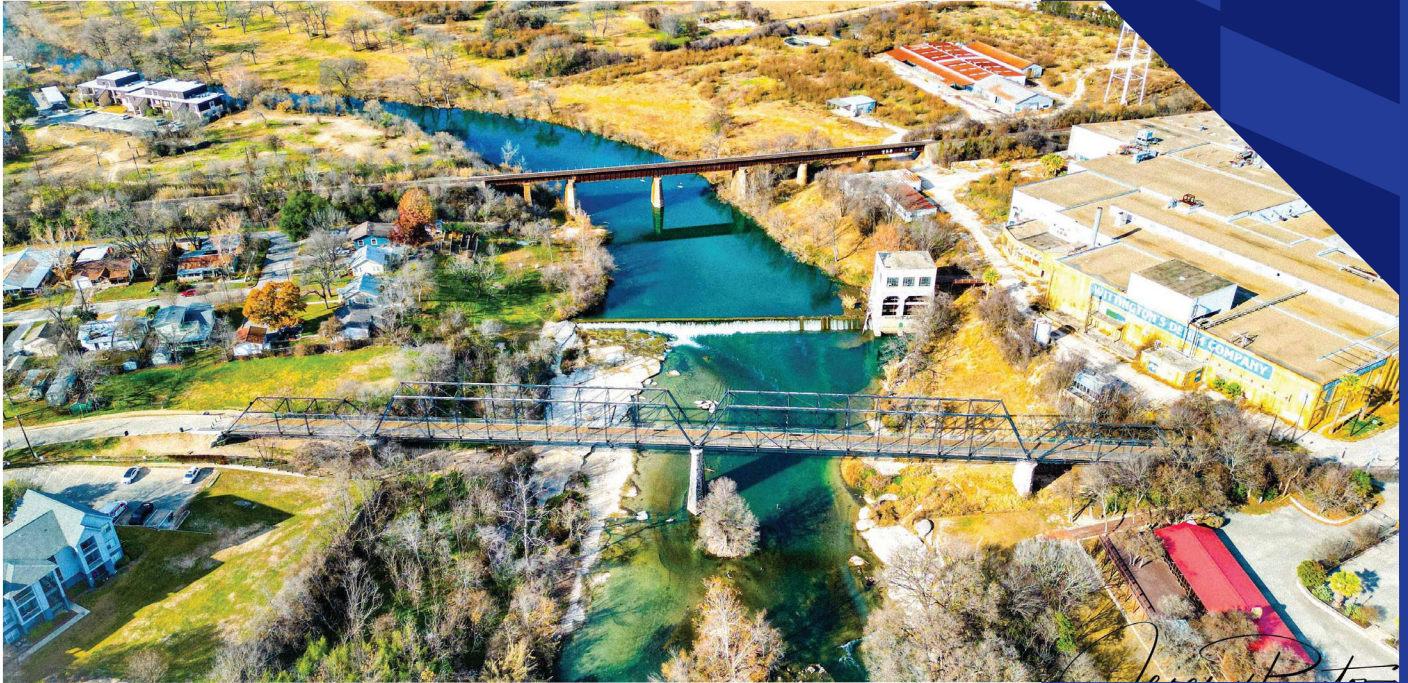


# NBU Community Advisory Panel Final Report and Response to The NBU Rate Study

April 2025



## Community Advisory Panel

The Community Advisory Panel (CAP) for New Braunfels Utilities (NBU) consists of 13 members, nominated to provide a balanced representation of the NBU service area. The New Braunfels City Council nominates seven members of the CAP. The NBU Board of Trustees nominates six members, including the two at-large participants selected through an application process. The Board of Trustees then appoints the 13 selected to serve.

## Purpose of the Community Advisory Panel

The CAP is a special-purpose advisory group to the NBU Board of Trustees. Members of the CAP work with NBU and Subject Matter Experts (SMEs) to review information and make recommendations to the NBU Board of Trustees to help shape the future of NBU.

CAP members bring diverse perspectives of those living within NBU's service territory. Their participation helps ensure the voice of the community is represented and valuable insights are factored into the decisions affecting NBU and those it serves.

The Rate Study for NBU was the second of three NBU core initiatives the CAP is addressing in calendar years 2024 and 2025 and it is the focus of this report. The work of CAP on these topics has been managed and facilitated by consultant Britton Strategies. NBU's consultant Raftelis performed the technical aspects of the study.



