2026-2030 ELECTRIC COST OF SERVICE STUDY AND RATE REVIEW

March 11, 2026

WORKSHOP 2: COST OF SERVICE & RATE DESIGN RESULTS

Presented by:
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NewGen Strategies & Solutions

AGENDA

1. Test Year Development
2. Cost Allocation
3. Rate Design
4. Bill Impacts

TEST YEAR DEVELOPMENT

BPUB AMENDED FY 2025 BUDGET - ELECTRIC

REVENUES – SOURCES, ASSUMPTIONS AND TRENDS

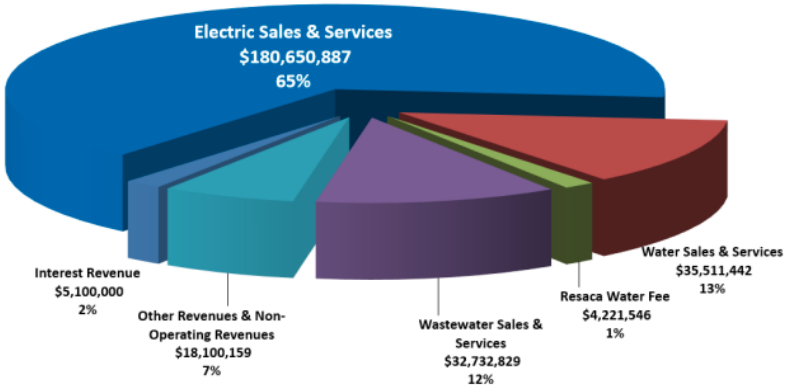
SOURCES

In FY 2025, Brownsville PUB expects to generate 87.98% of revenues through base rates charged to customers and from the Fuel & Purchased Energy Charge (FPEC). Off-system sales revenue (ERCOT related transactions) make up 3.62% of the total revenue budget for FY 2025. Because of the uncertainty of these off-system sales BPUB takes a conservative approach to forecasting them. The remainder is made up of interest from investments and other operating and non-operating revenues (other revenues) which include customer service charges such as forfeited discounts (penalties) and connection and service charges. Other revenues also include Tele-Communications Inc. (TCI) pole rental charges, Transmission Cost of Service (TCOS), and ERCOT congestion rights revenues. These other revenues are relatively stable therefore the forecast is based on historical averages.

FY 2025 REVENUES BY SOURCES

	ELECTRIC	WATER	WASTEWATER	TOTAL
SALES & SERVICES TO CUSTOMERS	$ 170,650,887	$ 39,732,988	$ 32,732,829	$ 243,116,704
OFF-SYSTEM SALES REVENUE	10,000,000	-	-	10,000,000
INTEREST FROM INVESTMENTS	3,060,000	1,020,000	1,020,000	5,100,000
OTHER OPERATING & NON-OPERATING REVENUES	15,715,281	1,247,439	1,137,439	18,100,159
	$ 199,426,168	$ 42,000,427	$ 34,890,268	$ 276,316,863

FY 2025 REVENUES BY SYSTEM AND SOURCES



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https://www.brownsville-pub.com/wp-content/uploads/2024/12/Brownsville-Public-Utilities-Board-FY-2025-Budget-Document.pdf

FY 2025 UNAUDITED FINANCIAL RESULTS: ELECTRIC

- In FY 2025, BPUB had a Gross Revenue variance of ($23.4M)
- Almost all of that is explained by the Fuel and Purchased Power cost variance of ($21.5M)
- This indicates that BPUB recovered its costs for 2025

	FY 2025 Budget	FY 2025 Actual	Difference
Gross Revenues	$ 199,426,168	$ 176,007,835	$ (23,418,333)
Fuel and Purchased Power	$ 93,225,000	$ 71,696,365	$ (21,528,635)
All Other O&M	55,133,024	50,728,418	(4,404,606)
	$ 148,358,024	$ 122,424,783	$ (25,933,241)
City Transfer (before reduction for City service)	$ 10,620,117	$ 10,431,147	$ (188,970)
Debt Service (including CP)	$ 20,073,063	$ 20,106,885	$ 33,822
Cash Funded Capital Expense	$ 16,174,964	$ 18,845,020	$ 2,670,056
Contribution to Reserves	$ 4,200,000	$ 4,200,000	$ -
Gross Revenue Requirement	$ 199,426,168	$ 176,007,835	$ (23,418,333)

Unaudited results prior to year-end accruals

	FY 2025 Budget	Adjustments	Adjusted FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Ave Test Year
Eligible Fuel and Purchase Power Costs	$ 78,200,000	$ 2,721,000	$ 80,921,000	$ 84,967,050	$ 89,215,403	$ 93,676,173	$ 98,359,982	$ 103,277,981	$ 93,899,318
Congestion moved to Production	-	3,500,000	3,500,000	3,675,000	3,858,750	4,051,688	4,254,272	4,466,985	4,061,339
Other Production O&M	6,419,706	(459,008)	5,960,698	5,990,316	6,006,329	6,017,471	6,013,556	6,003,654	6,006,265
Transmission by Others	9,500,000	8,539,590	18,039,590	18,418,421	18,786,789	19,162,525	19,526,613	19,897,619	19,158,394
Other Transmission O&M	6,494,977	(3,500,000)	2,994,977	3,063,737	3,131,384	3,200,702	3,268,774	3,338,503	3,200,620
Distribution O&M	8,435,626	-	8,435,626	8,649,632	8,862,661	9,081,951	9,300,119	9,524,712	9,083,815
Customer, A&G & Shared O&M	39,307,715	866,877	40,174,592	41,607,938	43,080,610	44,614,762	46,192,148	47,835,990	44,666,290
Total Cash O&M	$ 148,358,024	$ 11,668,459	$ 160,026,482	$ 166,372,095	$ 172,941,926	$ 179,805,272	$ 186,915,464	$ 194,345,444	$ 180,076,040
Transfer to City (before reduction for City service)	10,620,117	1,413,944	12,034,061	12,344,309	12,644,855	12,859,931	13,125,594	13,407,792	12,876,496
Debt Service (including CP)	20,073,063	-	20,073,063	20,565,737	20,949,171	20,482,280	20,446,859	20,474,666	20,583,743
Cash Funded Capital Expense	16,174,964	(10,674,964)	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Contribution to Reserves	4,200,000	(572,000)	3,628,000	3,628,000	3,628,000	3,628,000	3,628,000	3,628,000	3,628,000
Gross Revenue Requirement	$ 199,426,168	$ 1,835,438	$ 201,261,606	$ 208,410,140	$ 215,663,952	$ 222,275,484	$ 229,615,917	$ 237,355,903	$ 222,664,279
Less: Wholesale & Ancillary Services Revenues	(19,821,216)	(6,000,000)	(25,821,216)	(26,621,216)	(27,461,216)	(28,343,216)	(29,269,316)	(30,241,721)	(28,387,337)
Less: Wholesale Transmission Revenues	(1,561,960)	(9,692,676)	(11,254,637)	(11,490,984)	(11,720,804)	(11,955,220)	(12,182,369)	(12,413,834)	(11,952,642)
Less: Misc Other Revenues	(7,392,105)	3,060,000	(4,332,105)	(4,332,105)	(4,332,105)	(4,332,105)	(4,332,105)	(4,332,105)	(4,332,105)
Net Revenue Requirement	$ 170,650,887	$(10,797,238)	$ 159,853,649	$ 165,965,836	$ 172,149,827	$ 177,644,943	$ 183,832,127	$ 190,368,243	$ 177,992,195
New Pass-Throughs:									
Energy Supply Charge	58,378,784	(3,279,000)	55,099,784	58,345,834	61,754,187	65,332,957	69,090,666	73,036,260	65,511,981
Transmission Charge	9,500,000	8,539,590	18,039,590	18,418,421	18,786,789	19,162,525	19,526,613	19,897,619	19,158,394
Base Revenue Requirement	$ 102,772,103	$(16,057,828)	$ 86,714,275	$ 89,201,580	$ 91,608,851	$ 93,149,461	$ 95,214,848	$ 97,434,364	$ 93,321,821

ADJUSTMENTS – OTHER PRODUCTION

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	Average	Adjustment
E51301 Maintenance of Electric Plant (spgm)	$420,246	$150,258	$187,147	$864,561	$405,553	($459,008)

ADJUSTMENTS – 2025 ERCOT MATRIX (DOCKET NO. 57491)

	AEI	EN	AN	AR	AS	EL	LU	O E	RA	EP	RN	RD	BPUB	Total
Access Fee ($/KW)	##	##	##	##	##	##	##	##	##	##	##	##	$0.138873	$68.54730
Average 4CP (KW)	##	##	##	##	##	##	##	##	##	##	##	##	263,170	81,042,656.556
AEP	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$916,570	$452,416,393
AENX	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$384,698	$189,885,692
BAND	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$23,121	$11,412,655
BART	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$411	$202,715
BAST	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$2,476	$1,222,221
BELV	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$1,866	$921,196
BLUE	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$99,602	$49,163,402
BOER	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$4,880	$2,408,887
BRADY	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$1,903	$939,548
BEPC	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$568,976	$280,844,845
BRNM	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$7,632	$3,767,149
BRDG	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$1,936	$955,371
BPUB	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$36,547	$18,039,590
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Total	##	##	##	$0	$0	$0	##	$0	$0	##	$0	$0	$11,254,637	$5,555,255,336

	RY	RN	AY	N	TE	EO	O	D	C	TU	S	ET	M	TE	ET	R	W	E	M	N	X	VE	A	C	E	E	F	H	E	D
Access Fee ($/KW)	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
Average 4CP (KW)	#	#	#	#	#	0	#	#	0	#	0	0	#	0	0	0	0	0	0	#	#	0	#	0	#	#	#	#	0	#
AEP	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
AENX	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BAND	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BART	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BAST	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BELV	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BLUE	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BOER	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BRADY	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
BEPC	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
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BPUB	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
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Total	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#

BPUB pays other TSPs (Transmission by Others)

BPUB collects from others for Wholesale Transmission Service

ADJUSTMENTS – EMPLOYEE PENSION/BENEFITS

- The FY 2025 Budget for TRMS costs allocated to electric was $3,674,083
- A change in policy increased the TRMS cost from 19.92% of payroll costs in FY 2025 to 24.62% starting January 2026
- The $866,877 adjustment makes the TRMS cost in the test year reflective of a full year at the new TRMS rate

ADJUSTMENTS – GFT ADJUSTMENT

	FY 2025 Budget	Adjusted FY 2025
Gross Revenue Requirement	$199,426,168	$201,261,606
F&PEC	(99,225,000)	(80,921,000)
Net	106,201,168	120,340,606
	10%	10%
GFT	$10,620,117	$12,034,061
Difference		**$1,413,944**

ADJUSTMENTS – CASH FUNDED CAPITAL

	FY 2025 *	FY 2026	FY 2027	FY 2028	FY 2029	Total	As a %
Capital Uses							
Electric	$26,101,408	$25,227,812	$20,010,952	$8,480,000	$8,480,000	$88,300,172	
A&G (allocated to electric)	3,102,616	1,716,284	1,425,000	1,425,000	-	7,668,901	
	$29,204,024	$26,944,096	$21,435,952	$9,905,000	$8,480,000	$95,969,073	
Capital Sources							
CIAC	$900,000	$900,000	$900,000	$900,000	$900,000	$4,500,000	4.7%
Debt	-	11,404,907	11,765,921	2,815,571	1,368,283	27,354,683	28.5%
Rate Revenues	**5,500,000**	**5,500,000**	**5,500,000**	**5,500,000**	**5,500,000**	**27,500,000**	**28.7%**
Reserve Fund	22,804,024	9,139,189	3,270,031	689,429	711,717	36,614,390	38.2%
	$29,204,024	$26,944,096	$21,435,952	$9,905,000	$8,480,000	$95,969,073	100.0%

**With carry-over amount*

ADJUSTMENTS – RESERVE ADJUSTMENT

Decommissioning Reserve	Adjusted FY 2025
Beginning Balance	$ 2,000,000
Target	10,000,000
Amount to be Recovered	$ 8,000,000
Years to Recover	4
Annual Contribution	$ 2,000,000

Power Supply Stabilization Reserve	Adjusted FY 2025
Beginning Balance	$ 1,500,000
Target (90 Days F&PEC)	16,153,639
Amount to be Recovered	$ 14,653,639
Years to Recover	9
Annual Contribution (rounded)	$ 1,628,000

Total Annual Contribution to Reserves	**$ 3,628,000**

DECOMMISSIONING RESERVE

Lens	Pros (why adopt)	Cons / Trade-offs
Intergenerational Equity	• Spreads known end-of-life costs across the customers who benefited; avoids a large “closure spike” later.	• Starting late (Silas Ray ~5 years left, only $2M on hand) means faster catch-up → near-term rate pressure.
Rate Stability	• Predictable annual accruals instead of one-time hit at retirement.	• Cash set-aside reduces flexibility for other needs.
Credit/Risk	• Reduces contingent liabilities; viewed favorably by rating analysts when targets/policies are clear.	• If underfunded or vague, it is still seen as a future risk.
Accounting Fit	• Aligns with GASB 62, match recovery timing to approved schedules.	• Requires documented legal triggers/scope and Board-approved recovery periods/policy. (gasb.org)
Governance	• Transparent engineering estimate, target balance, funding path, and annual reporting build trust.	• If rules for deposits/uses/replenishment aren’t explicit, the reserve can be perceived as a “slush fund.”

