

BOARD INFORMATION PACKET



**Board of Public Utilities
Kansas City, Kansas**

Regular Meeting of

November 17, 2021



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Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
November 17, 2021 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - _____ Ryan Eidson, At Large, Position 2
 - _____ Tom Groneman, District 2
 - _____ Robert L. Milan, Sr., District 1
 - _____ Jeff Bryant, District 3
 - _____ Mary L. Gonzales, At Large, Position 1
 - _____ Rose Mulvany Henry, At Large, Position 3
- III. Approval of Agenda
- IV. Approval of the Minutes of the Special Session of October 28, 2021
- V. Approval of the Minutes of the Work Session of November 3, 2021
- VI. Approval of the Minutes of the Regular Session of November 3, 2021
- VII. Public Comments
- VIII. General Manager / Staff Reports
 - i. Potential BPU Wellness Program
 - ii. KCKCC Economic Development Fund Approval
 - iii. Water Operations Quarterly Report
 - iv. Miscellaneous Comments
- IX. Board Comments
- X. Adjourn

Approval of Minutes
Special Session 10-28-21
Agenda Item #IV

STATE OF KANSAS)
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At 7:45 P.M., the meeting was opened and a motion to adjourn was made by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

APPROVED:

President

Approval of Minutes
Work Session 11-3-21
Agenda Item #V

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 3, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Work Session on Wednesday, November 3, 2021 at 5:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Thomas Groneman Jeff Bryant, and Ryan Eidson.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Jerry Ohmes, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; David Mehlhaff, Chief Communications Officer; Jerry Sullivan, Chief Information Officer; Randy Otting, Director Accounting; Robert Kamp, IT Project Manager; Dennis Dumovich, Director Human Resources; and Patrice Townsend, Director Utility Services.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Milan called the meeting to order at 5:00 P.M.

Roll call was taken, all Board members were present with the exception of Mr. Eidson who was not present until after the approval of agenda.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Ms. Gonzales, seconded by Mr. Bryant and unanimously carried, minus Mr. Eidson who was not yet present to vote.

Item #4 – Board Updates / GM Updates

There were no updates.

Item #5 – 2022 Budget Workshop – Revenue Forecast

Mr. Randy Otting, Director Accounting, presented the 2022 Revenue Forecast to the Board, providing insight on how Accounting projected revenue numbers for the 2022 budget. He discussed the challenges and impacts due to COVID. (See the attached PowerPoint presentation.)

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 3, 2021

STATE OF KANSAS)
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CITY OF KANSAS CITY)

Mr. Otting answered questions from the Board.

Item #6 – KCKCC Economic Development Fund Request

Mr. Johnson gave a recap of the application process for the KCKCC Downtown Education Center that had been underway. The request for this year was a commitment for \$250K for the project, as they are still in the fund-raising mode.

Mr. Johnson and Ms. Mary Spangler, KCKCC Foundation, answered questions from the Board. Ms. Spangler also offered a link that could provide insight into the roles of the various partners of the project.

<https://www.kckcc.edu/foundation/campaign/index.html>

Item #7 – Adjourn

A motion was made to adjourn the Work Session at 5:48 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry and carried unanimously.

ATTEST:

APPROVED:

Secretary

President

Kansas City Board of Public Utilities

November 3, 2021

REVENUE FORECAST 2022

CHALLENGES TO FORECASTING SALES

CHANGING BEHAVIOR

GREATER UNCERTAINTY

IMPACTS TO:

- **SUPPLY CHAIN >>> PARTS SUPPLIERS >>> MANUFACTURING**
- **AUTO SALES >>> AUTO MANUFACTURING**
- **VIRTUAL REMOTE WORK >>> OFFICE SPACE**
- **ONLINE SALES & WAREHOUSING >>> RETAIL SPACE**
- **INTEREST RATES >>> HOME SALES / CONSTRUCTION / BUILDING MATERIAL**

IMPACTS TO ENERGY SALES: OVERALL LOADS ARE DOWN

- **TOP 10 ~ 3% LOWER COMPARED TO 2020**
- **TOP 10 ~ 20% LOWER COMPARED TO 2018 PEAK**
- **RESIDENTIAL SALES ARE HIGHER**

ELECTRIC ASSUMPTIONS

BASE RATES

BASED ON CURRENT RATE MANUAL (NO RATE CHANGES)

ERC = 3.5 CENTS/KWH

ESC = (TIED TO DEBT SERVICE) ~ \$2.5M HIGHER

LOAD/ CONSUMPTION

~ 4% REDUCTION IN 4 MAJOR CLASS (R,C,I,S)

USING A STATISTICAL REGRESSION APPROACH

ELECTRIC RATE BASICS

Breakdown Allocation of Components on Electric Bill:

| | BASE & CC | ERC | ESC | Tot % |
|------|-----------|-------|------|--------|
| RES | 67.7% | 26.0% | 6.4% | 100.0% |
| COMM | 57.8% | 34.1% | 8.1% | 100.0% |
| IND | 54.2% | 38.3% | 7.5% | 100.0% |
| SCH | 61.1% | 30.6% | 8.3% | 100.0% |

- Averages
- Actual results may vary due to Customer Load Factors

ESTIMATING CONSUMPTION

Statistical Linear Regression Function to Predict values

Excel Formula =**FORECAST.LINEAR**

Example:

| Year | Month # | Sum of Bills | kWh / Energy | kW / Demand | Rate | Type |
|------|---------|--------------|--------------|-------------|------|-----------|
| 2013 | 1 | 56,849 | 50,456,032 | | | 100Billed |
| 2014 | 1 | 57,125 | 56,874,733 | | | 100Billed |
| 2015 | 1 | 58,285 | 52,341,344 | | | 100Billed |
| 2016 | 1 | 57,741 | 49,344,104 | | | 100Billed |
| 2017 | 1 | 58,817 | 55,338,578 | | | 100Billed |
| 2018 | 1 | 59,197 | 57,956,561 | | | 100Billed |
| 2019 | 1 | 59,195 | 49,364,569 | | | 100Billed |
| 2020 | 1 | 59,601 | 47,383,162 | | | 100Billed |
| 2021 | 1 | 60,033 | 51,413,190 | | | 100Billed |
| 2022 | 1 | 60,316 | 50,065,879 ✓ | | | 100Est |
| 2013 | 2 | 56,683 | 47,622,346 | | | 100Billed |
| 2014 | 2 | 57,267 | 57,243,137 | | | 100Billed |
| 2015 | 2 | 57,379 | 49,106,790 | | | 100Billed |
| 2016 | 2 | 58,166 | 50,164,951 | | | 100Billed |
| 2017 | 2 | 58,540 | 47,735,444 | | | 100Billed |
| 2018 | 2 | 59,061 | 53,581,322 | | | 100Billed |
| 2019 | 2 | 59,392 | 55,796,384 | | | 100Billed |
| 2020 | 2 | 59,583 | 50,888,384 | | | 100Billed |
| 2021 | 2 | 60,205 | 56,552,228 | | | 100Billed |
| 2022 | 2 | 60,638 | 53,260,491 ✓ | | | 100Est |

