



# New Braunfels Utilities

Rate Review Study

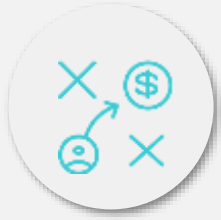
May 15, 2025



# Agenda

1. Scope of Work
2. Financial Planning
3. Revenue Requirements  
Adjustments
4. Electric
5. Water
6. Wastewater
7. Wrap-up

# Raftelis Scope of Work



## PLANNING

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- **Financial forecasting**
  - > NBU Revenue Requirements
- **Capital financing**
  - > Debt vs. Cash
- **Financial policies**
  - > Reserves
  - > Coverage



## RATE DESIGN

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- **Pricing Objectives**
- **Consumption Analysis**
  - > Evaluate impact of previous rate structure changes on consumption and revenue
- **Develop Rate Design scenarios based on pricing objectives**



## COMMUNICATIONS

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- **Customer and Stakeholder Communications**
  - > CAP
  - > Customers

# How do we develop a Rate Plan to meet the Revenue Requirements?

**Financial Planning** provides a roadmap for determining where the utility has been and where it needs to be to maintain financial goals and objectives

1

Aligns financial strategy with organizational goals and policies

2

Ensures adequate cash flow for operations and capital investment

3

Plans for long-term capital needs

4

Provides transparency and accountability to stakeholders

# Financial Plan Inputs



## Customer Accounts, Billed Consumption, Revenue

- Estimating Income from customer rates, fees, and other sources.
- Consider demand trends and rate adjustments



## Operating Expenses

- Reflects labor, materials, power costs, maintenance
- Forecasted based on historical trends and future needs



## Capital Planning

- Infrastructure Investment funded with cash, impact fees (W/WW), grants, contributions in aid of construction, and long-term debt



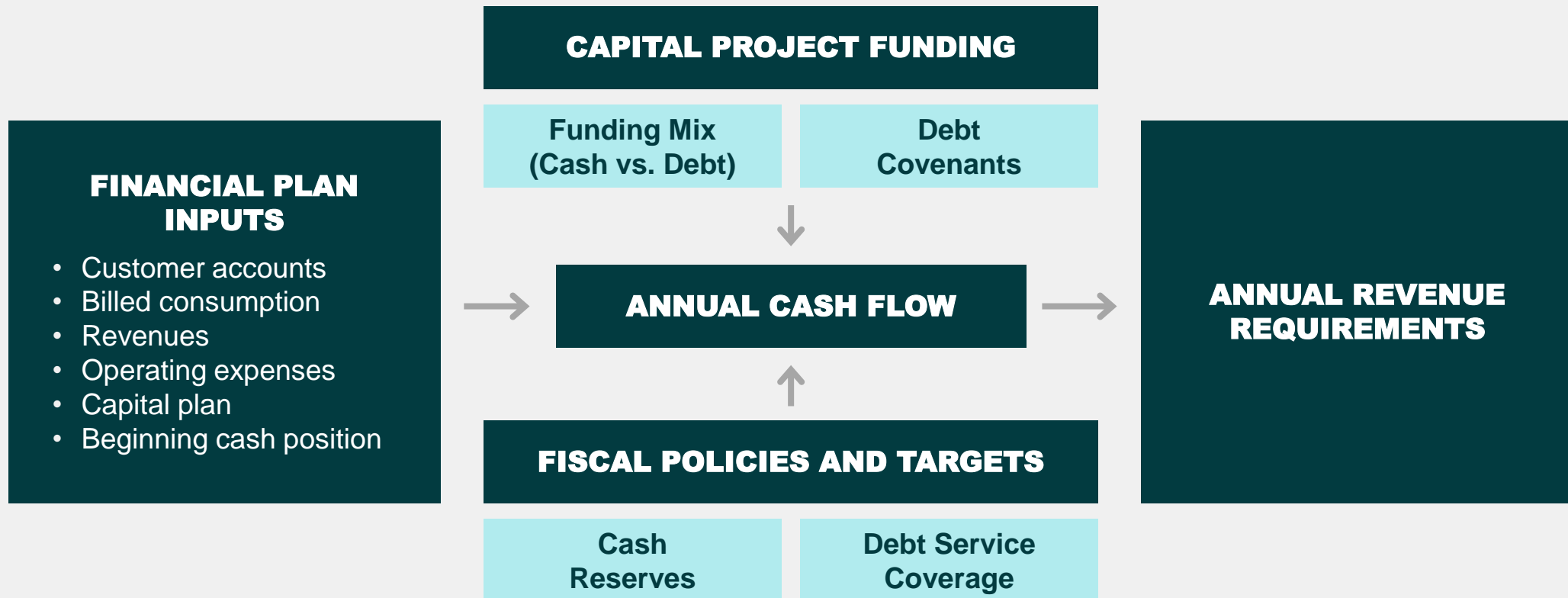
## Financial Policies

- Days Cash on Hand
- Debt to Capital Ratio
- Debt Service Coverage
- Power Stabilization Fund
- System Contingency Fund



