



Meeting Date: May 26, 2026 **Agenda Type:** Consent Items for Action

From: Jeff Morriss **Reviewed by:** Justin Green
Substation Manager Director of Electric Operations
and Compliance

Submitted by: Mark Steelman **Approved by:** Ryan Kelso
Chief Operations Officer Chief Executive Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Lambda Construction I, LTD. for the Construction of the Kohlenberg Substation Project

BACKGROUND

The Kohlenberg Road substation includes green field development of the substation site, water quality basin, access driveways, fencing, two Power Transformer (“PWT”) banks with associated distribution feeder bays, and an underground conduit system for eight (8) distribution feeder exits, hereafter referred to as “the Project”. This substation and associated infrastructure will be built on property, or within easements, that NBU already owns.

Continued growth is anticipated along FM 1101 between Creekside and the northeastern edge of NBU's service territory. The existing Freiheit substation and Henne substation transformation and distribution capacities will become insufficient for the area as development progresses. This growth includes the Mayfair development, Heatherfield subdivision, the Government Land Office East development, and anticipated industrial growth between the Titan development and Kohlenberg Road. As capacity limits of existing infrastructure in this area are reached, both NBU’s load service ability and electric service reliability will decrease.

The Project constitutes NBU's 13th electric substation (11th distribution substation) and will be located on Kohlenberg Road between IH 35 and FM 1101. This substation is to be master-designed with a Lower Colorado River Authority (“LCRA”)- owned 138 kilovolt ring bus, dual 20/26.6/33.3 Megavolt-Ampere PWTs, and six (6) distribution feeder breakers. This arrangement is the same utilized for the Weltner Road substation and the newly constructed Hueco Springs substation. The Kohlenberg Road substation, as proposed, will be constructed with both PWT’s and four (4) live feeders energized upon commissioning. Additional feeders are in planning and design and will be constructed later in Fiscal Year 2027.

On December 18, 2025, NBU issued a request for proposals for the Kohlenberg Road substation. NBU received twelve (12) proposals on February 17, 2026, for the Project during the public solicitation process. Two proposals, DD Grid and Irby, were deemed unresponsive and disqualified because they were not

submitted on the proper bid form. The project team evaluated the proposals and recommended the selection of Lambda Construction I, LTD. (“Lambda Construction”) for the Project. Lambda Construction proposed a base price of \$5,900,000.00.

NBU staff requests that the Board of Trustees approve the Construction Contract Agreement (the “Contract”) with Lambda Construction for the Project.

This item is being presented to the Board because the total amount of this contract exceeds \$250,000.00.

FINANCIAL IMPACT

The total financial impact of the Contract with Lambda Construction for the Project is \$5,900,000.00. NBU staff requests an owner’s contingency amount of \$590,000.00. The Project is budgeted within the Fiscal Year 2026 through Fiscal Year 2027 NBU Board approved Capital Improvements Projects Budget. The total Contract amount plus contingency is \$6,490,000.00.

LINK TO STRATEGIC PLAN

Infrastructure and Technology

EXHIBITS

1. RFP 25-0114 Bidders List
2. Lambda Construction I, LTD. Contract
3. RFP 25-0114 Evaluation Tabulation Summary
4. Engineer’s Recommendation Letter