ENERGY SUPPLY RESERVE

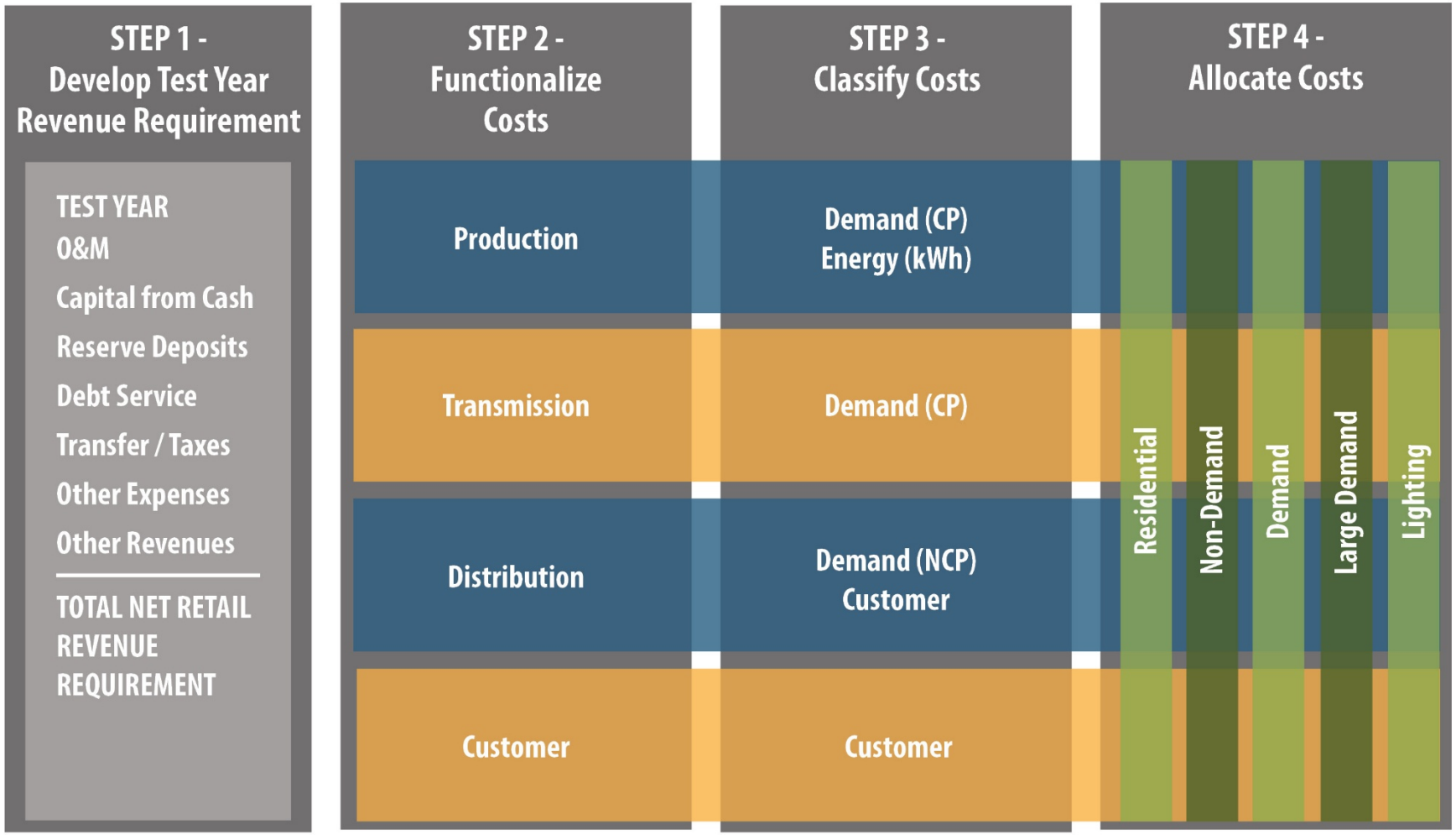
Lens	Pros (why adopt)	Cons / Trade-offs
Financial Stability	• Smooths earnings across volatile periods • Helps meet bond coverage requirements	• Requires disciplined cash management • May tie up funds that could be used elsewhere
Rate Management	• Avoids sudden rate increases during high-cost periods • Supports long-term rate stability	• Could delay necessary rate adjustments • May be misunderstood by stakeholders
Regulatory Compliance	• Aligns with GASB 62 for rate-regulated utilities • Enhances transparency with approved policies	• Requires formal board/regulator approval • Needs ongoing documentation and oversight
Operational Resilience	• Provides a buffer during supply disruptions or market spikes • Supports reliability planning	• May not be sufficient during extreme events without additional contingency planning
Strategic Planning	• Enables proactive budgeting and forecasting • Supports long-term capital and resource planning	• Adds complexity to financial reporting • Requires regular policy review and updates

ESCALATORS FOR FUTURE YEARS

	2026	2027	2028	2029	2030	Index	Source of Information
Inflation	2.10%	2.00%	2.00%	1.90%	1.90%	GDP Chained Price Index	Blue Chip Economic Indicator Report October 2024
Interest Earnings	3.00%	3.00%	2.90%	2.90%	2.90%	Treasury Bill 3 month	Blue Chip Economic Indicator Report October 2024
Personnel	5.00%	5.00%	5.00%	5.00%	5.00%		Provided by BPUB on 4/29/2025
Energy Supply	5.00%	5.00%	5.00%	5.00%	5.00%		Electric prices from CPI-U July 2025

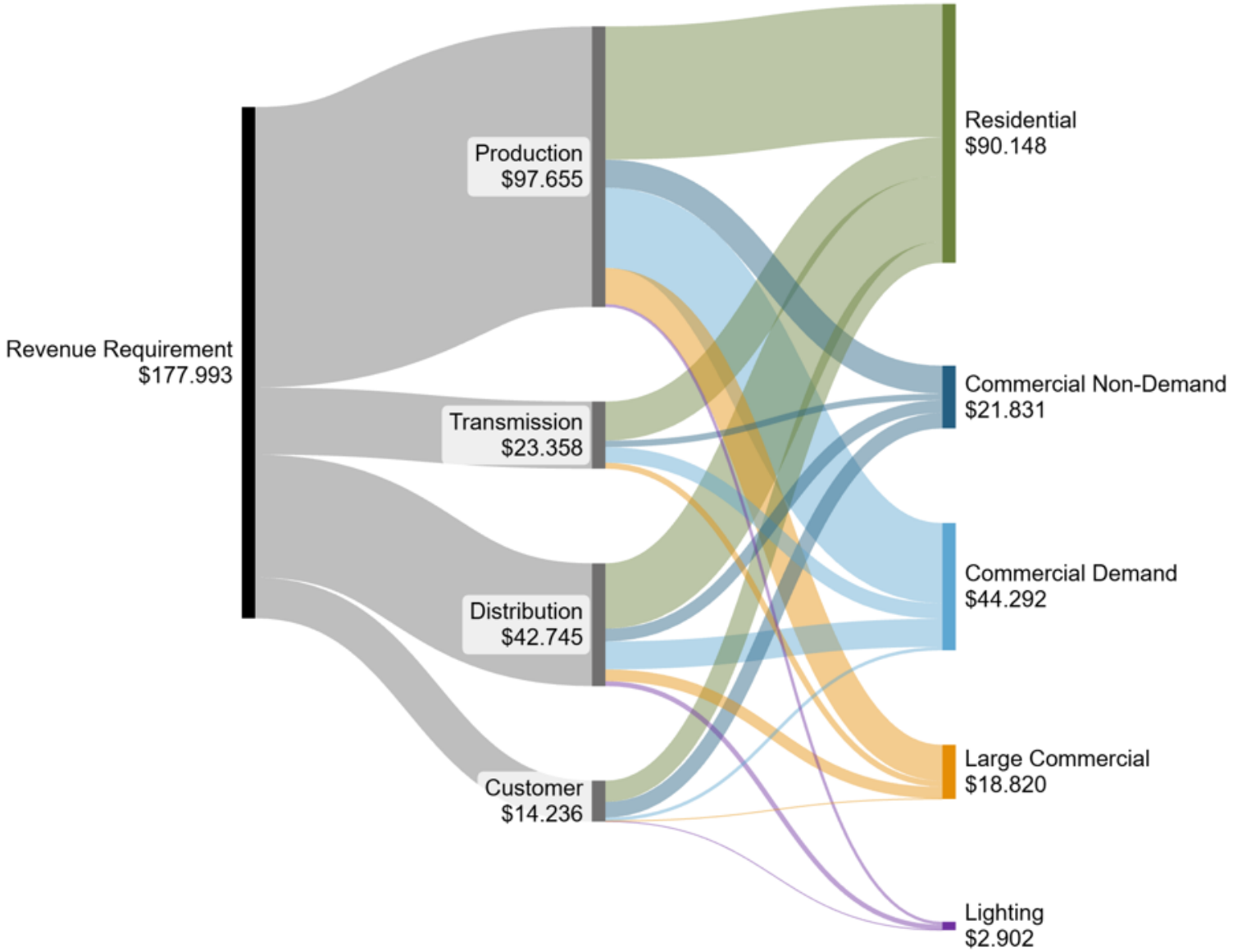
COST ALLOCATION

OVERALL PROCESS



Description	Test Year	Allocator	Residential	Commercial Non-Demand	Commercial Demand	Large Commercial	Lighting	Total
Production								
Fixed	$ 32,142,528	12CP	$ 16,272,189	$ 2,495,331	$ 9,114,074	$ 4,260,934	$ -	$ 32,142,528
Variable Fuel and Purchased Power	65,511,981	NEFL	30,083,816	7,260,093	18,833,202	8,283,105	1,051,766	65,511,981
Total Production	$ 97,654,509		$ 46,356,004	$ 9,755,424	$ 27,947,275	$ 12,544,039	$ 1,051,766	$ 97,654,509
Transmission								
Regulated Transmission	$ 4,199,847	12CP	$ 2,126,177	$ 326,048	$ 1,190,875	$ 556,747	$ -	$ 4,199,847
Transmission by Others	19,158,394	ERCOT 4CP	11,471,125	1,917,821	4,228,676	1,540,772	-	19,158,394
Total Transmission	$ 23,358,241		$ 13,597,302	$ 2,243,869	$ 5,419,551	$ 2,097,519	$ -	$ 23,358,241
Distribution Demand								
Subs	$ 4,711,480	12NCP	$ 2,489,299	$ 345,613	$ 1,233,656	$ 553,922	$ 88,991	$ 4,711,480
Primary Lines	13,028,119	12NCP	6,883,374	955,684	3,411,287	1,531,696	246,077	13,028,119
Secondary Lines	10,644,490	12NCP	5,623,990	780,832	2,787,157	1,251,457	201,055	10,644,490
Transformers	6,099,289	SMD	4,003,860	439,401	1,224,939	374,162	56,926	6,099,289
City Street and Signal Lighting	961,149	Lighting	-	-	-	-	961,149	961,149
Load Dispatching	2,854,258	12NCP	1,508,040	209,376	747,360	335,571	53,912	2,854,258
Private Security Lighting	83,163	Lighting	-	-	-	-	83,163	83,163
Distribution Customer								
Services	1,116,538	Customer Weighting	581,498	426,328	91,274	7,895	9,542	1,116,538
Meters	3,246,108	Customer Weighting	1,690,588	1,239,462	265,362	22,954	27,742	3,246,108
Total Distribution	$ 42,744,594		$ 22,780,650	$ 4,396,696	$ 9,761,036	$ 4,077,656	$ 1,728,557	$ 42,744,594
Customer								
Cust Service	$ 7,034,582	Customer Weighting	$ 3,663,643	$ 2,686,016	$ 575,061	$ 49,743	$ 60,119	$ 7,034,582
Meter Reading	1,417,941	Customer Weighting	738,470	541,413	115,913	10,027	12,118	1,417,941
Cust Accounting	5,782,328	Customer Weighting	3,011,463	2,207,868	472,692	40,888	49,417	5,782,328
Total Customer	$ 14,234,852		$ 7,413,577	$ 5,435,297	$ 1,163,667	$ 100,657	$ 121,654	$ 14,234,852
Total Revenue Requirement	$ 177,992,195		$ 90,147,533	$ 21,831,286	$ 44,291,528	$ 18,819,871	$ 2,901,977	$ 177,992,195
Less: Energy Supply Charge	(65,511,981)		(30,083,816)	(7,260,093)	(18,833,202)	(8,283,105)	(1,051,766)	(65,511,981)
Less: Transmission Charge	(19,158,394)		(11,471,125)	(1,917,821)	(4,228,676)	(1,540,772)	-	(19,158,394)
Base Rate Rev Req	$ 93,321,821		$ 48,592,592	$ 12,653,372	$ 21,229,651	$ 8,995,995	$ 1,850,211	$ 93,321,821

