MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KPUB PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, MAY 27, 2026, AT 8:00 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

TRUSTEES PRESENT:

Glenn Andrew
Rachel Johnston
Larry Howard
David Sprouse
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
Larry Lee, Director of Operations
Howard Hall, Field Services Supervisor
Erin Callan, Accounting Manager
Mark Alejandro, Information Technology Supervisor *(via teleconference)*
Stephanie Villanueva, Human Resources and Payroll Specialist
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Dalton Rice (KPFC)

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
John Bonnin
Frank Rotondi, Sky Global Partners, LLC *(via teleconference)*
Randall Bird, Sky Global Partners, LLC
Greg Baumbach, SEnergy
Ryan Thompson, Akin Gump *(via teleconference)*
Cara Morrow, Akin Gump *(via teleconference)*

CALL TO ORDER:

Mr. Glenn Andrew, Vice Chairman and Vice President, called the Regular Monthly Meetings to order at 8:00 a.m.

1. OATH OF OFFICE:

Assistant Secretary Lidia Goldthorn administered the Oath of Office and Statement of Appointed Office to incoming Trustee, David Sprouse.

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

There were no citizens/consumers to speak.

3. **ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Employee anniversaries were highlighted by Ms. Bueché for the month of May with a combined service of 29 years. A Lineman Appreciation Event was held on April 16th in celebration of the linemen. Ms. Bueché also highlighted the Power Plant Groundbreaking Event held on April 17th with 100 attendees. She presented a picture of the flags that were hung in celebration of America's 250th Anniversary. The Spring 2026 Newsletter will be on its way to customers next week. School career day events were held in May rounding out the school year. The Tree Planting Volunteer Project was held on Apr 24th with 72 trees planted. KPUB launched a Food Drive for the Doyle Community Center for the month of June. A community blood drive is scheduled for June 25th. Staff presented the newest addition to the service fleet; a larger Digger Derrick that was received on May 26th. Stephanie Villanueva, H.R. and Payroll Specialist, announced that in partnership with TopWorkplaces.com and Bucketlist, KPUB is a 2026 Culture Excellence and Industry Awards winner. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- ***Wednesday, June 17, 2026, at 8:00 a.m.***
- ***Wednesday, July 15, 2026, at 8:30 a.m.***
- ***Wednesday, August 26, 2026, at 8:30 a.m. (one week later than normal)***
- ***Wednesday, September 16, 2026, at 8:30 a.m.***

4. **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 – PERSONNEL MATTERS:

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

A. Deliberation as to Appointment of Officers to the Board of Trustees and Assignment to Board Committees – Mike Wittler, CEO

Staff asked the Board of Trustees if there was a motion that the Boards convene in Executive Closed Session to discuss "Competitive Matters" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, discuss "Consultation With Attorney" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and "Personnel Matters" in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074. Larry Howard, Treasurer for KPUB so moved. Rachel Johnston, Secretary, seconded the motion. Vote was by show of hands. Motion carried 5 – 0. Mr. Howard for KPFC so moved. Ms. Johnston seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Boards entered Executive Closed Session at 8:17 a.m. ***At 8:58 a.m. the Boards took a break, coming back into session at 9:03 a.m.*** At 10:48 a.m. Chairman and President Glenn Andrew adjourned the Executive Closed Session and reconvened into Open Session. ***At 10:32 a.m. Larry Howard left the meeting. At 10:48 a.m. the Boards took an additional break, coming back into session at 10:58 a.m.***

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

III. Deliberation as to Appointment of Officers to the Board of Trustees and Assignment to Board Committees

David Sproouse made a motion for KPUB that the Board continue the previous rotation and appoint the following to serve as officers:

Chairman – Glenn Andrew
Vice Chairman – Rachel Johnston
Secretary – Larry Howard
Treasurer – David Sprouse

And those members serve in the various Committees as follows:

Personnel Committee – Chairman, Vice Chairman and CEO
Investment Committee – Vice Chairman, Treasurer, CEO and AGM
Budget & Audit Committee – Vice Chairman, Treasurer, CEO and AGM
Power Supply Committee – Glenn Andrew, Rachel Johnston, CEO and AGM
Economic Development Committee – Larry Howard and David Sprouse

Ms. Johnston seconded the motion. Vote was by a show of hands. Motion passed 4 – 0.

Mr. Sprouse made a motion that the KPFC Board appoint the following to serve as officers:

President – Glenn Andrew
Vice President – Rachel Johnston
Secretary – Larry Howard
Treasurer – David Sprouse

And those members serve in the various Committees as follows:

Investment Committee – Vice President, Treasurer, Executive Director and KPPUB AGM

Ms. Johnston seconded the motion for KPFC. Vote was by a show of hands. Motion passed 4 – 0.

6. <u>CONSENT AGENDA:</u>

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.

6A. APPROVAL OF MINUTES.

6B. RESOLUTION NO. 26-08 – ERIN CALLAN, ACCOUNTING MANAGER. A Resolution approving payment to various providers of services or supplies.

6C. RESOLUTION NO. 26-09 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution authorizing and approving signatures for the Kerrville Public Utility Board of Trustees and Management for purposes of bank accounts, investments and financial transactions (Happy State Bank).

6D. RESOLUTION NO. 26-10 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving and changing authorized representatives for Local Government Investment Cooperative (LOGIC).

6E. RESOLUTION NO. 26-11 – AMY DOZIER, ASSISTANT GENERAL MANAGER. A Resolution approving and amending authorized representatives for Texas Local Government Investment Pool (TexPool).

6F. MARCH 2026 QUARTERLY FUNDS REPORT – AMY DOZIER, ASSISTANT GENERAL MANAGER. Acceptance of the March 2026, Quarterly Funds Report.

6G. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Engineering For Hunt Substation Flood Repair (Tony Perez)

<u>END OF CONSENT AGENDA</u>

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

Ms. Dozier presented the final financial statements for the month ending April 30, 2026. Highlights for KPUB included a $2.6M increase in net position; $27.4M in operating revenue; $1.8M in rate stabilization transfer; $26.7M in operating expense; $619K in operating income; $330K in nonoperating income; $1.6M in capital contributions; $22.3M in over collection of power cost adjustment as of April 30, 2026; and $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. Highlights for KPFC included $48.6M in generation project costs, including capitalized interest, shown as Capital Assets as of April 30, 2026; $25.7M balance in the Construction Fund as of April 30, 2026, 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. Ms. Dozier also provided a power point presentation with highlights and financial metrics from her memo.

8. DISCUSSION ON COST-OF-SERVICE STUDY AND RATE RECOMMENDATIONS (KPUB) – AMY DOZIER, ASSISTANT GENERAL MANAGER:

Ms. Dozier advised that KPUB engages an outside consulting firm to conduct a Cost of Service and Rate Design Study approximately every five years. The last study was conducted by NewGen Strategies and Solutions in 2025, which was presented to the Board on July 16, 2025. The study showed that KPUB's current rates are not covering costs, as evidenced by operating loss in FY2025 and year-to-date in F2026. NewGen proposed the following changes: addition of new rate class, splitting KPUB's current Commercial category into a Small Commercial and Medium Commercial category; 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; a 5-phase plan to increase rates annually and gradually over the next five years. Phase 1 would include 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. Ms. Dozier provided a copy of NewGen's presentation for the Board's reference. She advised that in light of the economic hardship the community experienced following the flood, the Board opted to delay increasing rate in FY2026 and instead, approved a rate stabilization transfer in an amount approximately equal to a cash basis operating loss calculation. In preparation for the FY2027 budget process, Ms. Dozier advised it was time to revisit the rate discussion.

Management's recommendation is to adopt NewGen's recommendation for the new Medium commercial category; adopt their recommendation to transition KPUB's power cost adjustment from a single multiplier to a flat rate kWh with different rates for secondary and primary voltage; adopt their Phase 1 recommendations for customer charge, demand charge and base power supply charges; and discuss continued rate stabilization transfer options in light of potential unusual power cost chares in FY2027. Ms. Dozier provided for the Board's review and discussion a preliminary overview of potential rate changes. She noted that the power cost adjustment portion of the rate will continue to be refined as staff finalizes 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. Ms. Dozier provided three different rate scenarios that included full cost; rate stabilization for KPFC costs; and a partial rate stabilization option. She added that $1M in power cost equates to approximately $2 in residential rate. She advised that no action was requested at this time. The preliminary schedule is to seek Board approval in July or August, with residential rate changes presented to City Council for approval in August or September and new rates taking effect in November. Staff will seek further Board input on the proposed rate options, along with feedback on any additional information the Board would like to review prior to making a recommendation.

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

Mr. Wittler discussed availability dates and times to schedule a strategic plan meeting. Board members asked Mr. Wittler to email available dates for them to look over their calendars.

10. <u>ADJOURNMENT</u>

Chairman and President Andrew adjourned the Regular Board Meetings at 11:56 a.m.

