

## Regular Session

March 20, 2024 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
  - \_\_\_\_\_ Brett Parker, District 3
  - \_\_\_\_\_ Mary L. Gonzales, At Large, Position 1
  - \_\_\_\_\_ Tom Groneman, District 2
  - \_\_\_\_\_ David Haley, At Large, Position 2
  - \_\_\_\_\_ Stevie A. Wakes, Sr., District 1
  - \_\_\_\_\_ Rose Mulvany Henry, At Large, Position 3
- III. Approval of Agenda
- IV. Approval of the Minutes of the Work Session of March 6, 2024
- V. Approval of the Minutes of the Regular Session of March 6, 2024
- VI. Visitor Comments
- VII. General Manager / Staff Reports
  - i. Preliminary January 2024 Financials
  - ii. 2023 Internal Audit Overview
  - iii. AWWA Benchmarking
  - iv. Miscellaneous Comments
- VIII. Resolution #5295 – 2023 Contract Decision
- IX. Public Comments
- X. Board Comments
- XI. Adjourn

# **January 2024 Preliminary Financial Results**

**March 20, 2024**

# Financial Results

## 2024 Billed kWh (YTD Jan)

Electric	(CY) 2024 YTD	(PY) 2023 YTD
Residential	51,696,756	53,627,649
Commercial	81,415,207	82,155,854
Industrial	40,401,919	43,265,510
	173,513,882	179,049,013

All customer classes were below 2023 levels

-3.1%

Residential – Down 3.5%    Commercial – Down 1%    Industrial – Down 6.5%

# Financial Results

## 2024 Billed CCF's (YTD Jan)

Water	(CY) 2024 YTD	(PY) 2023 YTD	
Residential	278,007	291,352	
Commercial	202,157	203,448	
Industrial	139,456	140,265	
	619,620	635,065	-2.4%

All customer classes were below 2023 levels

Residential – Down 4.5%

Commercial – Down 1%

Industrial – Down 1%

# Financial Results

## Revenues – 2024 MTD & YTD

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 25.900	\$ 27.263	↓	\$ 26.283	\$ 25.900	↓
Water	4.395	4.188	↑	4.374	4.395	↑
Combined	\$ 30.295	\$ 31.451	↓ -3.7%	\$ 30.657	\$ 30.295	↓ -1.2%

\*\*Dollars in millions

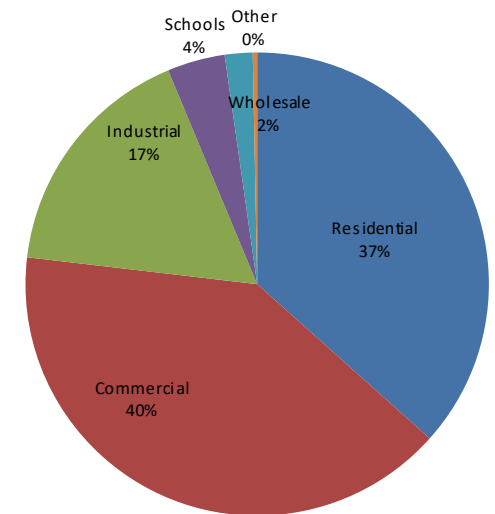
### Variance – YTD comparing Budget to Actual for 2024

#### Electric: Down 1.5%

Residential (\$ 424K)  
 Commercial \$ 433K  
 Industrial (\$ 327K)  
 Schools \$ 51K  
 Wholesale (\$700K)

#### Water: Up .5%

Residential (\$ 70K)  
 Commercial \$ 83K  
 Industrial (\$ 6K)  
 Wholesale \$ 3K



Recognized 1<sup>st</sup> month of 2023 ERC Over Recovery of the ERC - \$681,255

# Financial Results

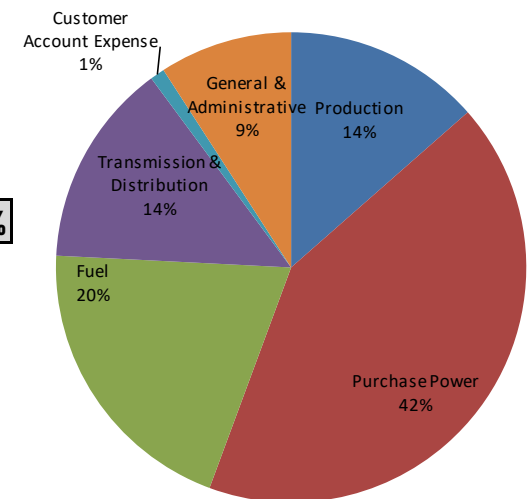
## Operating Expenses – 2024 MTD & YTD

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 27.160	\$ 19.290	↑	\$ 19.922	\$ 27.160	↑
Water	3.242	3.134		3.457	3.242	↓
Combined	\$ 30.402	\$ 22.424	↑ 35.6%	\$ 23.379	\$ 30.402	↑ 30.0%

