



Meeting Date:	<u>December 18, 2025</u>	Agenda Type:	<u>Consent Items For Action</u>
From:	<u>Kimberly DaCosta</u> Accounting Manager	Reviewed by:	<u>Ashley Schriewer</u> Director of Financial Services
Submitted by:	<u>Jessica Williams</u> Chief Financial Officer	Approved by:	<u>Ryan Kelso</u> Chief Executive Officer

RECOMMENDED ACTION: Approve the Guadalupe Blanco River Authority Canyon Hydroelectric Cost Reconciliation for Fiscal Year 2025

BACKGROUND

Pursuant to Section X (C) (2) of the Amended Hydroelectric Supply Agreement (the “Agreement”) dated December 21, 2012, between Guadalupe Blanco River Authority (“GBRA”) and New Braunfels Utilities (“NBU”) relating to electrical generation produced from Canyon Hydroelectric facility, GBRA has submitted the fiscal year 2025 year-end budget to actual reconciliation. The Agreement stipulates that NBU will review the year-end adjustment of budget to actual energy sales versus operational expenses. Once the adjustment has been accepted by the NBU Board of Trustees (the “Board”), NBU will pay GBRA if costs are under-recovered, and GBRA will pay NBU for amounts over-recovered. Cost recovery is calculated based on kilowatt-hours (“kWh”) sales and reconciled at the end of each GBRA fiscal year, which concludes on August 31. As described below, and based on the report GBRA submitted and NBU confirmed, NBU owes \$284,692 to GBRA. NBU will be required to pay this amount in December 2025, pursuant to the Board’s approval.

Production: Pursuant to the Agreement, NBU pays GBRA monthly the amount equal to the estimated debt service plus \$0.0133 per kWh purchased. The fiscal year 2025 budget contained annual operating and maintenance costs of \$302,424.

In Fiscal Year 2025, the Canyon Hydro Plant experienced no electrical generation, which was due to the lack of water released at a rate that would allow generation. In Fiscal Year 2025, Canyon Hydro generated zero kWh, which generated no sales revenue. This resulted in GBRA under-recovering operating revenue from NBU of \$302,424 for electricity purchases not made throughout the Fiscal Year. There was a reported \$1,015.00 in operating fund interest earnings offsetting the under-recovered revenues.

Expenses: In Fiscal Year 2025, operating expenses were \$16,717 less than the budgeted amount. Actual expenses recorded were \$285,707. The primary reason for the decrease in expenses was lower electrical generation. Because the plant was not generating, maintenance costs were also lower.

Renewable Energy Credits (“RECs”): Texas (the “State”) state law was changed in 2008, which allowed the Canyon Hydro Plant to participate in the State’s Renewable Energy Credit program. NBU had no realized revenue from the sale of RECs from Canyon Hydro in Fiscal Year 2025.

Net Fund and Debt Service Requirement: The GBRA debt obligation was paid off in April 2014, and as a result, there was no debt service reserve requirement in Fiscal Year 2025. The original cost of the hydroelectric plant was \$13,990,000.

FINANCIAL IMPACT

The amount owed GBRA for Fiscal Year 2025 is summarized as follows:

Revenue shortfall due to actual production vs. required production	\$302,424
Lower operating expenses than budget	(16,717)
Increase in miscellaneous income/interest earnings	(1,015)
Net fund and debt service requirements less than budget	-
Net Amount Owed to GBRA	\$284,692

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

None