DISTRIBUTION OF BILLING UNITS

Billed Rate code >>> Reporting Class

1 -

| No. of Bills | | |
|--------------|------------|---------|
| Code | # of Bills | Percent |
| 100 | 60,595 | 89.98% |
| 200 | 6,163 | 9.15% |
| 250 | 464 | 0.69% |
| 300 | 23 | 0.03% |
| 400 | 14 | 0.02% |
| 500 | 85 | 0.13% |
| | 67,344 | 100.00% |

2 -

| Allocation Factors | | | | |
|--------------------|-------------|------------|------------|---------|
| Code | Residential | Commercial | Industrial | Schools |
| 100 | 100% | 0% | 0% | 0% |
| 200 | 0% | 98% | 1.0% | 1.0% |
| 250 | 0% | 83% | 14% | 3% |
| 300 | 0% | 55% | 41% | 4% |
| 400 | 0% | 41% | 59% | 0% |
| 500 | 0% | 0% | 0% | 100% |

3 -

| Distribution of Bills | | | | |
|-----------------------|-------------|------------|------------|---------|
| Code | Residential | Commercial | Industrial | Schools |
| 100 | 60,595 | - | - | - |
| 200 | - | 6,040 | 62 | 62 |
| 250 | - | 387 | 63 | 14 |
| 300 | - | 13 | 9 | 1 |
| 400 | - | 6 | 8 | - |
| 500 | - | - | - | 85 |

FORECAST RESULTS

MAJOR CLASSES

| YR | KWH Estimate | | | | | % Δ |
|------|--------------|-------------|-------------|------------|---------------|--------|
| | RES | COMM | IND | SCHOOLS | TOTAL | |
| 2022 | 592,133,102 | 894,078,431 | 498,972,316 | 85,072,162 | 2,070,256,011 | |
| 2021 | 586,263,054 | 936,161,756 | 553,154,855 | 81,629,065 | 2,157,208,730 | -4.03% |

CALCULATE REVENUE (EXAMPLE)

| Year | Month # | Sum of Bills | kWh / Energy | Rate | Type |
|------|---------|--------------|--------------|------|-----------|
| 2013 | 1 | 56,849 | 50,456,032 | | 100Billed |
| 2014 | 1 | 57,125 | 56,874,733 | | 100Billed |
| 2015 | 1 | 58,285 | 52,341,344 | | 100Billed |
| 2016 | 1 | 57,741 | 49,344,104 | | 100Billed |
| 2017 | 1 | 58,817 | 55,338,578 | | 100Billed |
| 2018 | 1 | 59,197 | 57,956,561 | | 100Billed |
| 2019 | 1 | 59,195 | 49,364,569 | | 100Billed |
| 2020 | 1 | 59,601 | 47,383,162 | | 100Billed |
| 2021 | 1 | 60,033 | 51,413,190 | | 100Billed |
| 2022 | 1 | 60,316 | 50,065,879 | | 100Est |
| 2013 | 2 | 56,683 | 47,622,346 | | 100Billed |
| 2014 | 2 | 57,267 | 57,243,137 | | 100Billed |
| 2015 | 2 | 57,379 | 49,106,790 | | 100Billed |
| 2016 | 2 | 58,166 | 50,164,951 | | 100Billed |
| 2017 | 2 | 58,540 | 47,735,444 | | 100Billed |
| 2018 | 2 | 59,061 | 53,581,322 | | 100Billed |
| 2019 | 2 | 59,392 | 55,796,384 | | 100Billed |
| 2020 | 2 | 59,583 | 50,888,384 | | 100Billed |
| 2021 | 2 | 60,205 | 56,552,228 | | 100Billed |
| 2022 | 2 | 60,638 | 53,260,491 | | 100Est |

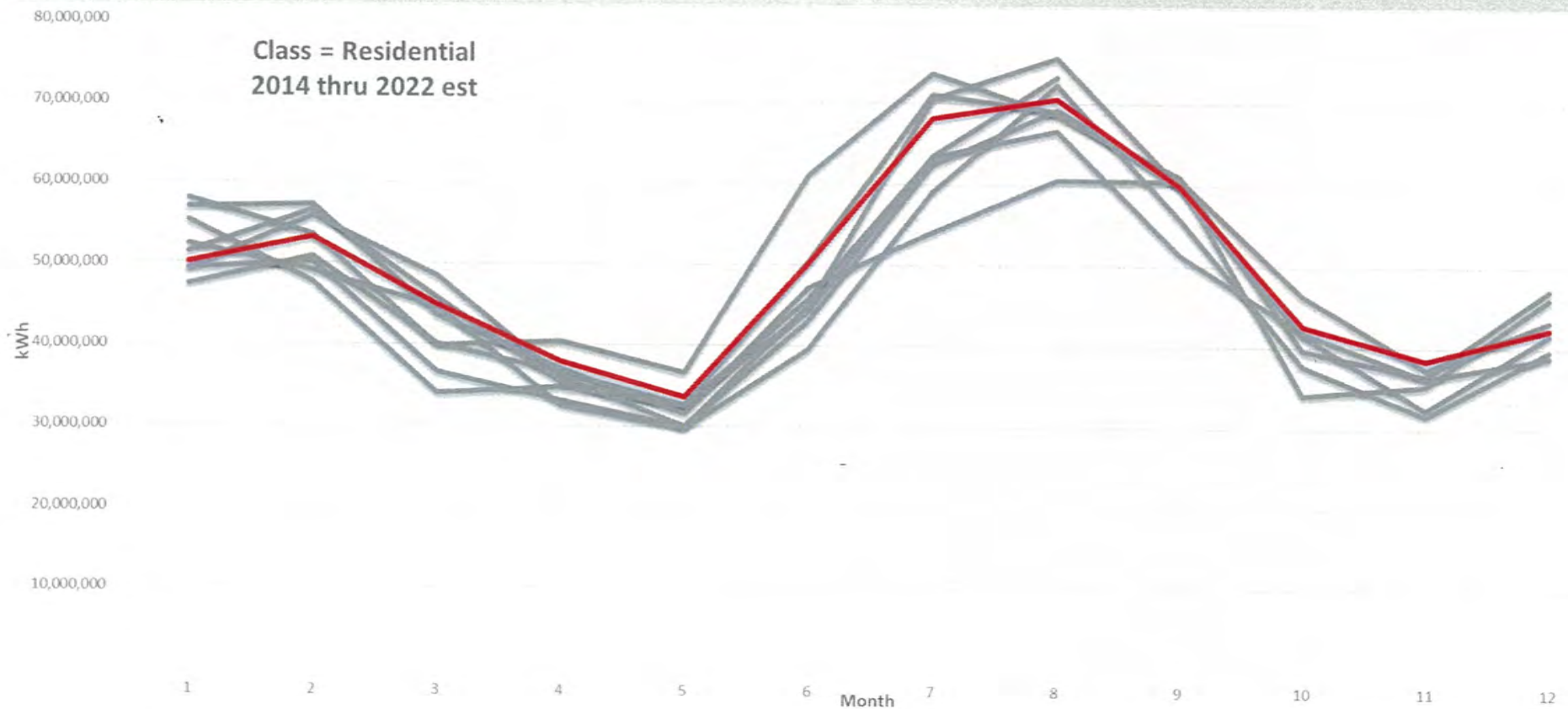
| Month 1 (100) | | | |
|---------------|--------------|------------|---------------------|
| Componets | Units | \$/kWh | Amount |
| Cust Charge | 60,316 | \$ 22.00 | \$ 1,326,952 |
| Base | 50,065,879 X | \$ 0.06466 | \$ 3,237,260 |
| ERC | 50,065,879 X | \$ 0.035 | \$ 1,752,306 |
| ESC | 50,065,879 X | \$ 0.009 | \$ 429,065 |
| | | | \$ 6,745,582 |

