

September 17, 2026

OFFICIAL NOTICE
OF A
REGULAR MONTHLY MEETING

The Kerrville Public Utility Board (KPUB) and Kerrville Public Utility Board Public Facility Corporation (KPFC) will hold its Regular Joint Monthly Meeting on Wednesday, September 23, 2026, beginning at 8:30 a.m. The meeting will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.



Lidia S. Goldthorn, Assistant Secretary

AGENDA
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KERRVILLE PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, SEPTEMBER 23, 2026, 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

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

CALL TO ORDER:

INVOCATION AND PLEDGE OF ALLEGIANCE:

1. CITIZEN/CONSUMER OPEN FORUM:

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

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

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

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

- *Wednesday, October 21, 2026, at 8:30 a.m.*
- *Wednesday, November 18, 2026, at 8:30 a.m.*
- *Wednesday, December 16, 2026, at 8:30 a.m.*

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

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

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

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO
- B. Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board and the Kerrville Public Utility Board Public Facility Corporation 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

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

5. CONSENT AGENDA (KPUB and KPFC):

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

5A.	APPROVAL OF MINUTES – Approval of the August 12, 2026, Special Called Joint Board Meeting and the August 26, 2026, Regular Joint Monthly Board Meeting and the August 26, 2026, Special Called Joint Board Meeting Minutes	1
5B.	KPUB RESOLUTION NO. 26-17 – ERIN CALLAN, ASSISTANT DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies	10
5C.	APPROVAL AND REPORTING OF PURCHASES AND SALES:	
	1. Fleet Purchase and Fleet Sale – Howard Hall, Field Services Supervisor	12
	2. Tariff Payment Ratification – Amy Dozier, Assistant General Manager	17
5D.	CONSIDERATION AND ACTION ON APPOINTMENT/REAPPOINTMENT OF KPUB REPRESENTATIVE TO THE KERR ECONOMIC DEVELOPMENT CORPORATION BOARD – MIKE WITTLER, CEO	18

5E.	CONSIDERATION AND POSSIBLE ACTION ON ANNUAL FUNDING REQUEST FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KerrEDC) TODD BOCK, EXECUTIVE DIRECTOR	19
6.	<u>FINANCIAL REPORT (KPUB and KPFC) – AMY DOZIER, ASSISTANT GENERAL MANAGER:</u>	23
7.	<u>CONSIDERATION AND ACTION ON APPROVAL OF FY2027 ANNUAL SYSTEM BUDGET (KPUB and KPFC) – AMY DOZIER, ASSISTANT GENERAL MANAGER:</u>	33
8.	<u>ADJOURNMENT (KPUB and KPFC)</u>	

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KPUB PUBLIC FACILITY CORPORATION (KPFC)
SPECIAL CALLED JOINT MEETING
WEDNESDAY, AUGUST 26, 2026, AT 1:30 P.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
Amy Dozier, Assistant General Manager
Tony Perez, Director of Engineering
Robby McCutcheon, Director of IT
Allison Bueché, Director of Customer and Community Relations
Annette Gonzales, Director of Human Resources
Larry Lee, Director of Operations
Erin Callan, Accounting Manager
Howard Hall, Field Services Supervisor
DJ Owens, Energy Services Manager
Kenneth Becker, Construction Superintendent
David Burley, Supervisor of Safety and Training
Stephanie Villanueva, Human Resources and Payroll Specialist
Lidia Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Dalton Rice (KPFC)

OTHERS PRESENT:

Erin Kitt, Edisto Resources
William Walton, Edisto Resources
Scott Smyth, Davidson Troilo Reams & Garza
Malorie Falcon, Davidson Troilo Reams & Garza
(via teleconference)

1. CALL TO ORDER:

Mr. Glenn Andrew, Chairman and President, called the Special Called Meeting to order at 1:30 p.m.

2. STRATEGIC PLANNING WORKSHOP:

Mr. Wittler introduced Erin Kitt and William Walton with Edisto Resources; and Scott Smyth and Malorie Falcon with Davidson, Troilo, Reams & Garza. Ms. Kitt presented a power point presentation which reviewed the KPUB Strategic Plan process initiated in 2018, reviewed in 2025, and updated following meetings with staff on August 12, 2026. She reviewed the KPUB Mission, Vision, as

well as the long-term goals and recent accomplishments. Ms. Kitt went over changes and trends that could impact KPUB, as well as strengths, weaknesses, opportunities or threats that staff had developed. Mr. Wittler advised that goal and succession plans continue to be monitored and reviewed as needed. He added that the Management Team continues to review where KPUB stands regarding the Strategic Plan.

**At 2:49 p.m. the Boards took a break, coming back into session at 3:00 p.m.*

Board Members thanked staff for their contributions especially with regard to the great job in conveying KPUB's story to the public and the exceptional emergency response of the organization. It was also expressed that KPUB's legacy should extend beyond the current Board; to put all accomplishments together for future generations to recognize. Mr. Wittler advised that a polished document will be brought to the Board at a future meeting.

No further discussion by the Board.

3. **EXECUTIVE SESSION:** Board Members may, as permitted by law, adjourn into executive session at any time to discuss any matter listed below if the item meets the qualifications in Chapter 551 of the Texas Government Code.

I. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, KPUB and KPFC may 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

Mr. Wittler advised that there was not a need to enter into executive session at this point.

4. **ADJOURNMENT**

Chair and President Andrew adjourned the Special Called Meeting at 4:04 p.m.

Date Approved: _____

Glenn Andrew, Chair and President

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KPUB PUBLIC FACILITY CORPORATION (KPFC)
REGULAR JOINT MONTHLY MEETING
WEDNESDAY, AUGUST 26, 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
Robby McCutcheon, Director of Information Technology
(via teleconference)
Allison Bueché, Director of Customer and Community Relations
Annette Gonzales, Director of Human Resources
Larry Lee, Director of Operations
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
Frank Rotondi, Sky Global Partners, LLC *(via teleconference)*
Randall Bird, Sky Global Partners, LLC *(via teleconference)*
Ryan Thompson, Akin Gump *(via teleconference)*
Cara Morrow, Akin Gump *(via teleconference)*

CALL TO ORDER:

Mr. Glenn Andrew, Chair and President, called the Regular Monthly Meetings to order at 8:00 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 August with a combined service of 96 years. She highlighted the Summer 2026 Newsletter mail out, the new KPUB stickers featuring Lupe the Bass, and Schreiner University flags hung for football season. Employees volunteered at the Mercy Chefs Meal Prep on July 30th, the Light on the Hill Food Pantry Event on August 31st, and continued water maintenance along the river trail. Ms. Bueché advised welcome bags were provided at the Kiwanis New Teacher Luncheon on August 6th. Employees enjoyed participating in a Kick it With Coworkers sporting event. Ms. Bueché advised that at a sponsored Lunch and Learn presentation, KPUB partnered with River Hub, UGRA's new river and weather information data viewer. A KPUB Community Blood Drive is scheduled for September 24th and the annual Bucket Truck Ride Event is scheduled for October 10th during the Public Power Week of October 4th – 10th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, September 23, 2026, at 8:30 a.m. (one week later than normal)*
- *Wednesday, October 21, 2026, at 8:30 a.m.*
- *Wednesday, November 18, 2026, at 8:30 a.m.*
- *Wednesday, December 16, 2026, at 8:30 a.m.*

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

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

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

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO
- B. Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

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

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

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

The Boards entered Executive Closed Session at 8:12 a.m. At 9:40 a.m. Chair and President Glenn Andrew adjourned the Executive Closed Session and reconvened into Open Session.

**At 9:41 a.m. the Boards took a break, coming back into session at 9:48 a.m.*

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

No public action taken by the Board.

5. **CONSENT AGENDA:**

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

5A. APPROVAL OF MINUTES.

5B. KPUB RESOLUTION NO. 26-13 – ERIN CALLAN, ACCOUNTING MANAGER. A Resolution approving payment to various providers of services or supplies.

5C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Jack Furman Transmission Tariff Change Order (Tony Perez)

END OF CONSENT AGENDA

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

Ms. Dozier presented the final financial statements for the month ending July 31, 2026. Highlights for KPUB included a \$4.3M increase in net position; \$39.7M in operating revenue; \$2.9M in rate stabilization transfer; \$38.2M in operating expense; \$1.5M in operating income; \$426K in nonoperating income; \$2.4M in capital contributions; \$22.6M in over collection of power cost adjustment as of July 31, 2026; and \$51.6M invested in municipal investment pools and an account at Happy State Bank. The portfolio of investment accounts earned an annualized blended rate of 3.78% in July. Highlights for KPFC included \$59.9M in generation project costs, including capitalized interest, shown as Capital Assets as of July 31, 2026; \$23.1M balance in the Construction Fund as of July 31, 2026, representing unspent proceeds from the 2025A (open market) bond issuance. July’s expenditures were not large enough to meet the minimum Texas Energy Fund draw amount of \$2M, therefore the next draw will occur in August and include both July and August expenditures. Ms. Dozier updated the Board on the July 16, 2026 Flood. KPUB crews responded quickly to flooding on July 16, 2026. Power outages peaked with 5,708 customers out at 3:25 a.m. Most power was restored during the day, leaving only 27 customers still out by 8:30 p.m.

on July 16th. Remaining power outages, including at the City of Kerrville Water Treatment Plant, were restored on July 17th. KPUB requested assistance from outside contractors James Power Line and Sendero Power Line. She advised that thankfully, the July 2026 flood impacted the KPUB system less than the July 2025 flood. Immediate repair costs totaled just over \$350K. Longer term projects to rebuild damaged river crossings will add additional costs, but the total cost for the event should be less than \$450K. Ms. Dozier added that the event is not yet eligible for FEMA funding. If it becomes eligible, staff will apply for a public assistance grant that could offset up to 75% of the cost. Ms. Dozier also provided a power point presentation with highlights and financial metrics from her memo.

7. **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 third quarter of fiscal year end 2026. He went over the status of current distribution design projects, and substation projects. He highlighted completion of the Jack Furman T2 Addition. 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.

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

Mr. Larry Lee presented the third quarter Reliability Report for FY2025-2026 for the Board's review. He reviewed an outline by substation of the quarter's significant outage details. 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. It is important to note that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

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

I. **EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.074, the Kerrville Public Utility Board and the Kerrville Public Utility Board Public Facility Corporation will recess for the purpose of deliberating "the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee" regarding the following matter:

- A. Succession Planning for Senior Management of Kerrville Public Utility Board – Mike Wittler, CEO

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

The Boards entered Executive Closed Session at 10:14 a.m. At 10:51 a.m. Chair and President Glenn Andrew adjourned the Executive Closed Session and reconvened into Open Session.

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

No public action taken by the Board.

11. ADJOURNMENT

Chair and President Andrew adjourned the Regular Board Meetings at 10:52 a.m.

Date Approved: _____

Glenn Andrew, Chair and President

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD (KPUB) AND
KPUB PUBLIC FACILITY CORPORATION (KPFC)
SPECIAL CALLED MEETING
WEDNESDAY, AUGUST 26, 2026, AT 10:52 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
Amy Dozier, Assistant General Manager
Tony Perez, Director of Engineering
Allison Bueché, Director of Customer and Community Relations
Annette Gonzales, Director of Human Resources
Larry Lee, Director of Operations
Erin Callan, Accounting Manager
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Dalton Rice (KPFC)

OTHERS PRESENT:

1. CALL TO ORDER:

Mr. Glenn Andrew, Chair and President, called the Special Called Meeting to order at 10:52 a.m.

2. CONSIDERATION AND DISCUSSION OF FISCAL YEAR 2027 BUDGET:

Ms. Amy Dozier presented an overview of the Proposed FY2027 Budget to the Board. She went over the proposed budget summary, advising that operating revenue and expense were significantly higher due primarily to increased purchased power cost and a positive change in net position. Purchased power is the largest budgeted expense, accounting for 71% of Operating Expenses. The FY2027 expense has increased primarily due to overlapping costs of the power generation plant and current power purchase agreements. The FY2027 budget assumes a full year of load following purchases from CPS Energy. Extension terms with CPS Energy increased load following prices from June to September 2027. The FY2027 rates are higher than projected during the FY2026 budget process due to revised commercial operations date estimates. FY2028 to FY2030 estimates are approximately \$2 more than rates shown in the FY2026 budget presentation. The days cash on hand is projected to fall below the target level which could necessitate further rate adjustments.

She discussed Operating Revenues with the following budget assumptions: rate change effective in November; residential customer count is forecast to grow by 1.5%; commercial accounts are projected to remain flat following losses after the 2025 and 2026 floods; and residential usage per account continues to decline in FY2026 due to a combination of factors including mild weather and more energy efficient and smaller new construction units. Residential accounts surpassed pre-2025 flood level in November 2025.

Residential account growth equals 1.5% (actual FY2026 and Budget FY2027). Commercial accounts remain below the pre-2025 flood level, hitting a low point in April 2026. Commercial account growth equals 0% for FY2027 Budget.

Ms. Dozier also went over Operating Expenses showing purchased power represents 71% of expense; distribution, customer and administrative related expense account for 21% of operating expenses; non-purchased power expense is projected to increase 3.7% from FY2026 budget and 8.7% from FY2026 estimate. She advised significant items in those categories include: 4.0% average merit increase; 64 full time employees, including one new customer service position; one part time employee and 1 summer intern; assumes full staffing all year; 11% increase in health insurance premiums beginning in January 2026; \$282K increase in LCRA substation maintenance; and \$111K increase in software subscriptions as exorbitant replacement costs for an on-premise server drove decision for a server subscription.

Mr. Tony Perez then went over the Capital Budget by category. She highlighted line construction projects that included Legion 50 – Raymond Barker 50 feeder tie; Jack Furman T2 feeder exits; New river crossing at Spur 98; Kerrville Travis 10 River Crossing at Loop 534; and Ingram 20 – Ingram 40 feeder tie. Substation projects included a new substation; Ingram T1 upgrade; and Hunt substation mitigation to raise circuit switcher. Other projects included SCADA teams server replacement; and Texas Middle Mile fiber installation project.

Ms. Dozier presented the KPFC FY2027 proposed operating budget and capital budget projections. Board Members thanked staff for the presentation. No further discussion by the Board.

3. ADJOURNMENT

Chair and President Andrew adjourned the Special Called Meeting at 11:53 a.m.

