



New Braunfels Utilities Board of Trustees
263 Main Plaza
New Braunfels, TX 78130

March 23, 2023

Dear NBU Board of Trustees:

On behalf of the NBU Rate Advisory Committee (RAC), it's my distinct honor and privilege to present you our feedback pertaining to the 2022-2023 Cost of Service and Rate Design Study. The RAC members devoted significant time and energy to learning about the utility business, in general, and the costs of providing essential services to NBU customers.

The RAC is comprised of eighteen (18) members, seven (7) of which were nominated by the New Braunfels City Council and eleven (11) of which were nominated by the NBU Board of Trustees. The RAC represents the following sectors in the community: industrial, healthcare, recreational/seasonal/tourism, manufacturing, large retail, small business, education, non-profit, developer/builder, as well as single and multifamily residential.

Since its inception in April of 2023, the RAC has held nine (9) public meetings, in addition to a public forum. During those meetings, the RAC discussed topics including (i) an overview of NBU's water, wastewater and electric systems; (ii) NBU's revenues, revenue requirements and projected operating results for the water, wastewater and electric utilities; (iii) NBU capital project funding; (iv) the electric energy market and ERCOT; (v) NBU bond ratings and target ratios; (vi) cost of service results for the water, wastewater and electric utilities; and (vii) recommended rates structures for the water, wastewater and electric utilities.

Additionally, RAC members took the initiative to form subcommittees and provide feedback to NBU staff and consultants based on the following seven (7) key policy areas:

1. Low/Fixed Income Customers;
2. Equity and Fairness in Rate Making;
3. Conservation and Renewables;
4. Revenue Sufficiency;
5. Accommodating Growth;
6. Utility Stability and Financial Strength; and
7. Simple to Understand and Easy to Implement.

Throughout this process, the RAC has received input from different sectors of the New Braunfels community, which allowed the RAC members to provide a well-rounded and complete perspective to NBU's consultants and staff.

At its final meeting on February 1, 2023, the RAC unanimously agreed to provide to the NBU Board of Trustees and New Braunfels City Council the feedback of the key policy subcommittees contained in the “Electric, Water and Wastewater Utility Revenues, Revenue Requirements, Cost of Service and Rates” report, prepared by Freese and Nichols, Inc., and NewGen Strategies and Solutions, LLC, and dated March 24, 2023.

Thank you for your consideration in accepting the “Electric, Water and Wastewater Utility Revenues, Revenue Requirements, Cost of Service and Rates” report. I am happy to answer any questions you have regarding the RAC’s feedback.

It has been a pleasure to serve on NBU’s inaugural Rate Advisory Committee and I look forward to continued opportunities to serve the great City of New Braunfels.

Sincerely,



Justin Meadows
Rate Advisory Committee Chair