| Month 2 (100) | | | |
|---------------|--------------|------------|---------------------|
| Componets | Units | \$/kWh | Amount |
| Cust Charge | 60,638 | \$ 22.00 | \$ 1,334,036 |
| Base | 53,260,491 X | \$ 0.06466 | \$ 3,443,823 |
| ERC | 53,260,491 X | \$ 0.035 | \$ 1,864,117 |
| ESC | 53,260,491 X | \$ 0.009 | \$ 456,442 |
| | | | \$ 7,098,419 |

RESIDENTIAL ELECTRIC LOAD IN KWH

Observations:

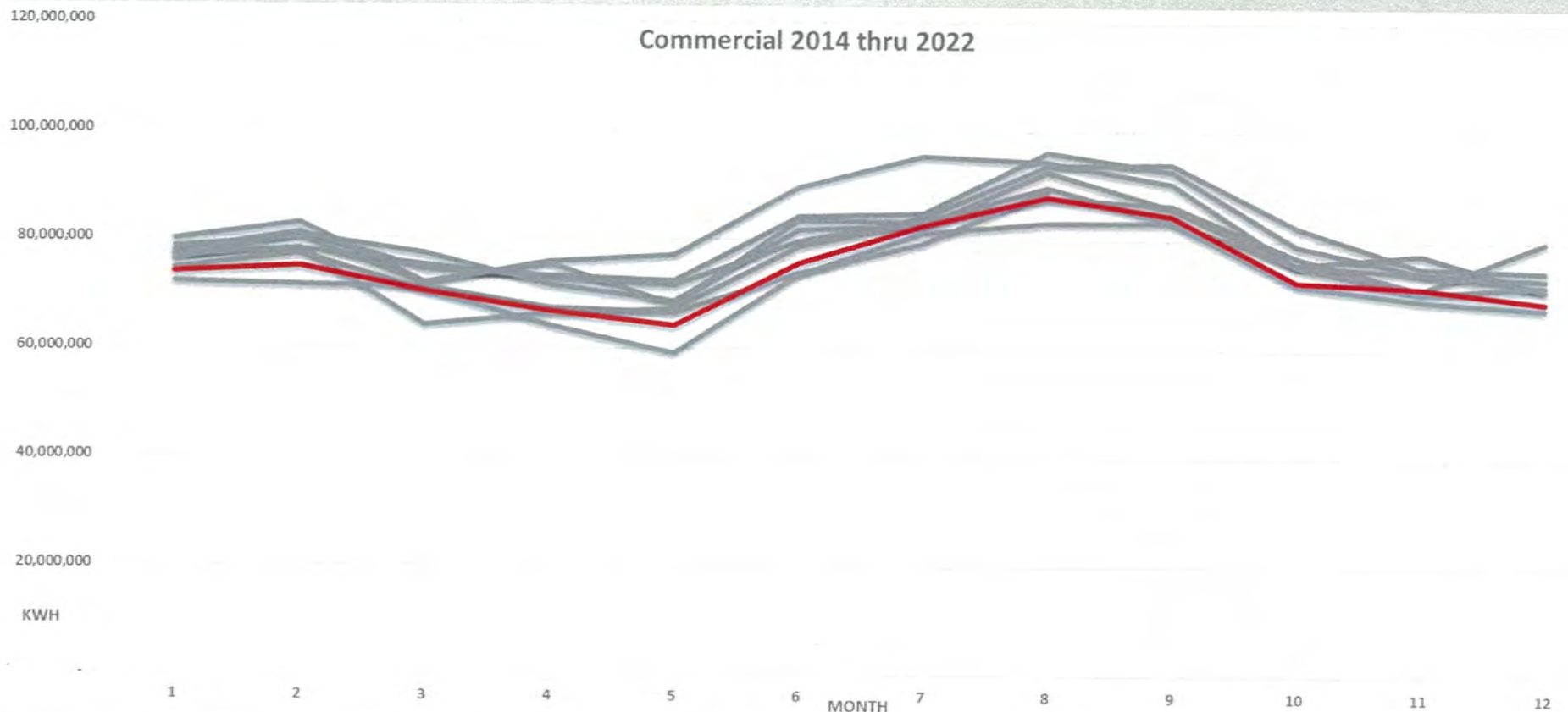
- Solid Customer Growth (+400 since 2020)
- Average monthly usage remains stable @ 816 kWh per month



COMMERCIAL ELECTRIC LOAD IN KWH

Observations:

