NBU PUBLIC FORUM
Water/Wastewater/Electric Cost of Service

December 14, 2022

Today's Topics

Rate Advisory Committee Comments

Review of Power Supply Reserves, Contingency Reserves, and Bond Ratings

Benchmark Utility Bill Comparisons

Report from Sub-Committees

Review of Projected Operating Results

Review of Projected Cost of Service Process

What is the Role of the Rate Advisory Committee (RAC) and who serves on it?

- The role of the RAC is to review, discuss, and analyze rate design alternatives and provide comments to the NBU Board of Trustees and City Council.
- The RAC consists of:
  - Total of 18 community members appointed by the NBU Board of Trustees
  - 11 members nominated by the NBU Board of Trustees
  - Seven members, nominated by each member of the City Council
- RAC members represent a cross-section of customer types to represent the interests of their customer segment
- RAC members serve on a voluntary basis
- The RAC will wrap up its work in late 2022 for consideration by the NBU Board of Trustees and then City Council in winter/spring 2023

Policies/Targets and the Cost-of-Service Process

- The purpose of the Cost-of-Service study is to determine the cash required to fund operations and how to recover those funds

- Financial policies and targets are not determined through this process, they are set by the NBU Board

- Financial policies and targets are taken into consideration during the budget setting process and are approved by the Board

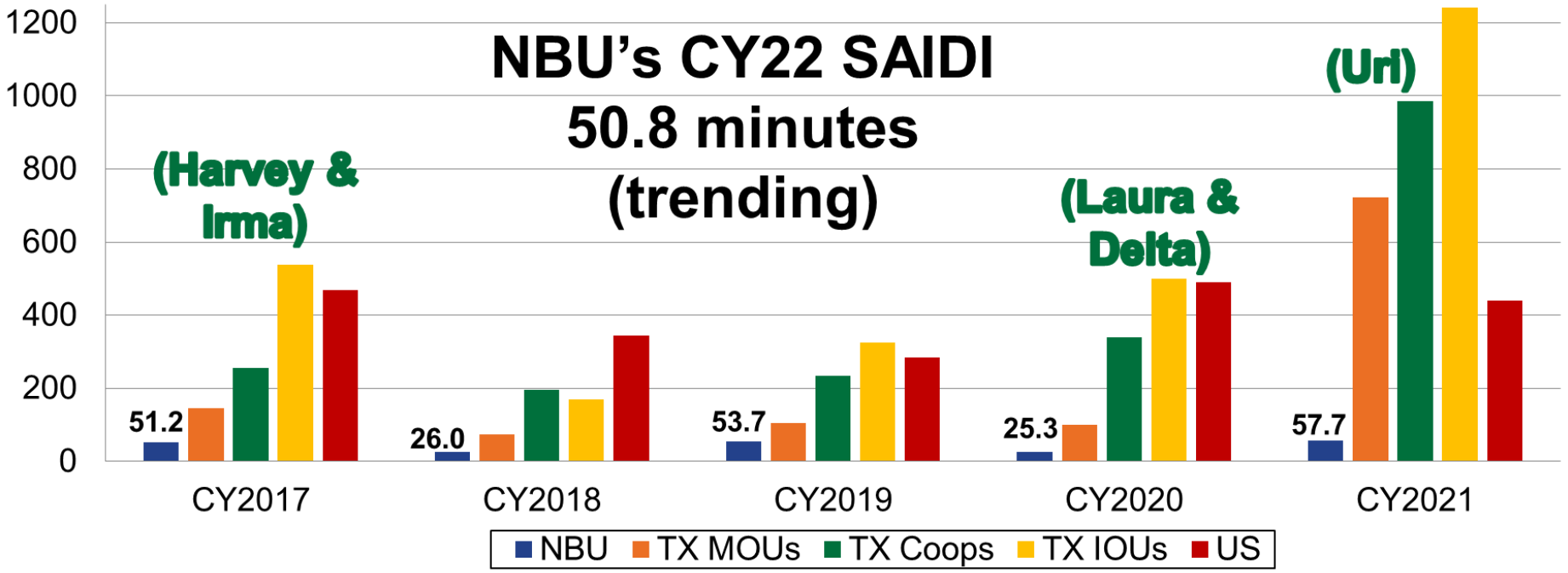
Public Comment

Review of Power Supply Reserves, Contingency Reserves, and Bond Ratings
&
Benchmark Utility Bill Comparisons

NBU's Strategic Goals

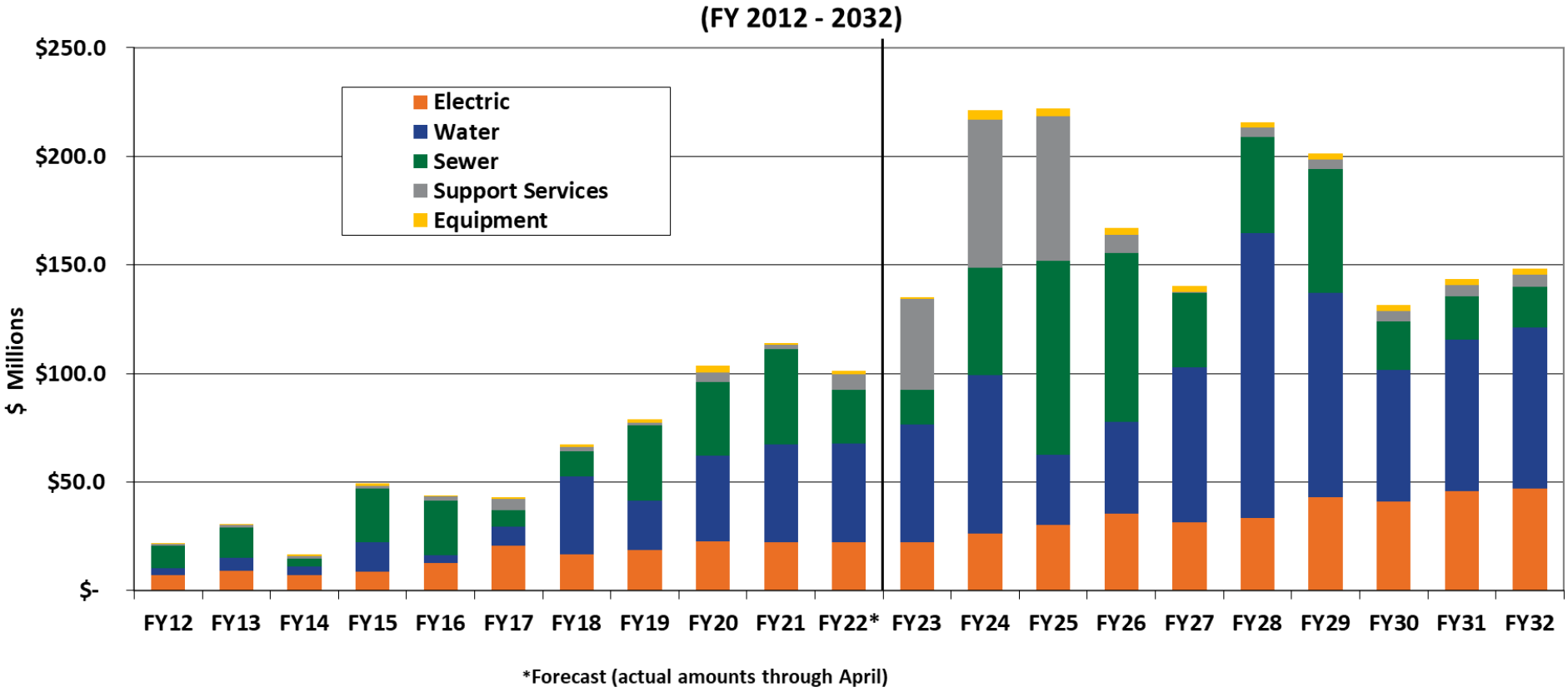
- Customers and Community
- People and Culture
- Infrastructure and Technology
- Financial Excellence
- Safety and Security
- Stewardship

NBU's Electric Reliability
SAIDI (Lower is Better)



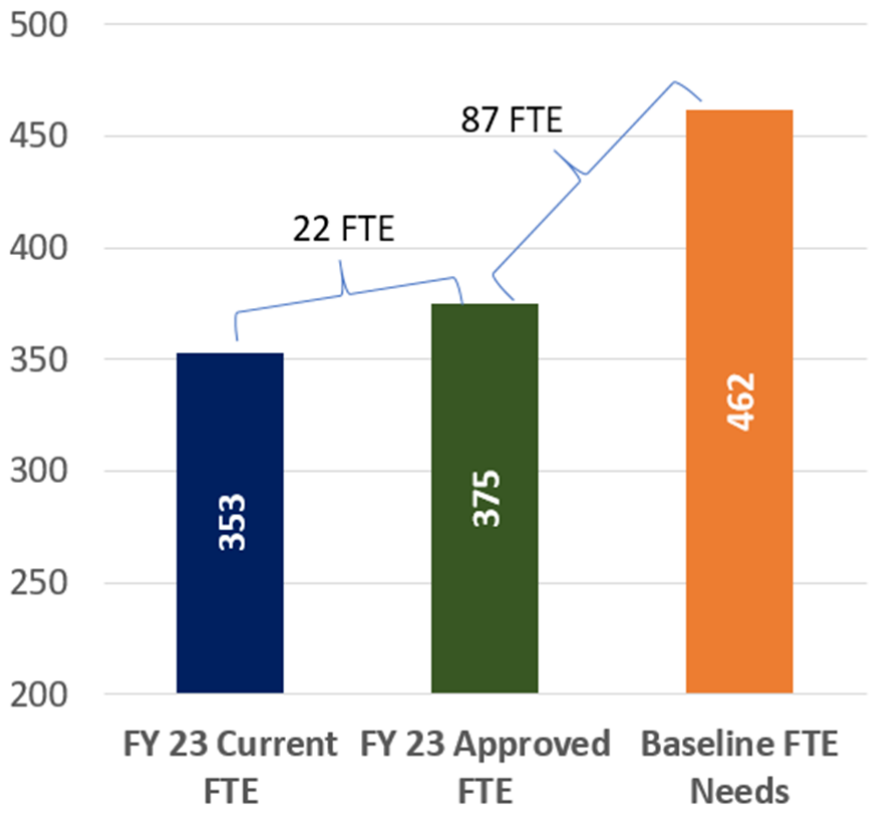
Source: U.S. Energy Information Administration
https://www.eia.gov/electricity/data/eia861/

Capital Expenditures – Historical & Projected



*Forecast (actual amounts through April)

NBU's Full Time Employees vs. Needs



Workforce study performed by Raftelis May through October 2022

Key workforce findings:

- NBU has multiple opportunities across the company to implement technology and process improvements.
- There is a shortfall of employees needed to address the base level of work at NBU.
- Raftelis recommends an additional 87 FTE on top of the positions NBU has approved for FY 23.
- Combined with unreleased positions for FY 23 This is a 31% shortfall in FTEs needed to meet the demands for work.

