



**Meeting Date:** February 29, 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 Third Quarter Charge-Off Accounts

**BACKGROUND**

Charge-offs for the third quarter of calendar year 2023 (July, August, and September) netted \$152,227.82 for NBU accounts that have unpaid balances. NBU applied \$74,949.08 in customer deposits to the delinquent account balance of \$227,176.90, which reduced the total unpaid balance by 33%. Residential customers accounted for 97% of the number of charge-off accounts.

The accounts that included insufficient funds due to returned checks and failed auto-draft payments totaled \$10,973.71.

When compared to total revenue billings for the same quarter, the charge-off balance amounts to 0.18%. For every \$100 billed to our customers, we received \$99.82.

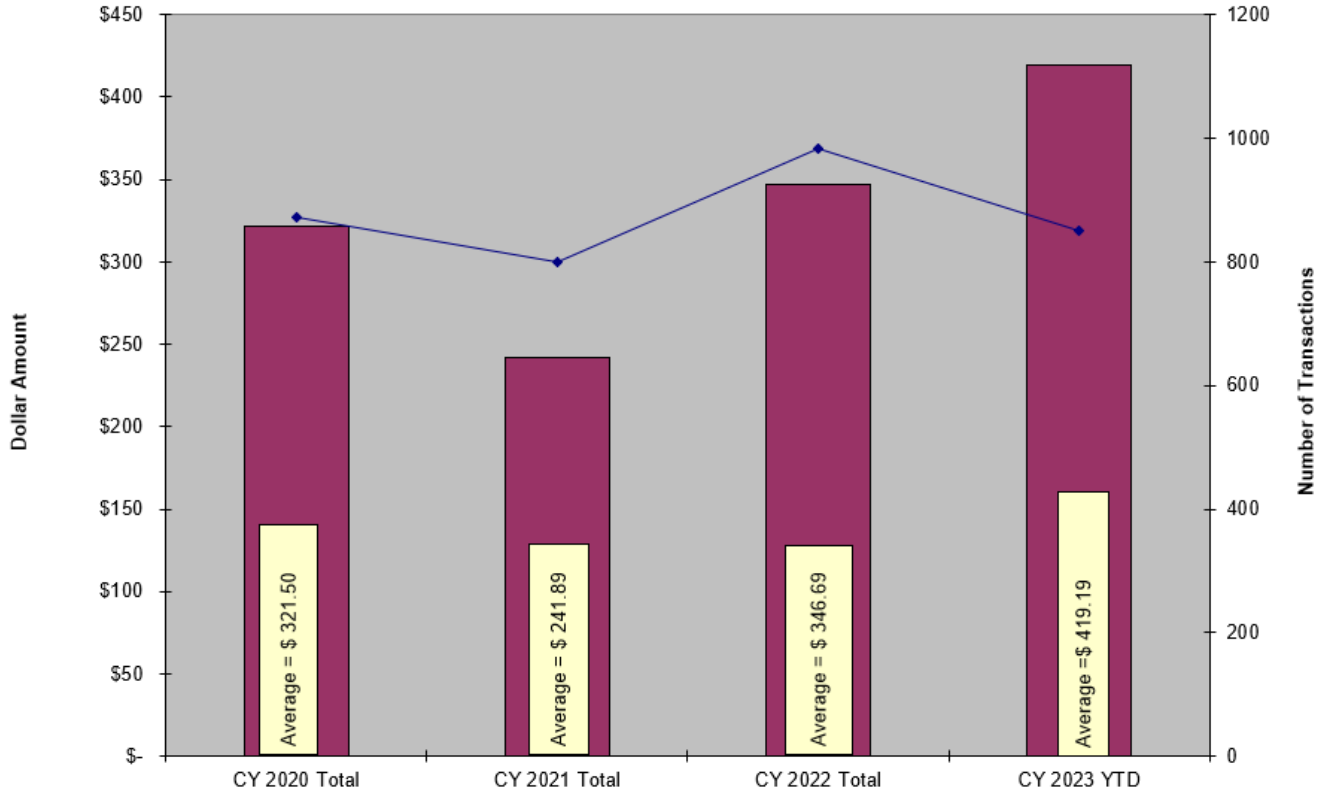
The number of residential accounts included in the charge-offs increased by 23.91% compared to the previous 3 years average for the same quarter, and the dollar amount increased by 20.83%.