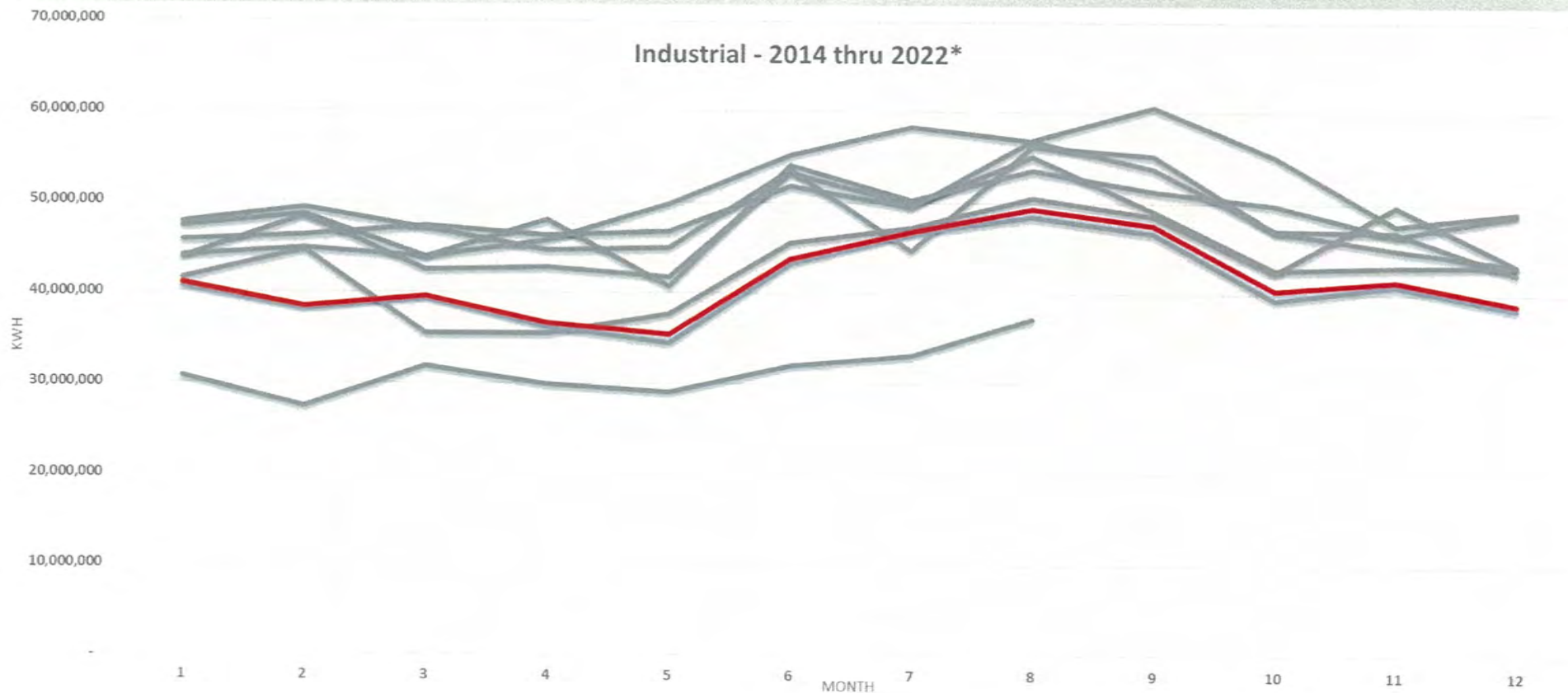
- Medium Service class is showing a declining trend
- Large & Small General Service Class is show a flat trend
- ~ 90 fewer accounts over the past 5 years.



INDUSTRIAL ELECTRIC LOAD IN KWH

Observations:

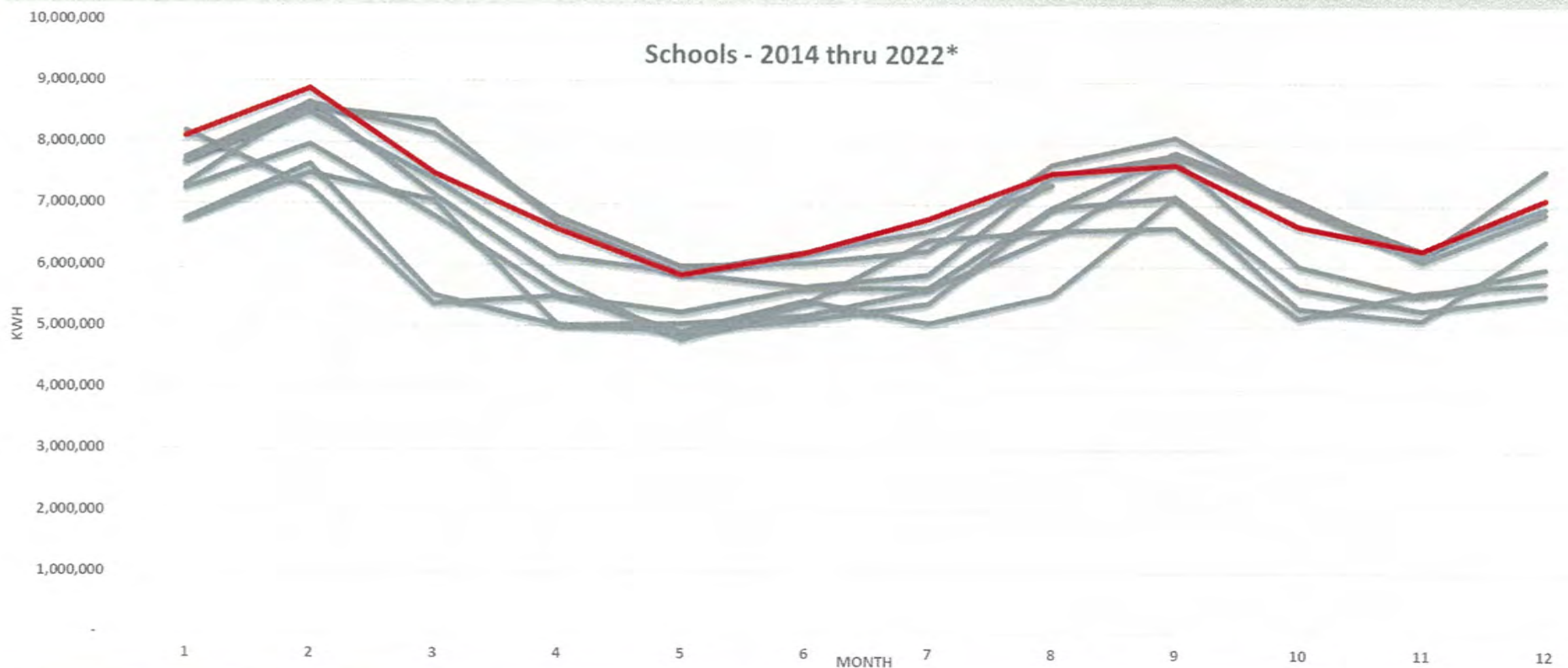
- Number of Accounts remains stable
- Usage per account had been trending lower (2015 peaked)
- ~ 20% lower in 2022 vs. 2015