Date Approved: _____

Glenn Andrew, Chair and President

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: September 17, 2026

Re: Agenda Item No. 5B – Resolution No. 26-17

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 August 21, 2026 and September 17, 2026 for Board approval:

Vendor	Description	Amount	Date
Purchased Power/Equipment:			
1 CPS	July 2026	\$1,715,554.74	08/24/2026
2 ERCOT	CRR Auction	71,432.90	08/26/2026
3 DG Solar	July 2026	43,102.42	08/27/2026
4 Engie	July 2026	131,110.69	08/28/2026
5 LCRA	July 2026	705,566.44	09/03/2026
6 ERCOT	CRR Auction	263,344.42	09/09/2026
Payroll:			
1 Payroll	Pay period ending 08/22/2026	177,091.77	08/28/2026
2 Payroll	Pay period ending 09/05/2026	174,299.09	09/11/2026
3 Payroll Taxes	Pay period ending 08/22/2026	59,028.29	09/02/2026
4 Payroll Taxes	Pay period ending 09/05/2026	56,581.13	09/16/2026
Employee Benefits:			
1 TX Health Benefits	Health Insurance – September	102,402.04	09/01/2026
2 TMRS	Pension - August Payroll	108,667.17	09/11/2026
Investment Transfers:			
1 Happy State Bank	Investment Transfer	700,000.00	08/21/2026
2 Happy State Bank	Investment Transfer	1,150,000.00	08/28/2026
3 Happy State Bank	Investment Transfer	1,075,000.00	09/04/2026
4 Happy State Bank	Investment Transfer	850,000.00	09/11/2026

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

Sincerely,



Erin Callan
Assistant Director of Finance

RESOLUTION NO. 26-17

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 23rd day of September, 2026

Glenn Andrew, Chair

ATTEST:

Larry Howard, Secretary

MEMORANDUM

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

From: Howard Hall

Date: September 8, 2026

Re: Agenda Item No. 5C.1– Approval and Reporting of Purchases and Sales

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

- 1. Fleet Purchase.** Staff is recommending the approval of a purchase order to Altec Industries Inc., for a total of \$266,141.00 to purchase a 2026 Ford F600 AT41M bucket truck. This truck will replace Unit 3262, 2020 Ford F550 AT48M bucket truck with approximately 87,000 miles. This Unit is budgeted to be replaced in 2026/2027 budget year. Truck specifications meet those of Sourcewell which is a cooperative purchasing program the nation's two leading cooperative purchasing organizations, National IPA and U.S Communities. Attached is the quote received.
- 2. Fleet Sales.** We recently sold Unit 3235, 2014 Freightliner Digger-Derrick with approximately 42,000 miles and approximately 4,668 hours for \$36,575 and a Toyota Forklift with approximately 2,020 hours for \$7,125 thru JJ Kane Auctions. Sale price is after commission. Sales report is attached.

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

Sincerely,



Howard Hall
Supervisor of Field Services

Quoted for: Kerrville Public Utility Board

Customer Contact:

Phone: / **Email:**

Quoted by: Callie Byrd

Phone: 919-672-8713 / **Email:** callie.byrd@altec.com

Altec Account Manager: Aaron Guerra

REFERENCE ALTEC MODEL	Sourcewell Price
AT41M	Articulating Telescopic Aerial Device with Material Handling Insulated, 41'
	\$221,241

(A.) SOURCEWELL OPTIONS ON CONTRACT (Unit)

1	AT41M-US48M	Articulating telescopic Aerial Device with Material Handling (insulating lower arm) with 48' boom boom height (AT48M)	\$20,109
2	AT41M-AOR	Auxiliary Outriggers, Interlock, Wooden Pads / Holders (AT48M Class 5 application only)	\$9,013
3	AT41M-US48M-PE	Platform Elevator	\$4,378
4			

(A1.) SOURCEWELL OPTIONS ON CONTRACT (General)

1	SL	COMPARTMENT LIGHTS in Body Compartments - Strip LED (x8 Compartment)	\$1,776
2	LR	Ladder Rack	\$1,629
3	E-TRACK	E-track mounted on body (x2 strip)	\$292
4	ISG	Inverter Storage Inside of Body Compartment with Guard	\$866
5	RBS	Rubber Belted Step	\$546
6	CH	Cone Holder, Fold Over Post Style	\$415
7	PSWI1	Inverter with minimum 2000W 120V @ 10A pure sine wave output, hardwired to outlet and 12VDC input	\$2,972
8	VRI	120 Volt GFCI Receptacle, Includes Weather-Resistant Enclosure	\$365
9	VRC	12 Volt Receptacle (Cigarette Lighter Style), Weatherproof x2	\$838
10			
11			
12			
13			
14			
15			
SOURCEWELL OPTIONS TOTAL:			\$264,441

(B.) OPEN MARKET ITEMS (Customer Requested)

1	UNIT	N/A	\$0
2	UNIT & HYDRAULIC ACC	N/A	\$0
3	BODY	Custom Steel LGS Body ilo Contract Body	\$3,516
4	BODY & CHASSIS ACC	Eyebolt trailer breakaway, Plastic outrigger pads, Wire reel holder, J-hook and O-rings for E-track	\$1,642
5	ELECTRICAL	Perimeter lights, Cargo lights, Magnetic remote spot light, Multi-point grounding system, Grounding lug, 7-way blade trailer receptacle, and 12V triple gang outlet, Front bumper with grille guard	\$8,915
6	FINISHING	DOT Certification	\$219
7	CHASSIS	2026 Ford F600 4x4 Diesel Reg Cab ilo Contract Chassis	-\$4,664
8	OTHER	Altec MY Adjustment	-\$13,865
OPEN MARKET OPTIONS TOTAL:			-\$4,237

SUB-TOTAL FOR UNIT/BODY/CHASSIS: \$260,204.00
Delivery to Customer: \$5,937.00

TOTAL FOR UNIT/BODY/CHASSIS: \$266,141.00

(C.) ADDITIONAL ITEMS (items are not included in total above)

1			
2			
3			
4			

****Pricing valid for 45 days****

NOTES

PRICING: Altec will make every effort to honor this quotation, subject to the following provisions. Prices for equipment with production start dates 12 months and beyond are budgetary only due to irregular cost inflation and market volatility. These prices will be reviewed based on market conditions and confirmed closer to the production date. Quotes and orders with chassis model year beyond the current open order bank, should be considered estimates only. Altec's turn-key pricing is subject to change in accordance with chassis pricing received from the OEM. Chassis model year, specifications and price will be reviewed and confirmed when specific model year information becomes available from the OEM and that chassis price difference will be passed through to the customer.

PAINT COLOR: White to match chassis, unless otherwise specified

WARRANTY: Standard Altec Warranty for Aerials and Derricks - One (1) year parts warranty One (1) year labor warranty Ninety (90)

TO ORDER: To order, please contact the Altec Account Manager listed above.

CHASSIS: Per Altec Commercial Standard

DELIVERY: TBD Based on availability, FOB Customer Location

TERMS: Net 30 days

BEST VALUE: Altec boasts the following "Best Value" features: Altec ISO Grip Controls for Extra Protection, Only Lifetime Warranty on Structural Components in Industry, Largest Service Network in Industry (Domestic and Overseas), Altec SENTRY Web/CD Based Training, Dedicated/Direct Gov't Sales Manager, In-Service Training with Every Order.

TRADE-IN: Please ask your Altec Account Manager for more information

Payout ID: 166770

Auction ID: 1258



33 Inverness Center Parkway

Birmingham, AL 35242

Tel: (844) 655-5263

Fax: (877) 346-8960

J.J. Kane Exchange, LLC d/b/a J.J. Kane Auctions
33 Inverness Center Parkway Birmingham, AL 35242

LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD

2250 Memorial Blvd

Kerrville, TX 78028

09/02/2026 AL (Central Regional) - 1258

33050



Altec DC47-TR, 23,790 Lb
Digger Derrick s/n
0114EU0963, with 47 ft sheave
height, 2 spd digger, heel
& riding console, rear mounted
on 2014 Freightliner M2 106
Flatbed/Utility Truck, 6.7L L6
4X2, Diesel, Auto, A/C, with
Front Bumper Winch, (42,220
miles) Utility Company Owned
& Maintained, Radio NOT
included (Runs, Moves & Upper
Operates) (Seller states; Minor
Transmission Leak) (Reads
4,668 hours) This is a Titled
Item NOTE: This unit is being
sold AS IS/WHERE IS via
Timed Auction. For pickup
information and terms, please
reference the release form.
(Missing manuals, See Auction
Company for Manufacturers
Information to obtain manuals)
(Buyer is responsible for
removal. Assistance by
consignor or JJ Kane Auctions
is not assured.)

V.I.N.: 1FVACXDT2EHFV3550

Arrival Date: 08/06/2026

Amt Bid:

\$38,500.00

-- EXPENSE --

Commission:

\$1,925.00

Adjustments:

\$0.00

Transportation:

\$0.00

Parts/Repairs:

\$0.00

Washing:

\$0.00

Misc Exp 1:

\$0.00

Decommission:

\$0.00

Misc Exp 2:

\$0.00

-EXPLANATION-

\$36,575.00

Payout ID: 166770

Auction ID: 1258



33 Inverness Center Parkway

Birmingham, AL 35242

Tel: (844) 655-5263

Fax: (877) 346-8960

J.J. Kane Exchange, LLC d/b/a J.J. Kane Auctions
33 Inverness Center Parkway Birmingham, AL 35242

LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD

2250 Memorial Blvd

Kerrville, TX 78028

09/02/2026 AL (Central Regional) - 1258

33051 ☐	Toyota 7FGCU25 Pneumatic Tired Forklift, s/n 82149, LPG, Shuttle, with 4,500lbs capacity, 189in fork height, Utility Company Owned & Maintained (Runs, Moves & Operates) (Seller States: Recently Serviced, Engine Light On) (Reads 2,020 hours) NOTE: This unit is being sold AS IS/WHERE IS via Timed Auction. For pickup information and terms, please reference the release form. (Buyer is responsible for removal. Assistance by consignor or JJ Kane Auctions is not assured.) V.I.N.: 82149 Arrival Date: 08/13/2026	Amt Bid:	\$7,500.00	-- EXPENSE --	-EXPLANATION-	
		Commission:	\$375.00	Adjustments:	\$0.00	
		Transportation:	\$0.00	Parts/Repairs:	\$0.00	\$7,125.00
		Washing:	\$0.00	Misc Exp 1:	\$0.00	
		Decommission:	\$0.00	Misc Exp 2:	\$0.00	

Payout ID: 166770

Auction ID: 1258



33 Inverness Center Parkway

Birmingham, AL 35242

Tel: (844) 655-5263

Fax: (877) 346-8960

J.J. Kane Exchange, LLC d/b/a J.J. Kane Auctions
33 Inverness Center Parkway Birmingham, AL 35242

LOT SUMMARY

KERRVILLE PUBLIC UTILITY BOARD

2250 Memorial Blvd

Kerrville, TX 78028

09/02/2026 AL (Central Regional) - 1258

LOT SPECIFIC AMOUNTS and FEES

TOTAL AMOUNT OF ALL LOTS SOLD:	\$46,000.00
TOTAL AMOUNT OF Commission:	\$2,300.00
TOTAL AMOUNT OF Transportation:	\$0.00
TOTAL AMOUNT OF Washing:	\$0.00
TOTAL AMOUNT OF Decommission:	\$0.00
TOTAL AMOUNT OF Adjustments:	\$0.00
TOTAL AMOUNT OF Parts/Repairs:	\$0.00
TOTAL AMOUNT OF Misc Exp 1:	\$0.00
TOTAL AMOUNT OF Misc Exp 2:	\$0.00
LOTS SUBTOTAL:	\$43,700.00

SELLER SPECIFIC EXPENSES and INCOME

Seller Expenses	Advertising:	\$0.00	SELLER NET \$43,700.00
		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	
Seller Income		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	
		\$0.00	

MEMORANDUM

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

From: Amy Dozier

Date: September 16, 2026

Re: Item 5.C.2. – Tariff Payment Ratification

As imported items begin to arrive at US ports, KPFC will owe tariffs on each shipment. Until the Foreign Trade Zone is in place, the tariffs will be due within 10 days of the ship's arrival. Due to the constantly changing tariff landscape, we will not have the exact tariff amounts until the goods arrive. Accordingly, management plans to ask for ratification of payments made or approval for upcoming payments at each monthly Board meeting, as applicable.

The first tariff payments include:

Payment			
Date	Payee	Description	Amount
9/23/2026	Customs and Border Protection	Tariff - Shipment Lots 1A and 1B	\$ 640,325.66
9/25/2026	Virginia Transformer Corp	Tariff - Unit A	130,219.60
TBD	Virginia Transformer Corp	Tariff - Unit B	130,219.60
TBD	Virginia Transformer Corp	Tariff - Unit C	130,219.60
			<u>\$ 1,030,984.46</u>

Additional documentation for these amounts contains competitive matters information and, accordingly, will be included in the Board's Executive Session packet.

Management recommends approval. I am happy to answer any questions.

Sincerely,



Amy Dozier
Assistant General Manager

MEMORANDUM

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

From: Mike Wittler

Date: September 18, 2026

Re: Agenda Item 5D – Reappointment of KPUB Representative to the KEDC Board

As KPUB's General Manager and CEO, I have served as KPUB's representative on the Kerr Economic Development Corporation (KEDC) Board of Directors since November 2015. My current term expires at the end of October.

I recommend that the KPUB Board reappoint me to continue serving as KPUB's representative on the KEDC Board. Having KPUB's CEO serve on the KEDC Board helps keep KPUB informed of local economic development activity and positions us to support projects and respond quickly when utility involvement is warranted.

I would be happy to provide any additional information or answer any questions the Board may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wittler", with a stylized flourish at the end.

Mike Wittler, P.E.

MEMORANDUM

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

From: Mike Wittler

Date: September 18, 2026

Re: Agenda Item 5E – Annual Funding Request from KEDC

Attached is a request from the Kerrville Economic Development Corporation (KEDC) for \$50,000 in funding for FY 2026–2027.

KPUB has been a long-term partner with KEDC in supporting economic development within our community. KEDC's efforts to retain and expand existing businesses, attract new investment, and support workforce and economic development are consistent with KPUB's interest in promoting a strong and growing local economy.

Through my service on the KEDC Board, KPUB also remains directly engaged in economic development activities and is well positioned to support projects and respond to utility needs when appropriate.

I recommend that the Board approve KEDC's request for \$50,000 in FY 2026–2027 funding.

The attached request provides additional information regarding KEDC's activities and priorities for the coming year.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wittler", with a stylized flourish at the end.

Mike Wittler, P.E.