Date Approved: ___________________________ ____________________________________
Glenn Andrew, Chair

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: June 11, 2026

Re: Agenda Item No. 5B – Resolution No. 26-12

In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding $20,000, this memo reports the following transfers between May 22, 2026 and June 11, 2026 for Board approval:

	Vendor	Description	Amount	Date
Purchased Power:				
1	CPS	April 2026	$ 532,356.29	05/22/2026
2	DG Solar	April 2026	27,492.02	05/27/2026
3	ERCOT	CRR Auction	37,031.02	05/27/2026
4	Engie	April 2026	57,363.32	05/29/2026
5	LCRA	April 2026	700,726.07	06/03/2026
6	ERCOT	CRR Auction	305,475.39	06/09/2026
Payroll:				
1	Payroll	Pay period ending 05/16/2026	176,465.98	05/22/2026
2	Payroll	Pay period ending 05/30/2026	188,210.25	06/05/2026
3	Payroll Taxes	Pay period ending 05/16/2026	62,011.25	05/27/2026
4	Payroll Taxes	Pay period ending 05/30/2026	67,688.89	06/10/2026
Employee Benefits:				
1	TX Health Benefits	Health Insurance -June	101,103.11	06/01/2026
2	TMRS	Pension - May Payroll	105,392.20	06/11/2026
Investment Transfers:				
1	Happy State Bank	Investment Transfer	310,000.00	05/22/2026
2	Happy State Bank	Investment Transfer	500,000.00	05/29/2026
3	Happy State Bank	Transfer to Operating	(200,000.00)	06/02/2026
4	Happy State Bank	Investment Transfer	150,000.00	06/05/2026

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

Sincerely,

Erin Callan

Erin Callan
Accounting Manager

RESOLUTION NO. 26-12

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

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

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

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

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

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

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

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

PASSED, APPROVED AND ADOPTED on this 17th day of June, 2026

____
Glenn Andrew, Chair

ATTEST:

____
Larry Howard, Secretary

MEMORANDUM

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

From: Amy Dozier

Date: June 11, 2026

Re: Agenda Item No. 5C – Power of Attorney

Attached please find a resolution authorizing Mike Wittler to execute a power of attorney on behalf of KPUB Public Facility Corporation (KPFC).

Background

KPFC's power plant engines are manufactured and shipped from the European Union (EU). The Board-approved agreement with Everllence includes Everllence facilitating transportation of the engines and associated parts to the project site in Colorado County, Texas.

In accordance with the agreement terms, Everllence received bids from three logistics providers. Each bidder made presentations to KPFC and Everllence. Based on factors including price, reputation, and services offered, 7WL was selected as the logistics provider.

7WL has an established relationship with customs broker C.H. Robinson. The 7WL proposal included customs brokerage services provided by C.H. Robinson. C.H. Robinson's involvement was a factor in the selection of 7WL, as both Everllence and Akin have previously worked with C.H. Robinson and provided favorable feedback regarding their services.

KPFC will be the importer of record for the shipments from Everllence. As such, KPFC will be responsible for filing import documents and paying applicable tariffs and duties. C.H. Robinson will act as KPFC's agent in preparing and filing the required documents and serving as a liaison with U.S. Customs and Border Protection (CBP). In order to provide these services, C.H. Robinson requires KPFC to grant it a power of attorney. Granting a power of attorney to a customs broker is a standard and customary requirement in international import transactions and enables the broker to act on behalf of the importer in dealings with CBP.

C.H. Robinson uses a power of attorney form that conforms with the standard format required by CBP. The form has been reviewed by Board Counsel Steve Schulte and Emily Opp, Senior Counsel at Akin specializing in customs and import matters. Emily recommended striking specific language giving C.H. Robinson the authority to authorize other customs brokers on our behalf. While needed for certain customs situations, this authorization is not needed in our case. C.H. Robinson has agreed to the change. In addition, Emily advised that while the terms and conditions are generally favorable to the customs broker, customs brokers are also subject to the requirements of Part 111 of Title 19 of the Code of Federal Regulations. These regulations impose duties of due diligence, responsible supervision, and reasonable care for customs brokers when conducting business on behalf of clients.

Recommendation

Management recommends approval of the attached KPFC resolution authorizing Mike Wittler to execute the attached Power of Attorney allowing C.H. Robinson to act as KPFC's customs broker.

Attachments

1. Resolution
2. C.H. Robinson Power of Attorney package, including Power of Attorney, Terms and Conditions, and Corporate Certification

I am happy to answer questions regarding this request.

Sincerely,

Amy Dozier

Amy Dozier
Assistant General Manager

RESOLUTION NO. 26-03

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION AUTHORIZING A POWER OF ATTORNEY FOR THE CORPORATION

WHEREAS, the Kerrville Public Utility Board Public Facility Corporation (the "Corporation") desires to appoint an attorney-in-fact to act on behalf of the Corporation with respect to matters relating to customs, transportation, importation, exportation, regulatory filings, and related business matters; and

WHEREAS, the Board of Directors has determined that it is in the best interests of the Corporation to authorize the execution of a Power of Attorney granting such authority;

NOW THEREFORE,

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

Section 1. That Michael Wittler, holding the office of Executive Director, is hereby authorized and directed to execute and deliver, on behalf of the Corporation, a Power of Attorney appointing C.H. Robinson International, Inc., or such other person or entity as may be designated therein, as attorney-in-fact for the Corporation.

Section 2. That the authorized officer is empowered to execute any and all documents, certifications, acknowledgments, amendments, and instruments necessary or desirable to carry out the intent of this resolution and the Power of Attorney.

Section 3. That all actions previously taken by the authorized officer in connection with the execution and delivery of the Power of Attorney are hereby ratified, confirmed, and approved in all respects.

Section 4. This Resolution shall remain in full force and effect until amended or revoked by further action of the Board of Directors.

PASSED, APPROVED, AND ADOPTED this 17th day of June 2026

____
Glenn Andrew, President

ATTEST:

____
Larry Howard, Secretary

C.H. ROBINSON

Instructions to Complete a Customs Power of Attorney

Field Name	Corporation & Limited Liability Company	Partnership, Limited Partnership (LP), & Limited Liability Partnership (LLP)	Individual	Sole Proprietorship	Foreign Importer of Record
(1) IRS/SS#/CAN #	Federal Tax ID Number (EIN)	Federal Tax ID Number (EIN)	Social Security Number or Customs Assigned Number (CAN)	Federal Tax ID Number (EIN) OR Social Security Number	Customs Assigned Number (CAN) OR Federal Tax ID Number (EIN)
(2) Entity Type	Corporation OR LLC	Partnership	Individual	Sole Proprietor	Corporation
(3) Entity Name	Full legal name of the company	**Partnership:** Full name of partnership along with legal name of all partners **LP or LLP:** Full legal name of partnership along with the full legal name of the General Partner	Full legal name	Full legal name	Full legal name of the company
(4) Doing Business As	Any unregistered trade names (DBA, AKA, etc.) or leave blank if not applicable	Any unregistered trade names (DBA, AKA, etc.) or leave blank if not applicable	Leave blank	Any unregistered trade names (DBA, AKA, etc.) or leave blank if not applicable	Any unregistered trade names (DBA, AKA, etc.) or leave blank if not applicable
(5) State	State of Incorporation	State of Incorporation	State of Residence	State of Incorporation	Country of Incorporation
(6) Address	Complete business address	Complete business address	Primary residential address	Complete business address	Complete business address
(7) Electronic Communication Address	Email address of accountable party for CBP correspondence. May be different than signatory	Email address of accountable party for CBP correspondence. May be different than signatory	Email address of individual	Email address of accountable party for CBP correspondence. May be different than signatory	Email address of accountable party for CBP correspondence. May be different than signatory
(8) Expiration Date	Enter an expiration date (if desired) or leave blank	Automatically expires two years minus one day from the date of issuance. Enter an expiration date or leave blank	Enter an expiration date (if desired) or leave blank	Enter an expiration date (if desired) or leave blank	Enter an expiration date (if desired) or leave blank
(9) Sufficiency of electronic signatures	If electronically signed, is it signed in compliance with the state of incorporation. Please note that New York and Louisiana do not permit electronic signatures.	If electronically signed, is it signed in compliance with the state of incorporation. Please note that New York and Louisiana do not permit electronic signatures.	If electronically signed, is it signed in compliance with the state of residence. Please note that New York and Louisiana do not permit electronic signatures.	If electronically signed, is it signed in compliance with the state of incorporation. Please note that New York and Louisiana do not permit electronic signatures.	If electronically signed, is it signed in compliance with the country laws permitting electronic signature instead of ink.
(10) Entity Name	Full legal name of the company	**Partnership:** Full name of partnership along with legal name of all partners **LP or LLP:** Full legal name of partnership along with the full legal name of the General Partner	Full legal name	Full legal name	Full legal name of the company
(11) Signature	Signature of signing officer	Signature of signing partner	Signature of individual	Signature of owner/individual	Signature of signing officer
(12) Typed Name	Name of the signing officer	Name of the signing partner	Name of the Individual	Name of the owner/ individual	Name of the signing officer
(13) Capacity	**Corporation:** President, Vice President (authorized to bind the company), Secretary or Treasurer, Chief Executive Officer (CEO), Chief Information Officer (CIO), Chief Financial Officer (CFO), Chief Operating Officer (COO) **LLC**: Member, Manager or Managing Member, OR President, Vice President, Secretary or Treasurer	**Partnership:** Any of the Partners listed on the POA – AND – The POA must be accompanied by a notarized "Partnership Certification" **LP or LLP:** General Partner and must include a copy of the Company's partnership agreement	Individual; Must be accompanied by an Individual Certification	Sole Proprietor or Individual; Must be accompanied by a Sole Proprietorship/Individual Certification	Officer, Director, Manager or other similar title format; Must be accompanied by a Foreign Company Certification
(14) Date	Date POA was signed	Date POA was signed	Date POA was signed	Date POA was signed	Date POA was signed
(15) Signatory Email Address	Email address of the party who signed POA	Email address of the party who signed POA	Email address of the party who signed POA	Email address of the party who signed POA	Email address of the party who signed POA
(16) Signatory Phone Number	Phone number of the party who signed POA	Phone number of the party who signed POA	Phone number of the party who signed POA	Phone number of the party who signed POA	Phone number of the party who signed POA
(17) Witness Signature	Signature of witness, if applicable	Signature of witness, if applicable	Signature of witness, if applicable	Signature of witness, if applicable	Signature of witness, if applicable
(18) Witness Name	Witness Name, if applicable	Witness Name, if applicable	Witness Name, if applicable	Witness Name, if applicable	Witness Name, if applicable

