



Meeting Date: March 28, 2024 **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 Chief Executive Officer

RECOMMENDED ACTION: Financial Update and Report

BACKGROUND

NBU’s service territory experienced higher temperatures and lower rainfall during the month of February than historically. The average temperature was 60.1 degrees, which was 5.8 degrees higher than the historical average temperature of 54.3 degrees. Rainfall totaled 0.65 inches for the month of February, which was 1.35 inches lower than the historical average rainfall of 2.0 inches.

For the month of February 2024, NBU recorded a change in net position after contributions (“CNPAC”) of \$472,000 which represents a decrease of \$567,000 compared to the budgeted monthly CNPAC of \$1,039,000. Operating service revenues of \$20,212,000 were less than budget by \$1,491,000, or 7%, for the month of February. A \$705,000 decrease in electric revenue, \$488,000 decrease in water revenue, and a \$298,000 decrease in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$457,000 were greater than budget by \$37,000 for the month of February. Purchased power costs were \$1,366,000 less than budget for February 2024 and \$9,313,000 greater for Year-to-Date (“YTD”). A decrease in other operating expenses of \$441,000 resulted in total operating expenses to be \$1,807,000, or 9%, less than the budgeted amount of \$21,059,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$354,000 from budget. Net non-operating items had a \$434,000 unfavorable variance compared to budget. Impact fees were less than budget by \$600,000, services income was greater than budget by \$180,000, and capital participation fees were less than budget by \$66,000. February 2024 YTD CNPAC was \$30,322,000, which was \$15,623,000 greater than the budgeted amount of \$14,699,000.

FINANCIAL IMPACT

Electric

The Electric Line of Business reported total operating revenues of \$15,202,000, a \$690,000 decrease, or 4%, from the February budgeted amount of \$15,892,000. The net rate realized per kWh was \$0.1111, which was 7% greater than the budgeted rate of \$0.1034. February kWh sales were 133.6 million kWh, a 16.8 million kWh decrease, or 11%, in comparison to the budgeted amount of 150.4 million kWh. Purchased power costs totaled \$10,054,000, which was \$1,366,000 less than the budgeted amount of \$11,420,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of \$5,148,000 for the month of February and \$35,895,000 YTD. These amounts were

\$676,000 greater and \$415,000 greater than the budgeted amount of \$4,472,000 Month-to-Date (“MTD”) and \$35,480,000 YTD. Other operating expenses were less than budget by \$297,000. These items resulted in the Electric Line of Business reporting net operating income of \$2,431,000, which was \$974,000 greater than the budgeted amount of \$1,457,000. Net non-operating items provided an unfavorable variance from budget of \$409,000. Services income was greater than budget by \$153,000. The Electric Line of Business reported January 2024 CNPAC of \$1,618,000 and YTD CNPAC of \$16,449,000. These amounts were \$717,000 greater and \$6,175,000 greater than their respective February 2024 MTD and February 2024 YTD budget amounts.

Water

The Water Line of Business reported total operating revenues of \$2,523,000, a \$476,000 decrease, or 16%, from the February budgeted amount of \$2,999,000. In February, water gallons sold of 262,824,000 was less than the budgeted amount of 289,131,000 (a 26,307,000-gallon variance from budget, or 9%). NBU’s net realized price per 1,000 gallons sold in February was \$9.34, which was less than the budgeted amount of \$10.18. Operating expenses for February were \$3,786,000, which was \$112,000 less than the budgeted amount of \$3,898,000. The net effect of less revenues and lesser operating expenses than budgeted resulted in the Water’s net operating income of (\$1,263,000), which was greater than budget. Net non-operating items provided an unfavorable variance of \$150,000 from budget. Impact fees of \$459,000 were less than budget by \$557,000, and services income was greater than budget by \$27,000. The Water Line of Business reported February 2024 CNPAC of (\$1,350,000) and YTD CNPAC of \$7,604,000. These amounts were \$1,044,000 less than and \$6,108,000 greater than their respective February 2024 MTD and February 2024 YTD budget amounts.

Wastewater

The Wastewater Line of Business reported total operating revenues of \$2,944,000, a \$288,000 decrease, or 9%, from the February budgeted amount of \$3,232,000. Total operating expenses of \$2,695,000 were \$32,000 less than the budgeted amount of \$2,727,000. As a result, the Wastewater Line of Business reported net operating income of \$249,000, which was \$256,000 less than the budgeted amount of \$505,000. Net non-operating items provided a favorable variance of \$126,000 from budget. Impact fees were less than budget by \$43,000, and capital participation fees were less than budget by \$66,000. The Wastewater Line of Business reported February 2024 CNPAC of \$204,000 and YTD CNPAC of \$6,269,000. These amounts were \$240,000 less than and \$3,340,000 greater than their respective February 2024 MTD and February 2024 YTD budget amounts.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

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