NBU's Credit Ratings

Agency	Current Rating	Current Outlook
S&P	A+	Negative
Fitch	AA-	Stable
Moody's	Aa1	Negative

S&P: "We believe that ERCOT's demand and price volatility, and NBU's growth pressures necessitate extraordinary levels of liquidity, and so we view the prospective improvement in liquidity as necessary to maintain the current rating."

Moody's: "A return to stability is dependent on the utility's ability to return to pre-storm liquidity and debt service coverage levels."

Bond Ratings Comparison

Public Power - Retail Systems Peer Comparisons		Total Operating Revenue (Millions)	Debt Service Coverage (x)	Days Cash on Hand	Debt to Capitalization
"AA+" Median	**$**	**503**	**3.41**	**273**	**65%**
"AA" Median	**$**	**330**	**2.52**	**264**	**57%**
Austin Energy	$	1,272	0.72	217	46%
NBU - Per Fitch Report as of June 2022 (FY 2021 data)	$	244	1.41	89	57%
NBU - FY 2023 Projected (Based on FY 2023 Financial Operating Plan)	$	249	1.79	193	45%
"AA-" Median	**$**	**257**	**2.59**	**231**	**61%**
Bryan Utilities City Electric System	$	48	5.27	116	58%
CPS Energy	$	2,510	1.71	232	38%
Garland Power & Light	$	365	1.56	412	37%
Pedernales Electric Cooperative	$	827	2.57	5	43%
"A+" Median	**$**	**274**	**1.95**	**95**	**50%**
Brownsville Public Utilities Board	$	313	0.30	95	55%
Guadalupe Valley Electric Cooperative	$	308	2.70	35	44%
"A" Median	**$**	**155**	**1.83**	**97**	**55%**
City of Denton	$	412	1.11	210	49%
"A-" Median	**$**	**63**	**1.99**	**171**	**51%**
Seguin Utility Fund	$	60	3.20	268	58%

Source: U.S. Public Power Peer Review, June 13, 2022, Fitch Rating, Inc.

Third Party Power Supply Review

TEA
THE EnergyAuthority

- "Our assessment is that NBU's approach & methods in the business areas we reviewed (which included Front, Middle, and Back Office) represent a sound approach to Risk Management and are generally consistent with common utility practice."
- "NBU is punching above its weight."

- Implementation has begun for TEA recommendations for continued improvement and sophistication.

NBU Reserve Funds

1. Power Supply Reserves (Power Stabilization Fund)
   - *Depleted after Winter Storm Uri in Feb 2021*

2. Contingency Reserves (System Contingency Fund)
   - *Currently fully funded*

Power Supply Reserves

Power Supply Reserves Bill Impact

As of FY23 Budget	Thru July 2023	July 2023 – July 2027
Cost per kWh	1.3¢	0.75¢
Average Residential Bill Impact	$15.60	$9.00

Contingency Reserves

System Contingency Fund

- Target: 90-120 days of projected gross annual operating & maintenance expenses ***minus*** power costs
- Covers operating expenses (***excluding power costs***) during unplanned events
- Provides quick restoration from unplanned events to ensure systems resiliency
- Annual Review & Funding through Budget Process
  - As operating expenses increase, reserve fund target will increase.

NBU Bill Comparisons

1. Electric
2. Water
3. Wastewater

NBU's Retail Electric Price Comparison

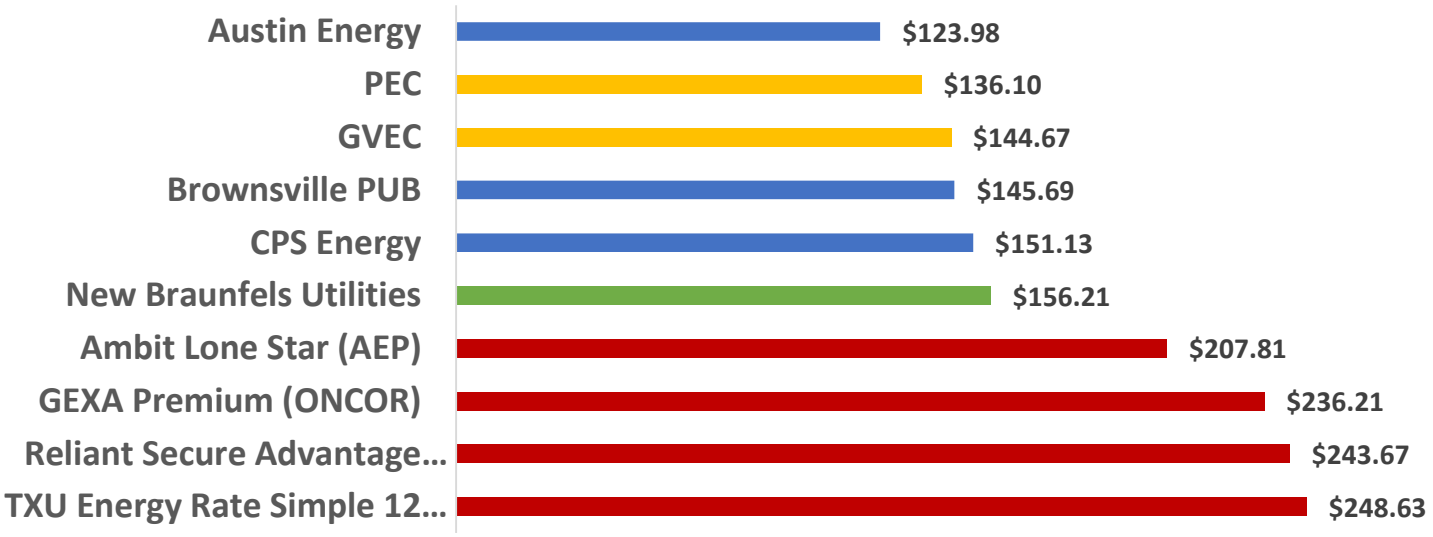
	2011-2021	
	Average $/kWh	Average Bill
New Braunfels Utilities	$ 0.087	$ 104.04
GEXA Premium	$ 0.095	$ 114.00
Austin Energy	$ 0.097	$ 116.40
CPS Energy	$ 0.097	$ 116.40
GVEC	$ 0.100	$ 120.00
PEC	$ 0.101	$ 121.20
Brownsville PUB	$ 0.103	$ 123.60
AMBIT	$ 0.108	$ 129.60
Reliant Secure Advantage	$ 0.131	$ 157.20
TXU Energy Rate Simple 12	$ 0.133	$ 159.60

	December 2021-December 2022	
	Average $/kWh	Average Bill
Austin Energy	$ 0.103	$ 123.98
PEC	$ 0.113	$ 136.10
GVEC	$ 0.121	$ 144.67
Brownsville PUB	$ 0.121	$ 145.69
CPS Energy	$ 0.126	$ 151.13
New Braunfels Utilities	$ 0.130	$ 156.21
AMBIT Lone Star	$ 0.173	$ 207.81
GEXA Premium	$ 0.197	$ 236.21
Reliant Secure Advantage	$ 0.203	$ 243.67
TXU Energy Rate Simple	$ 0.207	$ 248.63

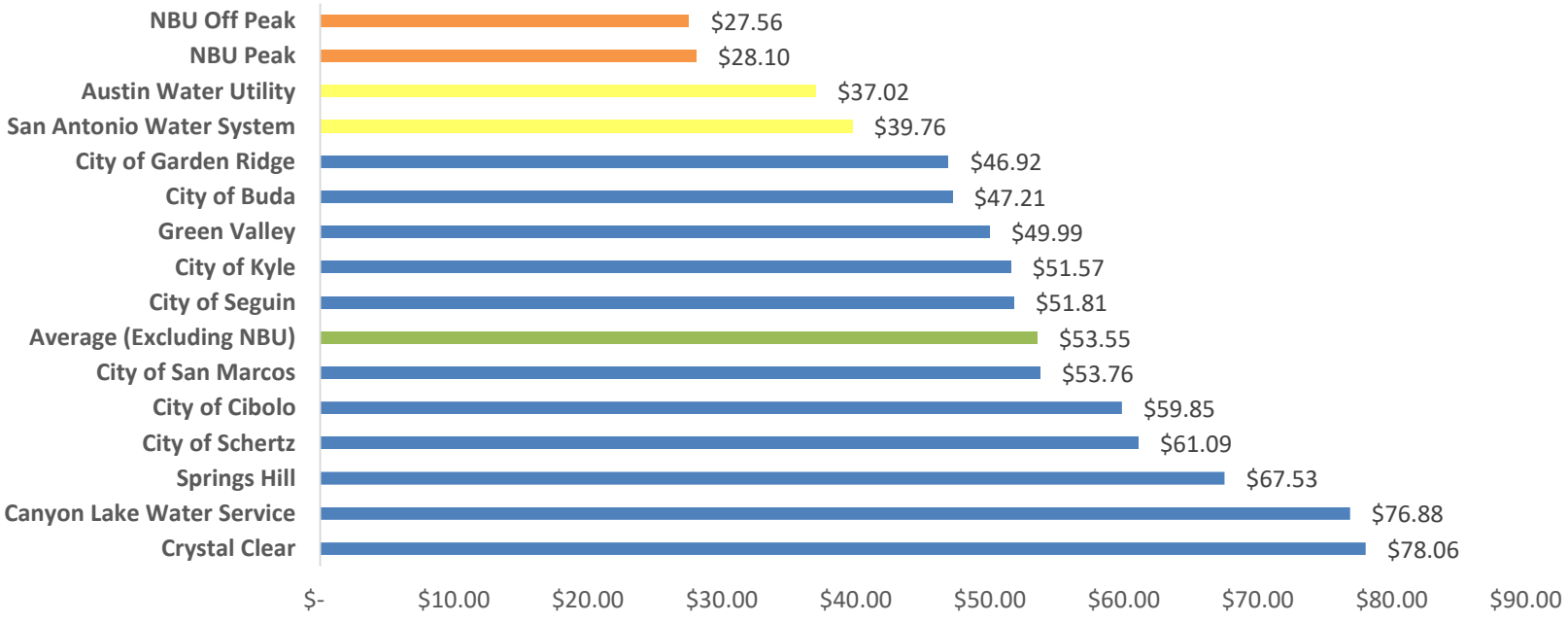
* Data from U.S. Energy Information Administration and respective utility websites