\*\*Dollars in millions

### ***Actual Compared to 2024 Budget***

- Electric – Up 36%
- Water - Down 6%
- Combined – Up 30%



# Financial Results

## Operating Expenses – 2024 YTD less Depreciation

	(CY) 2024 YTD	(PY) 2023 YTD		Budget 2024 YTD	(CY) 2024 YTD	
Electric	\$ 24.060	\$ 16.361		\$ 17.016	\$ 24.060	
Water	2.518	2.435		2.767	2.518	
Combined	\$ 26.578	\$ 18.796	41.4%	\$ 19.783	\$ 26.578	34.3%

\*\*Dollars in millions

Variance – YTD comparing Budget to Actual 2024

### Electric:

Purchased Power \$6.0M  
 Fuel \$2.1M  
 Production (\$ 14K)  
 T&D (\$407K)  
 G&A (\$501K)

### Water:

Production (\$ 25K)  
 T&D (\$ 26K)  
 G&A (\$146K)

# Financial Results

## Change in Net Position – January 2024

	(CY) 2024 January	(PY) 2023 January
Electric	\$ (5.020)	\$ 3.680
Water	1.365	0.564
Combined	\$ (3.655)	\$ 4.244

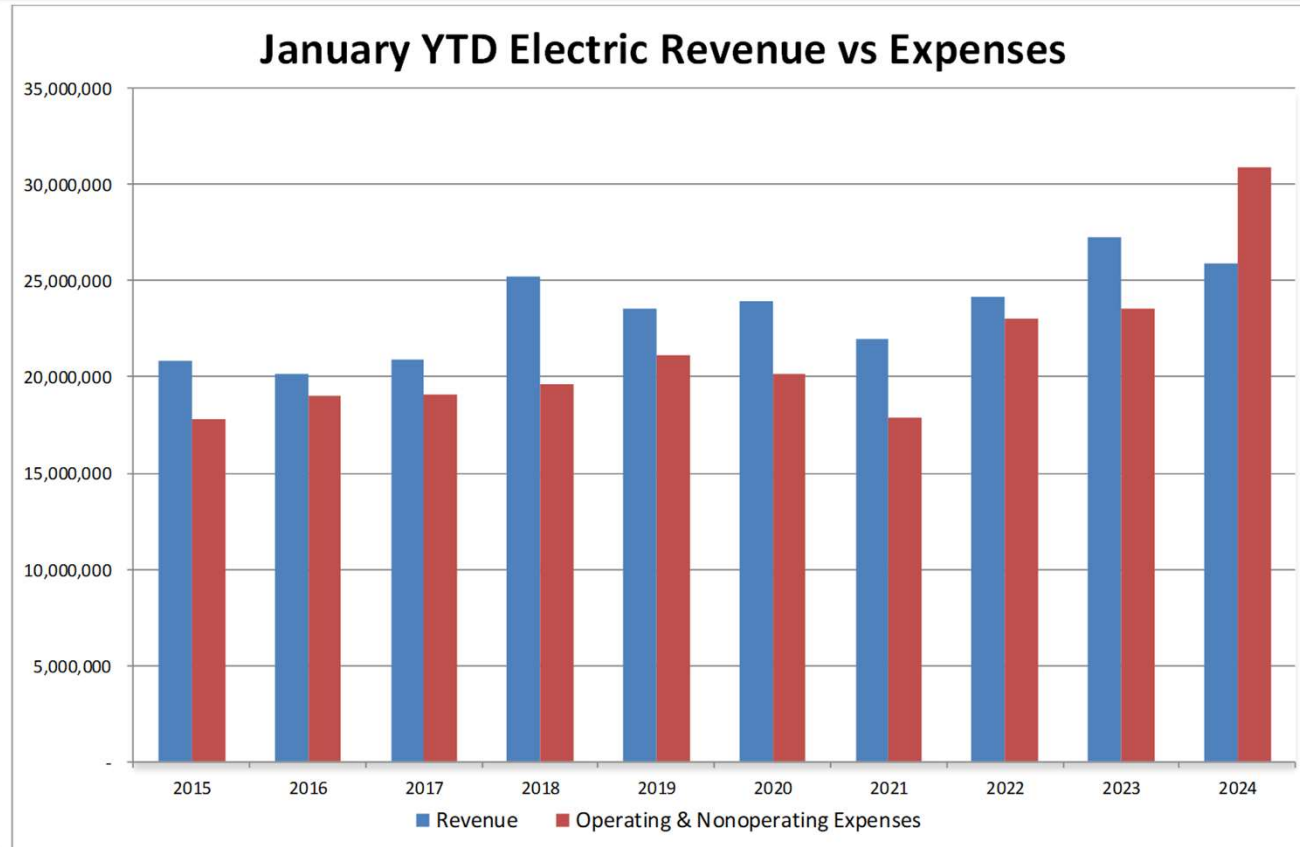
Budget 2024 January	(CY) 2024 January
\$ 2.387	\$ (5.020)
0.467	1.365
\$ 2.854	\$ (3.655)