SCHOOLS ELECTRIC LOAD IN KWH

Observations:

- Number of accounts remain flat
- New facilities added & additional square feet



REVENUE FORECAST - ELECTRIC

RESULTS

| Class | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Budget | 2022 Estimate |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Residential | \$65,823,214 | \$72,054,974 | \$81,811,709 | \$75,952,160 | \$75,024,142 | \$74,539,000 | \$80,099,400 |
| Commercial | 90,335,199 | 102,217,692 | 106,882,111 | 101,781,643 | 96,258,037 | 92,238,000 | 97,654,000 |
| Industrial | 44,967,833 | 48,680,080 | 51,385,553 | 49,601,656 | 46,214,139 | 44,362,000 | 45,205,000 |
| Schools | 7,564,437 | 8,623,896 | 10,145,011 | 9,830,695 | 8,764,262 | 8,615,000 | 9,740,000 |
| Highway Lighting | 303,335 | 335,322 | 350,209 | 329,670 | 327,913 | 333,900 | 337,000 |
| Total | \$208,994,018 | \$231,911,964 | \$250,574,593 | \$239,179,500 | \$240,953,900 | \$220,087,900 | \$233,035,400 |

Estimate higher ERC & ESC in 2022

Base Rate dollars projected to be lower in 2022

REVENUES FORECAST - WATER

RESULTS

| Class | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Budget | 2022 Estimate |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Residential | \$ 23,956,301 | \$ 24,209,408 | \$ 24,235,761 | \$ 24,036,511 | \$ 24,868,224 | \$ 24,227,874 | \$ 24,476,000 |
| Commercial | 11,160,588 | 11,390,321 | 11,553,570 | 11,184,854 | 11,076,961 | 11,243,080 | 11,191,000 |
| Industrial | 5,658,555 | 5,973,841 | 5,860,912 | 5,937,471 | 6,318,802 | 6,200,089 | 6,205,000 |
| Schools | 643,637 | 637,691 | 655,705 | 683,839 | 573,235 | 658,360 | 661,700 |
| Fire Protection - Private | 540,910 | 555,110 | 560,998 | 562,114 | 574,408 | 575,000 | 600,000 |
| Public Authority | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| Wholesale Water Sales | 1,104,484 | 1,153,785 | 1,487,644 | 1,425,619 | 1,541,232 | 1,421,462 | 1,321,700 |
| Total | \$ 43,092,475 | \$ 43,948,156 | \$ 44,382,590 | \$ 43,858,408 | \$ 44,980,862 | \$ 44,353,865 | \$ 44,483,400 |

2022 Forecast Reflects No Water Rate Adjustments

COMMENTS / QUESTIONS

REGULAR SESSION –WEDNESDAY, NOVEMBER 3, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Regular Session on Wednesday, November 3, 2021 at 6:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Jeff Bryant, Thomas Groneman, and Ryan Eidson.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Executive Director Electric Operations; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Jerry Ohmes, Executive Director Electric Supply; Dong Quach, Executive Director Electric Production; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Randy Otting, Director Accounting; Dennis Dumovich, Director of Human Resources; Robert Kamp, IT Project Manager; and Patrice Townsend, Director Utility Services.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Milan called the Board Meeting to order at 6:00 P.M. He welcomed all that were listening to or viewing the meeting. He stated that the Board felt it was necessary to offer the use of technology for staff as well as for the general public. Those wishing to offer comments during the Public Comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 and be connected by phone. As always, the public could email or call the BPU with any concerns. The agenda could be found on the BPU website. If they were using Zoom, it would appear on their screen. Mr. Milan introduced himself and the other Board Members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board Members were present via teleconference.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Mr. Bryant, seconded by Mr. Eidson, and unanimously carried.

Item #4 – Approval of Work Session Minutes of October 20, 2021

A motion was made to approve the minutes of the Work Session of October 20, 2021 by Ms. Gonzales, seconded by Ms. Mulvany Henry, and unanimously carried.

REGULAR SESSION –WEDNESDAY, NOVEMBER 3, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #5 – Approval of Regular Session Minutes of October 20, 2021

A motion was made to approve the minutes of the Regular Session of October 20, 2021 by Mr. Bryant, seconded by Mr. Groneman, and unanimously carried.

Item #6– Public Comments

Ms. Louise Lynch, 737 Miami Ave., commented on the recent election and spoke to the Board regarding assisting people with medical devices.

Mr. Beto Lugo with Clean Air Now, said he would be sharing a report on equity and public participation in the upcoming weeks.

Item #7 – General Manager / Staff Reports

- i. *Utility Disconnects Update:* Ms. Johnetta Hinson, Executive Director Customer Service provided an update on the lifting of the moratorium and a modified collection process.

Ms. Hinson answered questions from the Board.

- ii. *New BPU Bill Design Update:* Ms. Hinson spoke about the new BPU bill design program which launched on October 11, 2021. Customer feedback had been positive and the new bill process was working well.

Ms. Hinson addressed comments from the Board.

- iii. *2021 Third Quarter Financials:* Ms. Austin, delivered a PowerPoint presenting the 2021 Third Quarter Financials to the Board. (see attached)

A motion was made to approve the Third Quarter 2021 Financials as presented by Ms. Gonzales, seconded by Mr. Eidson, and carried unanimously.

- iv. *Marketing/Communications Quarterly Report:* Mr. David Mehlhaff, Chief Communications Officer, gave the Board an update on the Marketing and Communication team's efforts which included:
 - Community groups are beginning to meet again so he had been getting out to give updates on the utility's different programs and services.

REGULAR SESSION –WEDNESDAY, NOVEMBER 3, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

- The next BPU Connection would be out before the holidays.
- The focus for 2022 would be toward more civic outreach, letting the public know about things like our community solar farm.
 - They were looking at ways to enhance the Key Accounts program so as to focus on the needs of high usage customers.
 - They would be promoting energy and water efficiency through customer education and outreach.
- Web communications statistics to show customer usage of the BPU website.

Mr. Johnson added that they were working on a text message capability project. It could provide outage information updates as well as give the customer ways to text an outage message to us. It could also provide account status messages to customers.

- v. *Miscellaneous Comments:* Mr. Johnson said they would continue to move through the budget process with the Board.

He asked the Board to think about when they may feel comfortable having in-person Board meetings.

He also congratulated Mr. Groneman and Ms. Gonzales on their election results.

Item #8 – Board Comments

Mr. Eidson had no comments.

