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OATH OF OFFICE

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS

I, David Sprouse, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Kerrville Public Utility Board of Trustees, of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Signature of Officer

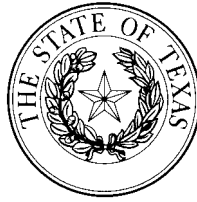
State of Texas
County of Kerr

Sworn to and subscribed before me this _____ day of _____, 2026.

(seal)

Notary Public Signature

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STATEMENT OF OFFICER

Statement

I, _____, do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Title of Position to Which Elected/Appointed: _____

Execution

Under penalties of perjury, I declare that I have read the foregoing statement and that the facts stated therein are true.

Date: _____

Signature of Officer

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KPUB PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, APRIL 15, 2026, 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 Technology
(via teleconference)
Annette Gonzales, Director of Human Resources
Larry Lee, Director of Operations
Howard Hall, Field Services Supervisor
Erin Callan, Accounting Manager
Mark Alejandro, Information Technology Supervisor
(via teleconference)
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Dalton Rice (KPFC)

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
John Bonnin
Todd Bock and Theresa Metcalf – KerrEDC
Frank Rotondi, Sky Global Partners, LLC *(via teleconference)*
Randall Bird, Sky Global Partners, LLC *(via teleconference)*
Paige Cowen and Family
Tonantzi Prado and Family
Luke Trevino and Family
Hudson Huffman
Jesse Rose, Jr. and Family

CALL TO ORDER:

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

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

There were no citizens/consumers to speak.

2. **ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Ms. Bueché highlighted employee anniversaries for the month of April with a combined service of 32 years. The Power Plant Groundbreaking is scheduled for Friday, April 17th at 11:30 a.m. with 100 confirmed attendees. Staff hosted a Power Hour presentation on March 27th regarding solar power. KPUB received the APPA Safety Award of Excellence at the Diamond Level (highest level of distinction). A customer satisfaction survey will also be rolling out for customers to participate in through GreatBlue Research. Recent volunteer activities included Meals on Wheels from March 23rd to the 27th; Food Pantry on March 30th; and also, LCRA Steps Forward Day (a joint volunteer project with the City of Kerrville and LCRA) on April 10th. Ms. Bueché advised 44 American flags were hung in honor of America's 250th Anniversary. A Tree Planting Volunteer Project, in partnership with Kerr County River Foundation and Taylor Dieringer (KPUB staff lead) is coming up on Apr 24th. 52 5-gallon trees will be planted along a KPUB adopted section along the River Trail. She also highlighted upcoming school events from March through May. The KPUB employee safety and service awards company picnic is scheduled for May 2nd. A community blood drive is scheduled for June 25th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, May 27, 2026, at 8:30 a.m.*
- *Wednesday, June 17, 2026, at 8:30 a.m.*
- *Wednesday, July 15, 2026, at 8:30 a.m.*

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

Mr. Todd Bock of KerrEDC presented the quarterly stakeholder update for April 2026. Mr. Bock went over KerrEDC's budget report summary. Mr. Bock highlighted current recruitment projects, and business retention and expansion projects. He also went over grant budget information, as well as costs, funds raised and funds shortage for the KERRTOGETHER Program. Board members thanked Mr. Bock for his presentation.

4. **AWARDING OF KPUB SCHOLARSHIPS FOR 2025-2026 SCHOOL YEAR – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS (KPUB):**

Ms. Bueché advised 2026 marks the fourteenth year that KPUB has awarded scholarships to local area students based on eligibility and guidelines outlined in the KPUB Scholarship program. This year's undergraduate scholarship application deadline was February 27, 2026, at 5:00 p.m. Twenty-eight qualified undergraduate applications and three trade and technical applications were received. She advised each undergraduate scholarship was thoroughly reviewed by the KPUB Scholarship Selection Committee, composed of Glenn Andrew, Holly Lambert (Ingram ISD) and Tammy Wren (KISD). Applicants were evaluated based on academic achievement, financial need, participation in school activities, work history, community service and a short essay. KPUB will be awarding a total of \$18,000 in scholarships this year to give graduating seniors, including both undergraduate and trade/technical school recipients. Each KPUB undergraduate scholarship is valued at \$1,500 per year and is renewable for up to four years, totaling \$6,000. The two top-scoring applicants and recipients of this year's undergraduate scholarships were Tonantzi Prado and Paige Cowen. Paige Cowen, a senior at Tivy High School, has been accepted to Angelo State University, where she plans to major in Statistics and pursue a career as a statistician or data analyst. Tonantzi Prado,

also a senior at Tivy High School, has been accepted to Tarleton State University, where she will major in Nursing, exploring several areas of nursing, including pediatrics, labor and delivery, ICU and operating room care. Each trade and technical scholarship recipient will receive a \$1,000 scholarship, renewable annually for up to two years, for a total potential award of \$2,000.

This year's trade and technical school scholarships were awarded to Luke Trevino, Hudson Hoffman, and Jesse Rose Jr. Luke Trevino, a senior at Tivy High School, will be attending Texas State Technical College, where he plans to major in electrical linework. Hudson Hoffman, also a senior at Tivy High School, will attend Texas State Technical College and plans to major in automotive technology. Jesse Rose Jr., a senior at Tivy High School, will be attending the TEEX Fire Academy to pursue a career as a firefighter. Ms. Bueché congratulated all of the scholarship recipients and wished them continued success in their academic and professional journeys.

**At this time the Board took a quick break for a photograph of the scholarship recipients.*

5. COMMENDATION OF OUTGOING TRUSTEE, MR. BILL THOMAS:

As this was the last meeting for Chairman Bill Thomas, Mr. Wittler presented an antique meter lamp to Chairman Thomas. Mr. Wittler expressed deep appreciation for Chairman Thomas's leadership and years of service to KPUB and KPUB customers. Chairman Thomas thanked staff advising it had been a privilege to work alongside the Board and Staff.

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

I. 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

II. 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

III. EXECUTIVE CLOSED SESSION – DELIBERATIONS REGARDING SECURITY DEVICES OR SECURITY AUDITS:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.076, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Deliberations Regarding Security Devices or Security Audits”:

- A. Cybersecurity Overview – Robby McCutcheon, Director of Information Technology

Staff asked the Board of Trustees if there was a motion that the Boards convene in Executive Closed Session to discuss “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and “Deliberation Regarding Security Devices or Security Audits” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.076. Larry Howard, Treasurer for KPUB so moved. Glenn Andrew, Vice Chairman, seconded the motion. Vote was by show of hands. Motion carried 5 – 0. Mr. Howard for KPFC so moved. Mr. Andrew seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Boards entered Executive Closed Session at 9:13 a.m. *At 10:04 a.m. the Boards took a break, coming back into session at 10:14 a.m.* At 10:42 a.m. Chairman and President Thomas adjourned the Executive Closed Session and reconvened into Open Session.

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

No public action taken by the Board.

8. CONSENT AGENDA:

Mr. Howard made a motion for KPUB and KPFC to accept items on the consent agenda as presented. Rachel Johnston, Secretary, seconded the motions. Vote was by a show of hands. Motions carried 5 – 0.

8A. APPROVAL OF MINUTES.

8B. RESOLUTION NO. 26-07 – ERIN CALLAN, ACCOUNTING MANAGER. A Resolution approving payment to various providers of services or supplies.

END OF CONSENT AGENDA

9. FINANCIAL REPORT – AMY DOZIER, ASSISTANT GENERAL MANAGER:

Ms. Dozier presented the final financial statements for the month ending March 31, 2026. Highlights for KPUB included a \$574K increase in net position; \$22.6M in operating revenue; \$408K in rate stabilization transfer; \$23.0M in operating expense; \$432K in operating loss; \$293K in nonoperating income; waiting on FEMA reimbursement, all FEMA projects have been moved to “obligated” status; \$23.5M in over collection of power cost adjustment as of March 31, 2026; and \$50.8M invested in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned an annualized blended rate of 3.76% in March. Highlights for KPFC included \$45.8M in generation

projects costs, including capitalized interest, shown as Capital Assets as of March 31, 2026; \$28.1M balance in the Construction Fund as of March 31, 2026, representing unspent proceeds from the 2025A (open market) bond issuance. To minimize interest expense, the open market bond proceeds will be used first. Once those funds are spent, KPFC will begin drawing funds under the credit agreement with the Texas Energy Fund. In addition, a quarterly listing of vendor payments over \$10,000, and a quarterly listing of payments to a single vendor that have totaled over \$10,000 in the past 12 months were included for the Board's review. Ms. Dozier also provided a power point presentation with highlights and financial metrics from her memo.

10. ENGINEERING AND OPERATIONS PROJECTS, AND CAPITAL BUDGET REPORT – TONY PEREZ, DIRECTOR OF ENGINEERING (KPUB):

Mr. Perez presented the Projects and Capital Budget Reports for the second quarter of fiscal year end 2026. He went over the status of current distribution design projects, and substation projects. He highlighted the status on the Jack Furman T2 Addition; set to be energized next month. Budget categories highlighted included meters; line construction; heavy equipment and vehicles; general plant/other; substations; and broadband. He also provided capital budget spreadsheets for the Board's review.

11. QUARTERLY RELIABILITY REPORT (KPUB) – HOWARD HALL, FIELD SERVICES SUPERVISOR:

Mr. Hall presented the second quarter Reliability Report for FY2025-2026 for the Board's review, advising it had been a quiet month. He provided an outline by substation of the quarter's significant outage details. He 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. He added it was important to note that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

12. DISCUSSION ON PROCESS FOR REVISION OF BOARD POLICIES AND STRATEGIC PLAN – MIKE WITTLER, GENERAL MANAGER & CEO AND ANNETTE GONZALES, DIRECTOR OF HUMAN RESOURCES:

Mr. Wittler advised the purpose of this agenda item was to bring a discussion on how best to approach a comprehensive review and update of KPUB's board policies and strategic plan. He advised that over time both policies and strategic planning efforts had developed independently. This presents an opportunity to better organize, align, and modernize these efforts so they are more useful to the Board in guiding decision-making and monitoring performance. Mr. Wittler gave an overview of the KPUB policies and strategic plan. KPUB currently operates under a variety of policy sources that include formal board policies; board resolutions; KPUB tariff for electric service; management directives; departmental policies and procedures; City Charter (as applicable); and Council-approved bond ordinances. As these policies have evolved over time, they are not currently organized under a single, comprehensive framework. One of the long-term objectives of this effort will be to establish a clear and complete map of all organizational policies to ensure consistency, visibility, and ongoing maintenance. He advised KPUB also maintains a strategic plan organized around four pillars: safety, employees, customers, and value. The plan includes defined goals and initiatives and has served as a useful operational guide; however, it has not been formally integrated into Board policy or governance processes.

Staff reviewed publicly available Board policies from a number of peer public power utilities that appear to be effective in this area. While each organization is different, there are common elements in how policies are structured and used. He advised the utilities reviewed generally organize their policies into a

consistent framework, including strategic policies (defining desired outcomes and priorities); board governance policies (addressing Board roles, conduct, and authority); and delegation policies (defining authority and expectations for the CEO/General Manager). In some cases, operational policies are also included, although often maintained at a higher level, with detailed procedures delegated to management. The most effective examples also clearly define desired outcomes, establish measurable performance indicators, and require regular reporting to the Board.

Mr. Wittler recommended an approach starting with a strategic plan review and update with Edisto Resources, who has previously worked with KPUB, is familiar with the organization, and has demonstrated an ability to facilitate efficient and productive sessions. The proposed process would include initial staff work sessions to review current state and priorities; Board workshop; follow-up management work session to refine goals and initiatives; and final presentation of the updated strategic plan to the Board. Mr. Wittler added that there are two additional service providers that have been considered in the past, and those options are available for discussion if the Board prefers. Following completion of the strategic plan, staff would be doing a structured review of Board policies with the intent to organize policies under a consistent framework; align policies with the updated strategic plan; and review and update policies one category at a time. Mr. Wittler advised staff is currently compiling policy examples from other utilities and these will be made available in a shared DropBox folder for Board review. The intent is to provide the Board with the opportunity to review different policy formats and styles and provide feedback on preferences before moving forward with revisions. Staff is seeking input from the Board on the overall approach to updating the strategic plan and policies; preferred level of consultant involvement; desired level of Board engagement in the process; and preferences regarding policy structure and level of detail. Mr. Howard suggested having outside counsel to help with the process as well as board member assistance. Mr. Schulte advised he would be able to assist as well.

13. ADJOURNMENT

Chairman and President Thomas adjourned the Regular Board Meetings at 11:27 a.m.

Date Approved: _____

Glenn Andrew, Vice Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Erin Callan

Date: May 22, 2026

Re: Agenda Item No. 6B – Resolution No. 26-08

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 April 10, 2026 and May 21, 2026 for Board approval:

Vendor	Description	Amount	Date	
Purchased Power and Equipment:				
1	Concho Bluff	March 2026	\$ 73,180.68	04/20/2026
2	CPS	March 2026	676,804.67	04/20/2026
3	NextEra	March 2026	484,436.00	04/20/2026
4	ERCOT	CRR Auction	92,844.69	04/21/2026
5	DG Solar	March 2026	43,266.80	04/27/2026
6	Engie	March 2026	65,581.77	04/29/2026
7	City of Garland	March 2026	230,477.02	04/30/2026
8	TEC	Transformer	1,368,155.00	05/01/2026
8	ERCOT	CRR Auction	307,732.24	05/04/2026
9	LCRA	March 2026	683,529.89	05/04/2026
10	Concho Bluff	April 2026	79,039.62	05/18/2026
11	NextEra	April 2026	469,440.00	05/20/2026
Payroll:				
1	Payroll	Pay period ending 04/04/2026	169,471.56	04/10/2026
2	Payroll	Pay period ending 04/18/2026	172,338.37	04/24/2026
3	Payroll	Pay period ending 05/02/2026	171,614.49	05/08/2026
4	Payroll Taxes	Pay period ending 04/04/2026	59,202.00	04/15/2026
5	Payroll Taxes	Pay period ending 04/18/2026	60,077.71	04/29/2026
6	Payroll Taxes	Pay period ending 05/02/2026	59,883.73	05/13/2026
Employee Benefits:				
1	TX Health Benefits	Health Insurance -May	102,413.73	05/01/2026
2	TMRS	Pension - April Payroll	103,283.87	05/04/2026
Investment Transfers:				
1	Happy State Bank	Investment Transfer	620,000.00	04/10/2026
2	Happy State Bank	Investment Transfer	1,000,000.00	04/14/2026

3	LOGIC	Investment Transfer	1,418,349.82	04/15/2026
4	Texas Class	Investment Transfer	581,650.18	04/15/2026
5	Happy State Bank	Investment Transfer	800,000.00	04/20/2026
6	Happy State Bank	Investment Transfer	425,000.00	04/24/2026
7	Happy State Bank	Investment Transfer	775,000.00	05/01/2026
8	Happy State Bank	Investment Transfer	500,000.00	05/08/2026
9	Happy State Bank	Investment Transfer	250,000.00	05/15/2026

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

Sincerely,



Erin Callan
Accounting Manager

RESOLUTION NO. 26-08

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 27th day of May, 2026

Glenn Andrew, Chairman

ATTEST:

Larry Howard, Secretary

RESOLUTION NO. 26-09

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD AUTHORIZING AND APPROVING SIGNATURES FOR THE KERRVILLE PUBLIC UTILITY BOARD OF TRUSTEES AND MANAGEMENT FOR PURPOSES OF BANK ACCOUNTS, INVESTMENTS AND FINANCIAL TRANSACTIONS

WHEREAS, among the powers of the Board of Trustees, the power to have and exercise exclusive possession and control of the System and to collect and enforce the collection of funds and revenues and to disburse the same in accordance with the provisions, of this division and in the manner provided by TEX. REV. CIV. STAT. ANN. Art. 1115; and,

WHEREAS, the Board has entrusted signature responsibilities to the General Manager and Chief Executive Officer, and the Director of Finance in the operation of the System; and

WHEREAS, the Board in the execution of duties in operation of the System requires signatures for financial transactions and with the Board's Depository Bank, Happy State Bank of Kerrville; now, therefore

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. Trustees of the Board:

Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

And

Management Members:

Amy Dozier, Assistant General Manager
Erin Callan, Accounting Manager
Mike Wittler, General Manager and Chief Executive Officer

are approved as signatories for the Kerrville Public Utility Board.

Section 2. That this Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 27th day of May, 2026

Glenn Andrew, Chairman

ATTEST:

Larry Howard, Secretary

RESOLUTION NO. 26-10

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND CHANGING AUTHORIZED REPRESENTATIVES FOR LOCAL GOVERNMENT INVESTMENT COOPERATIVE

WHEREAS, the Kerrville Public Utility Board (the “Government Entity”) by authority of that certain Local Government Investment Cooperative Resolution 02-12 (the “Resolution”) has entered into that certain Interlocal Agreement (the “Agreement”) and has become a participant in the public funds investment pool created thereunder known as Local Government Investment Cooperative (“LOGIC”);

WHEREAS, the Resolution designated on one or more “Authorized Representatives” within the meaning of the Agreement;

WHEREAS, the Government Entity now wished to update and designate the following persons as the “Authorized Representatives” within the meaning of the Agreement; now, therefore

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:

Section 1. The following officers, officials or employees of the Government Entity are hereby designated as “Authorized Representatives” within the meaning of the Agreement, with full power and authority to: deposit money to and withdrawal money from Government Entity’s LOGIC account or accounts from time to time in accordance with the Agreement and the Information Statement describing the Agreement and to take all other actions deemed necessary or appropriate for the investment of funds of the Government Entity in LOGIC:

Signature: _____

Printed Name: Glenn Andrew

Title: Chairman

Signature: _____

Printed Name: David Sprouse

Title: Treasurer

Signature: _____
Printed Name: Mike Wittler
Title: General Manager and CEO

Signature: _____
Printed Name: Amy Dozier
Title: Assistant General Manager

Signature: _____
Printed Name: Erin Callan
Title: Accounting Manager

Section 2. The foregoing supersedes and replaces the Government Entity’s previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement pursuant to Section 4 of the Resolution. Except as hereby modified, the Resolution shall remain in full force and effect.

