



Meeting Date: March 30, 2023 **Agenda Type:** Consent Items for Action

From: Jenna Mathis **Reviewed by:** Dawn Schriewer
 Customer Service Assistant Chief Financial Officer
 Manager

Submitted by: Dawn Schriewer **Approved by:** Ian Taylor
 Chief Financial Officer Chief Executive Officer

RECOMMENDED ACTION: Approve 2022 Third Quarter Charge-Off Accounts

BACKGROUND

Charge-offs for the third quarter of calendar year 2022 (July, August, September) netted \$140,408.89 for NBU accounts that have unpaid balances. NBU applied \$73,224.26 in customer deposits to the delinquent account balance of \$213,633.15, which reduced the total unpaid balance by 34%. Residential customers accounted for 97% of the number of charge-off accounts.

The accounts that included insufficient funds, due to returned checks and failed auto-draft payments, totaled \$7,633.48.

When compared to total revenue billings for the same quarter, the charge-off balance amounts to just over 1/10th of one percent. For every \$100 billed to our customers, we received \$99.83.

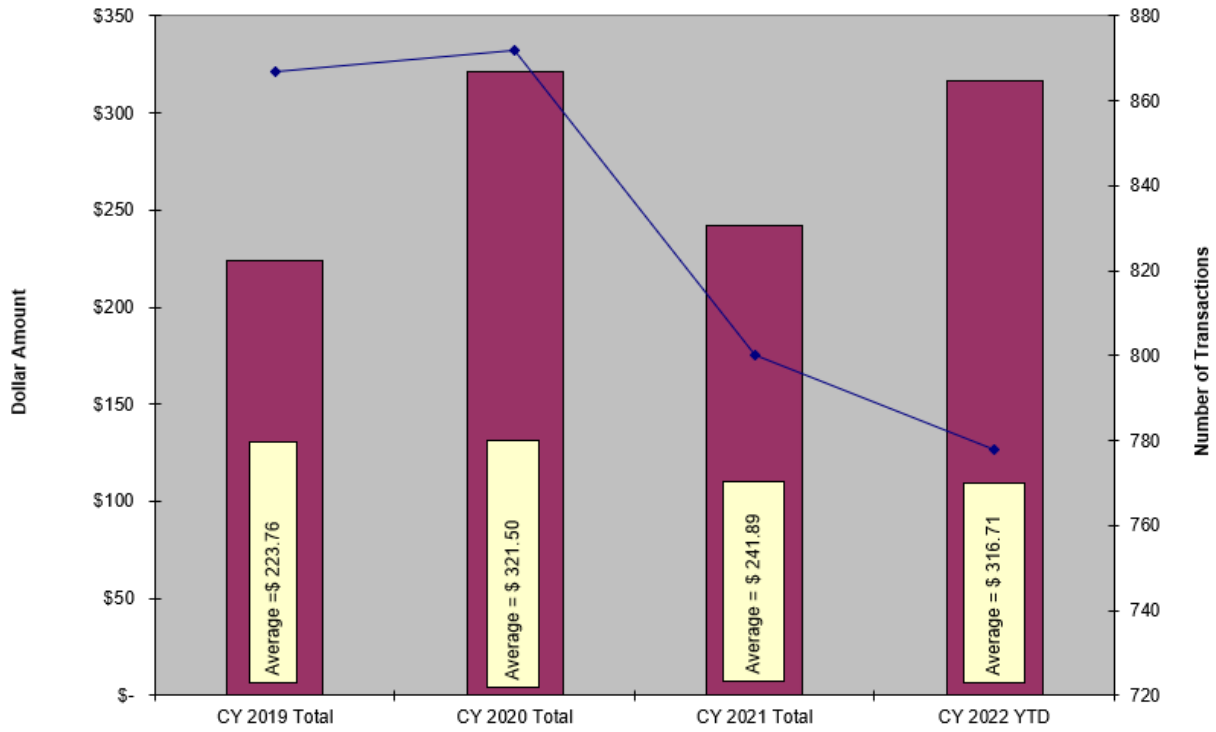
The third quarter of 2022 was impacted by market volatility, increase in natural gas, high heat indexes, and the suspension of late fees and disconnections due to non-payment. The increase in outstanding balances is due to higher utility bills and account deposits calculated on previous rates and not equaling a two-month annual average. The number of residential accounts included in the charge-offs increased by 16.49% compared to the previous 3 years’ average for the same quarter, and the dollar amount increased by 48.43%.