Mr. Groneman thanked everyone for their informative presentations. He also congratulated Ms. Gonzales.

Mr. Bryant congratulated Mr. Groneman and Ms. Gonzales.

Ms. Gonzales congratulated Mr. Groneman and thanked all for the support.

Ms. Mulvany Henry congratulated Mr. Groneman and Ms. Gonzales.

Mr. Milan congratulated Mr. Groneman and Ms. Gonzales and also thanked everyone for their presentations

REGULAR SESSION –WEDNESDAY, NOVEMBER 3, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #9 – Adjourn

A motion was made to adjourn the Regular Session at 6:53 P.M. by Mr. Groneman, seconded by Ms. Gonzales, and unanimously carried.

ATTEST:

APPROVED:

Secretary

President

2021 Third Quarter Financial Results

November 3, 2021

Financial Results

2021 Billed kWh (YTD Jan – Sep)

| Electric | (CY) 2021 YTD | (PY) 2020 YTD | |
|-------------|------------------|------------------|------|
| Residential | 470,060,025 | 457,593,176 | |
| Commercial | 728,152,348 | 692,151,050 | |
| Industrial | 347,054,019 | 385,673,043 | |
| | 1,545,266,392 | 1,535,417,269 | 0.6% |

Lower usage for Industrial customers in 2021 compared to 2020 due to continued slowdown of businesses

Residential – Up 3% Commercial – Up 5% Industrial – Down 10%

Financial Results

2021 Billed CCF's (YTD Jan – Sep)

| Water | (CY) 2021 YTD | (PY) 2020 YTD | |
|-------------|------------------|------------------|-------|
| Residential | 2,643,623 | 2,703,845 | |
| Commercial | 1,910,009 | 1,902,957 | |
| Industrial | 1,328,432 | 1,415,094 | |
| | 5,882,064 | 6,021,896 | -2.3% |

Slightly lower usage compared to 2020 due to business slowdowns as a result of COVID-19

Residential – Down - 2% Commercial – Up < 1% Industrial - Down 6%

Financial Results

Revenues – Third Quarter 2021

| | | (CY) 2021 3rd Quarter | (PY) 2020 3rd Quarter | | Budget 2021 3rd Quarter | (CY) 2021 3rd Quarter | |
|-----------------------|----------|--------------------------|--------------------------|-------|----------------------------|--------------------------|------|
| | | | | | | | |
| **Dollars in millions | Electric | \$ 80.057 | \$ 83.904 | | \$ 73.681 | \$ 80.057 | |
| | Water | 14.677 | 15.569 | | 14.489 | 14.677 | |
| | Combined | \$ 94.734 | \$ 99.473 | -4.8% | \$ 88.170 | \$ 94.734 | 7.4% |

Actual Compared to 2021 Budget

Electric up 9%

Water up 1%

Financial Results

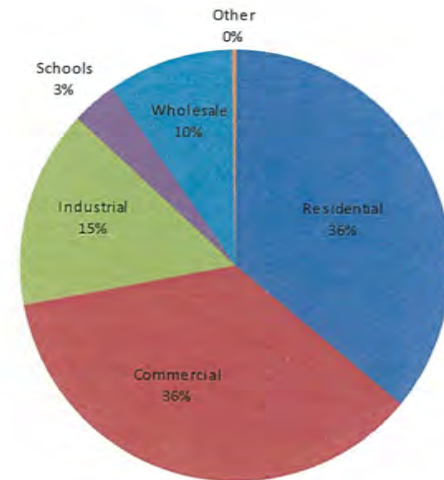
Revenues – 2021 YTD

| | (CY) 2021 YTD | (PY) 2020 YTD | | Budget 2021 YTD | (CY) 2021 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|------|
| Electric | \$ 220.373 | \$ 216.342 | | \$ 196.870 | \$ 220.373 | |
| Water | 38.612 | 39.874 | | 39.390 | 38.612 | |
| Combined | \$ 258.985 | \$ 256.216 | 1.1% | \$ 236.260 | \$ 258.985 | 9.6% |

**Dollars in millions

Electric: *Up 12%*
 Variance YTD comparing Budget to Actual for
 2021
 Residential \$1.7M
 Commercial \$ 98K
 Industrial (\$5.3M)
 Schools \$575K
 Wholesale
 Recognized \$11.7M deferral of revenue YTD from the 2020 ERC in 2021
 \$16.9M

Water: *Down 2%*
 Residential \$355K
 Commercial (\$ 90K)
 Industrial (\$358K)



Financial Results

Operating Expenses – Third Quarter 2021

| | (CY) 2021 3rd Quarter | (PY) 2020 3rd Quarter | | Budget 2021 3rd Quarter | (CY) 2021 3rd Quarter | |
|----------|--------------------------|--------------------------|-------|----------------------------|--------------------------|-------|
| Electric | \$ 48.885 | \$ 53.329 | | \$ 51.719 | \$ 48.885 | |
| Water | 9.236 | 8.796 | | 9.651 | 9.236 | |
| Combined | \$ 58.121 | \$ 62.125 | -6.4% | \$ 61.370 | \$ 58.121 | -5.3% |

**Dollars in millions

Variance – Comparing Budget to Actual for 2021

Electric – Down 6%

| | |
|-----------------|------------|
| Production | - 16% down |
| Purchased Power | - 42% down |
| Fuel | - 42% up |
| T&D | - 6% down |
| G &A | - 19% down |

Water – Down 4%

| | |
|------------|------------|
| Production | - 18% down |
| T&D | - 3% up |
| G &A | - 19% down |

Financial Results

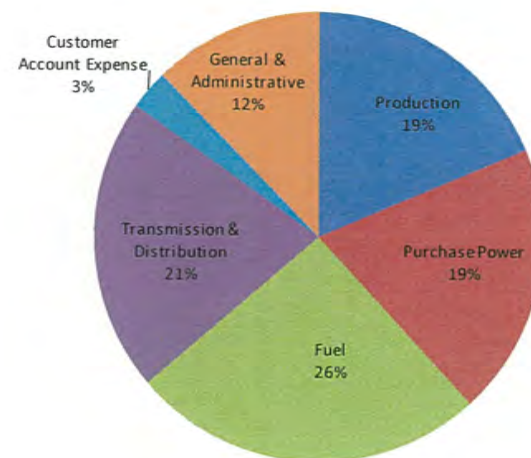
Operating Expenses – 2021 YTD (Total)

| | (CY) 2021 YTD | (PY) 2020 YTD | | Budget 2021 YTD | (CY) 2021 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|------|
| Electric | \$ 155.558 | \$ 147.159 | | \$ 153.406 | \$ 155.558 | |
| Water | 26.641 | 25.551 | | 28.880 | 26.641 | |
| Combined | \$ 182.199 | \$ 172.710 | 5.5% | \$ 182.286 | \$ 182.199 | 0.0% |