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

PASSED, APPROVED AND ADOPTED on this 27th day of May, 2026

ATTEST:

By: _____
Larry Howard
Printed Name

By: _____
Glenn Andrew
Printed Name

Title: Secretary

Title: Chairman

RESOLUTION NO. 26-11

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND AMENDING AUTHORIZED REPRESENTATIVES FOR TEXAS LOCAL GOVERNMENT INVESTMENT POOL

WHEREAS, the Kerrville Public Utility Board, Location Number 77882 (“Participant”) is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investments funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool (“TexPool/TexPool *Prime*”), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; now, therefore

LET IT BE RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:

Section 1. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool/TexPool *Prime* and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

Section 2. That an Authorized Representative of the Participant may be deleted by a written instrument signed by all remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant’s TexPool/TexPool *Prime* Account or (2) is no longer employed by the Participant; and

Section 3. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee or agent of the Participant;

Listed are the Authorized Representatives of the Participant. Any new individuals will be issued

personal identification numbers to transact business with TexPool participant services.

1. Name Glenn Andrew Title Chairman
Signature _____ Phone Number 830-257-3050

2. Name David Sprouse Title Treasurer
Signature _____ Phone Number 830-257-3050

3. Name Mike Wittler Title General Manager and CEO
Signature _____ Phone Number 830-792-8270

4. Name Amy Dozier Title Assistant General Manager
Signature _____ Phone Number 830-792-8267

5. Name Erin Callan Title Accounting Manager
Signature _____ Phone Number 830-792-8276

Listed is the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Name Mike Wittler Fax # 830-792-8270
E-Mail mwittler@kpub.com

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. This limited representative cannot make perform transactions. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

6. Name n/a Title _____

Section 4. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amending or revocation. This Resolution is hereby introduced and adopted by the Participant at its Regular Board Meeting held on the **27th** day of **May, 2026**.

NAME OF PARTICIPANT _____ Kerrville Public Utility Board _____

By: Signature _____
Printed Name _____ Glenn Andrew _____
Title _____ Chairman _____

ATTEST: Signature _____
Printed Name _____ Larry Howard _____
Title _____ Secretary _____

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: May 21, 2026

Re: Agenda Item No. 6F – Quarterly Funds Report

Attached please find the quarterly funds report for KPUB and KPFC.

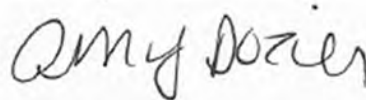
As of March 31, 2026, KPUB held \$50.5M in municipal investment pools and a demand account at Happy State Bank. Funds are spread between four accounts with the largest position (\$18.3M) held at an investment pool called Texas CLASS. All KPUB accounts at Happy State Bank are fully collateralized. Investment pool accounts are similar to constant dollar money market accounts and are approved investments under the Public Funds Investment Act. All investment accounts are completely liquid and earned a combined annualized return of 3.78% for the quarter ended March 31, 2026.

As of March 31, 2026, US Bank, the trustee for KPFC, held \$34.0M. All funds were invested in State Street Institutional US Government Money Market Fund (OPGXX). Annualized return for the quarter was 3.60%. OPGXX is AAA rated and compliant with the Public Funds Investment Act and the KPFC investment policy.

The quarterly reports were distributed to the Investments Committee in April. Due to continuing needs for liquidity and safety, no changes to our current strategy are recommended.

I am happy to answer any questions regarding this report.

Sincerely,



Amy Dozier
Assistant General Manager



Kerrville Public Utility Board
Quarterly Investment Report
Quarter Ended March 31, 2026

Certification Statement:

We certify that the information contained herein presents fairly the investment position as of the date reported, and that all investments were made in compliance with the Public Funds Investment Act (Texas Govt Code Chapter 2256) and with KPUB's investment strategy as documented in KPUB's Investment Policy.

Prepared and Attested by:

A handwritten signature in black ink that reads "Amy Dozier".

Amy Dozier
Assistant General Manager
April 9, 2026

A handwritten signature in black ink that reads "Erin Callan".

Erin Callan
Accounting Manager
April 9, 2026



**Kerrville Public Utility Board
Quarterly Investment Report
Quarter Ended March 31, 2026**

Summary Statement

Investments by Fund:

Description	Beginning Balance	Ending Balance	%	Qtrly Rate	Interest Income
	12/31/2025	3/31/2026			
	Book Value and Market Value	Book Value and Market Value	Allocation		(Accrual Basis)
1 Revenue Fund	\$ 35,538,527	\$ 36,189,678	72%	3.78%	\$ 327,129
2 Construction Fund	1,703,775	1,719,716	3%	3.78%	15,941
3 Rate Stabilization Fund	2,242,163	2,263,141	4%	3.78%	20,978
4 Long Term Rate Stabilization	5,245,329	5,885,254	12%	3.78%	52,782
5 Debt Reserve	-	-	0%	-	-
6 Interest & Sinking Fund	89,987	224,967	0%	3.78%	1,270
7 Emergency, Repair, Replace & Cont. Fund	4,192,349	4,231,574	8%	3.78%	39,224
TOTAL	\$ 49,012,130	\$ 50,514,330	100%		\$ 457,324

Investments by Security:

Description	Beginning Balance	Ending Balance	%	Qtrly Rate	Interest Income
	12/31/2025	3/31/2026			
	Book Value and Market Value	Book Value and Market Value	Allocation		(Accrual Basis)
1 TexPool	\$ 5,316,686	\$ 5,365,179	11%	3.69%	\$ 48,493
2 LOGIC	18,156,777	17,516,084	35%	3.82%	163,924
3 Texas CLASS	17,352,160	18,328,182	36%	3.82%	171,404
4 Happy State Bank - Investment	8,186,507	9,304,885	18%	3.67%	73,503
TOTAL	\$ 49,012,130	\$ 50,514,330	100%		\$ 457,324

Investment Rate Analysis:

Investment	Quarterly Rate	Monthly Rate		
		January	February	March
Overall Yield	3.78%	3.81%	3.77%	3.77%
1 TexPool	3.69%	3.71%	3.68%	3.67%
2 LOGIC	3.82%	3.86%	3.81%	3.79%
3 Texas CLASS	3.82%	3.86%	3.81%	3.78%
4 Happy State Bank - Investment	3.67%	3.64%	3.67%	3.69%
Comparison Yields:				
Three Month Treasury	3.69%	3.67%	3.69%	3.72%
Six Month Treasury	3.64%	3.59%	3.60%	3.72%



Kerrville Public Utility Board
 Quarterly Investment Report
 Quarter Ended March 31, 2026

Activity by Fund:

Investment	Book Value and Market Value			Book Value and Market Value
	09/30/25	Increases	Decreases	12/31/25
1 Revenue Fund	35,538,527	9,864,986	(9,213,834)	36,189,678
2 Construction Fund	1,703,775	15,941	-	1,719,716
3 Rate Stabilization Fund	2,242,163	20,978	-	2,263,141
4 Long Term Rate Stabilization	5,245,329	639,925	-	5,885,254
5 Debt Reserve	-	-	-	-
6 Interest & Sinking Fund	89,987	134,980	-	224,967
7 Emergency, Repair, Replace & Cont. Fund	4,192,349	39,224	-	4,231,574
Total Invested Funds	\$ 49,012,130	\$ 10,716,034	\$ (9,213,834)	\$ 50,514,330



KPUB Public Facility Corporation
Quarterly Investment Report
Quarter Ended March 31, 2025

Certification Statement:

We certify that the information contained herein presents fairly the investment position as of the date reported, and that all investments were made in compliance with the Public Funds Investment Act (Texas Govt Code Chapter 2256) and with KPUB Public Facility Corporation's investment strategy as documented in KPUB Public Facility Corporation's Investment Policy.

Prepared and Attested by:

Amy Dozier
Assistant General Manager
April 9, 2026

Erin Callan
Accounting Manager
April 9, 2026



**KPUB Public Facility Corporation
Quarterly Investment Report
Quarter Ended March 31, 2026**

Summary Statement

Investments by Fund:

Description	Beginning Balance	Ending Balance	Adjusted Interest Earnings							
	12/31/2025	3/31/2026	Interest Received	Less: Prior Qtr Accrual	Plus: Current Qtr Accrual	Adj Interest Earnings	Book Value and Market Value	Book Value and Market Value	% Allocation	Qtrly Rate
1 2025A Debt Service Fund	\$ 1,029	\$ 1,581	\$ 11	\$ (3)	\$ 5	\$ 13			0%	3.60%
2 2025A Construction Fund	33,186,047	28,046,899	293,944	(107,472)	88,224	274,696			83%	3.60%
3 2025A Construction Fund Capitalized Interest	5,842,867	5,895,782	52,915	(18,580)	17,883	52,218			17%	3.60%
4 2025A Construction Fund COI Account	9,389	9,474	85	(30)	29	84			0%	3.60%
TOTAL	\$ 39,039,332	\$ 33,953,736	\$ 346,956	\$ (126,085)	\$ 106,140	\$ 327,011			100%	

Investments by Security:

1 State St Inst US Gov-OPGXX-AAAm rating	\$ 39,039,332	\$ 33,953,736	100%	3.60%	\$ 346,956	\$ (126,085)	\$ 106,140	\$ 327,011
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Investment Rate Analysis:

Investment	Quarterly Rate	Monthly Rate		
		January	February	March
Overall Yield	3.60%	3.63%	3.60%	3.57%
State St Inst US Gov-OPGXX-AAAm rating	3.60%	3.63%	3.60%	3.57%
Comparison Yields:				
Three Month Treasury	3.69%	3.67%	3.69%	3.72%
Six Month Treasury	3.64%	3.59%	3.60%	3.72%
TexPool Local Government Investment Pool	3.69%	3.71%	3.68%	3.67%



KPUB Public Facility Corporation
Quarterly Investment Report
Quarter Ended March 31, 2026

Activity by Fund:

Investment	Book Value and Market Value		Book Value and Market Value	
	09/30/25	Increases	Decreases	12/31/25
1 2025A Debt Service Fund	\$ 1,029	\$ 552	\$ -	\$ 1,581
2 2025A Construction Fund	33,186,047	293,971	(5,433,119)	28,046,899
3 2025A Construction Fund Capitalized Interest	5,842,867	52,915	-	5,895,782
4 2025A Construction Fund COI Account	9,389	85	-	9,474
Total Invested Funds	<u>\$ 39,039,332</u>	<u>\$ 347,523</u>	<u>\$ (5,433,119)</u>	<u>\$ 33,953,736</u>



MEEDER PUBLIC FUNDS

Monthly Commentary

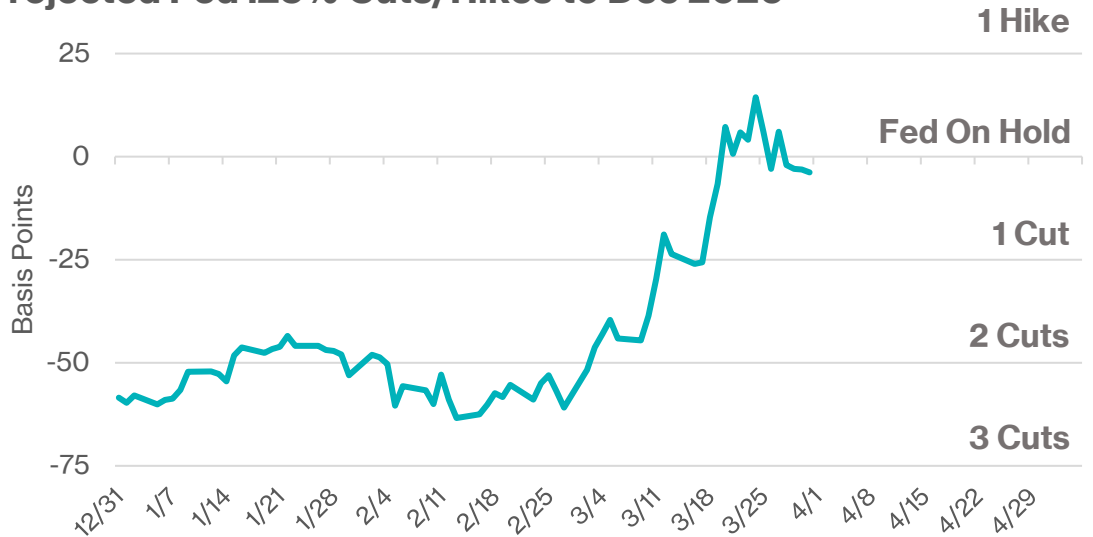
March 2026

OBSERVATIONS AND EXPECTATIONS

- Interest rates were higher for March, generally due to increases of energy prices
- The Fed Funds futures market has been bouncing around, projecting no 2026 moves
- Economic growth for the fourth quarter of 2026 was revised lower to 0.7% from 1.4%
- Labor market data continue to show there's not much hiring or firing taking place
- The rate of change of inflation has slowed, but cumulative inflation is above average

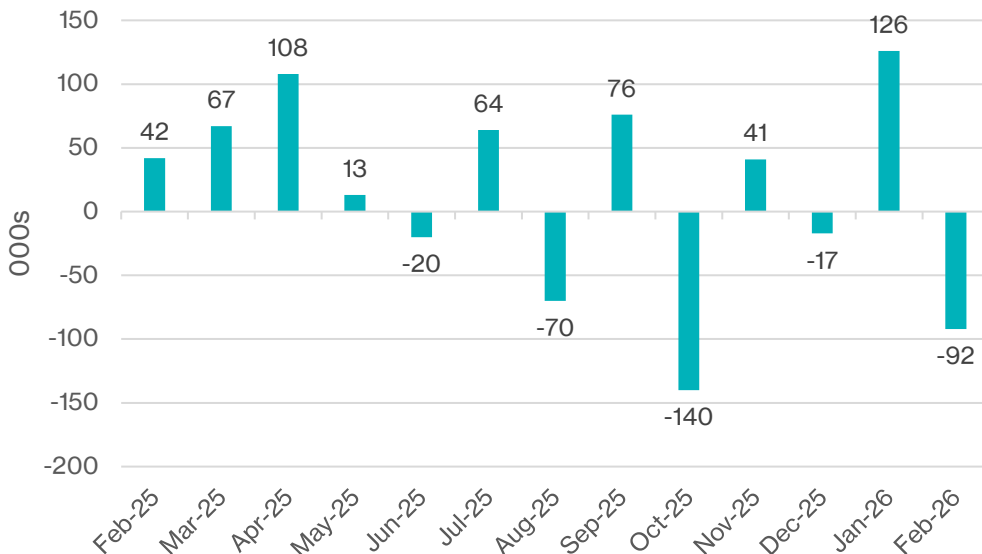
- During most of February, the Fed Funds futures market was pricing in over two .25% Fed cuts this year.
- At the end of March, futures market data are projecting the Fed to be on hold this year.

Projected Fed .25% Cuts/Hikes to Dec 2026



SOURCE: BLOOMBERG, FED'S UPPER RATE, SHADED AREAS ARE RECESSIONS

Nonfarm Payrolls - MoM Change

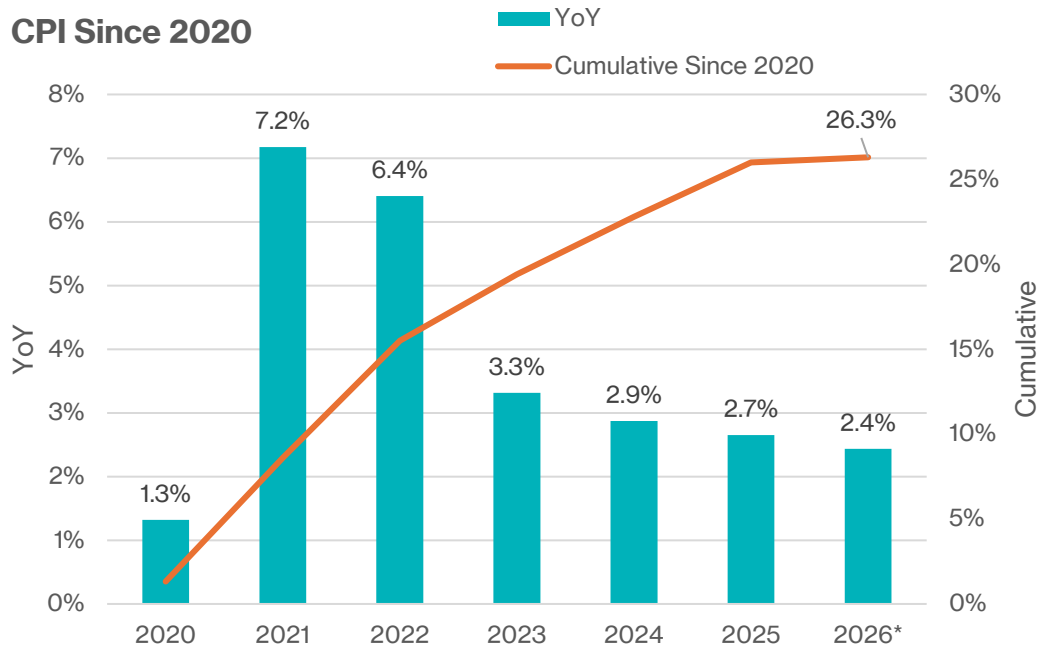


SOURCE: BLOOMBERG

- Monthly nonfarm payrolls have alternated between negative and positive the past nine months.
- This is the highest string of consecutively contrasting job data on record.
- Many analysts and economists have stated we are experiencing a "no hire, no fire" job market.