*As of December 2022; assuming 1,200 kWh Usage

Average Residential Electric Bill Comparison – 1,200 kWh December 2021-December 2022

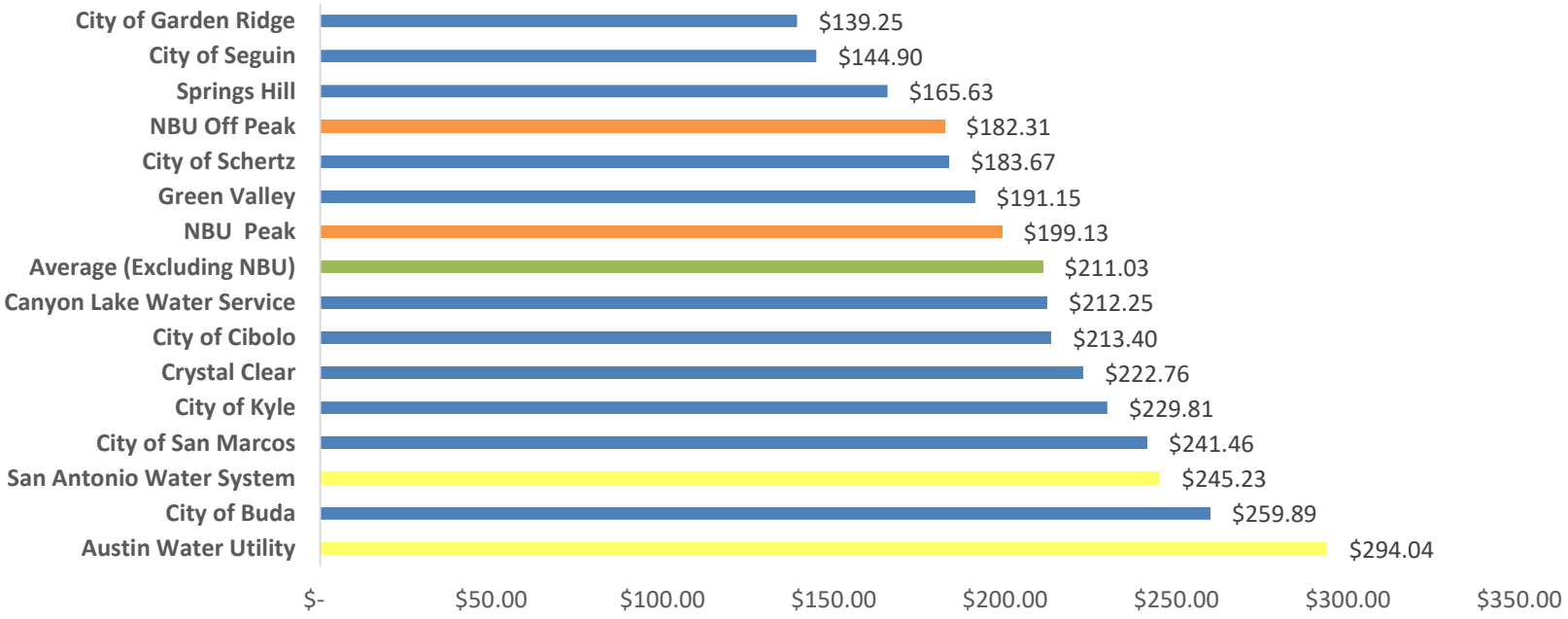


Residential Water Bill Comparison December 2022 –Assuming 6,000 Gallons



*as of December 1, 2022

Residential Water Bill Comparison
December 2022 –Assuming 25,000 Gallons



*as of December 1, 2022

Residential Wastewater Bill Comparison December 2022 –Assuming 4,600 Gallons

*as of December 1, 2022

Utility Financial Stability & Strength

Utility Financial Stability & Strength
Key Questions

At what level should NBU ensure financial stability and maintain key financial metrics such as cash reserves, debt service coverage?

Should NBU maintain or create cash reserve accounts and requirements for specific purposes such as: rate stabilization, drought reserve, etc. , or minimize reserves and refund to customers?

Should pass-throughs or cost adjustment rates be used in Water, Wastewater, similar to Electric, such as specific automatic adjustments to address various drought stages?

Utility Financial Stability & Strength

At what level should NBU ensure financial stability and maintain key financial metrics such as cash reserves, debt service coverage?

- A significant reserve is necessary and beneficial to the community. NBU will have a 3rd party analysis to look at NBU and the ERCOT market and make a recommendation on the proper amount.

- A question to consider is as the ERCOT market becomes more stable will the amount of the reserve fluctuate.

Utility Financial Stability & Strength

Should NBU maintain or create cash reserve accounts and requirements for specific purposes such as: rate stabilization, drought reserve, etc., or minimize reserves and refund to customers?

- Reserve amount needs to consider the balance of the community needs and NBU's financial stability.
- NBU should have a well-defined policy on when reserves will be triggered.
- NBU should consider a seasonal approach to replenishing reserves by collecting from customers during the non-peak energy season.

Utility Financial Stability & Strength

Should pass-throughs or cost adjustment rates be used in Water, Wastewater, similar to Electric, such as specific automatic adjustments to address various drought stages?

- It was determined that that water and wastewater are much more stable and predictable and we don't see the need.

Low/Fixed Income Customers

Low/Fixed Income Customers
Key Questions

Do community values align with providing support for low or fixed-income customers?

What level/monetary contribution levels should NBU support low-income customers?

How should this support be reflected (rates, internal program, external program)?

Low/Fixed Income Customers

Do community values align with providing support for low or fixed-income customers?

- The New Braunfels community has a history of helping neighbors-both in times of financial instability and crisis and also when income isn't enough to cover life's expenses. As a community-based utility, NBU internal programs and external support of nonprofits should model this value.

- The cost of NBU services provided should be equitably assessed across customer classes (equity and fairness in rate making is being considered by another committee).

Low/Fixed Income Customers

What level/monetary contribution levels should NBU support low-income customers?

- Low- and fixed-income customers are disproportionately affected by variations in deposits, fees and penalties. Consider the financial strain on these customers versus the fiscal impact on NBU revenue and expenses.

- NBU late fees (10% of amount due) are significantly higher than those assessed by other utility companies in the region which should not be the case for a community-based utility.

Low/Fixed Income Customers

How should this support be reflected (rates, internal program, external program)?

- Deposits, fees and penalties should be reflective of the true cost of the activity or service and an incentive for an account to remain in good standing but should not be viewed as an opportunity for increased revenue.

- Levels of NBU financial support of low- and fixed-income customers should increase proportionately as rates increase.

Equity & Fairness in Rate Making

Equity & Fairness in Rate Making
Key Questions

Should rates fully align with cost-of-service results (e.g. no subsidization)?

Should NBU consider subsidizing from one customer class or group to another?

When larger rate changes are identified in the cost of service, should NBU gradually migrate to those levels? For example, if a 15% rate increase was identified for the entire system, should NBU take multiple steps or years to achieve the full increase?

Equity & Fairness in Rate Making

Should rates fully align with cost-of-service results (e.g. no subsidization)?

- NO – With the current rate classes, this may be a reasonable aspirational goal, it may not be realistic given uncertainties with cost-of-service and market conditions.

- Consider the creation of “sub-classes” within the current rate classes. For example, residential customers could include sub-classes that recognize unique challenges (disabled, senior, veteran, etc.). This also connects to the low/fixed income policy area.

Equity & Fairness in Rate Making

Should NBU consider subsidizing from one customer class or group to another?

- (undetermined) Any consideration to subsidize from group or class to another should prioritize and encourage sustainable practices and conservation (particularly with water).

Equity & Fairness in Rate Making

When larger rate changes are identified in the cost of service, should NBU gradually migrate to those levels? For example, if a 15% rate increase was identified for the entire system, should NBU take multiple steps or years to achieve the full increase?

- Yes – Such decisions should be made through a process that is transparent and includes a community perspective.

- Suggest that the NBU Board of Trustees consider forming a Community Advisory Board (CAB) to vet a variety of issues and topics with the community perspective as the focus.

  - Attributes/responsibilities of a CAB are open to discussion. The framework for such a board might include, CAB members would have 3-year appointments, meet quarterly and/or as needed with the Board of Trustees. A well-functioning CAB should form the core membership of the next RAC, and include some current RAC members, self-nominated citizens, as well as Board and City Council nominated members.

Conservation & Renewables

Conservation & Renewables
Key Questions

Should NBU promote or incentivize the adoption of distributed renewable energy technologies (e.g. Electric Vehicles, charging stations, rooftop solar PV)?

Should NBU offer more renewable energy rate options or community solar types of projects for the electric customers?

Should NBU continue or strengthen the water conservation pricing signals or increasing tiers for irrigation?

Should NBU pursue, promote, or adopt more variable or time-based rates to allow for greater customer choice in energy and demand consumption?

Conservation & Renewables Recommendation – Solar

- NBU should promote the adoption of distributed renewable energy technologies such as rooftop solar PV
  - The increase in interconnection requests is evidence enough that customers desire this option.
- Remove barriers to entry for customers desiring interconnections
  - Increase speed of play / Reduce permitting lead-times
- Improve communication and customer perception
  - Many NBU customers do not realize they can net their bills down to the Service Availability Charge and have future bills credited for power generated above their monthly usage
  - The general perception of the public seems to be that NBU is more difficult to work with than most utilities in this area in respect to solar connections

NBU plans to undergo an Integrated Resource Plan (IRP) whereby they will solicit feedback from the community about where they would like sources of power to come from.

