10.00
Power Supply Charge	\$0.03351	\$0.03643	\$0.03643	\$0.03643	\$0.03643	\$0.03643
PCAF (illustrative, will vary based on actual costs)	\$0.02670	\$0.02979	\$0.03715	\$0.03944	\$0.04324	\$0.04818
Average Bill	\$15,800.47	\$17,797.97	\$20,127.85	\$21,488.52	\$23,137.85	\$25,005.10
Change from Prior Phase (%)		12.6%	13.1%	6.8%	7.7%	8.1%



# LARGE COMMERCIAL - SECONDARY VOLTAGE BILLING IMPACTS CURRENT TO PHASE 1

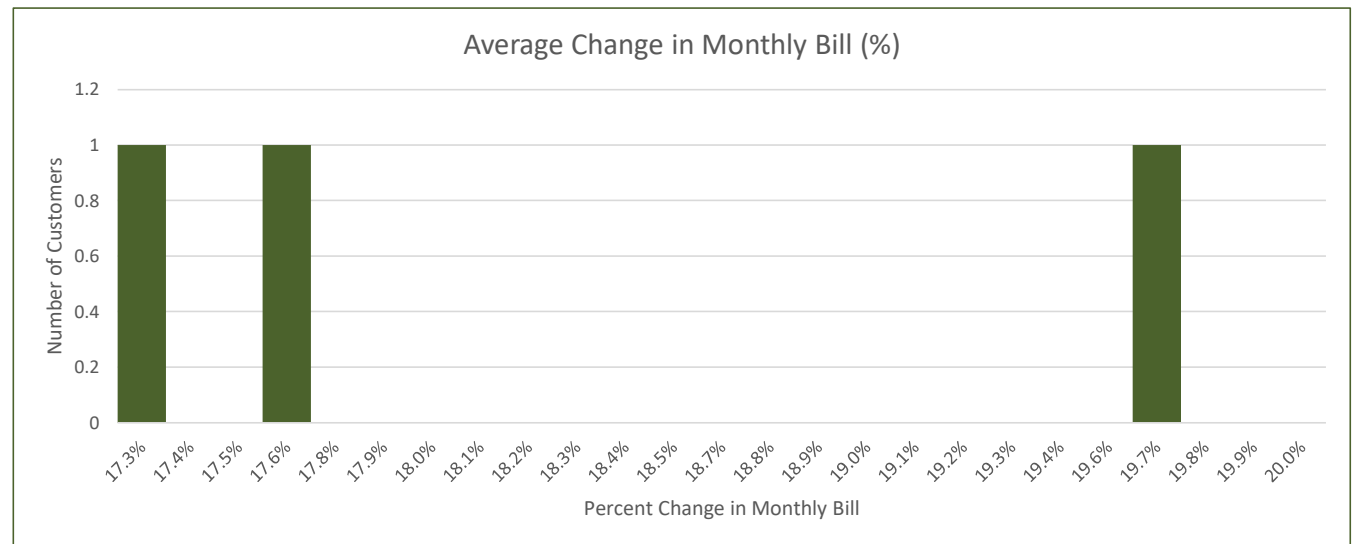
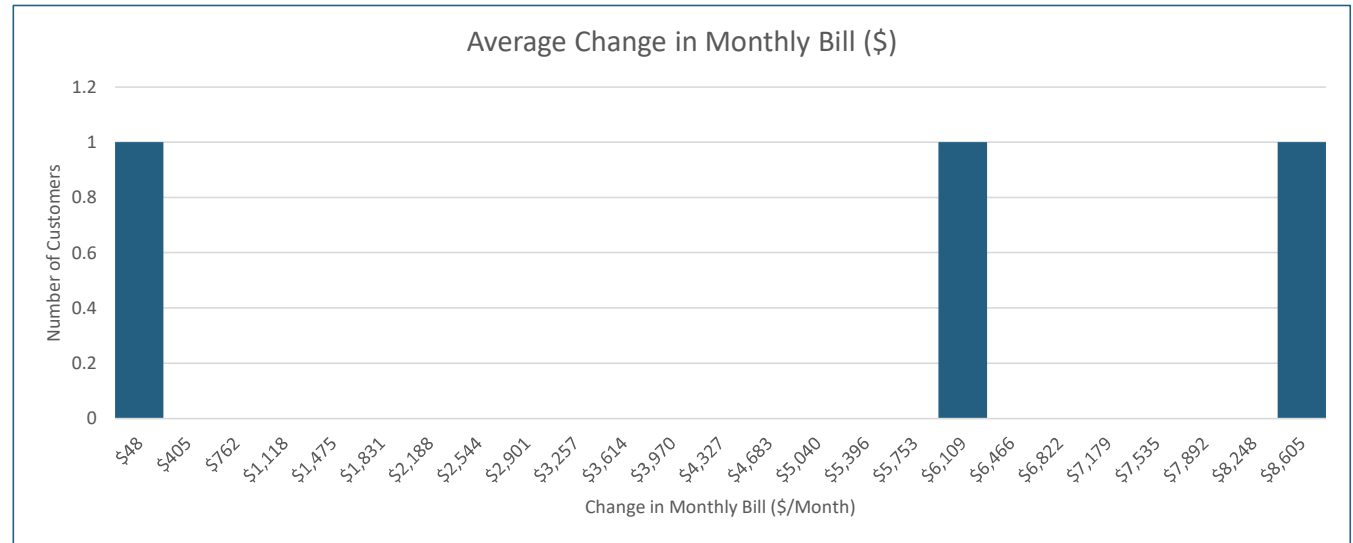