# Revenue Requirements & Financial Planning

## FINANCIAL PLAN ELEMENTS



# Total Revenue Requirement Adjustments

Utility	2026	2027	2028	2029	2030
Electric	4.7%	3.2%	1.2%	1.6%	1.3%
Water	9.9%	9.9%	9.9%	9.9%	9.9%
Wastewater	7.7%	7.7%	7.7%	7.7%	7.7%



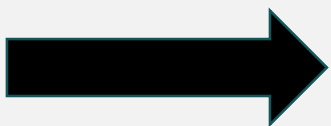
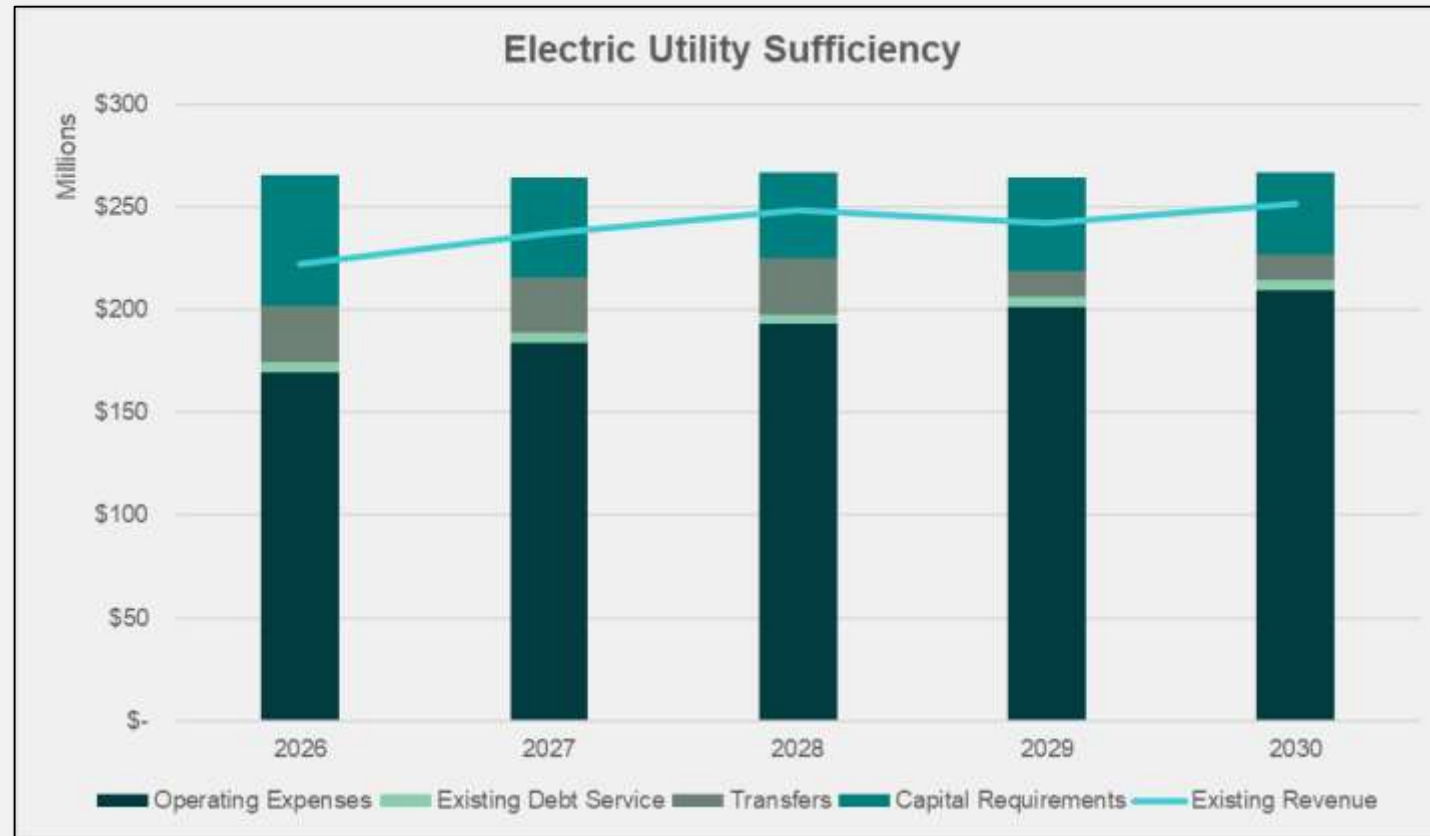
# Electric







