



Meeting Date: December 14, 2023 **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 Interim Chief Executive Officer

RECOMMENDED ACTION: Approve 2023 Second Quarter Charge-Off Accounts

BACKGROUND

Charge-offs for the second quarter of calendar year 2023 (April, May, and June) netted \$108,696.15 for NBU accounts that have unpaid balances. NBU applied \$49,020.57 in customer deposits to the delinquent account balance of \$157,716.72, which reduced the total unpaid balance by 31%. Residential customers accounted for 94% of the number of charge-off accounts.

The accounts that included insufficient funds, due to returned checks and failed auto-draft payments, totaled \$9,105.36.

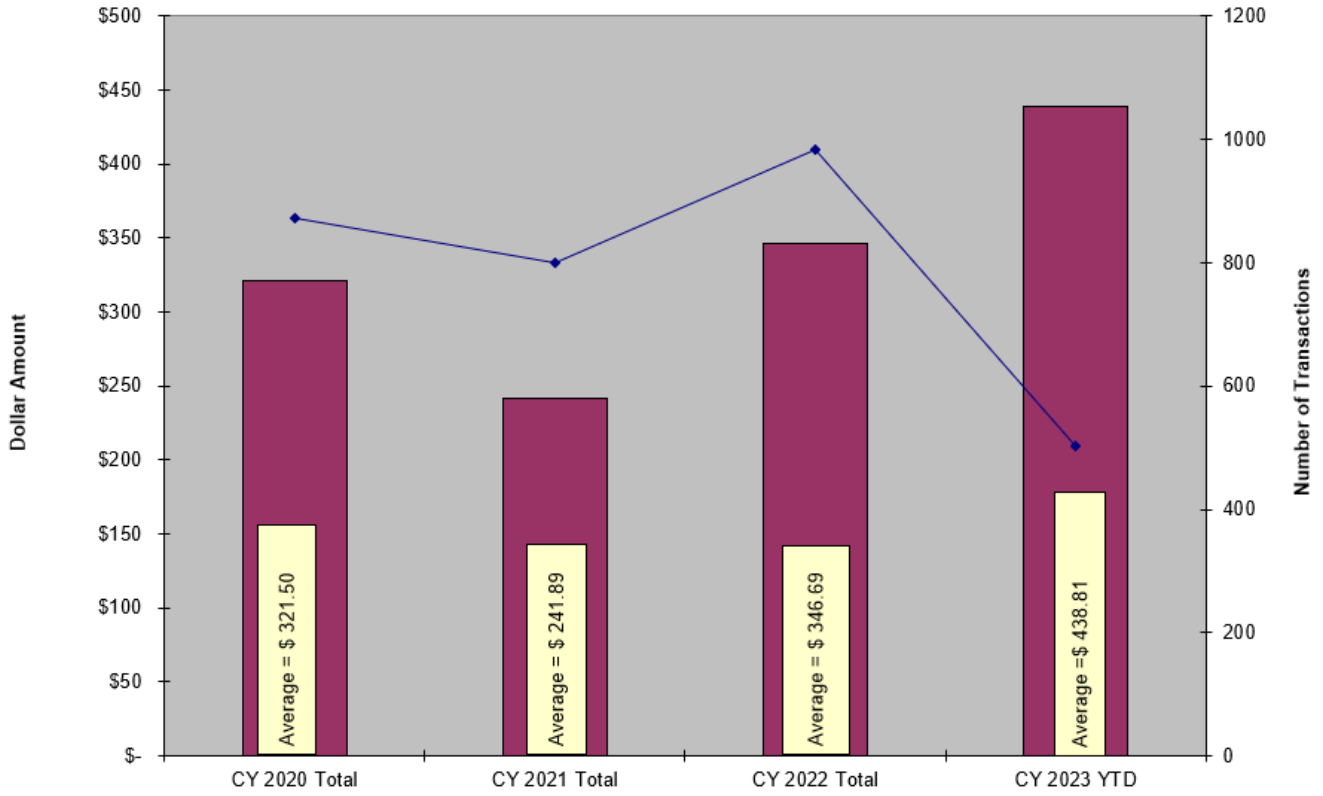
When compared to total revenue billings for the same quarter, the charge-off balance amounts to just over 1/10th of one percent. For every \$100 billed to our customers, we received \$99.82.