Conservation & Renewables Recommendation – Solar

- Encourage NBU to explore purchasing power generated beyond current levels (100% sell back)
  - follow the lead of other providers by purchasing additional power at the blended wholesale cost rate which would further incentivize adoption.
  - NBU should continue work to secure and distribute State and Federal grants to their customers for this purpose.
- Electric vehicle adoption rates in the service area do not warrant immediate action but NBU should continue planning for this eventuality and monitor the potential benefits of variable and time-based rates accordingly.
  - Renewable energy rate options would bring value to customers by aligning with their values
  - Position commercial customers to be more competitive when preference for renewables is a factor.
- Encourage NBU to find more options on increasing solar power purchase agreement.
  - Target of 50% renewable electric source above current 28%

Conservation & Renewables Recommendation – Electric

- Customer Communication on lower energy use sources – especially light bulbs
- In order to reduce energy use during peak periods consider:
  - Time of use rates to promote more demand during traditional non-peak hours. Will become more important as EV's become more prominent
  - Tiered rates to encourage energy conservation

Conservation & Renewables Recommendation – Water

- NBU should strengthen the water conservation pricing signals and increase tiers for irrigation.
- NBU should consider reducing the current tier of 7500 gallons of residential use to a lesser amount, possibly 6000 gallons, to reflect water conservation opportunities provided by modern appliances and fixtures.
  - Customers using essential amounts of water should continue paying the lowest rates possible while those with high volumes of discretionary use should continue paying higher rates
- Rates for landscape use should not fall below rates for equal residential use and high rates of residential use, such as greater than 25,000 gallons, should be viewed and billed for similarly as discretionary use.
- Drought surcharges should be increased for discretionary levels of use and landscaping
- Fines for landscape watering violations after a warning should be increased to serve as a deterrent
  - volumetric based fine

Conservation & Renewables Recommendation – Water

- Education and rate structure should serve to shape customers long term conservation behaviors especially in regard to landscaping.
- Change definition of “what beautiful is” in regard to landscaping
- NBU should work with City and County officials to change ordinances and codes to improve new building conservation practices
  - Input from meetings with developers and builders for design and implementation of water conserving landscaping on new builds would become part of this plan.

Communication

- It is important for NBU to have a clear position on these issues that aligns with their customers and to educate the public about this position and how NBU is helping to fulfill its goals
- Water is such an important resource to this community and NBU need look no further than San Antonio to see a national leader in water conservation
- The One Water strategies for NBU can still serve as a management strategy
- NBU needs to be proactive in encouraging adoption of distributed renewable energy and conservation efforts by its customers

Revenue Sufficiency

Revenue Sufficiency
Key Questions

Should NBU set rates to fully recover the projected revenue requirements needed to fund operations and capital?

Revenue Sufficiency

Should NBU set rates to fully recover the projected revenue requirements needed to fund operations and capital?

Considerations before NBU sets rates:

1) Consider internal and external economic headwinds and how an increase in rates will impact the community at large.
2) When setting rates, consider all expenses/fees related to economic growth in New Braunfels: NBU impact fees, City impact fees, Parkland fees, etc.
3) Look at ways to improve operational efficiencies and adjust.
4) How much does NBU really need in reserves? What impact does having 365 days in reserves do to the local economy?

Accommodating Growth

Accommodating Growth
Key Questions

Should infrastructure growth or system extensions be fully borne by the customer(s) driving the growth or balanced between existing utility customers and the new customers?

Should economic development be considered in rate making or attraction of new larger commercial customers?

Accommodating Growth

- NBU should establish and meet service expectations for the development community.

- NBU needs to maintain staffing levels sufficient to keep pace with growth and consistently meet published review timelines, utility availability requests and other items required for developers to complete projects.

- NBU must be able to provide clear and timely information about the availability or future availability of utilities for specific sites to accommodate growth and allow for fair market values to be more easily established for developable properties.

Accommodating Growth

Should infrastructure growth or system extensions be fully borne by the customer(s) driving the growth or balanced between existing utility customers and the new customers?

- The attendees indicated the growth and extensions should be balanced between existing utility customers and new customers. The new customers are already burdened with the new infrastructure getting to and within the new development. New growth cannot always fully bear the cost of new growth when existing infrastructure is insufficient to support it.

Accommodating Growth

Should economic development be considered in rate making or attraction of new larger commercial customers?

The EDF and 4B are in place to incentive projects. NBU should not subsidize utility rates.

NBU can assist in attracting new larger commercial customers by demonstrating that in NBU's regular course of business they help facilitate projects and assist in bringing them to market quickly.

Simple to Understand & Easy to Implement

Rate Strategy Subcommittee

Rate structure should be easy for both NBU and customers to understand and to update in future years.

Litmus test – Can I calculate my bill given the information provided on the bill and the NBU website (resources)?

May conflict with pricing signals to reflect market conditions – what/where is the balance?

The rate structure should be compatible with the existing system to provide for a basic implementation.

Rate Strategy Subcommittee

Reviewed Bill examples from the following entities:

- NBU
- San Antonio Water System
- Bandera Electric Cooperative
- Guadalupe Valley Electric Cooperative
- CPS Energy
- Pedernales Electric Cooperative
- K Pub (Kerrville)
- Xcel Energy (Amarillo)
- Green Mountain Energy (Eagle Pass)
- Eagle Pass Water Works System
- City of Hondo
- Duke Energy (Land 0 Lakes, Florida)
- Aqua (Canyon Lake)
- SS Water Supply Corporation (Stockdale)
- Canyon Lake Water Service Company
- Direct Energy (Aransas Pass)
- Frontier Utilities (Ingleside)
- Thames Water and Octopus Energy (London)

Rate Strategy Subcommittee

Key content deemed favorable to understand a bill and present necessary information in a clear and concise format

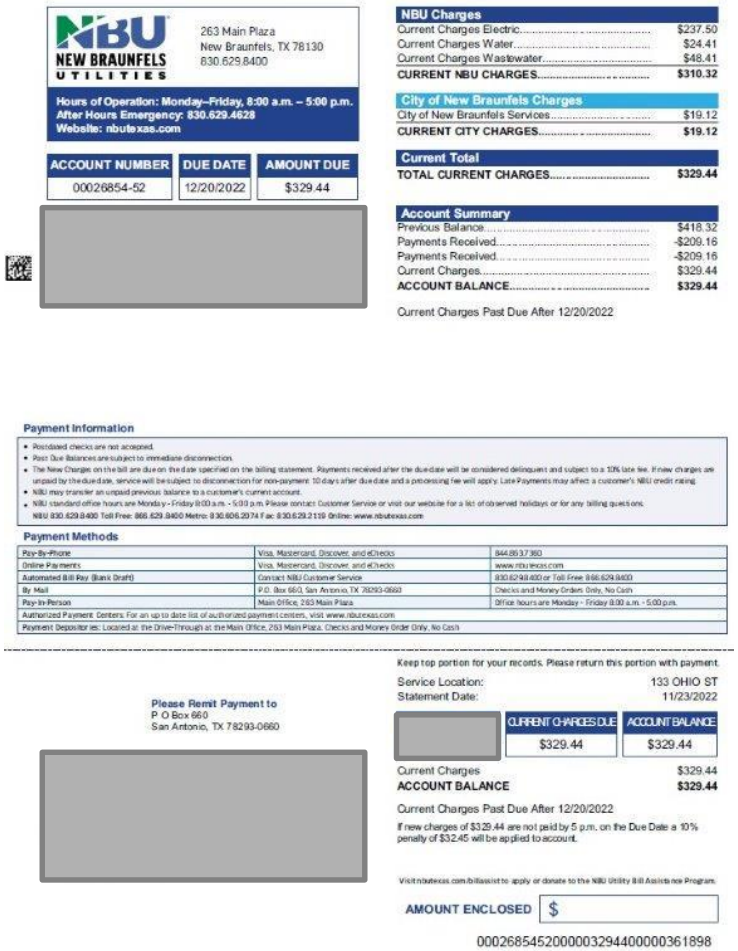
- Usage/Billing comparison
  - Month vs month for year
  - Graphical presentation of yearly information
  - High/low temps for each month/data point
  - Graphically pleasing
- Definition of Terms
  - Definition of customer classes
  - QR Code – to app, def of terms, access to invoice etc
- Summary of charges on front
- Calculation of fees on back
- App offering for more detailed investigation
- Special messages section

Rate Strategy Subcommittee

4 major points for Bill:

- Graphically pleasing
- Concise and comprehensive
- Definition of Terms/rates (rate transparency)
- Available in multiple mediums

Rate Strategy Subcommittee



NBU NEW BRAUNFELS UTILITIES
263 Main Plaza
New Braunfels, TX 78130
830.629.8400

Hours of Operation: Monday–Friday, 8:00 a.m. – 5:00 p.m.
After Hours Emergency: 830.629.4628
Website: nbutexas.com

ACCOUNT NUMBER	DUE DATE	AMOUNT DUE
00026854-52	12/20/2022	$329.44

NBU Charges

Current Charges Electric	$237.50
Current Charges Water	$24.41
Current Charges Wastewater	$48.41
CURRENT NBU CHARGES	**$310.32**

City of New Braunfels Charges

City of New Braunfels Services	$19.12
CURRENT CITY CHARGES	**$19.12**

Current Total

TOTAL CURRENT CHARGES	**$329.44**

Account Summary

Previous Balance	$418.32
Payments Received	-$209.16
Payments Received	-$209.16
Current Charges	$329.44
ACCOUNT BALANCE	**$329.44**

Current Charges Past Due After 12/20/2022

Payment Information

- Postdated checks are not accepted.
- Past Due Balances are subject to immediate disconnection.
- The New Charges on the bill are due on the date specified on the billing statement. Payments received after the due date will be considered delinquent and subject to a 10% late fee. If new charges are unpaid by the due date, service will be subject to disconnection for non-payment. 10 days after due date and a processing fee will apply. Late Payments may affect a customer's NBU credit rating.
- NBU may transfer an unpaid previous balance to a customer's current account.
- NBU standard office hours are Monday – Friday 8:00 a.m. - 5:00 p.m. Please contact Customer Service or visit our website for a list of observed holidays or for any billing questions.

NBU 830.629.8400 Toll Free: 866.629.8400 Metro: 830.606.2074 Fax: 830.629.2119 Online: www.nbutexas.com

Payment Methods

Pay-By-Phone	Visa, Mastercard, Discover, and eChecks	844.863.7360
Online Payments	Visa, Mastercard, Discover, and eChecks	www.nbutexas.com
Automated Bill Pay (Bank Draft)	Contact NBU Customer Service	830.629.8400 or Toll Free: 866.629.8400
By Mail	P.O. Box 660, San Antonio, TX 78293-0660	Checks and Money Orders Only, No Cash
Pay-In-Person	Main Office, 263 Main Plaza	Office hours are Monday – Friday 8:00 a.m. - 5:00 p.m.

Authorized Payment Centers: For an up to date list of authorized payment centers, visit www.nbutexas.com

Payment Depositories: Located at the Drive-Through at the Main Office, 263 Main Plaza. Checks and Money Order Only, No Cash

Please Remit Payment to
P O Box 660
San Antonio, TX 78293-0660

Keep top portion for your records. Please return this portion with payment.