**KERRVILLE ECONOMIC DEVELOPMENT
CORPORATION**

**1700 Sidney Baker Suite 100
Kerrville, TX 78028**

Funding Request for Fiscal Year 2026–2027

September 17, 2026

KPUB Board of Directors
Kerrville Public Utility Board
2250 Memorial Boulevard
Kerrville, Texas 78028

Re: Request for \$50,000 in FY 2026–2027 Funding

Members of the KPUB Board of Directors:

On behalf of the Kerrville Economic Development Corporation (KerrEDC), I respectfully request \$50,000 in funding from the Kerrville Public Utility Board for Fiscal Year 2026–2027. This investment will support KerrEDC’s continued work to retain and expand local businesses, create quality job opportunities, strengthen the workforce pipeline, and advance long-term economic resilience throughout Kerrville and Kerr County.

KerrEDC’s strategic plan, which is incorporated into our funding agreement with the City of Kerrville Economic Improvement Corporation, establishes a clear direction for the coming year. Its priorities include proactive business retention and expansion outreach, business continuity and resiliency planning, workforce stabilization and talent development, and support for entrepreneurs and small businesses. The plan also reflects KerrEDC’s expanded leadership in coordinating business and economic recovery following the July 2025 & 2026 floods.

KPUB is an essential partner in this work. Reliable, competitive utility service and thoughtful infrastructure planning are critical to retaining existing employers, supporting local expansions, and attracting new investment. Continued collaboration between KPUB and KerrEDC helps ensure that utility considerations are incorporated early in business development discussions and that prospective and expanding employers receive coordinated, responsive support.

The requested \$50,000 will help fund KerrEDC’s implementation of these strategic priorities and its core economic development activities during FY 2026–2027. KerrEDC will continue to provide accountability through regular reporting on activities, partnerships, business assistance, and measurable outcomes consistent with its funding agreements.

We appreciate KPUB’s longstanding partnership and consideration of this request. Your continued investment will help KerrEDC protect local jobs, support business growth, and strengthen the economic foundation of the community KPUB serves.

Respectfully,

Todd Bock
Executive Director
Kerrville Economic Development Corporation

**KERRVILLE ECONOMIC DEVELOPMENT CORPORATION
FY2027 PROPOSED BUDGET
SUMMARY**

BEGINNING FUND BALANCE \$ 5,823 \$ 181,416 \$ 182,669 \$ 286,173

REVENUE

Description	FY2025 Actual	FY2026 Current Budget	FY2026 Estimate	FY2027 Proposed	\$ Change	% Change
EIC CONTRIBUTION	343,750	375,000	375,000	375,000	-	0%
COUNTY CONTRIBUTION	68,750	50,000	50,000	50,000	-	0%
KPUB CONTRIBUTIOON	68,750	50,000	50,000	50,000	-	0%
SPECIAL PROGRAM REVENUE	-	-	-	-	-	0%
CITY CONTRIBUTION	68,750	-	-	-	-	0%
SPECIAL EVENT REGISTRATION	-	-	-	-	-	0%
SPONSORS - DONATIONS	4,000	-	-	-	-	0%
MISCELLANEOUS REVENUE	-	-	-	-	-	0%
TOTAL REVENUE	\$ 554,000	\$ 475,000	\$ 475,000	\$ 475,000	\$ -	0%

EXPENSES

DIVISION	FY2025 Actual	FY2026 Current Budget	FY2026 Estimate	FY2027 Proposed	\$ Change	% Change
GENERAL OPERATIONS	378,407	434,450	346,149	444,338	9,888	2%
BRE	-	22,664	15,914	27,664	5,000	22%
MARKETING	-	16,633	9,433	-	(16,633)	-100%
TOTAL KEDC EXPENSES	\$ 378,407	\$ 473,747	\$ 371,496	\$ 472,002	\$ (1,745)	0%

NET REVENUE / EXPENSES	\$	175,593	\$	1,253	\$	103,504	\$	2,998	\$	1,745
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ENDING FUND BALANCE \$ 181,416 \$ 182,669 \$ 286,173 \$ 289,171

Kerr Economic Development Corporation

FY 2026–27 Budget Narrative

The FY 2026–27 budget reflects KerrEDC's commitment to responsible fiscal management while maintaining the capacity to fulfill its economic development mission. Although employee benefits, professional services, and contractual expenses continue to rise, reductions in discretionary spending and the reallocation of existing resources have kept the proposed budget substantially consistent with the current fiscal year.

Reserve Policy

Any stakeholder contributions remaining at the end of the fiscal year will be designated for future Board-approved economic development and operational priorities rather than treated as unrestricted surplus. These reserves may support business recruitment and retention, grant matching requirements, strategic initiatives, organizational capacity, and emerging economic development opportunities.

Fiscal Stewardship

KerrEDC remains committed to transparent financial management and responsible stewardship of public funds. This budget preserves essential services, protects stakeholder investments, and positions the organization to respond effectively to opportunities that benefit Kerr County and its funding partners.

MEMORANDUM

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

From: Amy Dozier

Date: September 16, 2026

Re: Agenda Item No. 6 – Financial Report

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

Highlights include:

KPUB

- **\$4.4M increase in net position** on a year-to-date (YTD) basis, which is \$1.4M higher than budget.
- **\$44.6M in operating revenue** on a YTD basis.
 - Revenues are lower than budget due to a combination of:
 1. kWh sales that are 5.0% 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 \$2.86 per MMBtu so far this fiscal year compared to a budgeted amount of \$3.93. Because almost 70% of the customer's rate is a pass through of power cost, lower power costs result in lower revenues.

• \$2.9M in Rate Stabilization Transfer on a YTD basis.	
Operating Income	\$ 1,494,415
Remove Rate Stabilization Transfer	<u>2,935,144</u>
Adjusted Operating Loss	\$ 4,429,559
Depreciation	3,865,523
Actual Capital Spending	<u>(5,359,938)</u>
YTD Transfer	<u><u>\$ 2,935,144</u></u>

There was no rate stabilization transfer in August 2026 due to low capital expenditures for the month. We expect to end the year close to the budgeted amount of \$3.4M.

- **\$42.9M in operating expense** on a YTD basis.
 - Operating expense is 10.0% better than budget driven primarily by:
 1. Lower than budget purchased power expense due a combination of kWh purchases that are 4.1% lower than budget as mild weather has driven lower kWh sales and lower than forecast natural gas prices leading to unit costs that are 8.3% lower than budget.
 2. Lower than budget expenses continue in all other categories. In total, combined expenses in Distribution, Customer Accounts, Customer Service and Administrative categories are expected to end the year within 5% of the annual budget.
- **\$1.6M in operating income** on a YTD basis.

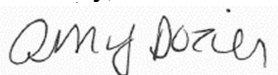
- **\$443K in nonoperating income** on a YTD basis.
 - Nonoperating income is \$565K better than budget due to:
 1. Better than budget interest income primarily due to higher than budget invested balances. The FY2026 Budget assumed a 3.75% interest rate, which closely aligns with where rates have stabilized over the last several months.
 2. Lower than budget City of Kerrville transfer due to lower than budget revenues previously discussed.
- **\$2.4M in capital contributions**, including FEMA grant revenue of \$1.4M.
 - KPUB has received FEMA reimbursement for all completed work related to the July 4, 2026 flood.
 - The remaining FEMA projects relate to incomplete work at the Hunt Substation and on the distribution system. Project completion and a FEMA reimbursement of less than \$300K for the remaining projects is not expected until FY2027 or later.
 - On September 3, 2026 the President declared a Major Disaster eligible for Public Assistance grants from FEMA related to the flooding in Kerr County on July 16, 2026. The next step in the process is for FEMA to assign a program manager to our disaster and schedule a time to meet with us. As of September 16, 2026, we are still waiting to be assigned a program manager. We expect to have approximately \$450K in costs eligible for a 75% reimbursement (~\$338K)
- **\$23.2M in over collection of power cost adjustment** as of 8/31/2026, an **increase of \$580K** from the prior month.
 - KPUB's billed rate is \$110.00 for 1,000 kWh of residential power in August. In the August monthly survey of 29 Central and South Texas utilities, KPUB's \$110.00 rate was the third lowest. The overall average rate for the 29 utilities is \$137.20.
- **\$50.7M invested** in municipal investment pools and an account at Happy State Bank.
 - The portfolio of investment accounts earned an annualized blended rate of 3.81% in August. Rates have gradually moved higher and we expect to see higher rates in the last half of September following the Federal Reserve's action to increase the Federal Funds rate by 25 basis points on September 16, 2026.

KPFC

- **\$62.3M in generation project costs, including capitalized interest, shown as Capital Assets** as of 8/31/26.
- **\$25.0M balance in the Construction Fund** as of 8/31/26, representing unspent proceeds from the 2025A (open market) bond issuance.
- August activity included a \$3.9M construction draw from the Texas Energy Fund.

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 August 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	\$ 2,749,162	\$ 2,937,223	\$ (188,061)	-6.40%	\$ 2,597,123	\$ 152,039	5.85%
Commercial/Industrial	2,017,895	2,176,014	(158,118)	-7.27%	1,986,182	31,713	1.60%
Sales to Public Authorities	22,384	21,667	717	3.31%	21,773	611	2.81%
Rate Stabilization Transfer	-	339,487	(339,487)	-100.00%	-	-	-
Other	49,071	40,060	9,011	22.49%	34,297	14,774	43.08%
TOTAL OPERATING REVENUES	4,838,512	5,514,450	(675,938)	-12.26%	4,639,375	199,137	4.29%
OPERATING EXPENSES							
Purchased Power	3,411,752	4,389,961	978,209	22.28%	3,262,995	(148,757)	-4.56%
Distribution	272,091	357,196	85,105	23.83%	398,923	126,832	31.79%
Customer Accounts	58,369	68,283	9,915	14.52%	64,884	6,515	10.04%
Customer Service, Informational & Sales	36,919	48,644	11,725	24.10%	45,169	8,250	18.26%
Administrative Expenses	571,561	491,128	(80,434)	-16.38%	447,161	(124,400)	-27.82%
Depreciation & Amortization	374,068	406,576	32,508	8.00%	384,459	10,391	2.70%
TOTAL OPERATING EXPENSES	4,724,761	5,761,789	1,037,028	18.00%	4,603,592	(121,169)	-2.63%
OPERATING INCOME (LOSS)	113,751	(247,339)	361,090	145.99%	35,783	77,968	217.89%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	169,705	132,812	36,893	27.78%	184,183	(14,478)	-7.86%
Interest Income - City of Kerrville	6,429	6,429	-	0.00%	8,571	(2,143)	-25.00%
Interest Expense	(6,831)	(9,047)	2,216	24.50%	(9,511)	2,680	28.18%
City of Kerrville - General Fund Transfer	(150,484)	(169,686)	19,202	11.32%	(145,015)	(5,469)	-3.77%
City of Ingram - Franchise Fee	(3,616)	(3,000)	(616)	-20.53%	(3,362)	(254)	-7.55%
Other - Net	1,479	1,250	229	18.36%	60,706	(59,226)	-97.56%
TOTAL NONOPERATING REVENUES (EXP)	16,682	(41,242)	57,925	140.45%	95,571	(78,889)	-82.54%
INCOME BEFORE CONTRIBUTIONS	130,433	(288,581)	419,014	145.20%	131,354	(921)	-0.70%
Capital Contributions - Customer	21,687	68,333	(46,646)	-68.26%	26,720	(5,032)	-18.83%
Capital Contributions - Grant	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	21,687	68,333	(46,646)	-68.26%	26,720	(5,032)	-18.83%
CHANGE IN NET POSITION	\$ 152,120	\$ (220,248)	\$ 372,369	169.07%	\$ 158,074	\$ (5,953)	-3.77%
NET POSITION AT BEGINNING OF MONTH	\$ 85,276,110				\$ 81,286,390		
NET POSITION AT END OF MONTH	\$ 85,428,231				\$ 81,444,464		



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended August 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	\$ 23,327,316	\$ 26,812,365	\$ (3,485,049)	-13.00%	\$ 23,407,014	\$ (79,698)	-0.34%
Commercial/Industrial	17,368,711	19,377,126	(2,008,416)	-10.36%	17,403,140	(34,430)	-0.20%
Sales to Public Authorities	241,331	238,332	2,999	1.26%	239,472	1,859	0.78%
Rate Stabilization Transfer	2,935,144	3,066,695	(131,551)	-4.29%	-	2,935,144	-
Other	680,974	629,997	50,977	8.09%	612,643	68,331	11.15%
TOTAL OPERATING REVENUES	44,553,475	50,124,515	(5,571,040)	-11.11%	41,662,269	2,891,206	6.94%
OPERATING EXPENSES							
Purchased Power	28,066,209	31,915,395	3,849,186	12.06%	27,760,400	(305,809)	-1.10%
Distribution	3,706,961	4,123,290	416,329	10.10%	3,814,975	108,014	2.83%
Customer Accounts	635,799	747,545	111,746	14.95%	712,483	76,684	10.76%
Customer Service, Informational & Sales	392,912	506,669	113,757	22.45%	376,586	(16,326)	-4.34%
Administrative Expenses	5,903,837	5,994,548	90,711	1.51%	5,204,550	(699,287)	-13.44%
Depreciation & Amortization	4,239,591	4,417,340	177,749	4.02%	4,185,913	(53,678)	-1.28%
TOTAL OPERATING EXPENSES	42,945,309	47,704,786	4,759,477	9.98%	42,054,908	(890,401)	-2.12%
OPERATING INCOME (LOSS)	1,608,165	2,419,729	(811,564)	-33.54%	(392,639)	2,000,804	509.58%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,792,703	1,460,932	331,772	22.71%	1,860,113	(67,409)	-3.62%
Interest Income - City of Kerrville	85,715	85,713	2	0.00%	109,286	(23,572)	-21.57%
Interest Expense	(78,075)	(99,519)	21,444	21.55%	(94,201)	16,126	17.12%
City of Kerrville - General Fund Transfer	(1,397,731)	(1,550,060)	152,329	9.83%	(1,309,705)	(88,025)	-6.72%
City of Ingram - Franchise Fee	(31,433)	(33,000)	1,567	4.75%	(32,112)	679	2.11%
Other - Net	71,903	13,750	58,153	422.93%	61,480	10,424	16.95%
TOTAL NONOPERATING REVENUES (EXP)	443,083	(122,184)	565,268	462.64%	594,861	(151,778)	-25.51%
INCOME BEFORE CONTRIBUTIONS	2,051,249	2,297,545	(246,296)	-10.72%	202,222	1,849,027	914.35%
Capital Contributions - Customer	993,043	751,664	241,379	32.11%	846,728	146,315	17.28%
Capital Contributions - Grant	1,403,683	-	1,403,683	-	-	1,403,683	-
TOTAL CAPITAL CONTRIBUTIONS	2,396,726	751,664	1,645,062	218.86%	846,728	1,549,998	183.06%
CHANGE IN NET POSITION	\$ 4,447,974	\$ 3,049,209	\$ 1,398,766	45.87%	\$ 1,048,950	\$ 3,399,025	324.04%
NET POSITION AT BEGINNING OF YEAR	\$ 80,980,256				\$ 80,395,514		
NET POSITION AT END OF MONTH	\$ 85,428,231				\$ 81,444,464		