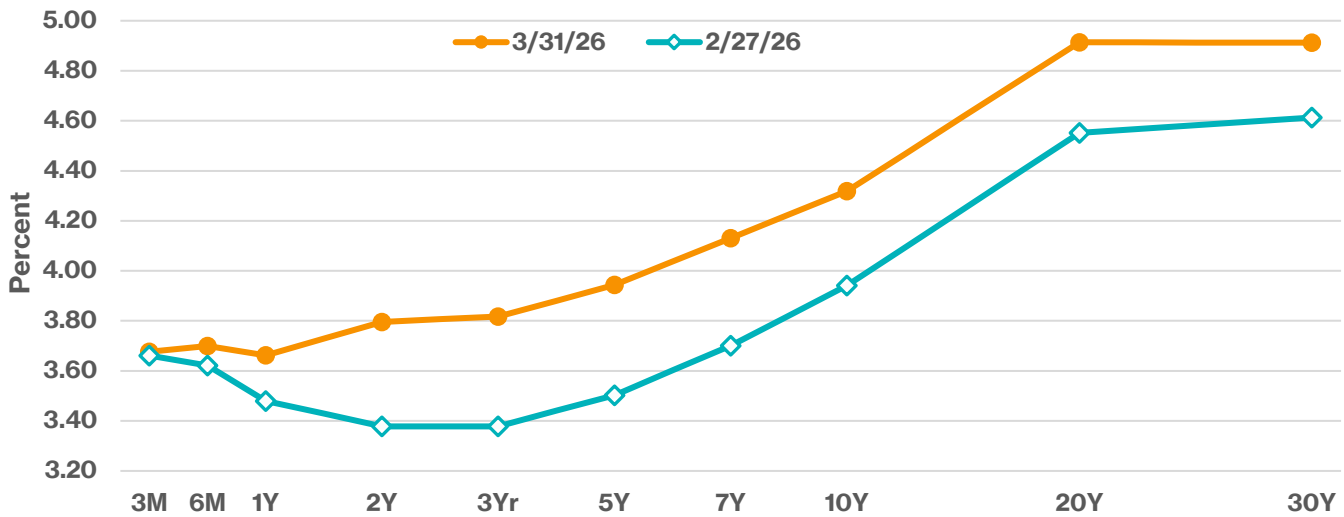
- The Consumer Price Index's YoY rate of change has slowed materially since the COVID year highs.
- The five-year cumulative change is up over 26%, which is well above a rolling 5-year average.
- U.S. consumers say their greatest financial concern right now is affordability, due to the accumulated inflation since the pandemic.

CPI Since 2020



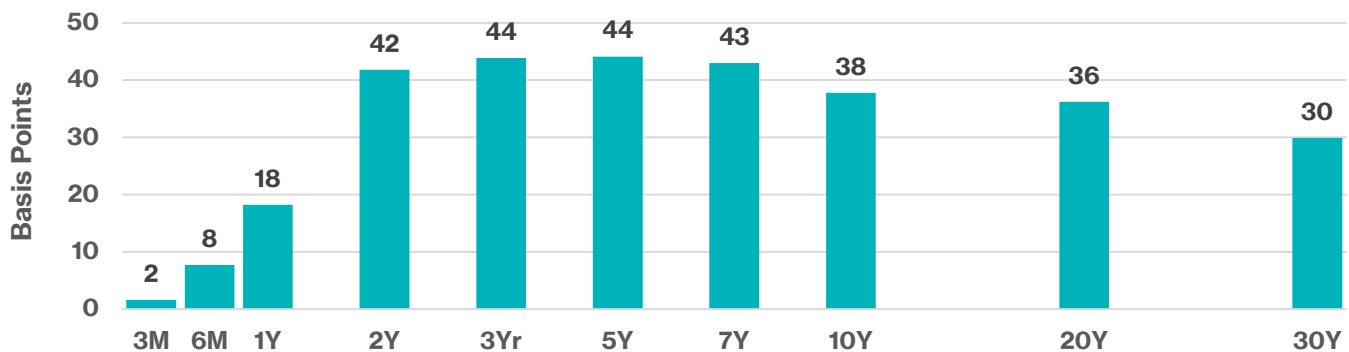
SOURCE: BLOOMBERG, *2026 YOY THROUGH FEB

U.S. Treasury Yield Curve Change



SOURCE: BLOOMBERG

Basis Point Change



SOURCE: BLOOMBERG



M E E D E R
PUBLIC FUNDS

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0250-MPF-4/12/24

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Tony Perez

Date: May 22, 2026

Re: Agenda Item No. 6G.1 – Engineering Contract - Hunt Substation Flood Repair

Presented for your consideration and review are the recommendations for purchase of goods or services.

KPUB is initiating the project to make permanent repairs of the Hunt Substation due to damage experienced in the July 4, 2025, flood event. The substation has been operated in a temporary configuration while LCRA has worked to develop their plans for their permanent repairs and improvements to the station. KPUB's portion of this project involves replacement of all protection and control panels in LCRA's new elevated control building, raising a 138kV circuit switcher that was damaged during the flood, and other modifications to align with LCRA's new 138kV bus design.

SEnergy has reviewed our scope of work and project schedule and confirms they can meet our requirements. SEnergy's cost estimate for this work is \$106,000. I have reviewed the attached engineering proposal and recommend approval of this agreement.

Please let me know if you have any questions or need additional information on this.

Thank you,



Tony Perez
Director of Engineering

PRESENTED BY



POWERED BY SCHNEIDER ENGINEERING

PROPOSAL
HUNT SUBSTATION FLOOD REPAIR AND MITIGATION

PREPARED FOR
KERRVILLE PUBLIC UTILITY BOARD

MAY 21, 2026

CLIENT:	KERRVILLE PUBLIC UTILITY BOARD
PROJECT:	HUNT SUBSTATION FLOOD REPAIR AND MITIGATION

PROPOSAL SUMMARY:

Kerrville Public Utility Board (KPUB) is undertaking the Hunt Substation Flood Repair and Mitigation Project to restore and improve facilities damaged during the July 4, 2025, Guadalupe River flood event. The project includes replacement of all KPUB relay, SCADA, and communications panels inside a new relocated LCRA control enclosure; installation of new conduit and cable systems; mitigation measures to raise vulnerable equipment above the established flood elevation; and preparation of construction and procurement documents to support competitive bidding and implementation.

SEnergy will provide engineering services to develop the electrical, civil, structural, and relay and control designs required to complete these repairs and mitigation measures under the existing Master Service Agreement between SEnergy and the Kerrville Public Utility Board. The project will also include preparation of a detailed replacement cost estimate to support KPUB's insurance claim and FEMA reimbursement efforts.

SCOPE OF WORK:

Specific tasks include:

- Prepare a detailed engineer's cost estimate of flood damages for insurance and FEMA documentation.
- Update substation one-line and three-line diagrams.
- Prepare AC and DC schematics and connection details for relay panels and equipment.
- Design two feeder protection panels, one RTU panel, and one communications panel using KPUB standard panel designs. Use existing settings to program the new feeder panels. Configure the RTU and communication panels.
- Redesign KPUB’s standard transformer protection panel with newer relay models and updated scheme. Update the relay setting templates for the new relay models. Use the same set points as previous relays.
- Design cable and conduit from the new elevated control building to the transformer, circuit switcher, feeder reclosers, PTs, yard lighting, and other equipment.
- Design new load shed CT installations in three feeder bays (costs identified separately for reimbursement by LCRA).
- Evaluate and design modifications to raise the 145 kV circuit switcher control cabinet approximately two feet above the flood level, including platform and access stairs.
- Coordinate with LCRA regarding control building layout, conduit routing, station service, and interconnection requirements.
- Prepare construction bid documents, specifications, bid unit schedules, and RUS contractual documents.
- Provide engineering support during bidding and construction including submittal review, and responses to Requests For Information from the construction contractor, and engineer site visits during construction.

DELIVERABLES:

- Insurance and FEMA replacement cost estimate report
- Bid documents including bid unit listing, bid unit description, construction specifications, and associated RUS contractual documents
- Issued for Review (IFR1) 10% package
- Issued for Review (IFR2) 50% package
- Issued for Review (IFR3) 75% package
- Issued for Bid (IFB) package
- Issued for Construction (IFC) package
- Final as-built drawings in PDF and AutoCAD format.

CLARIFICATIONS / ASSUMPTIONS / EXCLUSIONS:

- KPUB will furnish all major equipment, including relay panels and 12.5 kV PTs.
- Construction contractor will furnish all remaining materials unless otherwise noted.
- LCRA will provide design information for the new elevated control building and substation yard.
- One site visit during design and one during bidding are included. Two additional engineer site visits during construction are included.
- Independent testing and commissioning services are not included, but bidding support for these services is included.
- Construction management services are not included but can be provided separately.
- Permit fees and agency filing fees are excluded.
- Relay coordination studies are excluded unless specifically requested.

SCHEDULE:

TASK	TENTATIVE DATE
Project Authorization	May 2026
Insurance Claim Cost Estimate	Within 2 weeks of authorization
10% Design Submittal	June 2026
50% Design Submittal	July 2026
75% Design Submittal	September 2026
Issue for Bid Package	October 2026
Issue for Construction Package	October 2026

***A detailed project schedule will be developed upon award.*

COST ESTIMATE:

SEnergy will perform engineering, bidding support, and limited construction support as described in the above-referenced Scope of Work and will provide KPUB itemized invoices for services performed. Services will be billed on a Time and Material basis in accordance with our standard billing rates. This proposal is based on the existing Master Service Agreement between SEnergy and the Kerrville Public Utility Board. The estimated budget for completion of the above referenced Scope of Work is **\$106,000**.

APPROVAL:

KERRVILLE PUBLIC UTILITY BOARD

CLIENT

By: _____

SCHNEIDER ENGINEERING, LLC

DBA SENERGY

CONSULTANT

By: *Brian R. Hay*
Brian R. Hay, P.E., PMP – Sr. Vice President

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: May 21, 2026

Re: Agenda Item No. 7 – Financial Report

Attached please find financial statements for the month ended April 30, 2026.

Highlights include:

KPUB

- **\$2.6M increase in net position** on a year-to-date (YTD) basis, which is \$1.4M higher than budget.
- **\$27.4M in operating revenue** on a YTD basis.
 - Revenues are lower than budget due to a combination of:
 1. kWh sales that are 4.0% lower than budget due primarily to mild weather.
 2. Lower than forecast purchased power cost due to lower than forecast natural gas prices. Natural gas prices have averaged \$3.09 per MMBtu so far this fiscal year compared to a budgeted amount of \$3.95. Because almost 70% of the customer's rate is a pass through of power cost, lower power costs result in lower revenues.

- **\$1.8M in Rate Stabilization Transfer** on a YTD basis.

Operating Income	\$ 619,298
Remove Rate Stabilization Transfer	<u>(1,798,039)</u>
Adjusted Operating Loss	\$ (1,178,741)
Depreciation	2,716,646
Actual Capital Spending	<u>(3,335,944)</u>
YTD Transfer	<u>\$ (1,798,039)</u>

The large transfer in April resulted from significant capital spending in April driven by the purchase of a \$1.4M transformer for the Jack Furman substation.

- **\$26.7M in operating expense** on a YTD basis.
 - Operating expense is 9.2% better than budget driven primarily by:
 1. Lower than budget purchased power expense due a combination of kWh purchases that are 4.3% lower than budget as mild weather has driven lower kWh sales and lower than forecast natural gas prices leading to unit costs that are 7.2% lower than budget.
 2. Lower than budget expenses continue in all other categories. Overtime expense is a notable positive variance. Mild weather and a well-maintained system have led to low overtime hours so far in FY2026, but expect to see higher overtime rates in May as KPUB's Operations crew worked all night following storm damage on May 19th and 20th.

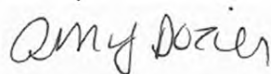
- **\$619K in operating income** on a YTD basis.
- **\$330K in nonoperating income** on a YTD basis.
 - Nonoperating income is \$353K better than budget due to:
 1. Better than budget interest income primarily due to higher than budget invested balances. The FY2026 Budget assumed a 3.75% interest rate, which closely aligns with where rates have stabilized over the last several months.
 2. Lower than budget City of Kerrville transfer due to lower than budget revenues previously discussed.
- **\$1.6M in capital contributions**, including FEMA grant revenue of \$846K. KPUB received \$783K from FEMA in April and expects approximately \$844K more. Of the remaining amount, \$335K relates to completed work with all documentation submitted to FEMA. Approximately \$508K relates to work that has not been completed. FEMA grants are disbursed only after work has been completed, paid for, and all documentation has been submitted.
- **\$22.3M in over collection of power cost adjustment** as of 4/30/2026, an **decrease of \$1.2M** from the prior month.
 - The billed rate remained at \$107.50 for 1,000 kWh of residential power in April. In the April monthly survey of 29 Central and South Texas utilities, KPUB's \$107.50 rate was the 2nd lowest. The overall average rate for the 29 utilities is \$137.76.
- **\$50.9M invested** in municipal investment pools and an account at Happy State Bank.
 - The portfolio of investment accounts earned an annualized blended rate of 3.75% in April.

KPFC

- **\$48.6M in generation project costs, including capitalized interest, shown as Capital Assets** as of 4/30/26.
- **\$25.7M balance in the Construction Fund** as of 4/30/26, representing unspent proceeds from the 2025A (open market) bond issuance. To minimize interest expense, the open market bond proceeds will be used first. However, KPFC will begin drawing funds under the credit agreement with the Texas Energy Fund in June 2026.

I am happy to answer any questions regarding this report.

Sincerely,



Amy Dozier
Assistant General Manager



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended April 30, 2026
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Current Last Year	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	\$ 1,806,237	\$ 1,977,600	\$ (171,364)	-8.67%	\$ 1,758,622	\$ 47,614	2.71%
Commercial/Industrial	1,520,250	1,616,564	(96,314)	-5.96%	1,484,317	35,934	2.42%
Sales to Public Authorities	21,882	21,667	215	0.99%	21,802	80	0.37%
Rate Stabilization Transfer	1,390,408	238,630	1,151,778	482.66%	-	1,390,408	-
Other	39,034	40,106	(1,072)	-2.67%	37,670	1,364	3.62%
TOTAL OPERATING REVENUES	4,777,810	3,894,567	883,243	22.68%	3,302,412	1,475,399	44.68%
OPERATING EXPENSES							
Purchased Power	2,281,713	2,310,699	28,987	1.25%	2,183,968	(97,745)	-4.48%
Distribution	368,131	367,615	(516)	-0.14%	311,831	(56,301)	-18.05%
Customer Accounts	60,495	67,634	7,139	10.56%	66,235	5,739	8.67%
Customer Service, Informational & Sales	27,809	44,634	16,825	37.70%	33,841	6,032	17.82%
Administrative Expenses	603,038	528,109	(74,929)	-14.19%	478,294	(124,744)	-26.08%
Depreciation & Amortization	385,392	402,576	17,185	4.27%	379,849	(5,543)	-1.46%
TOTAL OPERATING EXPENSES	3,726,577	3,721,268	(5,309)	-0.14%	3,454,017	(272,560)	-7.89%
OPERATING INCOME (LOSS)	1,051,233	173,299	877,934	506.60%	(151,605)	1,202,838	793.40%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	164,903	132,812	32,091	24.16%	131,574	33,329	25.33%
Interest Income - City of Kerrville	7,500	7,500	-	0.00%	9,643	(2,143)	-22.22%
Interest Expense	(5,395)	(9,047)	3,652	40.37%	(8,529)	3,134	36.74%
City of Kerrville - General Fund Transfer	(149,133)	(121,089)	(28,044)	-23.16%	(103,597)	(45,536)	-43.96%
City of Ingram - Franchise Fee	(2,426)	(3,000)	574	19.15%	(2,555)	130	5.08%
Other - Net	20,895	1,250	19,645	1571.62%	9,604	11,291	117.56%
TOTAL NONOPERATING REVENUES (EXP)	36,345	8,426	27,919	331.36%	36,140	205	0.57%
INCOME BEFORE CONTRIBUTIONS	1,087,578	181,725	905,853	498.48%	(115,465)	1,203,043	1041.91%
Capital Contributions - Customer	112,924	68,333	44,591	65.26%	32,389	80,535	248.65%
Capital Contributions - Grant	782,804	-	782,804	-	-	782,804	-
TOTAL CAPITAL CONTRIBUTIONS	895,729	68,333	827,395	1210.83%	32,389	863,339	2665.51%
CHANGE IN NET POSITION	\$ 1,983,307	\$ 250,058	\$ 1,733,249	693.14%	\$ (83,075)	\$ 2,066,382	2487.36%
NET POSITION AT BEGINNING OF MONTH	\$ 81,554,130				\$ 81,131,231		
NET POSITION AT END OF MONTH	\$ 83,537,437				\$ 81,048,156		



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended April 30, 2026
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Residential	\$ 14,358,640	\$ 16,291,317	\$ (1,932,676)	-11.86%	\$ 13,899,883	\$ 458,758	3.30%
Commercial/Industrial	10,538,340	11,402,047	(863,707)	-7.58%	9,966,442	571,898	5.74%
Sales to Public Authorities	152,970	151,666	1,304	0.86%	152,413	558	0.37%
Rate Stabilization Transfer	1,798,039	1,838,667	(40,629)	-2.21%	-	1,798,039	-
Other	511,145	470,061	41,084	8.74%	480,661	30,485	6.34%
TOTAL OPERATING REVENUES	27,359,135	30,153,758	(2,794,624)	-9.27%	24,499,398	2,859,736	11.67%
OPERATING EXPENSES							
Purchased Power	17,092,341	19,253,355	2,161,014	11.22%	15,758,589	(1,333,752)	-8.46%
Distribution	2,514,744	2,673,953	159,209	5.95%	2,383,351	(131,393)	-5.51%
Customer Accounts	416,606	476,863	60,257	12.64%	457,295	40,689	8.90%
Customer Service, Informational & Sales	252,592	322,063	69,471	21.57%	235,833	(16,758)	-7.11%
Administrative Expenses	3,746,909	3,930,622	183,714	4.67%	3,361,457	(385,452)	-11.47%
Depreciation & Amortization	2,716,646	2,797,035	80,389	2.87%	2,654,343	(62,303)	-2.35%
TOTAL OPERATING EXPENSES	26,739,837	29,453,891	2,714,054	9.21%	24,850,868	(1,888,969)	-7.60%
OPERATING INCOME (LOSS)	619,298	699,867	(80,570)	-11.51%	(351,470)	970,767	276.20%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,139,850	929,684	210,166	22.61%	1,258,766	(118,916)	-9.45%
Interest Income - City of Kerrville	56,786	56,784	2	0.00%	71,786	(15,000)	-20.90%
Interest Expense	(49,995)	(63,330)	13,335	21.06%	(58,821)	8,826	15.00%
City of Kerrville - General Fund Transfer	(861,083)	(933,928)	72,845	7.80%	(775,451)	(85,633)	-11.04%
City of Ingram - Franchise Fee	(19,007)	(21,000)	1,993	9.49%	(19,528)	520	2.66%
Other - Net	63,160	8,750	54,410	621.83%	(4,286)	67,447	1573.56%
TOTAL NONOPERATING REVENUES (EXP)	329,711	(23,040)	352,752	1531.01%	472,467	(142,756)	-30.21%
INCOME BEFORE CONTRIBUTIONS	949,009	676,827	272,182	40.21%	120,997	828,012	684.32%
Capital Contributions - Customer	762,110	478,331	283,778	59.33%	531,645	230,465	43.35%
Capital Contributions - Grant	846,062	-	846,062	-	-	846,062	-
TOTAL CAPITAL CONTRIBUTIONS	1,608,172	478,331	1,129,840	236.20%	531,645	1,076,527	202.49%
CHANGE IN NET POSITION	\$ 2,557,180	\$ 1,155,158	\$ 1,402,022	121.37%	\$ 652,642	\$ 1,904,539	291.82%
NET POSITION AT BEGINNING OF YEAR	\$ 80,980,256				\$ 80,395,514		
NET POSITION AT END OF MONTH	\$ 83,537,437				\$ 81,048,156		