# Electric Results at Existing Rates

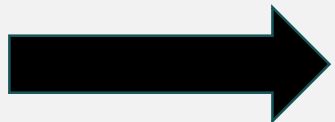
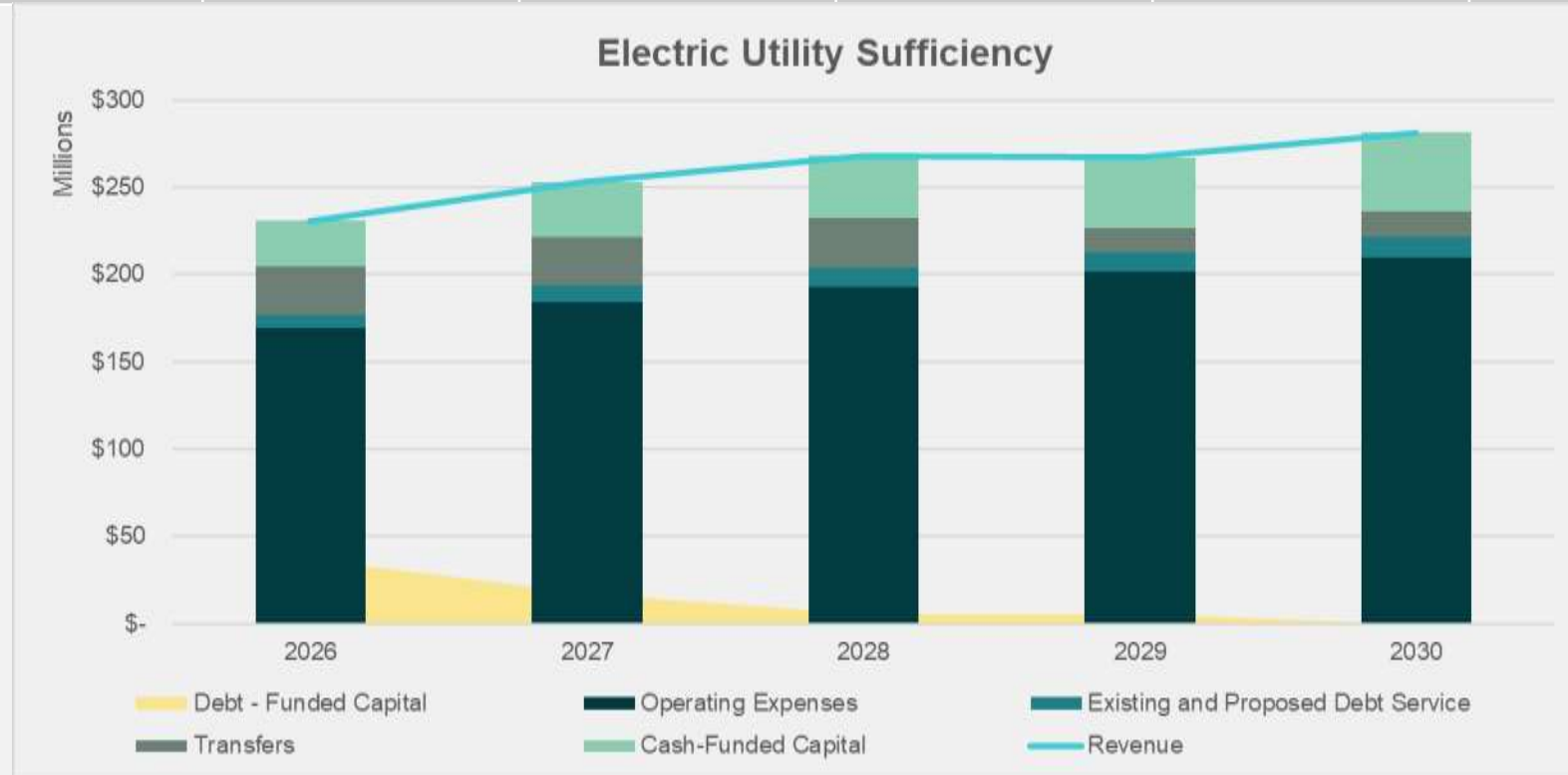


Existing financial position shows the utility is meeting Operating, Existing Debt, and Transfer requirements and has additional funds to cash fund capital. The remaining capital will need to be funded by debt and require rate increases to support debt obligations.