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

ASSETS & DEFERRED OUTFLOWS	Aug 31, 2026	Sep 30, 2025	LIABILITIES, DEFERRED INFLOWS & NET POSITION	Aug 31, 2026	Sep 30, 2025
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Current Portion - Bonds Payable	\$ 481,000	\$ 464,000
Cash and Cash Equivalents	\$ 1,012,845	\$ 1,230,495	Current Portion - Leases Payable	16,354	16,354
Investments	35,390,546	32,577,205	Current Portion - Subscriptions Payable	320,853	320,853
Less: Customer Deposits	(571,474)	(535,058)	Current Portion - Compensated Absences	619,572	601,732
Total Revenue Fund	35,831,917	33,272,642	Current Portion - Total OPEB Liability	9,368	9,368
Construction Fund:			Accounts Payable - Net Purchased Power	10,273,120	10,045,827
Cash and Cash Equivalents	6,138	5,931	Accounts Payable and Accrued Liabilities	1,358,322	1,239,232
Investments	1,747,013	1,686,519	Power Cost Adjustment - Over Collected	23,189,500	22,264,314
Total Construction Fund	1,753,151	1,692,450	TOTAL CURRENT LIABILITIES	\$ 36,268,089	\$ 34,961,680
Rate Stabilization Fund:			NONCURRENT LIABILITIES		
Investments	2,299,063	2,219,454	Noncurrent - Bonds Payable	\$ 1,020,000	\$ 1,501,000
Total Rate Stabilization Fund	2,299,063	2,219,454	Noncurrent - Leases Payable	22,459	31,688
Long Term Rate Stabilization Fund:			Noncurrent - Subscriptions Payable	65,893	427,289
Investments	6,561,322	5,192,203	Customer Deposits	571,474	535,058
Total Long Term Rate Stabilization Fund	6,561,322	5,192,203	Noncurrent - Compensated Absences	112,541	112,541
Customer Accounts Receivable, net of allowance	2,102,969	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	2,664,003	2,576,593	TOTAL NONCURRENT LIABILITIES	\$ 4,089,538	\$ 4,814,491
Deposits with Other Entities	1,486,481	1,445,958			
Other Current Assets	6,922	17,143	DEFERRED INFLOWS - PENSION AND OPEB	\$ 129,278	\$ 129,278
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
TOTAL CURRENT ASSETS	\$ 55,986,370	\$ 51,564,571	TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 40,486,905	\$ 39,905,449
NONCURRENT ASSETS			TOTAL NET POSITION	\$ 85,428,231	\$ 80,980,256
Customer Deposits	\$ 571,474	\$ 535,058			
Texas Energy Fund - Escrow Deposit	5,250,000	5,250,000			
Interest and Sinking Fund	420,474	456,650			
Emergency, Repair, Replace, Contingency Fund	4,298,740	4,149,888			
Noncurrent Advance to City of Kerrville	2,142,859	3,214,287			
Capital Assets, net of Accum Depreciation	55,804,911	53,895,811			
Right to Use Assets, Net of Accum Amortization	29,978	44,967			
Subscription Assets, Net of Accum Amortization	575,502	939,646			
TOTAL NONCURRENT ASSETS	\$ 69,093,938	\$ 68,486,307			
DEFERRED OUTFLOWS - PENSION AND OPEB	\$ 834,828	\$ 834,828			
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 125,915,136	\$ 120,885,706	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 125,915,136	\$ 120,885,706



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

		Restricted							
		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
	Date								
Beginning Fund Balance		\$ 36,415,063	\$ 1,741,379	\$ 2,291,649	\$ 6,540,162	\$ -	\$ 375,477	\$ 4,284,877	\$ 51,648,605
Withdrawals:									
Happy Investment - TXHB	08/03/26	(101,360)							(101,360)
Happy Investment - LCRA	08/03/26	(705,560)							(705,560)
Happy Investment - TMRS	08/04/26	(163,960)							(163,960)
Happy Investment - ERCOT	08/11/26	(365,482)							(365,482)
Happy Investment - ERCOT	08/17/26	(147)							(147)
Happy Investment - Concho Bluff	08/20/26	(113,125)							(113,125)
Happy Investment - Next Era	08/20/26	(485,088)							(485,088)
Happy Investment - CPS	08/24/26	(1,715,555)							(1,715,555)
Happy Investment - ERCOT	08/26/26	(71,433)							(71,433)
Happy Investment - DG Solar	08/27/26	(43,102)							(43,102)
Happy Investment - Engie	08/28/26	(131,111)							(131,111)
Investments:									
Happy Investment	08/07/26	450,000							450,000
Happy Investment	08/14/26	500,000							500,000
Happy Investment	08/21/26	700,000							700,000
Happy Investment	08/28/26	1,150,000							1,150,000
Fund Balance after Withdrawals & Investments		35,319,140	1,741,379	2,291,649	6,540,162	-	375,477	4,284,877	50,552,683
Allocation of:									
Interest Income	08/31/26	115,183	5,634	7,414	21,160	-	1,219	13,863	164,474
Total Interest Allocation		115,183	5,634	7,414	21,160	-	1,219	13,863	164,474
Fund Balance After Allocations		35,434,324	1,747,013	2,299,063	6,561,322	-	376,696	4,298,740	50,717,157
Interfund Transfers :									
Debt Service	08/31/26	(43,778)					43,778		-
Ending Fund Balance		\$ 35,390,546	\$ 1,747,013	\$ 2,299,063	\$ 6,561,322	\$ -	\$ 420,474	\$ 4,298,740	\$ 50,717,157



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

DEBT SERVICE COVERAGE RATIO:

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 152,120	\$ 4,447,974	\$ 3,983,766
PLUS:			
Interest Expense (net of amortizations)	6,831	78,075	92,180
Depreciation & Amortization Expense	374,068	4,239,591	4,626,551
Numerator	533,020	8,765,640	8,702,497
DIVIDED BY:			
Interest Expense (net of amortizations)	6,831	78,075	92,180
Principal Payment Due	68,184	750,023	818,207
Denominator	\$ 75,015	\$ 828,098	\$ 910,387
DEBT SERVICE COVERAGE RATIO	7.11	10.59	9.56
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	35,831,917
Construction Fund	1,753,151
Rate Stabilization Fund	2,299,063
Long Term Rate Stabilization Fund	6,561,322
Emergency, Repair, Replace, Contingency Fund	4,298,740
Total Cash and Cash Equivalents (A)	\$ 50,744,193

DENOMINATOR:

Fiscal Year-to-Date Operating Expense	\$ 42,945,309
Less: Fiscal Year-to-Date Depreciation	4,239,591
Adjusted Operating Expense (B)	\$ 38,705,718

NUMBER OF DAYS ELAPSED IN FISCAL YEAR (C) 335

DAYS CASH ON HAND (= A / B * C) 439
MINIMUM DAYS CASH ON HAND PER POLICY 47 175

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

NUMERATOR:

Fiscal Year-to-Date Operating Income	\$ 1,608,165
Less: City of Kerrville and Ingram Transfers	(1,429,163)
Plus: 50% of PPA Expense	9,344,199
Plus: Fiscal Year-to-Date Depreciation	4,239,591
Plus: Fiscal Year-to-Date Interest Income - Investments	1,792,703
Plus: Fiscal Year-to-Date Capital Contributions	2,396,726
Total Numerator (D)	\$ 17,952,221

DENOMINATOR:

50% of PPA Expense	\$ 9,344,199
Fiscal Year Debt Service (Cash Basis)	501,581
Fiscal Year Debt Service Receivable (Cash Basis)	(1,167,858)
Total Denominator (E)	\$ 8,677,921

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 August 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	-	4,167	4,167	100.00%	-	-	-
TOTAL OPERATING EXPENSES	-	4,167	4,167	100.00%	-	-	-
OPERATING INCOME (LOSS)	-	(4,167)	4,167	100.00%	-	-	-
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	83,919	7,177	76,742	1069.27%	92,594	(8,675)	-9.37%
Interest Expense	(340,494)	(319,098)	(21,396)	6.70%	322,938	(663,431)	-205.44%
Allowance for Borrowed Funds during Construction	318,848	318,848	(0)	0.00%	541,274	(222,427)	-41.09%
Debt Issuance Cost	-	-	-	-	-	-	-
Amortization - Debt Premium	13,693	13,693	0	0.00%	13,693	-	0.00%
TOTAL NONOPERATING REVENUES (EXP)	75,966	20,620	55,346	268.41%	970,499	(894,533)	-92.17%
INCOME BEFORE CONTRIBUTIONS	75,966	16,453	59,513	361.71%	970,499	(894,533)	-92.17%
Capital Contributions	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 75,966	\$ 16,453	\$ 59,513	361.71%	\$ 970,499	\$ (894,533)	-92.17%
NET POSITION AT BEGINNING OF MONTH	\$ 437,940				\$ (57,016)		
NET POSITION AT END OF MONTH	\$ 513,907				\$ 913,483		



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

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Current Month	Variance	Percentage	Current Last Year	Variance	Percentage
		Budget Amount	Favorable (Unfavorable)	Favorable (Unfavorable)		Favorable (Unfavorable)	Favorable (Unfavorable)
OPERATING REVENUES							
Sales of Electricity - Power Agreements	\$ -	\$ -	\$ -	-	\$ 935,850	\$ (935,850)	-100.00%
TOTAL OPERATING REVENUES	-	-	-	-	935,850	(935,850)	-100.00%
OPERATING EXPENSES							
Administrative Expenses	7,000	45,833	38,833	84.73%	-	(7,000)	-
TOTAL OPERATING EXPENSES	7,000	45,833	38,833	84.73%	-	(7,000)	-
OPERATING INCOME (LOSS)	(7,000)	(45,833)	38,833	84.73%	935,850	(942,850)	-100.75%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,153,337	445,892	707,445	158.66%	92,594	1,060,744	1145.59%
Interest Expense	(3,568,957)	(3,527,791)	(41,166)	1.17%	541,702	(4,110,659)	-758.84%
Allowance for Borrowed Funds during Construction	3,525,041	3,525,041	(0)	0.00%	541,274	2,983,766	551.25%
Debt Issuance Cost	540	-	540	-	(1,225,323)	1,225,863	-100.04%
Amortization - Debt Premium	150,627	150,623	4	0.00%	27,387	123,240	450.00%
TOTAL NONOPERATING REVENUES (EXP)	1,260,588	593,765	666,823	112.30%	(22,367)	1,282,955	-5736.02%
INCOME BEFORE CONTRIBUTIONS	1,253,588	547,932	705,656	128.79%	913,483	340,105	37.23%
Capital Contributions	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 1,253,588	\$ 547,932	\$ 705,656	128.79%	\$ 913,483	\$ 340,105	37.23%
NET POSITION AT BEGINNING OF YEAR	\$ (739,681)				\$ -		
NET POSITION AT END OF MONTH	\$ 513,907				\$ 913,483		



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

ASSETS	Aug 31, 2026	Sep 30, 2025	LIABILITIES & NET POSITION	Aug 31, 2026	Sep 30, 2025
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Accrued Interest - 2025A	\$ 1,455,817	\$ 853,548
Cash and Cash Equivalents	\$ 2,606	\$ 2,517	Accounts Payable	96,095	1,109,510
Total Revenue Fund	2,606	2,517	TOTAL CURRENT LIABILITIES	\$ 1,551,912	\$ 1,963,058
Construction Fund:			NONCURRENT LIABILITIES		
Cash and Cash Equivalents	24,994,097	37,531,419	Accrued Interest - 2025B	44,590	674
Total Construction Fund	24,994,097	37,531,419	Bonds Payable	85,910,000	74,495,000
Capitalized Interest Fund:			Bond Premium	3,395,953	3,546,580
Cash and Cash Equivalents	4,050,803	6,789,446	TOTAL NONCURRENT LIABILITIES	\$ 89,350,544	\$ 78,042,254
Total Capitalized Interest Fund	4,050,803	6,789,446	TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 90,902,455	\$ 80,005,312
Interest and Sinking Fund:			TOTAL NET POSITION	\$ 513,907	\$ (739,681)
Cash and Cash Equivalents	1,604	1,019			
Total Interest and Sinking Fund	1,604	1,019			
Accrued Interest Receivable	83,910	151,472			
TOTAL CURRENT ASSETS	\$ 29,133,021	\$ 44,475,873			
NONCURRENT ASSETS					
Capital Assets, Nondepreciable	62,283,341	34,789,758			
TOTAL NONCURRENT ASSETS	\$ 62,283,341	\$ 34,789,758			
TOTAL ASSETS	\$ 91,416,362	\$ 79,265,631	TOTAL LIABILITIES & NET POSITION	\$ 91,416,362	\$ 79,265,631

MEMORANDUM

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

From: Amy Dozier

Date: September 16, 2026

Re: Item 7 – FY2027 Budget

Management hereby submits the following FY2027 Annual Budgets for KPUB and KPFC for approval.

KPUB Budget highlights include:

- \$60.7 million in operating revenues, up 9.3% from the FY2026 Budget.
- \$42.7 million for purchased power expense, up 17.4% from the FY2026 Budget, due primarily to debt service payments for the power generation plant that will begin to accrue prior to commercial operations date.
- \$60.5 million in operating expenses, up 12.7% from the FY2026 Budget, due to primarily to increased purchase power expense.
- \$13.1 million in Distribution, Customer and Administrative expense, up 4.5% compared to the FY2026 Budget.
- \$2.0 million increase in net position.
- Personnel changes include one new Customer Service employee and an average 4% merit increase for KPUB employees.
- The capital budget includes \$7.4M in cash funded projects during FY2027. KPUB expects to receive \$1.8M in grant funding that will partially offset the expenditure.

KPFC Budget highlights include:

- \$85.0M in capital spending related to the power generation project in FY2027. This number has been adjusted from \$76.6M presented at the Budget Workshop to \$85.0M because the estimated spending through September 30, 2026 has been adjusted downward. Note that the project budget currently remains at \$175M, but may need to be adjusted depending on the final impact of tariffs and pending any adjustment needed when electrical bids are received.
- KPFC's operating budget includes \$7.2M in operating revenue, representing fixed costs for debt service and insurance that will be billed to KPUB under the Power Sales Agreement in FY2027.