Kerrville Public Utility Board
Balance Sheet
As of Apr 30, 2026

ASSETS & DEFERRED OUTFLOWS	Apr 30, 2026	Sep 30, 2025	LIABILITIES, DEFERRED INFLOWS & NET POSITION	Apr 30, 2026	Sep 30, 2025
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Current Portion - Bonds Payable	\$ 481,000	\$ 464,000
Cash and Cash Equivalents	\$ 942,185	\$ 1,230,495	Current Portion - Leases Payable	16,354	16,354
Investments	36,547,297	32,577,205	Current Portion - Subscriptions Payable	320,853	320,853
Less: Customer Deposits	(543,123)	(535,058)	Current Portion - Compensated Absences	646,510	601,732
Total Revenue Fund	<u>36,946,359</u>	<u>33,272,642</u>	Current Portion - Total OPEB Liability	9,368	9,368
Construction Fund:			Accounts Payable - Net Purchased Power	10,446,404	10,045,827
Cash and Cash Equivalents	6,061	5,931	Accounts Payable and Accrued Liabilities	2,687,739	1,239,232
Investments	1,725,022	1,686,519	Power Cost Adjustment - Over Collected	22,303,049	22,264,314
Total Construction Fund	<u>1,731,083</u>	<u>1,692,450</u>	TOTAL CURRENT LIABILITIES	<u>\$ 36,911,277</u>	<u>\$ 34,961,680</u>
Rate Stabilization Fund:			NONCURRENT LIABILITIES		
Investments	2,270,123	2,219,454	Noncurrent - Bonds Payable	\$ 1,020,000	\$ 1,501,000
Total Rate Stabilization Fund	<u>2,270,123</u>	<u>2,219,454</u>	Noncurrent - Leases Payable	27,979	31,688
Long Term Rate Stabilization Fund:			Noncurrent - Subscriptions Payable	180,067	427,289
Investments	5,903,411	5,192,203	Customer Deposits	543,123	535,058
Total Long Term Rate Stabilization Fund	<u>5,903,411</u>	<u>5,192,203</u>	Noncurrent - Compensated Absences	112,541	112,541
Customer Accounts Receivable, net of allowance	1,201,479	1,867,586	Noncurrent - Deferred Compensation	90,256	-
Receivable from KPFC	2,500	2,500	Net Pension Liability	1,935,595	1,935,595
Unbilled Revenue	2,206,613	2,206,613	Noncurrent - Total OPEB Liability	271,320	271,320
Materials and Supplies	2,639,948	2,576,593	TOTAL NONCURRENT LIABILITIES	<u>\$ 4,180,881</u>	<u>\$ 4,814,491</u>
Deposits with Other Entities	1,472,055	1,445,958	DEFERRED INFLOWS - PENSION AND OPEB	<u>\$ 129,278</u>	<u>\$ 129,278</u>
Other Current Assets	22,500	17,143	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 41,221,436</u>	<u>\$ 39,905,449</u>
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428	TOTAL NET POSITION	<u>\$ 83,537,437</u>	<u>\$ 80,980,256</u>
TOTAL CURRENT ASSETS	<u>\$ 55,467,499</u>	<u>\$ 51,564,571</u>			
NONCURRENT ASSETS					
Customer Deposits	\$ 543,123	\$ 535,058			
Texas Energy Fund - Escrow Deposit	5,250,000	5,250,000			
Interest and Sinking Fund	240,500	456,650			
Emergency, Repair, Replace, Contingency Fund	4,244,629	4,149,888			
Noncurrent Advance to City of Kerrville	2,678,573	3,214,287			
Capital Assets, net of Accum Depreciation	54,764,589	53,895,811			
Right to Use Assets, Net of Accum Amortization	35,428	44,967			
Subscription Assets, Net of Accum Amortization	699,703	939,646			
TOTAL NONCURRENT ASSETS	<u>\$ 68,456,546</u>	<u>\$ 68,486,307</u>			
DEFERRED OUTFLOWS - PENSION AND OPEB	<u>\$ 834,828</u>	<u>\$ 834,828</u>			
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 124,758,873</u>	<u>\$ 120,885,706</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	<u>\$ 124,758,873</u>	<u>\$ 120,885,706</u>



Kerrville Public Utility Board
 Invested Funds Detail
 For the Month Ended April 30, 2026

		Restricted							
Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund	Emergency Repair, Replacement & Contingency Fund	Total Funds Invested	
Beginning Fund Balance	\$ 36,189,678	\$ 1,719,716	\$ 2,263,141	\$ 5,885,254	\$ -	\$ 224,967	\$ 4,231,574	\$ 50,514,330	
Withdrawals:									
Happy Investment - TXHB	04/01/26	(100,448)						(100,448)	
Happy Investment - LCRA	04/03/26	(683,563)						(683,563)	
Happy Investment - TMRS	04/08/26	(104,347)						(104,347)	
Happy Investment - Concho Bluff	04/20/26	(73,181)						(73,181)	
Happy Investment - CPS	04/20/26	(676,805)						(676,805)	
Happy Investment - NextEra	04/20/26	(484,436)						(484,436)	
Happy Investment - ERCOT	04/21/26	(92,845)						(92,845)	
Happy Investment - DG Solar	04/27/26	(43,267)						(43,267)	
Happy Investment - Engie	04/29/26	(65,582)						(65,582)	
Happy Investment - Garland	04/30/26	(230,477)						(230,477)	
Investments:									
Happy State Bank	04/10/26	620,000						620,000	
Happy State Bank	04/14/26	1,000,000						1,000,000	
Happy State Bank	04/20/26	800,000						800,000	
Happy State Bank	04/24/26	425,000						425,000	
Fund Balance after Withdrawals & Investments	36,479,728	1,719,716	2,263,141	5,885,254	-	224,967	4,231,574	50,804,380	
Allocation of:									
Interest Income	04/30/26	111,870	5,305	6,982	18,157	-	693	13,055	156,061
Total Interest Allocation		111,870	5,305	6,982	18,157	-	693	13,055	156,061
Fund Balance After Allocations		36,591,598	1,725,022	2,270,123	5,903,411	-	225,660	4,244,629	50,960,442
Interfund Transfers :									
Debt Payment	04/30/26						(29,461)	(29,461)	
Debt Service Accrual	04/30/26	(44,301)					44,301	-	
Ending Fund Balance		\$ 36,547,297	\$ 1,725,022	\$ 2,270,123	\$ 5,903,411	\$ -	\$ 240,500	\$ 4,244,629	\$ 50,930,981



Kerrville Public Utility Board
Debt Ratios
For the Month Ended April 30, 2026

DEBT SERVICE COVERAGE RATIO:

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 1,983,307	\$ 2,557,180	\$ 2,489,281
PLUS:			
Interest Expense (net of amortizations)	5,395	49,995	99,480
Depreciation & Amortization Expense	385,392	2,716,646	4,635,176
Numerator	2,374,093	5,323,822	7,223,937
DIVIDED BY:			
Interest Expense (net of amortizations)	5,395	49,995	99,480
Principal Payment Due	68,184	477,287	818,207
Denominator	\$ 73,579	\$ 527,282	\$ 917,687
DEBT SERVICE COVERAGE RATIO	32.27	10.10	7.87

Minimum Requirement per Bond Covenant 1.35 times Debt Service

DAYS CASH ON HAND (AS OF MONTH END):

NUMERATOR (INCLUDES CASH AND INVESTMENTS):

Revenue Fund	\$ 36,946,359
Construction Fund	1,731,083
Rate Stabilization Fund	2,270,123
Long Term Rate Stabilization Fund	5,903,411
Emergency, Repair, Replace, Contingency Fund	4,244,629
Total Cash and Cash Equivalents (A)	\$ 51,095,604

DENOMINATOR:

Fiscal Year-to-Date Operating Expense	\$ 26,739,837
Less: Fiscal Year-to-Date Depreciation	2,716,646
Adjusted Operating Expense (B)	\$ 24,023,191

NUMBER OF DAYS ELAPSED IN FISCAL YEAR (C) 212

DAYS CASH ON HAND (= A / B * C) 451

MINIMUM DAYS CASH ON HAND PER POLICY 47 175

FIXED CHARGE COVERAGE RATIO (FISCAL YEAR-TO-DATE):

NUMERATOR:

Fiscal Year-to-Date Operating Income	\$ 619,298
Less: City of Kerrville and Ingram Transfers	(880,091)
Plus: 50% of PPA Expense	6,032,985
Plus: Fiscal Year-to-Date Depreciation	2,716,646
Plus: Fiscal Year-to-Date Interest Income - Investments	1,139,850
Plus: Fiscal Year-to-Date Capital Contributions	1,608,172
Total Numerator (D)	\$ 11,236,860

DENOMINATOR:

50% of PPA Expense	\$ 6,032,985
Fiscal Year Debt Service (Cash Basis)	501,581
Fiscal Year Debt Service Receivable (Cash Basis)	(1,167,858)
Total Denominator (E)	\$ 5,366,707

FIXED CHARGE COVERAGE RATIO (= D / E) 2.1

MINIMUM FIXED COST COVERAGE PER POLICY 47 1.2



Kerrville Public Utility Board Public Facility Corporation
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Month Ended April 30, 2026
 (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:							
Sales of Electricity - Power Agreements	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
TOTAL OPERATING REVENUES	-	-	-	-	-	-	-
OPERATING EXPENSES:							
Administrative Expenses	1,000	4,167	3,167	76.00%	-	(1,000)	-
TOTAL OPERATING EXPENSES	1,000	4,167	3,167	76.00%	-	(1,000)	-
OPERATING INCOME (LOSS)	(1,000)	(4,167)	3,167	76.00%	-	(1,000)	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	94,691	10,091	84,599	838.33%	-	94,691	
Interest Expense	(319,098)	(319,098)	-	0.00%	-	(319,098)	
Allowance for Borrowed Funds during Construction	318,848	318,848	-	0.00%	-	318,848	
Debt Issuance Cost Refund	-	-	-		-	-	
Amortization - Debt Premium	13,693	13,693	-	0.00%	-	13,693	
TOTAL NONOPERATING REVENUES (EXP)	108,134	23,535	84,599	359.46%	-	108,134	
INCOME BEFORE CONTRIBUTIONS	107,134	19,368	87,766	453.15%	-	107,134	
CAPITAL CONTRIBUTIONS	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 107,134	\$ 19,368	\$ 87,766	453.15%	\$ -	\$ 107,134	
NET POSITION AT BEGINNING OF MONTH	\$ 71,243				\$ -		
NET POSITION AT END OF MONTH	\$ 178,377				\$ -		



Kerrville Public Utility Board Public Facility Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended April 30, 2026
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Sales of Electricity - Power Agreements	\$ -	\$ -	\$ -		\$ -	\$ -	
TOTAL OPERATING REVENUES	-	-	-		-	-	
OPERATING EXPENSES:							
Administrative Expenses	1,000	29,167	28,167	96.57%	\$ -	1,000	-
TOTAL OPERATING EXPENSES	1,000	29,167	28,167	96.57%	-	1,000	-
OPERATING INCOME (LOSS)	(1,000)	(29,167)	28,167	96.57%	-	1,000	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	824,415	402,630	421,784	104.76%	-	824,415	-
Interest Expense	(2,251,399)	(2,251,399)	-	0.00%	-	(2,251,399)	-
Allowance for Borrowed Funds during Construction	2,249,649	2,249,649	-	0.00%	-	2,249,649	-
Debt Issuance Cost Refund	540	-	540		-	540	-
Amortization - Debt Premium	95,854	95,854	-	0.00%	-	95,854	-
TOTAL NONOPERATING REVENUES (EXP)	919,058	496,734	422,325	85.02%	-	919,058	-
INCOME BEFORE CONTRIBUTIONS	918,058	467,567	450,491	96.35%	-	920,058	-
CAPITAL CONTRIBUTIONS	-	-	-	-	\$ -	-	-
CHANGE IN NET POSITION	\$ 918,058	\$ 467,567	\$ 450,491	96.35%	\$ -	\$ 920,058	-
NET POSITION AT BEGINNING OF YEAR	\$ (739,682)				\$ -		
NET POSITION AT END OF YEAR	\$ 178,377				\$ -		



Kerrville Public Utility Board Public Facility Corporation
Balance Sheet
As of April 30, 2026

ASSETS	April 30, 2026	Sep 30, 2025	LIABILITIES & NET POSITION	April 30, 2026	Sep 30, 2025
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Accrued Interest - 2025A	\$ 180,425	\$ 853,548
Cash and Cash Equivalents	\$ 2,573	\$ 2,517	Accounts Payable	59,954	1,109,510
Total Revenue Fund	<u>2,573</u>	<u>2,517</u>	TOTAL CURRENT LIABILITIES	<u>\$ 240,378</u>	<u>\$ 1,963,058</u>
Construction Fund:			NONCURRENT LIABILITIES		
Cash and Cash Equivalents	25,697,743	37,531,419	Accrued Interest - 2025B	2,424	674
Total Construction Fund	<u>25,697,743</u>	<u>37,531,419</u>	Bonds Payable	74,495,000	74,495,000
Capitalized Interest Fund:			Bond Premium	3,450,727	3,546,580
Cash and Cash Equivalents	4,000,578	6,789,445	TOTAL NONCURRENT LIABILITIES	<u>\$ 77,948,151</u>	<u>\$ 78,042,254</u>
Total Capitalized Interest Fund	<u>4,000,578</u>	<u>6,789,445</u>	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 78,188,529</u>	<u>\$ 80,005,312</u>
Interest and Sinking Fund:			TOTAL NET POSITION	<u>\$ 178,377</u>	<u>\$ (739,682)</u>
Cash and Cash Equivalents	1,586	1,019			
Total Interest and Sinking Fund	<u>1,586</u>	<u>1,019</u>			
Accrued Interest Receivable	94,683	151,472			
TOTAL CURRENT ASSETS	<u>\$ 29,797,163</u>	<u>\$ 44,475,872</u>			
NONCURRENT ASSETS					
Capital Assets, Nondepreciable	48,569,743	34,789,758			
TOTAL NONCURRENT ASSETS	<u>\$ 48,569,743</u>	<u>\$ 34,789,758</u>			
TOTAL ASSETS	<u>\$ 78,366,906</u>	<u>\$ 79,265,630</u>	TOTAL LIABILITIES & NET POSITION	<u>\$ 78,366,906</u>	<u>\$ 79,265,630</u>

MEMORANDUM

To: Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: May 21, 2026

Re: Item 8 – Rate Discussion

Background:

KPUB engages an outside consulting firm to conduct a Cost of Service and Rate Design Study approximately every five years. Our last study was conducted by NewGen Strategies and Solutions in 2025 and presented to the Board on July 16, 2025. The study showed that our current rates are not covering our costs, as evidenced by KPUB's operating loss in FY2025 and year-to-date in FY2026. NewGen proposed the following changes:

1. Addition of a new rate class, splitting KPUB's current Commercial category into a Small Commercial and Medium Commercial category.
2. Changing our power cost adjustment from a single multiplier applied to the base rate power supply cost by customer category to a flat rate per kWh with differing rates for primary and secondary service, thereby adopting an industry standard approach.
3. A 5-phase plan to increase rates annually and gradually over the next 5 years. Phase 1 includes the structural changes explained above as well as increases in customer charge, distribution charge, demand charge and base rate power supply charge. Phases 2 through 5 include increases in distribution and demand charges.

A copy of NewGen's presentation is attached to this memo for your reference.

In light of the economic hardship our community experienced following the flood, the Board opted to delay increasing rates in FY2026 and instead, approved a rate stabilization transfer in an amount approximately equal to a cash basis operating loss calculation.

Proposal:

In preparation for the FY2027 budget process, it is time to revisit our rate discussion.

Management's recommendation is to:

1. Adopt NewGen's recommendation for the new Medium Commercial category.
2. Adopt NewGen's recommendation to transition our power cost adjustment from a single multiplier to a flat rate kWh with different rates for secondary and primary voltage.
3. Adopt NewGen's Phase 1 recommendations for customer charge, demand charge and base power supply charges.
4. Discuss continued rate stabilization transfer options in light of potential unusual power cost charges in FY2027.

Resulting Rates:

Attached for your review and discussion is a preliminary overview of potential rate changes. Note that the power cost adjustment portion of the rate will continue to be refined as we finalize the FY2027 purchased power budget. The estimate incorporates updated assumptions from the CPS Energy contract extension as well as fixed costs associated with KPFC debt that is paid through a power purchase agreement with KPFC.

Three different rate scenarios are attached as follows:

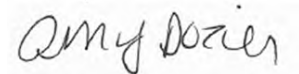
1. Full Cost
2. Rate Stabilization for KPFC costs
3. Partial Rate Stabilization option

As we discuss these options during the Board meeting, keep in mind that \$1M in power cost equates to approximately \$2 in residential rate.

No action is requested at this time. The preliminary schedule is to seek Board approval in August, with residential rate changes presented to City Council for approval in September and new rates taking effect in October.