# Electric Forecast at Proposed Revenue Requirement Adjustment

Year	2026	2027	2028	2029	2030
Revenue Adjustment*	4.7%	3.2%	1.2%	1.6%	1.3%



The proposed rate increases provide the utility additional revenue that is sufficient to pay for debt requirements of new debt, and support cash funding of capital.

# Electric Rates



## Residential

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Electric Service Availability Charge, per month	\$20.00	\$22.80	\$24.97
Delivery Charge, per kWh	\$0.02646	\$0.03016	\$0.03303

## Small General Service

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Electric Service Availability Charge, per month	\$35.46	\$40.42	\$44.26
Delivery Charge, per kWh	\$0.01560	\$0.01778	\$0.01947



# Electric – Customer Bill Impact

## Residential

kWh	Charges	FY 2025	Proposed (FY 2026)	Proposed (FY 2027)
1200	Availability & Delivery	\$51.75	\$59.00	\$64.60
	Cost recovery*	87.24	87.24	87.24
	Total Bill	\$138.99	\$146.24	\$151.84

\*Cost recovery subject to change as purchased power costs change



# Electric – Customer Bill Impact

## Small General Service

kWh	Charges	FY 2025	Proposed (FY 2026)	Proposed (FY 2027)
1200	Availability & Delivery	\$54.18	\$61.77	\$67.63
	Cost Recovery*	87.24	87.24	87.24
	Total Bill	\$141.42	\$149.01	\$154.87