Since the Budget Workshop on August 26, 2026, the following changes have been made:

- \$100,000 increase for employee health insurance based on an updated proposal from TXHB.
- Updates to FY2026 estimate numbers based on actual financial information through August 31, 2026.
- Changes to ending balances, ratios and change percentages based on the aforementioned changes.
- Updates to KPFC estimated capital spending for FY2026. That number decreased, meaning the FY2027 capital budget number increased as more spending was moved to the next fiscal year.
- Note that the Federal Reserve raised the Federal Funds Rate on September 16, 2026 and another rate increase is widely expected in 2026. The budgeted interest rate for FY2027 is 3.00%. Projections are now at least 3.75%. Due to uncertainty about the amount and timing of large payments in FY2027, we have elected to keep the interest income budget unchanged using a 3.00% interest rate.

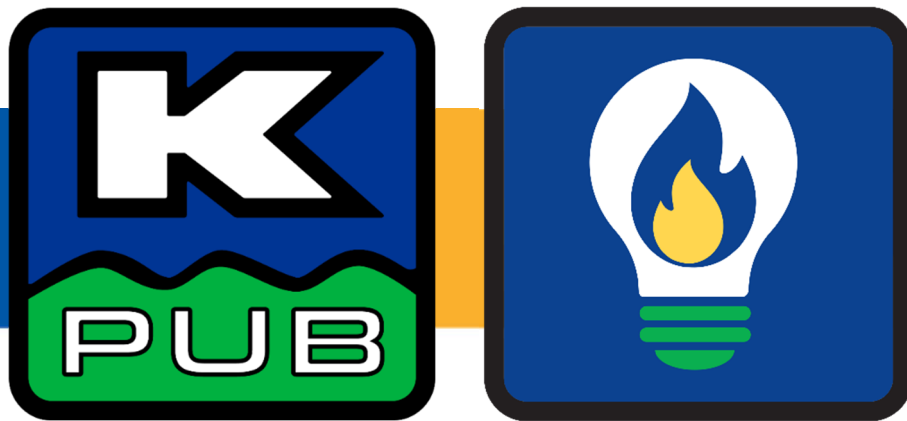
Note that the budget being adopted covers the period from October 1, 2026 to September 30, 2027. Five-year projections are presented for information and discussion purposes only.

Management recommends approval. I am happy to answer any questions.

Sincerely,

A handwritten signature in cursive script that reads "Amy Dozier". The signature is written in dark ink on a light-colored, slightly textured background.

Amy Dozier
Assistant General Manager



Fiscal Year 2027 Proposed Budget

September 23, 2026



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Kerrville Public Utility Board
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BUDGET MESSAGE



KERRVILLE
PUBLIC
UTILITY
BOARD

August 21, 2026

Dear Kerrville Public Utility Board Members,

In accordance with Board Policy 49, attached please find my submission the proposed Fiscal Year 2027 (FY2027) budgets for KPUB and KPUB Public Facility Corporation.

The proposed budgets reflects our mission to be a responsive and efficient, locally owned provider of safe and reliable utility service at the lowest responsible price. It was developed over several months, incorporating input from staff, external experts, and extensive research on topics ranging from energy futures and economic forecasts to developments in Kerrville.

FY2026: A Year of Achievement and Resilience

FY2026 was another significant year for KPUB, with major accomplishments including:

- **Provided exceptional value to our customers** through some of the lowest residential electric rates in Texas and exceptional reliability.
- **Broke ground on our new 122-megawatt power generation plant in April 2026**, taking a historic step into power generation ownership.
- **Responded rapidly to the July 16 flood**, mobilizing mutual aid before sunrise and restoring power to most customers the same day.
- **Helped strengthen our community's flood-warning capabilities**, working with our community partners to secure a \$14.7 million Middle Mile grant to support critical flood-warning infrastructure across Kerr County.
- **Celebrated more than five years without a lost-time work injury**, reflecting our employees' continued commitment to safety.
- **Made significant substation improvements**, including a major transformer addition at the Jack Furman Substation, feeder protection upgrades at the Rim Rock Substation, and continued load-shed program improvements with LCRA.
- **Finalized a five-year distribution system planning assessment** to guide future capital investments.
- **Continued investing in our employees and developing talent from within**, including a promotion from Accounting Manager to Assistant Director of Finance, two engineering career advancements, and a line worker apprenticeship graduate.
- **Welcomed Dr. David Sprouse** to the **KPUB Board of Trustees** and **honored outgoing trustee** and former Chairman **Bill Thomas** for 10 years of service.
- **Had another exceptional year of national, state, industry, and local recognition**, placing KPUB among the most recognized utilities in public power.

Award highlights included:

- **Continuing to hold APPA's Gold-Level Reliable Public Power Provider (RP3) designation**—one of only 11 Texas utilities with this recognition.
- **Top Workplace honors for the third time in four years**—along with six 2026 Top Workplaces Culture Excellence & Industry Awards for Employee Appreciation, Work-

Life Flexibility, Employee Well-Being, Compensation & Benefits, Purpose & Values, and Energy & Utilities.

- **Continuing to hold APPA's Smart Energy Provider designation**—one of only five Texas utilities with this recognition.
- **APPA Customer Satisfaction Award for the fourth consecutive year**—with a 94.9% customer satisfaction rating, the only Texas utility recipient and one of just 15 utilities nationwide.
- **APPA's Diamond-Level Safety Award**—the highest level of recognition and KPUB's seventh time receiving the top-level award in eight years.
- **Two APPA Excellence in Public Power Communications Awards and the Audience Choice Award for video**—recognizing excellence in KPUB's communications efforts.
- **The Bond Buyer Deal of the Year Award**—recognizing the financing strategy for our new power generation plant.
- **Excellence in Financial Reporting Award**—recognizing KPUB's commitment to financial transparency and accountability for the 32nd consecutive year.
- **Texas Electric Cooperatives Lifesaving and Good Samaritan Awards**—recognizing staff actions during the July 4, 2025 flood.
- **Kerrville ISD Community Partner recognition**—recognizing KPUB's continued support of local schools and students.

FY2027: Powering the Next Chapter

The year ahead promises to be just as impactful, with key initiatives planned:

- **Bringing our new 122-megawatt power generation plant into commercial operation**, with COD targeted for early September 2027.
- **Giving customers greater insight into their energy use and bills**, with new technology providing appliance-level usage information and self-service bill projections in SmartHub, along with proactive high-usage email alerts.
- **Making major improvements to the Hunt Substation** to raise critical equipment above established flood levels.
- **Constructing approximately 11 miles of new fiber communications** to support flood-warning equipment.
- **Continuing investments in system reliability and resiliency**, including major distribution river crossing improvements.
- **Investing in our workforce to support future needs**, including a new position in Customer Service.

Rates

KPUB continues to maintain some of the lowest residential electric rates in Texas, while providing exceptional reliability and outstanding customer service.

In November 2026, **we will implement rate changes recommended by our Cost of Service and Rate Design Study** that were deferred last year following the July 4, 2025, flood to provide economic relief and stability for our community during recovery. We will also introduce a new Medium Commercial rate class recommended by the study to better align rates with the cost of serving different commercial customers.

Even with these changes, KPUB's residential rates will remain among the lowest in Texas. **Our financial position remains strong**, and these changes will help maintain KPUB's long-term financial stability while supporting reliable service and essential infrastructure investment.

Preparing for Commercial Operation

Our **122-megawatt natural gas-fired power generation plant is currently under construction in Colorado County**, with commercial operation targeted for early September 2027. Chosen for its robust infrastructure and access to four natural gas pipelines, the site will deliver operational efficiency and a reliable fuel supply.

Adjacent to the proven 50-megawatt Sky Global Power One facility, the plant will feature **six advanced reciprocating internal combustion engine (RICE) units** designed for high efficiency, fast start-up, low water usage, and extreme weather performance.

We look forward to celebrating commercial operation with a ribbon-cutting ceremony alongside our community and project partners. **Reaching commercial operation will be a historic moment for KPUB, bringing years of planning and work to life, giving our community greater control over its energy future, and supporting long-term rate stability for our customers.**

Commitment to Fiscal Discipline

The FY2027 proposed budget reflects disciplined planning, strategic investment, and our continued commitment to providing safe, reliable service at the lowest responsible price.

Our strong financial position allows us to continue making essential investments while providing exceptional value to our customers.

As always, I look forward to the board's input and strategic guidance in the upcoming fiscal year.

Regards,



Mike Wittler, P.E.
General Manager and CEO



OPERATING BUDGET



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
FY2027 Proposed Budget

	FY2027 PROPOSED BUDGET	FY2026 BUDGET	% CHANGE	FY2026 ESTIMATE	% CHANGE
OPERATING REVENUES					
Residential	\$ 34,633,102	\$ 29,760,554	16.4%	\$ 25,921,722	33.6%
Commercial/Industrial	25,122,842	21,449,063	17.1%	19,192,015	30.9%
Sales to Public Authorities	261,600	260,000	0.6%	262,999	-0.5%
Rate Stabilization Transfer	-	3,400,000	-100.0%	3,165,144	-100.0%
Other	708,000	670,024	5.7%	721,000	-1.8%
TOTAL OPERATING REVENUES	60,725,544	55,539,640	9.3%	49,262,879	23.3%
OPERATING EXPENSES					
Purchased Power	42,682,911	36,349,760	17.4%	32,566,209	31.1%
Distribution	4,471,025	4,517,286	-1.0%	4,100,957	9.0%
Customer Accounts	812,776	816,664	-0.5%	704,919	15.3%
Customer Service, Informational & Sales	518,229	555,254	-6.7%	432,912	19.7%
Administrative Expenses	7,274,553	6,623,200	9.8%	6,660,489	9.2%
Depreciation & Amortization	4,731,400	4,824,918	-1.9%	4,634,591	2.1%
TOTAL OPERATING EXPENSES	60,490,894	53,687,082	12.7%	49,100,077	23.2%
OPERATING INCOME (LOSS)	234,650	1,852,557	-87.3%	162,802	44.1%
NONOPERATING REVENUES (EXP):					
Interest Income - Investments	1,140,565	1,593,750	-28.4%	1,952,703	-41.6%
Interest Income - City of Kerrville	66,429	92,143	-27.9%	92,145	-27.9%
Interest Expense	(89,164)	(108,566)	-17.9%	(87,122)	2.3%
City of Kerrville - General Fund Transfer	(1,841,857)	(1,716,766)	7.3%	(1,544,043)	19.3%
City of Ingram - Franchise Fee	(36,000)	(36,000)	0.0%	(34,433)	4.6%
Other - Net	15,000	15,000	0.0%	73,153	-79.5%
TOTAL NONOPERATING REVENUES (EXP)	(745,027)	(160,439)	364.4%	452,404	-264.7%
INCOME BEFORE CONTRIBUTIONS	(510,377)	1,692,118	-130.2%	615,206	-183.0%
Capital Contributions - Customer	1,000,000	820,000	22.0%	1,061,379	-5.8%
Capital Contributions - Grant	1,535,000	-	n/a	1,403,683	9.4%
TOTAL CAPITAL CONTRIBUTIONS	2,535,000	820,000	209.2%	2,465,062	2.8%
CHANGE IN NET POSITION	\$ 2,024,623	\$ 2,512,118	-19.4%	\$ 3,080,268	-34.3%
NET POSITION AT BEGINNING OF YEAR	\$ 84,060,524			\$ 80,980,256	
NET POSITION AT END OF YEAR	\$ 86,085,147			\$ 84,060,524	



Kerrville Public Utility Board
Industry Comparison Metrics
FY2027 Budget

	KPUB FY2026 Estimate	KPUB FY2027 Budget	APPA - 20,000 to 50,000 customers (2026 report based on 2023 data)	APPA - Central (2026 report based on 2023 data)	APPA - No Generation (2026 report based on 2023 data)
1 Operating Ratio (Op Expense / Op Revenue)	0.997	0.996	0.869	0.867	0.868
2 O&M per kWh sales	\$ 0.091	\$ 0.110	\$ 0.091	\$ 0.076	\$ 0.092
3 O&M per customer (excluding power supply)	\$ 485.78	\$ 524.94	\$ 675.00	\$ 726.00	n/a
4 Capital Expenditures to depreciation expense	1.51	1.55	1.50	1.38	1.52

	KPUB FY2027 Budget	APPA - 2024 Public Power Average	APPA - 2024 Cooperative Average	APPA 2024 Investor- Owned Utility Average
5 Residential Rate per 1,000 kWh usage	\$124.00	\$123.78	\$149.18	\$139.42



Kerrville Public Utility Board
Operations & Maintenance Detail
FY2027 Proposed Budget

	FY2027 PROPOSED BUDGET	FY2026 BUDGET	% CHANGE	FY2026 ESTIMATE	% CHANGE
DISTRIBUTION EXPENSE					
OPERATION EXPENSE					
580 Operation Supervision & Engineering	\$ 24,320	\$ 8,025	203.0%	\$ 21,872	11.2%
582 Station Expense	123,200	113,690	8.4%	117,939	4.5%
583 Overhead Line Expense	-	3,459	-100.0%	485	-100.0%
585 Street Lighting & Signal Expense	722	3,287	-78.0%	1,584	-54.4%
586 Meter Expense	205,923	156,697	31.4%	181,855	13.2%
588 Misc Distribution Expense	802,503	819,162	-2.0%	747,036	7.4%
Total Operations Expense	1,156,668	1,104,321	4.7%	1,070,771	8.0%
MAINTENANCE EXPENSE					
590 Maintenance Supervision & Engineering	131,477	139,623	-5.8%	126,886	3.6%
592 Maintenance of Station Equipment	531,494	394,727	34.6%	280,088	89.8%
593 Maintenance of Overhead Lines	2,448,748	2,595,473	-5.7%	2,424,501	1.0%
594 Maintenance of Underground Lines	132,217	190,127	-30.5%	133,672	-1.1%
595 Maintenance of Line Transformers	3,862	3,091	25.0%	4,814	-19.8%
597 Maintenance of Meters	64,367	82,596	-22.1%	59,865	7.5%
598 Miscellaneous Maintenance Expense	2,192	7,327	-70.1%	360	509.0%
Total Maintenance Expense	3,314,357	3,412,965	-2.9%	3,030,186	9.4%
Total Distribution Expense	4,471,025	4,517,286	-1.0%	4,100,957	9.0%
CUSTOMER ACCOUNTS EXPENSE					
901 Supervision	42,021	43,803	-4.1%	40,014	5.0%
902 Meter Reading	20,578	44,199	-53.4%	14,621	40.7%
903 Customer Records & Collection	700,177	678,662	3.2%	619,593	13.0%
904 Uncollectible Accounts	50,000	50,000	0.0%	30,691	62.9%
Total Customer Accounts Expense	812,776	816,664	-0.5%	704,919	15.3%
CUSTOMER SERVICE, INFORMATIONAL & SALES EXPENSE					
907 Supervision	78,600	71,349	10.2%	74,398	5.6%
908 Customer Assistance	205,582	275,044	-25.3%	175,447	17.2%
909 Informational & Instructional	28,671	25,050	14.5%	34,130	-16.0%
913 Advertising	205,376	183,810	11.7%	148,937	37.9%
Total Customer Service, Informational & Sales Expense	518,229	555,254	-6.7%	432,912	19.7%
ADMINISTRATIVE EXPENSE					
920 Administrative & General Salaries	1,724,299	1,594,652	8.1%	1,590,794	8.4%
921 Office Supplies & Expenses	967,102	896,399	7.9%	819,081	18.1%
923 Outside Services	684,900	591,300	15.8%	785,010	-12.8%
924 Property Insurance	206,000	200,000	3.0%	167,939	22.7%
925 Injuries & Damages	182,386	177,758	2.6%	153,324	19.0%
926 Employee Pensions & Benefits	3,155,190	2,840,537	11.1%	2,795,531	12.9%
930 Miscellaneous General Expenses	236,576	217,853	8.6%	246,882	-4.2%
935 Maintenance of General Plant	118,100	104,700	12.8%	101,927	15.9%
Total Administrative & General Expense	7,274,553	6,623,200	9.8%	6,660,489	9.2%