Customs Power of Attorney

C.H. ROBINSON

(1) IRS / SS # / CAN # : 99-4319173

(2) Entity Type (select one): ☑ Corporation ☐ LLC ☐ Partnership ☐ Limited Partnership ☐ Individual ☐ Sole Proprietorship

KNOW ALL MEN BY THESE PRESENTS: That, (3) Kerrville Public Utility Board Public Facility Corporation
(Full Name of corporation, LLC, partnership, limited partnership, individual or sole proprietorship)

doing business as (4) n/a (AKA or DBA Name(s)) under the laws of the State of (5) Texas (State of Incorporation)

residing or having a physical office and place of business at (6) 2250 Memorial Blvd., Kerrville, Texas

and receiving electronic communication at (7) adozier@kpub.com (email address) hereby constitutes and appoints **C.H. Robinson International, Inc., its heirs and assigns, and its licensed officers, employees, successors and/or specifically authorized agents to act for and on its behalf by power of attorney** as a true and lawful agent and attorney of the grantor for and in the name, place and stead of said grantor, from this date, in the United States, including the customs territory of the United States (the "territory") either in writing, electronically or by other authorized means to:

Make, endorse, sign, declare, or swear to any customs entry, withdrawal, declaration, certificate, bill of lading, carnet or any other documents required by law or regulation in connection with the importation, exportation, transportation, of any merchandise in or through the customs territory, shipped or consigned by or to said grantor; to file Importer Security Filing (ISF) on behalf of grantor;

Perform any act or condition which may be required by law or regulation in connection with such merchandise deliverable to said grantor; to receive any merchandise;

Make endorsements on bills of lading conferring authority to transfer title; make entry or collect drawback; and to make, sign, declare, or swear to any statement or certificate required by law or regulation for drawback purposes, regardless of whether such document is intended for filing with Customs;

Sign, seal, and deliver for and as the act of said grantor any bond required by law or regulation in connection with the entry or withdrawal of imported merchandise or merchandise exported with or without benefit of drawback, or in connection with the entry, clearance, lading, unlading or navigation of any vessel or other means of conveyance owned or operated by said grantor, and any and all bonds which may be voluntarily given and accepted under applicable laws and regulations, consignee's and owner's declarations provided for in section 485, Tariff Act of 1930, as amended, or affidavits or statements in connection with the entry of merchandise;

Sign and swear to any document and to perform any act that may be necessary or required by law or regulation in connection with the entering, clearing, lading, unlading, or operation of any vessel or other means of conveyance owned or operated by said grantor;

~~Authorize other Customs Brokers duly licensed within the territory to act as grantor's agent~~; to receive, endorse and collect checks issued for Customs duty refunds in grantor's name drawn on the Treasurer of the United States; if the grantor is a nonresident of the United States, to accept service of process on behalf of the grantor;

And generally to transact Customs business, including filing any claims or protests under section 514 of the Tariff Act of 1930, or pursuant to other laws of the territories, in which grantor is or may be concerned or interested and which may properly be transacted or performed by an agent and attorney;

Giving to said agent and attorney full power and authority to do anything whatever requisite and necessary to be done in the premises as fully as said grantor could do if present and acting, hereby ratifying and confirming all that the said agent and attorney shall lawfully do by virtue of these presents, including the waiver of confidentiality requirements to conduct same.

This power of attorney to remain full force and effect until revocation in writing is duly given to and received by grantee or until (8) _June 30, 2028_ as specified by grantor. If the donor of this power of attorney is a partnership, the said power shall in no case have any force or effect after the expiration two (2) years from the dates of its execution.

If the Grantor is a Limited Liability Company (LLC), the signatory certifies that he/she has full authority to execute this power on behalf of the Grantor.

Sufficiency of any electronic or other signature below shall be construed according to the laws of the State of (9) Texas (State of Incorporation).

SERVICE AND PAYMENT AGREEMENT

C.H. Robinson International, Inc. agrees to provide Customer (identified above) with transportation, customs brokerage and other services subject to C.H. Robinson International, Inc.'s Terms and Conditions of Service, which the Customer acknowledges receipt of. Customer agrees to pay C.H. Robinson International, Inc. for these services and any monies advanced, in accordance with C.H. Robinson International, Inc.'s normal payment terms, and accepts and agrees to comply with these Terms and Conditions of Service.

IN WITNESS WHEREOF, the said grantor (10) Kerrville Public Utility Board Public Facility Corporation caused these presents to be sealed and signed:
(Full Name of corporation, LLC, partnership, limited partnership, individual or sole proprietorship)

Signature (11)

Typed Name (12) Mike Wittler

Capacity (13) Executive Director Date (14) June 17, 2026

Signatory Email Address (15) mwittler@kpub.com Signatory Phone Number (16) (830) 257-3050

Witness Signature (optional) (17) ______ Witness Name (optional) (18) ______

CBP Rules On Discharge of Importer's Liability for Payment of Duties: If you are the importer of record, payment to the broker will not relieve you of liability for U.S. Customs and Border Protection (CBP) charges (duties, taxes or other debts owed CBP) in the event the charges are not paid by the broker. Therefore, if you pay by check, CBP charges may be paid with a separate check payable to the "U.S. Customs and Border Protection" which shall be delivered to CBP by the broker. Importers who wish to utilize this procedure must contact our office in advance to arrange timely receipt of duty checks.

Terms and Conditions can be found below or go to http://www.chrobinson.com/en/us/Global-Services/Customs-Brokerage/ v3.0 2/5/2024

CBP RULES ON DISCHARGE OF IMPORTER'S LIABILITY FOR PAYMENT OF DUTIES

If you are the importer of record, payment to the broker will not relieve you of liability for U.S. Customs & Border Protection ("CBP") charges (duties, taxes or other debts owed to CBP) in the event the charges are not paid by the broker. Therefore, if you pay by check, CBP charges may be paid with a separate check payable to the "U.S. Customs & Border Protection" which shall be delivered to CBP by the broker. Importers who wish to utilize this procedure must contact our office in advance to arrange timely receipt of duty checks.

Terms & Conditions of Service

These terms and conditions of service constitute a legally binding contract between "Company" and "Customer". In the event Company renders services and issues a document containing terms and conditions governing such services, the terms and conditions set forth in such other document(s) shall govern those services.

