



**Meeting Date:** October 26, 2023      **Agenda Type:** Items from Staff

**From:** Kimberly Huffman      **Reviewed by:** Ashley Van Booven  
Accounting Manager      Director of Finance

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

**RECOMMENDED ACTION:** Review Financial Update and Report - September 2023

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## **BACKGROUND**

NBU's service territory experienced higher temperatures and lower rainfall during the month of September than historically. The average temperature was 87.3 degrees, which was 8.4 degrees higher than the historical average temperature of 78.9 degrees. Rainfall totaled 0.24 inches for the month of September, which was 3.06 inches lower than the historical average rainfall of 3.3 inches.

For the month of September 2023, NBU recorded a change in net position after contributions ("CNPAC") of \$8,102,000 which represents an increase of \$1,952,000 compared to the budgeted monthly CNPAC of \$6,150,000. Operating service revenues of \$26,251,000 were less than budget by \$489,000, or 2%, for the month of September. A \$657,000 decrease in electric revenue, \$422,000 increase in water revenue, and a \$254,000 decrease in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$627,000 were greater than budget by \$206,000 for the month of September. Purchased power costs were \$21,000 less than budget for September 2023 and \$17,215,000 greater for Year-to-Date ("YTD"). A decrease in other operating expenses of \$1,421,000 resulted in total operating expenses to be \$1,442,000, or 7%, less than the budgeted amount of \$20,986,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$1,159,000 from budget. Net non-operating items had a \$254,000 favorable variance compared to budget. Impact fees were greater than budget by \$693,000, services income was less than budget by \$88,000, and capital participation fees were less than budget by \$66,000. September 2023 YTD CNPAC was \$12,996,000, which was \$479,000 greater than the budgeted amount of \$12,517,000.

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## **FINANCIAL IMPACT**

### **Electric**

The Electric Line of Business reported total operating revenues of \$18,638,000, a \$508,000 decrease, or 3%, from the September budgeted amount of \$19,146,000. The net rate realized per kWh was \$0.0972, which was 4% less than the budgeted rate of \$0.1008. September kWh sales were 186.7 million kWh, a 0.2 million kWh increase, and on target in comparison to the budgeted amount of 186.5 million kWh. Purchased power costs totaled \$11,360,000, which was \$21,000 less than the budgeted amount of \$11,381,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of \$7,278,000 for the month of September and \$11,750,000 YTD. These amounts were \$487,000 less and \$4,189,000 less than the budgeted amount of \$7,765,000 Month-to-Date ("MTD") and \$15,939,000 YTD. Other operating expenses were less than budget by \$482,000. These items resulted in the Electric Line of Business reporting

net operating income of \$4,760,000, which was \$5,000 less than the budgeted amount of \$4,765,000. Net non-operating items provided a favorable variance from budget of \$146,000. Services income was less than budget by \$194,000. The Electric Line of Business reported September 2023 CNPAC of \$4,156,000 and YTD CNPAC of \$6,562,000. These amounts were \$53,000 less and \$2,274,000 less than their respective September 2023 MTD and September 2023 YTD budget amounts.

### **Water**

The Water Line of Business reported total operating revenues of \$5,167,000, a \$468,000 increase, or 10%, from the September budgeted amount of \$4,699,000. In September, water gallons sold of 535,087,000 was greater than the budgeted amount of 468,347,000 (a 66,740,000-gallon variance from budget, or 14%). NBU's net realized price per 1,000 gallons sold in September was \$9.46, which was less than the budgeted amount of \$9.91. Operating expenses for September were \$3,337,000, which was \$564,000 less than the budgeted amount of \$3,901,000. The net effect of greater revenues and lesser operating expenses than budgeted resulted in the Water's net operating income of \$1,831,000, which was greater than budget. Net non-operating items provided a favorable variance of \$13,000 from budget. Impact fees of \$1,457,000 were greater than budget by \$441,000 and services income was greater than budget by \$105,000. The Water Line of Business reported September 2023 CNPAC of \$2,982,000 and YTD CNPAC of \$4,503,000. These amounts were \$1,592,000 greater than and \$1,841,000 greater than their respective September 2023 MTD and September 2023 YTD budget amounts.

### **Wastewater**

The Wastewater Line of Business reported total operating revenues of \$3,073,000, a \$243,000 decrease, or 7%, from the September budgeted amount of \$3,316,000. Total operating expenses of \$2,330,000 were \$374,000 less than the budgeted amount of \$2,704,000. As a result, the Wastewater Line of Business reported net operating income of \$743,000, which was \$131,000 greater than the budgeted amount of \$612,000. Net non-operating items provided a favorable variance of \$96,000 from budget. Impact fees were greater than budget by \$252,000, and capital participation fees were less than budget by \$66,000. The Wastewater Line of Business reported September 2023 CNPAC of \$964,000 and YTD CNPAC of \$1,931,000. These amounts were \$413,000 greater than and \$912,000 greater than their respective September 2023 MTD and September 2023 YTD budget amounts.

## **LINK TO STRATEGIC PLAN**

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### **Financial Excellence**

## **EXHIBITS**

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1. YTD 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