Kerrville Public Utility Board
Operations & Maintenance Detail
Variance Analysis

Significant variances include:

592 Maintenance of Station Equipment

\$251K increase from FY2026 Estimate to FY2027 Budget

- *Increase driven by \$282K increase in LCRA substation maintenance offset by small decreases in other line items
- *LCRA maintenance is different each year and varies depending on maintenance schedule

903 Customer Records & Collections

\$81K increase from FY2026 Estimate to FY2027 Budget that includes:

- *\$41K increase in labor due primarily to new employee
- *\$32K increase in projected charges for NISC billing software and mailing

913 Advertising

\$56K increase from FY2026 Estimate to FY2027 Budget that includes:

- *\$34K increase in advertising materials that include additional promotional materials and increased printing and postage costs for newsletter and community report
- *\$16K increase in advertising services due to KISD scoreboard (\$3K), increased use of design and video services as well as increased advertising rates for local publications

921 Office Supplies & Expenses

\$148K overall increase from FY2026 Estimate to FY2027 Budget that includes:

- *\$111K of increase relates to increased costs for software subscriptions, notably a \$60K increase for a server subscription rather than buying a new on premise server
- *\$28K travel and training increase due to additional training for new employees, TPPA leadership program, and employment law training program

926 Employee Pension & Benefits

\$360K overall increase from FY2026 Estimate to FY2027 Budget that includes:

- *\$191K increase in TMRS contribution due to a TMRS contribution rate change and contributions on overall higher salary base
- *\$252K increase in employee health insurance premiums due to a premium increase and changes in life insurance and disability coverage
- * These increases are offset by smaller decreases in other items

930 Miscellaneous General Expense Detail:

Kerrville Economic Development Corp	50,000
Community Support Sponsorships	67,250
Community Support - Labor & OH	67,576
Scholarships	18,000
Community Event Meters	2,500
EV Safety Training for Firefighters	15,000
Other Supplies & Misc.	16,250
	<u>236,576</u>



FIVE-YEAR FORECAST



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

	FY2026 ESTIMATE	FY2027 PROPOSED BUDGET	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST	FY2031 FORECAST
OPERATING REVENUES						
Residential	\$ 25,921,722	\$ 34,633,102	\$ 36,683,296	\$ 38,305,876	\$ 39,875,944	\$ 41,470,981
Commercial/Industrial	19,192,015	25,122,842	26,579,446	27,685,684	28,753,942	29,904,100
Sales to Public Authorities	262,999	261,600	261,271	266,496	271,826	277,263
Rate Stabilization Transfer	3,165,144	-	-	-	-	-
Other	721,000	708,000	722,160	736,603	751,335	766,362
TOTAL OPERATING REVENUES	49,262,879	60,725,544	64,246,173	66,994,660	69,653,048	72,418,706
OPERATING EXPENSES						
Purchased Power	32,566,209	42,682,911	44,167,394	44,663,107	45,824,373	47,657,348
Distribution	4,100,957	4,471,025	4,694,576	4,929,305	5,175,770	5,434,558
Customer Accounts	704,919	812,776	845,287	879,099	914,263	950,833
Customer Service, Informational & Sales	432,912	518,229	538,958	560,516	582,937	606,255
Administrative Expenses	6,660,489	7,274,553	7,565,535	7,868,157	8,182,883	8,510,198
Depreciation & Amortization	4,634,591	4,731,400	4,873,342	5,019,542	5,170,129	5,325,232
TOTAL OPERATING EXPENSES	49,100,077	60,490,894	62,685,092	63,919,726	65,850,355	68,484,425
OPERATING INCOME (LOSS)	162,802	234,650	1,561,081	3,074,934	3,802,693	3,934,281
NONOPERATING REVENUES (EXP):						
Interest Income - Investments	1,952,703	1,140,565	1,020,000	1,080,000	1,080,000	1,200,000
Interest Income - City of Kerrville	92,145	66,429	45,000	19,286	-	-
Interest Expense	(87,122)	(89,164)	(81,276)	(623,238)	(594,570)	(575,832)
City of Kerrville - General Fund Transfer	(1,544,043)	(1,841,857)	(1,959,335)	(2,042,818)	(2,121,991)	(2,208,561)
City of Ingram - Franchise Fee	(34,433)	(36,000)	(37,080)	(38,192)	(39,338)	(40,518)
Other - Net	73,153	15,000	15,600	16,224	16,873	17,548
TOTAL NONOPERATING REVENUES (EXP)	452,404	(745,027)	(997,091)	(1,588,739)	(1,659,026)	(1,607,364)
INCOME BEFORE CONTRIBUTIONS	615,206	(510,377)	563,990	1,486,196	2,143,667	2,326,917
Capital Contributions - Customer	1,061,379	1,000,000	1,030,000	1,050,600	1,071,612	1,093,044
Capital Contributions - Grant	1,403,683	1,535,000	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,465,062	2,535,000	1,030,000	1,050,600	1,071,612	1,093,044
CHANGE IN NET POSITION	\$ 3,080,268	\$ 2,024,623	\$ 1,593,990	\$ 2,536,796	\$ 3,215,279	\$ 3,419,961
NET POSITION AT BEGINNING OF YEAR	\$ 80,980,256	\$ 84,060,524	\$ 86,085,147	\$ 87,679,136	\$ 90,215,932	\$ 93,431,210
NET POSITION AT END OF YEAR	\$ 84,060,524	\$ 86,085,147	\$ 87,679,136	\$ 90,215,932	\$ 93,431,210	\$ 96,851,171



Kerrville Public Utility Board
Forecast Assumptions
Five-Year Forecast

Operating Revenues

- * Based on NewGen rate design study adjusted for updated actuals
- * Annual customer count growth rate is 1% for 2028 to 2031
- * Scheduled rate increases based on rate design study and purchased power projections

Purchased Power

- * Uses actual KPFC debt costs
- * Uses assumptions in S&P proformas and Texas Energy Fund financial model

Other Operating Expenses

- * Distribution Expenses: 5% annual increase from FY2028 to FY2031
- * Customer & Administrative Expenses: 4% annual increase from FY2028 to FY2031
- * Depreciation Expense: 3% annual increase from FY2028 to FY2031

Nonoperating Revenues and Expenses

- * Interest income at 3% for FY2028 to FY2031
- * City of Kerrville transfer is 3% of gross revenues
- * City of Ingram franchise fee is 2% of Ingram revenues



Kerrville Public Utility Board
kWh Sales
Five-Year Forecast

	FY2026 Estimate	FY2027 Budget	FY2028 Forecast	FY2029 Forecast	FY2030 Forecast	FY2031 Forecast
RESIDENTIAL	271,709,886	281,566,513	284,382,179	287,226,000	290,098,260	292,999,243
COMMERCIAL:						
Small Commercial	159,039,719	40,919,465	41,328,659	41,741,946	42,159,365	42,580,959
Medium Commercial	-	120,279,069	121,481,860	122,696,679	123,923,645	125,162,882
Large Commercial-Primary	12,026,264	13,404,300	13,538,343	13,673,726	13,810,464	13,948,568
Large Commercial-Secondary	46,377,079	47,484,784	47,959,632	48,439,228	48,923,620	49,412,857
COMMERCIAL	217,443,062	222,087,618	224,308,494	226,551,579	228,817,095	231,105,266
STREET & SECURITY LIGHT	1,181,522	1,190,319	1,190,319	1,190,319	1,190,319	1,190,319
TOTAL SALES	490,334,471	504,844,450	509,880,992	514,967,898	520,105,674	525,294,828
% CHANGE		3.0%	1.0%	1.0%	1.0%	1.0%



Kerrville Public Utility Board
Purchased Power Metrics
Five-Year Forecast

		FY2026 Estimate	FY2027 Budget	FY2028 Forecast	FY2029 Forecast	FY2030 Forecast	FY2031 Forecast
1	Total Customers	24,495	24,911	25,159	25,411	25,665	25,922
2	kWh Sales	490,334,471	504,844,450	509,880,992	514,967,898	520,105,674	525,294,828
3	Ratio of Unsold kWh Purchases	6%	5%	5%	5%	5%	5%
4	kWh Purchased	523,743,112	529,200,000	534,500,000	539,800,000	545,200,000	550,600,000
5	Purchased Power Cost	\$ 32,566,209	\$ 42,682,911	\$ 44,167,394	\$ 44,663,107	\$ 45,824,373	\$ 47,657,348
6	Cost per kWh - purchased	0.06218	0.08066	0.08263	0.08274	0.08405	0.08656
7	Cost per kWh - sold	0.06642	0.08455	0.08662	0.08673	0.08811	0.09072
8	Billed Residential Rate - 1,000 kWh	\$ 110.00	\$ 124.00	\$ 130.00	\$ 134.00	\$ 138.00	\$ 142.00
9	% Change - Power Cost		31.1%	3.5%	1.1%	2.6%	4.0%
10	% Change - Cost per kWh - purchased		29.7%	2.5%	0.1%	1.6%	3.0%
11	% Change - Cost per kWh - sold		27.3%	2.5%	0.1%	1.6%	3.0%
12	% Change - Residential Rate		12.7%	4.8%	3.1%	3.0%	2.9%



CAPITAL BUDGET



Kerrville Public Utility Board
Capital Budget
Five-Year Forecast

LINE CONSTRUCTION	FY2027	FY2028	FY2029	FY2030	FY2031
New Substation Feeders	\$ -	\$ -	\$ 2,610,000	\$ -	\$ -
LE50-RB50 Feeder Tie	960,000	-	-	-	-
Jack Furman T2 Feeder Exits & Feeder Tie Upgrades	550,000	-	-	-	-
IN20 Upgrade to 795AAC	-	350,000	-	-	-
New River Crossing - Spur 98	70,000	160,000	-	-	-
KT10 River Crossing-LP534	265,000	160,000	-	-	-
KT10-URD - River Parallel	-	650,000	-	-	-
IN20-IN40 Feeder Tie	120,000	-	-	-	-
Legion Feeder Tie (LE50-LE20)	-	60,000	-	-	-
Hunt - Ingram Feeder Tie Upgrade IN40 Reconductor	-	555,000	-	-	-
Hunt - Ingram Feeder Tie Upgrade HT20 Reconductor	-	-	200,000	1,200,000	-
KS60 3-phase conversion	-	160,000	83,000	143,000	-
LE50 Reconductor to 795AAC	-	-	-	-	525,000
Ordinary Replacements	100,000	103,000	106,090	108,212	110,376
Customer Extensions	1,900,000	1,957,000	2,015,710	2,056,024	2,097,145
System Improvements	260,000	267,800	275,834	281,351	286,978
Pole Inspection Replacements	250,000	257,500	265,225	270,530	275,940
Power Factor Improvement	15,000	15,450	15,914	16,232	16,556
Padmount Refurbish & Replacements	20,000	20,600	21,218	21,642	22,075
Street Lights	75,000	77,250	79,568	81,159	82,782
Distributed Automation Equipment	15,000	15,450	15,914	16,232	16,556
Total Line Construction	4,600,000	4,809,050	5,688,472	4,194,381	3,433,409
SUBSTATION					
Minor Substation Improvements	100,000	103,000	106,090	108,212	110,376
New Substation	600,000	2,300,000	4,550,000		
Ingram T1 Transformer Upgrade	200,000	1,700,000			
Hunt Sub Flood Mitigation - Raise CS	470,000	330,000			
Total Substation	1,370,000	4,433,000	4,656,090	108,212	110,376
OTHER					
SCADA Team Server Replacement	40,000				
Vehicle Replacements	270,000	465,000	550,000	420,000	555,000
Texas Middle Mile - Fiber Project	1,000,000				
Meters	75,000	77,250	79,568	81,159	82,782
Total Other	1,385,000	542,250	629,568	501,159	637,782
TOTAL CAPITAL BUDGET	7,355,000	9,784,300	10,974,129	4,803,752	4,181,567

ESTIMATED OUTSIDE FUNDING					
Hunt Sub Flood Mitigation - Raise CS (Insurance FY26)	(300,000)				
Hunt Sub Flood Mitigation - Raise CS (FEMA FY28)		(68,750)			
July 4th Flood Remaining Work (FEMA FY27)	(100,000)				
Texas Middle Mile - Fiber Project	(1,435,000)				
Total Outside Funding	(1,835,000)	(68,750)	-	-	-
TOTAL CAPITAL BUDGET - NET	\$ 5,520,000	\$ 9,715,550	\$ 10,974,129	\$ 4,803,752	\$ 4,181,567

CASH FLOW FOR CAPITALIZED LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS	\$ 347,800	\$ 358,234	\$ 368,981	\$ 380,050	\$ 391,452
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Kerrville Public Utility Board
Capital Budget
Capital Projects Summary