Service Location: 133 OHIO ST
Statement Date: 11/23/2022

CURRENT CHARGES DUE	ACCOUNT BALANCE
$329.44	$329.44

Current Charges $329.44
ACCOUNT BALANCE **$329.44**

Current Charges Past Due After 12/20/2022

If new charges of $329.44 are not paid by 5 p.m. on the Due Date a 10% penalty of $32.45 will be applied to account.

Visit nbutexas.com/billassist to apply or donate to the NBU Utility Bill Assistance Program.

AMOUNT ENCLOSED $

00026854520000032944000003618 98

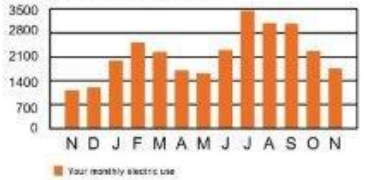
Meter Detail Information

Description	Service Period	# of Days	Meter Number	Meter Multiplier	Previous Reading	Current Reading	Usage
Electric	10/19/2022 - 11/17/2022	29	0065194259	1 REI	163981	165729	1748 kWh
Water	10/19/2022 - 11/17/2022	29	0035626231	1 RW5/8I	450178	454544	4366 GAL

Residential Current Electric Charges

Generation	1748 kWh	$138.09
Transmission	1748 kWh	$30.07
Distribution		
Delivery Charge	1748 kWh	$26.05
Electric Service Availability Charge		$17.06
Replenish Reserves	$0.013 per kWh x 1748 kWh	$22.72
Taxes	City Tax	$3.51
TOTAL ELECTRIC CHARGES		**$237.50**

Monthly Electric Usage in kWh



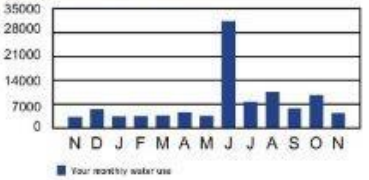
Residential Current Water Charges

	Water Usage 4366 GAL	$8.43
	Water Service Availability Charge	$15.98
TOTAL WATER CHARGES		**$24.41**

Residential Current Wastewater Charges

	Wastewater	$20.89
	Wastewater Service Availability Charge	$27.52
TOTAL WASTEWATER CHARGES		**$48.41**

Monthly Water Usage in Gallons



For City Provided Garbage and Recycling Services Inquires, contact newbraunfels.gov/swrd or call 830.221.4040.

City Services	Garbage	$13.40
	Recycle	$4.26
Taxes	County Tax	$0.09
	City Tax	$0.26
	State Tax	$1.11
TOTAL CITY SERVICE CHARGES		**$19.12**

City of New Braunfels

Rate Strategy Subcommittee

NBU Charges	
Current Charges Electric	$237.50
Current Charges Water	$24.41
Current Charges Wastewater	$48.41
CURRENT NBU CHARGES	**$310.32**

City of New Braunfels Charges	
City of New Braunfels Services	$19.12
CURRENT CITY CHARGES	**$19.12**

Current Total	
TOTAL CURRENT CHARGES	**$329.44**

Account Summary	
Previous Balance	$418.32
Payments Received	-$209.16
Payments Received	-$209.16
Current Charges	$329.44
ACCOUNT BALANCE	**$329.44**

Current Charges Past Due After 12/20/2022

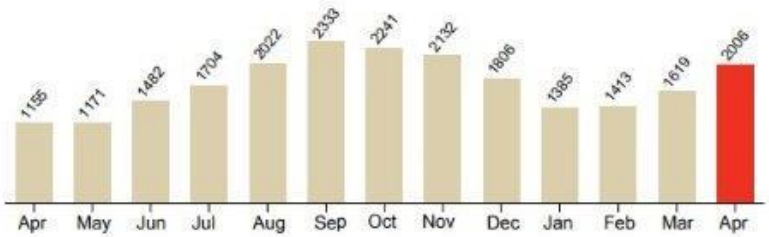
Rate Strategy Subcommittee

ACCOUNT # 123456789 **SERVICE DATES:** 03/22/2021 – 04/22/2021 (31 Days) **METER #** 12345678

ADDRESS: 123 ANYWHERE LANE **SERVICE TYPE:** RESIDENTIAL HOME **RATE:** SunHub Distribution **TOTAL BILL $** 210.00

(26408 — 24402) x 1 = 2,006 kWh

CURRENT READING — PREVIOUS READING — METER MULTIPLIER — KWH USAGE



COMPARISONS	DAYS	TOTAL kWh	AVG. kWh	DAILY COST
CURRENT BILLING	31	2,006	65	$6.57
PREVIOUS BILLING	30	1,619	54	$5.30
LAST YEAR BILLING	30	1,155	39	$4.03

GENERATION AND TRANSMISSION

	2,006 kWh			
SunHub Production	200 kWh	x $0.059 =	$	11.80
	1,806 kWh	x $0.066 =	$	119.20

DISTRIBUTION

Delivery Charge	2,006 kWh	x $0.023818 =	$	47.78
Service Availability Charge			$	25.00

OTHER

City Municipal Franchise Fee			$	5.73
POWER UP Contribution			$	0.49

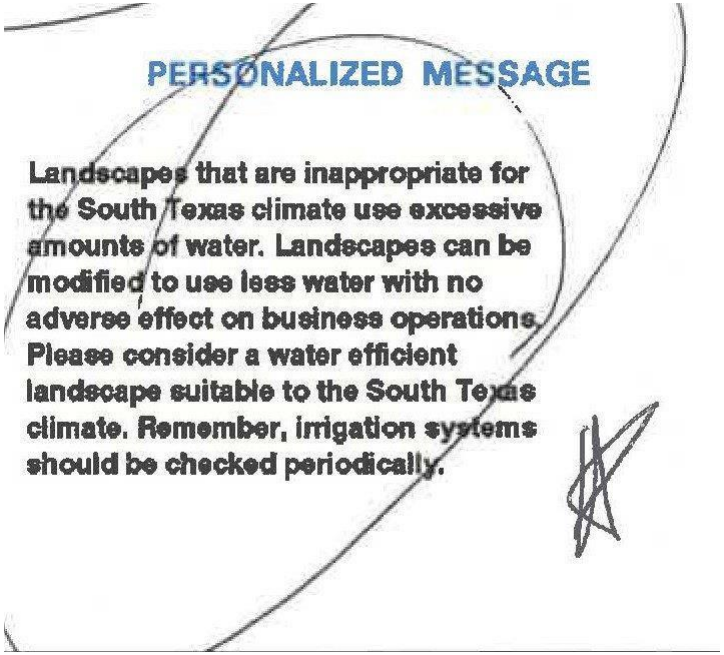
5

Rate Strategy Subcommittee

ACCOUNT COMPARISON SUMMARY

		Current Month	Previous Month	Last Year
ELECTRIC	Days on Bill	33	29	33
	kWh Used	2,465	2,142	2,918
	Avg. kWh/Day	74.7	73.9	88.4
	Cost per Day	$8.52	$8.64	$9.98

Rate Strategy Subcommittee



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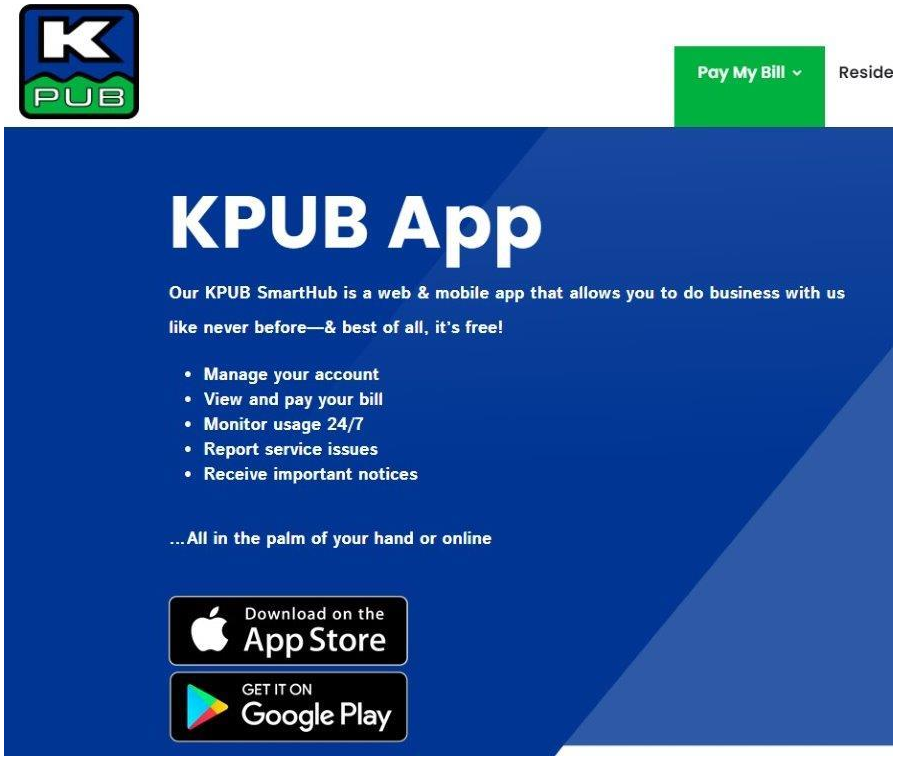