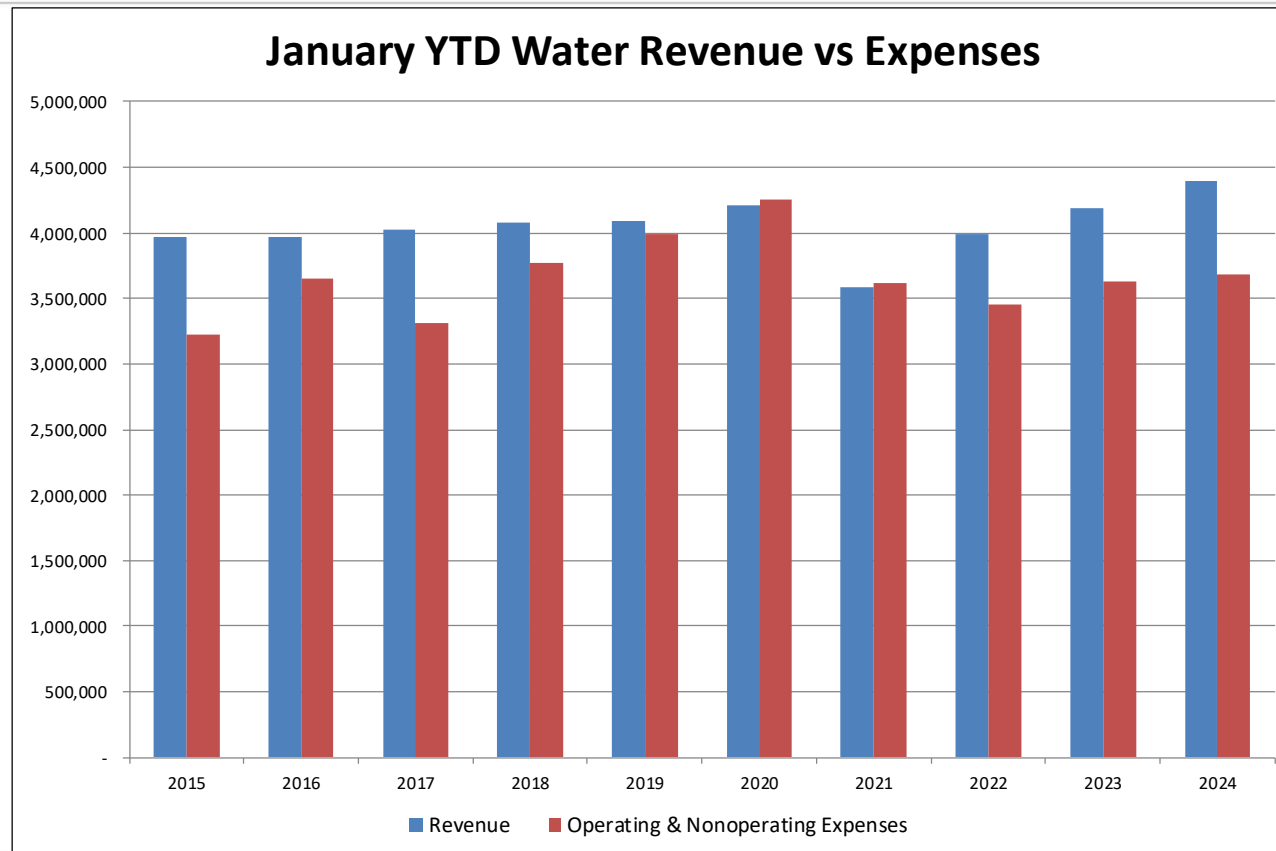
\*\*Dollars in millions



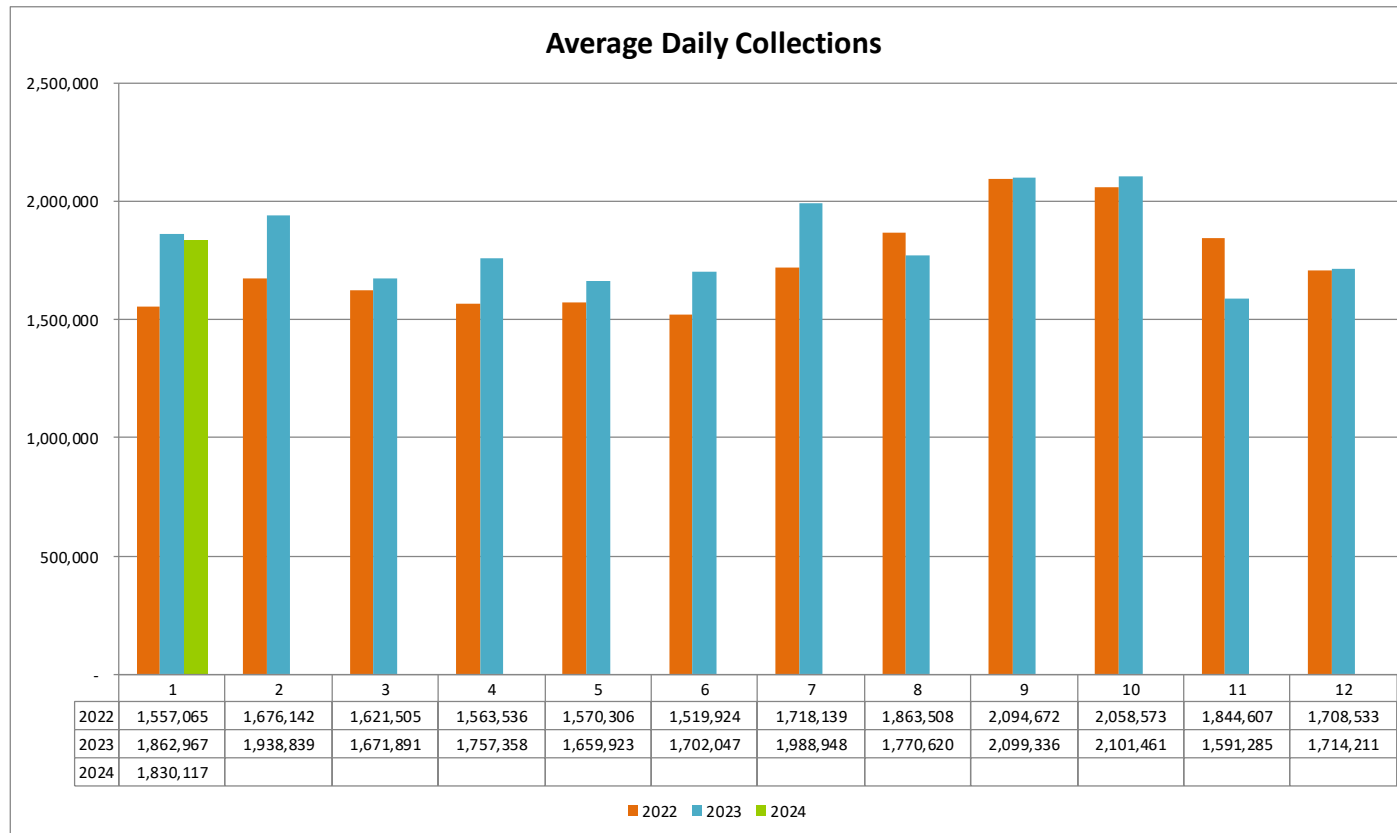
# Financial Results – 10 Year Trend



# Financial Results – 10 Year Trend

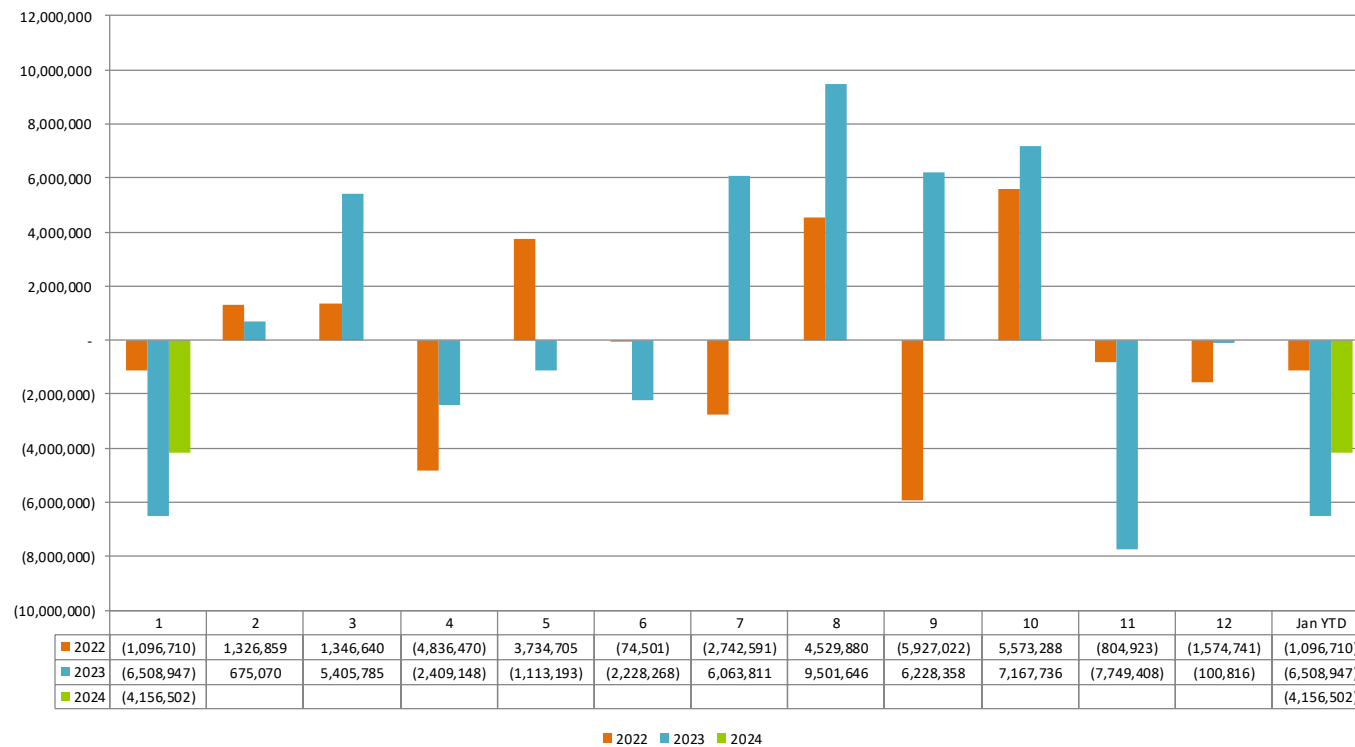


