



Meeting Date: May 30, 2024 **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:** Ryan Kelso
 Chief Financial Officer Chief Executive Officer

RECOMMENDED ACTION: Approve 2023 Fourth Quarter Charge-Off Accounts

BACKGROUND

Charge-offs for the fourth quarter of calendar year 2023 (October, November, and December) netted \$96,414.09 for NBU accounts that have unpaid balances. New Braunfels Utilities applied \$56,393.58 in customer deposits to the delinquent account balance of \$152,807.67, which reduced the total unpaid balance by 37%.

When compared to total revenue billings for the same quarter, the charge-off balance amounts to 0.15%. For every \$100 billed to our customers, we received \$99.85.

The number of residential accounts included in the charge-offs increased by 20.18% compared to the previous 3 years' average for the same quarter, and the dollar amount increased by 21.78%. Residential customers accounted for 98% of the number of charge-off accounts.

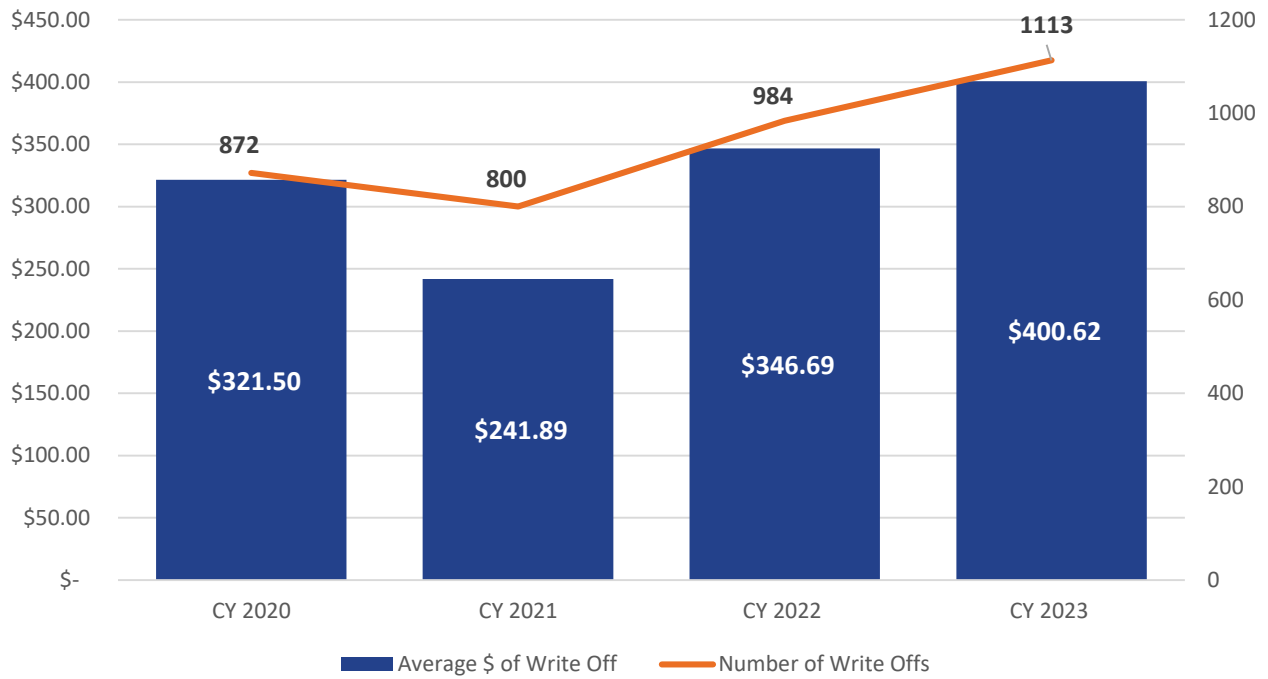
The accounts that included insufficient funds due to returned checks and failed auto-draft payments totaled \$3,338.73.

The primary factors driving the increase in charge-offs for Q4 of 2023 include failure to comply with payment extensions, overall higher utility bills and account deposits calculated on previous rates, and not equaling a two-month annual average.

