



Meeting Date: May 25, 2021 **Agenda Type:** Consent Items for Action

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

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

RECOMMENDED ACTION: Approve 2020 Fourth Quarter Charge-Off Accounts

BACKGROUND

Charge-offs for the fourth quarter of calendar year 2020 (October, November, December) netted \$98,782.50 for NBU accounts that have unpaid balances. NBU applied \$41,245.14 in customer deposits to the delinquent account balance of \$140,027.64, which reduced the total unpaid balance by 29.45%. Residential customers accounted for 82% of the number of charge-off accounts.

The accounts that included insufficient funds, due to returned checks and failed auto-draft payments, totaled \$3,765.67.

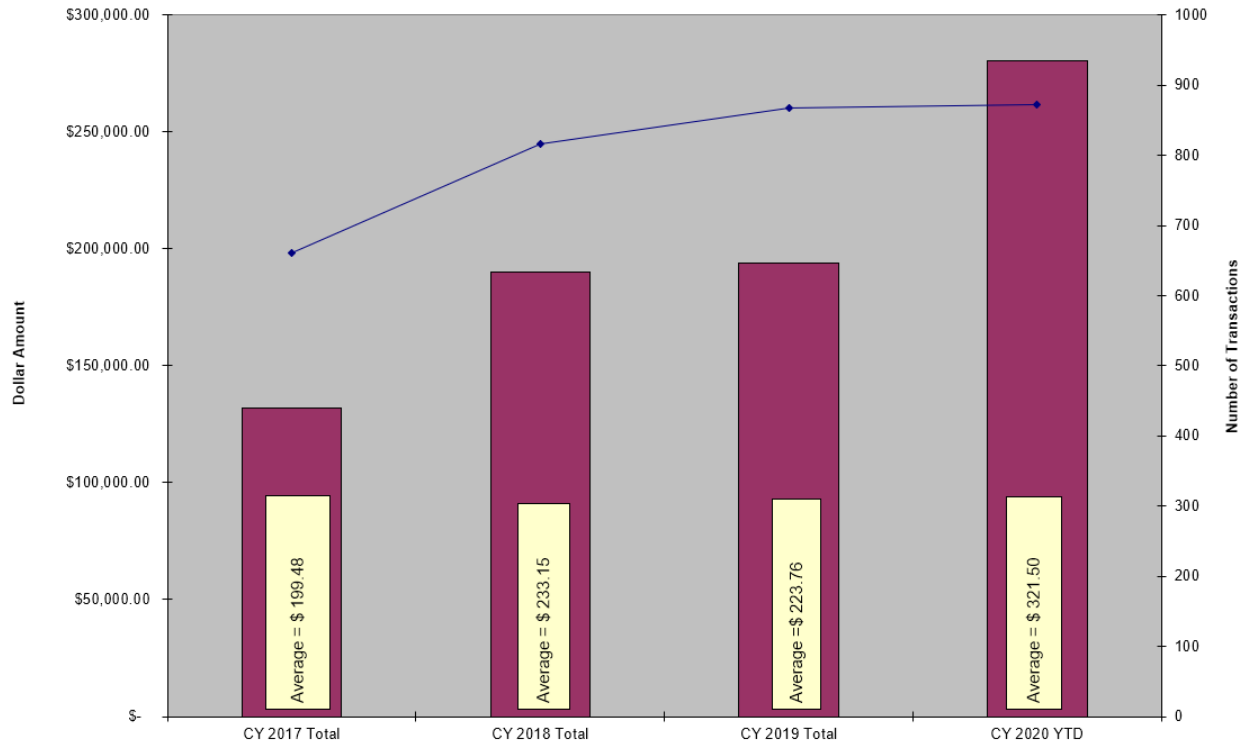
When compared to total revenue billings for the same quarter, the charge-off balance amounts to just under 2/10th of one percent. For every \$100 billed to our customers, we received \$99.83.

This fourth quarter of 2020 was impacted by the COVID-19 pandemic. The increase in outstanding balances is due to the suspension of late fees and disconnects for non-payment from the period of March 2020 through July 2020. The residential accounts continue to show the impact of COVID-19 in the number and amount of the charge-offs. The number of residential accounts included in the charge-offs increased by 20.39% compared to the previous 3 years' average for the same quarter, and the dollar amount increased by 75.03%. The charge-offs for the last two quarters include balances for commercial accounts, which were highly impacted due to the COVID-19 pandemic.