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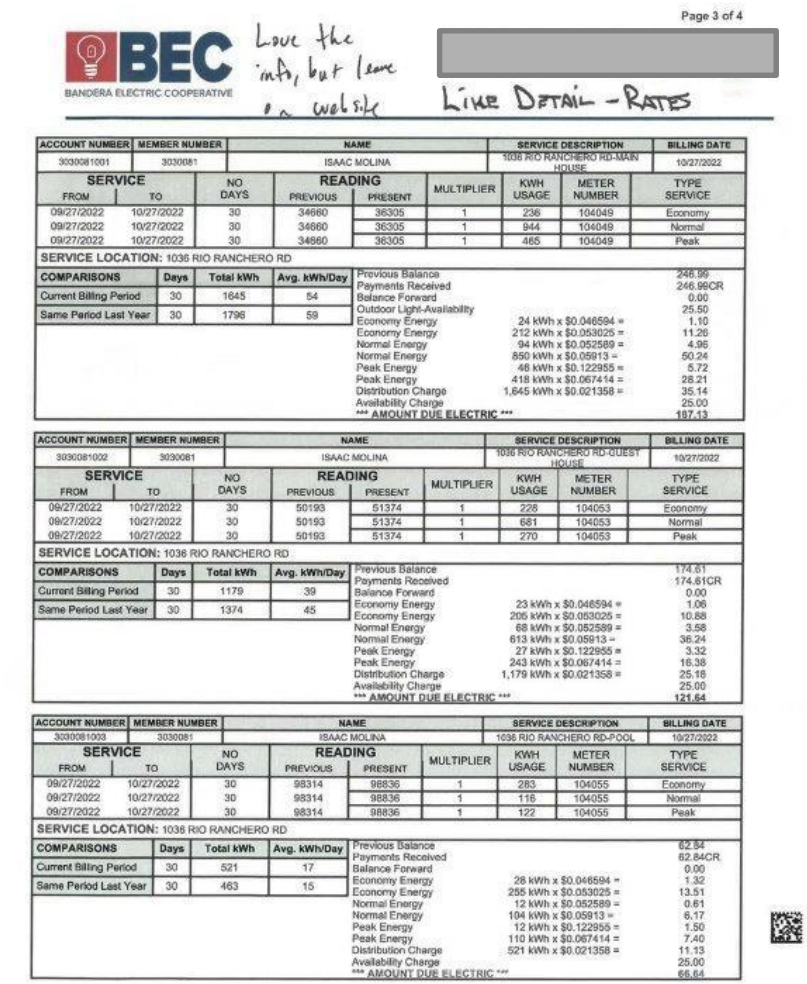

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BANDERA ELECTRIC COOPERATIVE

Love the info, but leave on website

Like Detail - Rates

ACCOUNT NUMBER	MEMBER NUMBER	NAME	SERVICE DESCRIPTION	BILLING DATE
3030081001	3030081	ISAAC MOLINA	1036 RIO RANCHERO RD-MAIN HOUSE	10/27/2022

SERVICE FROM	SERVICE TO	NO DAYS	READING PREVIOUS	READING PRESENT	MULTIPLIER	KWH USAGE	METER NUMBER	TYPE SERVICE
09/27/2022	10/27/2022	30	34660	36305	1	236	104049	Economy
09/27/2022	10/27/2022	30	34660	36305	1	944	104049	Normal
09/27/2022	10/27/2022	30	34660	36305	1	465	104049	Peak

SERVICE LOCATION: 1036 RIO RANCHERO RD

COMPARISONS	Days	Total kWh	Avg. kWh/Day
Current Billing Period	30	1645	54
Same Period Last Year	30	1796	59

Previous Balance		246.99
Payments Received		246.99CR
Balance Forward		0.00
Outdoor Light-Availability		25.50
Economy Energy	24 kWh x $0.046594 =	1.10
Economy Energy	212 kWh x $0.053025 =	11.26
Normal Energy	94 kWh x $0.052589 =	4.95
Normal Energy	850 kWh x $0.05913 =	50.26
Peak Energy	48 kWh x $0.122955 =	5.72
Peak Energy	418 kWh x $0.067414 =	28.21
Distribution Charge	1,645 kWh x $0.021358 =	35.14
Availability Charge		25.00
*** AMOUNT DUE ELECTRIC ***		187.13

ACCOUNT NUMBER	MEMBER NUMBER	NAME	SERVICE DESCRIPTION	BILLING DATE
3030081002	3030081	ISAAC MOLINA	1036 RIO RANCHERO RD-GUEST HOUSE	10/27/2022

SERVICE FROM	SERVICE TO	NO DAYS	READING PREVIOUS	READING PRESENT	MULTIPLIER	KWH USAGE	METER NUMBER	TYPE SERVICE
09/27/2022	10/27/2022	30	50193	51374	1	228	104053	Economy
09/27/2022	10/27/2022	30	50193	51374	1	681	104053	Normal
09/27/2022	10/27/2022	30	50193	51374	1	270	104053	Peak

SERVICE LOCATION: 1036 RIO RANCHERO RD

COMPARISONS	Days	Total kWh	Avg. kWh/Day
Current Billing Period	30	1179	39
Same Period Last Year	30	1374	45

Previous Balance		174.61
Payments Received		174.61CR
Balance Forward		0.00
Economy Energy	23 kWh x $0.046594 =	1.06
Economy Energy	205 kWh x $0.053025 =	10.88
Normal Energy	68 kWh x $0.052589 =	3.58
Normal Energy	613 kWh x $0.05913 =	36.24
Peak Energy	27 kWh x $0.122955 =	3.32
Peak Energy	243 kWh x $0.067414 =	16.38
Distribution Charge	1,179 kWh x $0.021358 =	25.18
Availability Charge		25.00
*** AMOUNT DUE ELECTRIC ***		121.64

ACCOUNT NUMBER	MEMBER NUMBER	NAME	SERVICE DESCRIPTION	BILLING DATE
3030081003	3030081	ISAAC MOLINA	1036 RIO RANCHERO RD-POOL	10/27/2022

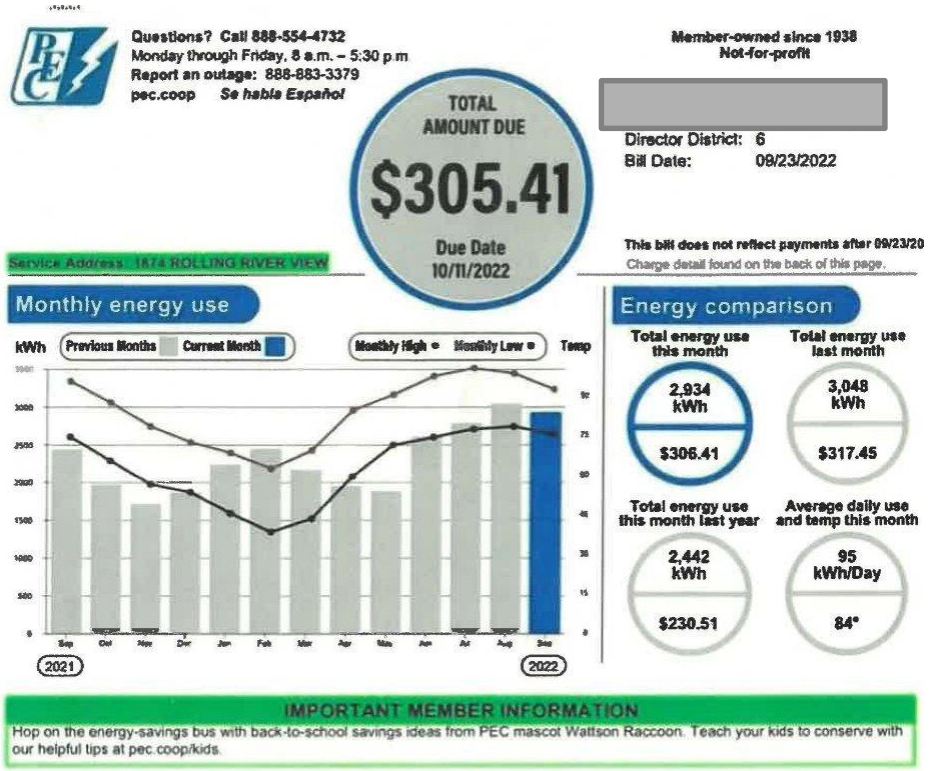
SERVICE FROM	SERVICE TO	NO DAYS	READING PREVIOUS	READING PRESENT	MULTIPLIER	KWH USAGE	METER NUMBER	TYPE SERVICE
09/27/2022	10/27/2022	30	98314	98836	1	283	104055	Economy
09/27/2022	10/27/2022	30	98314	98836	1	116	104055	Normal
09/27/2022	10/27/2022	30	98314	98836	1	122	104055	Peak

SERVICE LOCATION: 1036 RIO RANCHERO RD

COMPARISONS	Days	Total kWh	Avg. kWh/Day
Current Billing Period	30	521	17
Same Period Last Year	30	463	15

Previous Balance		62.84
Payments Received		62.84CR
Balance Forward		0.00
Economy Energy	28 kWh x $0.046594 =	1.32
Economy Energy	255 kWh x $0.053025 =	13.51
Normal Energy	12 kWh x $0.052589 =	0.61
Normal Energy	104 kWh x $0.05913 =	6.17
Peak Energy	12 kWh x $0.122955 =	1.50
Peak Energy	110 kWh x $0.067414 =	7.40
Distribution Charge	521 kWh x $0.021358 =	11.13
Availability Charge		25.00
*** AMOUNT DUE ELECTRIC ***		66.64

Rate Strategy Subcommittee



Questions? Call 888-554-4732
Monday through Friday, 8 a.m. – 5:30 p.m.
Report an outage: 888-883-3379
pec.coop *Se habla Español*

Member-owned since 1938
Not-for-profit

[redacted]
Director District: 6
Bill Date: 09/23/2022

TOTAL AMOUNT DUE
$305.41
Due Date
10/11/2022

This bill does not reflect payments after 09/23/20
Charge detail found on the back of this page.

Service Address: 1874 ROLLING RIVER VIEW

Monthly energy use

kWh | Previous Months | Current Month | Monthly High | Monthly Low | Temp

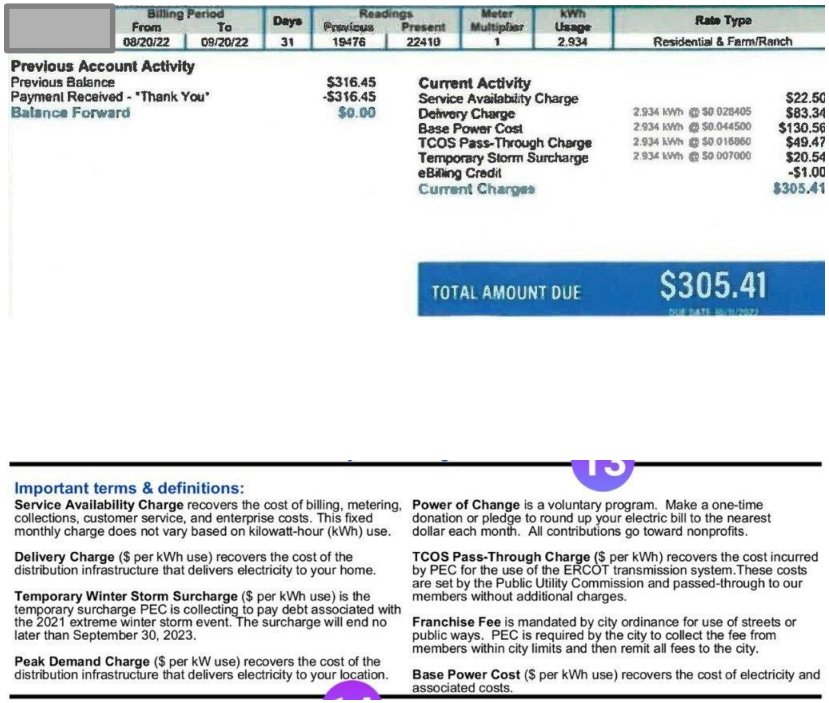
2021 2022

Energy comparison

Total energy use this month	Total energy use last month
2,934 kWh	3,048 kWh
$306.41	$317.45
Total energy use this month last year	**Average daily use and temp this month**
2,442 kWh	95 kWh/Day
$230.51	84°

IMPORTANT MEMBER INFORMATION

Hop on the energy-savings bus with back-to-school savings ideas from PEC mascot Wattson Raccoon. Teach your kids to conserve with our helpful tips at pec.coop/kids.



