



electric  
 fiber  
 gas  
 water  
 wastewater

*Your Source for Energy and Water Services.*

## Third Quarter Financial Report FY 2022

### Statement of Net Position

(unaudited)

As of March 31  
 (thousands)

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>Current assets</b>  |                     |                     |
| Cash & Equivalents   | \$ 124,981          | \$ 154,428          |
| Operating Contingency Reserves                               | 107,995             | 111,072             |
| Accounts Receivable  | 60,644              | 61,470              |
| Inventory  | 18,763              | 15,408              |
| Other  | 41,983              | 32,068              |
| <b>Total Current Assets</b>                                  | <u>\$ 354,366</u>   | <u>\$ 374,446</u>   |
| <b>Restricted assets</b>                                     |                     |                     |
| Bond Fund  | \$ 38,811           | \$ 41,202           |
| Other  | 2                   | 2                   |
| <b>Total Restricted Assets</b>                               | <u>\$ 38,813</u>    | <u>\$ 41,204</u>    |
| <b>Net Plant</b>   | \$ 2,230,759        | \$ 2,178,725        |
| <b>Intangible Assets</b>                                     | <u>\$ 556</u>       | <u>\$ -</u>         |
| <b>Other Assets</b>  | <u>\$ 61,397</u>    | <u>\$ 36,753</u>    |
| <b>Total Assets</b>  | \$ 2,685,891        | \$ 2,631,128        |
| <b>Deferred Outflows of Resources</b>                        | <u>\$ 26,021</u>    | <u>\$ 34,464</u>    |
| <b>Total Assets and Deferred Outflows of Resources</b>       | <u>\$ 2,711,912</u> | <u>\$ 2,665,592</u> |
| <b>Current Liabilities</b>                                   |                     |                     |
| Current Bonds Payable  | \$ 42,180           | \$ 44,475           |
| Accounts Payable   | 75,285              | 72,075              |
| Other  | 81,149              | 73,984              |
| <b>Total Current Liabilities</b>                             | <u>\$ 198,614</u>   | <u>\$ 190,534</u>   |
| <b>Other Liabilities</b>                                     | \$ 32,957           | \$ 37,869           |
| <b>Long-term Debt</b>  | <u>\$ 1,080,832</u> | <u>\$ 1,134,337</u> |
| <b>Total Liabilities</b>                                     | \$ 1,312,403        | \$ 1,362,740        |
| <b>Deferred Inflows of Resources</b>                         | <u>\$ 48,807</u>    | <u>\$ 20,569</u>    |
| <b>Total Liabilities and Deferred Inflows of Resources</b>   | <u>\$ 1,361,210</u> | <u>\$ 1,383,309</u> |
| <b>Net position</b>  |                     |                     |
| Net Investment in Capital Assets                             | \$ 1,122,322        | \$ 1,021,610        |
| Restricted for:  |                     |                     |
| Debt Service   | 25,928              | 27,717              |
| Other  | 2                   | 2                   |
| Unrestricted   | 202,450             | 232,954             |
| <b>Total Net Position</b>                                    | <u>\$ 1,350,702</u> | <u>\$ 1,282,283</u> |
| <b>Total Liabilities, Deferred Inflows, and Net Position</b> | <u>\$ 2,711,912</u> | <u>\$ 2,665,592</u> |



Your Source for Energy  
and Water Services.