The primary factors driving the increase in charge offs for Q3 of 2023 include, failure to comply with payment arrangements, moratorium of disconnects for nonpayment due to high heat indexes, overall higher utility bills and account deposits calculated on previous rates and not equaling a two-month annual average.

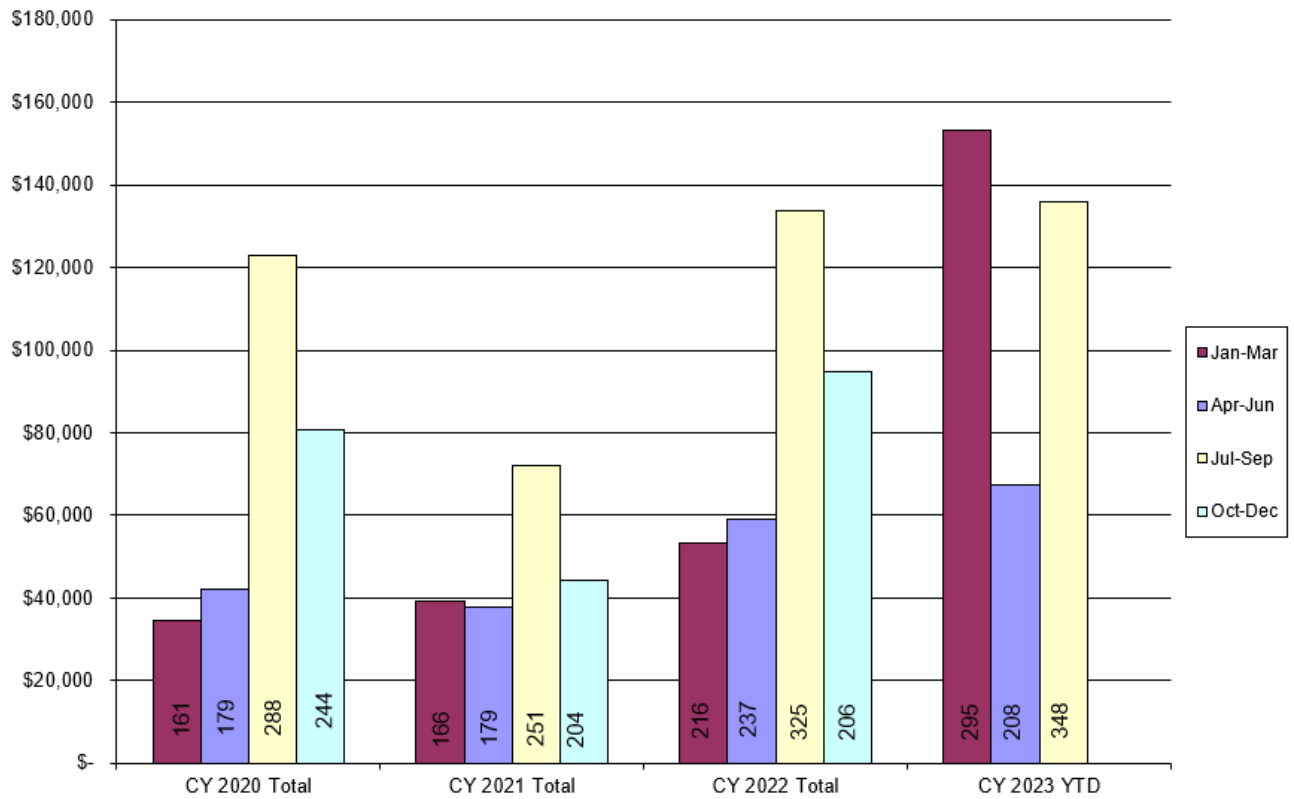
The NBU credit rating summary for this report is as follows:

| Credit Rating | Number of Active Customers | Number of Charge-off Customers | Percentage of Charge-off Customers |
|---------------|----------------------------|--------------------------------|------------------------------------|
| A             | 51,205                     | 35                             | 0.07%                              |
| B             | 7,261                      | 116                            | 1.60%                              |
| C             | 4,588                      | 205                            | 4.47%                              |
| D             | 6                          | 3                              | 50.00%                             |
| Auto-Draft    | 6,412                      | 1                              | 0.02%                              |

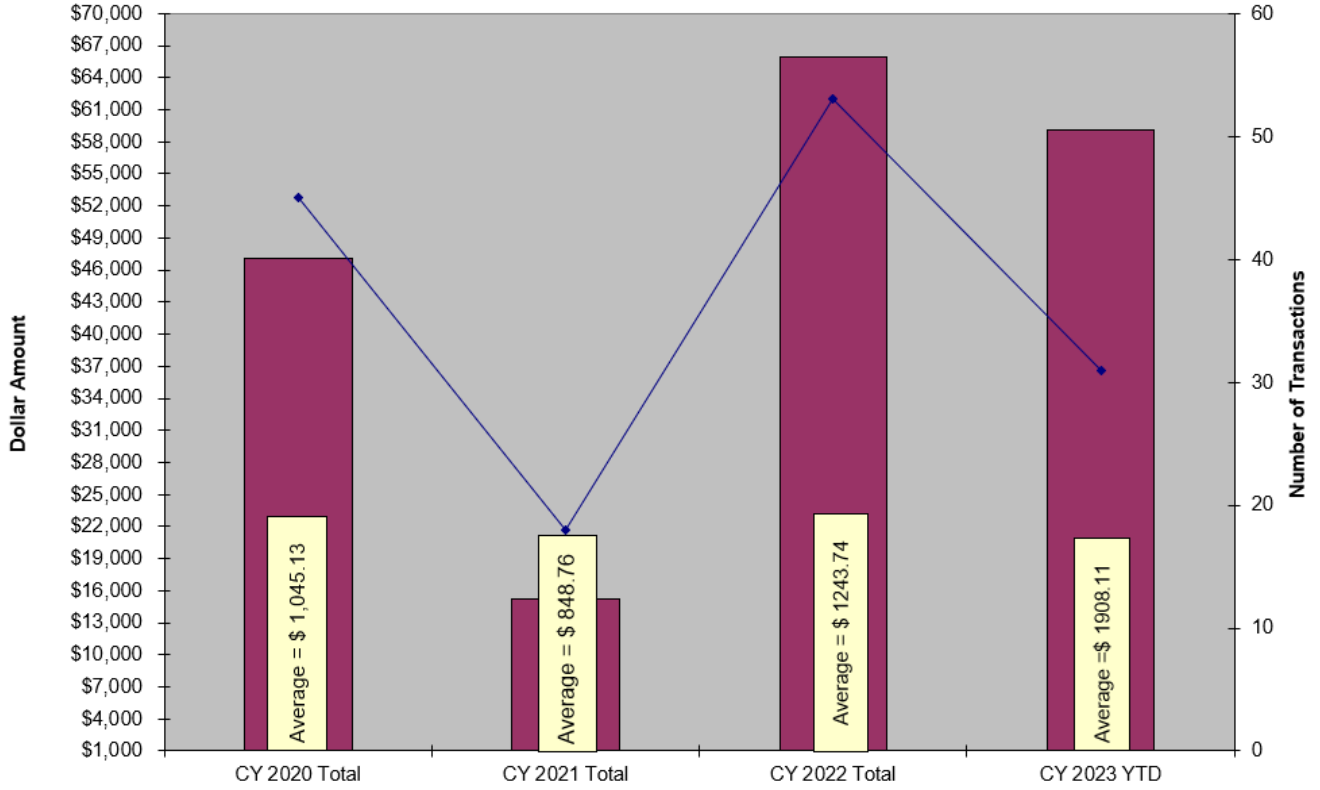
Annual Residential Charge-Off Amount & Count