Cost of Service Allocations ($ Millions)



Note:
The allocations shown here reflect the current 50 kW breakpoint between the Commercial Non-Demand and Commercial Demand customer classes

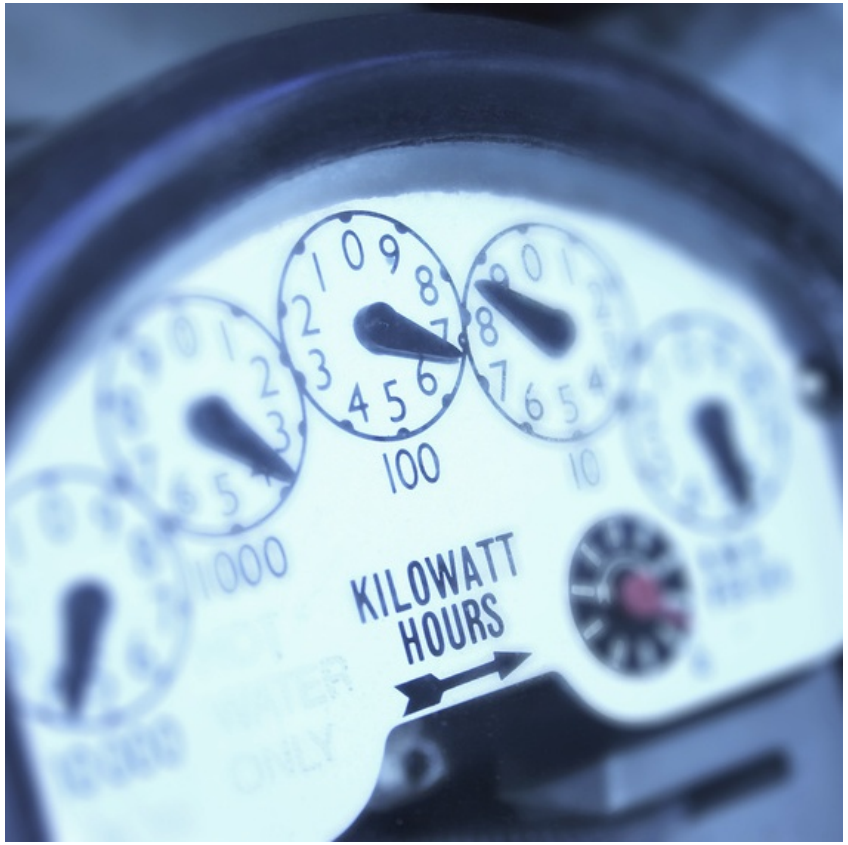
COST OF SERVICE SUMMARY OF FINDINGS

- In FY 2025, BPUB's electric revenues were adequate to recover its expenses and provide cash to fund CIP and reserves
- Future inflation will erode the financial condition of BPUB without an offsetting increase in revenues
- BPUB existing rate structures, designed long ago, result in inequitable outcomes and are too dependent on variable rates to recover fixed costs
- BPUB can restructure its rates to provide improved fairness, improve transparency, and to enable economic development
- The rate restructuring shifts approximately $10M from F&PEC to base rates
- BPUB can mitigate some of the effects on Residential customers using gradualism and the over-collection in the F&PEC Fund

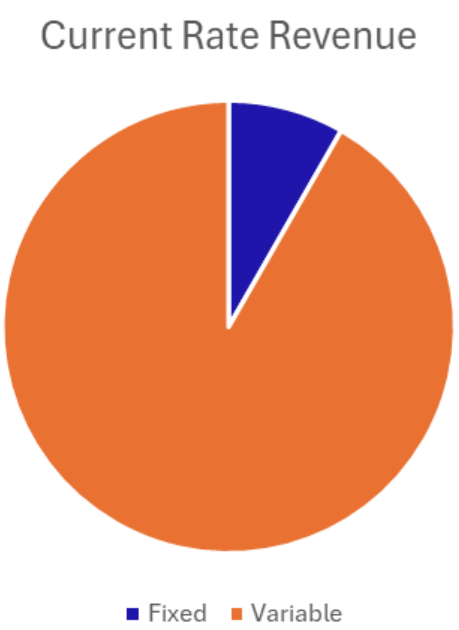
RATE DESIGN

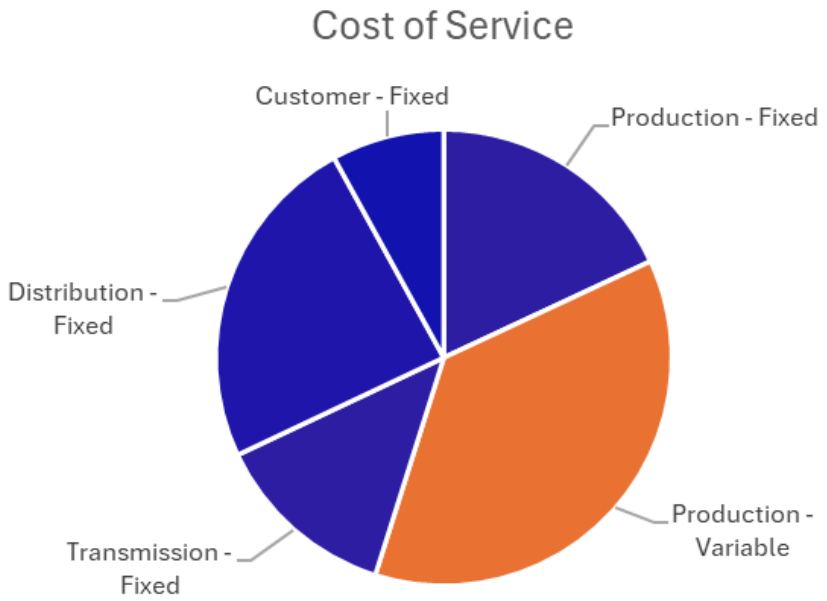
INTENT OF RATE DESIGN

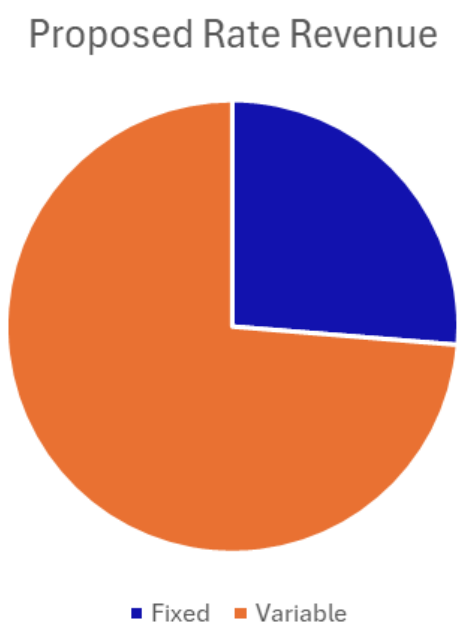
- Proposed rate design attempts to better align cost responsibility and recovery (i.e., recover the right costs from the right customers)
  - Who is paying the costs?
  - How are the costs being recovered?
- For example, moving the non-demand/demand breakpoint from 50 kW to 25 kW and increasing the demand charges will improve equity as the intra-class subsidy from high load factor customers to low load factor customers will be reduced



FIXED COST RECOVERY







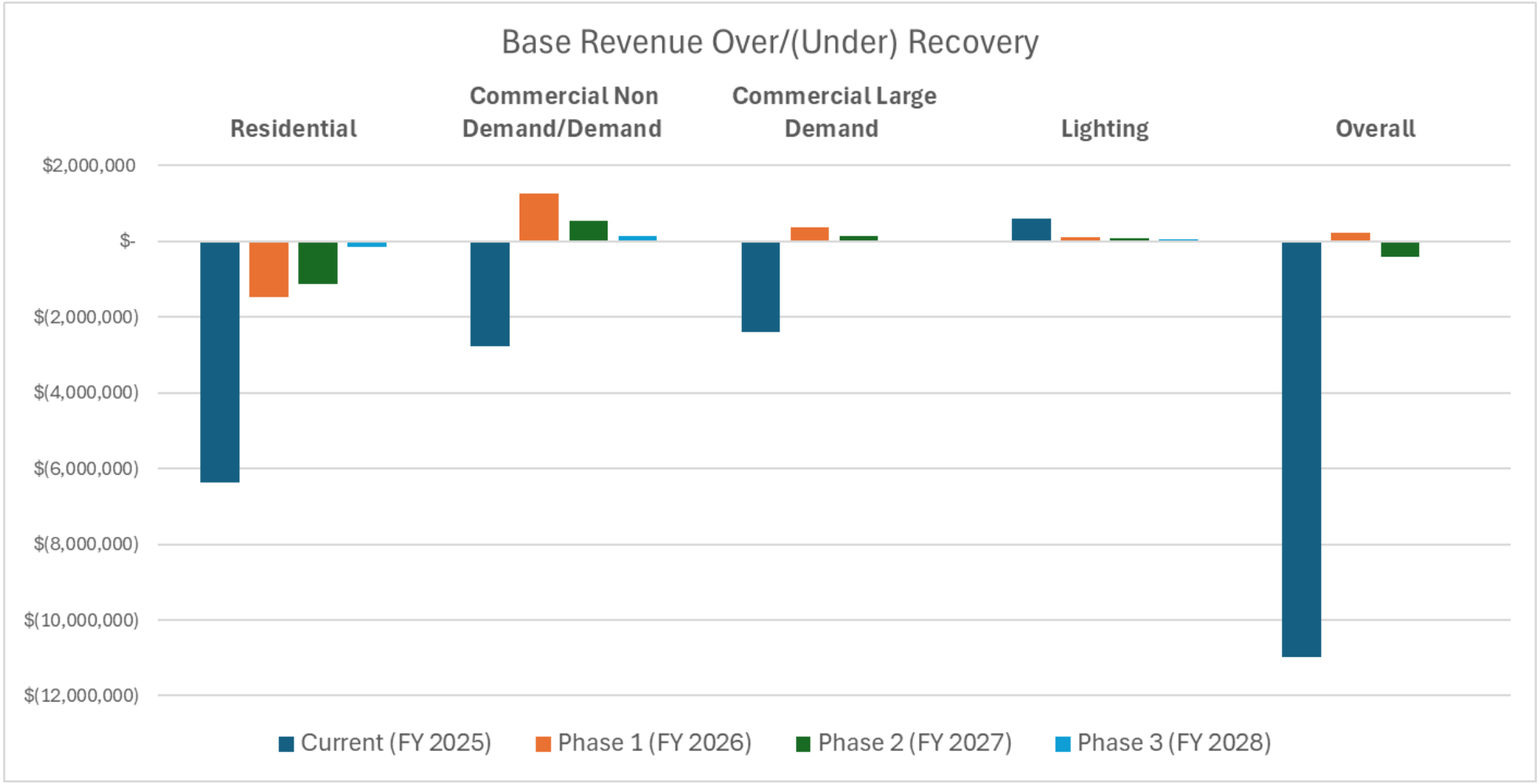
PROPOSED RATE STRUCTURE

Type of Rate	Basis for Adjustment	Proposed Charge	Billing Determinate
Base Rates change only after a formal cost-of-service review. Adjustments reflect updated capital investment, operating costs, customer growth, and system conditions to ensure long-term, fair, and stable cost recovery.	Established every 5-years and adjusted based on policy	Customer Charge	Fixed per meter
		Delivery Charge	Rate per kWh
		Demand Charge	Rate per kW
Pass-Through Rates adjust periodically based on actual costs. These formula-driven updates ensure customers pay no more or less than the utility's true incurred expenses.	Annually upon PUCT approval of Matrix Expense	Transmission Charge	Rate per kWh or kW
	Annually during budget cycle	Community Benefit Charge	Rate per kWh
	Monthly	Energy Supply Charge	