# Financial Results



# Financial Results

Historical Monthly Cash Comparison



# Financial Results

## Cash Position

	(CY) 2024 January	(PY) 2023 January	2023 December
Combined (E&W) Days Cash-on-Hand	\$ 52.88 81	\$ 38.94 60	\$ 57.35 92

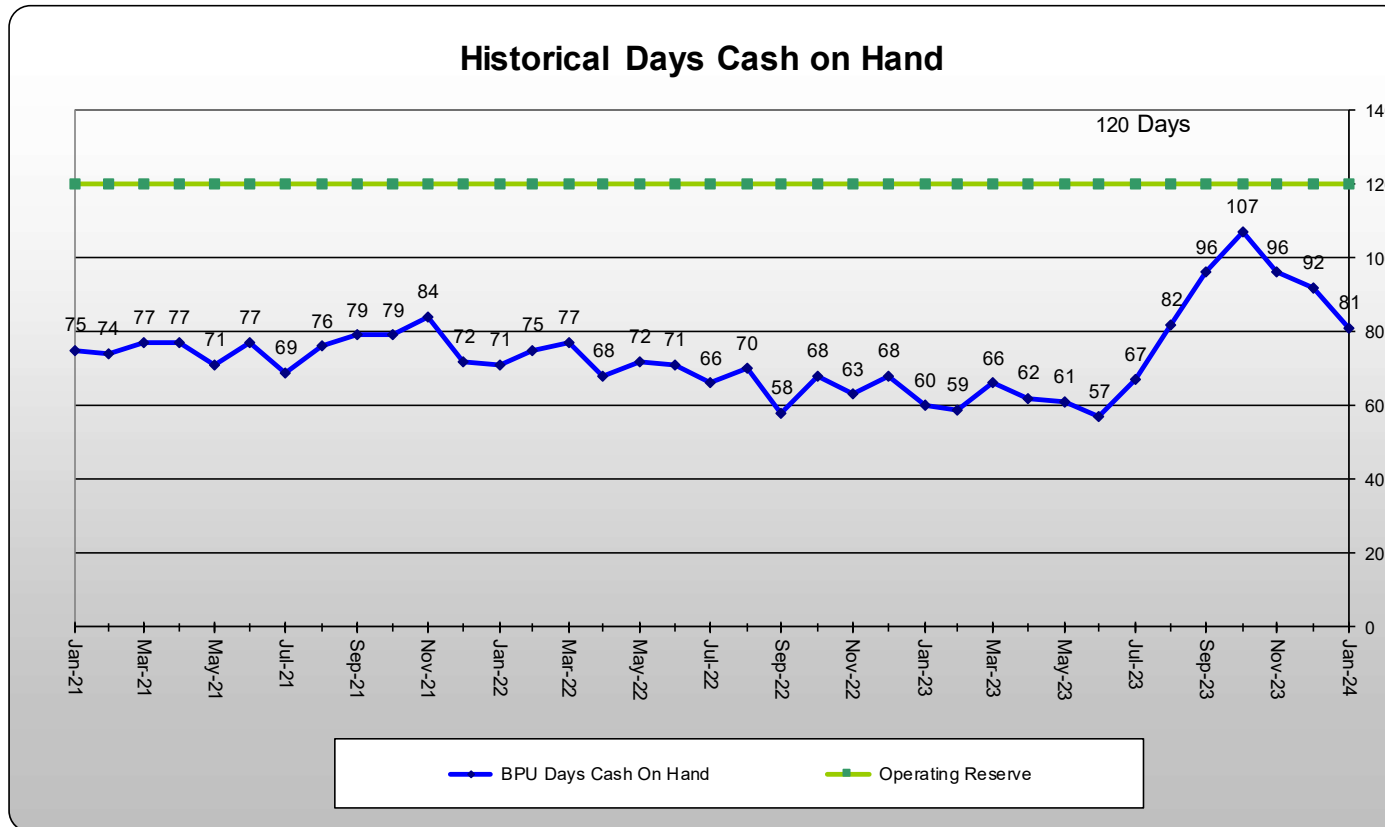
1 Day = Approximately \$600K-\$625K  
(Based on 12 month rolling average of expenses)