Line Construction Projects	Project Description	FY2027	Project Total
LE50-RB50 Feeder Tie	This project involves the upgrade of approximately 1 mile of existing distribution line, construction of 0.75 miles of new overhead distribution line, and construction of 0.25 miles of new underground distribution line across the airport runway to provide a distribution tie between Legion and Raymond Barker Substations.	960,000	960,000
Jack Furman T2 Fdr Exits & Fdr Tie Upgrades	This project involves extension of approximately 0.5 miles of new double circuit distribution line out of the Jack Furman Substation to provide two new feeders on the new transformer installed in 2026.	550,000	550,000
New River Crossing - Spur 98	This project involves construction of a new river crossing along Spur 98 to provide a new feeder tie between HR30 and RR60 feeders. The new crossing will be constructed using self supporting steel poles placed above the established flood levels.	70,000	230,000
KT10 River Crossing-LP534	This project involves rerouting the existing KT10 river crossing that was impacted in both 2025 and 2026 flood events. The new crossing will be located along Loop 534 using self supporting steel poles placed above established flood levels.	265,000	425,000
IN20-IN40 Feeder Tie	This project involves upgrading approximately 1,800ft of existing distribution line to provide a new feeder tie between IN20 and IN40.	120,000	120,000
Substation Projects	Project Description	FY2027	Project Total
New Substation	This project involves design and construction of a new substation along South Hwy 16 using spare power transformer purchased in 2025. The projected in-service date for this project is September 2029.	600,000	7,450,000
Ingram T1 Transformer Upgrade	This project involves the replacement of the existing INT1 transformer with a used 37MVA transformer. The existing transformer is over 40 years old and a larger unit is needed to provide additional capacity to neighboring substations.	200,000	1,900,000
Hunt Sub Flood Mitigation - Raise CS	This project involves raising of the circuit switcher and replacement of relay panels impacted in the July 4, 2025, flood event. The new control panels will be installed in LCRA's new elevated control building.	470,000	800,000
Other Projects	Project Description	FY2027	Project Total
SCADA Team Server Replacement	This project is for the planned/scheduled replacement of a SCADA server due to the age of equipment.	40,000	40,000
Texas Middle Mile - Fiber Project	This project involves installation of approximately 11 miles of new fiber to support the Guadalupe River Flood Warning System through the Texas Middle Mile Grant program.	1,000,000	1,000,000



CASH FLOW FORECAST



Kerrville Public Utility Board
Cash Flow Forecast
Five-Year Forecast

	FY2026 Estimate	FY2027 Budget	FY2028 Forecast	FY2029 Forecast	FY2030 Forecast	FY2031 Forecast
BALANCE AT BEGINNING OF YEAR	\$ 46,526,637	\$ 49,241,811	\$ 29,291,176	\$ 38,885,551	\$ 35,381,817	\$ 38,250,167
CASH INFLOWS:						
Cash from Operations	4,797,394	4,966,050	6,434,423	8,094,477	8,972,821	9,259,513
Pension Adjustment (noncash)	150,000	100,000	100,000	100,000	100,000	100,000
Capital Contributions	1,061,379	1,000,000	1,030,000	1,050,600	1,071,612	1,093,044
Increase in Overcollection	1,000,000	-	-	-	-	-
Grants	1,403,683	1,535,000	68,750	-	-	-
Insurance	319,611	-	-	-	-	-
Texas Energy Fund Escrow Deposit	-	5,250,000	-	-	-	-
Advance to City of Kerrville	1,167,857	1,142,142	1,116,428	1,090,714	-	-
Debt Issuance	-	-	12,500,000	-	-	-
Interest Income	2,044,848	1,206,994	1,065,000	1,099,286	1,080,000	1,200,000
Total Inflows	11,944,772	15,200,186	22,314,601	11,435,077	11,224,433	11,652,557
CASH OUTFLOWS:						
Transfer & Franchise Fee	1,578,476	1,877,857	1,996,415	2,081,011	2,161,330	2,249,080
Prior Year Purchased Power	-	25,000,000	-	-	-	-
Debt Repayment	551,122	570,164	581,276	1,541,690	1,010,952	1,010,952
Cash for Capitalized Agreements	400,000	347,800	358,234	368,981	380,050	391,452
Capital Spending	6,700,000	7,355,000	9,784,300	10,947,129	4,803,752	4,181,567
Total Outflows	9,229,598	35,150,821	12,720,225	14,938,811	8,356,084	7,833,050
NET CHANGE IN CASH	2,715,174	(19,950,635)	9,594,376	(3,503,734)	2,868,349	3,819,507
BALANCE AT END OF YEAR	\$ 49,241,811	\$ 29,291,176	\$ 38,885,551	\$ 35,381,817	\$ 38,250,167	\$ 42,069,674
DAYS CASH ON HAND	404	192	246	219	230	243
POLICY TARGET (300 DAYS)	\$ 45,829,721	\$ 47,516,507	\$ 48,411,110	\$ 49,874,159	\$ 51,911,665	
POLICY MINIMUM (175 DAYS)	\$ 26,734,004	\$ 27,717,962	\$ 28,239,814	\$ 29,093,259	\$ 30,281,805	



Kerrville Public Utility Board
Bonds Payable and Advance Receivable Schedules
FY2027

Bonds Payable:

Series 2013 Revenue Bonds
Original Principal: \$6,300,000
Interest Rate: 1.01% to 4.13%, overall 3.16%
Semiannual Payments on May 1 and November 1
Maturity: 11/1/2028

Maturity Schedule:

Fiscal Year	Principal	Interest	Total
FY2027	\$ 481,000	\$ 49,999	\$ 530,999
FY2028	500,000	31,276	531,276
FY2029	520,000	10,738	530,738
TOTAL	\$ 1,501,000	\$ 92,013	\$ 1,593,013

Advance Receivable:

City of Kerrville
Original Principal: \$7,500,000
Interest Rate: 2.4%
Semiannual Payments on February 1 and August 1
Maturity: 8/1/2029

Maturity Schedule:

Fiscal Year	Principal	Interest	Total
FY2027	\$ 1,071,429	\$ 70,714	\$ 1,142,143
FY2028	1,071,429	45,000	1,116,429
FY2029	1,071,429	19,286	1,090,715
TOTAL	\$ 3,214,287	\$ 135,000	\$ 3,349,287



DEBT SERVICE COVERAGE



Kerrville Public Utility Board
Debt Service Coverage
Five-Year Forecast

	FY2026 Estimate	FY2027 Budget	FY2028 Forecast	FY2029 Forecast	FY2030 Forecast	FY2031 Forecast
CHANGE IN NET POSITION	\$ 3,080,268	\$ 2,024,623	\$ 1,593,990	\$ 2,536,796	\$ 3,215,279	\$ 3,419,961
ADJUSTMENTS:						
Interest Expense (net of amortizations)	87,122	89,164	81,276	623,238	594,570	575,832
Rate Stabilization Transfer	(3,165,144)	-	-	-	-	-
Depreciation Expense	4,634,591	4,731,400	4,873,342	5,019,542	5,170,129	5,325,232
Numerator	4,636,837	6,845,187	6,548,608	8,179,576	8,979,977	9,321,026
DIVIDED BY:						
Interest Expense (net of amortizations)	87,122	89,164	81,276	623,238	594,570	575,832
Principal Payment Due	464,000	481,000	500,000	918,452	416,382	435,119
Denominator	\$ 551,122	\$ 570,164	\$ 581,276	\$ 1,541,690	\$ 1,010,952	\$ 1,010,952
DEBT SERVICE COVERAGE RATIO	8.41	12.01	11.27	5.31	8.88	9.22



**KERRVILLE PUBLIC
UTILITY BOARD
PUBLIC FACILITY
CORPORATION
PROPOSED BUDGET**



Kerrville Public Utility Board Public Facility Corporation
Statement of Revenues, Expenses and Changes in Fund Net Position
FY2027 Proposed Budget

	FY2027 PROPOSED BUDGET	FY2026 BUDGET	% CHANGE	FY2026 ESTIMATE	% CHANGE
OPERATING REVENUE					
Electric Revenue	\$ 7,193,104	\$ -	n/a	\$ -	n/a
TOTAL OPERATING REVENUE	7,193,104	-	n/a	-	n/a
OPERATING EXPENSE					
Administrative Expenses	500,000	50,000	900.0%	7,000	7042.9%
TOTAL OPERATING EXPENSE	500,000	50,000	900.0%	7,000	7042.9%
OPERATING INCOME (LOSS)	6,693,104	(50,000)	n/a	(7,000)	n/a
NONOPERATING REVENUES (EXP):					
Interest Income	300,000	453,087	-33.8%	1,229,419	-75.6%
Interest Expense	(6,368,790)	(3,846,889)	65.6%	(3,846,889)	65.6%
Allowance For Funds Borrowed During Construction (AFUDC)	2,231,935	3,843,889	-41.9%	3,843,889	-41.9%
Amortization - Debt Premium 2025A	159,452	159,452	0.0%	159,452	0.0%
TOTAL NONOPERATING REVENUES (EXP)	(3,677,403)	609,539	-703.3%	1,385,871	-365.4%
CHANGE IN NET POSITION	\$ 3,015,702	\$ 559,539	439.0%	\$ 1,378,871	118.7%



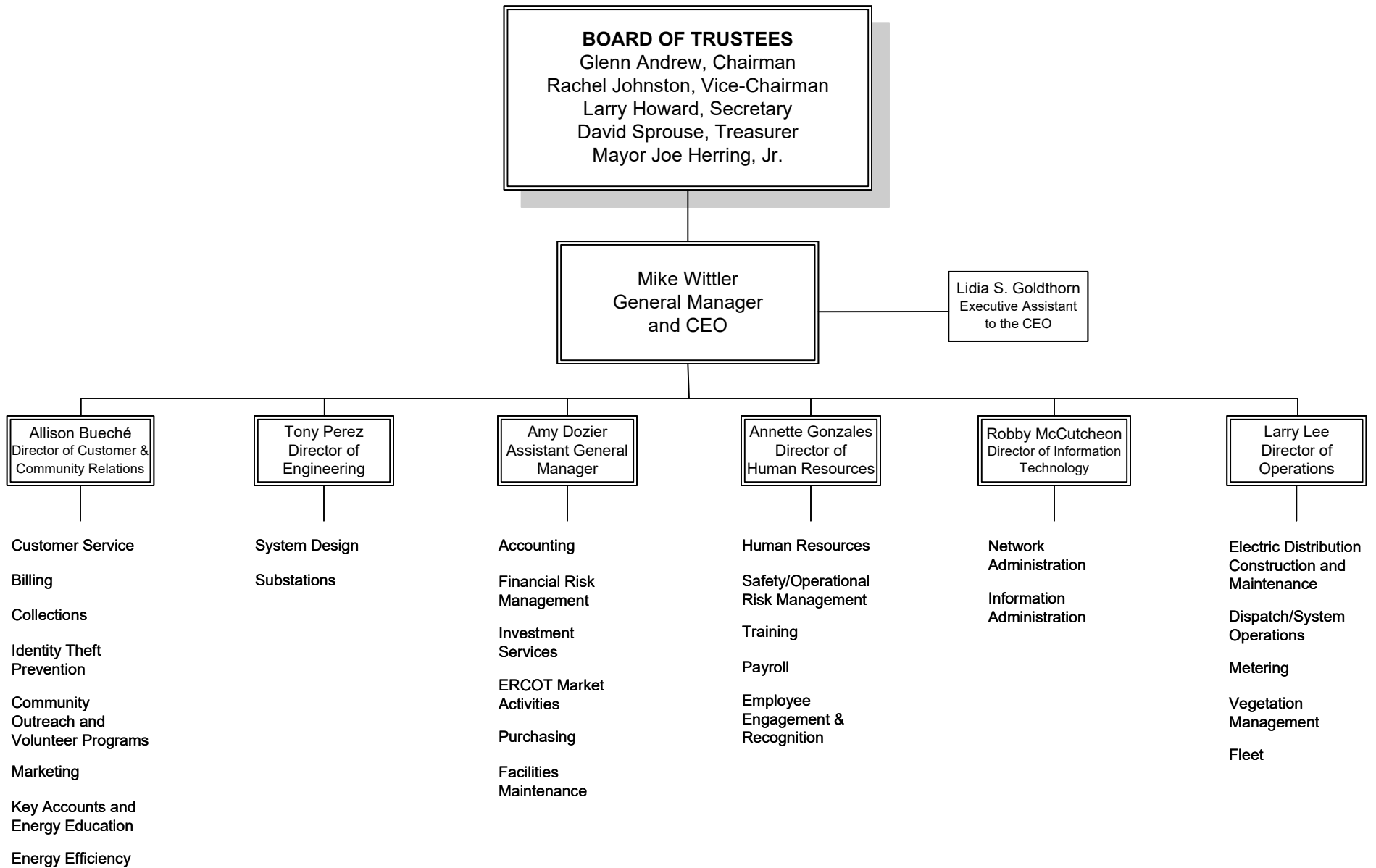
Kerrville Public Utility Board Public Facility Corporation
FY2027 Capital Budget

	Current Project Budget	Estimated Spending through 9/30/26	Projected FY2027 Spending	% in FY2027
Total Capital Budget	\$ 175,000,000	\$ 89,995,948	\$ 85,004,052	48.6%

