



electric
gas
water
wastewater

Your Source for Energy and Water Services.

Third Quarter Financial Report FY 2021

Statement of Net Position
(unaudited)

As of March 31
(thousands)

	2021	2020
Current assets		
Cash & Equivalents	\$ 154,428	\$ 171,320
Operating Contingency Reserves	111,072	109,579
Accounts Receivable	61,470	54,241
Inventory	15,408	15,303
Other	<u>32,068</u>	<u>35,589</u>
Total Current Assets	\$ <u>374,446</u>	\$ <u>386,032</u>
Restricted assets		
Bond Fund	\$ 41,202	\$ 39,650
Other	<u>2</u>	<u>2</u>
Total Restricted Assets	\$ <u>41,204</u>	\$ <u>39,652</u>
Net Plant	\$ 2,178,725	\$ 2,087,044
Other Assets	<u>\$ 36,753</u>	<u>\$ 15,613</u>
Total Assets	\$ 2,631,128	\$ 2,528,341
Deferred Outflows of Resources	<u>\$ 34,464</u>	<u>\$ 42,045</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,665,592</u>	<u>\$ 2,570,386</u>
Current Liabilities		
Current Bonds Payable	\$ 44,475	\$ 41,690
Accounts Payable	72,075	68,547
Other	<u>73,984</u>	<u>72,849</u>
Total Current Liabilities	\$ <u>190,534</u>	\$ <u>183,086</u>
Other Liabilities	\$ 37,869	\$ 33,298
Long-term Debt	<u>\$ 1,134,337</u>	<u>\$ 1,142,809</u>
Total Liabilities	\$ 1,362,740	\$ 1,359,193
Deferred Inflows of Resources	<u>\$ 20,569</u>	<u>\$ 3,843</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,383,309</u>	<u>\$ 1,363,036</u>
Net position		
Net Investment in Capital Assets	\$ 1,021,610	\$ 925,588
Restricted for:		
Debt Service	27,717	25,458
Other	<u>2</u>	<u>2</u>
Unrestricted	<u>232,954</u>	<u>256,302</u>
Total Net Position	\$ <u>1,282,283</u>	\$ <u>1,207,350</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,665,592</u>	<u>\$ 2,570,386</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)	
	2021	2020	2021	2020
Operating Revenue	\$ 225,938	\$ 213,000	\$ 629,679	\$ 627,185
Less: Purchased Energy	(124,274)	(114,987)	(340,838)	(344,673)
Margin on Sales	\$ 101,664	\$ 98,013	\$ 288,841	\$ 282,512
Operating Expenses				
Operations & Maintenance	\$ 35,535	\$ 34,604	\$ 100,983	\$ 97,913
Depreciation Expense	19,354	18,023	58,191	54,831
Taxes & Equivalents	9,231	9,135	28,240	26,978
Total Operating Expenses	\$ 64,120	\$ 61,762	\$ 187,414	\$ 179,722
Operating Income	\$ 37,544	\$ 36,251	\$ 101,427	\$ 102,790
Other Revenue (Expenses)				
Interest Income	\$ 150	\$ 1,252	\$ 712	\$ 4,199
Interest Expense	(10,394)	(10,923)	(30,887)	(32,688)
Other (Net)	70	640	144	710
Total Other Expenses	\$ (10,174)	\$ (9,031)	\$ (30,031)	\$ (27,779)
Change in Net Position Before Capital Contributions	\$ 27,370	\$ 27,220	\$ 71,396	\$ 75,011
Capital Contributions	430	-	768	220
Change in Net Position	\$ 27,800	\$ 27,220	\$ 72,164	\$ 75,231

Statistical Highlights

	Three Months Ended March 31			Nine Months Ended March 31		
	2021	2020	% Change	2021	2020	% Change
Electric Sales (MWh)	1,442	1,278	13%	4,504	4,247	6%
Gas Sales (Dth in 000s)	5,502	4,694	17%	11,133	10,153	10%
Water Sales (Mg)	1,794	1,808	-1%	6,291	6,466	-3%
Wastewater Sales (Mg)	1,503	1,497	-	4,977	5,020	-1%
Heating Degree Days	1,754	1,427	23%	3,039	2,667	14%
Cooling Degree Days	1	27	-96%	1,170	1,415	-17%
Avg Temperature	45.2	49.2	-8%	57.6	58.4	-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 2020.



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Third Quarter Financial Report Fiscal Year 2021

Management Financial Discussion

KUB's change in net position (net income) for the nine months ended March 31, 2021 was \$72.2 million, representing a decrease of \$3.1 million from the same period last year. The change in net position by system includes \$29.3 million for electric, \$17.6 million for natural gas, \$9.7 million for water, and \$15.6 for the wastewater system.

Margin on sales increased \$6.3 million or 2.2 percent on a consolidated basis compared to last fiscal year. Electric sales margin increased \$6.1 million, the result of a 6.1 percent increase in sales volumes. Gas sales margin increased \$3.4 million, the result of a 9.7 percent increase in sales volumes. Water margin decreased \$1.5 million, due to a 2.7 percent decrease in water sales volumes. Wastewater margin decreased \$2.2 million, due to a 0.9 percent decrease in sales volumes.

O&M expenses fiscal year to date increased \$3.1 million, reflecting an increase in labor expenses for the fiscal year to date. Depreciation expense increased \$3.4 million. Taxes and tax equivalents increased \$1.3 million.

Interest expense fiscal year to date decreased \$1.8 million compared to the prior year, the result of prior refinancing of bonds to take advantage of lower market interest rates. Interest income fiscal year to date decreased \$3.5 million due to the historically low interest rate environment.

KUB's total debt outstanding as of March 31, 2021, was \$1.1 billion, representing 47 percent of KUB's capital structure. This debt level represented a decrease of \$13.9 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.