Class	2025 Current	2026 Phase 1	2027 Phase 2	2028 Phase 3	2029 Phase 4	2030 Phase 5
Base Rate Revenue	**without discounts**	without discounts (b/c Community Benefit will cover these discounts)				
Residential	$ 38,769,216	$ 44,959,346	$ 46,559,978	$ 48,344,275	$ 49,570,865	$ 50,937,853
Commercial Non Demand/Demand	31,354,957	33,633,426	33,796,605	33,962,306	34,610,324	35,258,594
Commercial Large Demand	6,118,061	8,953,667	8,971,320	8,988,920	9,214,221	9,438,122
Lighting	2,316,539	1,882,070	1,882,070	1,882,070	1,889,525	1,896,979
Total	$ 78,558,773	$ 89,428,510	$ 91,209,974	$ 93,177,572	$ 95,284,935	$ 97,531,548
Base Revenue Requirement						
Residential		$ 46,447,187	$ 47,700,651	$ 48,502,845	$ 49,578,290	$ 50,733,990
Commercial Non Demand/Demand		32,387,057	33,261,082	33,820,443	34,570,337	35,376,193
Commercial Large Demand		8,598,814	8,830,869	8,979,380	9,178,478	9,392,434
Lighting		1,768,523	1,816,250	1,846,794	1,887,743	1,931,747
Total		$ 89,201,580	$ 91,608,851	$ 93,149,461	$ 95,214,848	$ 97,434,364
Base Revenue Over/(Under) Recovery		$ 226,930	$ (398,877)	$ 28,111	$ 70,087	$ 97,184
Base Rate Revenue Change						
Residential		$ 6,190,130	$ 1,600,632	$ 1,784,297	$ 1,226,590	$ 1,366,988
Commercial Non Demand/Demand		2,278,469	163,179	165,701	648,018	648,269
Commercial Large Demand		2,835,606	17,653	17,600	225,301	223,901
Lighting		(434,469)	-	-	7,454	7,454
Total		$ 10,869,737	$ 1,781,464	$ 1,967,598	$ 2,107,363	$ 2,246,613
Total Rate Revenue Change						
Residential		$ (2,266,216)	$ 3,433,907	$ 3,761,005	$ 3,226,316	$ 3,511,644
Commercial Non Demand/Demand		(8,938,378)	1,615,320	1,644,986	2,234,857	2,274,080
Commercial Large Demand		(1,161,830)	458,327	464,905	705,339	713,630
Lighting		(1,138,731)	50,623	51,200	62,639	63,851
Total		$ (13,505,155)	$ 5,558,177	$ 5,922,096	$ 6,229,152	$ 6,563,205

Current F&PEC assumed to be $0.07303 per kWh for comparison of total rate revenue

FORECAST OF BASE RATE REVENUE RECOVERY



RESIDENTIAL

Item	Unit	COS	Current 2025	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029	Proposed 2030
Customer Charge	$/Month	$ 16.72	$ 6.94	$ 12.00	$ 14.25	$ 16.50	$ 17.50	$ 18.50
Tier 1 Delivery Charge	$/kWh	$ 0.06026	$ 0.04862	$ 0.06000	$ 0.06000	$ 0.06000	$ 0.06050	$ 0.06100
Tier 2 Delivery Charge	$/kWh	$ 0.06026	$ 0.05964	$ 0.06000	$ 0.06000	$ 0.06000	$ 0.06050	$ 0.06100
Energy Supply Charge	$/kWh	$ 0.04659	$ 0.07303	$ 0.04195	$ 0.04418	$ 0.04644	$ 0.04888	$ 0.05137
Transmission Charge	$/kWh	$ 0.01777	$ -	$ 0.01736	$ 0.01758	$ 0.01775	$ 0.01797	$ 0.01815
Community Benefit Charge	$/kWh	$ -	$ -	$ 0.00352	$ 0.00357	$ 0.00362	$ 0.00370	$ 0.00379

COS is five-year average cost of service for FY 2026 through FY 2030

COMMERCIAL NON-DEMAND

Item	Unit	COS	Current 2025	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029	Proposed 2030
Customer Charge	$/Month	$ 83.62	$ 7.18	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Tier 1 Delivery Charge	$/kWh	$ 0.03563	$ 0.08465	$ 0.02600	$ 0.02600	$ 0.02600	$ 0.02650	$ 0.02700
Tier 2 Delivery Charge	$/kWh	$ 0.03563	$ 0.05518	$ 0.02600	$ 0.02600	$ 0.02600	$ 0.02650	$ 0.02700
Energy Supply Charge	$/kWh	$ 0.04659	$ 0.07303	$ 0.04195	$ 0.04418	$ 0.04644	$ 0.04888	$ 0.05137
Transmission Charge	$/kWh	$ 0.01231	$ -	$ 0.01205	$ 0.01218	$ 0.01231	$ 0.01243	$ 0.01255
Community Benefit Charge	$/kWh	$ -	$ -	$ 0.00352	$ 0.00357	$ 0.00362	$ 0.00370	$ 0.00379

COS is five-year average cost of service for FY 2026 through FY 2030

COMMERCIAL DEMAND

Item	Unit	COS	Current 2025	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029	Proposed 2030
Customer Charge	$/Month	$ 167.23	$ 34.00	$ 160.00	$ 160.00	$ 160.00	$ 160.00	$ 160.00
Tier 1 Delivery Charge	$/kWh	$ -	$ 0.05441	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050
Tier 2 Delivery Charge	$/kWh	$ -	$ 0.04843	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050
Tier 3 Delivery Charge	$/kWh	$ -	$ 0.03951	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050
Tier 4 Delivery Charge	$/kWh	$ -	$ 0.00565	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050	$ 0.02050
Tier 1 Demand Charge	$/kW	$ 14.58	$ 4.98	$ 7.00	$ 7.00	$ 7.00	$ 7.25	$ 7.50
Tier 2 Demand Charge	$/kW	$ 14.58	$ 4.31	$ 7.00	$ 7.00	$ 7.00	$ 7.25	$ 7.50
Tier 3 Demand Charge	$/kW	$ 14.58	$ 3.14	$ 7.00	$ 7.00	$ 7.00	$ 7.25	$ 7.50
Tier 4 Demand Charge	$/kW	$ 14.58	$ 2.19	$ 7.00	$ 7.00	$ 7.00	$ 7.25	$ 7.50
Energy Supply Charge	$/kWh	$ 0.04659	$ 0.07303	$ 0.04195	$ 0.04418	$ 0.04644	$ 0.04888	$ 0.05137
Transmission Charge	$/kW	$ 3.13	$ -	$ 2.96	$ 3.01	$ 3.06	$ 3.11	$ 3.16
Community Benefit Charge	$/kWh	$ -	$ -	$ 0.00352	$ 0.00357	$ 0.00362	$ 0.00370	$ 0.00379

COS is five-year average cost of service for FY 2026 through FY 2030

COMMERCIAL LARGE DEMAND

Item	Unit	COS	Current 2025	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029	Proposed 2030
Customer Charge	$/Month	$ 334.47	$ 207.96	$ 325.00	$ 325.00	$ 325.00	$ 325.00	$ 325.00
Tier 1 Delivery Charge	$/kWh	$ -	$ 0.02702	$ 0.01500	$ 0.01500	$ 0.01500	$ 0.01500	$ 0.01500
Tier 2 Delivery Charge	$/kWh	$ -	$ 0.00505	$ 0.01500	$ 0.01500	$ 0.01500	$ 0.01500	$ 0.01500
Tier 1 Demand Charge	$/kW	$ 21.47	$ 6.27	$ 15.00	$ 15.00	$ 15.00	$ 15.50	$ 16.00
Energy Supply Charge	$/kWh	$ 0.04659	$ 0.07303	$ 0.04195	$ 0.04418	$ 0.04644	$ 0.04888	$ 0.05137
Transmission Charge	$/kW	$ 3.73	$ -	$ 3.60	$ 3.67	$ 3.73	$ 3.79	$ 3.86
Community Benefit Charge	$/kWh	$ -	$ -	$ 0.00352	$ 0.00357	$ 0.00362	$ 0.00370	$ 0.00379

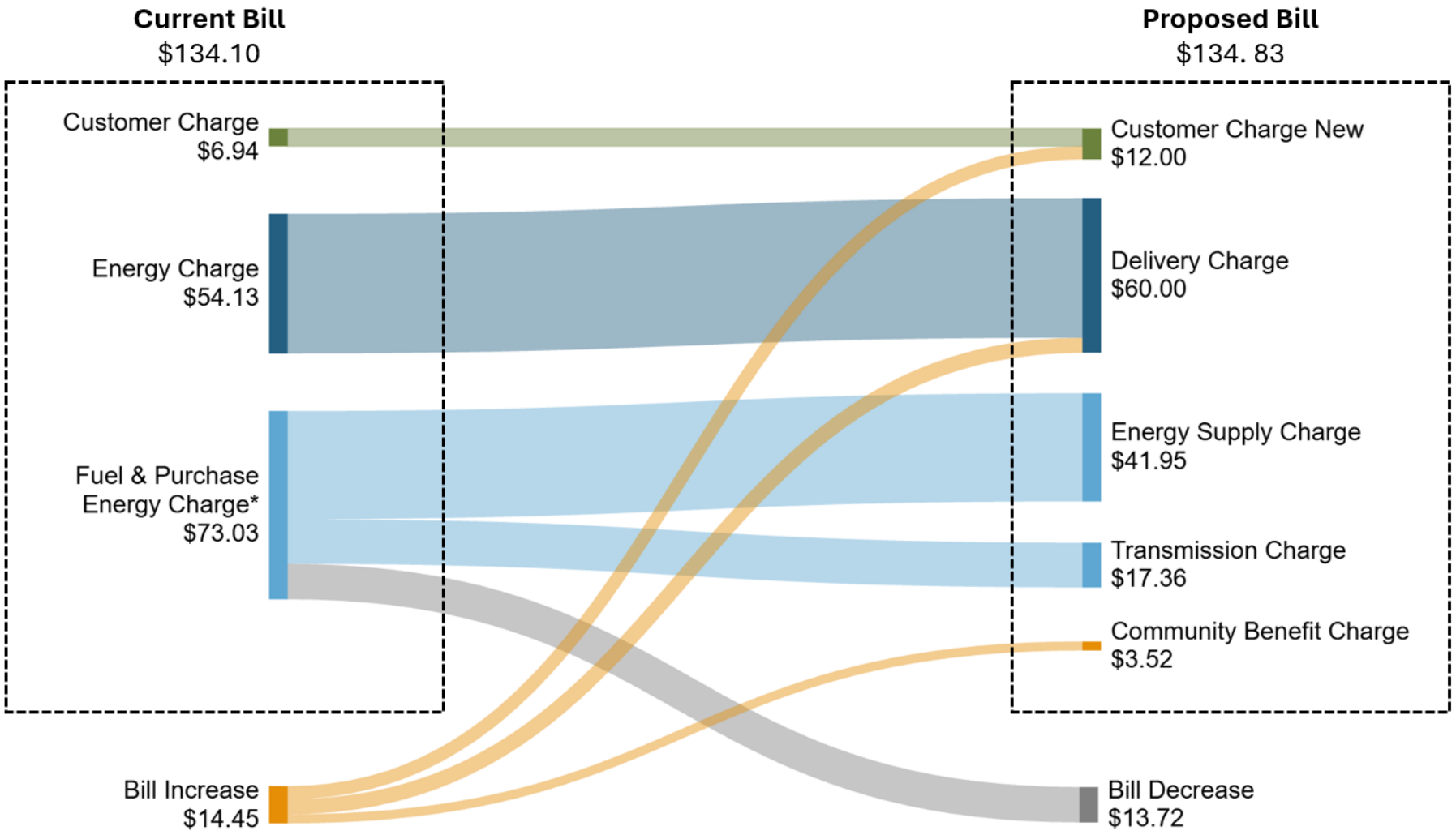
COS is five-year average cost of service for FY 2026 through FY 2030