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## LARGE COMMERCIAL - PRIMARY VOLTAGE

Class	Current Rates	Phase 1 2026	Phase 2 2027	Phase 3 2028	Phase 4 2029	Phase 5 2030
Customer Charge	\$230.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00
Distribution Charge						
Energy (\$/kWh)	\$0.00287	\$0.00501	\$0.00715	\$0.00929	\$0.01143	\$0.01357
Demand (\$/kW)	\$7.50	\$8.00	\$8.50	\$9.00	\$9.50	\$10.00
Power Supply Charge	\$0.03030	\$0.03493	\$0.03493	\$0.03493	\$0.03493	\$0.03493
PCAF (illustrative, will vary based on actual costs)	\$0.02414	\$0.02892	\$0.03606	\$0.03829	\$0.04198	\$0.04677
Average Bill	\$27,404.05	\$31,915.99	\$35,749.91	\$37,752.19	\$40,299.11	\$43,256.37
Change from Prior Phase (%)		16.5%	12.0%	5.6%	6.7%	7.3%

# LARGE COMMERCIAL - PRIMARY VOLTAGE BILLING IMPACTS CURRENT TO PHASE 1



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## CONCLUSIONS & RECOMMENDATIONS

## CONCLUSIONS

---

- The study confirms that current rates are insufficient to meet the forecasted revenue requirement
- Equity and fairness considerations suggest moving toward cost-based rates while minimizing customer impacts
- New Medium Commercial rate class is proposed to improve cost recovery for customers exceeding 25 kW (but not large enough for the Large Commercial class)
- Overall, the proposed changes will improve revenue adequacy, fairness, and long-term financial stability for KPUB

## RECOMMENDATIONS

---

- Approve the proposed five-year rate strategy to ensure financial stability
- Adopt the proposed PCAF rate structure that is uniform for all customers served at the same voltage
- Implement the new Medium Commercial rate class to better align rates with cost of service
- Phase in rate changes gradually to minimize customer impacts and avoid rate shock
- Continue monitoring financial performance and schedule future rate reviews every 3 to 5 years





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Partner  
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[grabon@newgenstrategies.net](mailto:grabon@newgenstrategies.net)

# QUESTIONS?

**NewGen**  
Strategies & Solutions