



electric
natural gas
water
wastewater

Your Source for Energy and Water Services.

First Quarter Financial Report FY 2021

Statement of Net Position (unaudited)

As of September 30
(thousands)

	2020	2019
Current assets		
Cash & Equivalents	\$ 101,127	\$ 178,158
Operating Contingency Reserves	110,817	108,956
Accounts Receivable	62,355	52,413
Inventory	14,806	18,583
Other	33,272	40,071
Total Current Assets	<u>\$ 322,377</u>	<u>\$ 398,181</u>
Restricted assets		
Unused Bond Proceeds	\$ -	\$ 10,099
Bond Fund	32,084	31,644
Other	2	2
Total Restricted Assets	<u>\$ 32,086</u>	<u>\$ 41,745</u>
Net Plant	\$ 2,153,113	\$ 2,038,972
Other Assets	<u>\$ 37,103</u>	<u>\$ 19,247</u>
Total Assets	\$ 2,544,679	\$ 2,498,145
Deferred Outflows of Resources	<u>\$ 33,645</u>	<u>\$ 41,488</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,578,324</u>	<u>\$ 2,539,633</u>
Current Liabilities		
Current Bonds Payable	\$ 43,485	\$ 41,205
Accounts Payable	79,661	86,969
Other	60,631	63,613
Total Current Liabilities	<u>\$ 183,777</u>	<u>\$ 191,787</u>
Other Liabilities	\$ 32,548	\$ 29,807
Long-term Debt	<u>\$ 1,110,828</u>	<u>\$ 1,157,804</u>
Total Liabilities	\$ 1,327,153	\$ 1,379,398
Deferred Inflows of Resources	<u>\$ 20,568</u>	<u>\$ 3,843</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,347,721</u>	<u>\$ 1,383,241</u>
Net position		
Net Investment in Capital Assets	\$ 1,021,382	\$ 864,876
Restricted for:		
Debt Service	19,013	17,811
Other	2	2
Unrestricted	190,206	273,703
Total Net Position	<u>\$ 1,230,603</u>	<u>\$ 1,156,392</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,578,324</u>	<u>\$ 2,539,633</u>



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

	Three Months Ended September 30 (thousands)	
	2020	2019
Operating Revenue	\$ 199,582	\$ 209,444
Less: Purchased Energy	(109,355)	(120,318)
Margin on Sales	<u>\$ 90,227</u>	<u>\$ 89,126</u>
Operating Expenses		
Operations & Maintenance	\$ 31,628	\$ 28,162
Depreciation Expense	19,372	18,467
Taxes & Equivalents	9,107	9,141
Total Operating Expenses	<u>\$ 60,107</u>	<u>\$ 55,770</u>
Operating Income	\$ 30,120	\$ 33,356
Other Revenue (Expenses)		
Interest Income	\$ 340	\$ 1,520
Interest Expense	(10,146)	(10,651)
Other (Net)	154	49
Total Other Expenses	<u>(9,652)</u>	<u>(9,082)</u>
Change in Net Position Before Capital Contributions	\$ 20,468	\$ 24,274
Capital Contributions	16	-
Change in Net Position	<u><u>\$ 20,484</u></u>	<u><u>\$ 24,274</u></u>

Statistical Highlights

	Three Months Ended September 30 (thousands)		
	2020	2019	% Change
Electric Sales (MWh in 000s)	1,714	1,699	0.9%
Natural Gas Sales (Dth in 000s)	1,656	1,558	6.3%
Water Sales (Mg)	2,624	2,697	-2.7%
Wastewater Sales (Mg)	1,963	1,995	-1.6%
Heating Degree Days	30	-	-
Cooling Degree Days	1,131	1,283	-11.8%
Avg Temperature	76.7	78.7	-2.5%

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 2020.



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First Quarter Financial Report Fiscal Year 2021

Management Financial Discussion

KUB's change in net position (net income) for the three months ended September 30, 2020 was \$20.5 million, representing a decrease of \$3.8 million over the same period last year.

Margin on sales increased \$1.1 million or 1.2 percent compared to last fiscal year. Sales margin increased due to growth in billed sales combined with the October 2019 rate increase in the Electric and Natural Gas systems.

O&M expenses fiscal year to date increased \$3.5 million, reflecting higher labor-related expenses. Depreciation expense increased \$0.9 million. Taxes and tax equivalents are comparable to the prior year.

Interest income fiscal year to date decreased \$1.2 million as interest rates were considerably lower this fiscal year. Interest expense fiscal year to date decreased \$0.5 million compared to the prior year due to less debt outstanding along with a prior year bond refunding.

KUB's total debt outstanding as of September 30, 2020, was \$1.1 billion, representing 48 percent of KUB's capital structure. This debt level represented a decrease of \$49.7 million compared to the same period last year.

The coronavirus pandemic continues to impact the economic conditions across the nation as federal, state, and local governments react to the public health crisis, creating uncertainties in the economy. As a result, KUB has responded by deferring proposed rate increases and suspending disconnections for nonpayment. To offset the reduced revenues, KUB is delaying projects to create more financial liquidity. KUB plans to enroll customers with past due balances in repayment plans and resume disconnects for nonpayment. While the disruption is currently expected to be temporary, there is uncertainty around its duration and the ultimate future impact, if any, on results of operations, financial position, liquidity, or capital resources.