



electric
gas
water
wastewater

Your Source for Energy and Water Services.

Third Quarter Financial Report FY 2020

Statement of Net Position

(unaudited)

As of March 31
(thousands)

	2020	2019
Current assets		
Cash & Equivalents	\$ 171,320	\$ 203,854
Operating Contingency Reserves	109,579	104,371
Accounts Receivable	54,241	60,393
Inventory	15,303	23,510
Other	<u>35,589</u>	<u>40,862</u>
Total Current Assets	\$ 386,032	\$ 432,990
Restricted assets		
Bond Fund	\$ 39,650	\$ 38,350
Other	<u>2</u>	<u>22</u>
Total Restricted Assets	\$ 39,652	\$ 38,372
Net Plant	\$ 2,087,044	\$ 1,975,173
Other Assets	<u>\$ 15,613</u>	<u>\$ 39,752</u>
Total Assets	\$ 2,528,341	\$ 2,486,287
Deferred Outflows of Resources	<u>\$ 42,045</u>	<u>\$ 26,808</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,570,386</u>	<u>\$ 2,513,095</u>
Current Liabilities		
Current Bonds Payable	\$ 41,690	\$ 39,450
Accounts Payable	68,547	75,404
Other	<u>72,849</u>	<u>73,823</u>
Total Current Liabilities	\$ 183,086	\$ 188,677
Other Liabilities	\$ 33,298	\$ 28,922
Long-term Debt	<u>\$ 1,142,809</u>	<u>\$ 1,149,001</u>
Total Liabilities	\$ 1,359,193	\$ 1,366,600
Deferred Inflows of Resources	<u>\$ 3,843</u>	<u>\$ 14,259</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,363,036</u>	<u>\$ 1,380,859</u>
Net position		
Net Investment in Capital Assets	\$ 925,588	\$ 813,445
Restricted for:		
Debt Service	25,458	24,078
Other	<u>2</u>	<u>22</u>
Unrestricted	<u>256,302</u>	<u>294,691</u>
Total Net Position	\$ 1,207,350	\$ 1,132,236
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,570,386</u>	<u>\$ 2,513,095</u>



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

	Three Months Ended March 31 (thousands)		Nine Months Ended March 31 (thousands)	
	2020	2019	2020	2019
Operating Revenue	\$ 213,000	\$ 223,427	\$ 627,185	\$ 634,175
Less: Purchased Energy	(114,987)	(127,423)	(344,673)	(363,893)
Margin on Sales	\$ 98,013	\$ 96,004	\$ 282,512	\$ 270,282
Operating Expenses				
Operations & Maintenance	\$ 34,604	\$ 32,216	\$ 97,913	\$ 94,077
Depreciation Expense	18,023	19,196	54,831	56,700
Taxes & Equivalents	9,135	9,178	26,978	27,304
Total Operating Expenses	\$ 61,762	\$ 60,590	\$ 179,722	\$ 178,081
Operating Income	\$ 36,251	\$ 35,414	\$ 102,790	\$ 92,201
Other Revenue (Expenses)				
Interest Income	\$ 1,252	\$ 1,821	\$ 4,199	\$ 4,874
Interest Expense	(10,923)	(11,018)	(32,688)	(32,554)
Other (Net)	640	345	710	(4)
Total Other Expenses	\$ (9,031)	\$ (8,852)	\$ (27,779)	\$ (27,684)
Change in Net Position Before Capital Contributions	\$ 27,220	\$ 26,562	\$ 75,011	\$ 64,517
Capital Contributions	-	232	220	940
Change in Net Position	\$ 27,220	\$ 26,794	\$ 75,231	\$ 65,457

Statistical Highlights

	Three Months Ended March 31			Nine Months Ended March 31		
	2020	2019	% Change	2020	2019	% Change
Electric Sales (MWh)	1,278	1,317	-3%	4,247	4,329	-2%
Gas Sales (Dth in 000s)	4,694	5,290	-11%	10,153	10,856	-6%
Water Sales (Mg)	1,808	1,765	2%	6,466	6,412	1%
Wastewater Sales (Mg)	1,497	1,475	1%	5,020	5,142	-2%
Heating Degree Days	1,427	1,729	-17%	2,667	3,166	-16%
Cooling Degree Days	27	7	-	1,415	1,299	9%
Avg Temperature	49.2	45.7	8%	58.4	57.9	1%

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

KUB Bond Ratings

	Moody's	Standard & Poor's
Electric	Aa2	AA
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 2019.



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Third Quarter Financial Report Fiscal Year 2020

Management Financial Discussion

KUB's change in net position (net income) for the nine months ended March 31, 2020 was \$75.2 million, representing an increase of \$9.8 million from the same period last year. The change in net position by system includes \$25.7 million for electric, \$16.5 million for natural gas, \$13.5 million for water, and \$19.5 million for the wastewater system.

Margin on sales increased \$12.2 million or 4.5 percent compared to last fiscal year. Electric sales margin increased \$7.7 million, the net result of a 1.9 percent decrease in sales volumes and additional revenue from the October 2019 rate increase. Gas sales margin decreased \$0.9 million, the net result of a 6.5 percent decrease in sales volumes and additional revenue from the October 2019 rate increase. Water margin increased \$4 million, due to a 0.9 percent increase in water sales volumes and additional revenue from the July 2019 rate increase. Wastewater margin increased \$2.9 million, the net result of a 2.4 percent decrease in sales volumes and additional revenue from the July 2019 rate increase.

O&M expenses fiscal year to date increased \$3.8 million, primarily due to the timing of vegetation management work this fiscal year. Depreciation expense decreased \$1.9 million. Taxes and tax equivalents decreased \$0.3 million.

Interest expense fiscal year to date increased \$0.1 million compared to the prior year. Interest income fiscal year to date decreased \$0.7 million due to a decrease in market interest rates.

KUB's total debt outstanding as of March 31, 2020, was \$1.2 billion, representing 49 percent of KUB's capital structure. This debt level represented a decrease of \$3.9 million compared to the same period last year. KUB sold \$36 million in bonds in July 2019 for the purpose of funding utility system capital improvements for the water and wastewater utility systems.

The financial impacts of the global pandemic crisis on KUB are unknown at this time. We project that fiscal year 2020 revenues will be impacted in the fourth quarter.