



electric
natural gas
water
wastewater

Your Source for Energy and Water Services.

Second Quarter Financial Report FY 2021

Statement of Net Position (unaudited)

As of December 31
(thousands)

	2020	2019
Current assets		
Cash & Equivalents	\$ 127,968	\$ 169,569
Operating Contingency Reserves	110,710	109,060
Accounts Receivable	62,339	51,320
Inventory	15,557	16,443
Other	<u>45,828</u>	<u>46,075</u>
Total Current Assets	\$ 362,402	\$ 392,467
Restricted assets		
Unused Bond Proceeds	\$ -	\$ 2,178
Bond Funds	44,150	43,102
Other	<u>2</u>	<u>2</u>
Total Restricted Assets	\$ 44,152	\$ 45,282
Net Plant	\$ 2,169,662	\$ 2,065,323
Other Assets	<u>\$ 40,089</u>	<u>\$ 19,965</u>
Total Assets	\$ 2,616,305	\$ 2,523,037
Deferred Outflows of Resources	<u>\$ 34,055</u>	<u>\$ 41,766</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,650,360</u>	<u>\$ 2,564,803</u>
Current Liabilities		
Current Bonds Payable	\$ 44,135	\$ 41,205
Accounts Payable	72,797	75,610
Other	<u>78,557</u>	<u>76,524</u>
Total Current Liabilities	\$ 195,489	\$ 193,339
Other Liabilities	\$ 30,301	\$ 30,266
Long-term Debt	<u>\$ 1,149,518</u>	<u>\$ 1,157,226</u>
Total Liabilities	\$ 1,375,308	\$ 1,380,831
Deferred Inflows of Resources	<u>\$ 20,569</u>	<u>\$ 3,843</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,395,877</u>	<u>\$ 1,384,674</u>
Net position		
Net Investment in Capital Assets	\$ 998,247	\$ 890,612
Restricted for:		
Debt Service	30,234	28,250
Other	<u>2</u>	<u>2</u>
Unrestricted	<u>226,000</u>	<u>261,265</u>
Total Net Position	\$ 1,254,483	\$ 1,180,129
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,650,360</u>	<u>\$ 2,564,803</u>



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

	Three Months Ended December 31 (thousands)		Six Months Ended December 31 (thousands)	
	2020	2019	2020	2019
Operating Revenue	\$ 204,159	\$ 204,741	\$ 403,741	\$ 414,185
Less: Purchased Energy	(107,209)	(109,368)	(216,564)	(229,686)
Margin on Sales	\$ 96,950	\$ 95,373	\$ 187,177	\$ 184,499
Operating Expenses				
Operations & Maintenance	\$ 33,820	\$ 35,147	\$ 65,448	\$ 63,309
Depreciation Expense	19,465	18,341	38,837	36,808
Taxes & Equivalents	9,902	8,702	19,009	17,843
Total Operating Expenses	\$ 63,187	\$ 62,190	\$ 123,294	\$ 117,960
Operating Income	\$ 33,763	\$ 33,183	\$ 63,883	\$ 66,539
Other Revenue (Expenses)				
Interest Income	\$ 222	\$ 1,427	\$ 562	\$ 2,947
Interest Expense	(10,347)	(11,114)	(20,493)	(21,765)
Other (Net)	(80)	21	74	70
Total Other Expenses	(10,205)	(9,666)	(19,857)	(18,748)
Change in Net Position Before Capital Contributions	\$ 23,558	\$ 23,517	\$ 44,026	\$ 47,791
Capital Contributions	322	220	338	220
Change in Net Position	\$ 23,880	\$ 23,737	\$ 44,364	\$ 48,011

Statistical Highlights

	Three Months Ended December 31 (thousands)			Six Months Ended December 31 (thousands)		
	2020	2019	% Change	2020	2019	% Change
Electric Sales (MWh)	1,348	1,270	6%	3,062	2,969	3%
Gas Sales (Dth in 000s)	3,975	3,901	2%	5,631	5,459	3%
Water Sales (Mg)	1,873	1,961	-4%	4,497	4,658	-3%
Wastewater Sales (Mg)	1,511	1,528	-1%	3,474	3,523	-1%
Heating Degree Days	1,255	1,240	1%	1,285	1,240	4%
Cooling Degree Days	38	105	-64%	1,169	1,388	-16%
Avg Temperature	50.9	52.4	-3%	63.8	65.6	-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 2020.



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Second Quarter Financial Report Fiscal Year 2021

Management Financial Discussion

KUB's change in net position (net income) for the six months ended December 31, 2020 was \$44.4 million, representing a decrease of \$3.6 million from the same period last year. The decrease was due to higher operating expenses resulting from the pandemic and lower interest income.

Margin on sales increased \$2.7 million or 1.5 percent for the fiscal year to date. Electric system margin increased \$5.1 million over the previous fiscal year, the result of a 3.1 increase in sales volumes. Natural gas system margin increased \$0.8 million, the result of a 3.1 percent increase in sales volumes. Water system margin decreased \$1 million, the result of a 3.5 percent decrease in sales volumes. Wastewater system margin decreased \$1.6 million, the result of a 1.4 percent decrease in customer usage.

O&M expenses increased \$2.1 million reflecting an increase in labor expenses for the fiscal year to date. Depreciation expense increased \$2 million. Taxes and Equivalents increased \$1.2 million.

Fiscal year to date interest expense decreased \$1.3 million, the result of prior refinancing of bonds to take advantage of lower market interest rates. Interest income for the fiscal year to date decreased \$2.4 million due to the historically low interest rate environment.

KUB's total bonds outstanding as of December 31, 2020, were \$1.2 billion, representing 48 percent of KUB's capital structure. This debt level represented a decrease of \$13.2 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 responded by deferring proposed rate increases and enrolling customers with past due balances in repayment plans. To offset the reduced revenues, KUB is delaying projects to create more financial liquidity. 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.