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Billing Period From	Billing Period To	Days	Readings Previous	Readings Present	Meter Multiplier	kWh Usage	Rate Type
08/20/22	09/20/22	31	19476	22410	1	2,934	Residential & Farm/Ranch

Previous Account Activity

Previous Balance	$316.45
Payment Received - "Thank You"	-$316.45
Balance Forward	$0.00

Current Activity

Service Availability Charge		$22.50
Delivery Charge	2,934 kWh @ $0.028405	$83.34
Base Power Cost	2,934 kWh @ $0.044500	$130.56
TCOS Pass-Through Charge	2,934 kWh @ $0.016860	$49.47
Temporary Storm Surcharge	2,934 kWh @ $0.007000	$20.54
eBilling Credit		-$1.00
Current Charges		$305.41

TOTAL AMOUNT DUE $305.41

Important terms & definitions:

Service Availability Charge recovers the cost of billing, metering, collections, customer service, and enterprise costs. This fixed monthly charge does not vary based on kilowatt-hour (kWh) use.

Delivery Charge ($ per kWh use) recovers the cost of the distribution infrastructure that delivers electricity to your home.

Temporary Winter Storm Surcharge ($ per kWh use) is the temporary surcharge PEC is collecting to pay debt associated with the 2021 extreme winter storm event. The surcharge will end no later than September 30, 2023.

Peak Demand Charge ($ per kW use) recovers the cost of the distribution infrastructure that delivers electricity to your location.

Power of Change is a voluntary program. Make a one-time donation or pledge to round up your electric bill to the nearest dollar each month. All contributions go toward nonprofits.

TCOS Pass-Through Charge ($ per kWh) recovers the cost incurred by PEC for the use of the ERCOT transmission system. These costs are set by the Public Utility Commission and passed-through to our members without additional charges.

Franchise Fee is mandated by city ordinance for use of streets or public ways. PEC is required by the city to collect the fee from members within city limits and then remit all fees to the city.

Base Power Cost ($ per kWh use) recovers the cost of electricity and associated costs.

Rate Strategy Subcommittee

Rate structure should be easy for both NBU and customers to understand and to update in future years.

Litmus test – Can I calculate my bill given the information provided on the bill and the NBU website (resources)?

May conflict with pricing signals to reflect market conditions – what/where is the balance?

The rate structure should be compatible with the existing system to provide for a basic implementation.

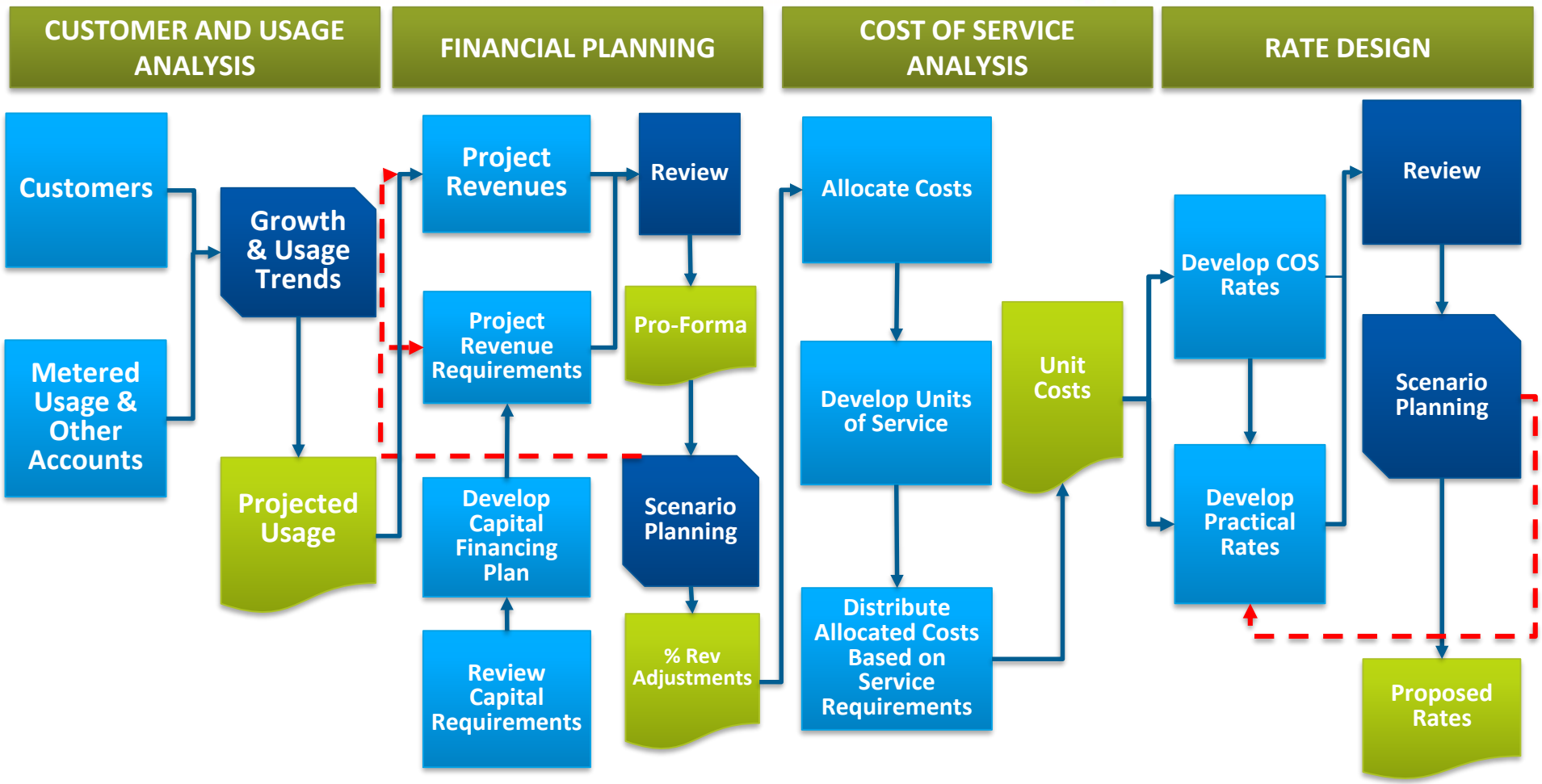
Simple to Understand & Easy to Implement

Values

We recognize the complexity of this task that we aren't implementing. That said, there are some values that should be feasible to scale:

1. Detailed & easy to understand
2. Transparent
3. Searchable – customer if interested
4. Multi platform (dimensionality)
5. Proactive (crisis communications)

Rate Process Flow



Projected Water Operating Results

Line No.	Description	Budgeted FY 2023	Projected FY 2024	FY 2025	FY 2026	FY 2027
	Revenues					
1	Operating Revenues from Sales	$ 40,758,444	$ 39,995,265	$ 41,887,032	$ 43,870,640	$ 44,915,420
2	Other Operating Revenues	745,000	759,900	775,098	790,600	806,412
3	Non-Operating Revenues	13,032,236	17,091,313	21,663,808	30,478,984	34,855,685
4	**Total Revenues**	**$ 54,535,680**	**$ 57,846,478**	**$ 64,325,938**	**$ 75,140,225**	**$ 80,577,516**
	Expenses					
5	Purchased Water	$ 10,680,576	$ 10,894,187	$ 11,112,071	$ 11,334,313	$ 11,560,999
6	Operating Expenses	8,231,738	8,455,750	8,686,940	8,925,578	9,171,943
7	Non-Operating Expenses	9,131,231	9,347,248	9,568,588	9,795,386	10,027,783
8	**Total Expenses**	**$ 28,043,544**	**$ 28,697,186**	**$ 29,367,599**	**$ 30,055,276**	**$ 30,760,725**
9	**Revenue Available for Debt Service**	**$ 26,492,136**	**$ 29,149,292**	**$ 34,958,339**	**$ 45,084,948**	**$ 49,816,791**
	Debt Service					
10	Existing Debt Service	$ 9,580,957	$ 10,373,015	$ 10,352,707	$ 10,422,805	$ 10,494,195
11	Future Debt Service	-	734,418	2,509,046	4,099,024	5,317,718
12	**Total Debt Service**	**$ 9,580,957**	**$ 11,107,432**	**$ 12,861,753**	**$ 14,521,829**	**$ 15,811,913**
13	**Debt Service Coverage**	**2.77**	**2.62**	**2.72**	**3.10**	**3.15**
14	**Less Revenue from Impact Fees**	**$ 11,142,367**	**$ 15,163,647**	**$ 19,697,589**	**$ 28,473,440**	**$ 32,810,030**
15	**Revenue Available for Transfers/Reserves/Capital**	**$ 5,768,812**	**$ 2,878,213**	**$ 2,398,997**	**$ 2,089,679**	**$ 1,194,848**
	Other Expenditures					
16	City Transfer	$ 997,156	$ 1,197,909	$ 1,279,749	$ 1,298,265	$ 1,258,641
17	Contingency Reserves	65,000	74,671	77,063	79,546	82,122
18	Capital Expenditures (Cash Funded from Rates)	2,621,182	4,227,255	4,361,991	12,573,435	15,265,301
19	**Total Other Expenditures**	**$ 3,683,339**	**$ 5,499,835**	**$ 5,718,804**	**$ 13,951,246**	**$ 16,606,064**
20	**Revenue Surplus/(Deficiency)**	**$ 2,085,474**	**$ (2,621,622)**	**$ (3,319,806)**	**$ (11,861,567)**	**$ (15,411,216)**
21	**Excess Funds Utilized to Fund Capital (Prior Year)**	**$ (1,773,000)**	**$ -**	**$ -**	**$ -**	**$ -**
22	**Adjusted Revenue Surplus/(Deficiency)**	**$ 312,474**	**$ (2,621,622)**	**$ (3,319,806)**	**$ (11,861,567)**	**$ (15,411,216)**
23	**Adjusted Revenue Surplus/(Deficiency) (with Annual Increases)**	**$ 312,474**	**$ (2,621,622)**	**$ (574,182)**	**$ (8,551,564)**	**$ (3,960,224)**
24	**% Rate Increase Required (with Annual Increases)**	**0.00%**	**6.55%**	**1.29%**	**18.13%**	**7.03%**
25	**% Levelized Rate Increase Required (with Annual Increases)**	**0.00%**	**9.50%**	**9.50%**	**9.50%**	**7.75%**

