

Discuss and Consider Adopting Resolution #2023-169 by the Board of Trustees of New Braunfels Utilities Approving Proposed Amendments to Chapter 130, Article III, Sections 130-56, 130-57, and 130-58 of the Code of Ordinances of the City of New Braunfels (i) Adjusting Electric Rates and Charges for Fiscal Year 2024; (ii) Providing for Adjustments of Electric Rates and Charges for Fiscal Year 2025; (iii) Resolving Other Matters Incident and Related Thereto; and (iv) Authorizing Presentation of Same to The City Council of New Braunfels for its Consideration and Passage



Electric Rate Recommendations

Revenue Sufficiency

Overall rates set to recover the total Cost of Service (COS) and Revenue Requirement

Equity and Fairness in Rate Making

Gradualism (phase-in of increases)

Similar rate increases for most classes. Existing rates align with COS results.

Utility Financial Stability and Strength

Moves to balanced 50/50 debt and rate funded capital

Reduced cost of debt; ensures financial strength, flexibility for NBU

FY 2024/2025 Electric Rate Design

- Over two-year rate plan:
 - Positions NBU to cash fund a portion of capital improvements (rather than 100% debt), there are no surplus or excess funds
- Rate increases are not driven by ERCOT market prices; power supply and transmission costs are a direct pass-through.
- Bridge to ERCOT market redesign (timing)
- Average System Revenue Increase
 - 2024: 4.8% | 2025: 5.9%
- Drivers: ~67% capital; ~<1% personnel; ~32% other O&M

Recommendations – Residential Electric Usage at 1,200 kWh

ELECTRIC - AVERAGE RESIDENTIAL BILL*			
	Current	FY 2024	FY 2025
Customer Bill	\$158.78	\$167.29	\$175.64
YOY % Change		5.4%	5.0%

***Assuming winter generation rate and April 2023 GCRF**

Note: This bill comparison does not reflect the planned decrease to the Replenish Reserves rate in FY24 in order to show the impacts of the rate adjustments as a result of the rate design.

Residential Electric Bill Comparison

Average Use – 1,200 kWh



**Assumes planned decrease in reserve replenishment - March current monthly rates all entities, except NBU at April rate*