BILL IMPACTS

F&PEC

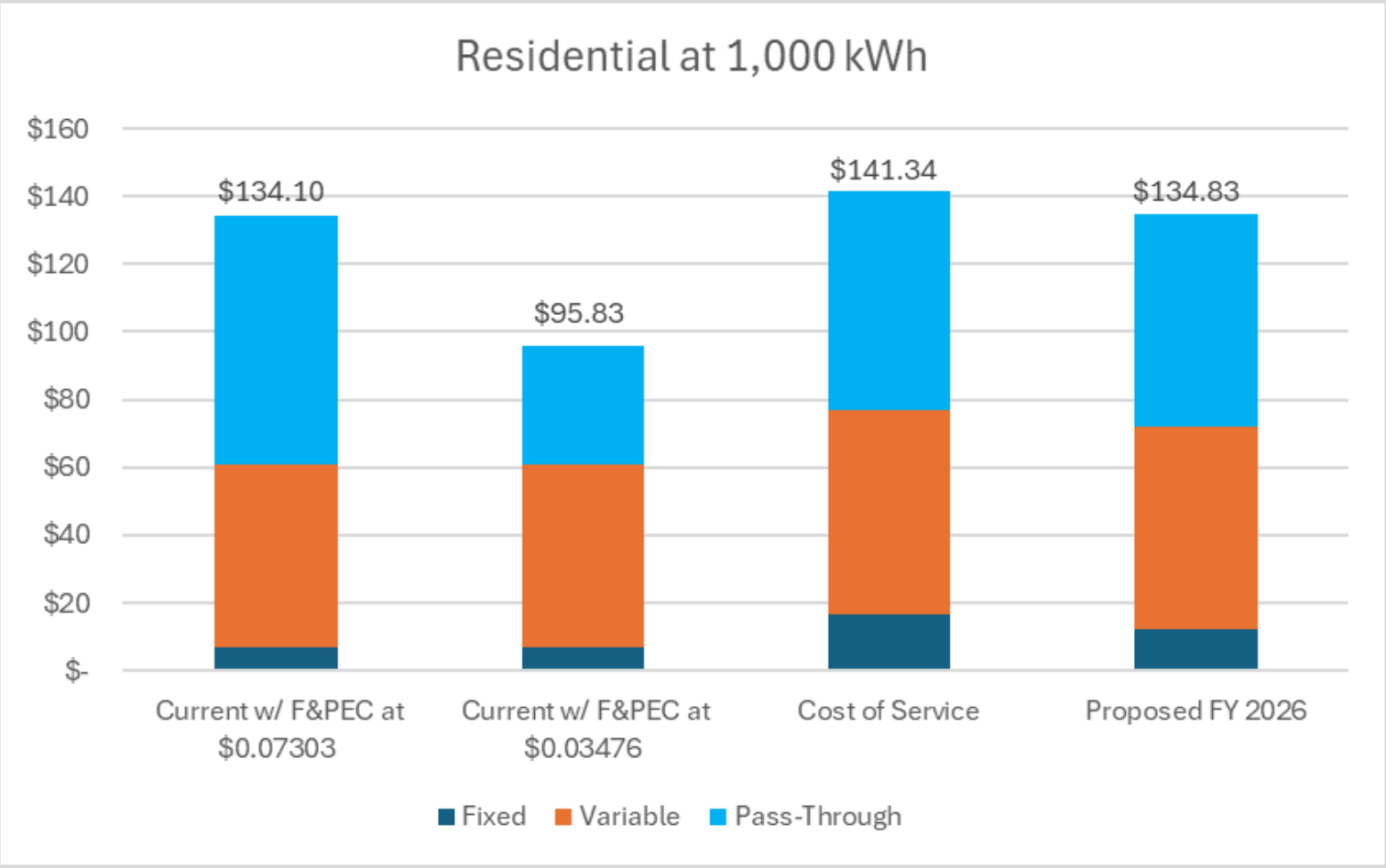
- The current F&PEC is $0.03476 (down from $0.05019 in August)
- However, the current F&PEC is artificially low based on the assumed drawdown of prior over-recoveries
- If not for the over-recovery drawdown, the F&PEC would have been $0.07303 as of January 2026
- In the rate tables, NewGen assumed the current F&PEC was $0.07303 to avoid the F&PEC impeding the base rate design discussion

RESIDENTIAL BILL COMPARISON FOR 1,000 KWH



* Based on estimated January 2026 costs if there were no over-collection

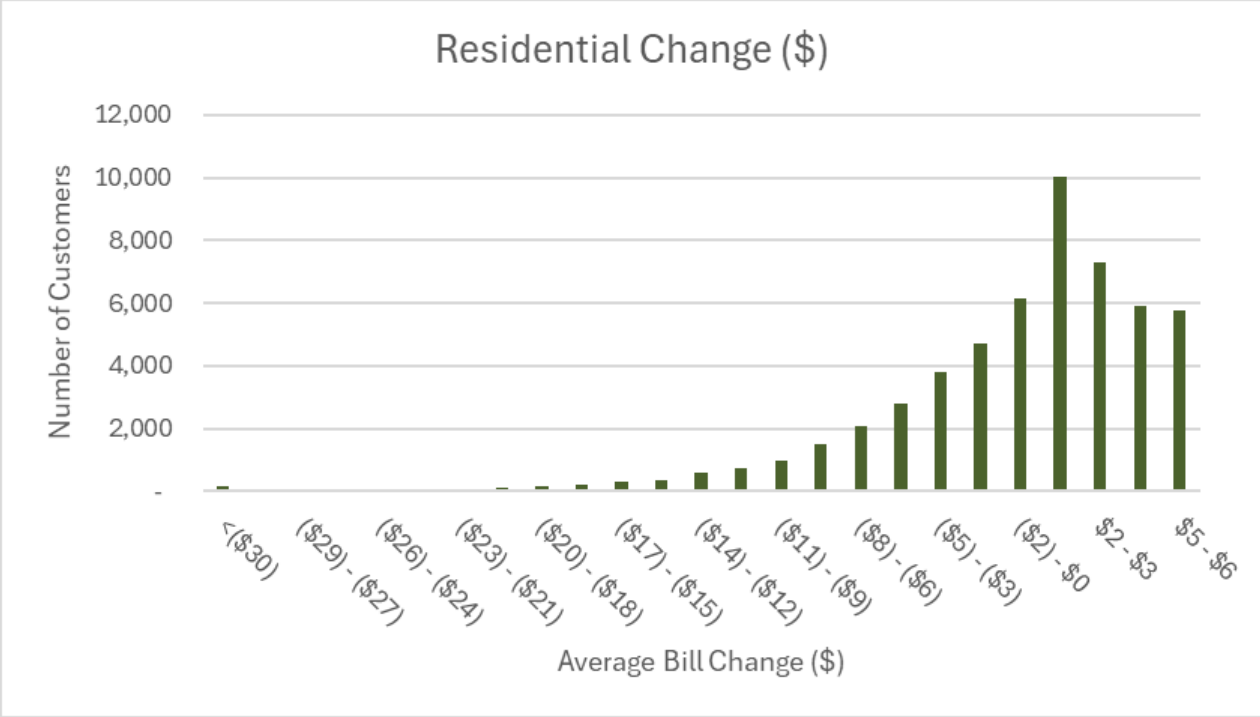
RESIDENTIAL



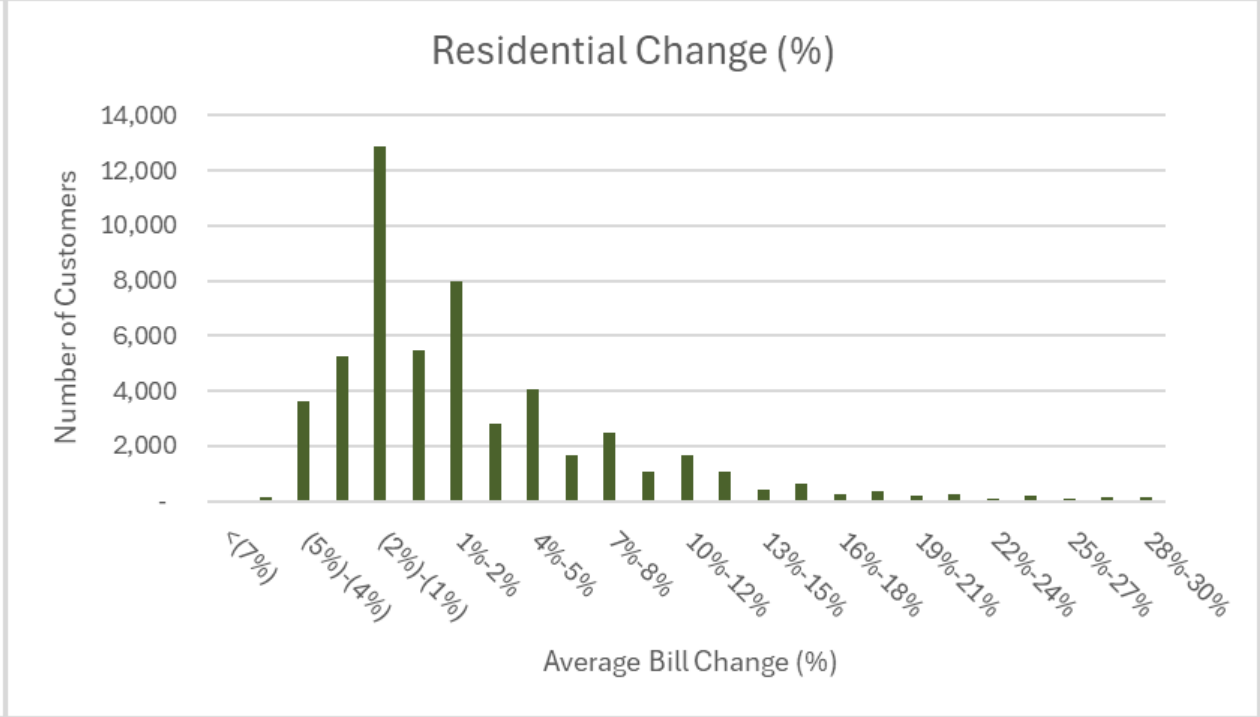
- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $0.01736
  - Community Benefit Charge: $0.00352

RANGE OF MONTHLY BILL IMPACTS: RESIDENTIAL CURRENT VS. FY 2026 PROPOSED RATES

F&PEC in Current bill is assumed to be $0.07303 per kWh

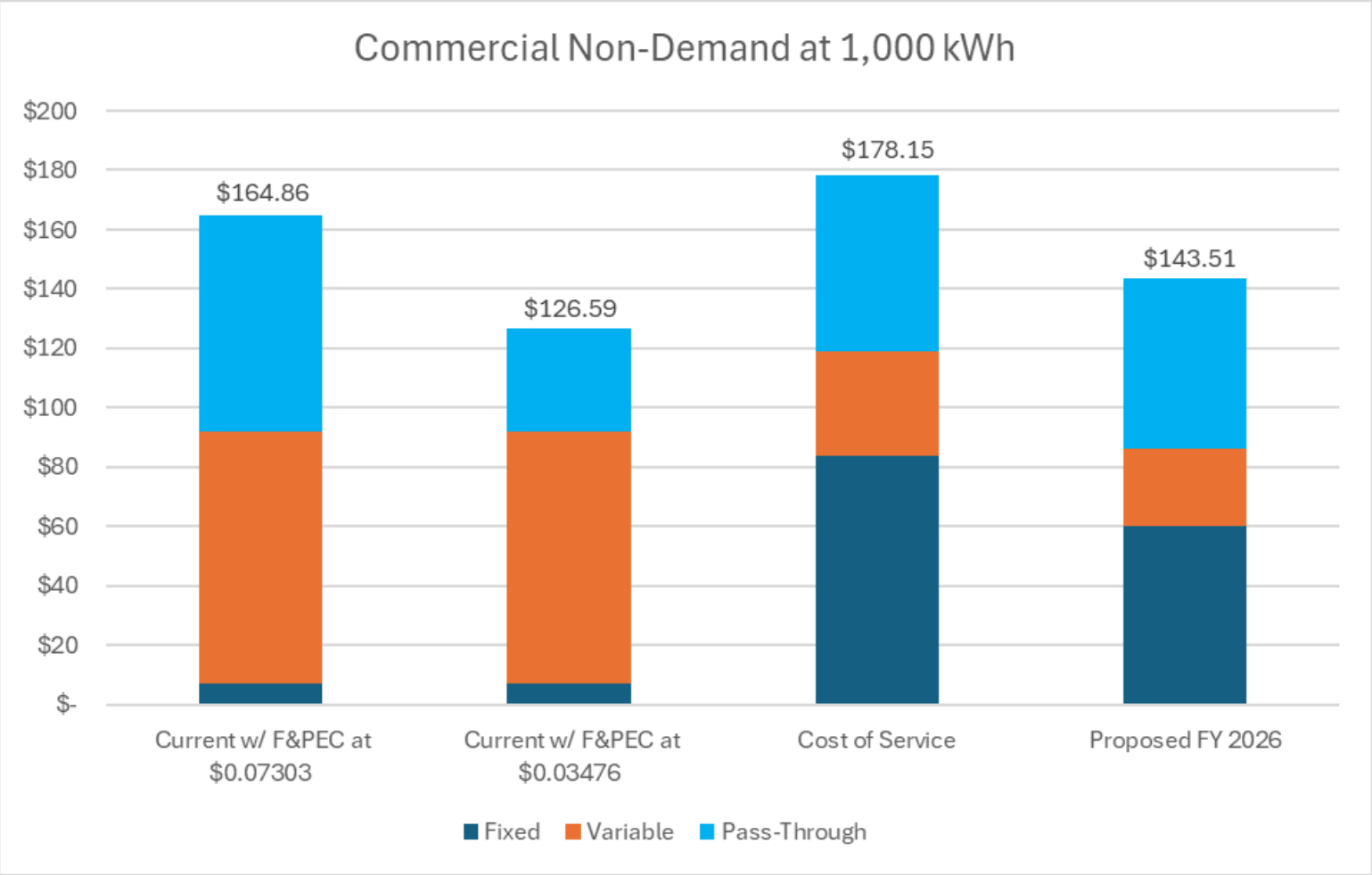


$30 is the largest bill reduction shown in graph (so the count of bill reductions greater than $30 are shown as reductions of $30)



