



First Quarter Financial Report FY 2023

Statement of Net Position

(unaudited)

As of September 30
(thousands)

	2022	2021
Current assets		
Cash & Equivalents	\$ 149,901	\$ 126,760
Operating Contingency Reserves	111,611	110,849
Accounts Receivable	68,272	55,907
Inventory	22,508	15,471
Other	50,405	40,205
Total Current Assets	<u>\$ 402,697</u>	<u>\$ 349,192</u>
Restricted assets		
Bond Fund	\$ 32,300	\$ 31,202
Other	2	2
Total Restricted Assets	<u>\$ 32,302</u>	<u>\$ 31,204</u>
Net Plant	\$ 2,261,245	\$ 2,192,689
Intangible Assets	<u>\$ 3,720</u>	<u>\$ 920</u>
Other Assets	<u>\$ 78,753</u>	<u>\$ 65,931</u>
Total Assets	\$ 2,778,717	\$ 2,639,936
Deferred Outflows of Resources	<u>\$ 28,152</u>	<u>\$ 24,678</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,806,869</u>	<u>\$ 2,664,614</u>
Current Liabilities		
Current Bonds Payable	\$ 44,195	\$ 42,040
Accounts Payable	111,038	81,072
Other	74,501	65,988
Total Current Liabilities	<u>\$ 229,734</u>	<u>\$ 189,100</u>
Other Liabilities	\$ 40,397	\$ 24,458
Long-term Debt	<u>\$ 1,107,946</u>	<u>\$ 1,097,583</u>
Total Liabilities	\$ 1,378,077	\$ 1,311,141
Deferred Inflows of Resources	<u>\$ 45,740</u>	<u>\$ 48,763</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,423,817</u>	<u>\$ 1,359,904</u>
Net position		
Net Investment in Capital Assets	\$ 1,120,806	\$ 1,068,381
Restricted for:		
Debt Service	19,366	18,060
Other	2	2
Unrestricted	242,878	218,267
Total Net Position	<u>\$ 1,383,052</u>	<u>\$ 1,304,710</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,806,869</u>	<u>\$ 2,664,614</u>



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

Three Months Ended
September 30
(thousands)

	2022	2021
Operating Revenue	\$ 259,147	\$ 212,231
Less: Purchased Energy	(158,732)	(119,862)
Margin on Sales	<u>\$ 100,415</u>	<u>\$ 92,369</u>
Operating Expenses		
Operations & Maintenance	\$ 39,453	\$ 32,823
Depreciation & Amortization	23,008	21,878
Taxes & Equivalents	9,377	9,410
Total Operating Expenses	<u>\$ 71,838</u>	<u>\$ 64,111</u>
Operating Income	\$ 28,577	\$ 28,258
Other Revenue (Expenses)		
Interest Income	\$ 1,148	\$ 168
Interest Expense	(10,057)	(9,947)
Other (Net)	(429)	586
Total Other Expenses	<u>(9,338)</u>	<u>(9,193)</u>
Change in Net Position Before Capital Contributions	\$ 19,239	\$ 19,065
Capital Contributions	348	-
Change in Net Position	<u>\$ 19,587</u>	<u>\$ 19,065</u>

Statistical Highlights

Three Months Ended
September 30
(thousands)

	2022	2021	% Change
Electric Sales (MWh in 000s)	1,814	1,749	3.7%
Natural Gas Sales (Dth in 000s)	1,784	1,748	2.1%
Water Sales (Mg)	2,726	2,706	0.7%
Wastewater Sales (Mg)	2,143	2,005	6.9%
Heating Degree Days	27	15	80.0%
Cooling Degree Days	1,086	1,068	1.7%
Avg Temperature	76.2	76.1	0.1%

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 2022.



First Quarter Financial Report Fiscal Year 2023

Management Financial Discussion

KUB's change in net position (net income) for the three months ended September 30, 2022, was \$19.6 million, representing an increase of \$0.5 million over the same period last year.

Margin on sales increased \$8 million or 8.7 percent on a consolidated basis compared to last fiscal year. Electric sales margin increased \$5.9 million, the combined result of a 3.7 percent increase in sales volumes and the April 2022 rate increase. Gas sales margin remained mostly flat on slightly higher sales volumes. Water margin increased \$0.9 million, due to a 1.2 percent increase in billed sales volumes and additional revenue from the July 2022 rate increase. Wastewater margin increased \$1.3 million, due to a 1.8 percent increase in billed usage and additional revenue from the July 2022 rate increase.

O&M expenses fiscal year to date increased \$6.6 million, reflecting an increase in vegetation management, labor, and labor-related expenses for the fiscal year to date. Depreciation and amortization expense increased \$1.1 million. Taxes and tax equivalents decreased slightly compared to the prior year.

Interest income fiscal year to date increased \$1 million as interest rates rise. Interest expense fiscal year to date increased \$0.1 million compared to the prior year.

KUB's total debt outstanding as of September 30, 2022, was \$1 billion, representing 43 percent of KUB's capital structure. This debt level represented an increase of \$11.5 million compared to the same period last year.