\*Cost recovery subject to change as purchased power costs change



# Electric – Fidelity to CAP Pricing Objectives



Rate and Revenue Stability



Financial Sufficiency



Minimal Customer Impacts

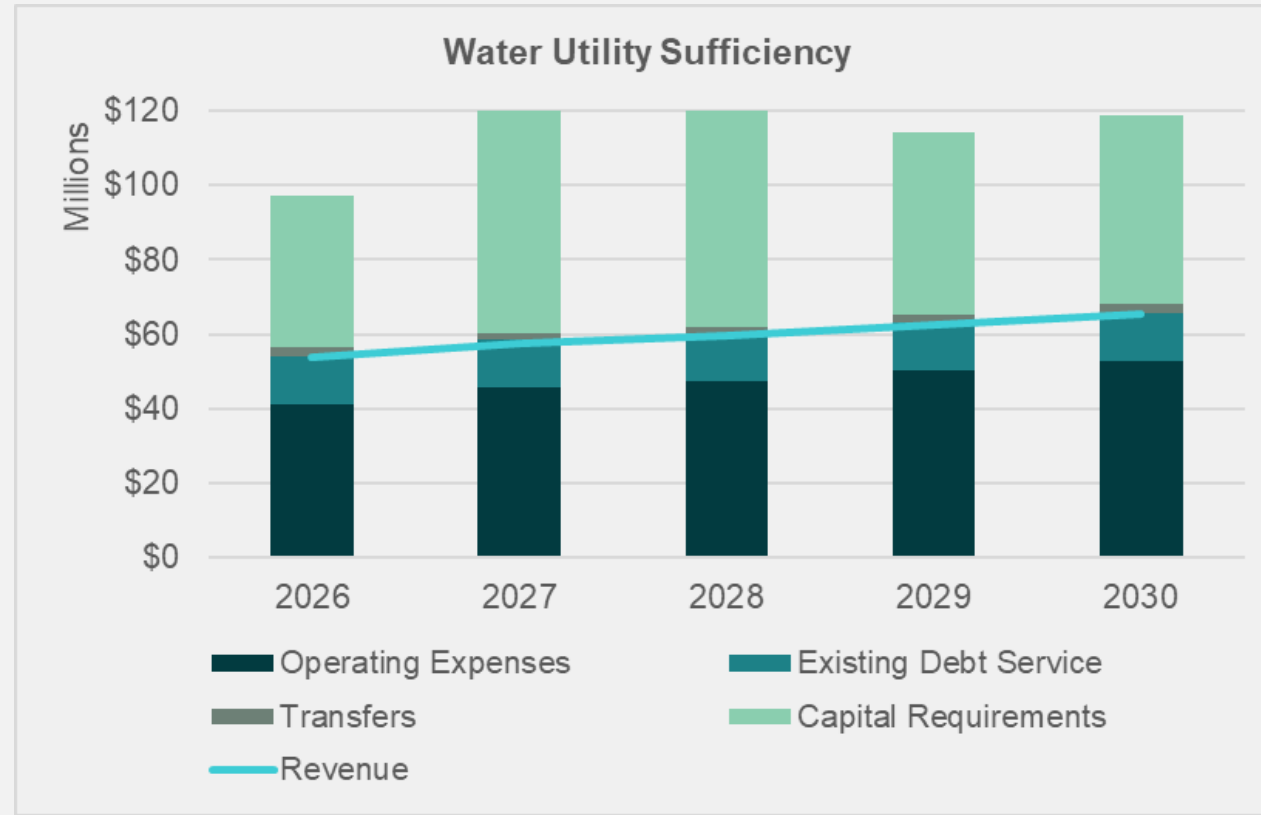


# Water

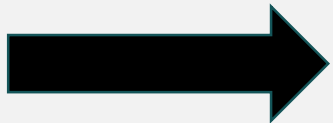




# Financial Outlook at Existing Rates – Water



Existing financial position shows the utility does not have sufficient revenue to cover operating expenses, debt service, and transfers.

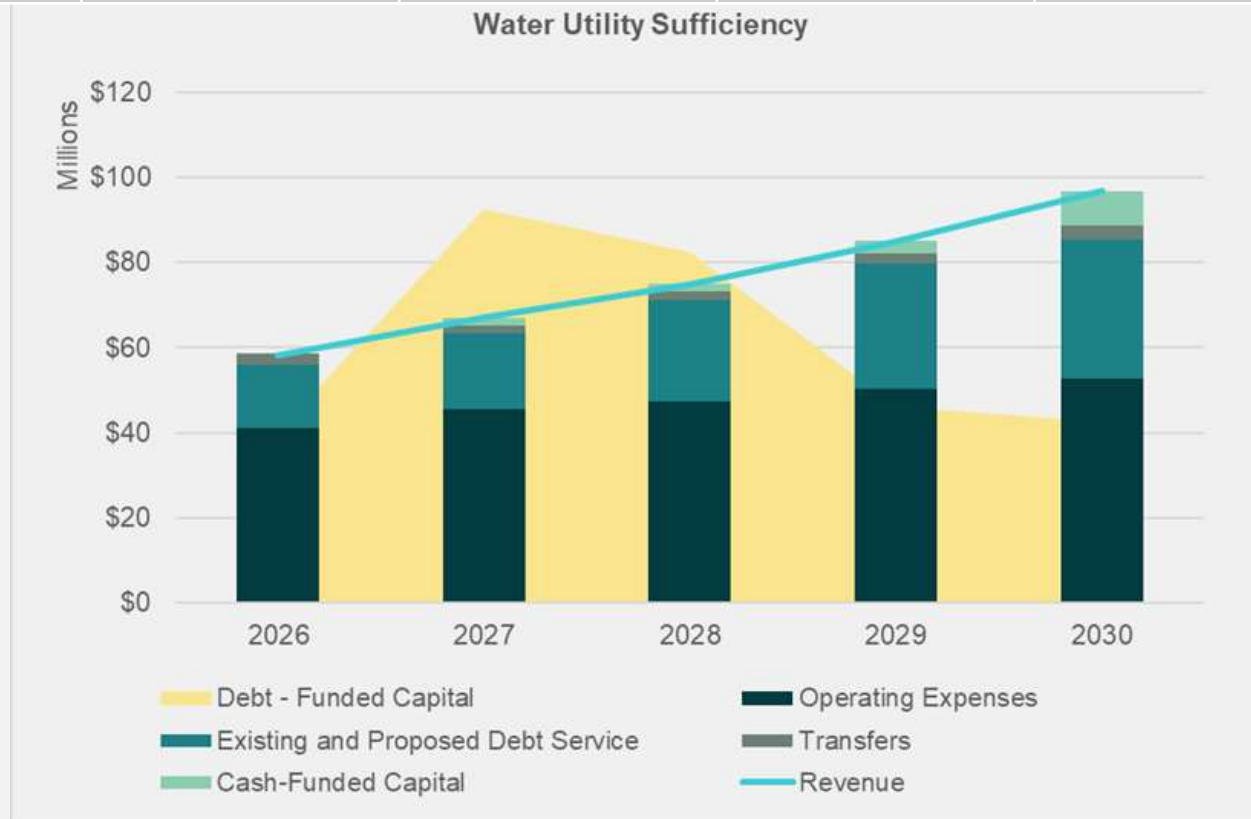


To cover operating expenses, debt, transfers and cash fund capital, additional rate increases would be required.