## Panel Members

Justin Meadows | Chair  
Les Shephard | Vice Chair  
Bobby Avary  
Amber Brown  
Joe Castilleja  
Mark Hampton  
Michael Patrick Harrington, PhD  
Darren Hill  
Alice Jewell  
Leticia Pena Martinez  
Ian Perez  
Chris Snider  
Julissa Vela Ybarra



## The CAP Provides Feedback to the NBU Board of Trustees on the Rate Study

At each meeting of the CAP, from November 2024 to April 2025, information was provided about the factors that influence rates such as the revenue requirements for NBU, sources of revenue and drivers of costs like growth and aging infrastructure replacement. This Rate Study builds on the rigorous and transparent work two years ago of the NBU Rate Advisory Committee (RAC) as well as the significant changes in the community and the NBU market since. Eleven of the original CAP members served previously on the RAC.



The CAP's overarching priorities of Affordability and Reliability were kept top of mind throughout the rate study process. At the November 2024 meeting, the CAP was asked to establish its pricing objectives specifically for electric and water rates. The top three priorities for electric and water were:

### Electric:

- |   |   |  |
|---|---|--|
| <b>1. Rate and Revenue Stability</b><br>Reducing the volatility of rates so customers know what to expect | <b>2. Financial Sufficiency</b><br>Ensuring NBU has sufficient funding to make capital improvements and meet the needs of its customers | <b>3. Minimal Customer Impacts</b><br>Encouraging the utility to reduce the impact of rate changes on customers. |
|---|---|--|

### Water:

- |   |   |   |
|---|---|---|
| <b>1. Essential Use Affordability</b><br>Ensuring rates are affordable for the lowest users, often low-income customers | <b>2. Revenue Stability for NBU</b><br>Ensuring NBU has sufficient funding to make capital improvements and meet the needs of its customers | <b>3. Conservation Pricing Signal</b><br>By making higher water usage more expensive, customers have a greater incentive to reduce their consumption. |
|---|---|---|

The NBU Board of Trustees was keenly interested in hearing from the CAP on a list of topics arising out of its December board retreat. The trustees asked for CAP members to review the topics below and provide feedback as to whether the resulting actions are reasonable and go far enough. Those topics included:

- |                           |   |                               |
|---------------------------|---|-------------------------------|
| <b>1. Growth Forecast</b> | <b>3. Capital Projects and Aging Infrastructure</b> | <b>5. Rate Proposals</b>      |
| <b>2. Impact Fees</b>     | <b>4. Scenarios for Rate Change</b>                 | <b>6. Rate Design Options</b> |

## The Rate Study by Raftelis

In April 2025, the rate study consultant Raftelis provided the results of its findings that were informed by NBU's revenue requirements, including anticipated capital costs, and proposed rate increases as well as input from the CAP. The CAP considered each of these factors and formulated a response which follows.

CAP members bring diverse perspectives of those living within NBU's service territory.



## The CAP Members' Response to the Rate Study for NBU

After reviewing the information provided by NBU and the rate study conducted by Raftelis, we, the members of the CAP, offer the following response to the NBU Board of Trustees and leadership:

1. The proposed rate plan effectively balances reliability and affordability for electric, water, and wastewater services while ensuring NBU secures the necessary funding to fulfill its mission and serve the community.
2. The growth projections used for this study are based on meter growth, trends observed in similar cities, the number of building permits, and census data, and are considered reasonable and well-founded.
3. The CAP encourages NBU to continue investing in capital projects that appropriately manage growth and address aging infrastructure to meet the needs of the community and maintain regulatory compliance.
4. The CAP supports the use of impact fees to offset the cost of growth as well as the collection of them at the maximum allowable level as long as economic conditions support the practice.
5. We recommend incentivizing infill development with reduced impact fees in areas where infrastructure already exists or can be easily upgraded.
6. We commend the community initiative to establish a Development Advisory Committee and strongly encourage NBU's participation in this effort.
7. The CAP recognizes the importance of funding NBU's efforts to enhance service to the community while managing growth, tackling aging infrastructure and increasing reliability while ensuring affordability.





## The CAP Members' Response to the Rate Study for NBU

8. The rate plan appropriately generates cash flow over the next five years and supports a balanced use of debt.
9. We recognize that customers will bear these costs and emphasize the need for transparency in communicating the necessity of these increases as well the pass-through charges and additional fees that affect customer bills. Additionally, we urge NBU to implement the rate increases equally across-the-board while continuing to fund NBU's Utility Bill Assistance Program proportionally.
10. The CAP encourages NBU to continue promoting conservation initiatives and programs that help customers reduce usage while maintaining affordability and financial sufficiency.
11. We strongly encourage NBU to provide a straightforward and transparent explanation to customers of the need for the rate adjustments, including how the funds will be used and the specific ways the community will benefit. Equally important is a well-articulated message about the substantial investment in a new headquarters and its benefit to customers.
12. Lastly, we extend our sincere appreciation to NBU for the expertise and insights made available to the CAP. Through this process, CAP members have gained a deeper understanding of the complexities involved in setting rates that not only cover operational costs and capital investments but also remain affordable for the community.



Justin Meadows, CAP Chair



Dr. Les Shephard, CAP Vice Chair