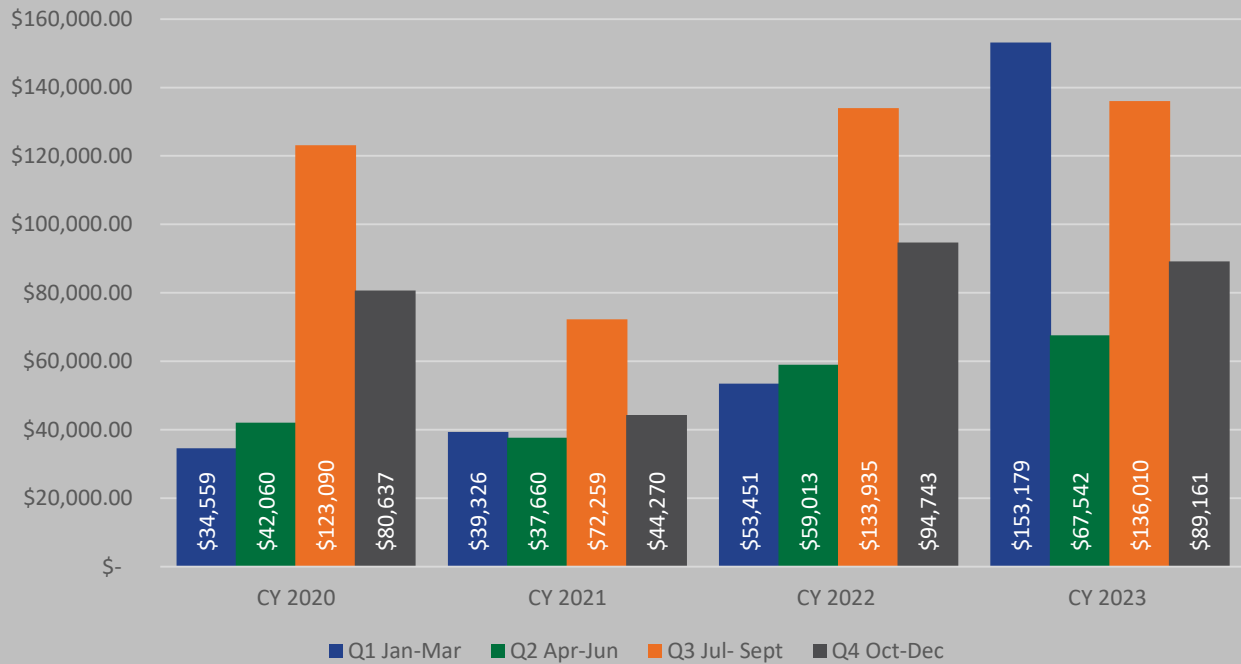
The NBU credit rating summary for this report is as follows:

Credit Rating	Number of Active Customers	Number of Charge-off Customers	Percentage of Charge-off Customers
A	52,141	17	0.03%
B	7,213	68	0.94%
C	4,555	177	3.89%
D	4	6	150.00%

