



**Meeting Date:** June 27, 2024

**Agenda Type:** Items from Staff

**From:** Kimberly Huffman  
Accounting Manager

**Reviewed by:** Ashley Van Booven  
Director of Finance

**Submitted by:** Dawn Schriewer  
Chief Financial Officer

**Approved by:** Ryan Kelso  
Chief Executive Officer

**RECOMMENDED ACTION:** Financial Update and Report, Including an Update on the Filing of the NBU Transmission Cost of Service Application with the Public Utility Commission of Texas

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## **BACKGROUND**

NBU’s service territory experienced higher temperatures and lower rainfall during the month of May than historically. The average temperature was 81.3 degrees, which was 6 degrees higher than the historical average temperature of 75.3 degrees. Rainfall totaled 3.3 inches for the month of May, which was 0.8 inches lower than the historical average rainfall of 4.1 inches.

For the month of May 2024, NBU recorded a change in net position after contributions (“CNPAC”) of \$10,175,000 which represents an increase of \$9,555,000 compared to the budgeted monthly CNPAC of \$620,000. Operating service revenues of \$23,135,000 were greater than budget by \$2,235,000, or 11%, for the month of May. A \$3,078,000 increase in electric revenue, \$565,000 decrease in water revenue, and a \$278,000 decrease in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$606,000 were greater than budget by \$186,000 for the month of May. Purchased power costs were \$80,000 greater than budget for May 2024 and \$365,000 less for Year-to-Date (“YTD”). A decrease in other operating expenses of \$976,000 resulted in total operating expenses to be \$896,000, or 4%, less than the budgeted amount of \$20,675,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$3,317,000 from budget. Net non-operating items had a \$1,713,000 favorable variance compared to budget. Impact fees were greater than budget by \$4,583,000, services income was greater than budget by \$9,000, and capital participation fees was less than budget by \$66,000. May 2024 YTD CNPAC was \$47,676,000, which was \$31,786,000 greater than the budgeted amount of \$15,890,000.

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## **FINANCIAL IMPACT**

### **Electric**

The Electric Line of Business reported total operating revenues of \$17,426,000, a \$3,218,000 increase, or 23%, from the May budgeted amount of \$14,208,000. The net rate realized per kWh was \$0.1200, which was 26% greater than the budgeted rate of \$0.0951 for the month of May. May kWh sales were 141.1 million kWh, a 4.7 million kWh decrease, or 3%, in comparison to the budgeted amount of 145.8 million kWh.

Purchased power costs totaled \$11,450,000, which was \$80,000 greater than the budgeted amount of \$11,370,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of \$5,976,000 for the month of May and \$52,320,000 YTD. These amounts were \$3,138,000 greater and \$7,781,000 greater than the budgeted amount of \$2,838,000 Month-to-Date (“MTD”) and \$44,539,000 YTD. Other operating expenses were less than budget by \$385,000. These items resulted in the Electric Line of Business reporting net operating income of \$3,493,000, which was \$3,522,000 greater than the budgeted amount of (\$29,000). Net non-operating items provided a favorable variance from budget of \$820,000. Services income was less than budget by \$159,000. The Electric Line of Business reported May 2024 CNPAC of \$3,598,000 and YTD CNPAC of \$24,330,000. These amounts were \$4,184,000 greater and \$15,395,000 greater than their respective May 2024 MTD and May 2024 YTD budget amounts.

### **Water**

The Water Line of Business reported total operating revenues of \$3,215,000, a \$526,000 decrease, or 14%, from the May budgeted amount of \$3,741,000. In May, water gallons sold of 330,835,000 was less than the budgeted amount of 368,308,000 (a 37,472,000-gallon variance from budget, or 10%). NBU’s net realized price per 1,000 gallons sold in May was \$9.43, which was less than the budgeted amount of \$10.01. Operating expenses for May were \$3,372,000, which was \$424,000 less than the budgeted amount of \$3,796,000. The net effect of less revenues and less operating expenses than budgeted resulted in the Water’s net operating income of (\$157,000), which was less than budget. Net non-operating items provided a favorable variance of \$642,000 from budget. Impact fees of \$4,188,000 were greater than budget by \$3,172,000, and services income was greater than budget by \$167,000. The Water Line of Business reported May 2024 CNPAC of \$4,417,000 and YTD CNPAC of \$13,164,000. These amounts were \$3,879,000 greater than and \$10,878,000 greater than their respective May 2024 MTD and May 2024 YTD budget amounts.

### **Wastewater**

The Wastewater Line of Business reported total operating revenues of \$3,100,000, a \$271,000 decrease, or 8%, from the May budgeted amount of \$3,371,000. Total operating expenses of \$2,475,000 were \$167,000 less than the budgeted amount of \$2,642,000. As a result, the Wastewater Line of Business reported net operating income of \$625,000, which was \$104,000 less than the budgeted amount of \$729,000. Net non-operating items provided a favorable variance of \$250,000 from budget. Impact fees were greater than budget by \$1,411,000, and capital participation fees were less than budget by \$66,000. The Wastewater Line of Business reported May 2024 CNPAC of \$2,160,000 and YTD CNPAC of \$10,182,000. These amounts were \$1,492,000 greater than and \$5,513,000 greater than their respective May 2024 MTD and May 2024 YTD budget amounts.

## **LINK TO STRATEGIC PLAN**

### **Financial Excellence**

## **EXHIBITS**

1. 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