



electric
gas
water
wastewater

Your Source for Energy and Water Services.

Third Quarter Financial Report FY 2015

Statement of Net Position

(unaudited)

As of March 31
(thousands)

	2015	2014
Current assets		
Cash & Equivalents	\$ 192,332	\$ 189,548
Operating Contingency Reserves	82,621	78,223
Accounts Receivable	68,420	61,731
Inventory	9,292	9,079
Other	30,208	36,527
Total Current Assets	\$ 382,873	\$ 375,108
Restricted assets		
Unused Bond Proceeds	\$ -	\$ 5,546
Bond Fund	29,802	27,506
Other	44	44
Total Restricted Assets	\$ 29,846	\$ 33,096
Net Plant	\$ 1,598,555	\$ 1,516,031
Other Assets	\$ 12,345	\$ 12,345
Total Assets	\$ 2,023,619	\$ 1,936,580
Deferred Outflows of Resources		
Unamortized Bond Refunding Charges	\$ 11,700	\$ 12,418
Total Assets and Deferred Outflows of Resources	\$ 2,035,319	\$ 1,948,998
Current Liabilities		
Current Bonds Payable	\$ 27,545	\$ 25,270
Accounts Payable	80,725	77,441
Other	63,931	64,352
Total Current Liabilities	\$ 172,201	\$ 167,063
Other Liabilities	\$ 30,897	\$ 32,541
Long-term Debt	\$ 898,345	\$ 848,015
Total Liabilities	\$ 1,101,443	\$ 1,047,619
Deferred Inflows of Resources		
Unamortized Costs	\$ 6,592	\$ 6,536
Total Liabilities and Deferred Inflows of Resources	\$ 1,108,035	\$ 1,054,155
Net position		
Net Investment in Capital Assets	\$ 675,483	\$ 647,282
Restricted for:		
Capital assets	-	-
Debt Service	16,810	15,229
Other	44	44
Unrestricted	234,947	232,288
Total Net Position	\$ 927,284	\$ 894,843
Total Liabilities, Deferred Inflows, and Net Position	\$ 2,035,319	\$ 1,948,998



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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)	
	2015	2014	2015	2014
Operating Revenue	\$ 221,306	\$ 222,515	\$ 593,166	\$ 581,681
Less: Purchased Energy	(139,961)	(144,792)	(375,292)	(376,916)
Margin on Sales	\$ 81,345	\$ 77,723	\$ 217,874	\$ 204,765
Operating Expenses				
Operations & Maintenance	\$ 30,741	\$ 29,461	\$ 87,090	\$ 84,252
Depreciation and Amortization Expense	15,123	14,129	46,466	41,561
Taxes & Equivalents	7,422	6,759	22,150	20,245
Total Operating Expenses	\$ 53,286	\$ 50,349	\$ 155,706	\$ 146,058
Operating Income	\$ 28,059	\$ 27,374	\$ 62,168	\$ 58,707
Other Revenue (Expenses)				
Interest Income	\$ 215	\$ 216	\$ 643	\$ 647
Interest Expense	(9,795)	(9,403)	(28,997)	(27,750)
Other (Net)	357	(411)	(145)	(788)
Total Other Expenses	\$ (9,223)	\$ (9,598)	\$ (28,499)	\$ (27,891)
Change in Net Position Before Capital Contributions	\$ 18,836	\$ 17,776	\$ 33,669	\$ 30,816
Capital Contributions	201	382	201	382
Change in Net Position	\$ 19,037	\$ 18,158	\$ 33,870	\$ 31,198

Statistical Highlights

	Three Months Ended March 31			Nine Months Ended March 31		
	2015	2014	% Change	2015	2014	% Change
Electric Sales (MWh)	1,473	1,484	-1%	4,424	4,464	-1%
Gas Sales (Dth in 000s)	5,657	5,542	2%	10,921	10,789	1%
Water Sales (Mg)	1,816	1,798	1%	6,242	6,166	1%
Wastewater Sales (Mg)	1,559	1,563	-	5,161	5,101	1%
Heating Degree Days	2,189	2,221	-1%	3,679	3,580	3%
Cooling Degree Days	2	-	-	953	973	-2%
Avg Temperature	40.2	40.1	-	54.6	55.1	-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	Aa2	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 2014.



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Third Quarter Financial Report Fiscal Year 2015

Management Financial Discussion

KUB's change in net position (net income) for the nine months ended March 31, 2015 was \$33.9 million, representing an increase of \$2.7 million from the same period last year. The change in net position by system includes \$10.4 million for electric, \$13.7 million for natural gas, \$3.9 million for water, and \$5.9 for the wastewater system. KUB set a new natural gas system peak on February 19 at 136,356 dekatherms, which surpassed the previous record of 133,367 Dth set on January 6, 2014.

Margin on sales increased \$3.6 million or 4.7 percent compared to last year's third quarter. Electric sales margin increased \$1 million, reflecting additional revenue from the July 2014 rate increase. Gas sales margin increased \$0.4 million, due to a 2 percent increase in sales volumes combined with the October 2014 rate increase. Water margin increased \$1 million, the result of a 1 percent increase in water sales volumes and additional revenue from the July 2014 rate increase. Wastewater margin increased \$1.3 million, reflecting additional revenue from the October 2014 rate increase.

Fiscal year to date margin increased \$13.1 million or 6.4 percent compared to last year. O&M expenses fiscal year to date increased \$2.8 million, primarily due to electric and water system restoration expenses related to the February 2015 ice storm.

Interest expense for the third quarter of fiscal year 2015 increased \$0.4 million, the result of \$78 million in bonds sold in the fall of 2014. Interest expense fiscal year to date increased \$1.2 million compared to the prior year. Interest income for the third quarter was consistent with the same quarter last year.

KUB's total debt outstanding as of March 31, 2015, was \$925.9 million, representing 50 percent of KUB's capital structure. This debt level represented an increase of \$52.6 million compared to the same period last year, due to bonds sold in August 2014 to fund capital improvements for the electric, water, and wastewater systems.