**Dollars in millions

Actual Compared to 2021 Budget

- Electric up 1%
- Water down 8%



Financial Results

Operating Expenses – 2021 YTD less Depreciation

| | (CY) 2021 YTD | (PY) 2020 YTD | | Budget 2021 YTD | (CY) 2021 YTD | |
|----------|------------------|------------------|------|--------------------|------------------|-------|
| Electric | \$ 132.579 | \$ 126.080 | | \$ 131.850 | \$ 132.579 | |
| Water | 20.361 | 19.703 | | 22.930 | 20.361 | |
| Combined | \$ 152.940 | \$ 145.783 | 4.9% | \$ 154.780 | \$ 152.940 | -1.2% |

**Dollars in millions

Variance – YTD comparing Budget to Actual
2021

Electric:

Purchased Power (\$3.5M)
Fuel \$15.0M
Production (\$4.1M)
T&D (\$3.4M)
G&A (\$3.2M)

Water:

Production (\$1.0M)
T&D (\$658K)
G&A (\$802K)

Financial Results

Change in Net Position – Third Quarter 2021

| | (CY) 2021 3rd Quarter | (PY) 2020 3rd Quarter |
|----------|--------------------------|--------------------------|
| Electric | \$ 17.853 | \$ 14.490 |
| Water | 3.534 | 4.521 |
| Combined | \$ 21.387 | \$ 19.011 |

| Budget 2021 3rd Quarter | (CY) 2021 3rd Quarter |
|----------------------------|--------------------------|
| \$ 9.432 | \$ 17.853 |
| 2.785 | 3.534 |
| \$ 12.217 | \$ 21.387 |

**Dollars in millions

Financial Results

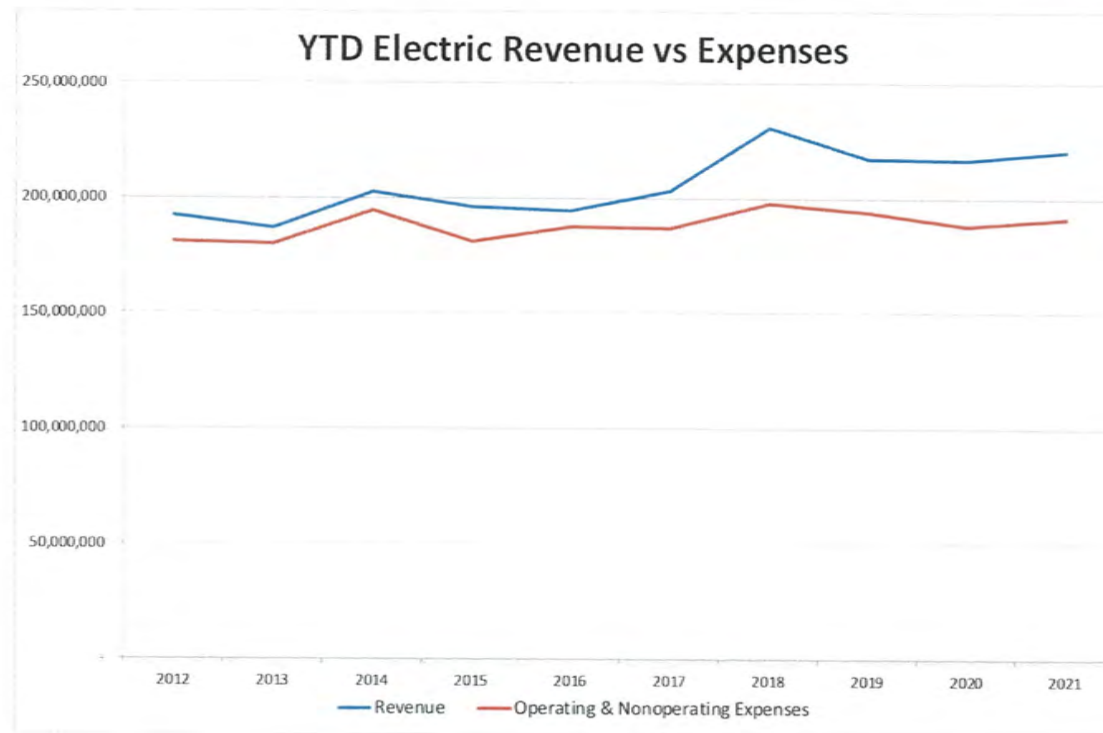
Change in Net Position – 2021 YTD

| | (CY) 2021 YTD | (PY) 2020 YTD |
|----------|------------------|------------------|
| Electric | \$ 29.168 | \$ 28.355 |
| Water | 6.928 | 7.754 |
| Combined | \$ 36.096 | \$ 36.109 |

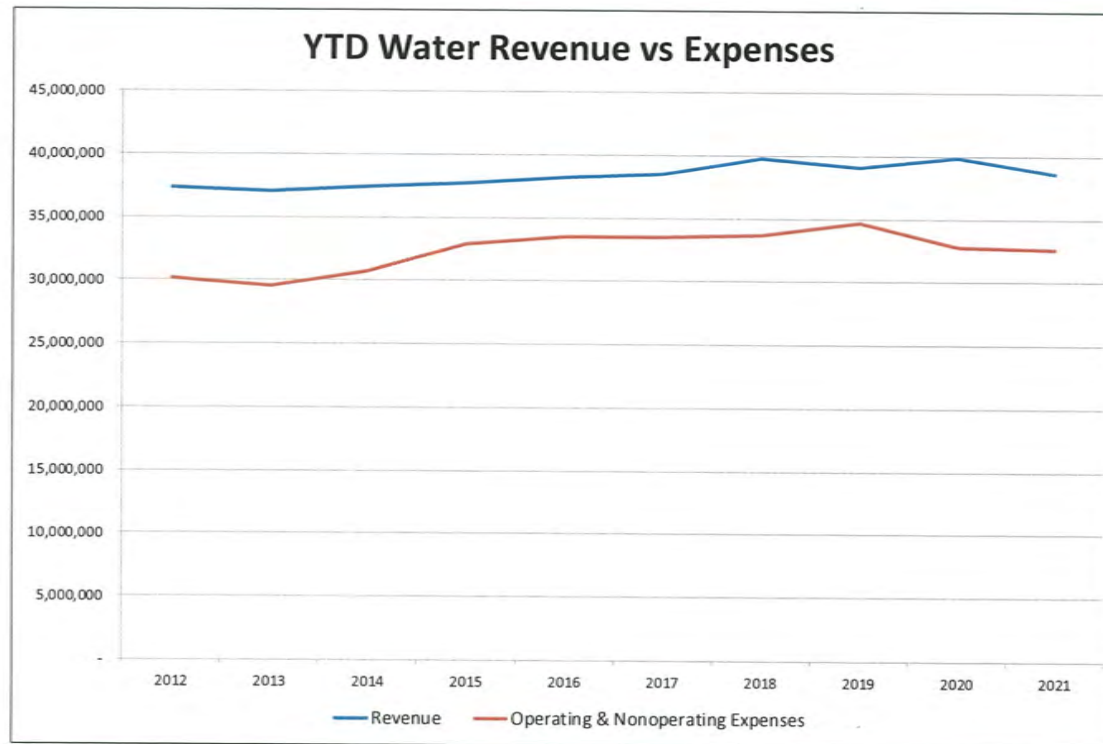
| Budget 2021 YTD | (CY) 2021 YTD |
|--------------------|------------------|
| \$ 8.483 | \$ 29.168 |
| 5.096 | 6.928 |
| \$ 13.579 | \$ 36.096 |