## Balance Sheet: Notables

	(CY) 2024 January	(PY) 2023 January
Fuel Inventory	\$ 10.858	\$ 8.435

\*\*Dollars in millions

# Financial Results



# Financial Results

## Capital Spending

	(CY) 2024 YTD	(PY) 2023 YTD	2024 Budget		
Electric	\$ 0.80	\$ (0.05)	\$ 35.58		
Water	0.21	0.42	26.38		
Common	0.05	0.33	5.13		
Total YTD Capital	\$ 1.07	\$ 0.70	\$ 67.09	Remaining	98%

\*\*Dollars in millions

### Major projects in 2024:

Electric Overhead Distribution - \$361.6K  
 Electric Underground Distribution - \$ 56.5K  
 Enterprise Technology - \$53K  
 Water Distribution - \$105K

# Financial Results

## Debt Coverage

### Debt Coverage with PILOT

Financial Guideline Target  
2.0 times with PILOT

	(CY) 2024 January	(PY) 2023 January
Electric	2.19	2.81
Water	2.53	2.19
Combined	2.34	2.89

### Debt Coverage w/o PILOT

Financial Guideline Target  
1.6 times without PILOT

	(CY) 2024 January	(PY) 2023 January
Electric	1.47	2.09
Water	1.93	1.72
Combined	1.62	2.18



# Internal Auditing

March 20, 2024

# Objectives

- Introduction to Internal Auditing
- Importance of Internal Auditing
- Key Functions and Responsibilities
- Benefits to the Utility
- BPU Internal Auditing
- Questions



# Introduction to Internal Auditing

**Definition:** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.

**Purpose:** To help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



# Importance of Internal Auditing

**Promotes Accountability:** Ensures compliant resource use

**Identifies Risks:** Identifies potential vulnerabilities

**Enhances Efficiency:** Assesses processes for improvements

**Strengthens Compliance:** Ensures legal adherence

**Safeguards Assets:** Protects against fraud and theft

# Key Functions and Responsibilities

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**Risk Assessment:** Identifying and assessing risks to goals

**Control Evaluation:** Assessing internal control effectiveness

**Compliance Monitoring:** Ensuring legal and policy adherence

**Fraud Detection:** Detecting and investigating misconduct

**Reporting:** Communicating findings to management and board



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# Benefits to the Utility

**Enhanced Oversight:** Provides independent assurance on controls and risk management

**Informed Decision-Making:** Offers timely information for aligned decisions

**Accountability:** Fosters transparency and trust

**Risk Management:** Identifies and mitigates strategic risks

**Regulatory Compliance:** Ensures regulatory adherence, minimizing penalties

# BPU Internal Auditing

RubinBrown



Annual Audit Schedule

Audit Reports

Request for Proposals



# Questions?



# Water Operations Update: AWWA Benchmarking

March 20, 2024

# AWWA Benchmarking

- KPI is used to Measure Performance in Key Areas
- A Benchmark is used to compare performance to other Utilities
- Track and Improve your Performance based on your KPI





- Timeline
  - Kickoff Jan. 2023
  - Individual Department Meetings and Data Gathering Feb - March
  - April 1<sup>st</sup> Initial Dataset required
  - May 3<sup>rd</sup> Final submittal
  - June - Sept AWWA QA/QC
  - Oct. Final Reports Available

