



Second Quarter Financial Report FY 2023

Statement of Net Position (unaudited)

	<i>As of December 31</i> <i>(thousands)</i>	
	<i>2022</i>	<i>2021</i>
Current assets		
Cash & Equivalents	\$ 142,278	\$ 112,099
Operating Contingency Reserves	108,134	110,357
Accounts Receivable	64,519	58,278
Inventory	25,709	17,837
Other	61,575	49,958
Total Current Assets	<u>\$ 402,215</u>	<u>\$ 348,529</u>
Restricted assets		
Bond Funds	\$ 44,152	\$ 42,918
Other	41,074	2
Total Restricted Assets	<u>\$ 85,226</u>	<u>\$ 42,920</u>
Net Plant	\$ 2,275,703	\$ 2,209,451
Intangible Assets	<u>\$ 3,480</u>	<u>\$ 756</u>
Other Assets	<u>\$ 86,258</u>	<u>\$ 63,792</u>
Total Assets	\$ 2,852,882	\$ 2,665,448
Deferred Outflows of Resources	<u>\$ 28,564</u>	<u>\$ 25,350</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,881,446</u>	<u>\$ 2,690,798</u>
Current Liabilities		
Current Bonds Payable	\$ 44,195	\$ 42,040
Accounts Payable	58,368	76,297
Other	91,190	78,519
Total Current Liabilities	<u>\$ 193,753</u>	<u>\$ 196,856</u>
Other Liabilities	\$ 36,808	\$ 24,287
Long-term Debt	<u>\$ 1,198,890</u>	<u>\$ 1,096,163</u>
Total Liabilities	\$ 1,429,451	\$ 1,317,306
Deferred Inflows of Resources	<u>\$ 45,567</u>	<u>\$ 48,651</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,475,018</u>	<u>\$ 1,365,957</u>
Net position		
Net Investment in Capital Assets	\$ 1,085,637	\$ 1,085,934
Restricted for:		
Debt Service	30,429	28,878
Other	2	2
Unrestricted	290,360	210,027
Total Net Position	<u>\$ 1,406,428</u>	<u>\$ 1,324,841</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,881,446</u>	<u>\$ 2,690,798</u>



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

	Three Months Ended December 31 (thousands)		Six Months Ended December 31 (thousands)	
	2022	2021	2022	2021
Operating Revenue	\$ 250,150	\$ 223,051	\$ 509,297	\$ 435,282
Less: Purchased Energy	(143,200)	(124,945)	(301,932)	(244,807)
Margin on Sales	\$ 106,950	\$ 98,106	\$ 207,365	\$ 190,475
Operating Expenses				
Operations & Maintenance	\$ 44,214	\$ 37,420	\$ 83,667	\$ 70,243
Depreciation & Amortization	23,406	21,914	46,414	43,792
Taxes & Equivalents	10,121	9,423	19,498	18,833
Total Operating Expenses	\$ 77,741	\$ 68,757	\$ 149,579	\$ 132,868
Operating Income	\$ 29,209	\$ 29,349	\$ 57,786	\$ 57,607
Other Revenue (Expenses)				
Interest Income	\$ 1,779	\$ 185	\$ 2,927	\$ 353
Interest Expense	(10,057)	(9,947)	(20,114)	(19,894)
Other (Net)	1,607	316	1,178	902
Total Other Expenses	(6,671)	(9,446)	(16,009)	(18,639)
Change in Net Position Before Capital Contributions	\$ 22,538	\$ 19,903	\$ 41,777	\$ 38,968
Capital Contributions	838	228	1,186	228
Change in Net Position	\$ 23,376	\$ 20,131	\$ 42,963	\$ 39,196

Statistical Highlights

	Three Months Ended December 31 (thousands)			Six Months Ended December 31 (thousands)		
	2022	2021	% Change	2022	2021	% Change
Electric Sales (MWh)	1,384	1,365	1%	3,198	3,114	3%
Gas Sales (Dth in 000s)	4,290	3,963	8%	6,074	5,711	6%
Water Sales (Mg)	2,058	1,959	5%	4,784	4,665	3%
Wastewater Sales (Mg)	1,488	1,560	-5%	3,631	3,565	2%
Heating Degree Days	1,388	1,125	23%	1,415	1,140	24%
Cooling Degree Days	16	92	-83%	1,102	1,160	-5%
Avg Temperature	49.9	53.4	-7%	63.0	64.8	-3%

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.



Second Quarter Financial Report Fiscal Year 2023

Management Financial Discussion

KUB's change in net position (net income) for the six months ended December 31, 2022, was \$43 million, representing an increase of \$3.8 million from the same period last year. The increase was due to a higher level of investment income and capital contributions for new development.

Margin on sales increased \$16.9 million or 8.9 percent for the fiscal year to date. Electric system margin increased \$10.2 million over the previous fiscal year, the combined result of a 2.7 percent increase in sales volumes and a three percent rate increase that went into effect in April 2022. Natural gas system margin increased \$2.1 million, the result of a 6.4 percent increase in sales volumes. Water system margin increased \$2.2 million, the combined result of a 2.6 percent increase in sales volumes and a five percent rate increase effective July 2022. Wastewater system margin increased \$2.9 million, the combined result of a 1.4 percent increase in billed usage and a four percent rate increase effective July 2022. Fiber system margin increased \$0.1 million.

O&M expenses increased \$13.4 million reflecting an increase in wage labor increases across the organization, vegetation management expenses, and employee insurance and benefit expenses for the fiscal year to date. Depreciation and amortization expense increased \$2.6 million. Taxes and Equivalents increased \$0.7 million.

Fiscal year to date interest expense increased \$0.1 million. Interest income for the fiscal year to date increased \$2.5 million due to an increase in market interest rates.

KUB's total bonds outstanding as of December 31, 2022, were \$1.1 billion, representing 45 percent of KUB's capital structure. This debt level represented an increase of \$100.5 million compared to the same period last year. KUB issued \$79 million in electric bonds and \$10 million in wastewater bonds in December 2022 for the purpose of funding system capital expenditures.