# Water Forecast at Proposed Rates



Year	2026	2027	2028	2029	2030
Revenue Adjustment	9.9%	9.9%	9.9%	9.9%	9.9%



With 9.9% rate increases and issuing debt, the utility can fund all capital projects, and cash fund capital at end of study period.

# Prior Water Rate Structure Change Analysis



Description	Prior Tier Thresholds (in gallons)	Current Tier Thresholds (in gallons)
Tier 1	0 – 7,500	0 – 3,000
Tier 2	7,501 – 15,000	3,001 – 6,000
Tier 3	15,001 – 25,000	6,001 – 12,000
Tier 4	>25,000	>12,000



# Residential Water Rates – Fixed Charges

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5/8"	\$16.05	\$17.64	\$19.39
1"	\$29.10	\$31.98	\$35.15
1.5"	\$33.00	\$36.27	\$39.86
2"	\$40.00	\$43.96	\$48.31
3"	\$58.10	\$63.85	\$70.17
4"	\$68.50	\$75.28	\$82.73

# Residential Water Rates – Volumetric Charges



Description	Tier Threshold (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Tier 1	0 – 3,000	\$2.15	\$2.36	\$2.60
Tier 2	3,001 – 6,000	\$5.20	\$5.71	\$6.28
Tier 3	6,001 – 12,000	\$8.00	\$8.79	\$9.66
Tier 4	>12,001	\$12.25	\$13.46	\$14.80

# Residential Water Rates – Customer Bill Impact



Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
3,000	\$22.50	\$24.73	\$27.18
6,000	\$38.10	\$41.87	\$46.02
15,000	\$139.41	\$156.88	\$175.11
30,000	\$350.76	\$395.27	\$441.59

Monthly Average Usage – 4,905 gallons

35% of customers use less than 3,000 gallons on average

74% of customers use less than 6,000 gallons on average

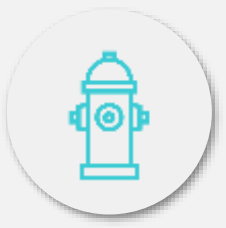
# Small General Service Water Rates – Fixed Charges



Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5/8"	\$22.00	\$24.18	\$26.57
1"	\$24.25	\$26.65	\$29.29
1.5"	\$31.25	\$34.34	\$37.74
2"	\$40.00	\$43.96	\$48.31
3"	\$60.00	\$65.94	\$72.47
4"	\$91.00	\$100.01	\$109.91
6"	\$157.91	\$173.54	\$190.72
8"	\$185.00	\$203.32	\$223.44
10"	\$225.00	\$247.28	\$271.76



# Small General Service Water Rates – Volumetric Charges



Description	Tier Threshold (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
Tier 1	0 – 5,000	\$3.75	\$4.12	\$4.53
Tier 2	5,001 – 35,000	\$5.75	\$6.32	\$6.94
Tier 3	35,001 – 75,000	\$8.00	\$8.79	\$9.66
Tier 4	>75,001	\$12.00	\$13.19	\$14.49

# Small General Service Water Rates – Customer Bill Impact



Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5,000	\$49.95	\$56.93	\$64.07
35,000	\$277.65	\$319.41	\$361.51
75,000	\$671.25	\$768.29	\$866.81
100,000	\$1,017.25	\$1,158.74	\$1,303.40