We are seeking Board input on the proposed rate options, along with feedback on any additional information the Board would like to review prior to making a decision.

Sincerely,



Amy Dozier
Assistant General Manager

Attachments:

1. Rate Scenarios
2. April 2026 Residential Rate Comparison provided by San Bernard Electric Cooperative
3. NewGen Strategies Presentation – July 16, 2025

FY2027 Rate Option #1 - Full Price

Description	Value
A PY Actual Power Cost	\$ 31,602,853
B +/- Adjustment to maintain stable rates	-
C +/- Adjustment for current year prices	\$ 12,222,873
FY2027 Purchased Power Budget	\$ 43,825,726
D PY Actual kWh Sales	502,716,589
E Base Year Fixed Power Supply Costs	\$ 22,954,063
F Assumed Loss - Primary Voltage	1.50%
G Assumed Loss - Secondary Voltage	2.91%
Primary Voltage PCA	\$ 0.04215
Secondary Voltage PCA	\$ 0.04276

Power Cost Adjustment Formulas:

Primary Voltage PCA	$\frac{((A+B+C)-E)/D}{1-F}$
Secondary Voltage PCA	$\frac{((A+B+C)-E)/D}{1-G}$

Charge Type	Current			Proposed			Current			Proposed			Current			Proposed		
	Residential	Residential	% Change	Small Commercial	Small Commercial	% Change	Medium Commercial	Medium Commercial	% Change	Large - Secondary	Large - Secondary	% Change	Large - Primary	Large - Primary	% Change			
Customer Charge	\$ 15.25	\$ 16.75		\$ 31.50	\$ 33.00		\$ 31.50	\$ 33.00		\$ 230.00	\$ 275.00		\$ 230.00	\$ 275.00				
Distribution																		
Energy (\$/kWh)	\$ 0.01680	\$ 0.02088		\$ 0.01873	\$ 0.02112		\$ 0.01873	\$ 0.01672		\$ 0.00220	\$ 0.00580		\$ 0.00287	\$ 0.00501				
Demand (\$/kW)	n/a	n/a		n/a	n/a		\$ 1.00	\$ 1.50		\$ 7.50	\$ 8.00		\$ 7.50	\$ 8.00				
Power Supply																		
Base (\$/kWh)	\$ 0.04060	\$ 0.04543		\$ 0.04228	\$ 0.04443		\$ 0.04228	\$ 0.04443		\$ 0.03351	\$ 0.03643		\$ 0.03030	\$ 0.03493				
PCA (\$/kWh)	\$ 0.03485	\$ 0.04276		\$ 0.03629	\$ 0.04276		\$ 0.03629	\$ 0.04276		\$ 0.02876	\$ 0.04276		\$ 0.02601	\$ 0.04215				
Average Bill:																		
Customer Charge	\$ 15.25	\$ 16.75	1%	\$ 31.50	\$ 33.00	1%	\$ 31.50	\$ 33.00	0%	\$ 230.00	\$ 275.00	0%	\$ 230.00	\$ 275.00	0%			
Distribution Charge	16.80	20.88	4%	17.80	20.08	2%	255.91	254.29	0%	3,592.03	4,501.81	6%	9,858.20	11,627.71	4%			
Power Supply	75.45	88.19	12%	74.69	82.88	7%	926.52	1,026.26	8%	12,086.92	15,371.92	21%	32,141.75	43,997.27	28%			
Total Bill	\$ 107.50	\$ 125.82	17%	\$ 123.99	\$ 135.96	10%	\$ 1,213.93	\$ 1,313.55	8%	\$ 15,908.95	\$ 20,148.73	27%	\$ 42,229.94	\$ 55,899.97	32%			

Power Supply Calculation:

Purchased Power	\$ 36,632,621
Debt Service	6,193,105
Other KPFC Fixed Costs	1,000,000
Total	\$ 43,825,726

FY2027 Rate Option #2 - KPFC Costs Removed

Description	Value
A PY Actual Power Cost	\$ 31,602,853
B +/- Adjustment to maintain stable rates	-
C +/- Adjustment for current year prices	\$ 5,029,768
FY2027 Purchased Power Budget	\$ 36,632,621
D PY Actual kWh Sales	502,716,589
E Base Year Fixed Power Supply Costs	\$ 22,954,063
F Assumed Loss - Primary Voltage	1.50%
G Assumed Loss - Secondary Voltage	2.91%
Primary Voltage PCA	\$ 0.02762
Secondary Voltage PCA	\$ 0.02803

Power Cost Adjustment Formulas:

Primary Voltage PCA	$\frac{((A+B+C)-E)/D}{1-F}$
Secondary Voltage PCA	$\frac{((A+B+C)-E)/D}{1-G}$

	Current			Proposed			Current			Proposed			Current			Proposed		
	Residential	Residential	% Change	Small Commercial	Small Commercial	% Change	Medium Commercial	Medium Commercial	% Change	Large - Secondary	Large - Secondary	% Change	Large - Primary	Large - Primary	% Change			
Customer Charge	\$ 15.25	\$ 16.75		\$ 31.50	\$ 33.00		\$ 31.50	\$ 33.00		\$ 230.00	\$ 275.00		\$ 230.00	\$ 275.00				
Distribution																		
Energy (\$/kWh)	\$ 0.01680	\$ 0.02088		\$ 0.01873	\$ 0.02112		\$ 0.01873	\$ 0.01672		\$ 0.00220	\$ 0.00580		\$ 0.00287	\$ 0.00501				
Demand (\$/kW)	n/a	n/a		n/a	n/a		\$ 1.00	\$ 1.50		\$ 7.50	\$ 8.00		\$ 7.50	\$ 8.00				
Power Supply																		
Base (\$/kWh)	\$ 0.04060	\$ 0.04543		\$ 0.04228	\$ 0.04443		\$ 0.04228	\$ 0.04443		\$ 0.03351	\$ 0.03643		\$ 0.03030	\$ 0.03493				
PCA (\$/kWh)	\$ 0.03485	\$ 0.02803		\$ 0.03629	\$ 0.02803		\$ 0.03629	\$ 0.02803		\$ 0.02876	\$ 0.02803		\$ 0.02601	\$ 0.02762				
Average Bill:																		
Customer Charge	\$ 15.25	\$ 16.75	1%	\$ 31.50	\$ 33.00	1%	\$ 31.50	\$ 33.00	0%	\$ 230.00	\$ 275.00	0%	\$ 230.00	\$ 275.00	0%			
Distribution Charge	16.80	20.88	4%	17.80	20.08	2%	255.91	254.29	0%	3,592.03	4,501.81	6%	9,858.20	11,627.71	4%			
Power Supply	75.45	73.46	-2%	74.69	68.87	-5%	926.52	858.37	-6%	12,086.92	12,511.22	3%	32,141.75	35,705.62	8%			
Total Bill	\$ 107.50	\$ 111.09	3%	\$ 123.99	\$ 121.95	-2%	\$ 1,213.93	\$ 1,145.66	-6%	\$ 15,908.95	\$ 17,288.03	9%	\$ 42,229.94	\$ 47,608.32	13%			

Power Supply Calculation:

Purchased Power	36,632,621
Debt Service	6,193,105
Other KPFC Fixed Costs	1,000,000
Total	43,825,726
Less: Debt Service	(6,193,105)
Less: Other KPFC Fixed Costs	(1,000,000)
Total with KPFC removed	36,632,621

FY2027 Rate Option #3 - Half Debt Service Removed

Description	Value
A PY Actual Power Cost	\$ 31,602,853
B +/- Adjustment to maintain stable rates	-
C +/- Adjustment for current year prices	\$ 9,126,320
FY2027 Purchased Power Budget	\$ 40,729,173
D PY Actual kWh Sales	502,716,589
E Base Year Fixed Power Supply Costs	\$ 22,954,063
F Assumed Loss - Primary Voltage	1.50%
G Assumed Loss - Secondary Voltage	2.91%
Primary Voltage PCA	\$ 0.03590
Secondary Voltage PCA	\$ 0.03642

Power Cost Adjustment Formulas:

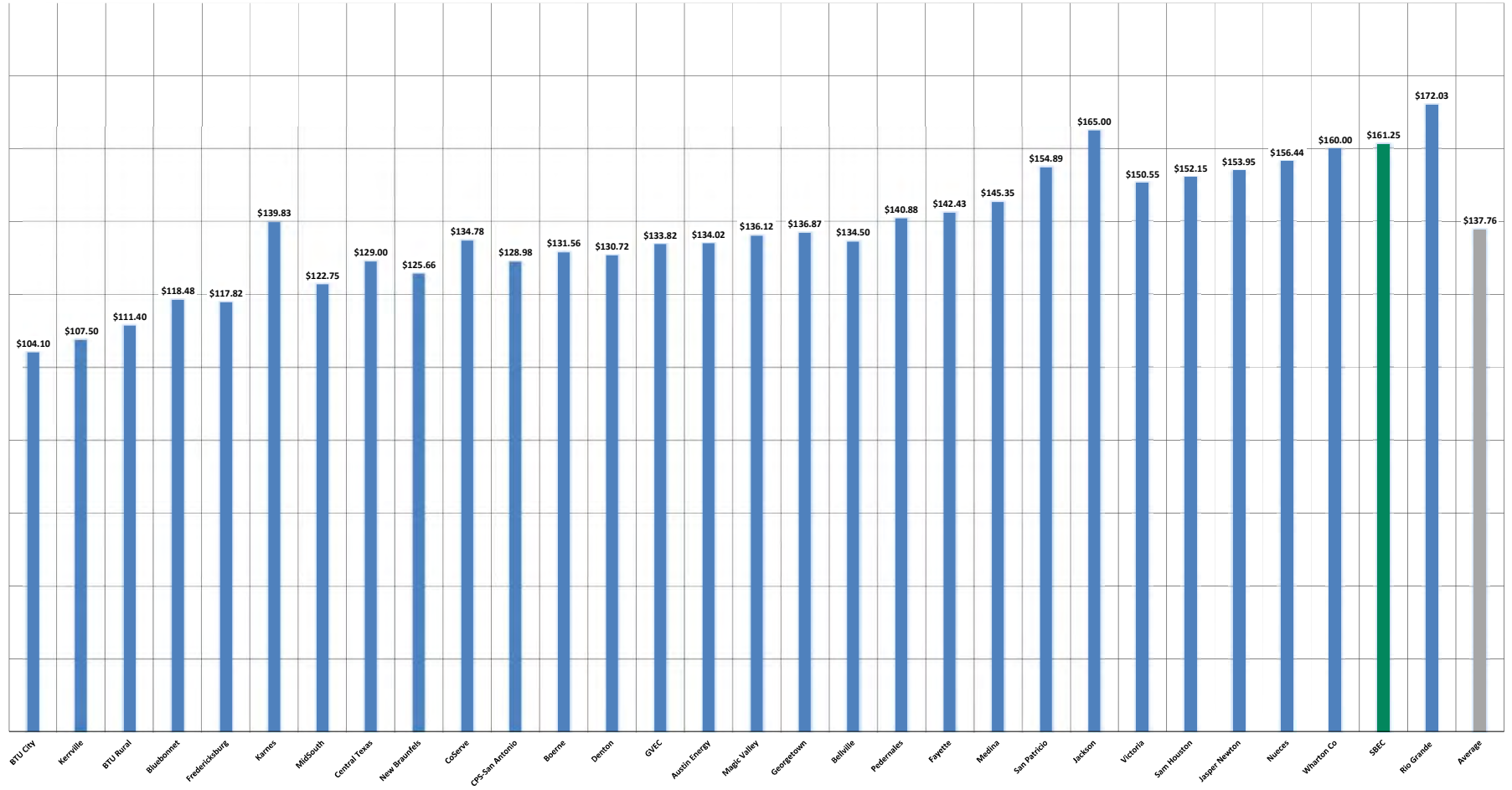
Primary Voltage PCA	$\frac{((A+B+C)-E)/D}{1-F}$
Secondary Voltage PCA	$\frac{((A+B+C)-E)/D}{1-G}$

	Current			Proposed			Current			Proposed			Current			Proposed		
	Residential	Residential	% Change	Small Commercial	Small Commercial	% Change	Medium Commercial	Medium Commercial	% Change	Large - Secondary	Large - Secondary	% Change	Large - Primary	Large - Primary	% Change			
Customer Charge	\$ 15.25	\$ 16.75		\$ 31.50	\$ 33.00		\$ 31.50	\$ 33.00		\$ 230.00	\$ 275.00		\$ 230.00	\$ 275.00				
Distribution																		
Energy (\$/kWh)	\$ 0.01680	\$ 0.02088		\$ 0.01873	\$ 0.02112		\$ 0.01873	\$ 0.01672		\$ 0.00220	\$ 0.00580		\$ 0.00287	\$ 0.00501				
Demand (\$/kW)	n/a	n/a		n/a	n/a		\$ 1.00	\$ 1.50		\$ 7.50	\$ 8.00		\$ 7.50	\$ 8.00				
Power Supply																		
Base (\$/kWh)	\$ 0.04060	\$ 0.04543		\$ 0.04228	\$ 0.04443		\$ 0.04228	\$ 0.04443		\$ 0.03351	\$ 0.03643		\$ 0.03030	\$ 0.03493				
PCA (\$/kWh)	\$ 0.03485	\$ 0.03642		\$ 0.03629	\$ 0.03642		\$ 0.03629	\$ 0.03642		\$ 0.02876	\$ 0.03642		\$ 0.02601	\$ 0.03590				
Average Bill:																		
Customer Charge	\$ 15.25	\$ 16.75	1%	\$ 31.50	\$ 33.00	1%	\$ 31.50	\$ 33.00	0%	\$ 230.00	\$ 275.00	0%	\$ 230.00	\$ 275.00	0%			
Distribution Charge	16.80	20.88	4%	17.80	20.08	2%	255.91	254.29	0%	3,592.03	4,501.81	6%	9,858.20	11,627.71	4%			
Power Supply	75.45	81.85	6%	74.69	76.85	2%	926.52	953.99	2%	12,086.92	14,140.42	13%	32,141.75	40,427.80	20%			
Total Bill	\$ 107.50	\$ 119.48	11%	\$ 123.99	\$ 129.93	5%	\$ 1,213.93	\$ 1,241.28	2%	\$ 15,908.95	\$ 18,917.23	19%	\$ 42,229.94	\$ 52,330.51	24%			

Power Supply Calculation:

Purchased Power	36,632,621
Debt Service	6,193,105
Other KPFC Fixed Costs	1,000,000
Total	43,825,726
Less: Half Debt Service	(3,096,553)
Adjusted Total	40,729,173

