BYLAWS OF THE NEW BRAUNFELS UTILITIES

RATE ADVISORY COMMITTEE

# ARTICLE I — NAME AND PURPOSE

Section 1 — Name: The name of the committee is the New Braunfels Utilities (“NBU”) Rate Advisory Committee (the “RAC”). The RAC is a special purpose advisory group to the NBU Board of Trustees. The RAC is purely advisory in nature.

Section 2 — Purpose: Members of the RAC will use the 2022-2023 Cost of Service and Rate Design Study to devote the necessary time and energy to learn about the utility business, understand and provide insights, perspectives, and feedback to NBU Management and Board of Trustees about the upcoming rate design for water, wastewater, and electricity utility services. The RAC will work with NBU staff and the NBU rate consultant to facilitate the RAC’s feedback regarding rate design.

Section 3 – Basis: The RAC feedback and insights shall be focused on NBU’s rate structures, cost recovery from customers, and integration of community values while considering industry standards and NBU’s financial health and stability. The NBU rate consultant will present information to NBU staff and the RAC about the process of rate development, including traditional rate setting issues, methodologies, and rate strategies being used throughout the utility industry.

# ARTICLE II – MEMBERSHIP

Section 1 — Membership and role: The role of the RAC is to review, discuss and analyze rate design alternatives with the NBU rate consultant and NBU staff. The NBU Board of Trustees shall appoint members to the RAC. Each RAC member represents a constituency and shall facilitate the flow of ideas and concerns from the community to NBU staff and the Board of Trustees.

Section 2 – Eligibility for membership: The Committee will be made up of eighteen (18) members. To qualify, members must:

* Be nominated by a member of City Council;
* Be a customer, property owner or business owner, and/or representative in one of NBU’s service territories; or
* Be a representative of business or civic organizations located within NBU’s service territories.

Section 3 — Composition: Membership of the RAC should reflect a balanced representation of the NBU service area. RAC members are selected from throughout the service territories. The NBU Board of Trustees will appoint eighteen (18) RAC members. Of the eighteen members (18), City Council will nominate seven (7) members and NBU will nominate eleven (11) members. The RAC membership will include, but is not limited to, members from the following segments of the community:

* City council districts within the NBU service area; and
* Healthcare, recreational/seasonal/tourism, manufacturing, large retail, small business, school district, non-profit/affordable housing, developer/builder, and multifamily residential.

Section 4 — Terms: Subject to Section 6, RAC members will serve until the completion of the 2022-2023 Cost of Service and Rate Design Study. RAC members will be eligible to serve no more than two consecutive terms. The NBU Board of Trustees may reconsider a member who serves a total of two consecutive terms for an additional term after leaving the RAC for at least one term.

Section 5 — Nomination procedures: Each City Council member has the opportunity to nominate one RAC member. Additionally, NBU staff will request nominations from business classes, economic sectors, customer classes and other groups and associations in an attempt to ensure that the RAC is composed of a balanced group of members representing different customer segments as described in Section 3. NBU staff shall be responsible for recommending an official slate of prospective RAC members to the Board for consideration. The Board of Trustees may choose to appoint all, none, or some of the nominees.

Section 6 — Resignation, removal, and absences: A RAC member who wishes to resign from the RAC shall provide such resignation in writing to the Chairperson of the RAC, who will provide the resignation to the NBU Board of Trustees. The NBU Board of Trustees may remove a RAC member from the RAC due to three total absences from meetings in a term or for any reason at any time. By a majority vote, the RAC may recommend the removal of a RAC member to the NBU Board of Trustees.

Section 7 — Vacancies: When a vacancy on the RAC exists mid-term, the City Council member or the NBU staff member who previously nominated that position may nominate a replacement to the Board of Trustees, who may approve the individual to serve out the term of the member creating the vacancy.

# ARTICLE III — SELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

Section 1 — Selection and term of Chairperson: The Chairperson shall be nominated and appointed by the NBU Board of Trustees. The Chairperson will serve for the duration of the 2022-2023 Cost of Service and Rate Design Study.

Section 2 — Chairperson Duties: The Chairperson’s responsibilities include, but are not limited to, presiding over all RAC meetings; encouraging members to participate in discussions and to arrive at decisions in a timely and democratic manner; and undertaking certain administrative duties, such as approving RAC agendas, draft minutes, proposed meeting venues, and meeting dates. The Chairperson shall also serve as the principal spokesperson for the RAC, maintain communication with NBU staff, and report on the RAC’s progress to the Board of Trustees.

Section 3 — Selection and term of Vice Chairperson: The Vice Chairperson shall be nominated and appointed by the NBU Board of Trustees. The Vice Chairperson will serve for the duration of the 2022- 2023 Cost of Service and Rate Design Study effort.

Section 4 — Vice Chairperson Duties: The Vice Chairperson is responsible for assisting the Chairperson on all assigned tasks and fills in for the Chairperson when necessary.

# ARTICLE IV — MEETINGS OF MEMBERS

Section 1 — Regular meetings: Meetings will be scheduled on an as-needed basis. It is anticipated that five to six meetings will be needed throughout the duration of the 2022-2023 Cost of Service and Rate Design Study. The RAC meeting will be open to the public and posted in accordance with the Texas Open Meetings Act.

Section 2 — Notice of meetings: A notice of each meeting shall be given to each member, via e-mail, not less than two weeks prior to the meeting. Notice will also be provided to each member when the agenda is posted in accordance with the Texas Open Meetings Act.

Section 3 – Meeting Agenda: NBU Staff shall draft meeting agendas for review and approval by the Chairperson.

Section 4 — Quorum: More than half of the currently appointed membership must be present to constitute a quorum. A meeting may proceed without a quorum; however, no consensus may be formalized without a quorum present.

Section 5 – Decision Making: All decisions shall be made by a consensus of members present at a meeting. If an issue cannot be resolved through consensus, the Chairperson shall strive to achieve consensus, but may make a final note of the various points of view that prevented consensus from being achieved.

Section 6 – Report: The RAC will submit a report to the Board of Trustees no later than two weeks prior to the NBU Board of Trustees meeting scheduled in March 2023 that summarizes the consensus of the RAC and its feedback related to rate design. In the event that the RAC is unable to reach consensus regarding the feedback, the report will summarize the rate design alternatives considered by the RAC as well as the feedback received from the RAC. NBU’s staff will submit its feedback related to any proposed rate design changes in the RAC report.

# ARTICLE V — SUBCOMMITTEES

Section 1 — Subcommittee formation: The RAC may create subcommittees, as needed, to discuss rate structure matters in more detail. If so charged by the RAC, subcommittees shall provide feedback to the RAC, which will in turn make decisions regarding the feedback of the subcommittee.

# CERTIFICATION

These bylaws, if approved by the NBU Board of Trustees, will take effect immediately upon approval.