The second quarter of 2023 was impacted by customers setting up a payment plan as a result of the suspension of late fees and disconnections from July to December 2022, and due to non-payment and /or the failure to comply with the payment arrangement. The increase in outstanding balances is due to overall higher utility bills and account deposits which were calculated on previous rates and not equaling a two-month annual average. The number of residential accounts included in the charge-offs increased by 46.05% compared to the previous 3 years’ average for the same quarter, and the dollar amount increased by 4.87%.

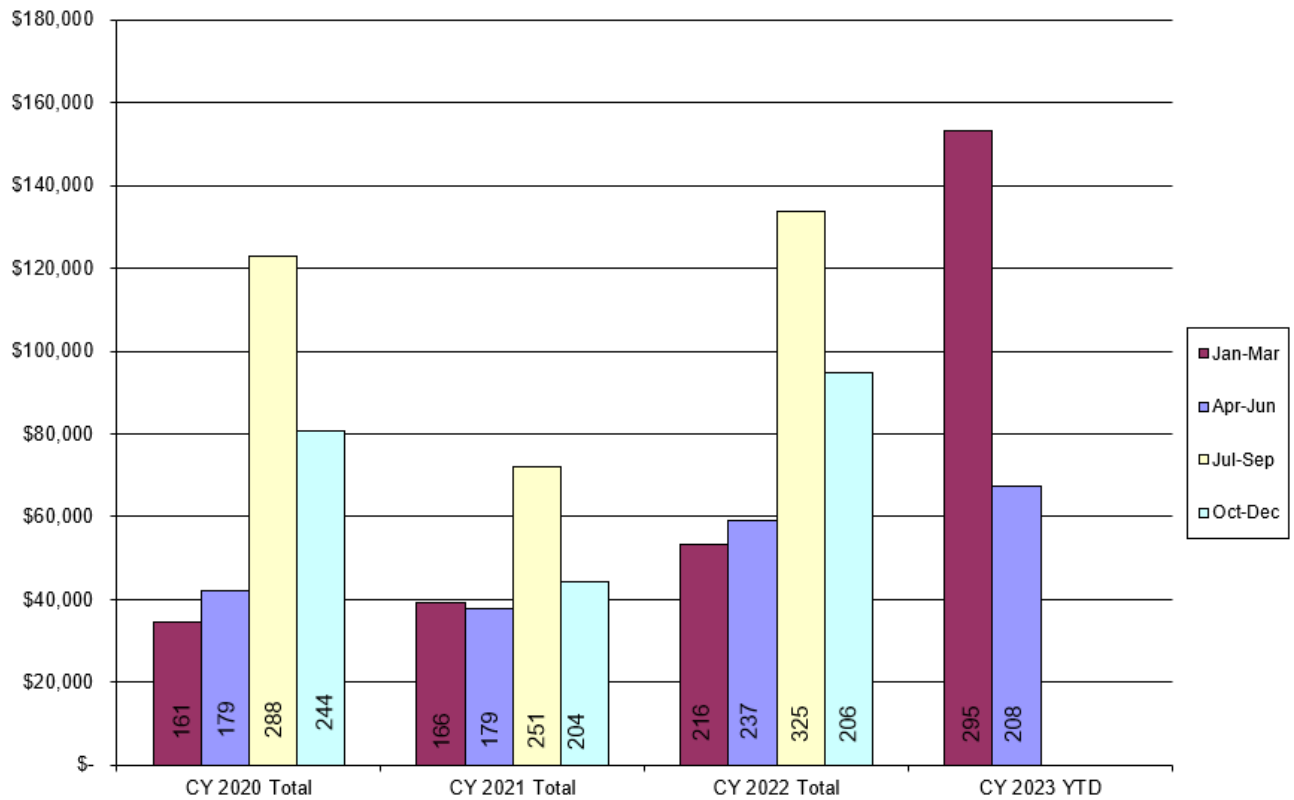
The NBU credit rating summary for this report is as follows:

Credit Rating*	Number of Active Customers	Number of Charge-off Customers	Percentage of Charge-off Customers
A	50,050	13	0.03%
B	7,167	61	0.85%
C	4,221	147	3.48%
D	4	0	0.00%
Auto-Draft	6,480	3	0.05%

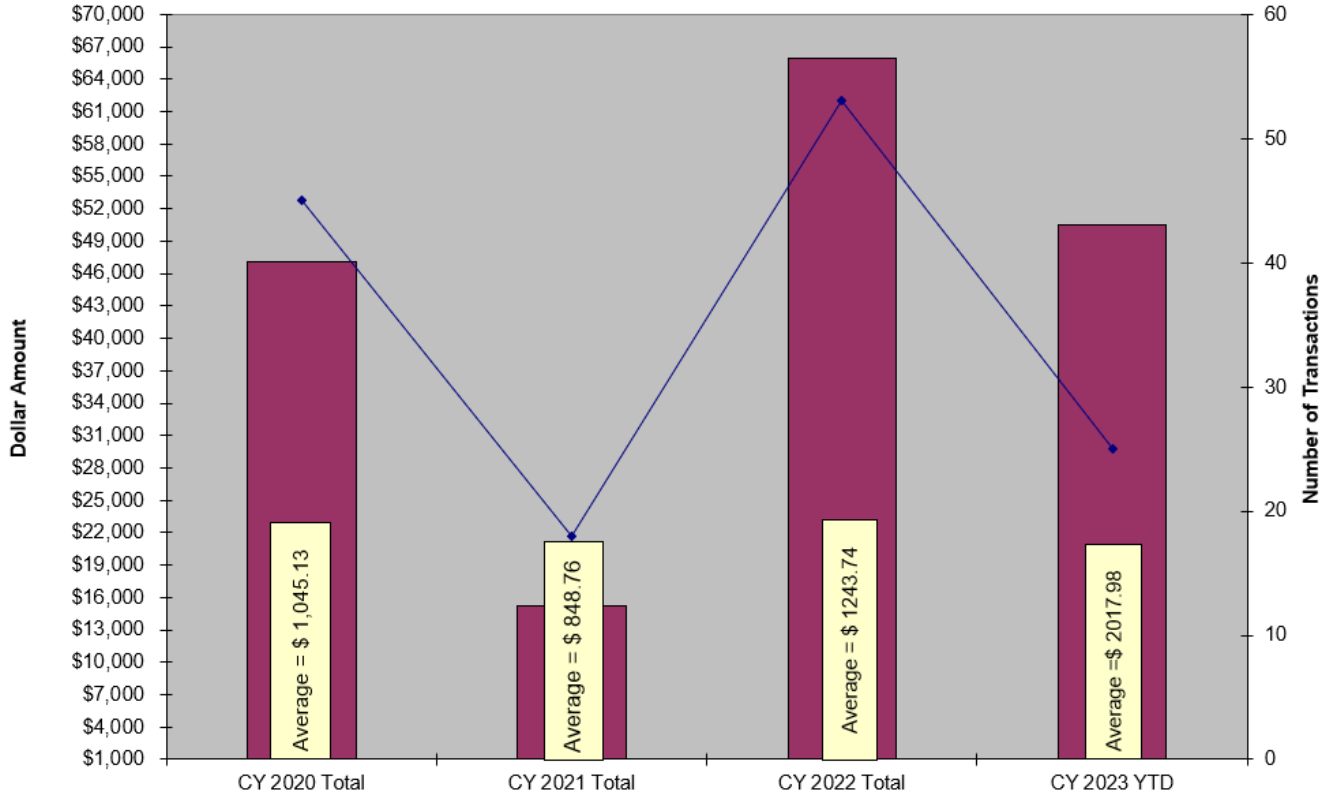
Annual Residential Charge-Off Amount & Count