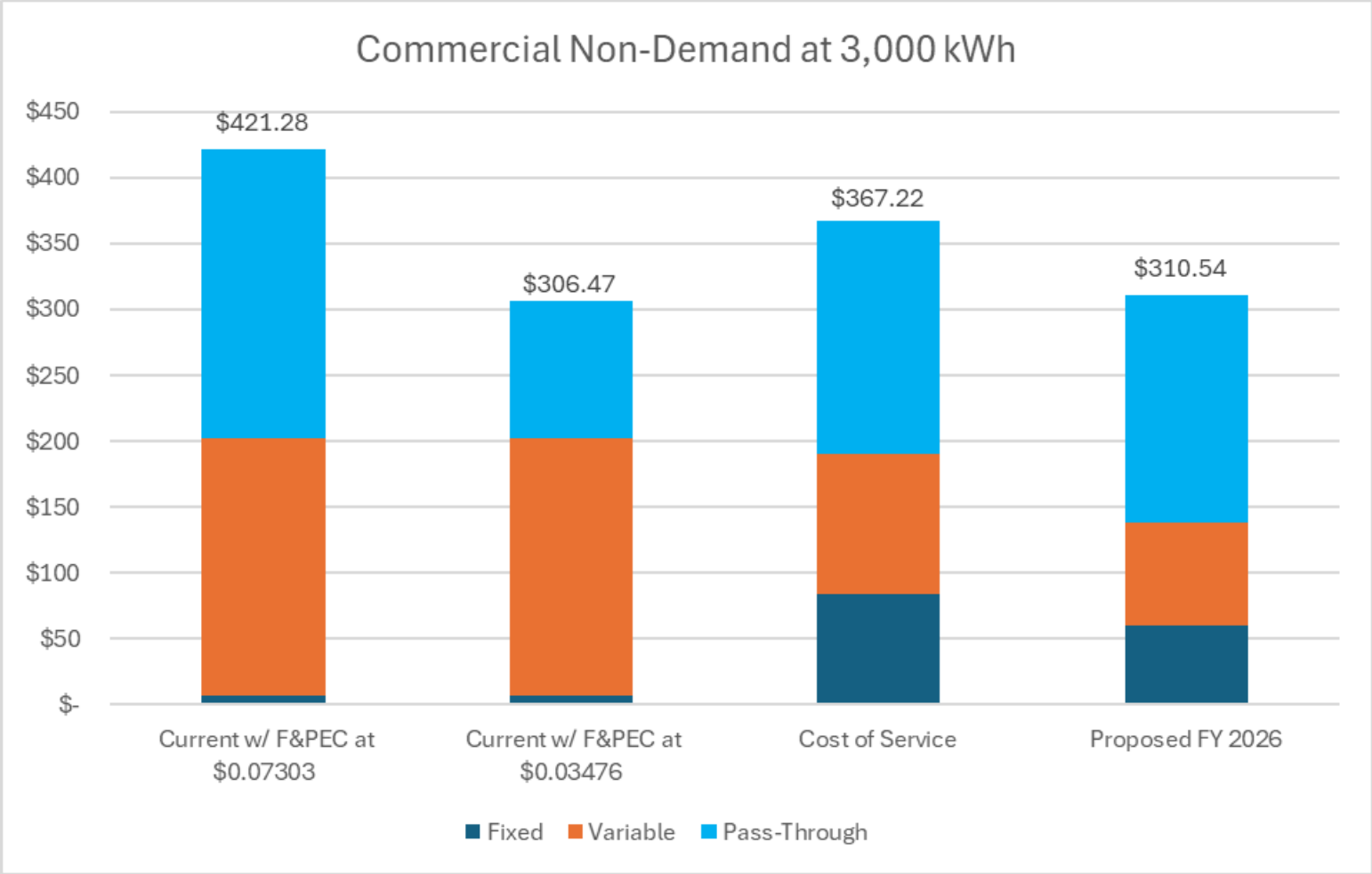
30% is the largest bill increase shown in graph (so the count of bill increases greater than 30% are shown as increases of 30%)

COMMERCIAL NON-DEMAND (SMALLER)



- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $0.01205
  - Community Benefit Charge: $0.00352

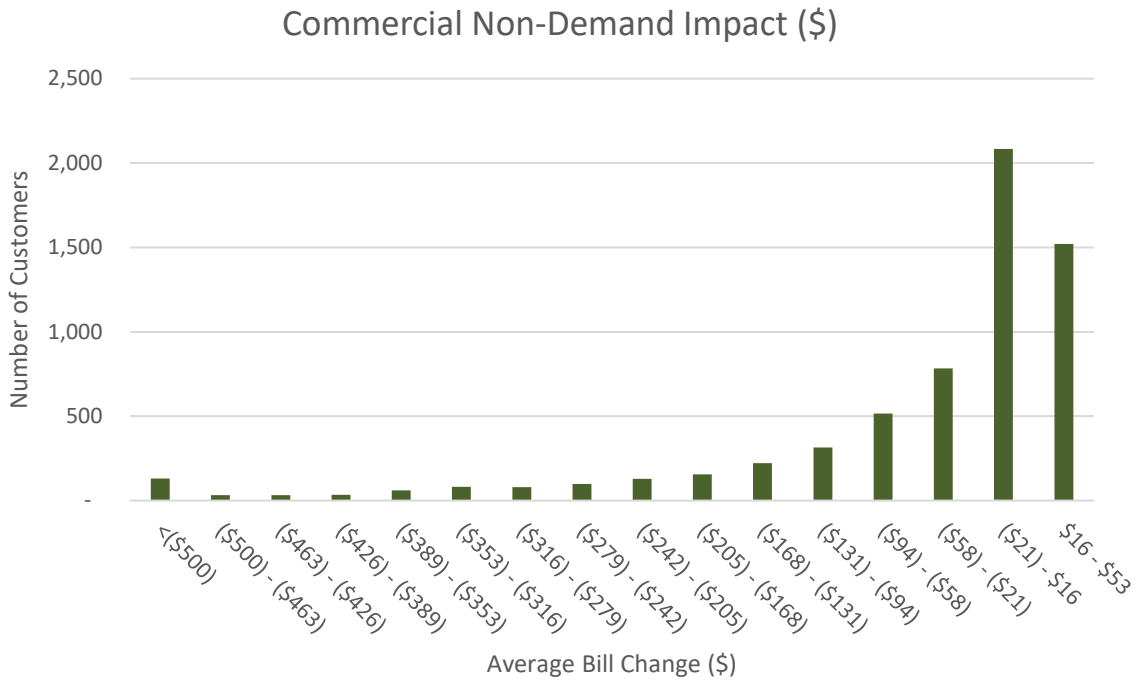
COMMERCIAL NON-DEMAND (LARGER)

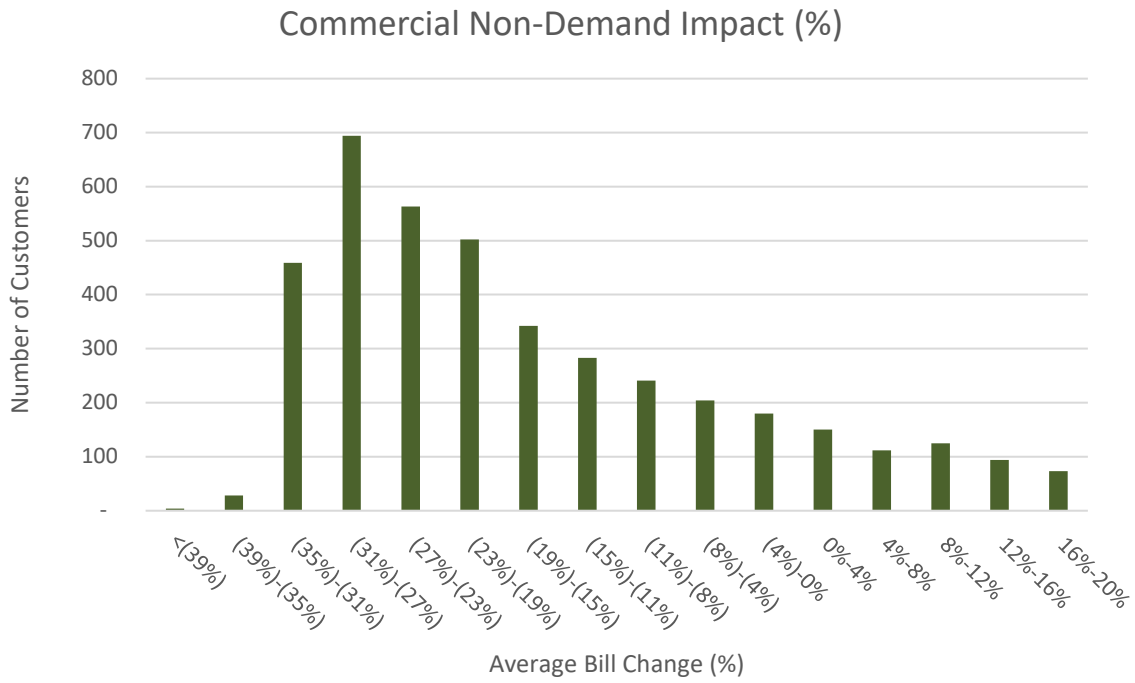


- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $0.01205
  - Community Benefit Charge: $0.00352

RANGE OF MONTHLY BILL IMPACTS: COMMERCIAL NON-DEMAND CURRENT VS. FY 2026 PROPOSED RATES

F&PEC in Current bill is assumed to be $0.07303 per kWh

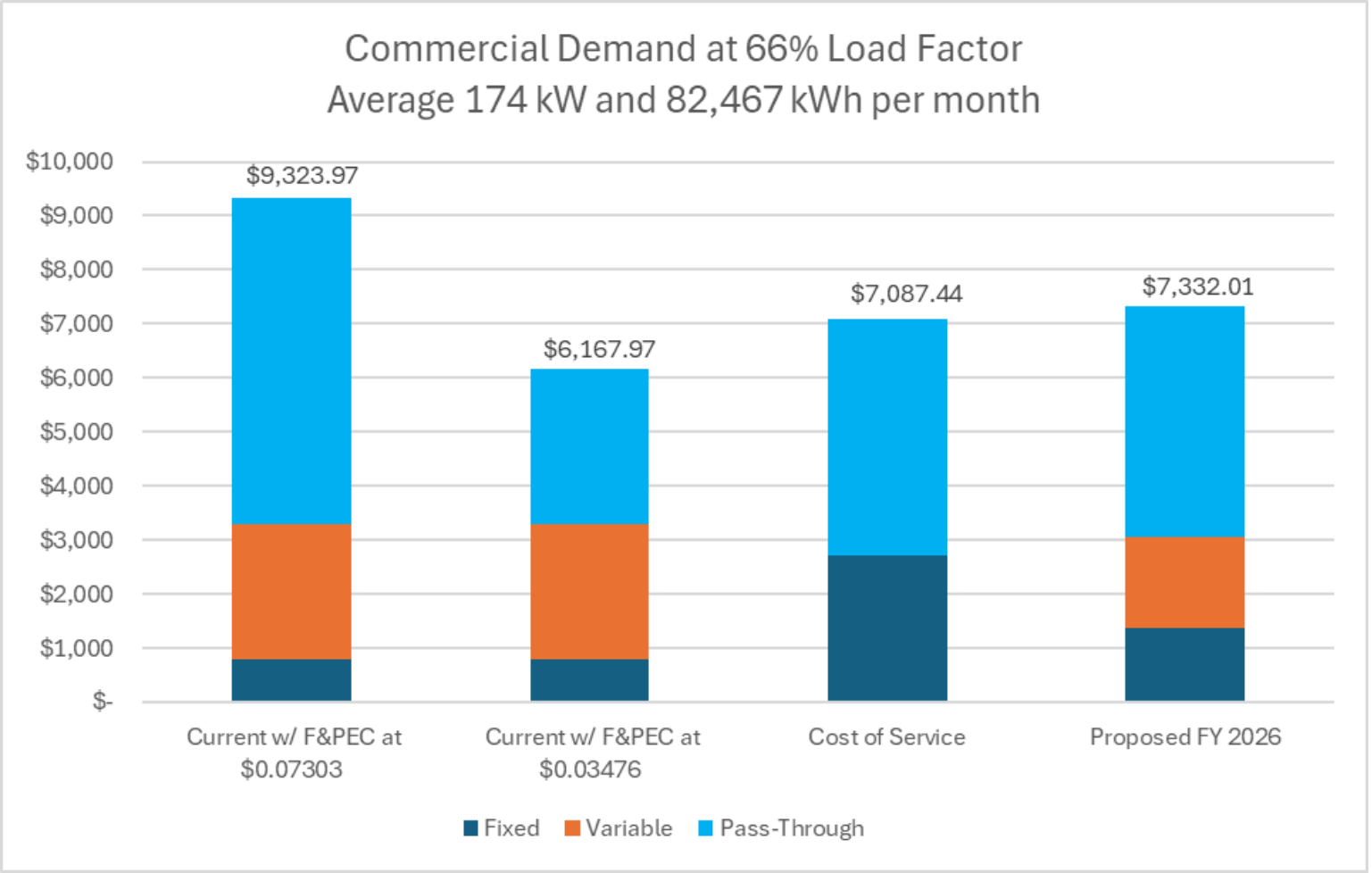




$500 is the largest bill reduction shown in graph (so the count of bill reductions greater than $500 are shown as reductions of $500)