1,000 kWh Price - April 2026





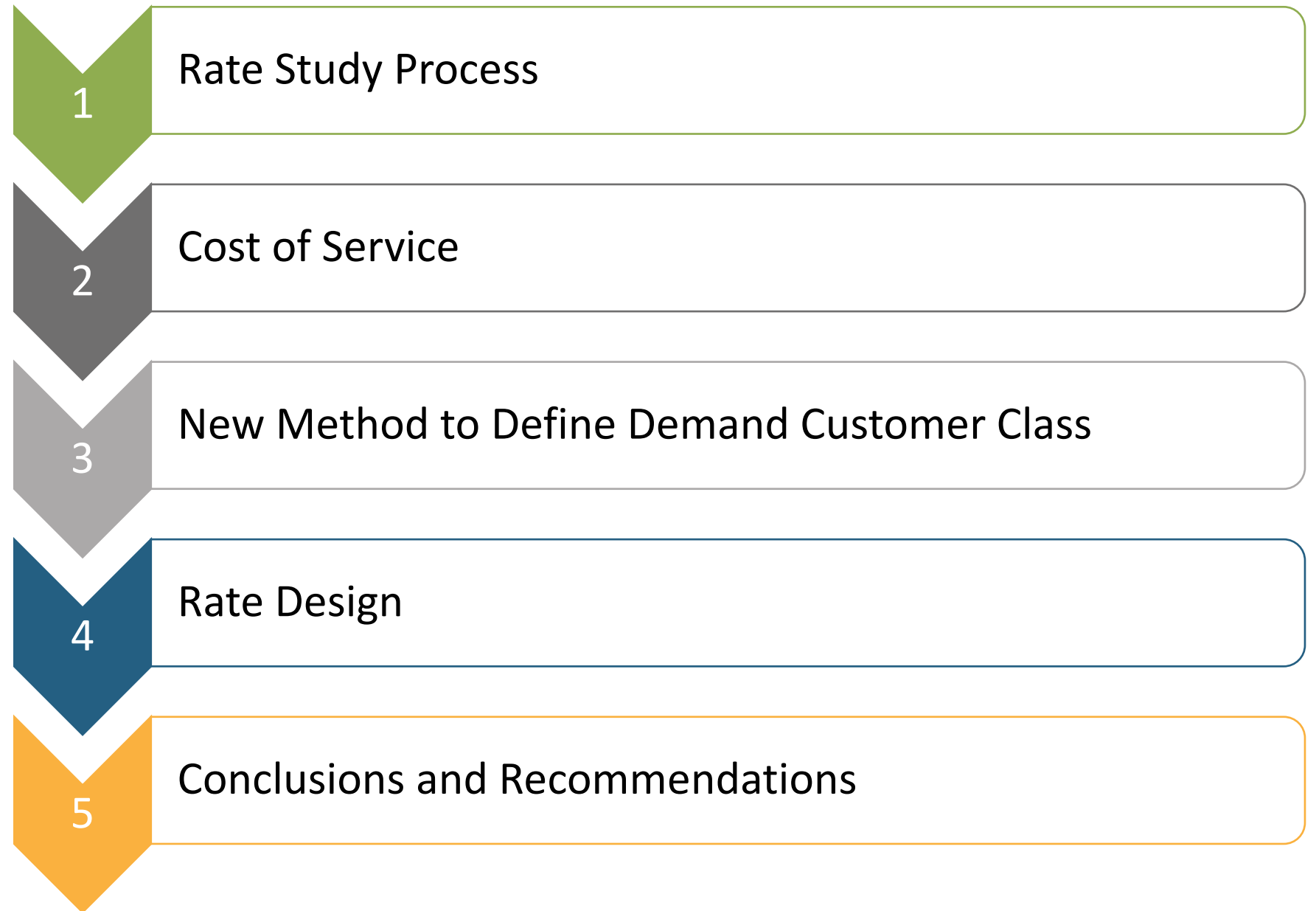
July 16, 2025

KERRVILLE PUBLIC UTILITY BOARD ELECTRIC RATE STUDY



NewGen
Strategies & Solutions

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

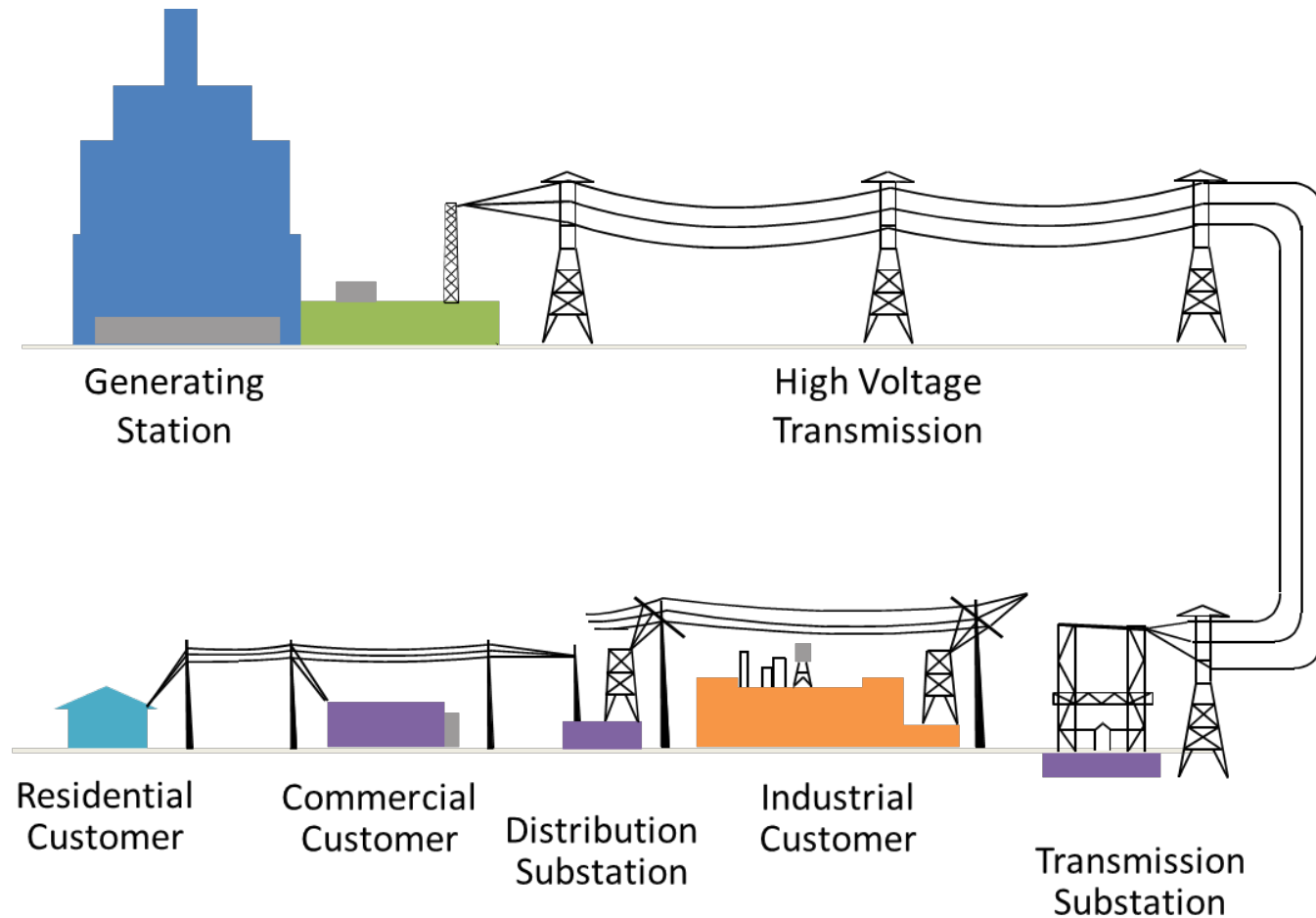
WHEN TO DO A RATE STUDY?

- 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



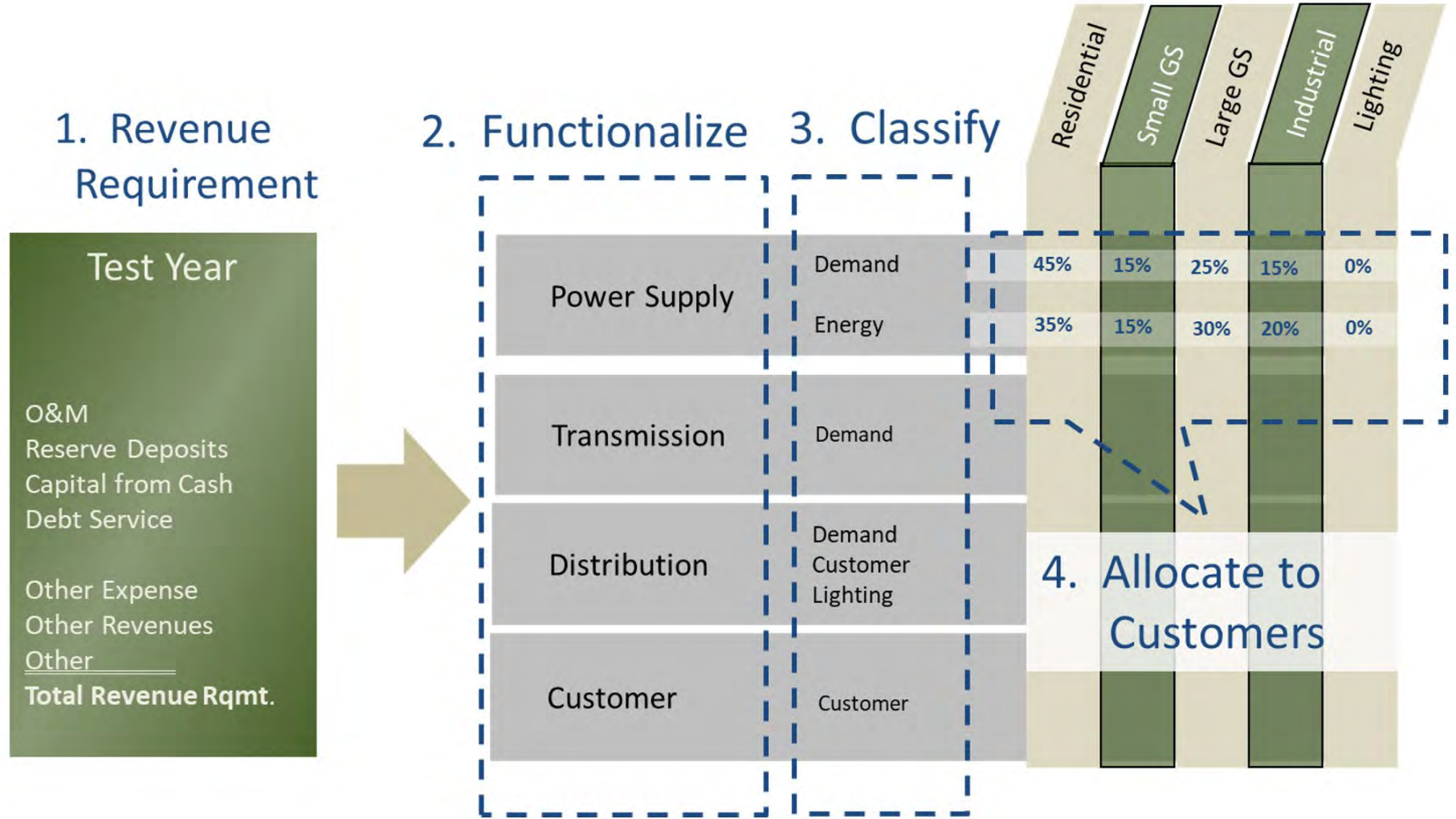
COST OF SERVICE

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

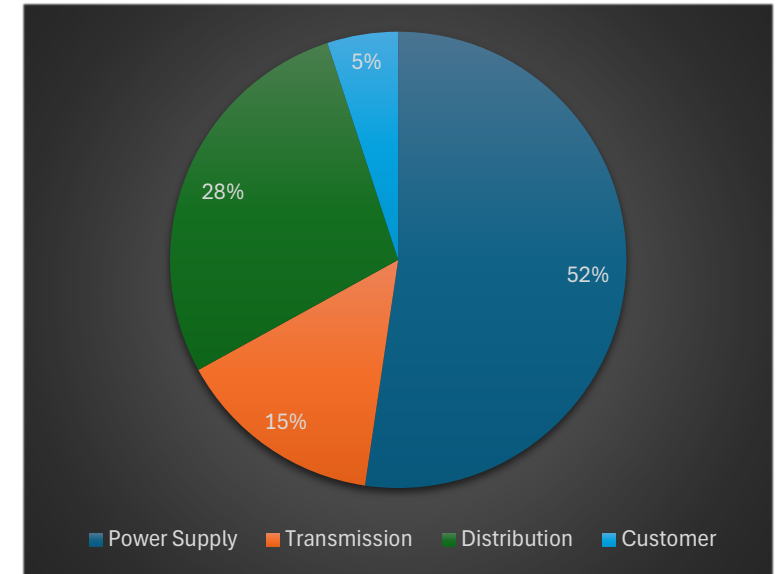
REVENUE REQUIREMENT

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%
Revenue Requirement	\$65.13	\$0.12469	100%

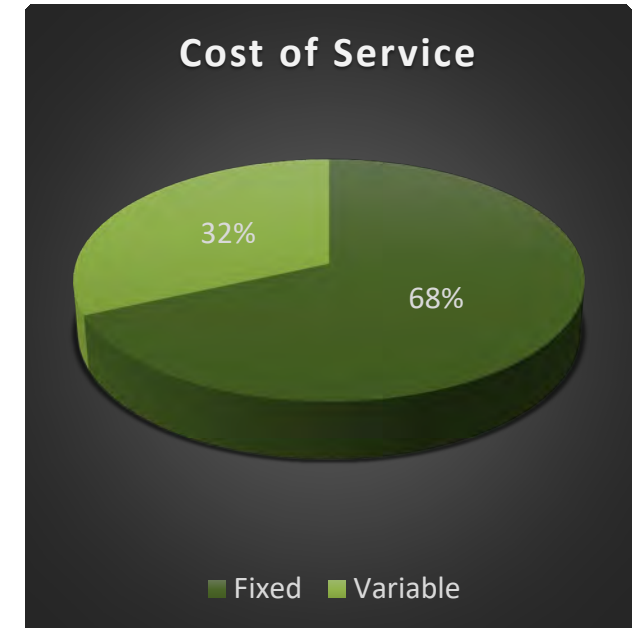
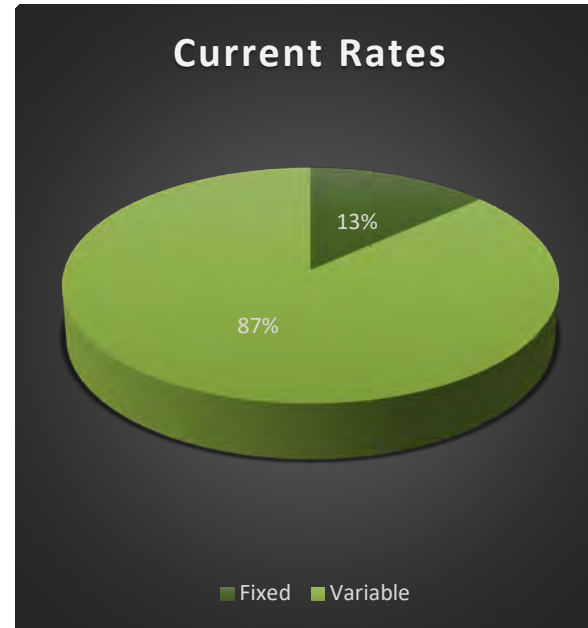


Transmission is separated from Power Supply in the Cost of Service

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

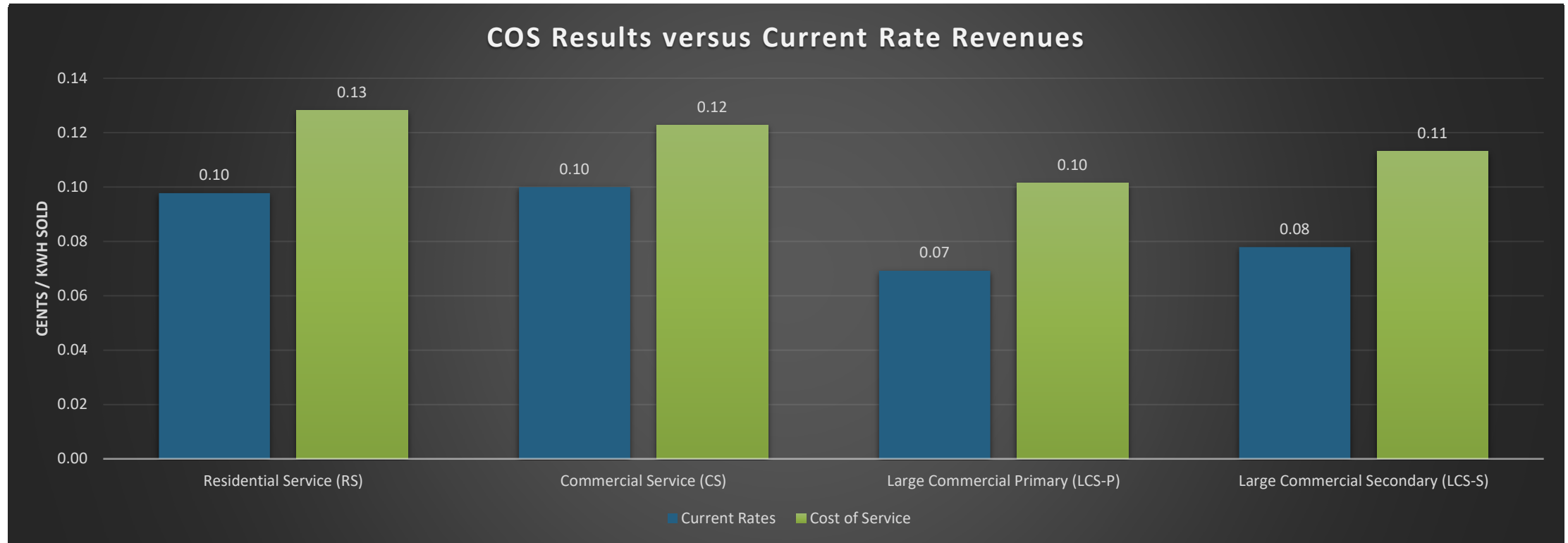


Ratio will vary based on PCAF.

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

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



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 (1st ed., 1961)

APPROACH

- 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)