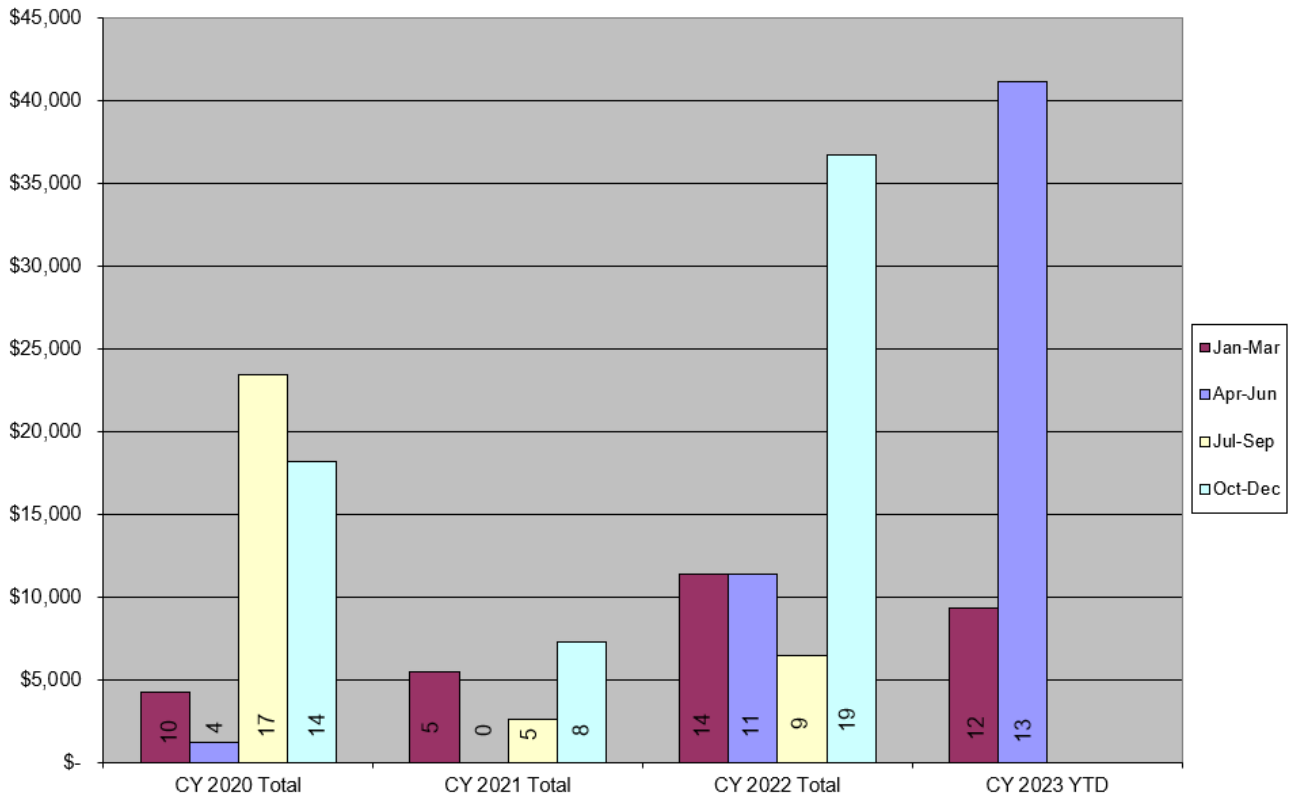
Residential - Quarterly Charge-Off Totals



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

Financial Excellence

EXHIBITS

1. Charge-off Summary