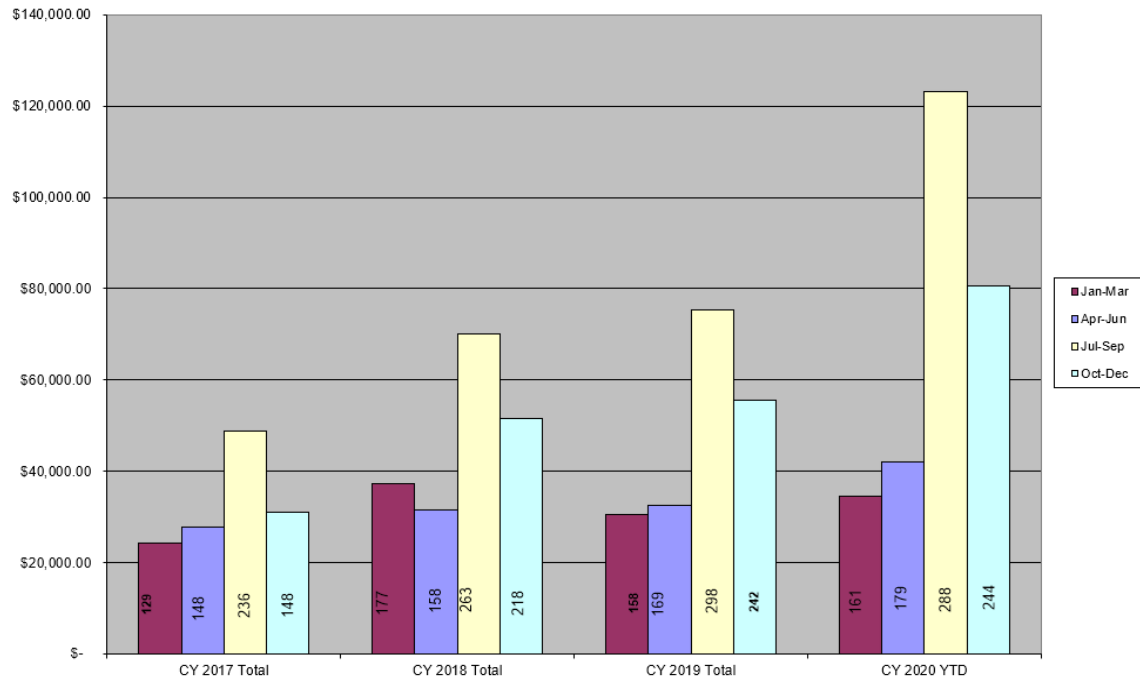
The NBU credit rating summary for this report is as follows:

Credit Rating*	Number of Active Customers	Number of Charge-off Customers	Percentage of Charge-off Customers
A	42,551	24	0.06%
B	9,078	11	1.47%
C	2,620	103	3.93%
D	1	0	0.00%
Auto-Draft	7,445	5	0.07%