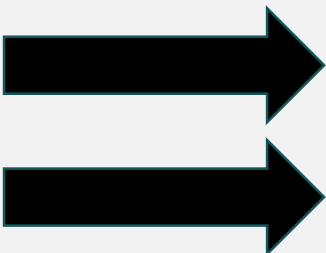
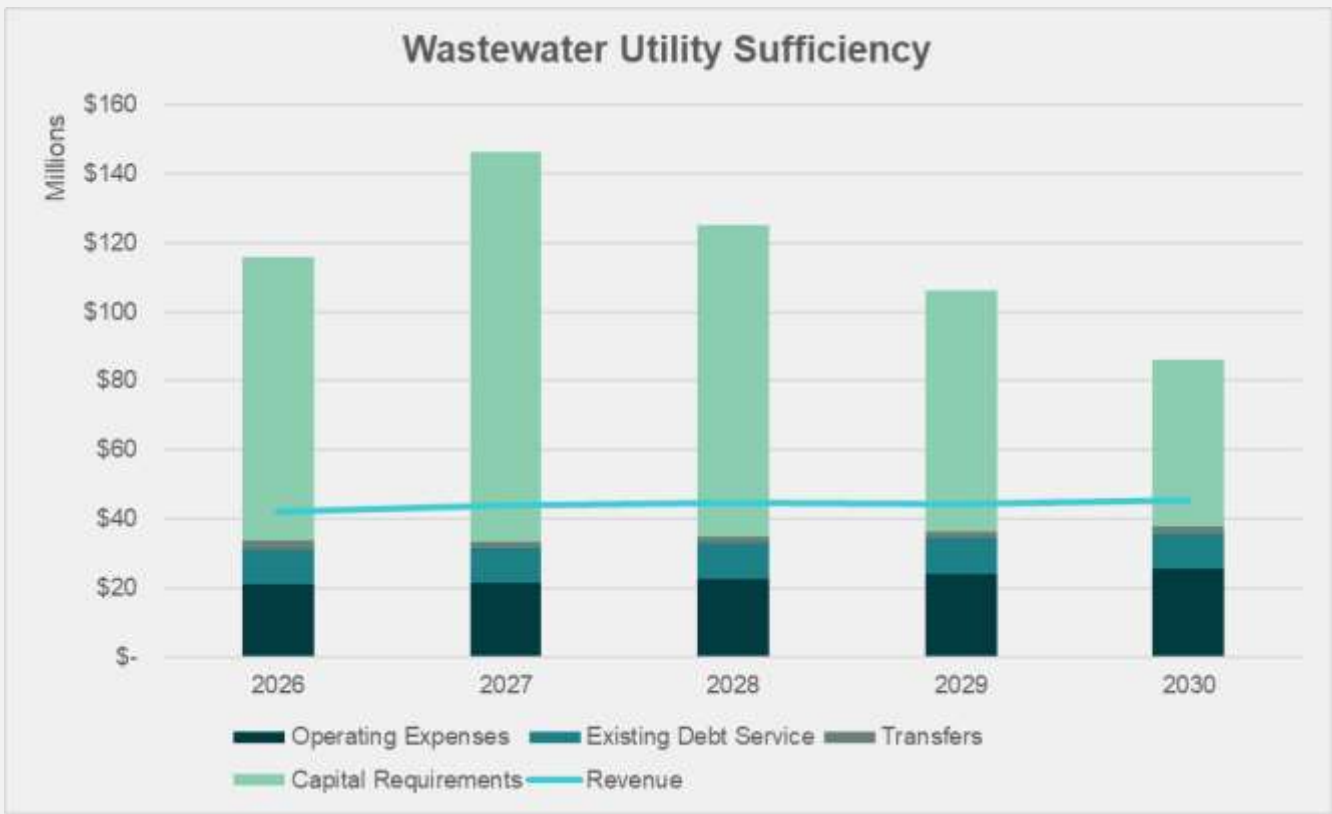