1. **Definitions.** "Company" shall mean C.H. Robinson International, Inc., its subsidiaries, related companies, agents and/or representatives.
   (a) "Customer" shall mean the person for which Company is rendering service, as well as its principals, agents and/or representatives, including, but not limited to, shippers, importers, exporters, carriers, secured parties, warehousemen, buyers and/or sellers, shipper's agents, insurers and underwriters, break-bulk agents, consignees, etc. It is the responsibility of Customer to provide notice and copy(s) of these terms and conditions of service to all such agents or representatives.
   (b) "Documentation" shall mean all information received directly or indirectly from Customer, whether in paper or electronic form.
   (c) "Ocean Transportation Intermediaries" or "OTI" shall include an "ocean freight forwarder" and a "non-vessel operating carrier".
   (d) "Third Parties" or "Third Party" shall include, but not be limited to, the following: "carriers, truckmen, cartmen, lightermen, forwarders, OTIs, customs brokers, agents, warehousemen and others to which the goods are entrusted for transportation, cartage, handling and/or delivery and/or storage or otherwise".
2. **Company as agent.** Company acts as the "agent" of Customer for the purpose of performing duties in connection with the entry and release of goods, post entry services, securing export licenses, filing export and security documentation on behalf of Customer and other dealings with government agencies, arranging for transportation services, both domestically and internationally, or other logistics services in any capacity other than as a carrier.
3. **Limitation of Actions.**
   (a) Unless subject to a specific statute or international convention, all claims against Company for a potential or actual loss must be made in writing and received by Company within ninety (90) days of the event giving rise to claim; the failure to give Company timely notice shall be a complete defense to any suit or action commenced by Customer.
   (b) All suits against Company must be filed and properly served on Company as follows:
      (i) For claims arising out of ocean transportation, within one (1) year from the date of the loss.
      (ii) For claims arising out of air transportation, within two (2) years from the date of the loss.
      (iii) For claims arising out of the preparation and/or submission of an import entry(s), within seventy five (75) days from the date of liquidation of the entry(s).
      (iv) For any and all other claims of any other type, within two (2) years from the date of the loss or damage.
4. **No Liability for Selection or Services of Third Parties and/or Routes.** Unless services are performed by persons or firms engaged pursuant to express written instructions from Customer, Company shall use reasonable care in its selection of Third Parties, or in selecting the means, route and procedure to be followed in the handling, transportation, clearance and delivery of the shipment; advice by Company that a particular person or firm has been selected to render services with respect to the goods, shall not be construed to mean that Company warrants or represents that such person or firm will render such services nor does Company assume responsibility or liability for any actions(s) and/or inaction(s) of such Third Parties and/or its agents, and Company shall not be liable for any delay or loss of any kind which occurs while a shipment is in the custody or control of a Third Party or the agent of a Third Party; all claims in connection with the act of a Third Party shall be brought solely against such party and/or its agents. In connection with any such claim, Company shall reasonably cooperate with Customer, and Customer shall be liable for any charges or costs incurred by Company.
5. **Quotations Not Binding.** Quotations as to fees, rates of duty, freight charges, insurance premiums or other charges given by Company to Customer are for informational purposes only and are subject to change without notice; no quotation shall be binding upon Company unless the parties agree in writing to the handling or transportation of the shipment at a specific rate or amount set forth in the quotation and payment arrangements for handling or transportation of the shipment are agreed to between Company and Customer.
6. **Reliance on Information Furnished.**
   (a) Customer acknowledges that it is required to review all documents and declarations prepared and/or filed with CBP or other government agencies, and will immediately advise Company of any errors, discrepancies, incorrect statements, or omissions on any declaration or other submission filed on Customer's behalf.
   (b) In preparing and submitting customs entries, export declarations, applications, security filings, documentation, delivery orders and/or other required data, Company relies on the correctness of all documentation, whether in written or electronic format, and all information furnished by Customer; Customer shall use reasonable care to ensure the correctness of all such information and shall indemnify and hold Company harmless from any and all claims asserted and/or liability or losses suffered by reason of Customer's failure to disclose information or any incorrect, incomplete or false statement by the Customer or its agent, representative or contractor upon which Company reasonably relied. Customer agrees that Customer has an affirmative non-delegable duty to disclose any and all information required to import, export or enter the goods.
   (c) Customer acknowledges that it is required to provide verified weights obtained on calibrated, certified equipment of all cargo that is to be tendered to steamship lines and represents that Company is entitled to rely on the accuracy of such weights and to counter-sign or endorse it as agent of Customer in order to provide the certified weight to the steamship lines. Customer agrees that it shall indemnify and hold Company harmless from any and all claims, losses, penalties or other costs resulting from any incorrect or questionable statements of the weight provided by Customer or its agent or contractor on which Company relies.
   (d) Customer acknowledges that it is required to advise Company in advance of its intention to tender hazardous material goods and that it will otherwise comply with all federal and international hazardous material regulations.
7. **Declaring Higher Value to Third Parties.** Third Parties to whom the goods are entrusted may limit liability for loss or damage; Company will request excess valuation coverage only upon specific written instructions from Customer, which must agree to pay any charges. In the absence of written instructions or the refusal of the Third Party to agree to a higher declared value, at Company's discretion, the goods may be tendered to the Third Party, subject to the terms of the Third Party's limitations of liability and/or terms and conditions of service.
8. **Insurance**. Unless requested to do so in writing and confirmed to Customer in writing, Company is under no obligation to procure insurance on Customer's behalf; in all cases, Customer shall pay all premiums and costs in connection with procuring requested insurance.
9. **Disclaimers; Limitation of Liability.**
   (a) Except as specifically set forth in these terms and conditions, Company makes no express or implied warranties in connection with its services.
   (b) Customer may obtain insurance coverage for cargo loss or damage, up to the actual or declared value of the shipment or transaction, by requesting such coverage and agreeing to make payment therefor, which request must be confirmed in writing by Company prior to rendering services for the covered transaction(s).
   (c) In all events, Company's liability shall be limited to the following:
      (i) where the claim arises from activities other than those relating to customs business, $50.00 per shipment or transaction, or
      (ii) where the claim arises from activities relating to customs business, $50.00 per entry or the amount of brokerage fees paid to Company for the entry, whichever is less.
   (d) In no event shall Company be liable or responsible for consequential, indirect, incidental, statutory or punitive damages, even if it has been put on notice of the possibility of such damages, or for the acts of Third Parties.
   (e) With respect to domestic transportation, Company shall not be liable for a motor carrier's failure to maintain insurance or for the accuracy of any documentation furnished by a motor carrier to Company or Customer evidencing said coverage.
10. **Advancing Money.** All charges must be paid by Customer in advance unless Company agrees in writing to extend credit to Customer; the granting of credit to Customer in connection with a particular transaction shall not be considered a waiver of this provision by Company.
11. **Indemnification/Hold Harmless.** Customer agrees to indemnify, defend, and hold Company harmless from any claims and/or liability, fines, costs, penalties and/or attorneys' fees arising from the importation or exportation of customers merchandise and/or any conduct of Customer, including but not limited to the inaccuracy of entry, export or security data supplied by Customer or its agent or representative, which violates any Federal, State and/or other laws or regulations, and further agrees to indemnify and hold Company harmless against any and all liability, loss, damages, fines, costs, claims, penalties, fines and/or expenses, including but not limited to reasonable attorney's fees, which Company may hereafter incur, suffer or be required to pay by reason of such claims; in the event that any claim, suit or proceeding is brought against Company, it shall give notice in writing to Customer by mail at its address on file with Company. Such indemnification and hold harmless shall include all claims and costs arising directly or indirectly as a result of actions Company is required to take pursuant to customs regulations to report to CBP when the Company separates from or cancels representation of Customer as a result of determining, in Company's judgement, that Customer is intentionally attempting to use Company to defraud the U.S. government or commit any criminal act against the U.S. government.
12. **C.O.D. or Cash Collect Shipments.** Company shall use reasonable care regarding written instructions relating to "Cash/Collect on Deliver (C.O.D.)" shipments, bank drafts, cashier's and/or certified checks, letter(s) of credit and other similar payment documents and/or instructions regarding collection of monies but shall not have liability if the bank or consignee refuses to pay for the shipment.
13. **General Lien and Right to Sell Customer's Property.**
   (a) Company shall have a continuing lien on any and all property and documents relating thereto of Customer coming into Company's actual or constructive possession, custody or control or enroute, which lien shall survive delivery, for all charges, expenses or advances owed to Company with regard to the shipment on which the lien is claimed, a prior shipment(s) and/or both. Customs duties, transportation charges, and related payments advanced by Company shall be deemed paid in trust on behalf of Customer and treated as pass through payments made on behalf of Customer for which Company is acting as a mere conduit.
   (b) Company shall provide written notice to Customer of its intent to exercise such lien, the exact amount of monies due and owing, as well as any on-going storage or other charges; Customer shall notify all parties having an interest in its shipment(s) of Company's rights and/or the exercise of such lien.
   (c) Unless, within thirty (30) days of receiving notice of lien, Customer posts cash or letter of credit at sight, or, if the amount due is in dispute, an acceptable bond equal to 110% of the value of the total amount due, in favor of Company, guaranteeing payment of the monies owed, plus all storage charges accrued or to be accrued, Company shall have the right to sell such shipment(s) at public or private sale or auction and any net proceeds remaining thereafter shall be refunded to Customer.
14. **No Duty to Maintain Records for Customer.** Customer acknowledges that pursuant to Sections 508 and 509 of the Tariff Act, as amended, (19 USC §1508 and 1509) it has the duty and is solely liable for maintaining all records required under customs and/or other laws, statutes, and regulations; unless otherwise agreed to in writing, Company shall only keep such records that it is required to maintain by laws, statute(s) and/or regulation(s), but not act as a "recordkeeper" or "recordkeeping agent" for Customer.
15. **Obtaining Binding Rulings, Filing Protests, etc**. Unless requested by Customer in writing and agreed to by Company in writing, Company shall be under no obligation to undertake any pre- or post-Customs release action, including, but not limited to, obtaining binding rulings, advising of liquidations, filing of petition(s) and/or protests, etc.
16. **No Duty to Provide Licensing Authority.** Unless requested by Customer in writing and agreed to by Company in writing, Company shall not be responsible for determining licensing authority or obtaining any license or other authority pertaining to the export from or import into the United States.
17. **No Duty to Serve as a Party to the Transaction**. Unless requested by Customer in writing and agreed to by Company in writing by an officer of Company, Company shall not be construed as a party to any transaction, including but not limited to manufacturer, seller, buyer, importer, importer of record or exporter, with any obligations or responsibilities pertaining to the import or export of merchandise to or from the Unites States or transactions in connection therewith.
18. **Preparation and Issuance of Bills of Lading.** Where Company prepares and/or issues a bill of lading, Customer or its agent shall supply the marks necessary to identify the goods, number of packages, quantity, weight, and apparent condition of the goods. Unless specifically requested to do so in writing by Customer or its agent, with Customer responsible to pay for the same, Company shall rely upon and use on any bill of lading or shipping document the information supplied by Customer.
19. **No Modification or Amendment Unless Written.** These terms and conditions of service may only be modified, altered or amended in writing signed by both Customer and Company; any attempt to unilaterally modify, alter or amend same shall be null and void.
20. **Compensation of Company.** The compensation of Company for its services shall be included with and is in addition to the rates and charges of all carriers and other agencies selected by Company to transport and deal with the goods and such compensation shall be exclusive of any brokerage, commissions, dividends, or other revenue received by Company from carriers, insurers and others in connection with the shipment. On ocean exports, upon request, Company shall provide a detailed breakout of the components of all charges assessed and a true copy of each pertinent document relating to these charges. In any referral for collection or action against Customer for monies due Company, upon recovery by Company, Customer shall pay the expenses of collection and/or litigation, including a reasonable attorney fee and interest at fifteen (15%) per annum or highest rate allowed by law.
21. **Force Majeure**. Company shall not be liable for losses, damages, delays, wrongful or missed deliveries or nonperformance, in whole or in part, of its responsibilities under the Agreement, resulting from circumstances beyond the control of Company or any Third Parties, including but not limited to: (i) acts of God, including flood, earthquake, tornado, storm, hurricane, power failure, epidemic or other severe health crisis, or other natural disaster; (ii) war, hijacking, robbery, theft or terrorist activities; (iii) incidents or deteriorations to means of transportation, (iv) embargoes, (v) civil commotions or riots, (vi) defects, nature or inherent vice of the goods; (vii) acts, breaches of contract or omissions by Customer, Shipper, Consignee or anyone else who may have an interest in the shipment, (viii) acts by any government or any agency or subdivision thereof, including denial or cancellation of any import/export or other necessary license; (ix) strikes, lockouts or other labor conflicts; or (x) breaches of cyber security, including but not limited to cyber outages or attacks. In such event, Company reserves the right to amend any tariff or negotiated freight or logistics rates, on one (1) days' notice, as necessary to provide the requested service.
22. **Severability.** In the event any provision and/or portion(s) hereof is found to be invalid and/or unenforceable, then in such event the remainder hereof shall remain in full force and effect. Company's decision to waive any provision herein, either by conduct or otherwise, shall not be deemed to be a further or continuing waiver of such provision or to otherwise waive or invalidate any other provision herein.
23. **Data Privacy**. Customer agrees to comply with all applicable global data protection and privacy laws ("DP Laws") related to the collection, processing, and transfer of personally identifiable information. Customer hereby confirms it is aware of, and in compliance with, DP Laws and requirements as it impacts Customer's business and transactions. Company complies with C.H. Robinson's Global Privacy Notice available at www.chrobinson.com.
24. **Governing Law; Consent to Jurisdiction and Venue**. These terms and conditions of service and the relationship of the parties shall be construed according to the laws of the State of Minnesota without giving consideration to principles of conflict of law. Customer and Company:
   (a) irrevocably consent to the jurisdiction of the United States District Court and the State courts of Minnesota,
   (b) agree that any action relating to the services performed by Company, shall only be brought in said courts,
   (c) consent to the exercise of *in personam* jurisdiction by said courts over it, and
   (d) further agree that any action to enforce a judgment may be instituted in any jurisdiction.