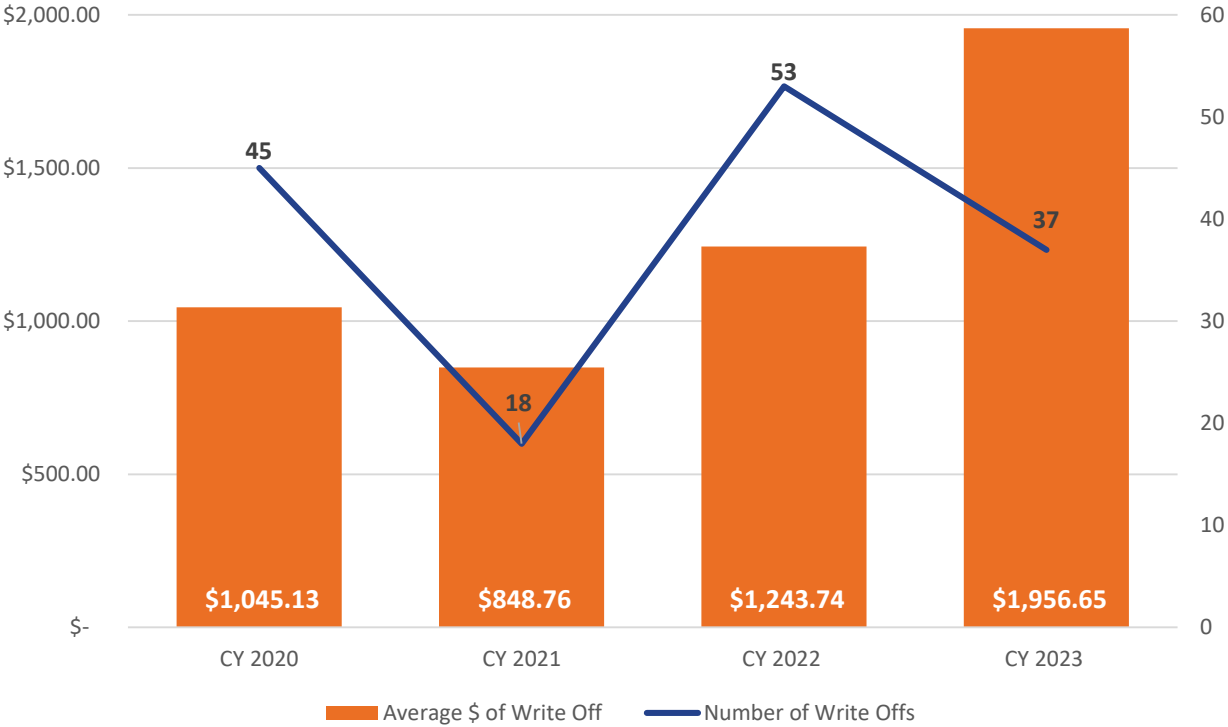
Residential Annual Write Off Average & Total Write Off Accounts



