



**Meeting Date:** October 31, 2024      **Agenda Type:** Items from Staff

**From:** Kimberly Huffman      **Reviewed by:** John Warren  
Accounting Manager      Director of Finance

**Submitted by:** Dawn Schriewer      **Approved by:** Ryan Kelso  
Chief Financial Officer      Chief Executive Officer

**RECOMMENDED ACTION:** Financial Update and Report

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## **BACKGROUND**

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NBU's service territory experienced higher temperatures and lower rainfall during the month of September than historically. The average temperature was 83.7 degrees, which was 4.8 degrees higher than the historical average temperature of 78.9 degrees. Rainfall totaled 0.80 inches for the month of September, which was 2.50 inches lower than the historical average rainfall of 3.3 inches.

For the month of September 2024, NBU recorded a change in net position after contributions ("CNPAC") of \$6,253,000 which represents a decrease of \$3,678,000 compared to the budgeted monthly CNPAC of \$9,931,000. Operating service revenues of \$23,607,000 were less than budget by \$8,130,000, or 26%, for the month of September. A \$7,652,000 decrease in electric revenue, \$355,000 decrease in water revenue, and a \$123,000 decrease in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$418,000 were less than budget by \$187,000 for the month of September. Purchased power costs were \$3,909,000 less than budget for September 2024 and \$11,373,000 less for Year-to-Date ("YTD"). A decrease in other operating expenses of \$2,006,000 resulted in total operating expenses to be \$5,915,000, or 25%, less than the budgeted amount of \$23,621,000. The net revenue and operating expense variances contributed to an unfavorable net operating income variance of \$2,401,000 from budget. Net non-operating items had a \$132,000 unfavorable variance compared to budget. Impact fees were less than budget by \$1,099,000, services income was greater than budget by \$128,000, and capital participation fees was less than budget by \$173,000. September 2024 YTD CNPAC was \$12,796,000, which was \$2,953,000 greater than the budgeted amount of \$9,843,000.

## **FINANCIAL IMPACT**

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### **Electric**

The Electric Line of Business reported total operating revenues of \$16,481,000, a \$7,782,000 decrease, from the September budgeted amount of \$24,263,000. The net rate realized per kWh was \$0.0931, which was 28% less than the budgeted rate of \$0.1287 for the month of September. September kWh sales were 173.4 million kWh, an 11.5 million kWh decrease, or 6%, in comparison to the budgeted amount of 184.9 million kWh.

Purchased power costs totaled \$9,136,000, which was \$3,909,000 less than the budgeted amount of \$13,045,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of \$7,345,000 for the month of September and \$10,479,000 YTD. These amounts were \$3,873,000 less and \$3,655,000 less than the budgeted amount of \$11,218,000 Month-to-Date (“MTD”) and \$14,134,000 YTD. Other operating expenses were less than budget by \$571,000. These items resulted in the Electric Line of Business reporting net operating income of \$4,706,000, which was \$3,303,000 less than the budgeted amount of \$8,009,000. Net non-operating items provided an unfavorable variance from budget of \$203,000. Services income was greater than budget by \$128,000. The Electric Line of Business reported September 2024 CNPAC of \$4,101,000 and YTD CNPAC of \$4,495,000. These amounts were \$3,378,000 less and \$1,599,000 less than their respective September 2024 MTD and September 2024 YTD budget amounts.

### **Water**

The Water Line of Business reported total operating revenues of \$4,262,000, a \$404,000 decrease, or 9%, from the September budgeted amount of \$4,666,000. In September, water gallons sold of 404,403,000 was less than the budgeted amount of 481,592,000 (a 77,190,000-gallon variance from budget, or 16%). NBU’s net realized price per 1,000 gallons sold in September was \$10.39, which was greater than the budgeted amount of \$9.46. Operating expenses for September were \$3,410,000, which was \$1,051,000 less than the budgeted amount of \$4,461,000. The net effect of less revenues and less operating expenses than budgeted resulted in the Water’s net operating income of \$853,000, which was greater than budget. Net non-operating items provided an unfavorable variance of \$83,000 from budget. Impact fees of \$729,000 were less than budget by \$798,000, and services income was equal to the budget of \$118,000. The Water Line of Business reported September 2024 CNPAC of \$1,315,000 and YTD CNPAC of \$5,152,000. These amounts were \$235,000 less than and \$2,660,000 greater than their respective September 2024 MTD and September 2024 YTD budget amounts.

### **Wastewater**

The Wastewater Line of Business reported total operating revenues of \$3,283,000, a \$129,000 decrease, or 4%, from the September budgeted amount of \$3,412,000. Total operating expenses of \$2,522,000 were \$385,000 less than the budgeted amount of \$2,907,000. As a result, the Wastewater Line of Business reported net operating income of \$760,000, which was \$255,000 greater than the budgeted amount of \$505,000. Net non-operating items provided a favorable variance of \$154,000 from budget. Impact fees were less than budget by \$301,000, and capital participation fees were less than budget by \$173,000. The Wastewater Line of Business reported September 2024 CNPAC of \$837,000 and YTD CNPAC of \$3,149,000. These amounts were \$65,000 less than and \$1,892,000 greater than their respective September 2024 MTD and September 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