



Your Source for Energy and Water Services.

electric
natural gas
water
wastewater

First Quarter Financial Report FY 2018

Statement of Net Position

(unaudited)

As of September 30
(thousands)

	2017	2016
Current assets		
Cash & Equivalents	\$ 177,353	\$ 156,944
Operating Contingency Reserves	98,370	94,660
Accounts Receivable	51,842	56,199
Inventory	16,435	15,513
Other	36,948	34,310
Total Current Assets	\$ 380,948	\$ 357,626
Restricted assets		
Unused Bond Proceeds	\$ 33,843	\$ 37,509
Bond Fund	28,318	27,569
Other	63	31
Total Restricted Assets	\$ 62,224	\$ 65,109
Net Plant	\$ 1,834,426	\$ 1,753,561
Other Assets	\$ 24,238	\$ 24,330
Total Assets	\$ 2,301,836	\$ 2,200,626
Deferred Outflows of Resources	\$ 34,066	\$ 36,760
Total Assets and Deferred Outflows of Resources	\$ 2,335,902	\$ 2,237,386
Current Liabilities		
Current Bonds Payable	\$ 35,635	\$ 33,080
Accounts Payable	78,208	87,245
Other	56,690	56,226
Total Current Liabilities	\$ 170,533	\$ 176,551
Other Liabilities	\$ 23,732	\$ 24,717
Long-term Debt	\$ 1,123,402	\$ 1,061,542
Total Liabilities	\$ 1,317,667	\$ 1,262,810
Deferred Inflows of Resources	\$ 5,268	\$ 1,512
Total Liabilities and Deferred Inflows of Resources	\$ 1,322,935	\$ 1,264,322
Net position		
Net Investment in Capital Assets	\$ 708,231	\$ 693,731
Restricted for:		
Debt Service	15,122	14,144
Other	62	31
Unrestricted	289,552	265,158
Total Net Position	\$ 1,012,967	\$ 973,064
Total Liabilities, Deferred Inflows, and Net Position	\$ 2,335,902	\$ 2,237,386



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**Statement of Revenues, Expenses, and
Changes in Net Position**
(unaudited)

	<i>Three Months Ended September 30 (thousands)</i>	
	<i>2017</i>	<i>2016</i>
Operating Revenue	\$ 193,307	\$ 200,035
Less: Purchased Energy	(116,639)	(126,043)
Margin on Sales	\$ 76,668	\$ 73,992
Operating Expenses		
Operations & Maintenance	\$ 26,238	\$ 27,601
Depreciation Expense	18,533	17,508
Taxes & Equivalents	8,499	8,401
Total Operating Expenses	\$ 53,270	\$ 53,510
Operating Income	\$ 23,398	\$ 20,482
Other Revenue (Expenses)		
Interest Income	\$ 679	\$ 426
Interest Expense	(9,883)	(10,042)
Other (Net)	7	(429)
Total Other Expenses	(9,197)	(10,045)
Change in Net Position Before Capital Contributions	\$ 14,201	\$ 10,437
Capital Contributions	82	34
Change in Net Position	\$ 14,283	\$ 10,471

Statistical Highlights

	<i>Three Months Ended September 30 (thousands)</i>		
	2017	2016	% Change
Electric Sales (MWh in 000s)	1,608	1,775	-9.4%
Natural Gas Sales (Dth in 000s)	1,624	1,516	7.1%
Water Sales (Mg)	2,598	2,786	-6.7%
Wastewater Sales (Mg)	2,016	2,091	-3.6%
Heating Degree Days	15	4	-
Cooling Degree Days	952	1,402	-32.1%
Avg Temperature	75	80	-6.3%

Mega Watt hour (MWh)
Dekatherm (Dth)
Million Gallon (Mg)

KUB Bond Ratings

	Moody's	Standard & Poor's
Electric	Aa2	AA+
Natural Gas	Aa2	AA
Water	Aa1	AAA
Wastewater	Aa2	AA+

KUB operates four separate enterprise funds. This presentation represents a consolidation of statements for the enterprise funds, as provided for under Governmental Accounting Standard 34.

These unaudited financial statements should be read in conjunction with the Notes to Financial Statements appearing in KUB's Annual Report for fiscal year 2017.



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First Quarter Financial Report Fiscal Year 2018

Management Financial Discussion

KUB's change in net position (net income) for the three months ended September 30, 2017 was \$14.3 million, representing an increase of \$3.8 million from the same period last year.

Margin on sales increased \$2.7 million or 3.6 percent compared to last fiscal year. Electric sales margin decreased \$0.7 million, due to a 9.4 percent decrease in sales volumes driven by milder summer temperatures. Natural gas sales margin increased \$0.6 million, due to a 7.1 percent increase in sales volumes and additional revenue from the rate increase last fiscal year. Water margin increased \$0.6 million, the result of a 6.7 percent decrease in water sales volumes and additional revenue from the July 2017 rate increase. Wastewater margin increased \$2.2 million, reflecting additional revenue from the July 2017 rate increase partially offset by a 3.6 percent decrease in customer usage.

O&M expenses fiscal year to date decreased \$1.4 million, as labor and contractor expense associated with power restoration from the July 2016 storm events impacted prior fiscal year expenses. Depreciation expense increased \$1 million. Taxes and tax equivalents increased \$0.1 million.

Interest income fiscal year to date increased \$0.3 million. Interest expense fiscal year to date decreased \$0.2 million compared to the prior year.

Cash and cash equivalents increased \$20.4 million from last year.

KUB's total debt outstanding as of September 30, 2017, was \$1.1 billion, representing 53 percent of KUB's capital structure. This debt level represented an increase of \$58.8 million compared to the same period last year. KUB sold \$97 million in bonds in August 2017 for the purpose of funding utility system capital improvements for each utility system. All ratings by Standard & Poor's and Moody's Investors Service were reaffirmed as part of the issuance process for these bonds.