



**CFO/Director, Finance**  
*Efren Chavez*

# Financial Status: March 2020

# Financial Results Summary

*Month of: March 2020*

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- March 2020 month-end financial statements reflect a positive change in net assets of \$0.3M, driven by increased capital contributions and AT&T pole attachment settlement
- March YTD month-end financial statements reflect a positive change in net assets of \$1.4M, driven by lower operating expenses and AT&T pole attachment settlement partially offset by lower revenues
- March 2020 capital expenditures were approximately \$1.7M, which is \$0.4M more than February 2020. March YTD capital spend is \$6.2M (additional information follows).

# Budget and Business Results Summary

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- March 2020 capital expenditures were approximately \$1.7M, which is \$0.4M more than Feb 2020.
  - March expenditures primarily reflect \$0.8M annual projects and \$0.9M of major projects:
    - \$0.8M annual projects consist primarily of Overhead and Underground extensions, switchgear installation, and Electric pole replacements
    - \$0.9M major projects consist of WUC Phase 1, Electric Smyrna Substation Expansion and Wastewater Sanitary Sewer Systems 10 and 11 work

# Budget and Business Results Summary

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- March YTD capital spend is \$6.2M
  - Mar YTD expenditures primarily reflect \$2.2M annual projects and \$4.0M major projects:
    - \$2.2M annual projects primarily consisted of Overhead and Underground extensions, switchgear installation, Electric new services, pole replacements, and Water meters
    - \$4.0M major projects primarily consisted of Admin/IT/Central Services Western Utility Complex (W.U.C.), Electric Smyrna Substation expansion and transformers and Wastewater Sanitary Sewer Systems 10 and 11 work and Lift Station #60 Transfer Switch Upgrade work

Combined - FY 2020	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Mar YTD	Mar-19
Electric	3,697	2,859	2,389	2,811	2,926	2,756	17,438	(1,242)
Water	721	682	651	598	618	656	3,926	7
Reclaimed	820	849	825	803	814	874	4,985	152
<b>Operating Revenues</b>	<b>5,238</b>	<b>4,390</b>	<b>3,864</b>	<b>4,212</b>	<b>4,358</b>	<b>4,286</b>	<b>26,349</b>	<b>(1,083)</b>
Operating Expenses	4,625	4,380	4,511	5,081	4,610	4,520	27,726	398
<b>Income before contributions</b>	<b>703</b>	<b>7</b>	<b>(619)</b>	<b>(942)</b>	<b>(221)</b>	<b>(179)</b>	<b>(1,250)</b>	<b>(989)</b>
Capital Contributions	618	179	379	175	794	527	2,671	(2,624)
Change in Net Assets	1,321	186	(240)	(767)	573	348	1,422	(3,613)
Utility plant, net	192,284	191,825	192,108	192,149	193,503	194,581	194,581	13,035
Total assets	237,908	237,131	236,748	236,141	236,701	237,685	237,685	6,284
Long-term debt, net	13,560	13,560	13,560	13,560	13,560	13,560	13,560	3,665
Net assets	204,011	203,747	203,508	202,530	203,103	203,451	203,451	9,942
Purchased Power (MWh)	\$ 40.81	\$ 40.09	\$ 42.11	\$ 44.78	\$ 47.19	\$ 38.56	\$ 42.12	\$ (7.71)
Cooling Degree Days (CDD) TOTAL	424	112	94	85	82	210	1,006	128.5
Cooling Deg. Days (CDD) Avg. FY '20	13.7	3.7	3.0	2.7	2.8	6.8	5.5	0.7
Heating Degrees Day (HDD) TOTAL	-	56	75	157	112	24	424	(101.0)
Heating Deg. Days (HDD) Avg. FY '20	-	1.9	2.4	5.0	3.9	0.8	2.3	(0.57)
TOTAL Electr Sales (kWh)	39,862,466	35,287,487	31,509,827	31,802,950	29,483,156	30,163,923	198,109,809	3,170,768
Electrical Commercial Sales (kWh)	12,260,129	11,848,747	10,990,105	10,751,124	9,568,514	10,159,864	65,578,483	1,813,497
Water Sales (kilogallons)	135,307	128,905	139,947	139,335	131,422	140,923	815,839	3,700
Wastewater Sales (kilogallons)	72,187	71,320	80,595	84,612	80,437	86,530	475,681	18,173
Reclaimed Sales (kilogallons)	62,869	56,051	60,078	49,387	47,338	64,261	339,984	34,659

#### Capital Spend - FY 2020

Annual & Major Projects	1,017	533	951	721	1,333	1,742	6,297	(2,019)
Prior Year Projects	282	33	46	47	8	36	452	1,453
<b>TOTAL</b>	<b>1,299</b>	<b>566</b>	<b>998</b>	<b>768</b>	<b>1,341</b>	<b>1,777</b>	<b>6,749</b>	<b>(567)</b>

#### Difference Incr / (Decr)

Purchased Power (MWh)	\$ (9.15)	\$ (10.74)	\$ (7.61)	\$ (5.08)	\$ (8.66)	\$ (4.61)	\$ (7.71)	-15.5%
TOTAL Electr Sales (kWh)	(2,056,862)	1,590,086	(241,829)	367,339	2,571,695	940,339	3,170,768	1.6%
Electrical Commercial Sales (kWh)	(437,381)	371,041	59,350	213,103	1,543,836	63,548	1,813,497	2.8%
Water Sales (kilogallons)	(4,089)	(8,070)	(2,854)	3,118	15,712	(117)	3,700	0.5%

Lower electric revenues driven by purchased power adjustment

Lower operating expenses vs. prior year driven by lower PP, and business expenses realize anticipated increases.

Purchased power cost per MWhr 15.5% lower than prior year (PY)

## March 2020 Operational Statistics

Total Mar YTD electric and water sales slightly higher than PY driven by Yr. over Yr. Customer growth:

Elec	3.5%
Water	3.9%
Wwater	4.4%
Reclaimed	21.8%



# UCNSB Bond Update

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- The UCNSB Preliminary Official Statement (POS or Offering Document) was posted on Thursday, April 16<sup>th</sup>. The POS announces UCNSB's intention to issue bonds in the near future.
  - The **Official Statement** is the document used by the issuer (UCNSB) and the underwriting firm, Hilltop Securities (HTS) to sell the **bonds** to potential buyers and essentially protect investors' interests by providing the information deemed necessary by federal regulations.
  - The POS can “sit in the market” pending the best entry point for the UCNSB to execute the marketing of the bonds.

# UCNSB Bond Update

## *Continued*

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- HTS prepares a sales point memorandum for their sales force and advises the investors of the transaction with an order period to be established once the UCNSB decides on a pricing level/range they are comfortable with;
- The UCNSB Financing Team is monitoring the markets to determine the best entry point, maximizing the lowest interest rate and related savings on the 2013A and 2013B refinancing and \$65M in new capital.

# UCNSB Bond Update

## *Summary and Next Steps*

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- HTS runs an order period for a day and the UCNSB determines whether to accept the underwriting; HTS receives a verbal commitment from UCNSB prior to entering into a Bond Purchase Agreement (BPA);
- CEO signs the BPA within a day of the verbal award, locking in the interest rates and other terms;
- Bond Counsel begins drafting closing documents;



# UCNSB Bond Update

## *Summary and Next Steps*

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- Preclosing – signing of documents is about 10-14 days after the BPA is signed;
- Close and transfer funds two days hence.
- Leveraging historically low bond rates will save UCNSB and customers millions of dollars over term of financing.