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

|  | Three Months Ended<br>March 31<br>(thousands) |             | Nine Months Ended<br>March 31<br>(thousands) |             |
|--|---|-------------|--|-------------|
|  | 2022  | 2021        | 2022   | 2021        |
| <b>Operating Revenue</b>                                       | \$ 252,386                                    | \$ 225,938  | \$ 687,668                                   | \$ 629,679  |
| Less: Purchased Energy   | (146,177)                                     | (124,274)   | (390,984)                                    | (340,838)   |
| Margin on Sales  | \$ 106,209                                    | \$ 101,664  | \$ 296,684                                   | \$ 288,841  |
| <b>Operating Expenses</b>                                      |   |             |  |             |
| Operations & Maintenance                                       | \$ 38,697                                     | \$ 35,535   | \$ 108,940                                   | \$ 100,983  |
| Depreciation & Amortization                                    | 21,677  | 19,354      | 65,469                                       | 58,191      |
| Taxes & Equivalents  | 9,363   | 9,231       | 28,196                                       | 28,240      |
| Total Operating Expenses                                       | \$ 69,737                                     | \$ 64,120   | \$ 202,605                                   | \$ 187,414  |
| <b>Operating Income</b>  | \$ 36,472                                     | \$ 37,544   | \$ 94,079                                    | \$ 101,427  |
| <b>Other Revenue (Expenses)</b>                                |   |             |  |             |
| Interest Income  | \$ 189  | \$ 150      | \$ 542                                       | \$ 712      |
| Interest Expense   | (9,892)                                       | (10,394)    | (29,786)                                     | (30,887)    |
| Other (Net)  | (1,351)                                       | 70          | (449)  | 144         |
| Total Other Expenses   | \$ (11,054)                                   | \$ (10,174) | \$ (29,693)                                  | \$ (30,031) |
| <b>Change in Net Position<br/>Before Capital Contributions</b> | \$ 25,418                                     | \$ 27,370   | \$ 64,386                                    | \$ 71,396   |
| Capital Contributions  | 442   | 430         | 670  | 768         |
| <b>Change in Net Position</b>                                  | \$ 25,860                                     | \$ 27,800   | \$ 65,056                                    | \$ 72,164   |

**Statistical Highlights**

|                         | Three Months Ended<br>March 31 |       |          | Nine Months Ended<br>March 31 |        |          |
|-------------------------|--------------------------------|-------|----------|-------------------------------|--------|----------|
|                         | 2022                           | 2021  | % Change | 2022                          | 2021   | % Change |
| Electric Sales (MWh)    | 1,487                          | 1,442 | 3%       | 4,601                         | 4,504  | 2%       |
| Gas Sales (Dth in 000s) | 5,677                          | 5,502 | 3%       | 11,388                        | 11,133 | 2%       |
| Water Sales (Mg)        | 1,866                          | 1,794 | 4%       | 6,531                         | 6,291  | 4%       |
| Wastewater Sales (Mg)   | 1,539                          | 1,503 | 2%       | 5,104                         | 4,977  | 3%       |
| Heating Degree Days     | 1,782                          | 1,754 | 2%       | 2,922                         | 3,039  | -4%      |
| Cooling Degree Days     | 9                              | 1     | -        | 1,169                         | 1,170  | -        |
| Avg Temperature         | 45.1                           | 45.2  | -        | 58.2                          | 57.6   | 1%       |

Mega Watt hour (MWh)

Dekatherm (Dth)

Million Gallon (Mg)

**KUB Bond Ratings**

|            | Moody's | Standard<br>& Poor's |
|------------|---------|----------------------|
| Electric   | Aa2     | AA                   |
| 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.



*Your Source for Energy  
and Water Services.*

## **Third Quarter Financial Report Fiscal Year 2022**

### **Management Financial Discussion**

KUB's change in net position (net income) for the nine months ended March 31, 2022, was \$65.1 million, representing a decrease of \$7.1 million from the same period last year. The change in net position by system includes \$24.5 million for electric, \$17 million for natural gas, \$9.8 million for water, and \$15 for the wastewater system, while fiber posted a \$1.3 million start-up loss.

Margin on sales increased \$7.8 million or 2.7 percent on a consolidated basis compared to last fiscal year. Electric sales margin increased \$3.3 million, the result of a 2.2 percent increase in sales volumes. Gas sales margin increased \$0.7 million, the result of a 2.3 percent increase in sales volumes. Water margin increased \$2.2 million, due to a 3.8 percent increase in water sales volumes and additional revenue from the July 2021 rate increase. Wastewater margin increased \$1.8 million, due to a 2.5 percent increase in billed usage.

O&M expenses increased \$8 million reflecting an increase in vegetation management and employee insurance expenses for the fiscal year to date. Depreciation and amortization expense increased \$7.3 million. Depreciation expense increased \$6.8 million due to adjustments made in the previous fiscal year; depreciation expense is projected to end this fiscal year lower than the prior year. Due to the adoption of GASB 87 in FY 2022, amortization of leased assets increased \$0.5 million. Taxes and Equivalents decreased slightly compared to the prior year.

Interest expense fiscal year to date decreased \$1.1 million compared to the prior year, the result of prior refinancing of bonds which significantly reduced KUB's outstanding principal amounts. Interest income fiscal year to date decreased \$0.2 million due to the historically low interest rate environment.

KUB's total debt outstanding as of March 31, 2022, was \$1 billion, representing 43 percent of KUB's capital structure. This debt level represented a decrease of \$123 million compared to the same period last year.