Water Cost of Service Results

Line	Description	Allocated 2024 Cost of Service	2024 Existing Rate Revenues	Revenue Over/(Under) Recovery		Percent Increase for Full Cost Recovery
				Amount	Percent	
		($)	($)	($)	(%)	(%)
	New Braunfels Utilities					
1	Residential	$ 22,678,464	$ 16,088,136	$ (6,590,328)	71%	41%
2	Residential Irrigation	7,223,051	8,394,417	1,171,366	116%	-14%
3	Commercial	6,738,315	7,666,478	928,163	114%	-12%
4	Commercial Irrigation	2,252,865	3,296,679	1,043,814	146%	-32%
5	Multi-Unit Res 2-4	205,114	243,691	38,577	119%	-16%
6	Multi-Unit Res 5+	1,483,473	2,566,976	1,083,503	173%	-42%
7	Commercial - Re-Use Water	120,441	70,623	(49,817)	59%	71%
8	Other Sales	$ 1,915,166	$ 1,668,266	(246,900)	87%	15%
9	**Total**	**$ 42,616,887**	**$ 39,995,265**	**$ (2,621,622)**	**93.85%**	**6.55%**

Projected Wastewater Operating Results

Line No.	Description	Budgeted FY 2023	Projected FY 2024	FY 2025	FY 2026	FY 2027
	Revenues					
1	Operating Revenues from Sales	$ 32,277,015	$ 37,398,053	$ 39,788,176	$ 41,308,284	$ 42,779,125
2	Other Operating Revenues	265,000	270,300	275,706	281,220	286,845
3	Non-Operating Revenues	8,066,881	9,280,026	11,443,136	13,246,694	14,541,200
4	**Total Revenues**	**$ 40,608,897**	**$ 46,948,380**	**$ 51,507,018**	**$ 54,836,198**	**$ 57,607,169**
	Expenses					
5	Operating Expenses	$ 7,415,484	$ 7,749,939	$ 8,099,693	$ 8,465,456	$ 8,847,970
6	Non-Operating Expenses	6,911,295	7,186,946	7,473,608	7,771,720	8,081,740
7	**Total Expenses**	**$ 14,326,779**	**$ 14,936,885**	**$ 15,573,302**	**$ 16,237,177**	**$ 16,929,710**
8	**Revenue Available for Debt Service**	**$ 26,282,118**	**$ 32,011,494**	**$ 35,933,716**	**$ 38,599,021**	**$ 40,677,459**
	Debt Service					
9	Existing Debt Service	$ 8,878,409	$ 9,025,486	$ 8,983,836	$ 8,975,399	$ 8,968,126
10	Future Debt Service	-	2,439,694	8,176,202	12,915,819	16,078,463
11	**Total Debt Service**	**$ 8,878,409**	**$ 11,465,180**	**$ 17,160,038**	**$ 21,891,218**	**$ 25,046,589**
12	**Debt Service Coverage**	**2.96**	**2.79**	**2.09**	**1.76**	**1.62**
13	**Less Revenue from Impact Fees**	**$ 6,908,791**	**$ 7,864,933**	**$ 8,795,437**	**$ 11,378,076**	**$ 12,659,696**
14	**Revenue Available for Transfers/Reserves/Capital**	**$ 10,494,918**	**$ 12,681,381**	**$ 9,978,241**	**$ 5,329,727**	**$ 2,971,175**
	Other Expenditures					
15	City Transfer	980,328	1,124,448	1,220,951	1,249,889	1,198,429
16	Contingency Reserves	56,000	111,485	116,585	121,921	127,505
17	Capital Expenditures (Cash Funded from Rates)	10,594,161	12,216,281	12,370,314	12,095,171	12,126,320
18	**Total Other Expenditures**	**$ 11,630,489**	**$ 13,452,213**	**$ 13,707,849**	**$ 13,466,980**	**$ 13,452,254**
19	**Revenue Surplus/(Deficiency)**	**$ (1,135,571)**	**$ (770,832)**	**$ (3,729,608)**	**$ (8,137,254)**	**$ (10,481,079)**
20	**Excess Funds Utilized to Fund Capital (Prior Year)**	**$ 1,341,000**	**$ -**	**$ -**	**$ -**	**$ -**
21	**Adjusted Revenue Surplus/(Deficiency)**	**$ 205,429**	**$ (770,832)**	**$ (3,729,608)**	**$ (8,137,254)**	**$ (10,481,079)**
22	**Adjusted Revenue Surplus/(Deficiency) (with Annual Increases)**	**$ 205,429**	**$ (770,832)**	**$ (2,913,426)**	**$ (4,372,678)**	**$ (2,586,623)**
23	**% Rate Increase Required (With Annual Increases)**	**0.00%**	**2.11%**	**7.38%**	**10.00%**	**5.26%**
24	**% Levelized Rate Increase Required (with Annual Increases)**		**7.25%**	**7.25%**	**6.75%**	**5.75%**

Wastewater Cost of Service Results

Line	Description	Allocated Cost of Service	Existing Revenues	Revenue Over/(Under) Recovery		Percent Increase for Full Cost Recovery
				Amount	Percent	
		($)	($)	($)	(%)	(%)
	New Braunfels Utilities					
1	Residential	$ 21,892,670	$ 20,373,858	$ (1,518,812)	93%	7.45%
2	Commercial	11,269,831	11,904,985	635,154	106%	-5.34%
3	Multi-Unit 2-4	182,829	186,224	3,395	102%	-1.82%
4	Multi-Unit 5+	$ 3,930,565	$ 4,039,996	109,431	103%	-2.71%
5	**Total**	**$ 37,275,895**	**$ 36,505,063**	**$ (770,832)**	**98%**	**2.11%**

Projected Electric Operating Results

Line No.	Description	Budgeted FY 2023	Projected FY 2024	FY 2025	FY 2026	FY 2027
	Revenues					
1	Operating Revenues from Sales	$ 170,627,495	$ 157,937,752	$ 159,830,870	$ 164,754,293	$ 171,130,785
2	Other Operating Revenues	5,146,376	5,277,354	5,636,554	6,226,069	6,586,268
3	Non-Operating Revenues	1,153,000	1,138,000	1,138,000	1,138,000	1,138,000
4	**Total Revenues**	**$176,926,870**	**$164,353,105**	**$ 166,605,424**	**$172,118,362**	**$178,855,053**
	Expenses					
5	Operating Expenses	$ 144,158,358	$ 135,531,205	$ 136,983,455	$ 141,138,768	$ 146,872,505
6	Non-Operating Expenses	$ 12,138,611	$ 13,636,277	$ 15,714,202	$ 16,284,853	$ 18,017,953
7	**Total Expenses**	**$156,296,969**	**$149,167,482**	**$152,697,658**	**$157,423,621**	**$164,890,459**
8	**Revenue Available for Debt Service**	**$20,629,902**	**$15,185,623**	**$13,907,766**	**$14,694,741**	**$13,964,594**
9	**Total Debt Service**	**$ 5,413,239**	**$ 8,241,523**	**$ 10,968,662**	**$ 12,970,041**	**$ 14,665,727**
10	**Debt Service Coverage**	**3.81**	**1.84**	**1.27**	**1.13**	**0.95**
11	**Revenue Available for Transfers/Reserves/Capital**	**$15,216,662**	**$6,944,100**	**$2,939,104**	**$1,724,701**	**($701,133)**
	Other Expenditures					
12	City Transfer	$ 8,794,431	$ 9,475,184	$ 9,435,080	$ 9,771,214	$ 10,019,624
13	Contingency Reserves	$ 63,625	$ 525,317	$ 732,120	$ 612,857	$ 416,385
14	Capital Expenditures	$ -	$ 42,312	$ -	$ -	$ -
15	**Total Other Expenditures**	**$ 8,858,056**	**$ 10,042,813**	**$ 10,167,200**	**$ 10,384,071**	**$ 10,436,009**
16	**Revenue Surplus (Deficiency)**	**$ 6,358,606**	**$ (3,098,714)**	**$ (7,228,096)**	**$ (8,659,371)**	**$ (11,137,142)**
17	**Revenue Surplus (Deficiency) After Rate Changes**	**$ 6,358,606**	**$ (3,098,714)**	**$ 862,878**	**$ 7,822,451**	**$ 13,964,717**
18	**Effective Rate Increase (Bill)**	**0.00%**	**0.0%**	**5.1%**	**5.1%**	**5.0%**

Note: As recommended rate increases are implemented, DSCRs increase as well as the Revenue Surplus to fund Capital Projects. Resulting DSCRs are 2.0+

Electric Cost of Service Results

Line	Description	Allocated 2023-2027 Cost of Service	2023-2027 Rate Revenues	Revenue Over/(Under) Recovery		Percent Increase for Full Cost Recovery
				Amount	Percent	
		($)	($)	($)	(%)	(%)
	New Braunfels Utilities					
1	Residential Service (RE)	$ 77,327,007	$ 71,161,686	$ (6,165,321)	92%	9%
2	Small General Service (SGS)	$ 8,432,443	$ 7,671,641	$ (760,802)	91%	10%
3	Large General Service (LGS)	$ 44,578,022	$ 39,120,227	$ (5,457,794)	88%	14%
4	Very Large Power (VLP)	$ 12,276,350	$ 11,185,799	$ (1,090,551)	91%	10%
5	Transmission Service (TSR)	$ 33,058,226	$ 34,410,421	$ 1,352,194	104%	-4%
6	Lighting Classes	$ 301,445	$ 354,431	$ 52,986	118%	-15%
7	**Total**	**$ 175,973,492**	**$ 163,904,205**	**$ (12,069,288)**	**93%**	**7%**

What Next?

- January 11, 2023 – Rates & Rate Structures
- January 18, 2023 – Final Review/Wrap-up

Questions and Discussions