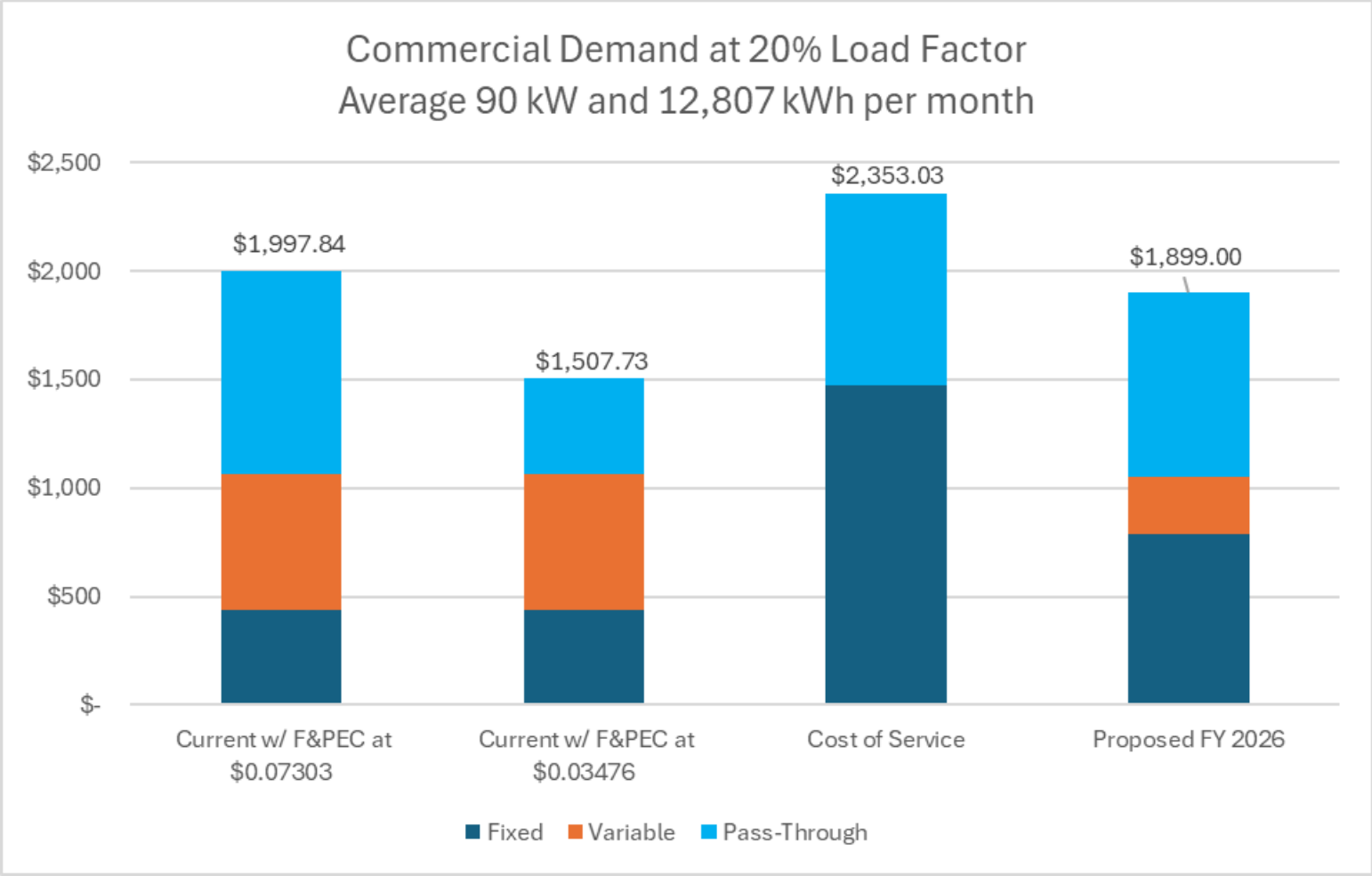
20% is the largest bill increase shown in graph (so the count of bill increases greater than 20% are shown as increases of 20%)

COMMERCIAL DEMAND (HIGH LOAD FACTOR)



- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $2.96 per kW
  - Community Benefit Charge: $0.00352

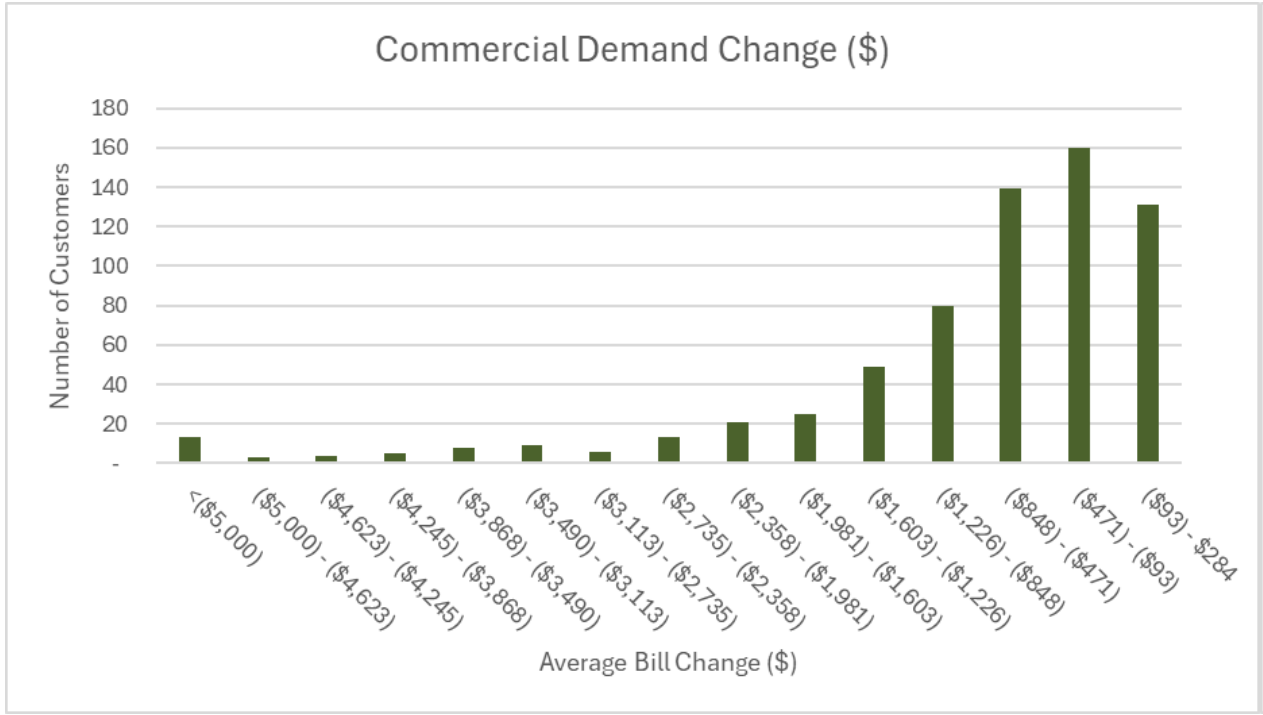
COMMERCIAL DEMAND (LOW LOAD FACTOR)

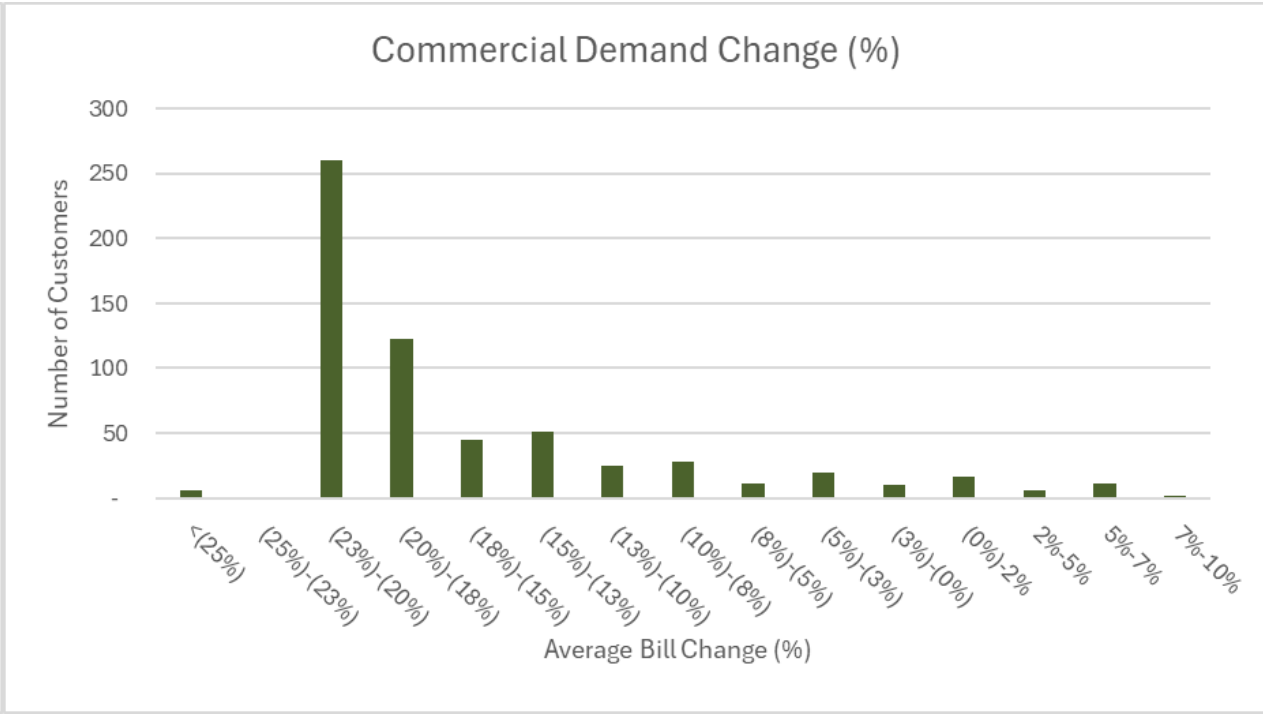


- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $2.96 per kW
  - Community Benefit Charge: $0.00352

