



electric
 fiber
 gas
 water
 wastewater

Your Source for Energy and Water Services.

Second Quarter Financial Report FY 2022

Statement of Net Position

(unaudited)

As of December 31

(thousands)

2021

2020

Current assets

Cash & Equivalents	\$ 112,099	\$ 127,968
Operating Contingency Reserves	110,357	110,710
Accounts Receivable	58,278	62,339
Inventory	17,837	15,557
Other	49,958	45,828
Total Current Assets	\$ 348,529	\$ 362,402

Restricted assets

Bond Funds	\$ 42,918	\$ 44,150
Other	2	2
Total Restricted Assets	\$ 42,920	\$ 44,152

Net Plant

\$ 2,209,451	\$ 2,169,662
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Intangible Assets

\$ 756	\$ -
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Other Assets

\$ 63,792	\$ 40,089
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Total Assets

\$ 2,665,448	\$ 2,616,305
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Deferred Outflows of Resources

\$ 25,350	\$ 34,055
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Total Assets and Deferred Outflows of Resources

\$ 2,690,798	\$ 2,650,360
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Current Liabilities

Current Bonds Payable	\$ 42,040	\$ 44,135
Accounts Payable	76,297	72,797
Other	78,519	78,557
Total Current Liabilities	\$ 196,856	\$ 195,489

Other Liabilities

\$ 24,287	\$ 30,301
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Long-term Debt

\$ 1,096,163	\$ 1,149,518
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Total Liabilities

\$ 1,317,306	\$ 1,375,308
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Deferred Inflows of Resources

\$ 48,651	\$ 20,569
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Total Liabilities and Deferred Inflows of Resources

\$ 1,365,957	\$ 1,395,877
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Net position

Net Investment in Capital Assets	\$ 1,085,934	\$ 998,247
Restricted for:		
Debt Service	28,878	30,234
Other	2	2
Unrestricted	210,027	226,000
Total Net Position	\$ 1,324,841	\$ 1,254,483

Total Liabilities, Deferred Inflows, and Net Position

\$ 2,690,798	\$ 2,650,360
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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)	
	2021	2020	2021	2020
Operating Revenue	\$ 223,051	\$ 204,159	\$ 435,282	\$ 403,741
Less: Purchased Energy	(124,945)	(107,209)	(244,807)	(216,564)
Margin on Sales	\$ 98,106	\$ 96,950	\$ 190,475	\$ 187,177
Operating Expenses				
Operations & Maintenance	\$ 37,420	\$ 33,820	\$ 70,243	\$ 65,448
Depreciation & Amortization	21,914	19,465	43,792	38,837
Taxes & Equivalents	9,423	9,902	18,833	19,009
Total Operating Expenses	\$ 68,757	\$ 63,187	\$ 132,868	\$ 123,294
Operating Income	\$ 29,349	\$ 33,763	\$ 57,607	\$ 63,883
Other Revenue (Expenses)				
Interest Income	\$ 185	\$ 222	\$ 353	\$ 562
Interest Expense	(9,947)	(10,347)	(19,894)	(20,493)
Other (Net)	316	(80)	902	74
Total Other Expenses	(9,446)	(10,205)	(18,639)	(19,857)
Change in Net Position Before Capital Contributions	\$ 19,903	\$ 23,558	\$ 38,968	\$ 44,026
Capital Contributions	228	322	228	338
Change in Net Position	\$ 20,131	\$ 23,880	\$ 39,196	\$ 44,364

Statistical Highlights

	Three Months Ended December 31 (thousands)			Six Months Ended December 31 (thousands)		
	2021	2020	% Change	2021	2020	% Change
Electric Sales (MWh)	1,365	1,348	1%	3,114	3,062	2%
Gas Sales (Dth in 000s)	3,963	3,975	-	5,711	5,631	1%
Water Sales (Mg)	1,959	1,873	5%	4,665	4,497	4%
Wastewater Sales (Mg)	1,560	1,511	3%	3,565	3,474	3%
Heating Degree Days	1,125	1,255	-10%	1,140	1,285	-11%
Cooling Degree Days	92	38	142%	1,160	1,169	-1%
Avg Temperature	53.4	50.9	5%	64.8	63.8	2%

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 five 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 2021.



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Second Quarter Financial Report Fiscal Year 2022

Management Financial Discussion

The COVID-19 global pandemic continues to require KUB to remain operationally flexible. While some planned capital projects have been resumed, others are still on hold due to supply chain issues or contract labor constraints. Employee health and safety and accommodation of customers are priorities.

KUB's change in net position (net income) for the six months ended December 31, 2021, was \$39.2 million, representing a decrease of \$5.2 million from the same period last year. The decrease was due to higher operating expenses and lower interest income. The Fiber Division began operations this quarter and began accumulating operating expenses as the fiber infrastructure is installed.

Margin on sales increased \$3.3 million or 1.8 percent for the fiscal year to date. Electric system margin increased \$1.2 million over the previous fiscal year, the result of a 1.7 percent increase in sales volumes. Natural gas system margin decreased \$0.4 million, the net result of a 1.4 percent increase in sales volumes and higher natural gas market prices. Water system margin increased \$1.4 million, the combined result of a 3.7 percent increase in sales volumes and the July 2021 rate increase. Wastewater system margin increased \$1 million, the result of a 2.6 percent increase in customer usage.

O&M expenses increased \$4.8 million reflecting an increase in distribution and collection system contractors, and employee insurance and benefit expenses for the fiscal year to date. Depreciation and amortization expense increased \$5 million due to adjustments made in the previous fiscal year; depreciation expense is projected to end this fiscal year lower than the prior year. Taxes and Equivalents decreased \$0.2 million.

Fiscal year to date interest expense decreased \$0.6 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 \$0.2 million due to the historically low interest rate environment.

KUB's total bonds outstanding as of December 31, 2021, were \$1 billion, representing 44 percent of KUB's capital structure. This debt level represented a decrease of \$123.4 million compared to the same period last year.