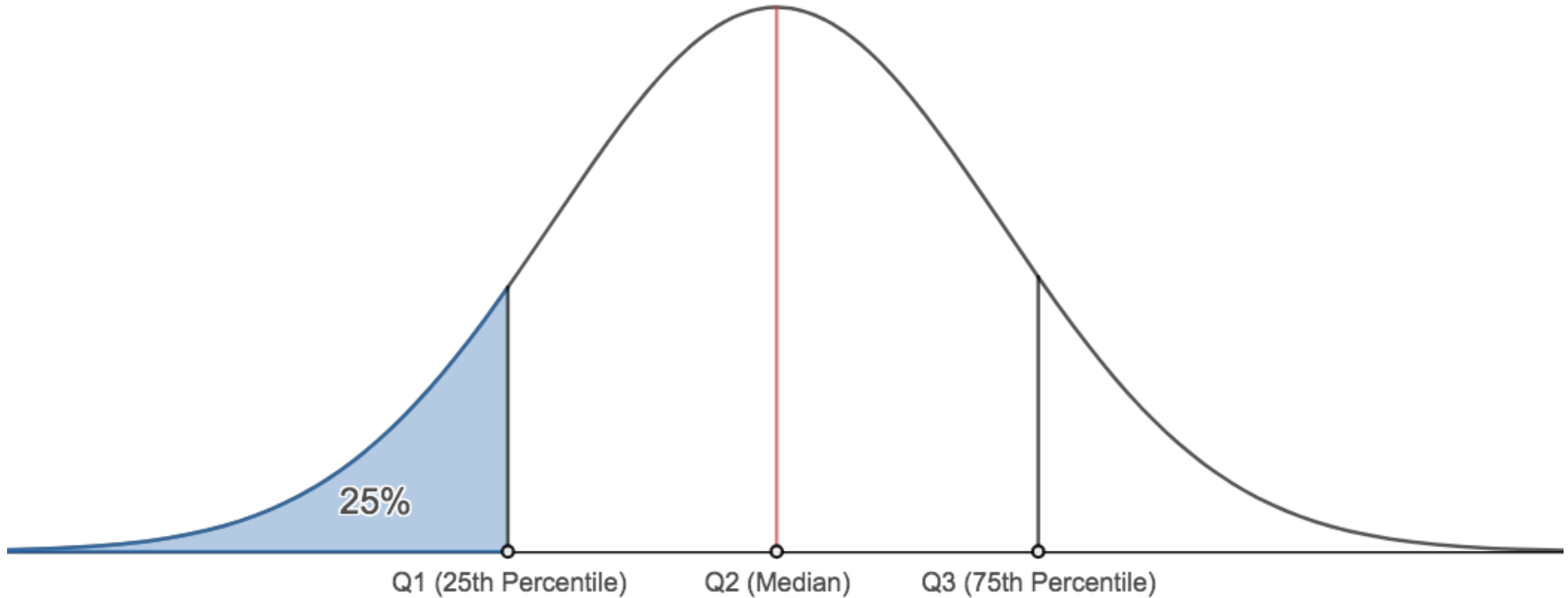
## Goals for Good KPI

- Specific
- Measurable
- Accurate
- Relevant
- Practical
- Understandable

## Problems/Issues

- Grey Areas
- Definitions used for data
- How to measure
- How to report information
- Is it relevant
- Are the systems in place to verify quality of data

# What is a Percentile?



# Business Operation & Organizational Development

	BPU	75 <sup>TH</sup> PERCENTILE	Median	25 <sup>th</sup> Percentile	Count
Customer Accounts Per Employee	384	582	452	375	35
Employee Turnover Rate	2.9%	6.3%	10.9%	14.3%	37
Debt Ratio	0.34	0.26	0.34	0.49	38
Debt Service Coverage Ratio	2.19	3.41	2.74	2.04	35
Operating Ratio (O&M/Revenue)	0.54	0.42	0.55	0.68	36
System Renewal/Replace Funding Allocation Water Transmission & Distribution Pipe Networks (\$/\$)	0.3%	2.8%	1.4%	0.6%	28

# Business Operation & Organizational Development Over Time

	2021	2022	2023
Customer Accounts Per Employee	335	348	384
Employee Turnover Rate %	3.20	1.90	2.90
Debt Ratio %	0.4	.38	0.34
Debt Service Coverage Ratio	2.16	1.91	2.19
Operating Ratio (O&M/Revenue)	0.5	0.56	0.54
System Renewal/Replace Funding Allocation Water Transmission & Distribution Pipe Networks	0.70%	0.70%	0.30%

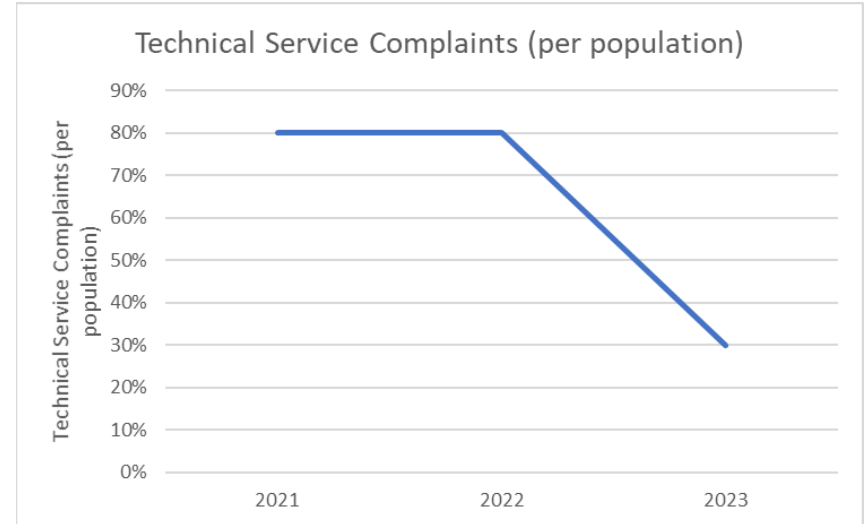
# Metrics Important to Customers

	BPU	75 <sup>TH</sup> PERCENTILE	Median	25 <sup>th</sup> Percentile	Count
Technical Service Complaints (per 1000 customer accounts)	0.3	0.1	1.0	2.0	24