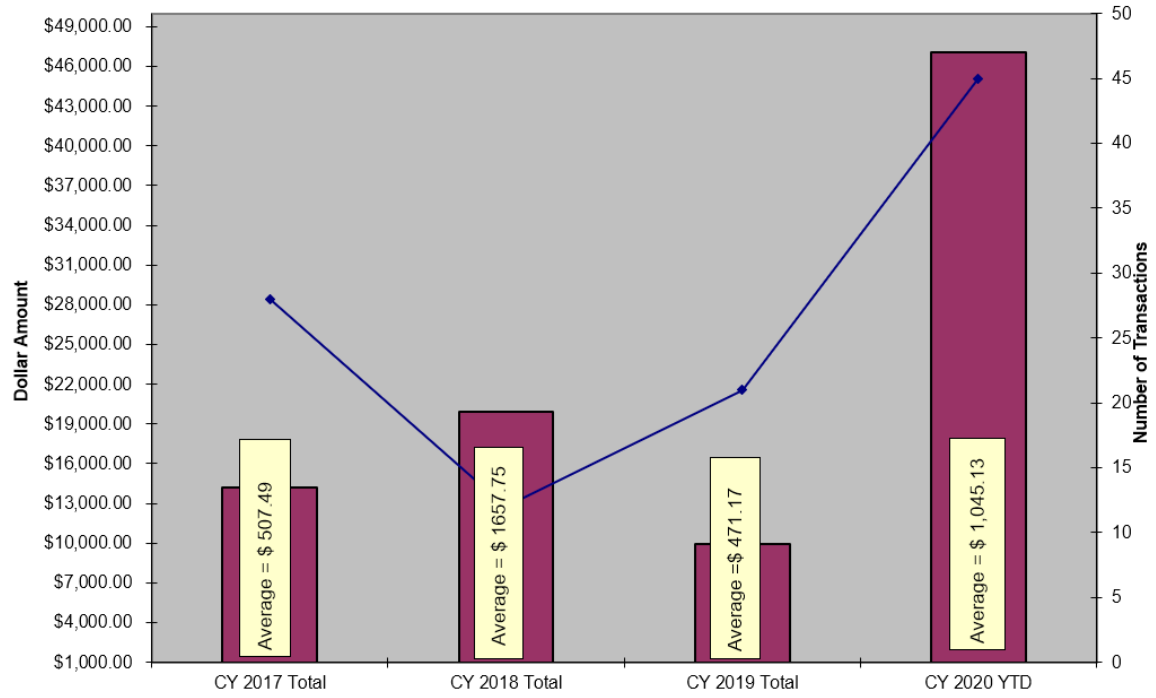
Annual Residential Charge-Off Amount & Count



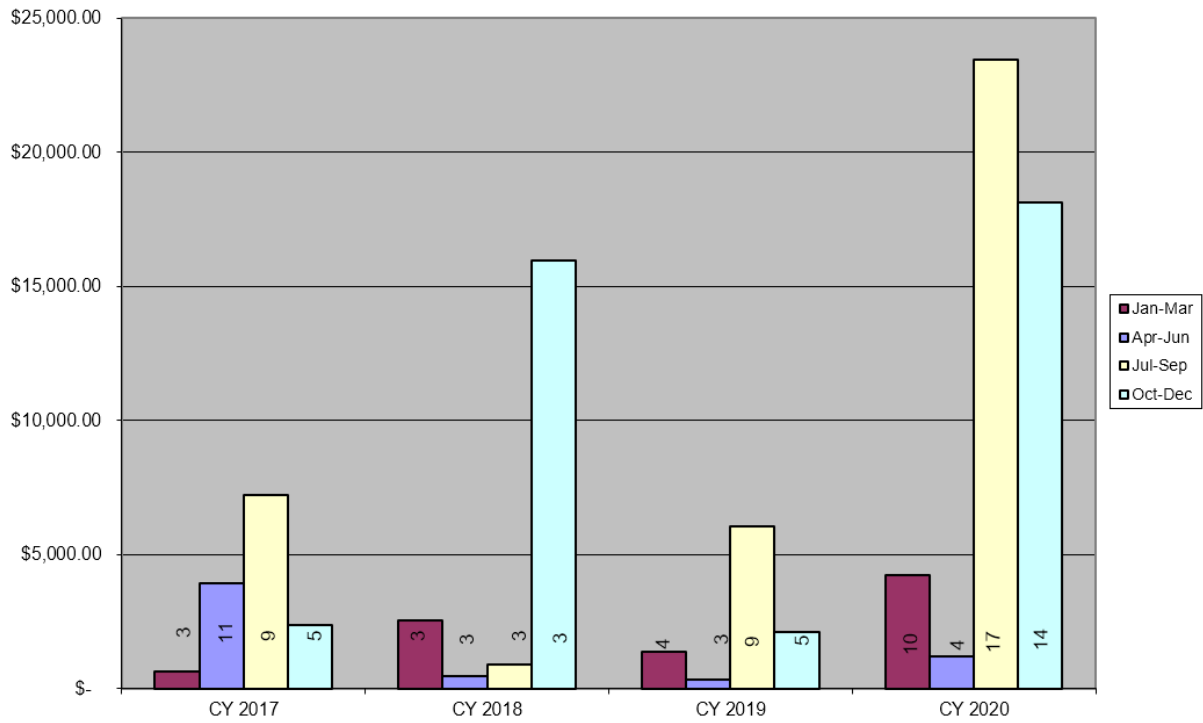
Residential - Quarterly Charge-Off Totals



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

Maintain a Competitive Bond Rating

EXHIBITS

1. Charge-off Summary