The NBU credit rating summary for this report is as follows:

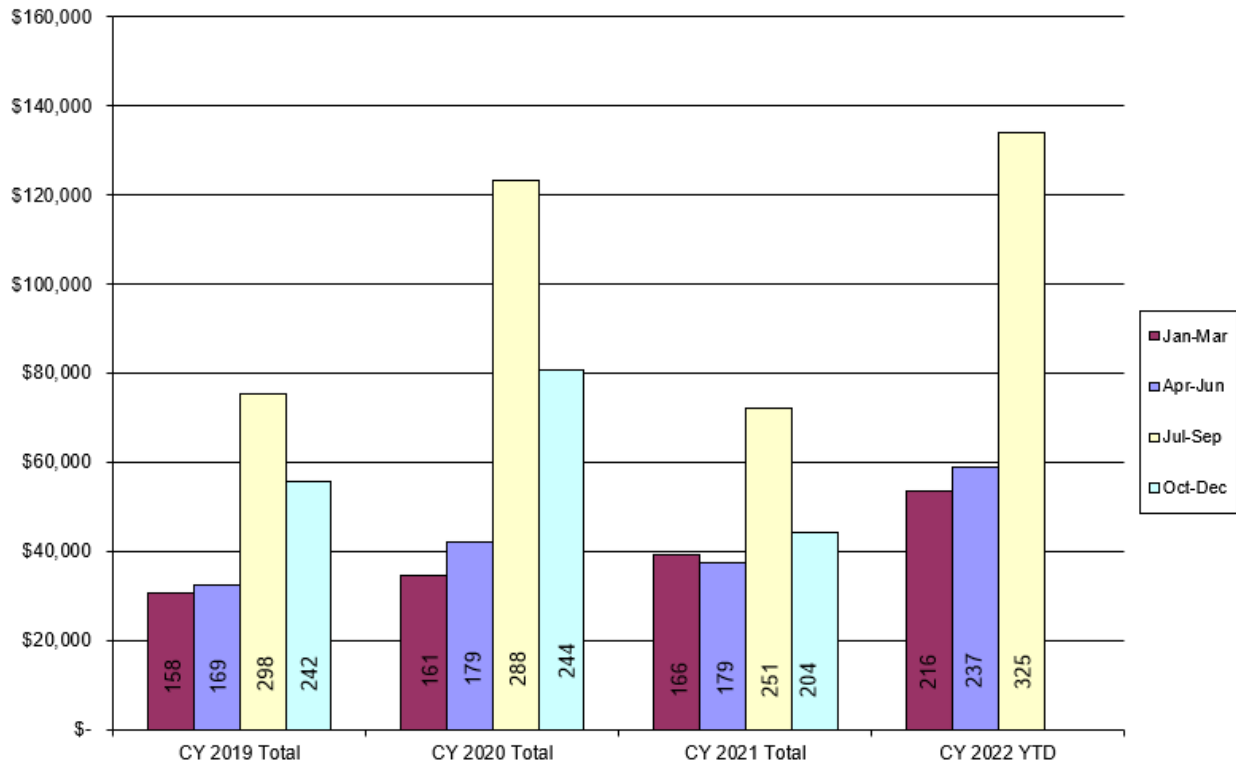
Credit Rating*	Number of Active Customers	Number of Charge-off Customers	Percentage of Charge-off Customers
A	49,567	47	0.09%
B	7,049	143	2.03%

C	2,900	143	4.93%
D	0	1	-
Auto-Draft	6,805	3	0.04%

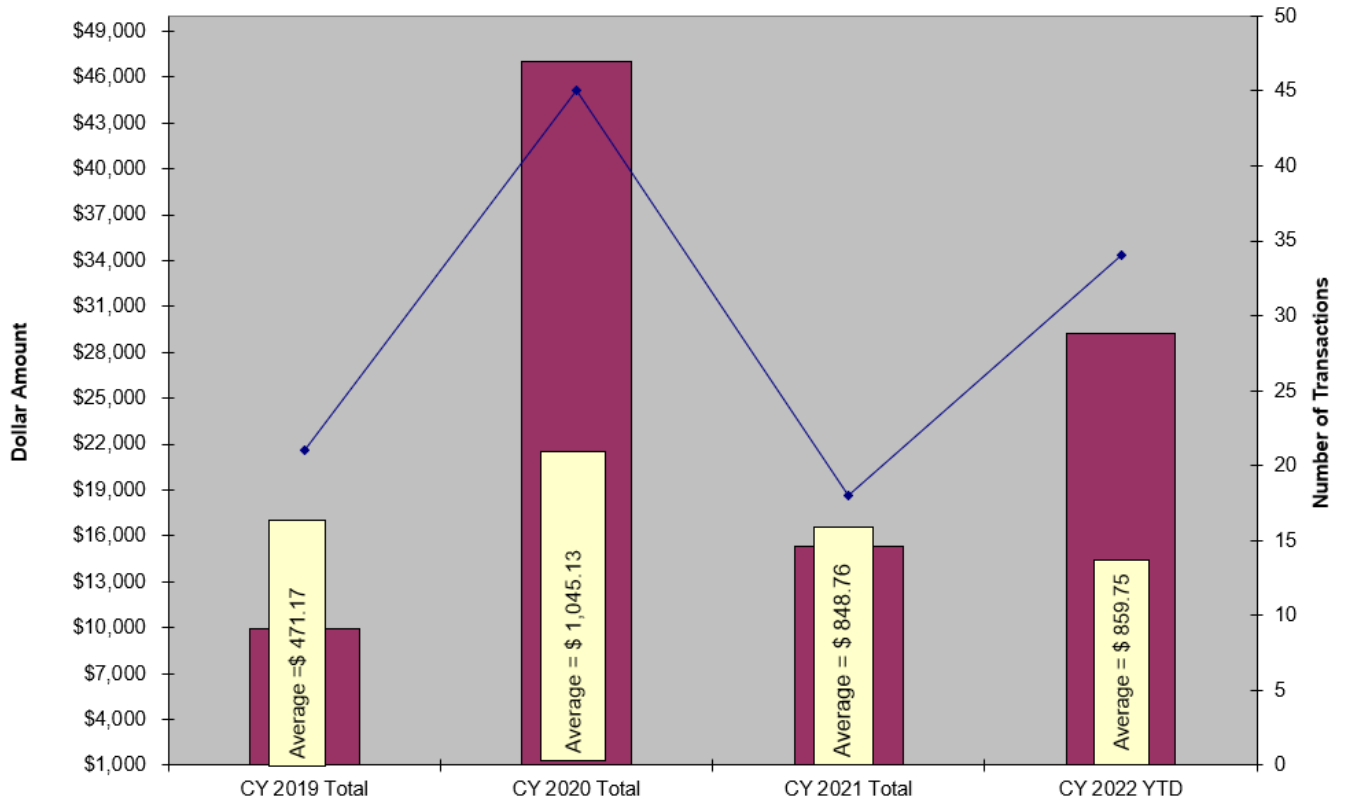
Annual Residential Charge-Off Amount & Count