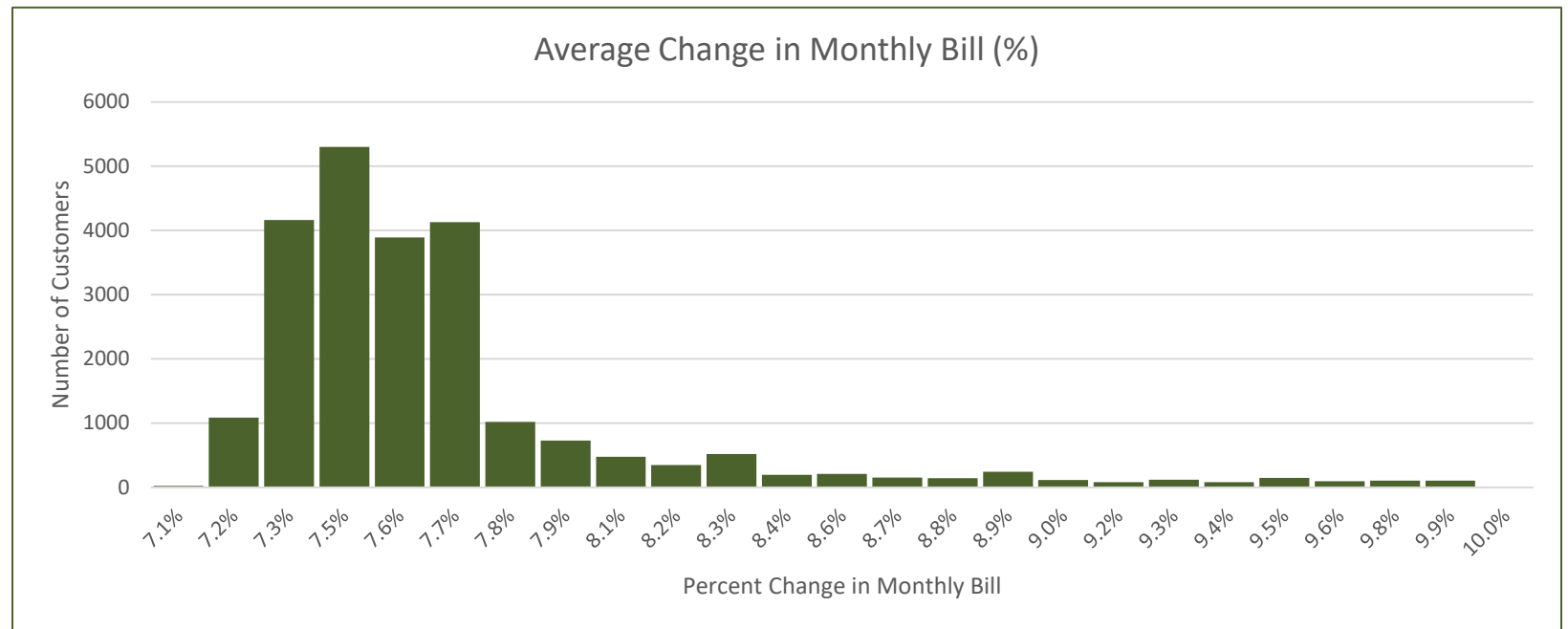
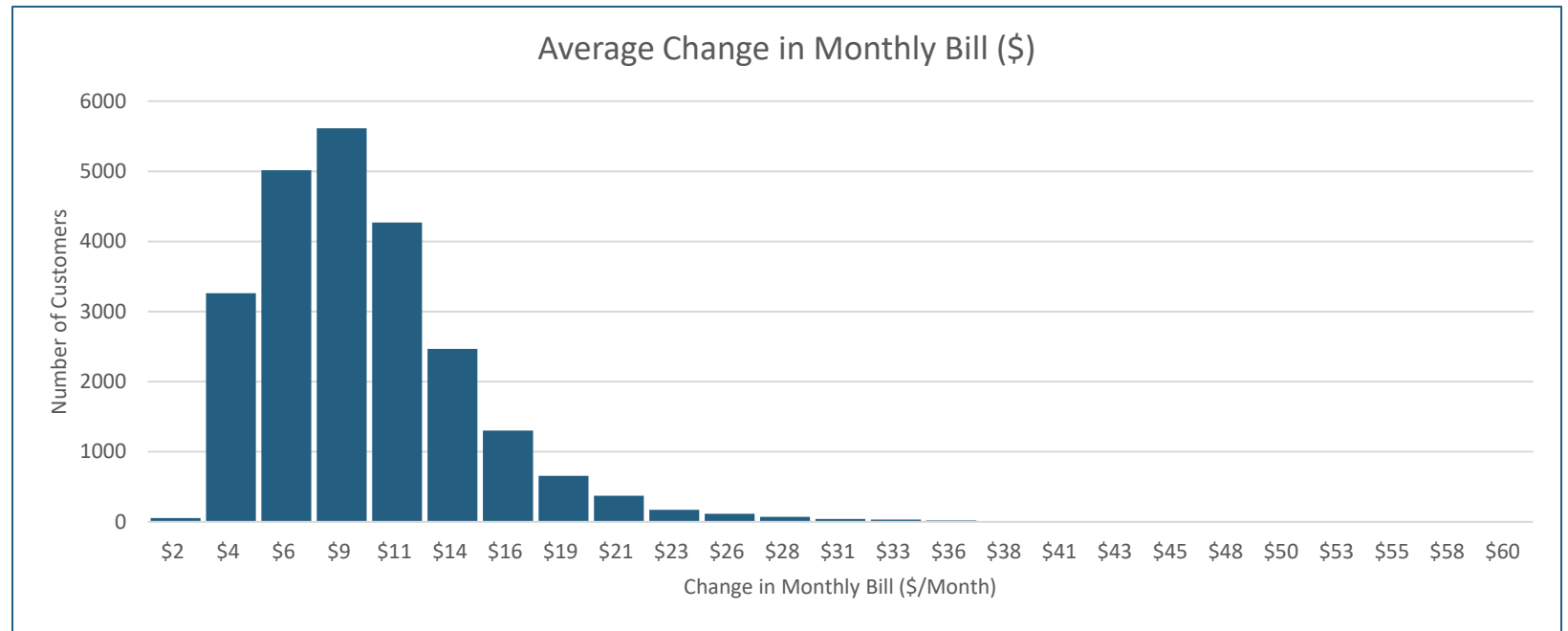
PCAF CHANGES

- 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

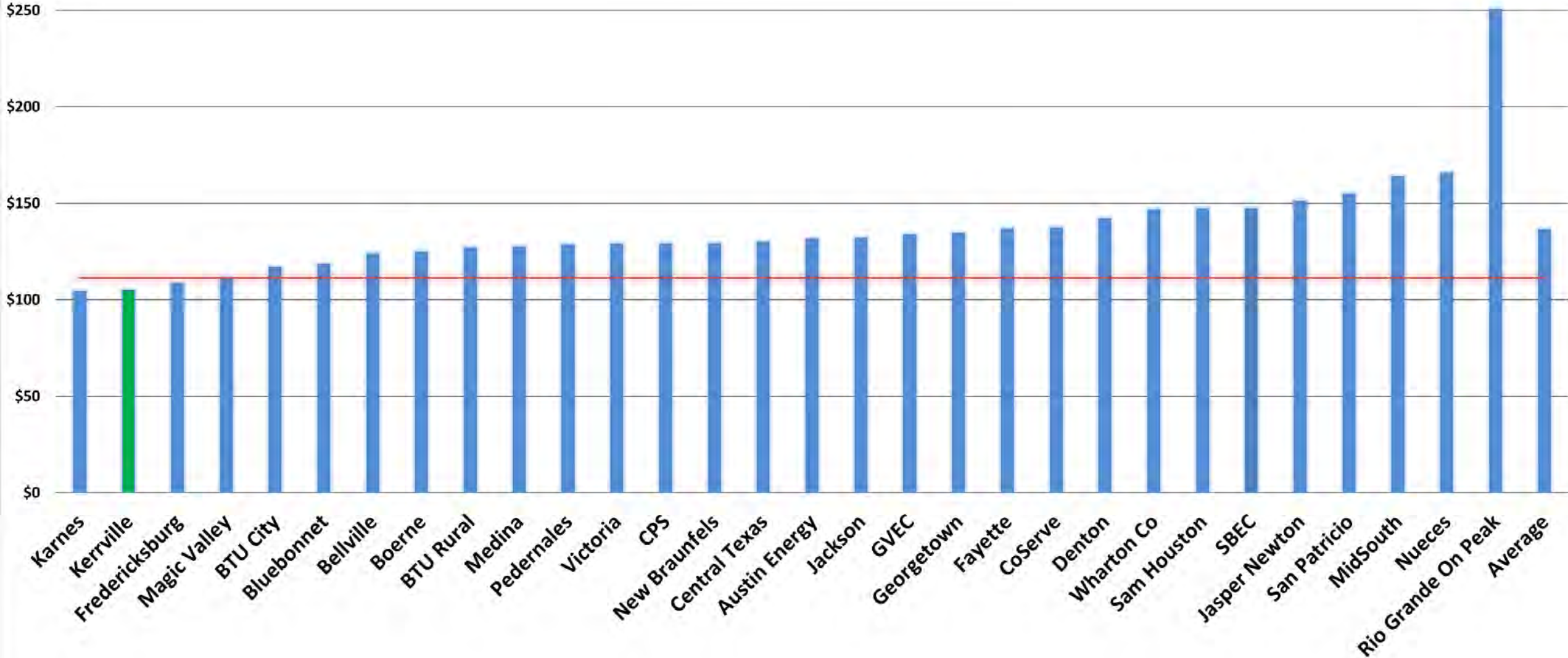
Class	Current Rates	Phase 1 2026	Phase 2 2027	Phase 3 2028	Phase 4 2029	Phase 5 2030
Customer Charge	\$15.25	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75
Distribution Charge						
Energy (\$/kWh)	\$0.01680	\$0.02088	\$0.02496	\$0.02905	\$0.03314	\$0.03723
Power Supply Charge	\$0.04060	\$0.04543	\$0.04543	\$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

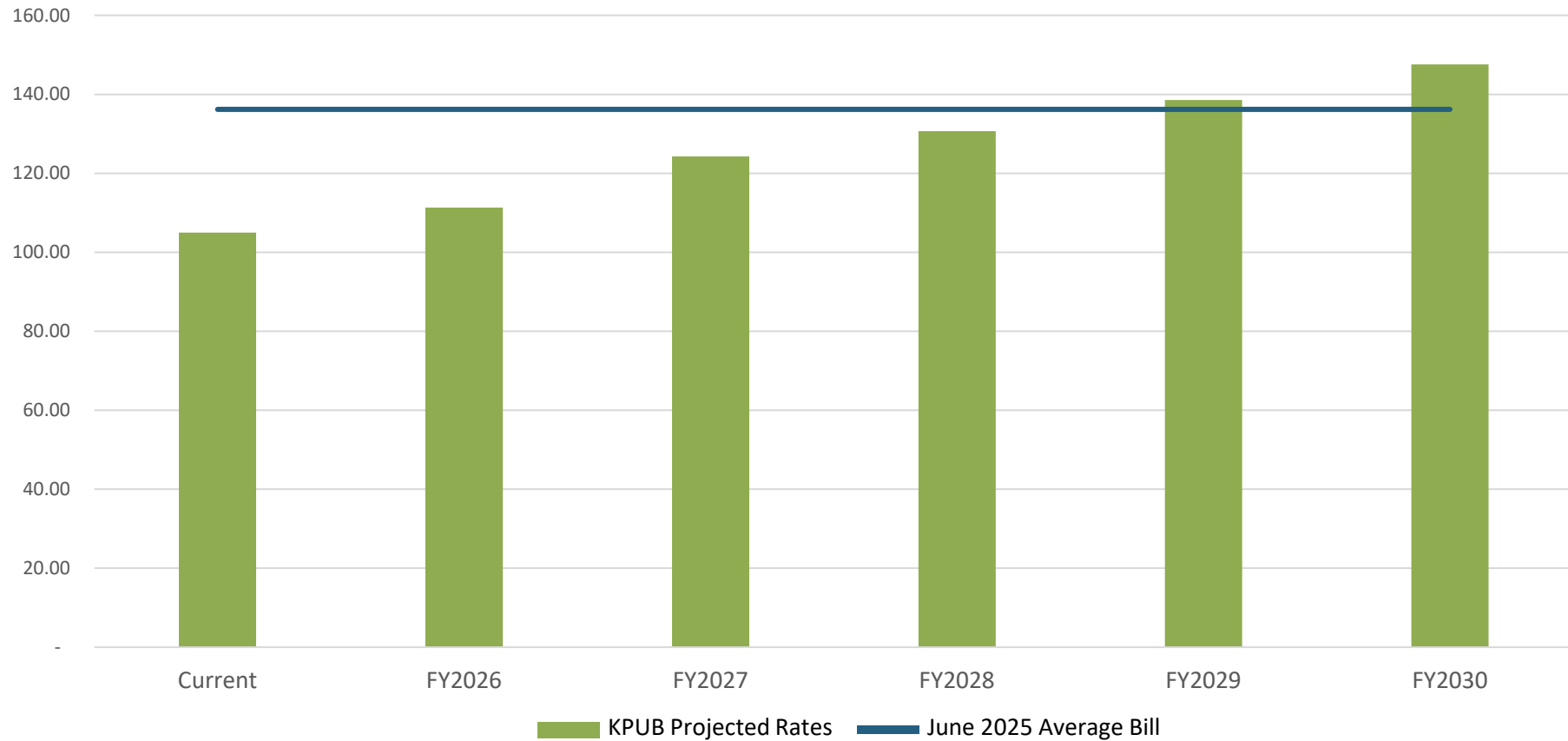


Red line is bill for KPUB FY 2026 Proposed Rate

1,000 kWh - June 2025



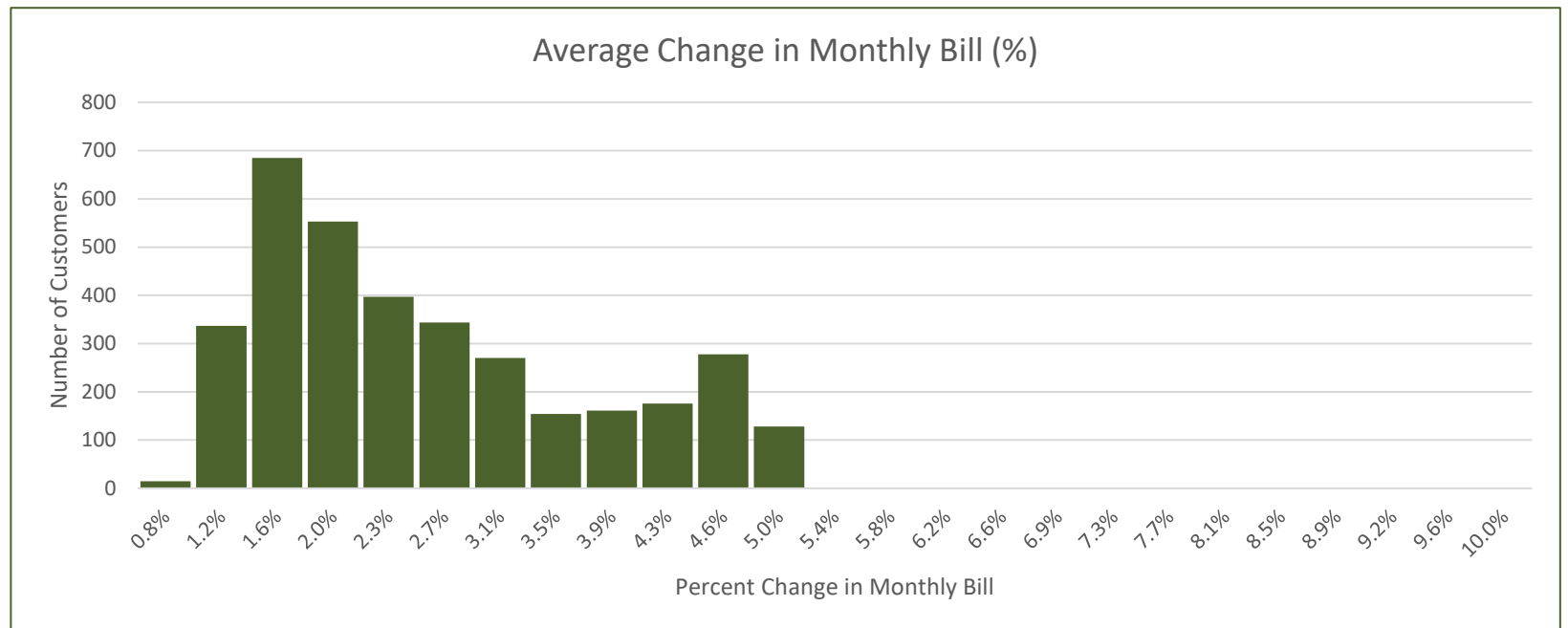
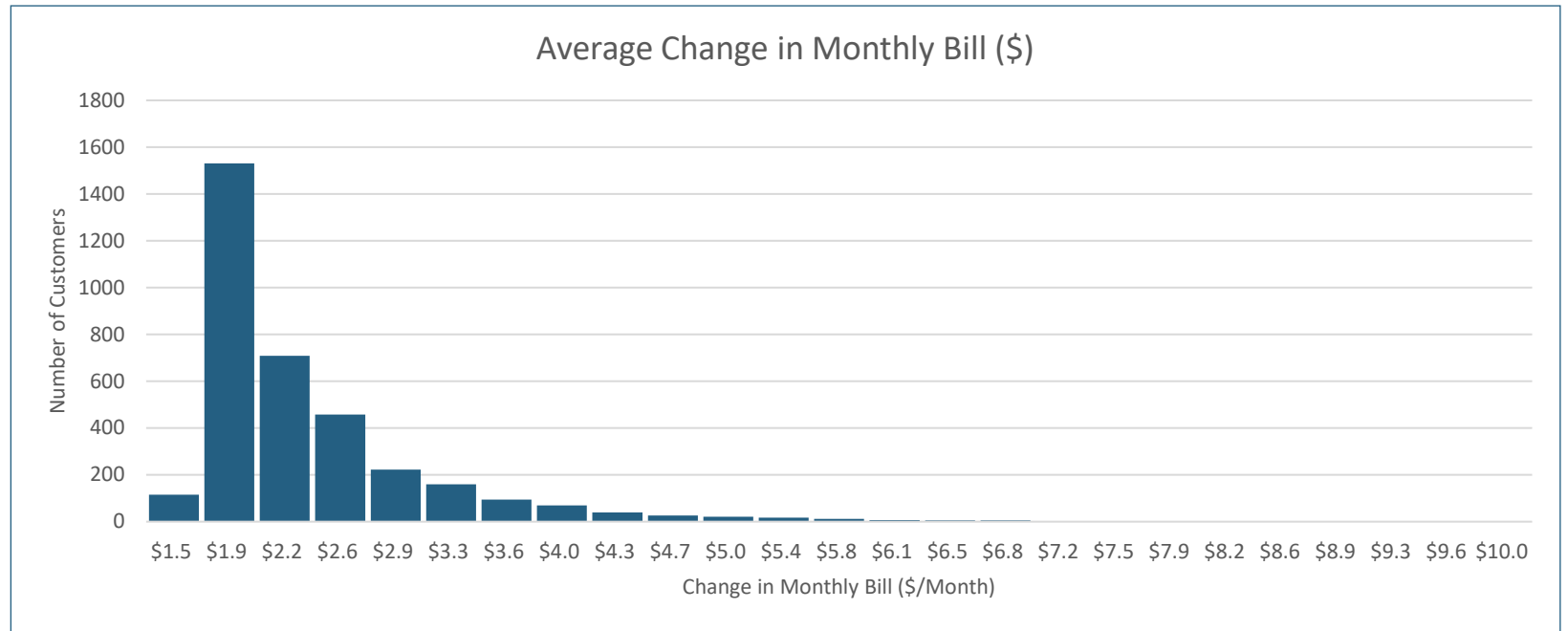
RESIDENTIAL BENCHMARKING