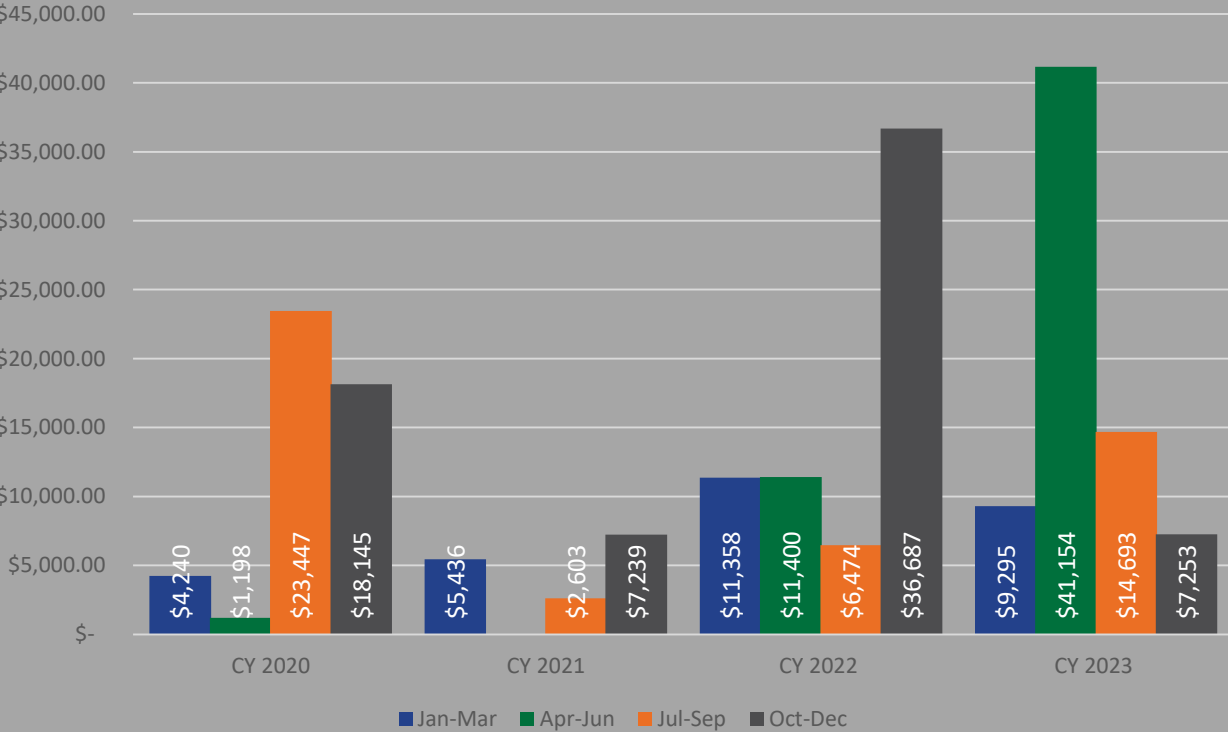
Quarterly Residential Write Offs

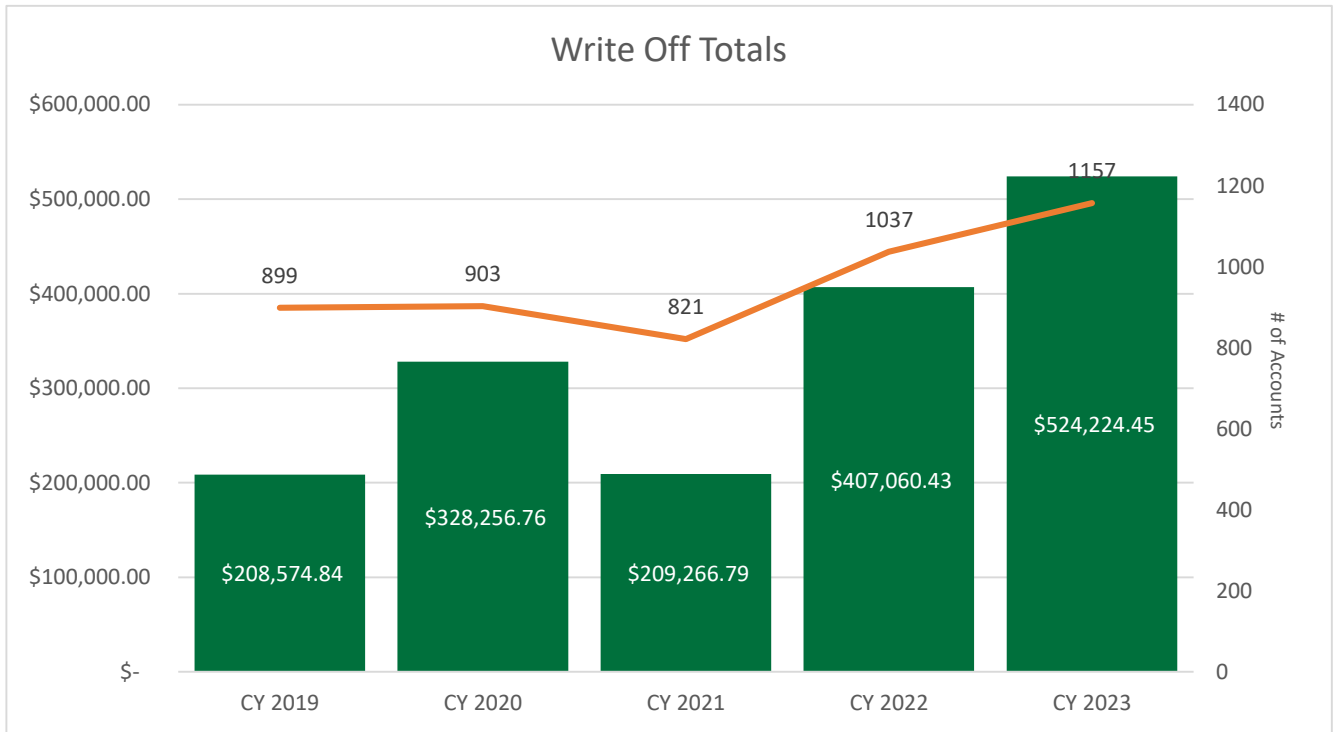


Commercial Annual Write Off Average & Total Write Off Accounts



Quarterly Commercial Write Offs





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