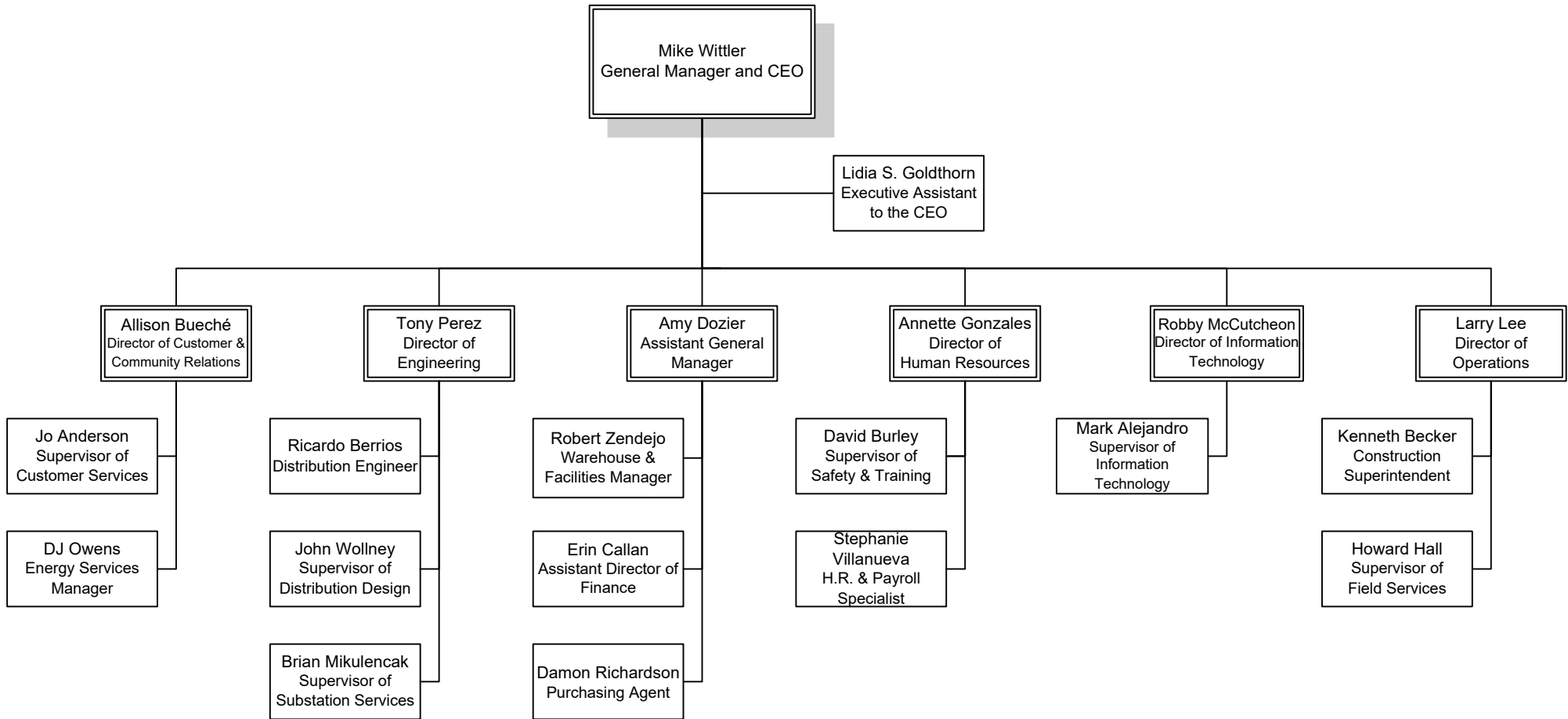


ORGANIZATION CHARTS

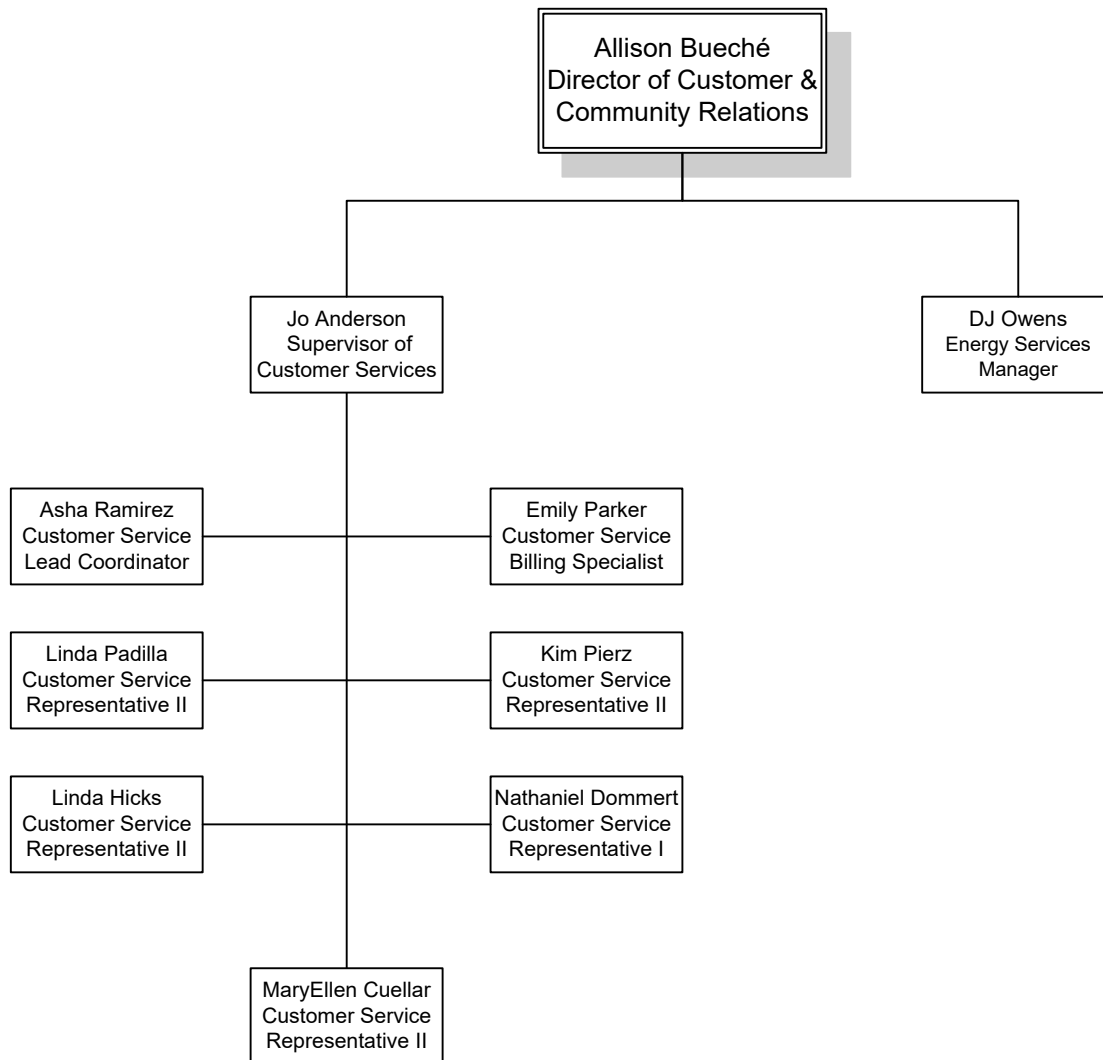
Kerrville Public Utility Board
2026 Board Organization Chart
August 01, 2026



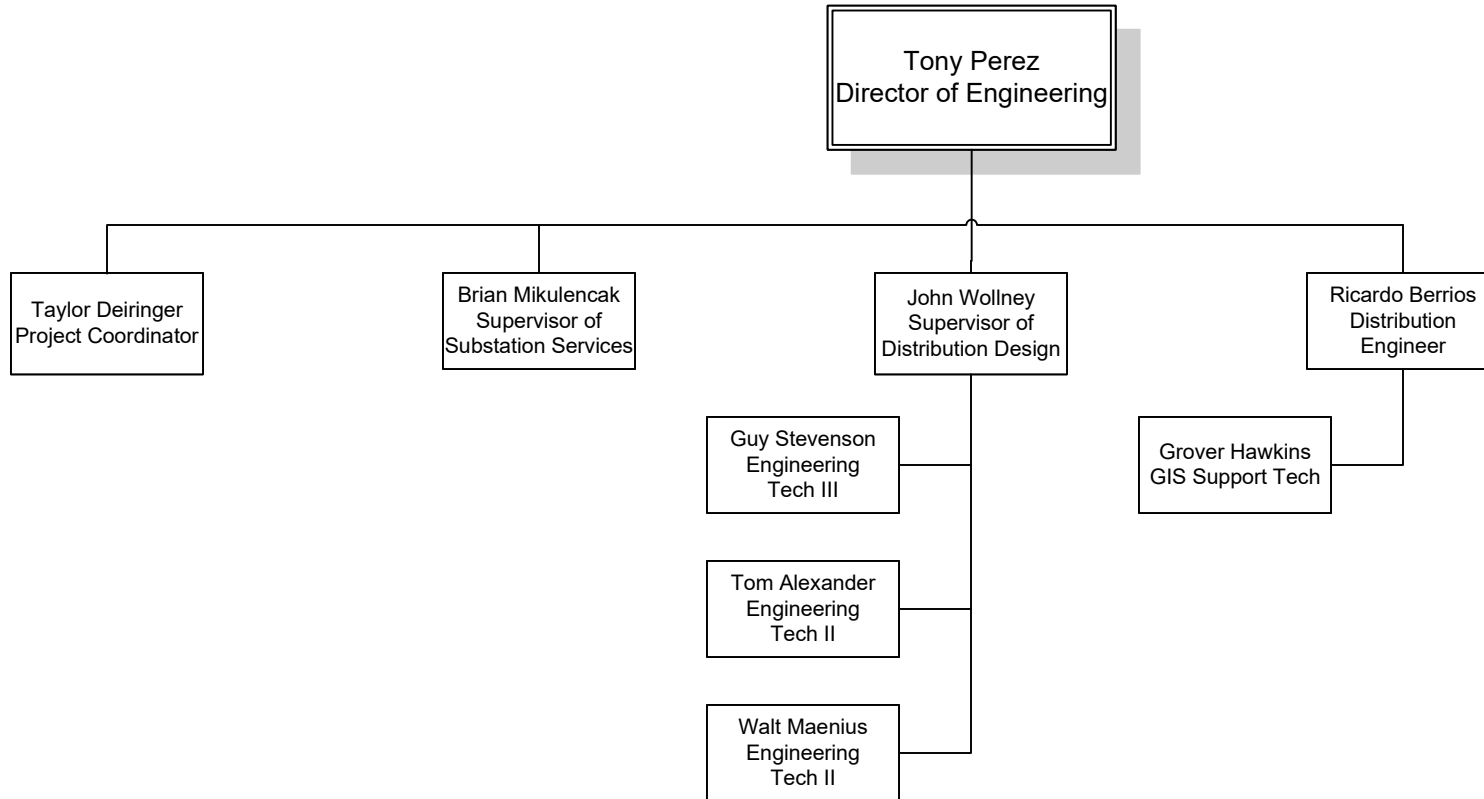
Kerrville Public Utility Board
2026 Organization Chart
August 1, 2026



Kerrville Public Utility Board
Customer & Community Relations
August 1, 2026



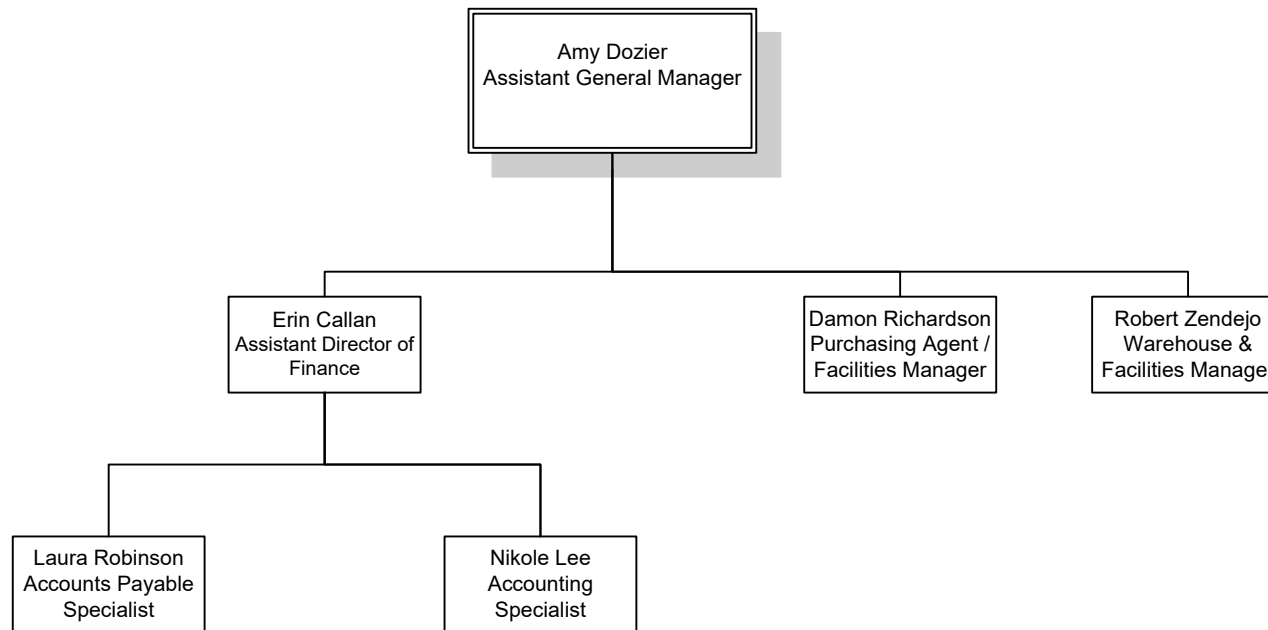
Kerrville Public Utility Board
Engineering
August 1, 2026



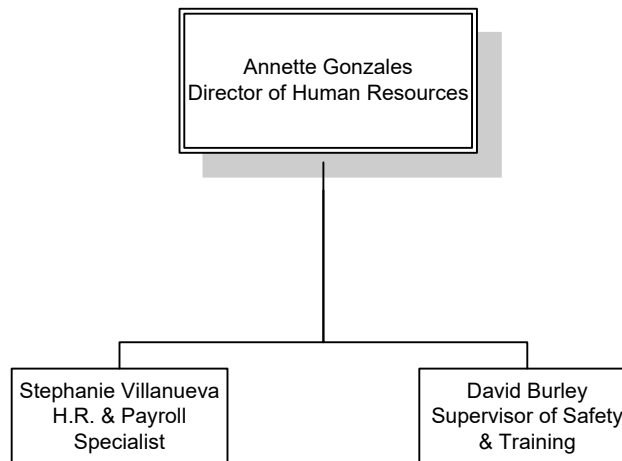
Kerrville Public Utility Board

Finance

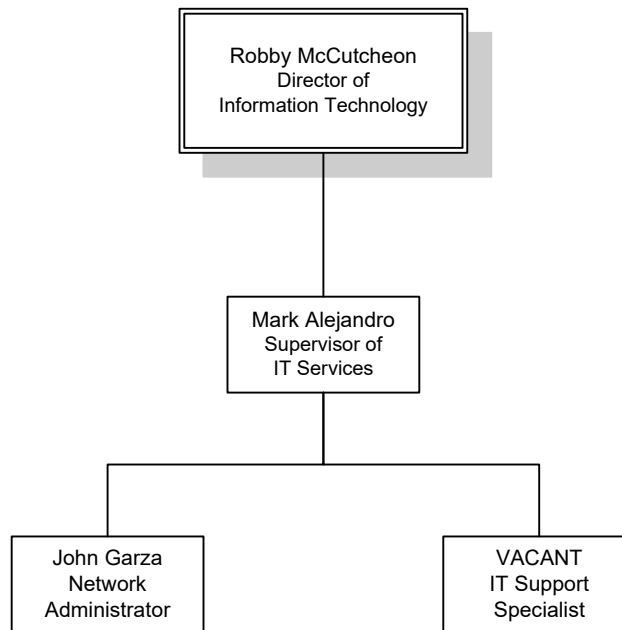
August 1, 2026



Kerrville Public Utility Board
Human Resources
August 1, 2026



Kerrville Public Utility Board
Information Technology
August 01, 2026



Kerrville Public Utility Board
Operations
August 1, 2026