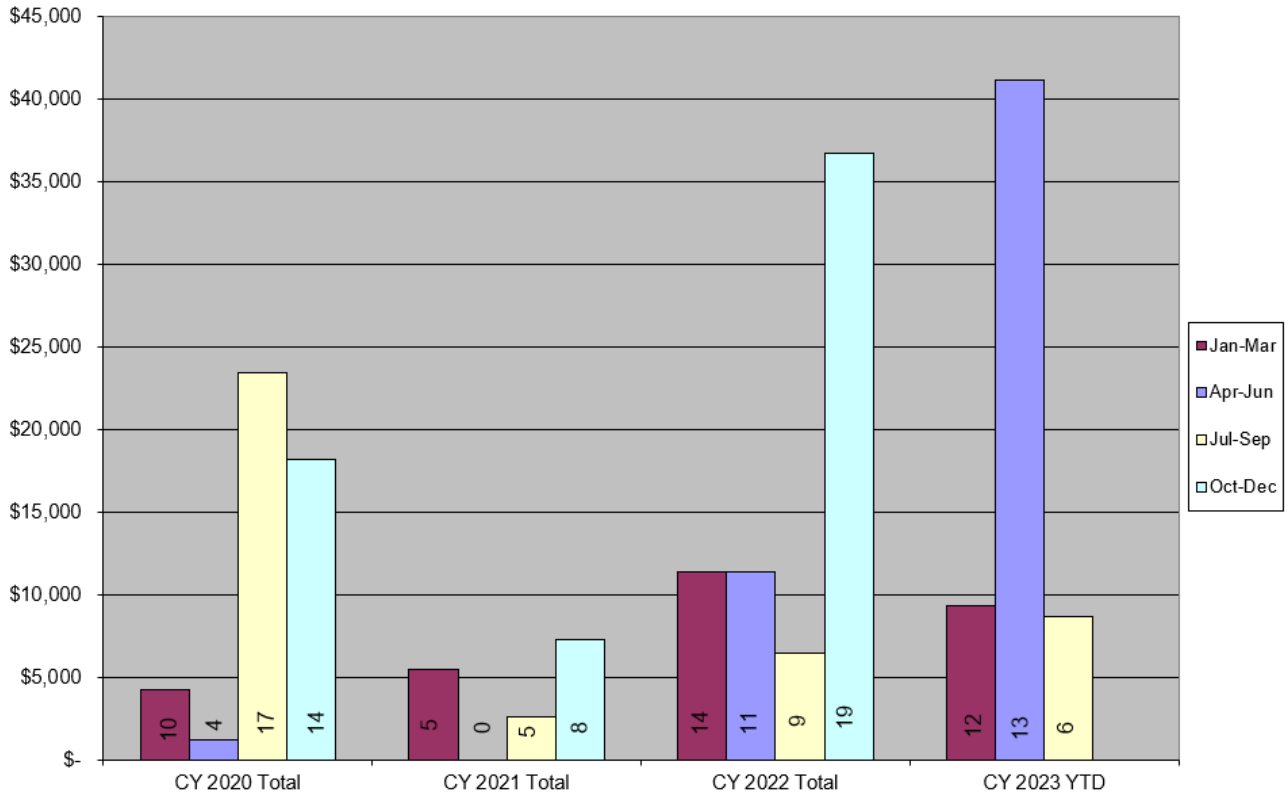
Residential - Quarterly Charge-Off Totals



Annual Commercial Charge-Off Amount & Count



Commercial - Quarterly Charge-Off Totals



## **FINANCIAL IMPACT**

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NBU has an estimate included in the Financial Operating Plan for charge off amounts and updates the estimate annually.

## **LINK TO STRATEGIC PLAN**

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**Financial Excellence**

## **EXHIBITS**

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1. Charge-off Summary