



**Meeting Date:** February 29, 2024      **Agenda Type:** Items from Staff

**From:** Kimberly Huffman      **Reviewed by:** Ashley Van Booven  
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**

NBU's service territory experienced lower temperatures and higher rainfall during the month of January than historically. The average temperature was 49.4 degrees, which was 1.4 degrees lower than the historical average temperature of 50.8 degrees. Rainfall totaled 4.79 inches for the month of January, which was 2.79 inches higher than the historical average rainfall of 2 inches.

For the month of January 2024, NBU recorded a change in net position after contributions ("CNPAC") of \$7,218,000 which represents an increase of \$7,080,000 compared to the budgeted monthly CNPAC of \$138,000. Operating service revenues of \$25,693,000 were greater than budget by \$3,290,000, or 15%, for the month of January. A \$4,198,000 increase in electric revenue, \$386,000 decrease in water revenue, and a \$522,000 decrease in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$451,000 were greater than budget by \$30,000 for the month of January. Purchased power costs were \$4,227,000 greater than budget for January 2024 and \$10,679,000 greater for Year-to-Date ("YTD"). A decrease in other operating expenses of \$2,620,000 resulted in total operating expenses to be \$1,607,000, or 7%, greater than the budgeted amount of \$22,661,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$1,713,000 from budget. Net non-operating items had a \$1,537,000 favorable variance compared to budget. Impact fees were greater than budget by \$3,982,000, services income was less than budget by \$86,000, and capital participation fees were less than budget by \$66,000. January 2024 YTD CNPAC was \$29,849,000, which was \$16,187,000 greater than the budgeted amount of \$13,662,000.

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## **FINANCIAL IMPACT**

### **Electric**

The Electric Line of Business reported total operating revenues of \$20,655,000, a \$4,189,000 increase, or 25%, from the January budgeted amount of \$16,466,000. The net rate realized per kWh was \$0.1656, which was 59% greater than the budgeted rate of \$0.1041. January kWh sales were 122.7 million kWh, a 32.2 million kWh decrease, or 21%, in comparison to the budgeted amount of 154.9 million kWh. Purchased power costs totaled \$15,749,000, which was \$4,227,000 greater than the budgeted amount of \$11,522,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of \$4,906,000 for the month of January and \$30,747,000 YTD. These amounts were

\$38,000 less and \$261,000 less than the budgeted amount of \$4,944,000 Month-to-Date (“MTD”) and \$31,008,000 YTD. Other operating expenses were less than budget by \$1,063,000. These items resulted in the Electric Line of Business reporting net operating income of \$2,383,000, which was \$1,025,000 greater than the budgeted amount of \$1,358,000. Net non-operating items provided a favorable variance from budget of \$453,000. Services income was less than budget by \$182,000. The Electric Line of Business reported January 2024 CNPAC of \$2,098,000 and YTD CNPAC of \$14,831,000. These amounts were \$1,296,000 greater and \$5,458,000 greater than their respective January 2024 MTD and January 2024 YTD budget amounts.

### **Water**

The Water Line of Business reported total operating revenues of \$2,667,000, a \$361,000 decrease, or 12%, from the January budgeted amount of \$3,028,000. In January, water gallons sold of 272,090,000 was less than the budgeted amount of 303,702,000 (a 31,612,000-gallon variance from budget, or 10%). NBU’s net realized price per 1,000 gallons sold in January was \$9.50, which was less than the budgeted amount of \$9.78. Operating expenses for January were \$3,569,000, which was \$905,000 less than the budgeted amount of \$4,474,000. The net effect of less revenues and lesser operating expenses than budgeted resulted in the Water’s net operating income of (\$902,000), which was less than budget. Net non-operating items provided a favorable variance of \$699,000 from budget. Impact fees of \$3,875,000 were greater than budget by \$2,859,000, and services income was greater than budget by \$95,000. The Water Line of Business reported January 2024 CNPAC of \$3,344,000 and YTD CNPAC of \$8,953,000. These amounts were \$4,197,000 greater than and \$7,151,000 greater than their respective January 2024 MTD and January 2024 YTD budget amounts.

### **Wastewater**

The Wastewater Line of Business reported total operating revenues of \$2,822,000, a \$508,000 decrease, or 15%, from the January budgeted amount of \$3,330,000. Total operating expenses of \$2,427,000 were \$653,000 less than the budgeted amount of \$3,080,000. As a result, the Wastewater Line of Business reported net operating income of \$395,000, which was \$145,000 greater than the budgeted amount of \$250,000. Net non-operating items provided a favorable variance of \$385,000 from budget. Impact fees were greater than budget by \$1,123,000, and capital participation fees were less than budget by \$66,000. The Wastewater Line of Business reported January 2024 CNPAC of \$1,776,000 and YTD CNPAC of \$6,065,000. These amounts were \$1,587,000 greater than and \$3,578,000 greater than their respective January 2024 MTD and January 2024 YTD budget amounts.

## **LINK TO STRATEGIC PLAN**

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### **Financial Excellence**

### **EXHIBITS**

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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