



P R E S S R E L E A S E

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BPUB Releases Statement on Tenaska Power Plant Project

The Board of Directors of the Brownsville Public Utilities Board (BPUB) understands that our customers have many questions about the unrealized Tenaska Brownsville Generating Station and the rate increases associated with it.

Discussions about a new power plant began as early as fiscal year 2011. Tenaska emerged as the designated partner for the project. Eventually, the Brownsville City Commission approved a series of rate increases, outlining an amount that would go to growth/ongoing operations & maintenance and an amount that would go to the power plant project.

When the board members and city commissioners voted for this project many years ago, they voted for a project that would meet the needs of BPUB's customers and support the city's growth. This project would have brought needed electrical generation to the area; established a firm natural gas supply for Brownsville; and created a reuse opportunity and new revenue stream by using treated wastewater from Robindale Wastewater Treatment Plant.

The project was a great vision for Brownsville, but the market conditions that existed when the project first developed changed. Fuel prices dropped, and utilities were not investing in generation because it was cheaper to buy energy on the open market. The conditions were no longer right for the project to move forward, but there were still hopes it would get off the ground. The project officially ended Feb. 4, 2020.

In the end, what can't be disputed is that the project wasn't built, and customers should have been kept better informed about the progress of the project and the funds associated with it. This communication is something that BPUB is addressing and strives to continue to improve. Here are some key facts that customers should know about the project and the rate increases associated with them:

- Beginning in 2013, \$29 million was collected to pay for anticipated costs during the construction period of the power plant; these funds are unspent and still held by BPUB (Tenaska Equity Fund, or TEF).
- After this, starting in 2016, funds brought in through the power plant portion of the rate increases were returned to customers as a reduction of the Fuel and Energy Charge on their bills through BPUB's bill reduction program, which was in effect until Dec. 1, 2022, when the rates were lowered to remove funding.
- In total, BPUB collected \$113,862,918 from the power plant portion of the rate increases:
 - \$11,386,293 of that was transferred to the city
 - \$29 million was put in the TEF
 - and \$73,476,625 was given back to the customers through the bill reduction program.(An external audit is in progress to confirm these figures)

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- Project costs, including consultant fees and right-of-way purchases, totaled \$30.4 million. This includes \$21.1 million for rights-of-way for utility use still on BPUB’s books as an asset.

The \$29 million TEF is currently held by BPUB in the Capital Improvement Fund. BPUB already initiated the process it must follow to be able to distribute that money. We will keep the community up to date on the progress of this process.

In November 2021, the City of Brownsville hired Carr Riggs Ingram LLC (CRI) to provide forensic services investigating the activities involving the project. On Oct. 5, 2022, the report was released to the public and BPUB. We understand that the trust many of our customers have in BPUB has been shaken and that this is something that might take a long time to restore, and we are here to put in the work needed to make that happen. Here are some of the things the Board of Directors has done or are already doing:

- Recommended to City Commission rolling back the base electric rates 22 percent, the amount specified for the power plant portion of the rate increases
- Initiated the process to distribute the \$29 million in the TEF
- Providing monthly updates on the status of the TEF
- Cooperating with any external inquiries for information
- Hired an external auditor to review all Tenaska-related funds (report expected by end of February)
- Working closely with the city through a joint subcommittee and other initiatives
- Moved the time of board meetings to 5:30 p.m. to encourage more public participation
- Finalizing plans to live stream board meetings for easier public access

As always, BPUB’s top priority will remain providing critical and reliable services to all customers. The Board of Directors placed the former General Manager & Chief Executive Officer on administrative leave Oct. 17. He decided to retire. The Board of Directors has confidence Interim General Manager & CEO Marilyn Gilbert will continue the close collaboration with the city to allow for continued growth and improvement.

Finally, the Board of Directors wants to recognize all BPUB employees as each contributes to that mission. Whether that employee works out in the field, at a treatment plant or in an office, we know that each one plays a part in ensuring Brownsville has reliable utility services.

We know that this is just the start of what we need to do to rebuild trust, and we will continue to do what is needed to become a better utility for our community. We encourage the community to attend our board meetings and be active participants in that process.

Arthur “Art” Rendon, Chair

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Sandra Lopez-Langley, Secretary/Treasurer

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Member, Elected

Sandra A. Saenz, Member

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