Customer Initial: ________________

Customs Power of Attorney Certifications: Complete the company or individual certification, if required

Foreign Corporation Certificate

Date: ____________________

To Whom It May Concern: I, ____________________________________ [full name] , ______________________________ [title] of

____ [Company name] do hereby certify that

_______________________________________ [full name of POA Signatory] who signed the attached power of attorney is authorized to

execute said power of attorney on behalf of ____ [Full Company Name].

Company Chop (if applicable) ____(Signature)

Individual/ Sole Proprietorship Certification

City: ______________________

County: ____________________

State: _____________________

On this ______ day of __________________, 20___, _________________________________ [Individual or Owner] personally appeared before me, residing at ____, personally known or sufficiently identified to me, who certifies that he / she is the individual who executed the foregoing instrument and acknowledges it to be his / her free act and deed.

____ (Notary Public)

Corporate Certification

I, Larry Howard, [full name], certify that I am the Secretary [officer title] of Kerrville Public Utility Board Public Facility Corporation [full company name] "The "Corporation", a corporation organized under the laws of the State of Texas, maintaining its principal office at 2250 Memorial Blvd., Kerrville, Texas [complete address], and that Mike Wittler [full name of POA signatory], who signed this power of attorney on behalf of the donor, is the Executive Director [title of POA signatory] of said corporation; and that said power of attorney was duly signed, and attested for and in behalf of said corporation by authority of its governing body as the same appears in a resolution of the Board of Directors passed at a regular meeting held on the 17th day of June 2026, now in my possession or custody. I further certify that the resolution is in accordance with the articles of incorporation and bylaws of said corporation. In witness whereof, I have hereunto set my hand and affixed the seal of said corporation at the City of Kerrville, Texas [city/state] this 17th day of June 2026.

____(Signature)

MEMORANDUM

To:	Glenn Andrew Rachel Johnston Larry Howard David Sprouse Mayor Joe Herring, Jr.
From:	Amy Dozier
Date:	June 11, 2026
Re:	Agenda Item No. 6 – Financial Report

Attached please find financial statements for the month ended May 31, 2026.

Highlights include:

KPUB

- **$3.1M increase in net position** on a year-to-date (YTD) basis, which is $1.8M higher than budget.
- **$31.0M in operating revenue** on a YTD basis.
  - Revenues are lower than budget due to a combination of:
    1. kWh sales that are 3.6% 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 $2.99 per MMBtu so far this fiscal year compared to a budgeted amount of $3.91. Because almost 70% of the customer's rate is a pass through of power cost, lower power costs result in lower revenues.
- **$2.4M in Rate Stabilization Transfer** on a YTD basis.

Operating Income	$ 1,025,069	
Remove Rate Stabilization Transfer	(2,360,561)	
Adjusted Operating Loss		$ (1,335,492)
Depreciation		3,102,522
Actual Capital Spending		(4,127,590)
YTD Transfer		$ (2,360,561)

Actual capital spending includes the purchase of a $1.4M transformer for the Jack Furman substation and a bucket truck for $370K.

- **$30.0M in operating expense** on a YTD basis.
  - Operating expense is 10.2% better than budget driven primarily by:
    1. Lower than budget purchased power expense due a combination of kWh purchases that are 3.6% lower than budget as mild weather has driven lower kWh sales and lower than forecast natural gas prices leading to unit costs that are 9.0% lower than budget.
    2. Lower than budget expenses continue in all other categories, although we expect Distribution and Administrative expenses to trend closer to budget by the end of the year, due primarily to charges for outside services.
- **$1M in operating income** on a YTD basis.

- **$376K in nonoperating income** on a YTD basis.
  - Nonoperating income is $396K 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.
- **$1.7M in capital contributions**, including FEMA grant revenue of $846K. KPUB expects to receive approximately $844K more in FEMA reimbursement. Of the remaining amount, $335K relates to completed work with all documentation submitted. This disbursement is in the final review stage with Texas Division of Emergency Management, and we hope to receive funds in June. 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.
- **$21.9M in over collection of power cost adjustment** as of 5/31/2026, a **decrease of $380K** from the prior month.
  - KPUB's billed rate remained at $107.50 for 1,000 kWh of residential power in May. In the May monthly survey of 29 Central and South Texas utilities, KPUB's $107.50 rate was the lowest. The overall average rate for the 29 utilities is $140.40. Notably, the previous low rate (Bryan Texas Utilities city rate) increased from $104.10 in April to $116.80 in May.
- **$49.7M invested** in municipal investment pools and an account at Happy State Bank.
  - The portfolio of investment accounts earned an annualized blended rate of 3.73% in May.

KPFC

- **$50.0M in generation project costs, including capitalized interest, shown as Capital Assets** as of 5/31/26.
- **$24.7M balance in the Construction Fund** as of 5/31/26, 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

Amy Dozier
Assistant General Manager

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended May 31, 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	$ 1,671,614	$ 2,071,966	$ (400,352)	-19.32%	$ 1,894,376	$ (222,763)	-11.76%
Commercial/Industrial	1,366,453	1,695,713	(329,260)	-19.42%	1,596,851	(230,398)	-14.43%
Sales to Public Authorities	21,839	21,667	172	0.80%	21,759	80	0.37%
Rate Stabilization Transfer	562,522	250,150	312,372	124.87%	-	562,522	-
Other	35,028	40,106	(5,077)	-12.66%	39,226	(4,198)	-10.70%
TOTAL OPERATING REVENUES	3,657,456	4,079,601	(422,145)	-10.35%	3,552,212	105,244	2.96%
OPERATING EXPENSES							
Purchased Power	2,051,565	2,566,124	514,559	20.05%	2,399,841	348,276	14.51%
Distribution	282,391	364,531	82,140	22.53%	384,803	102,412	26.61%
Customer Accounts	49,893	61,607	11,714	19.01%	61,017	11,124	18.23%
Customer Service, Informational & Sales	23,002	43,189	20,187	46.74%	27,899	4,897	17.55%
Administrative Expenses	458,959	514,567	55,608	10.81%	491,184	32,225	6.56%
Depreciation & Amortization	385,875	403,576	17,701	4.39%	380,573	(5,302)	-1.39%
TOTAL OPERATING EXPENSES	3,251,685	3,953,593	701,908	17.75%	3,745,317	493,632	13.18%
OPERATING INCOME (LOSS)	405,771	126,008	279,763	222.02%	(193,105)	598,876	310.13%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	161,866	132,812	29,054	21.88%	128,036	33,830	26.42%
Interest Income - City of Kerrville	7,500	7,500	-	0.00%	9,643	(2,143)	-22.22%
Interest Expense	(6,712)	(9,047)	2,335	25.81%	(8,281)	1,569	18.94%
City of Kerrville - General Fund Transfer	(114,827)	(126,640)	11,813	9.33%	(110,718)	(4,109)	-3.71%
City of Ingram - Franchise Fee	(2,425)	(3,000)	575	19.15%	(2,597)	172	6.62%
Other - Net	745	1,250	(505)	-40.42%	696	48	6.93%
TOTAL NONOPERATING REVENUES (EXP)	46,146	2,875	43,271	1505.32%	16,779	29,367	175.02%
INCOME BEFORE CONTRIBUTIONS	451,917	128,883	323,035	250.64%	(176,326)	628,243	356.30%
Capital Contributions - Customer	124,532	68,333	56,199	82.24%	95,924	28,608	29.82%
Capital Contributions - Grant	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	124,532	68,333	56,199	82.24%	95,924	28,608	29.82%
CHANGE IN NET POSITION	$ 576,449	$ 197,216	$ 379,234	192.29%	$ (80,401)	$ 656,850	816.97%
NET POSITION AT BEGINNING OF MONTH	$ 83,537,437				$ 81,048,156		
NET POSITION AT END OF MONTH	$ 84,113,886				$ 80,967,755		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended May 31, 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	$ 16,030,254	$ 18,363,282	$ (2,333,028)	-12.70%	$ 15,794,259	$ 235,995	1.49%
Commercial/Industrial	11,904,793	13,097,760	(1,192,967)	-9.11%	11,563,293	341,500	2.95%
Sales to Public Authorities	174,809	173,333	1,477	0.85%	174,171	638	0.37%
Rate Stabilization Transfer	2,360,561	2,088,818	271,743	13.01%	-	2,360,561	-
Other	546,174	510,167	36,007	7.06%	519,887	26,287	5.06%
TOTAL OPERATING REVENUES	31,016,591	34,233,360	(3,216,769)	-9.40%	28,051,610	2,964,980	10.57%
OPERATING EXPENSES							
Purchased Power	19,143,905	21,819,479	2,675,574	12.26%	18,158,430	(985,476)	-5.43%
Distribution	2,797,135	3,038,484	241,349	7.94%	2,768,154	(28,981)	-1.05%
Customer Accounts	466,499	538,469	71,971	13.37%	518,312	51,813	10.00%
Customer Service, Informational & Sales	275,594	365,251	89,658	24.55%	263,733	(11,861)	-4.50%
Administrative Expenses	4,205,868	4,445,189	239,321	5.38%	3,852,641	(353,227)	-9.17%
Depreciation & Amortization	3,102,522	3,200,611	98,090	3.06%	3,034,916	(67,606)	-2.23%
TOTAL OPERATING EXPENSES	29,991,522	33,407,484	3,415,962	10.23%	28,596,185	(1,395,337)	-4.88%
OPERATING INCOME (LOSS)	1,025,069	825,875	199,193	24.12%	(544,575)	1,569,643	288.23%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,301,716	1,062,496	239,220	22.51%	1,386,802	(85,086)	-6.14%
Interest Income - City of Kerrville	64,286	64,284	2	0.00%	81,429	(17,143)	-21.05%
Interest Expense	(56,707)	(72,377)	15,670	21.65%	(67,102)	10,395	15.49%
City of Kerrville - General Fund Transfer	(975,910)	(1,060,569)	84,658	7.98%	(886,168)	(89,742)	-10.13%
City of Ingram - Franchise Fee	(21,433)	(24,000)	2,567	10.70%	(22,125)	692	3.13%
Other - Net	63,905	10,000	53,905	539.05%	(3,590)	67,495	1880.19%
TOTAL NONOPERATING REVENUES (EXP)	375,857	(20,166)	396,023	1963.82%	489,246	(113,389)	-23.18%
INCOME BEFORE CONTRIBUTIONS	1,400,926	805,710	595,216	73.87%	(55,329)	1,456,254	2632.01%
Capital Contributions - Customer	886,642	546,664	339,978	62.19%	627,569	259,073	41.28%
Capital Contributions - Grant	846,062	-	846,062	-	-	846,062	-
TOTAL CAPITAL CONTRIBUTIONS	1,732,704	546,664	1,186,040	216.96%	627,569	1,105,135	176.10%
CHANGE IN NET POSITION	$ 3,133,630	$ 1,352,374	$ 1,781,256	131.71%	$ 572,240	$ 2,561,389	447.61%
NET POSITION AT BEGINNING OF YEAR	$ 80,980,256				$ 80,395,514		
NET POSITION AT END OF MONTH	$ 84,113,886				$ 80,967,755		