# Wastewater Utility





# Wastewater Forecast at Current Rates



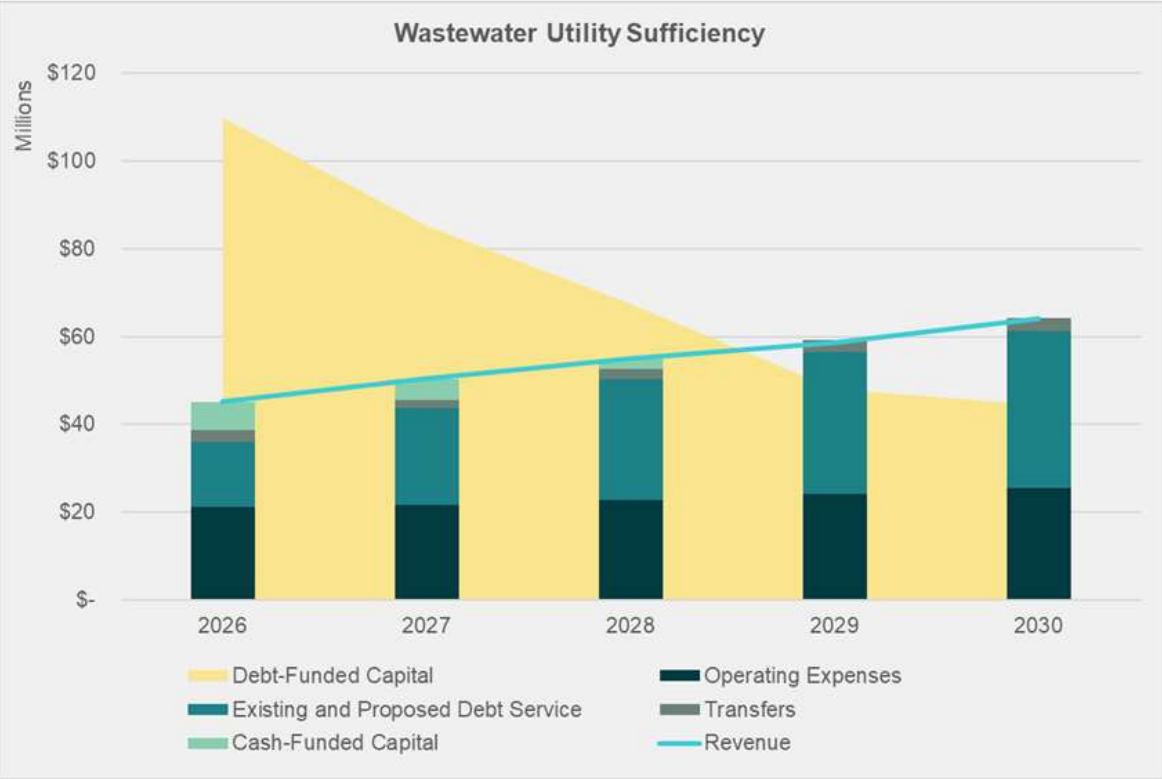
The current financial position indicates that the wastewater utility generates enough revenue to cover operating expenses, service existing debt, and cash fund a small amount of capital

The additional capital needs will be addressed by issuing debt each year to fund the remaining infrastructure, and rate increases will be necessary to cover the proposed debt issuances



# Wastewater Forecast at Proposed Rates

Year	2026	2027	2028	2029	2030
Revenue Adjustment	7.7%	7.7%	7.7%	7.7%	7.7%



The proposed rate increases allow the utility to pay for debt obligations and cash fund some capital



# Residential Wastewater Rates

## Fixed Charges

Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
All Meter Sizes	\$33.60	\$36.19	\$38.97

## Volumetric Charges

Description	Existing	Proposed (FY 2026)	Proposed (FY 2027)
All usage	\$7.90	\$8.51	\$9.16

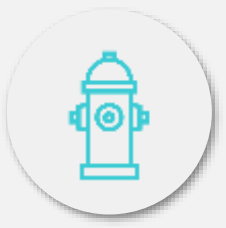
# Residential Wastewater Rates – Customer Bill Impact



Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
4,600	\$69.94	\$75.33	\$81.13



# Small General Service Wastewater Rates – Fixed Charges



Customer Charge, per month	Existing	Proposed (FY 2026)	Proposed (FY 2027)
5/8"	\$39.12	\$42.13	\$45.38
1"	\$42.45	\$45.72	\$49.24
1.5"	\$59.21	\$63.77	\$68.68
2"	\$75.31	\$81.11	\$87.35
3"	\$116.22	\$125.17	\$134.81
4"	\$167.40	\$180.29	\$194.17
6"	\$301.70	\$324.93	\$349.95
10"	\$520.66	\$560.75	\$603.93

# Small General Service Wastewater Rates – Volumetric Charges



Description	Existing	Proposed (FY 2026)	Proposed (FY 2027)
All usage	\$8.18	\$8.81	\$9.49

# Small General Service Wastewater Rates – Customer Bill Impact



Usage (in gallons)	Existing	Proposed (FY 2026)	Proposed (FY 2027)
7,000	\$96.38	\$103.80	\$111.79
25,000	\$243.62	\$262.38	\$282.58
300,000	\$2,493.12	\$2,685.09	\$2,891.84
450,000	\$3,720.12	\$4,006.57	\$4,315.08

# Water/Wastewater – Fidelity to CAP Pricing Objectives



Essential Use Affordability



Revenue Stability



Conservation Pricing Signal

# Wrap-Up



Proposed rates were validated through two independent Raftelis Financial Planning Models and made available to NBU staff



Raftelis Report will be received by NBU Board at May Board Meeting

# Q&A



# Thank you!

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