**Dollars in millions

Financial Results – 10 Year Trend



Financial Results – 10 Year Trend



Financial Results

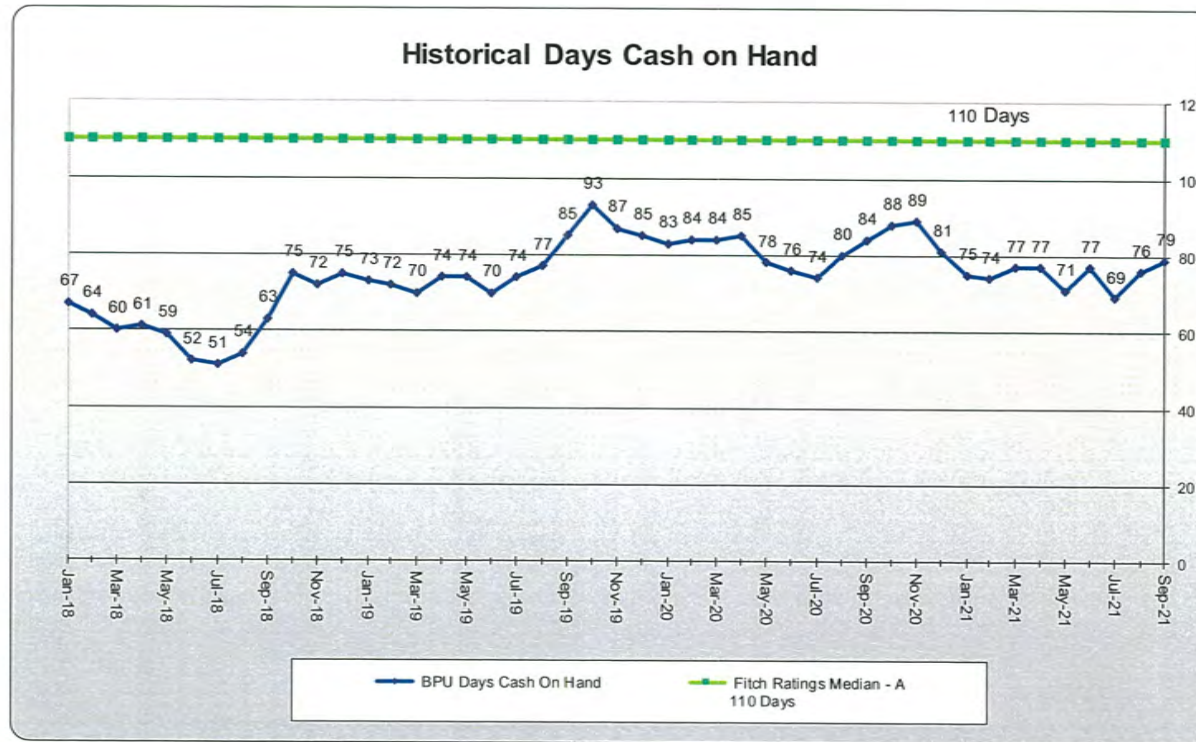
Cash Position

| | (CY) 2021 September | (PY) 2020 September | 2021 August |
|-------------------|------------------------|------------------------|----------------|
| Combined (E&W) | \$ 46.42 | \$ 49.26 | \$ 44.48 |
| Days Cash-on-Hand | 79 | 84 | 76 |

1 Day = Approximately \$550K-\$600K

**Dollars in millions

Financial Results



Financial Results

Balance Sheet: Notables

| | (CY) 2021 September | (PY) 2020 September |
|-------------------------------|------------------------|------------------------|
| Fuel Inventory | \$ 3.190 | \$ 4.801 |
| Bond Dollars 2016C (Elec T&D) | \$ 0.709 | \$ 1.542 |
| Bond Dollars 2020A (Elec) | \$ 7.814 | \$ 10.000 |

**Dollars in millions

Financial Results

Capital Spending

| | (CY) 2021 YTD | (PY) 2020 YTD | 2021 Budget | |
|-------------------|------------------|------------------|-------------|---------------|
| Electric | \$ 14.22 | \$ 30.62 | \$ 38.94 | |
| Water | 5.90 | 6.15 | 12.34 | |
| Common | 2.84 | 1.70 | 5.91 | |
| Total YTD Capital | \$ 22.97 | \$ 38.46 | \$ 57.20 | Remaining 60% |

**Dollars in millions

Major projects in 2021:

Dogwood Capital (BPU's portion) - \$1.5M
 Upgrade of Desktops/Network - \$787K
 New Development - \$1.3M
 Dist Pole Inspection Replacement - \$1.8M
 Annual UG & OH Construction - \$1.0M
 Water Leak, Valve, System Imp. - \$1.5M
 UG/CMIP Water Distribution - \$650K

Financial Results

Debt Coverage

Debt Coverage with PILOT

| | (CY) 2021 September | (PY) 2020 September |
|----------|------------------------|------------------------|
| Electric | 1.91 | 2.19 |
| Water | 1.96 | 1.96 |
| Combined | 2.09 | 2.14 |

Debt Coverage w/o PILOT

| | (CY) 2021 September | (PY) 2020 September |
|----------|------------------------|------------------------|
| Electric | 1.33 | 1.58 |
| Water | 1.51 | 1.51 |
| Combined | 1.49 | 1.57 |

Financial Guideline Target 1.6 to 2.1 times with PILOT