Kerrville Public Utility Board
Balance Sheet
As of May 31, 2026

ASSETS & DEFERRED OUTFLOWS	May 31, 2026	Sep 30, 2025
CURRENT ASSETS		
Revenue Fund:		
Cash and Cash Equivalents	$ 745,858	$ 1,230,495
Investments	35,181,373	32,577,205
Less: Customer Deposits	(568,388)	(535,058)
Total Revenue Fund	35,358,843	33,272,642
Construction Fund:		
Cash and Cash Equivalents	6,080	5,931
Investments	1,730,483	1,686,519
Total Construction Fund	1,736,563	1,692,450
Rate Stabilization Fund:		
Investments	2,277,311	2,219,454
Total Rate Stabilization Fund	2,277,311	2,219,454
Long Term Rate Stabilization Fund:		
Investments	5,922,102	5,192,203
Total Long Term Rate Stabilization Fund	5,922,102	5,192,203
Customer Accounts Receivable, net of allowance	1,440,787	1,867,586
Receivable from KPFC	2,500	2,500
Unbilled Revenue	2,206,613	2,206,613
Materials and Supplies	2,607,838	2,576,593
Deposits with Other Entities	1,475,589	1,445,958
Other Current Assets	30,000	17,143
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428
TOTAL CURRENT ASSETS	$ 54,129,574	$ 51,564,571
NONCURRENT ASSETS		
Customer Deposits	$ 568,388	$ 535,058
Texas Energy Fund - Escrow Deposit	5,250,000	5,250,000
Interest and Sinking Fund	285,493	456,650
Emergency, Repair, Replace, Contingency Fund	4,258,068	4,149,888
Noncurrent Advance to City of Kerrville	2,678,573	3,214,287
Capital Assets, net of Accum Depreciation	55,206,000	53,895,811
Right to Use Assets, Net of Accum Amortization	34,066	44,967
Subscription Assets, Net of Accum Amortization	665,426	939,646
TOTAL NONCURRENT ASSETS	$ 68,946,014	$ 68,486,307
DEFERRED OUTFLOWS - PENSION AND OPEB	$ 834,828	$ 834,828
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 123,910,417	$ 120,885,706

LIABILITIES, DEFERRED INFLOWS & NET POSITION	May 31, 2026	Sep 30, 2025
CURRENT LIABILITIES		
Current Portion - Bonds Payable	$ 481,000	$ 464,000
Current Portion - Leases Payable	16,354	16,354
Current Portion - Subscriptions Payable	320,853	320,853
Current Portion - Compensated Absences	623,842	601,732
Current Portion - Total OPEB Liability	9,368	9,368
Accounts Payable - Net Purchased Power	10,366,257	10,045,827
Accounts Payable and Accrued Liabilities	1,736,440	1,239,232
Power Cost Adjustment - Over Collected	21,923,537	22,264,314
TOTAL CURRENT LIABILITIES	$ 35,477,651	$ 34,961,680
NONCURRENT LIABILITIES		
Noncurrent - Bonds Payable	$ 1,020,000	$ 1,501,000
Noncurrent - Leases Payable	26,613	31,688
Noncurrent - Subscriptions Payable	164,888	427,289
Customer Deposits	568,388	535,058
Noncurrent - Compensated Absences	112,541	112,541
Noncurrent - Deferred Compensation	90,256	-
Net Pension Liability	1,935,595	1,935,595
Noncurrent - Total OPEB Liability	271,320	271,320
TOTAL NONCURRENT LIABILITIES	$ 4,189,601	$ 4,814,491
DEFERRED INFLOWS - PENSION AND OPEB	$ 129,278	$ 129,278
TOTAL LIABILITIES AND DEFERRED INFLOWS	$ 39,796,530	$ 39,905,449
TOTAL NET POSITION	$ 84,113,886	$ 80,980,256
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	$ 123,910,417	$ 120,885,706

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended May 31, 2026

	Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Restricted: Debt Reserve Fund	Restricted: Interest & Sinking Fund	Restricted: Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Beginning Fund Balance		$ 36,547,297	$ 1,725,022	$ 2,270,123	$ 5,903,411	$ -	$ 240,500	$ 4,244,629	$ 50,930,981
Withdrawals:									
Happy Investment - TXHB	05/01/26	(102,414)							(102,414)
Happy Investment - TEC	05/01/26	(1,368,155)							(1,368,155)
Happy Investment - TMRS	05/03/26	(103,284)							(103,284)
Happy Investment - LCRA	05/04/26	(683,530)							(683,530)
Happy Investment - ERCOT	05/04/26	(307,732)							(307,732)
Happy Investment - ERCOT	05/14/26	(72)							(72)
Happy Investment - Concho Bluff	05/18/26	(79,040)							(79,040)
Happy Investment - NextEra	05/20/26	(469,440)							(469,440)
Happy Investment - CPS	05/22/26	(532,356)							(532,356)
Happy Investment - ERCOT	05/27/26	(37,031)							(37,031)
Happy Investment - DG Solar	05/27/26	(27,492)							(27,492)
Happy Investment - Engie	05/29/26	(57,363)							(57,363)
Investments:									
Happy Investment	05/01/26	775,000							775,000
Happy Investment	05/08/26	500,000							500,000
Happy Investment	05/15/26	250,000							250,000
Happy Investment	05/22/26	310,000							310,000
Happy Investment	05/29/26	500,000							500,000
Fund Balance after Withdrawals & Investments		35,114,388	1,725,022	2,270,123	5,903,411	-	240,500	4,244,629	49,498,072
Allocation of:									
Interest Income	05/31/26	111,213	5,462	7,188	18,691	-	766	13,439	156,758
Total Interest Allocation		111,213	5,462	7,188	18,691	-	766	13,439	156,758
Fund Balance After Allocations		35,225,601	1,730,483	2,277,311	5,922,102	-	241,266	4,258,068	49,654,830
Interfund Transfers :									
Debt Service	05/31/26	(44,227)					44,227		-
Ending Fund Balance		$ 35,181,373	$ 1,730,483	$ 2,277,311	$ 5,922,102	$ -	$ 285,493	$ 4,258,068	$ 49,654,830

Kerrville Public Utility Board
Debt Ratios
For the Month Ended May 31, 2026

DEBT SERVICE COVERAGE RATIO:

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	$ 576,449	$ 3,133,630	$ 3,146,131
PLUS:			
Interest Expense (net of amortizations)	6,712	56,707	97,912
Depreciation & Amortization Expense	385,875	3,102,522	4,640,478
Numerator	969,037	6,292,859	7,884,521
DIVIDED BY:			
Interest Expense (net of amortizations)	6,712	56,707	97,912
Principal Payment Due	68,184	545,471	818,207
Denominator	$ 74,896	$ 602,179	$ 916,118
DEBT SERVICE COVERAGE RATIO	12.94	10.45	8.61
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	$ 35,358,843
Construction Fund	1,736,563
Rate Stabilization Fund	2,277,311
Long Term Rate Stabilization Fund	5,922,102
Emergency, Repair, Replace, Contingency Fund	4,258,068
Total Cash and Cash Equivalents **(A)**	$ 49,552,886
DENOMINATOR:	
Fiscal Year-to-Date Operating Expense	$ 29,991,522
Less: Fiscal Year-to-Date Depreciation	3,102,522
Adjusted Operating Expense **(B)**	$ 26,889,001
NUMBER OF DAYS ELAPSED IN FISCAL YEAR **(C)**	243
DAYS CASH ON HAND (= A / B * C)	**448**
MINIMUM DAYS CASH ON HAND PER POLICY 47	**175**

FIXED CHARGE COVERAGE RATIO (FISCAL YEAR-TO-DATE):	
NUMERATOR:	
Fiscal Year-to-Date Operating Income	$ 1,025,069
Less: City of Kerrville and Ingram Transfers	(997,343)
Plus: 50% of PPA Expense	6,575,757
Plus: Fiscal Year-to-Date Depreciation	3,102,522
Plus: Fiscal Year-to-Date Interest Income - Investments	1,301,716
Plus: Fiscal Year-to-Date Capital Contributions	1,732,704
Total Numerator **(D)**	$ 12,740,425
DENOMINATOR:	
50% of PPA Expense	$ 6,575,757
Fiscal Year Debt Service (Cash Basis)	501,581
Fiscal Year Debt Service Receivable (Cash Basis)	(1,167,858)
Total Denominator **(E)**	$ 5,909,480
FIXED CHARGE COVERAGE RATIO (= D / E)	2.2
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 May 31, 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							
Sales of Electricity - Power Agreements	$ -	$ -	$ -	-	$ -	$ -	-
TOTAL OPERATING REVENUES	-	-	-	-	-	-	-
OPERATING EXPENSES							
Administrative Expenses	6,000	4,167	(1,833)	-44.00%	-	(6,000)	-
TOTAL OPERATING EXPENSES	6,000	4,167	(1,833)	-44.00%	-	(6,000)	-
OPERATING INCOME (LOSS)	(6,000)	(4,167)	(1,833)	-44.00%	-	(6,000)	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	88,459	11,871	76,588	645.17%	-	88,459	-
Interest Expense	(319,098)	(319,098)	0	0.00%	-	(319,098)	-
Allowance for Borrowed Funds during Construction	318,848	318,848	(0)	0.00%	-	318,848	-
Debt Issuance Cost Refund	-	-	-	-	-	-	-
Amortization - Debt Premium	13,693	13,693	0	0.00%	-	13,693	-
TOTAL NONOPERATING REVENUES (EXP)	101,903	25,314	76,589	302.55%	-	101,903	-
INCOME BEFORE CONTRIBUTIONS	95,903	21,147	74,755	353.50%	-	95,903	-
Capital Contributions	-	-	-	-	-	-	-
CHANGE IN NET POSITION	$ 95,903	$ 21,147	$ 74,755	353.50%	$ -	$ 95,903	-
NET POSITION AT BEGINNING OF MONTH	$ 178,377						
NET POSITION AT END OF MONTH	$ 274,280						

Kerrville Public Utility Board Public Facility Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended May 31, 2026
(Unaudited)

	Current Month	Comparison to Budget: Current Month Budget Amount	Comparison to Budget: Variance Favorable (Unfavorable)	Comparison to Budget: Percentage Favorable (Unfavorable)	Comparison to Last Year: Current Last Year	Comparison to Last Year: Variance Favorable (Unfavorable)	Comparison to Last Year: Percentage Favorable (Unfavorable)
OPERATING REVENUES							
Sales of Electricity - Power Agreements	$ -	$ -	$ -	-	$ -	$ -	-
TOTAL OPERATING REVENUES	-	-	-	-	-	-	-
OPERATING EXPENSES							
Administrative Expenses	7,000	33,333	26,333	79.00%	-	(7,000)	-
TOTAL OPERATING EXPENSES	7,000	33,333	26,333	79.00%	-	(7,000)	-
OPERATING INCOME (LOSS)	(7,000)	(33,333)	26,333	79.00%	-	(7,000)	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	912,874	414,885	497,989	120.03%	-	912,874	-
Interest Expense	(2,570,497)	(2,570,497)	(0)	0.00%	-	(2,570,497)	-
Allowance for Borrowed Funds during Construction	2,568,497	2,568,497	0	0.00%	-	2,568,497	-
Debt Issuance Cost Refund	540	-	540	-	-	540	-
Amortization - Debt Premium	109,547	109,544	3	0.00%	-	109,547	-
TOTAL NONOPERATING REVENUES (EXP)	1,020,961	522,429	498,532	95.43%	-	1,020,961	-
INCOME BEFORE CONTRIBUTIONS	1,013,961	489,096	524,865	107.31%	-	1,013,961	-
Capital Contributions	-	-	-	-	-	-	-
CHANGE IN NET POSITION	$ 1,013,961	$ 489,096	$ 524,865	107.31%	$ -	$ 1,013,961	-
NET POSITION AT BEGINNING OF YEAR	$ (739,682)						
NET POSITION AT END OF MONTH	$ 274,280						

Kerrville Public Utility Board Public Facility Corporation
Balance Sheet
As of May 31, 2026

ASSETS	May 31, 2026	Sep 30, 2025
CURRENT ASSETS		
Revenue Fund:		
Cash and Cash Equivalents	$ 2,582	$ 2,517
Total Revenue Fund	2,582	2,517
Construction Fund:		
Cash and Cash Equivalents	24,699,226	37,531,419
Total Construction Fund	24,699,226	37,531,419
Capitalized Interest Fund:		
Cash and Cash Equivalents	4,014,877	6,789,446
Total Capitalized Interest Fund	4,014,877	6,789,446
Interest and Sinking Fund:		
Cash and Cash Equivalents	1,590	1,019
Total Interest and Sinking Fund	1,590	1,019
Accrued Interest Receivable	88,451	151,472
TOTAL CURRENT ASSETS	$ 28,806,726	$ 44,475,873
NONCURRENT ASSETS		
Capital Assets, Nondepreciable	49,961,487	34,789,758
TOTAL NONCURRENT ASSETS	$ 49,961,487	$ 34,789,758
TOTAL ASSETS	$ 78,768,213	$ 79,265,631

LIABILITIES & NET POSITION	May 31, 2026	Sep 30, 2025
CURRENT LIABILITIES		
Accrued Interest - 2025A	$ 499,273	$ 853,548
Accounts Payable	59,954	1,109,510
TOTAL CURRENT LIABILITIES	$ 559,226	$ 1,963,058
NONCURRENT LIABILITIES		
Accrued Interest - 2025B	2,674	674
Bonds Payable	74,495,000	74,495,000
Bond Premium	3,437,033	3,546,580
TOTAL NONCURRENT LIABILITIES	$ 77,934,707	$ 78,042,254
TOTAL LIABILITIES AND DEFERRED INFLOWS	$ 78,493,934	$ 80,005,312
TOTAL NET POSITION	$ 274,280	$ (739,681)
TOTAL LIABILITIES & NET POSITION	$ 78,768,213	$ 79,265,631

MEMORANDUM

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

From: Allison Bueché

Date: June 10, 2026

Re: Agenda Item No. 7–Consideration and Action on Waiver of Billing Corrections in KPUB's Favor for Five Commercial Accounts

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Staff conducted a review of CT and CT/PT metered electric services and associated billing records and identified a limited number of accounts requiring billing corrections due to metering and billing discrepancies. The review identified both overbilling and underbilling situations. Applicable overbilling corrections have been completed.

Under KPUB's tariff, underbilling corrections may be billed for up to six months. Staff identified five commercial accounts that were eligible for underbilling corrections under this provision.

The total amount of these underbilling charges is $5,231.98, with individual adjustments ranging from $151.51 to $2,797.86. These underbilling amounts were the result of incorrect meter multipliers on the affected accounts.

Staff is requesting Board approval to waive $5,231.98 in underbilling charges for the five affected commercial accounts.

Please let me know if you have any questions or concerns.

Sincerely,

Allison Bueché
Director of Customer & Community Relations

MEMORANDUM

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

From: Amy Dozier

Date: June 11, 2026

Re: Item 8 – FY2027 Rate Discussion

In May 2026, the Board began discussions regarding FY2027 rates. The purpose of this month's discussion is to review updated rate comparison information, consider preliminary FY2027 rate options, and provide guidance regarding the use of Rate Stabilization Fund reserves to mitigate customer rate impacts.

The attached materials include:

1. An updated rate comparison chart reflecting residential rates for 29 utilities as of May 2026.
2. Preliminary FY2027 rate scenarios.

May 2026 Rate Comparison

1. With a monthly billed residential rate of $107.50 for 1,000 kWh, KPUB has the lowest rate in the May 2026 survey. The next lowest rate is Bryan Texas Utilities (BTU) City at $116.80.
2. The BTU City rate increased from $104.10 in April 2026 to $116.80 in May 2026.
3. Fredericksburg began increasing its rate in November 2025. Its rate went from $105.31 in October 2025 to $114.33 in November 2025 and is $118.19 as of May 2026.
4. In May 2026, the average rate across all 29 utilities is $140.40, or 31% higher than KPUB's rate.

Estimated Rate Options

As previously discussed, KPUB's 2025 cost of service and rate study identified a need to increase the customer charge and distribution components of the rate to cover costs.

