



Third Quarter Financial Report FY 2023

Statement of Net Position

(unaudited)

As of March 31

(thousands)

	2023	2022
Current assets		
Cash & Equivalents	\$ 203,965	\$ 124,981
Operating Contingency Reserves	109,373	107,995
Accounts Receivable	58,992	60,644
Inventory	27,162	18,763
Other	44,591	41,982
Total Current Assets	<u>\$ 444,083</u>	<u>\$ 354,365</u>
Restricted assets		
Bond Fund	\$ 41,742	\$ 38,811
Unused Bond Proceeds	16,698	-
Other	302	2
Total Restricted Assets	<u>\$ 58,742</u>	<u>\$ 38,813</u>
Net Plant	\$ 2,304,479	\$ 2,230,759
Intangible Assets	<u>\$ 3,239</u>	<u>\$ 556</u>
Other Assets	<u>\$ 79,127</u>	<u>\$ 61,397</u>
Total Assets	\$ 2,889,670	\$ 2,685,890
Deferred Outflows of Resources	<u>\$ 28,979</u>	<u>\$ 13,387</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,918,649</u>	<u>\$ 2,699,277</u>
Current Liabilities		
Current Bonds Payable	\$ 44,375	\$ 42,180
Accounts Payable	84,693	75,285
Other	85,815	81,149
Total Current Liabilities	<u>\$ 214,883</u>	<u>\$ 198,614</u>
Other Liabilities	\$ 44,011	\$ 33,607
Long-term Debt	<u>\$ 1,183,213</u>	<u>\$ 1,080,182</u>
Total Liabilities	\$ 1,442,107	\$ 1,312,403
Deferred Inflows of Resources	<u>\$ 45,406</u>	<u>\$ 48,807</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,487,513</u>	<u>\$ 1,361,210</u>
Net position		
Net Investment in Capital Assets	\$ 1,105,241	\$ 1,122,227
Restricted for:		
Debt Service	27,542	25,961
Other	301	2
Unrestricted	298,052	189,877
Total Net Position	<u>\$ 1,431,136</u>	<u>\$ 1,338,067</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,918,649</u>	<u>\$ 2,699,277</u>



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

	Three Months Ended March 31 (thousands)		Nine Months Ended March 31 (thousands)	
	2023	2022	2023	2022
Operating Revenue	\$ 258,473	\$ 252,386	\$ 767,770	\$ 687,668
Less: Purchased Energy	(147,190)	(146,177)	(449,122)	(390,984)
Margin on Sales	\$ 111,283	\$ 106,209	\$ 318,648	\$ 296,684
Operating Expenses				
Operations & Maintenance	\$ 48,202	\$ 38,697	\$ 131,869	\$ 108,940
Depreciation & Amortization	23,173	21,677	69,587	65,469
Taxes & Equivalents	9,801	9,363	29,299	28,196
Total Operating Expenses	\$ 81,176	\$ 69,737	\$ 230,755	\$ 202,605
Operating Income	\$ 30,107	\$ 36,472	\$ 87,893	\$ 94,079
Other Revenue (Expenses)				
Interest Income	\$ 3,045	\$ 383	\$ 5,972	\$ 736
Interest Expense	(11,169)	(10,086)	(31,283)	(29,980)
Other (Net)	1,901	(1,351)	3,079	(449)
Total Other Expenses	\$ (6,223)	\$ (11,054)	\$ (22,232)	\$ (29,693)
Change in Net Position Before Capital Contributions	\$ 23,884	\$ 25,418	\$ 65,661	\$ 64,386
Capital Contributions	824	442	2,010	670
Change in Net Position	\$ 24,708	\$ 25,860	\$ 67,671	\$ 65,056

Statistical Highlights

	Three Months Ended March 31			Nine Months Ended March 31		
	2023	2022	% Change	2023	2022	% Change
Electric Sales (MWh)	1,407	1,487	-5%	4,605	4,601	-
Gas Sales (Dth in 000s)	5,089	5,677	-10%	11,163	11,388	-2%
Water Sales (Mg)	1,917	1,866	3%	6,701	6,531	3%
Wastewater Sales (Mg)	1,613	1,539	5%	5,244	5,104	3%
Heating Degree Days	1,418	1,782	-20%	2,833	2,922	-3%
Cooling Degree Days	22	9	144%	1,124	1,169	-4%
Avg Temperature	49.3	45.1	9%	58.5	58.2	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 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.



Third Quarter Financial Report Fiscal Year 2023

Management Financial Discussion

KUB's change in net position (net income) for the nine months ended March 31, 2023, was \$67.7 million, representing an increase of \$2.6 million from the same period last year. The change in net position by system includes \$28.5 million for electric, \$16.2 million for natural gas, \$11.3 million for water, and \$18.2 for the wastewater system, while fiber posted a \$6.5 million start-up loss.

Margin on sales increased \$22 million or 7.4 percent on a consolidated basis compared to last fiscal year. Electric system sales margin increased \$14.5 million, the result of a three percent rate increase effective April 2022. Natural gas system sales margin decreased \$0.1 million, the result of a 2 percent decrease in sales volumes. Water system margin increased \$3.3 million, the combined result of a 2.6 percent increase in water sales volumes and a five percent rate increase effective July 2022. Wastewater system margin increased \$4.6 million, the combined result of a 2.8 percent increase in billed customer usage and a four percent rate increase effective July 2022. Fiber system margin increased \$0.4 million.

O&M expenses increased \$22.9 million reflecting increases in labor wages across the organization, vegetation management expenses, employee insurance and benefit expenses, and fiber marketing expenses for the fiscal year to date. Depreciation and amortization expense increased \$4.1 million. Taxes and Equivalents increased \$1.1 million compared to the prior year.

Interest expense fiscal year to date increased \$1.3 million compared to the prior year. Interest income fiscal year to date increased \$5.2 million due to an increase in market interest rates.

KUB's total debt outstanding as of March 31, 2023, was \$1.1 billion, representing 44 percent of KUB's capital structure. This debt level represented an increase of \$100.3 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.