



**Meeting Date:** April 25, 2024      **Agenda Type:** Consent Items for Action

**From:** Gregory Thomas, P.E.      **Reviewed by:** Gretchen Reuwer  
Chief Engineer of Electric      Director of Electric Services and  
Services      Compliance

**Submitted by:** Gretchen Reuwer      **Approved by:** Ryan Kelso  
Director of Electric Services      Chief Executive Officer  
and Compliance

**RECOMMENDED ACTION:** Authorize CEO or His Designee to Negotiate and Execute an Electric Service Agreement Between Veramendi Development Company, LLC and NBU Concerning the Construction of an Underground Electric Feeder to Supply Electric Service to NBU Customers

---

## **BACKGROUND**

During planning activities for extension to Veramendi Precinct 27, Veramendi Development Company, LLC (“Veramendi”) approached New Braunfels Utilities (“NBU”) Electric with a proposal for consideration. The proposal is multi-faceted. First, the routing of four electric distribution feeders sourced from NBU’s planned Hueco Springs Substation would be mutually agreed upon. Second, Underground Distribution (“UD”) would be specified following NBU’s Electrical Connection Policy requirements. In return, NBU will move the timeline for construction of the planned feeder along River Road into its FY 2025 Capital Improvement Plan (“CIP”) budget and incur the costs of construction instead of requiring a Contribution in Aid of Construction (“CIAC”) by Veramendi. The remaining three feeders will be at full cost contribution by Veramendi, to be constructed in the future as localized load growth requires and with no option of a CIAC. NBU legal staff and Veramendi legal staff have jointly drafted the Electric Service Agreement (“Agreement”) to memorialize roles and responsibilities, short-term and long-term.

NBU staff recommends acceptance of this Agreement. NBU’s short-term cost contribution will be at current construction prices as opposed to the anticipated higher cost of construction if the addition of the River Road feeder was delayed until later in the CIP as originally planned. Additionally, the master-planned routing for all four feeders is agreed upon, which avoids future conflicts between electrical infrastructure needs and development goals for minimal cost and land encumbrance. Lastly, the Agreement memorializes that UD is required along River Road. NBU staff recognize the historical aesthetics of River Road, and UD would serve to sustain those aesthetics as best as possible. NBU also observes a lower System Average Interruption Frequency Index (SAIFI) with UD, particularly during severe weather events, which affect NBU’s Overhead Distribution system to a far greater extent.

## **FINANCIAL IMPACT**

---

The Agreement shifts \$531,061.25 of NBU's cost responsibility to NBU's FY25 and \$236,885.00 of NBU's cost responsibility likely to NBU's FY26. These costs would be incurred by NBU otherwise at a future date, likely within 10 years. The net financial impact over time is zero.

## **LINK TO STRATEGIC PLAN**

---

**Customers and Community**

**Infrastructure and Technology**

## **EXHIBITS**

---

1. NBU – Veramendi Electric Service Agreement
2. Veramendi Master Electrical Map
3. Electrical Connection Policy