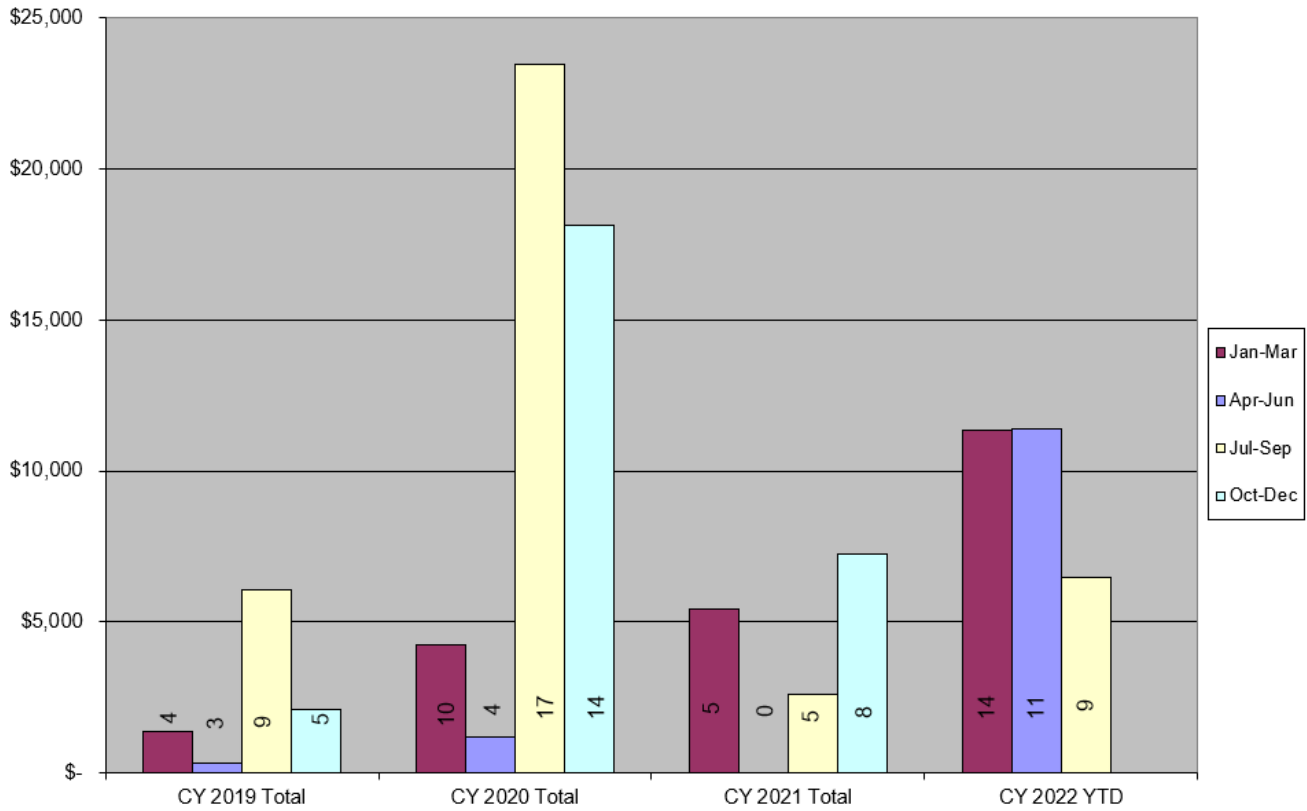
Residential - Quarterly Charge-Off Totals



Annual Commercial Charge-Off Amount & Count



Commercial - Quarterly Charge-Off Totals



FINANCIAL IMPACT

NBU has an estimate included in the Financial Operating Plan for charge off amounts and updates the estimate annually.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

1. Charge-off Summary