RANGE OF MONTHLY BILL IMPACTS: COMMERCIAL DEMAND CURRENT VS. FY 2026 PROPOSED RATES

F&PEC in Current bill is assumed to be $0.07303 per kWh



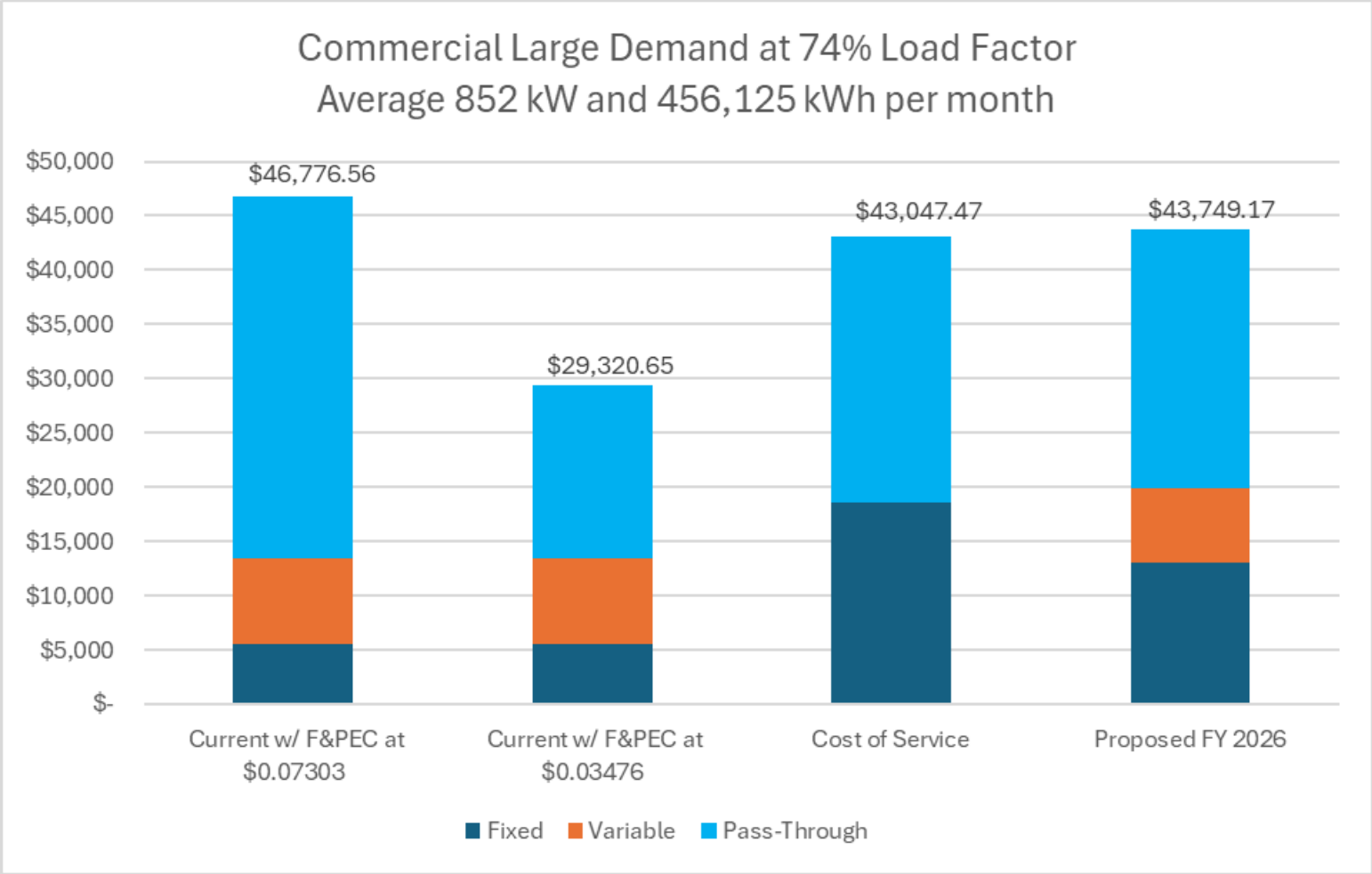


$5,000 is the largest bill reduction shown in graph (so the count of bill reductions greater than $5,000 are shown as reductions of $5,000)

25% is the largest bill reduction shown in graph (so the count of bill reductions greater than 25% are shown as reductions of 25%)

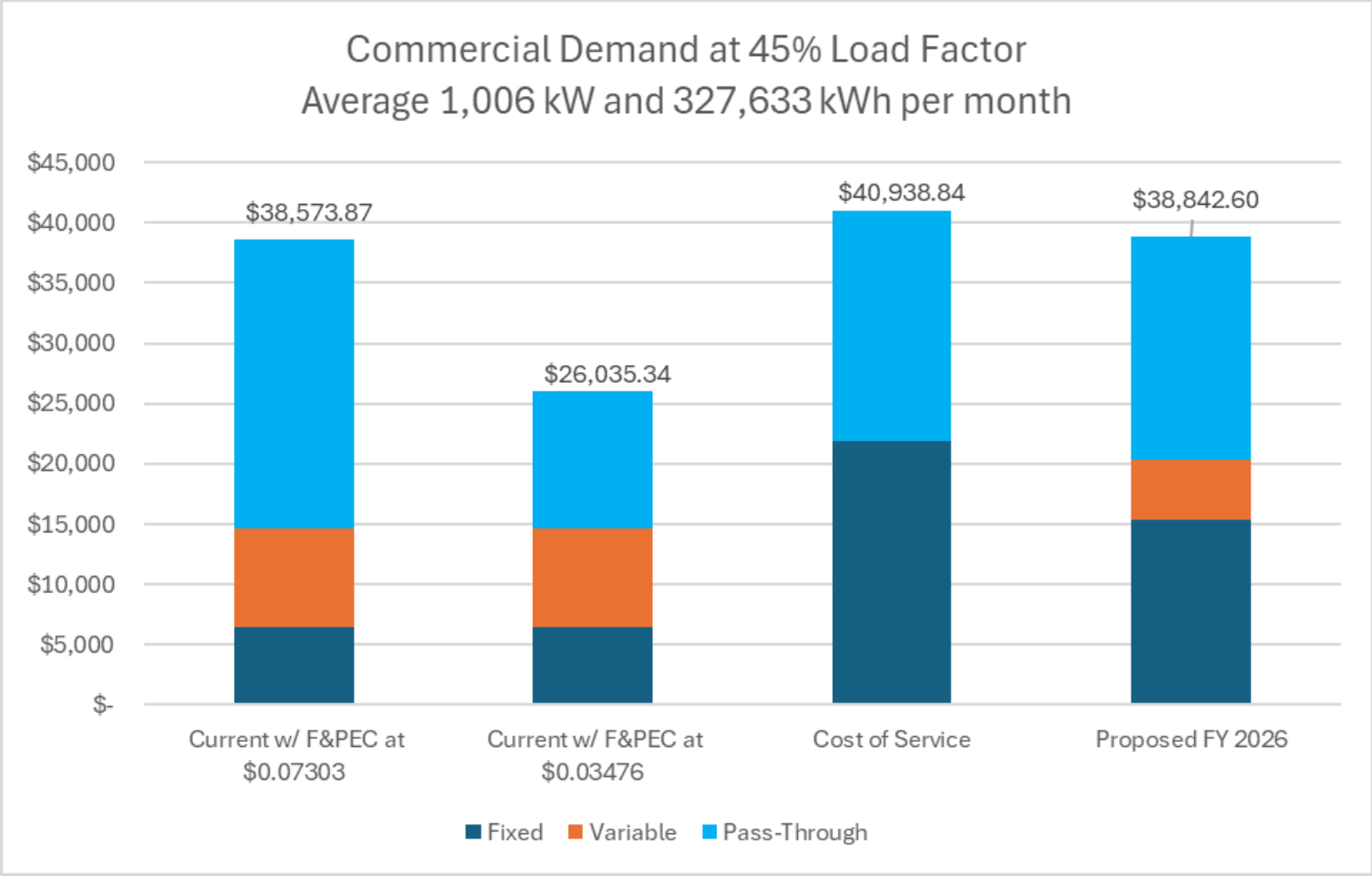
10% is the largest bill increase shown in graph (so the count of bill increases greater than 10% are shown as increases of 10%)

COMMERCIAL LARGE DEMAND (HIGH LOAD FACTOR)



- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $3.60 per kW
  - Community Benefit Charge: $0.00352

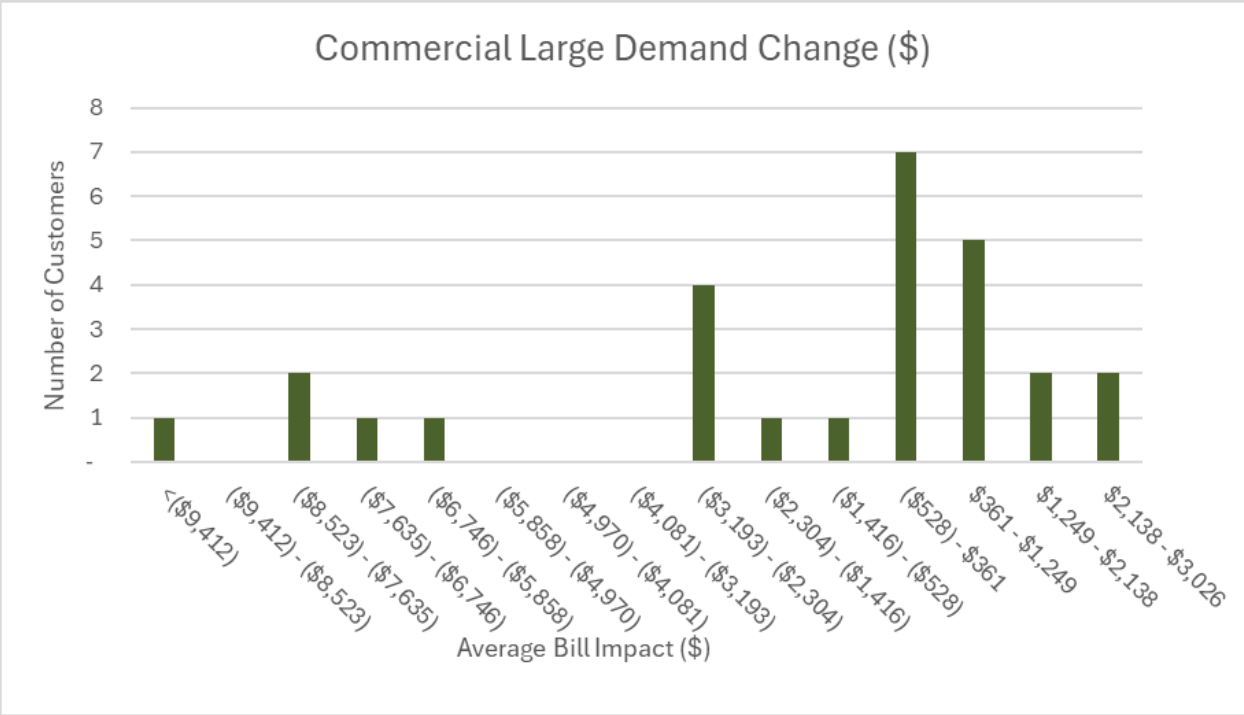
COMMERCIAL LARGE DEMAND (LOW LOAD FACTOR)

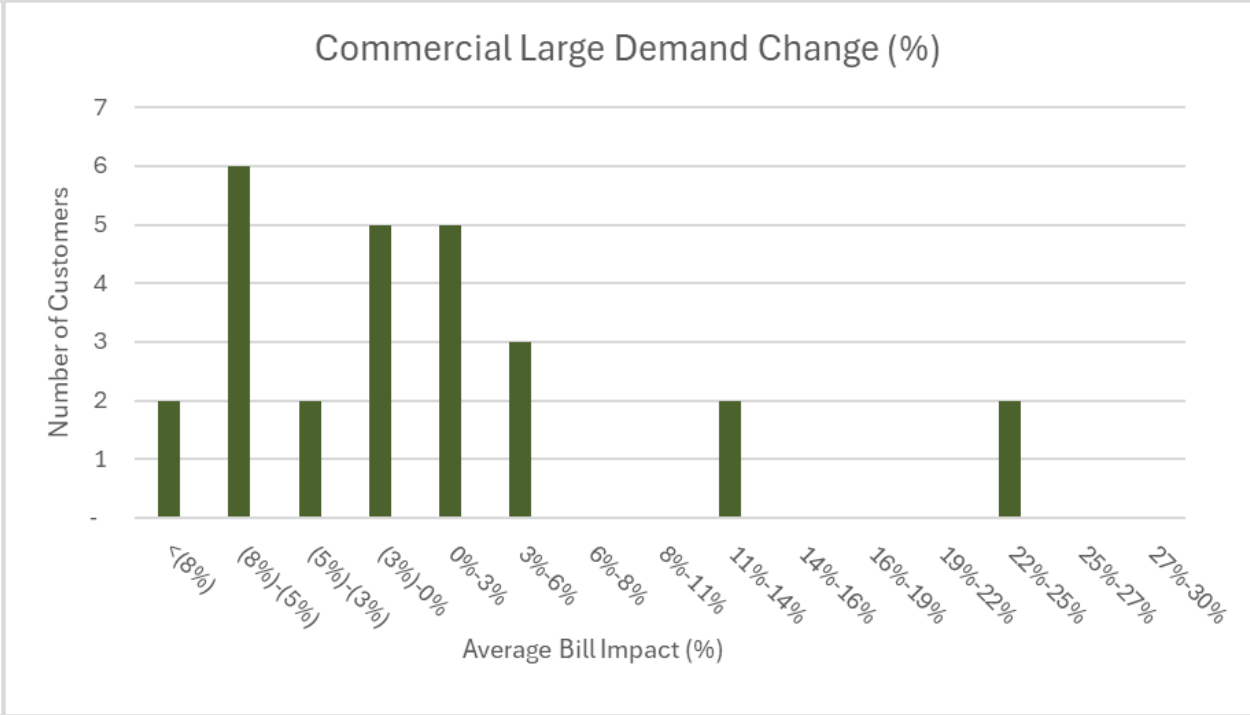


- Cost of Service is a five-year average of FY 2026 through FY 2030
- Pass-Throughs in FY 2026 include:
  - Energy Supply Charge: $0.04195
  - Transmission Charge: $3.60 per kW
  - Community Benefit Charge: $0.00352

RANGE OF MONTHLY BILL IMPACTS: COMMERCIAL LARGE DEMAND CURRENT VS. FY 2026 PROPOSED RATES

F&PEC in Current bill is assumed to be $0.07303 per kWh





QUESTIONS

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NewGen Strategies & Solutions