The study also recommended modifications to the power supply rate methodology to better align with industry practices. Under the proposed approach, transmission and debt service costs would be recovered through base rates and allocated among customer classes based on the factors that drive those costs. The Power Cost Adjustment (PCA) would then be calculated as a uniform per-kWh charge designed to recover incremental power supply costs above the established base cost.

FY2027 presents a unique circumstance because debt service associated with the new power plant will begin before the facility is operational. During this period, KPUB will continue to procure most of its energy through its load-following power purchase agreement with CPS Energy. As a result, the use of Rate Stabilization Fund reserves may be appropriate to reduce the temporary rate impact on customers during the transition period.

Over the next month, we will work to finalize the FY2027 power cost estimate with updated natural gas futures prices, as well as final adjustments to purchase and demand forecasts. Accordingly, the rates shown are indicative and will change some based on final refinements prior to Board consideration.

At this stage, management is seeking Board guidance regarding the amount, if any, of Rate Stabilization Fund reserves that should be used to defer FY2027 rate increases.

<u>Next Steps</u>

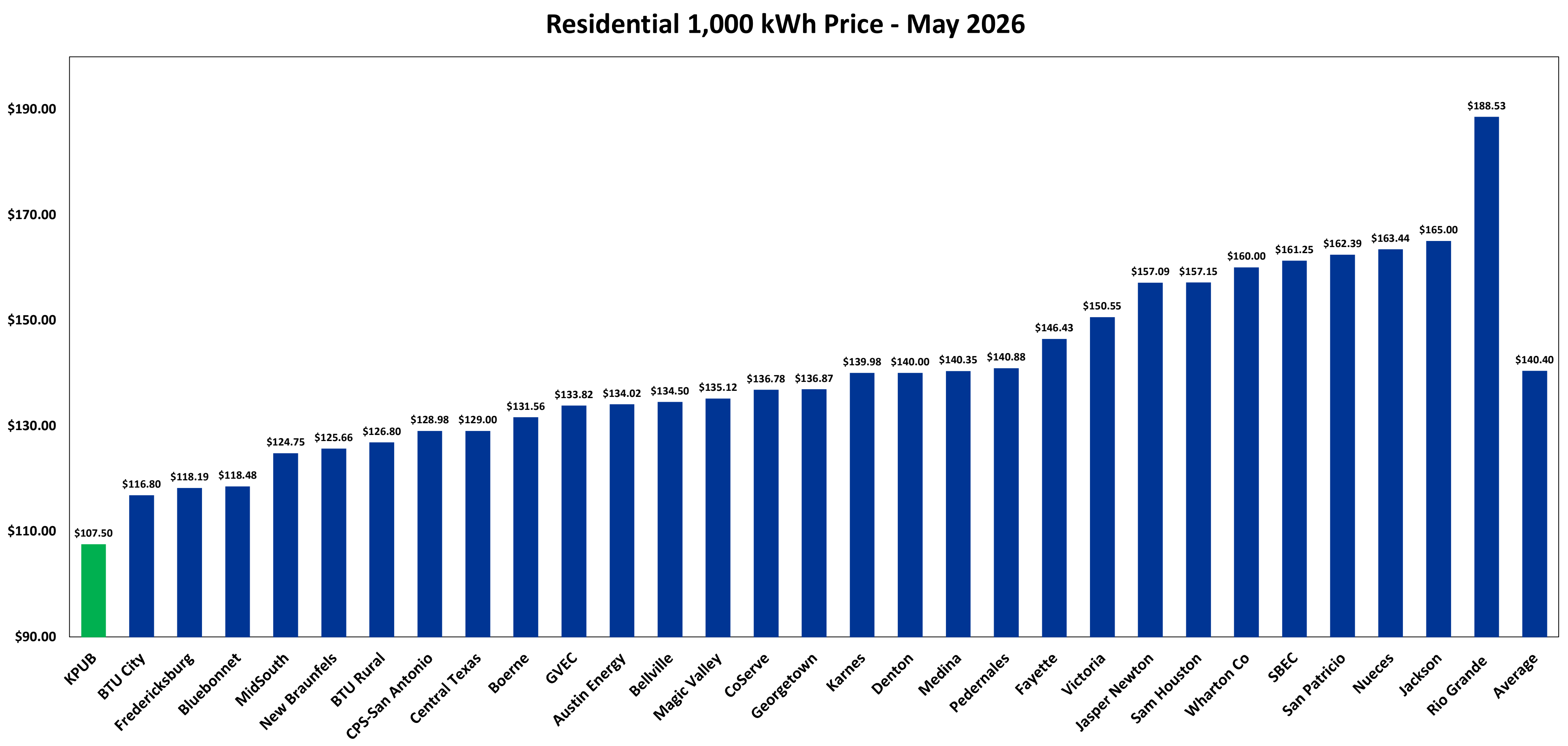
1. June 2026 Board Meeting - Discussion regarding FY2027 rate options and the potential use of Rate Stabilization Fund reserves. Management is seeking Board guidance regarding the amount, if any, of reserves to use.
2. July 2026 Board Meeting – Board vote for FY2027 rate changes, including revisions to the Power Cost Adjustment methodology.
3. August 2026 Board Meeting – FY2027 Budget Workshop
4. September 2026 Board Meeting – FY2027 Budget vote and adoption
5. August or September 2026 – KPUB management will coordinate with the City of Kerrville to bring the residential rate increase to the City Council for approval. This will be an ordinance vote, which requires two readings and two votes over the period of a month.
6. November 2026 – New rates become effective.

This is a discussion item only. No formal Board action is requested in June.

Sincerely,

Amy Dozier

Amy Dozier
Assistant General Manager



Residential 1,000 kWh Price - May 2026
$190.00
$170.00
$150.00
$130.00
$110.00
$90.00
KPUB $107.50
BTU City $116.80
Fredericksburg $118.19
Bluebonnet $118.48
MidSouth $124.75
New Braunfels $125.66
BTU Rural $126.80
CPS-San Antonio $128.98
Central Texas $129.00
Boerne $131.56
GVEC $133.82
Austin Energy $134.02
Bellville $134.50
Magic Valley $135.12
CoServe $136.78
Georgetown $136.87
Karnes $139.98
Denton $140.00
Medina $140.35
Pedernales $140.88
Fayette $146.43
Victoria $150.55
Jasper Newton $157.09
Sam Houston $157.15
Wharton Co $160.00
SBEC $161.25
San Patricio $162.39
Nueces $163.44
Jackson $165.00
Rio Grande $188.53
Average $140.40

FY2027 Rate Option - $3M from Rate Stabilization

	Description	Value
A	Base Year (FY2025) Actual Power Cost	$ 31,602,853
B	+/- Adjustment to maintain stable rates	-
C	+/- Adjustment for current year prices	$ 9,222,873
	FY2027 Purchased Power Budget	$ 40,825,726
D	Base Year (FY2025) Actual kWh Sales	502,716,589
E	Rate Study Fixed Power Supply Costs (Debt + Transmission)	$ 22,954,063
F	Assumed Loss - Primary Voltage	1.50%
G	Assumed Loss - Secondary Voltage	2.91%
	Primary Voltage PCA	$ 0.03609
	Secondary Voltage PCA	$ 0.03662

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 Residential	Proposed Residential	% Change	Current Small Commercial	Proposed Small Commercial	% Change	Current Medium Commercial	Proposed Medium Commercial	% Change	Current Large - Secondary	Proposed Large - Secondary	% Change	Current Large - Primary	Proposed 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	$ 0.03662		$ 0.03629	$ 0.03662		$ 0.03629	$ 0.03662		$ 0.02876	$ 0.03662		$ 0.02601	$ 0.03609	
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	82.05	6%	74.69	77.04	2%	926.52	956.24	2%	12,086.92	14,178.82	13%	32,141.75	40,539.10	20%
Total Bill	$ 107.50	$ 119.68	11%	$ 123.99	$ 130.12	5%	$ 1,213.93	$ 1,243.53	2%	$ 15,908.95	$ 18,955.63	19%	$ 42,229.94	$ 52,441.81	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: Rate Stabilization Transfer	(3,000,000)
Adjusted Total	40,825,726

FY2027 Rate Option - $2M from Rate Stabilization

	Description	Value
A	Base Year (FY2025) Actual Power Cost	$ 31,602,853
B	+/- Adjustment to maintain stable rates	-
C	+/- Adjustment for current year prices	$ 10,222,873
	FY2027 Purchased Power Budget	$ 41,825,726
D	Base Year (FY2025) Actual kWh Sales	502,716,589
E	Rate Study Fixed Power Supply Costs (Debt + Transmission)	$ 22,954,063
F	Assumed Loss - Primary Voltage	1.50%
G	Assumed Loss - Secondary Voltage	2.91%
	Primary Voltage PCA	$ 0.03811
	Secondary Voltage PCA	$ 0.03867

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 Residential	Proposed Residential	% Change	Current Small Commercial	Proposed Small Commercial	% Change	Current Medium Commercial	Proposed Medium Commercial	% Change	Current Large - Secondary	Proposed Large - Secondary	% Change	Current Large - Primary	Proposed 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	$ 0.03867		$ 0.03629	$ 0.03867		$ 0.03629	$ 0.03867		$ 0.02876	$ 0.03867		$ 0.02601	$ 0.03811	
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	84.10	8%	74.69	78.99	3%	926.52	979.58	4%	12,086.92	14,576.52	16%	32,141.75	41,691.82	23%
Total Bill	$ 107.50	$ 121.73	13%	$ 123.99	$ 132.06	7%	$ 1,213.93	$ 1,266.87	4%	$ 15,908.95	$ 19,353.33	22%	$ 42,229.94	$ 53,594.53	27%

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: Rate Stabilization Transfer	(2,000,000)
Adjusted Total	41,825,726