# Metrics Important to Customers

	2021	2022	2023
Technical Service Complaints (per 1000 customer accounts)	0.8	0.8	0.3



# Metrics Important to NWTP

	BPU	75 <sup>TH</sup> PERCENTILE	Median	25 <sup>th</sup> Percentile	Count
Regulatory Compliance	100%	100%	100%	100%	38
Available Water Supply (years)	64	63	51	24	22

# Metrics Important to NWTP Over Time

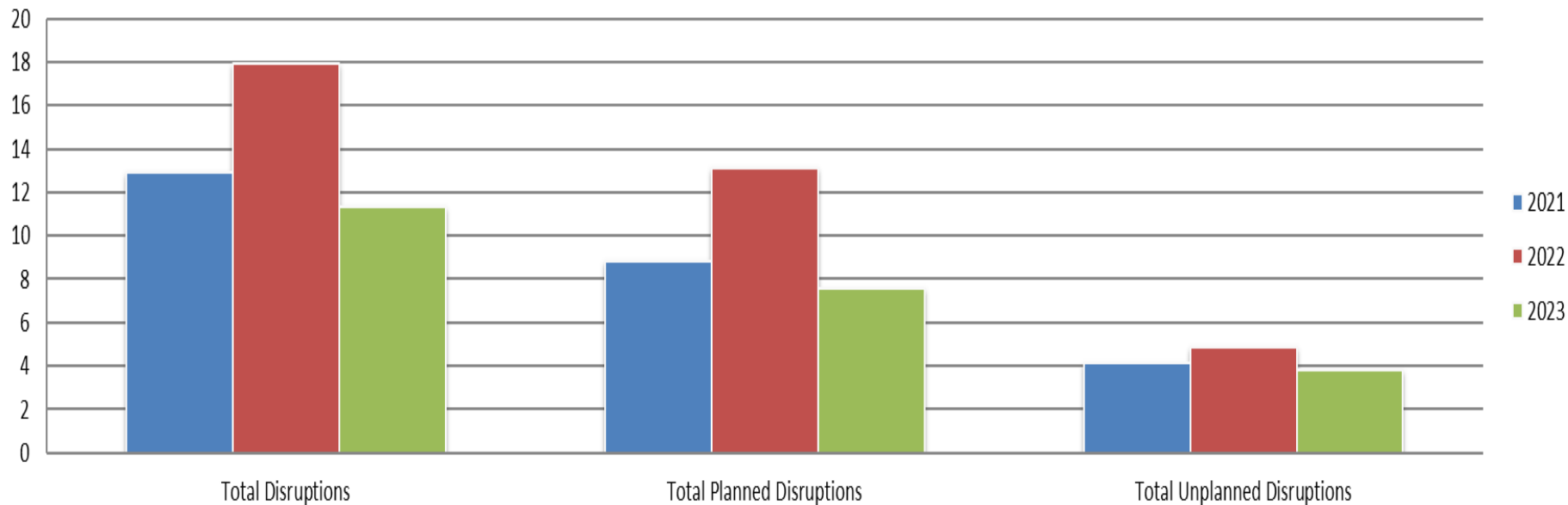
	2021	2022	2023
Regulatory Compliance	100%	100%	100%
Available Water Supply (years)	64	64	64

# Leaks and Breaks

	BPU	75 <sup>TH</sup> PERCENTILE	Median	25 <sup>th</sup> Percentile	Count
Water Distribution System Integrity Total (Breaks & Leaks Per 100 Miles)	68.6	6.5	15.7	22.9	32
Total O&M Cost per account	\$474	\$344	\$474	\$600	33
Total O&M Cost per MG	\$2,562	\$1,823	\$2,815	\$3,565	35
Infrastructure Leakage Index (ILI)	6	0.83	1.55	2.78	22
Disruption of Water Services Frequency Index	11.33	0.79	2.97	4.60	32

# Disruptions per 1000 accounts

Water Distribution System Disruptions per 1000 accounts



# Leaks and Breaks Over Time

	2021	2022	2023
Water Distribution System Integrity Total	52.90	52.90	68.60
Total O&M Cost per account	\$514.00	\$521.00	\$474.00
Total O&M Cost per MG	\$2,541.00	\$2,662.00	\$2,562.00
Infrastructure Leakage Index (ILI)	5.82	6.10	6.00
Disruption of Water Services Frequency Index	12.93	17.95	11.33

# Lesson Learned

- Definitions
- Data Collection - will improve over time
- System of Record
- Thanks - Very thankful for all the assistance from the various departments.

# Questions?