



**Meeting Date:** March 30, 2023      **Agenda Type:** Items from Staff

**From:** Kimberly Huffman      **Reviewed by:** Dawn Schriewer  
Accounting Manager      Chief Financial Officer

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

**RECOMMENDED ACTION:** Financial Update and Report

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## BACKGROUND

NBU’s service territory experienced lower rainfall and higher temperatures during the month of February. The average temperature was 57.3 degrees, which was 3.0 degrees higher than the historical average temperature of 54.3 degrees. Rainfall totaled 1.37 inches for the month of February, which was .63 inches lower than the historical average rainfall of 2.0 inches.

For the month of February 2023, NBU recorded a change in net position after contributions (“CNPAC”) of \$6,802,000 which represents an increase of \$4,754,000 compared to the budgeted monthly CNPAC of \$2,048,000. Operating service revenues of \$21,005,000 was greater than budget by \$1,501,000, or 8%, for the month of February. A \$1,982,000 increase in electric revenue, \$410,000 decrease in water revenue, and a \$71,000 decrease in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$587,000 were greater than budget by \$148,000 for the month of February. Purchased power costs were \$1,073,000 less than budget for February 2023 due to timing in invoice processing this month and \$19,007,000 greater for Year-to-Date (“YTD”). A decrease in other operating expenses of \$1,446,000 resulted in total operating expenses to be \$2,519,000, or 14%, less than the budgeted amount of \$18,007,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$4,168,000 from budget. Net non-operating items had a \$148,000 favorable variance compared to budget. Impact fees were greater than budget by \$791,000, services income was less than budget by \$305,000, and capital participation fees were less than budget by \$46,000. February 2023 YTD CNPAC was \$27,178,000 which was \$5,230,000 greater than the budgeted amount of \$21,948,000.

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## FINANCIAL IMPACT

### Electric

The Electric Line of Business reported total operating revenues of \$16,766,000, a \$2,126,000 increase, or 15%, from the February budgeted amount of \$14,640,000. The net rate realized per kWh was \$0.1242, which was 27% greater than the budgeted rate of \$0.0978. February kWh sales were 130.9 million kWh, a 15.1 million kWh decrease, or 10%, in comparison to the budgeted amount of 146.0 million kWh. Purchased power costs totaled \$8,590,000, which was \$1,073,000 less than the budgeted amount of \$9,663,000 due to timing in invoice processing this month. Electric gross margin, which is total operating revenues minus

purchased power, resulted in the amount of \$8,176,000 for the month of February and \$33,108,000 YTD. These amounts were \$3,199,000 greater and \$4,420,000 less than the budgeted amount of \$4,977,000 Month-to-Date (“MTD”) and \$37,528,000 YTD. Other operating expenses were less than budget by \$490,000. These items resulted in the Electric Line of Business reporting net operating income of \$5,894,000 which was \$3,689,000 greater than the budgeted amount of \$2,205,000. Net non-operating items provided a favorable variance from budget of \$434,000. Services income was less than budget by \$273,000. The Electric Line of Business reported February 2023 CNPAC of \$5,101,000 and YTD CNPAC of \$13,277,000. These amounts were \$3,850,000 and \$1,791,000 greater than their respective February 2023 MTD and February 2023 YTD budget amounts.

### **Water**

The Water Line of Business reported total operating revenues of \$2,223,000, a \$416,000 decrease, or 16%, from the February budgeted amount of \$2,639,000. In February, water gallons sold of 268,053,000 was less than the budgeted amount of 282,546,000 (a 14,493,000 gallon variance from budget, or 5%). NBU’s net realized price per 1,000 gallons sold in February was 8.08, which was less than the budgeted amount of \$9.12. Operating expenses for February were \$2,586,000, which was \$577,000 less than the budgeted amount of \$3,163,000. The net effect of lower revenues and lower operating expenses than budgeted resulted in the Water’s net operating income of (\$363,000), which was less than budget. Net non-operating items provided an unfavorable variance of \$219,000 from budget. Impact fees of \$1,623,000 were greater than budget by \$694,000, and services income was less than budget by \$31,000. The Water Line of Business reported February 2023 CNPAC of \$826,000 and YTD CNPAC of \$9,477,000. These amounts were \$605,000 and \$2,595,000 greater than their respective February 2023 MTD and February 2023 YTD budget amounts.

### **Wastewater**

The Wastewater Line of Business reported total operating revenues of \$2,603,000, a \$61,000 decrease, or 2%, from the February budgeted amount of \$2,664,000. Total operating expenses of \$2,030,000 were \$379,000 less than the budgeted amount of \$2,409,000. As a result, the Wastewater Line of Business reported net operating income of \$573,000, which was \$318,000 greater than the budgeted amount of \$255,000. Net non-operating items provided an unfavorable variance of \$67,000 from budget. Impact fees were greater than budget by \$97,000, service income was less than budget by \$1,000 and since we did not receive any capital participation fees in the month, they were less than budget by \$46,000. The Wastewater Line of Business reported February 2023 CNPAC of \$875,000 and YTD CNPAC of \$4,424,000. These amounts were \$299,000 and \$844,000 greater than their respective February 2023 MTD and February 2023 YTD budget amounts.

## **LINK TO STRATEGIC PLAN**

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### **Financial Excellence**

### **EXHIBITS**

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1. YTD Overview Comparison to Budget and Prior Fiscal Year
2. Financial Statements
3. Capital Expenditure Summary
4. Statistics - Electric (Provided separately due to competitive matters)
5. Statistics - Water
6. Statistics - Wastewater