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%

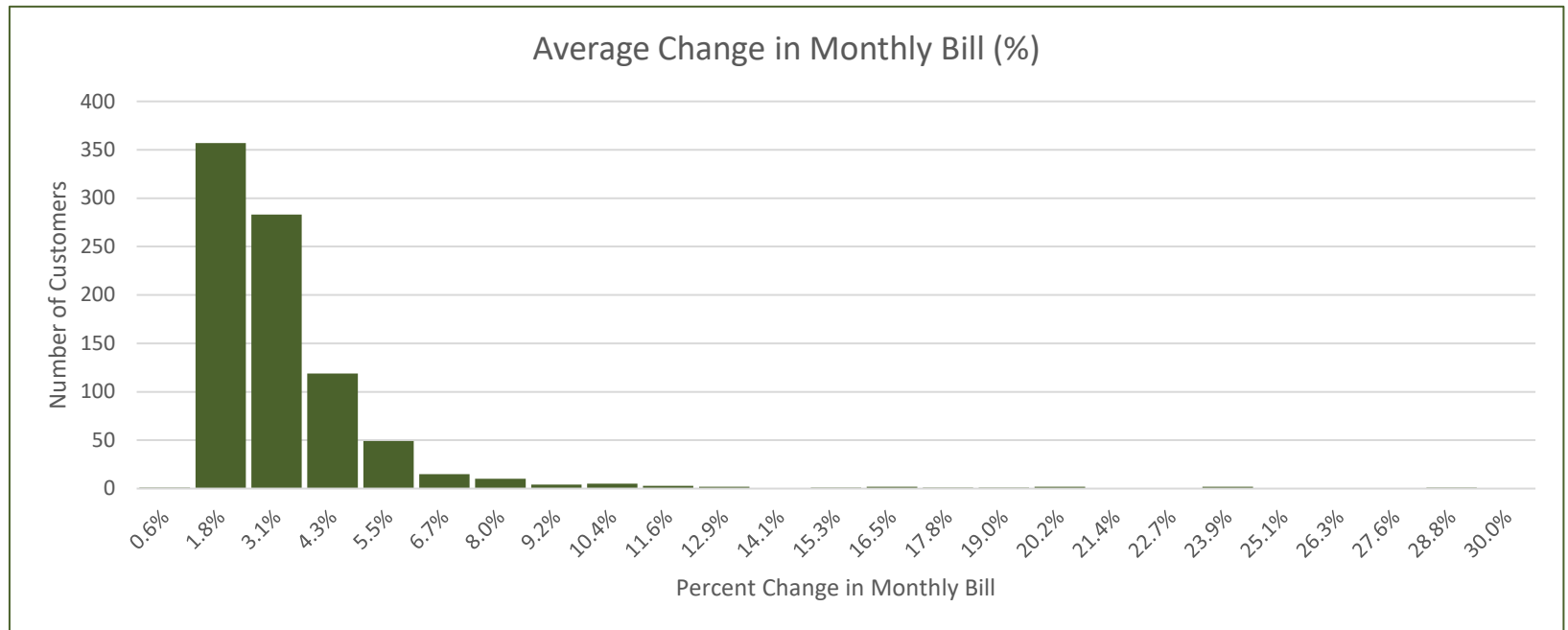
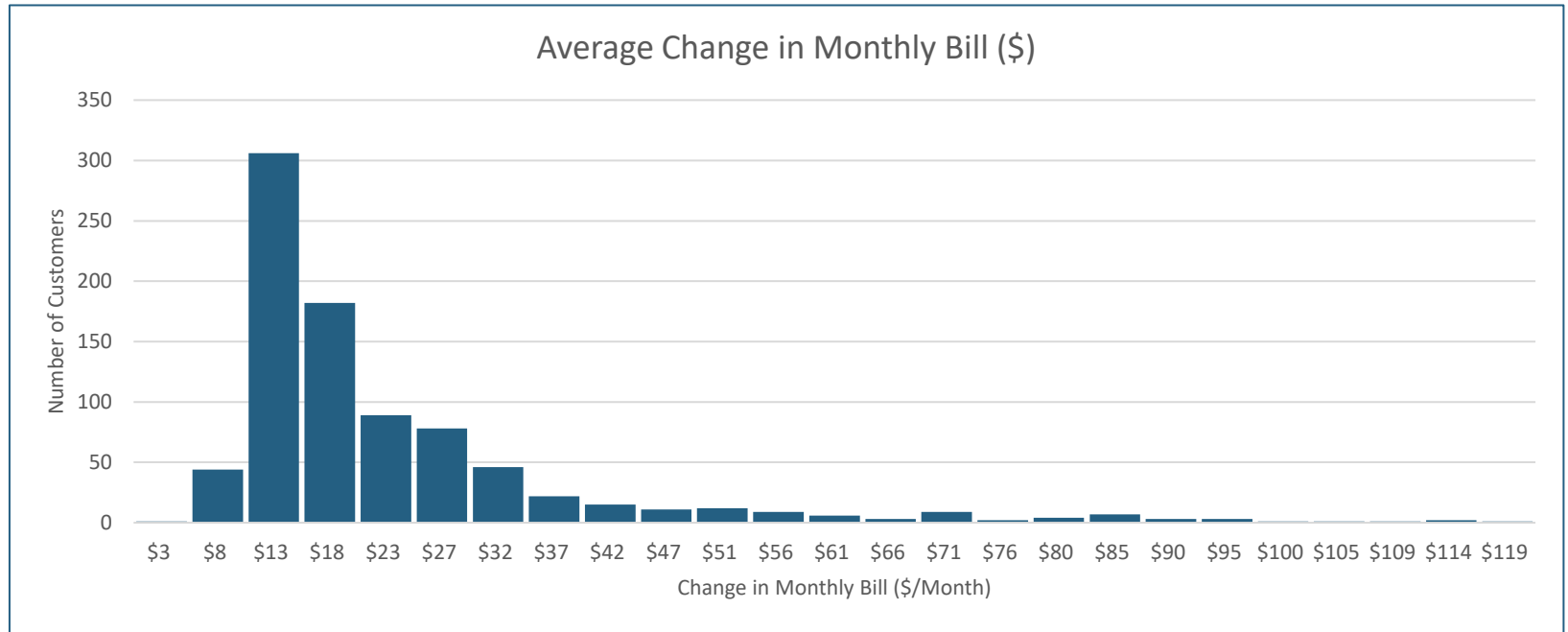
SMALL COMMERCIAL BILLING IMPACTS CURRENT TO PHASE 1



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%

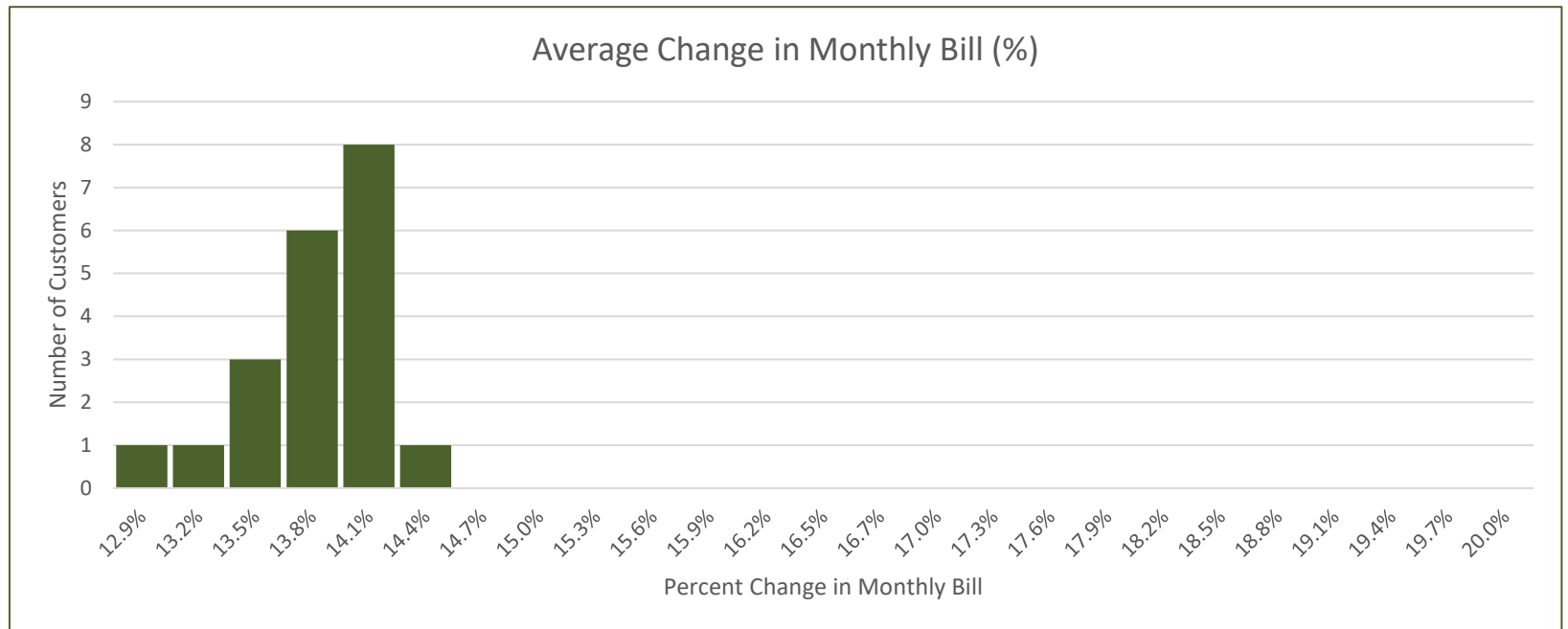
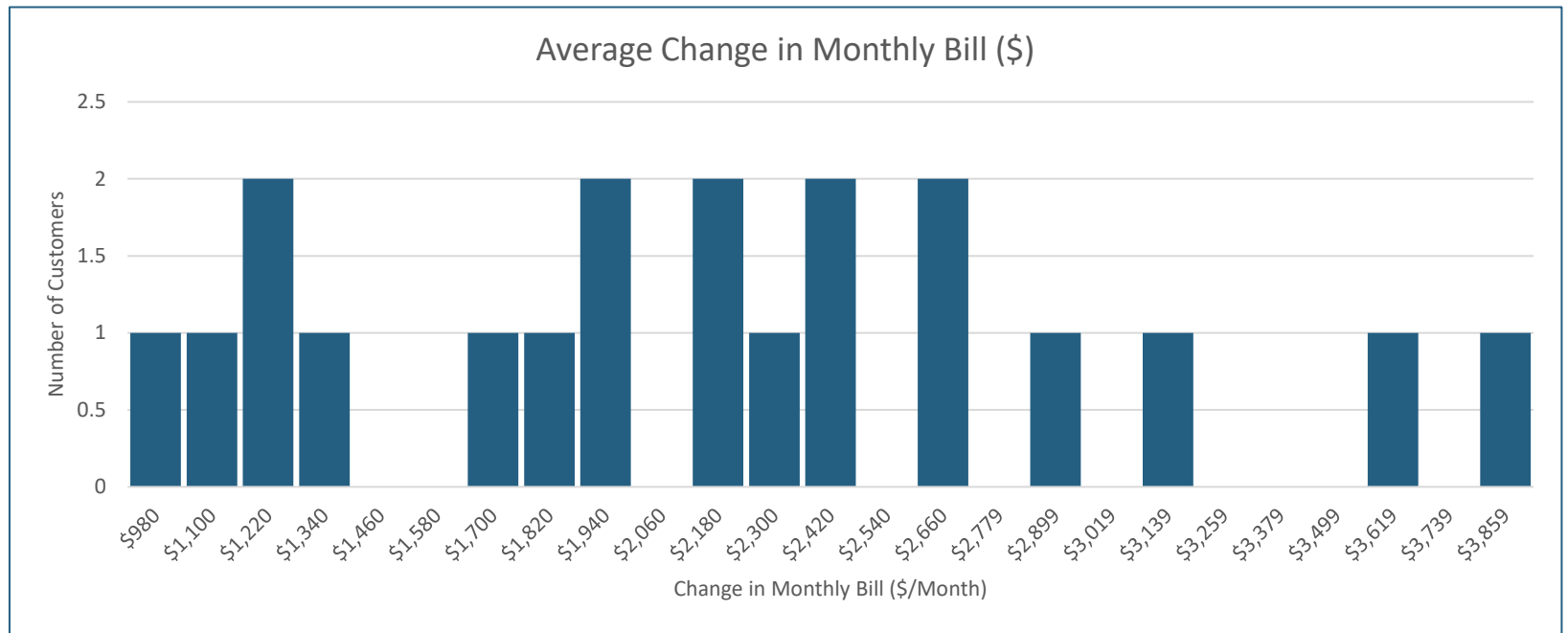
MEDIUM COMMERCIAL BILLING IMPACTS CURRENT TO PHASE 1



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%

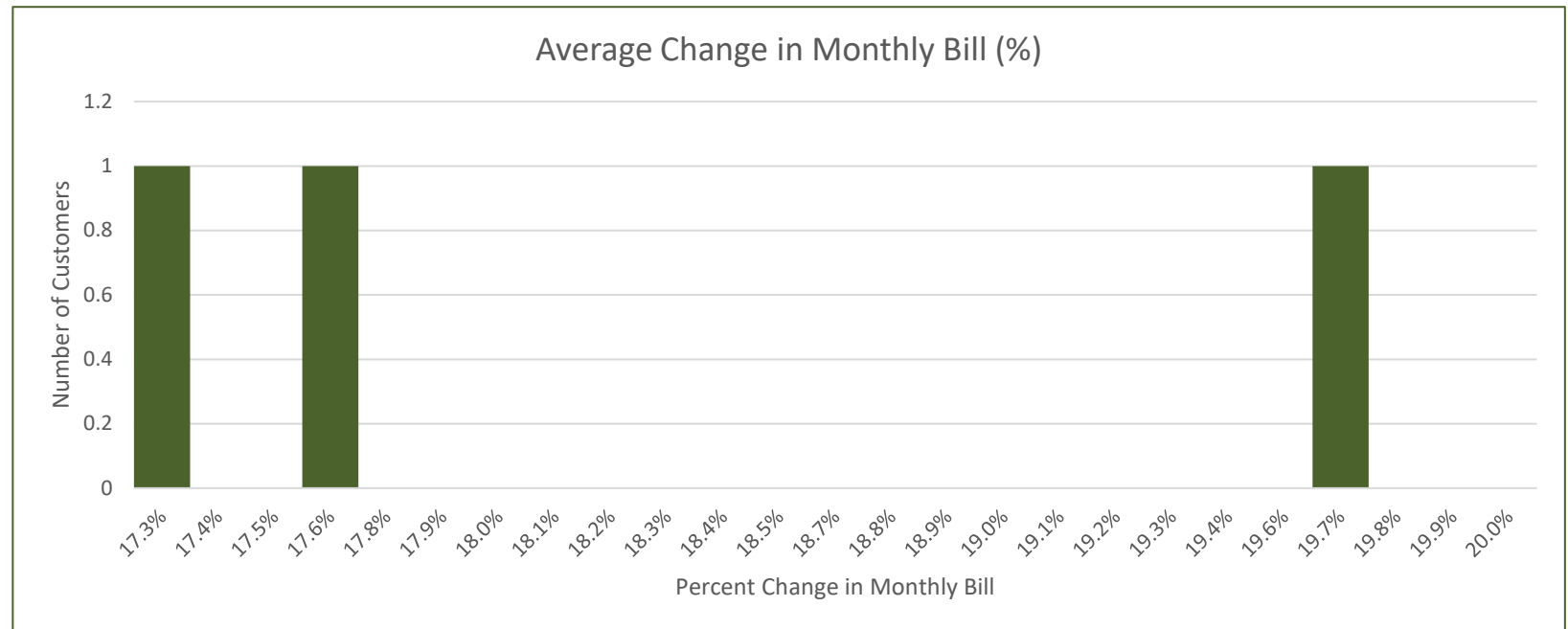
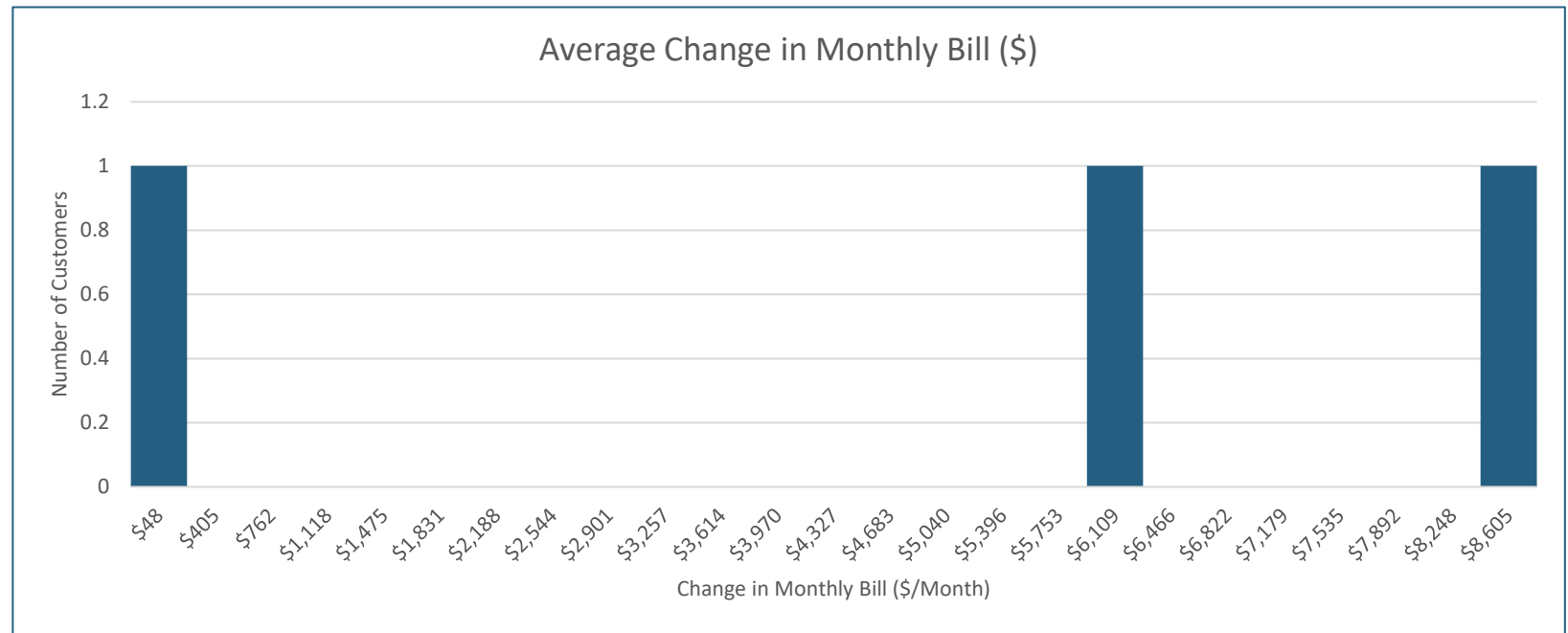
LARGE COMMERCIAL - SECONDARY VOLTAGE BILLING IMPACTS CURRENT TO PHASE 1



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





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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QUESTIONS?

NewGen
Strategies & Solutions

(87)