



## Third Quarter Financial Report FY 2025

### Statement of Net Position

(unaudited)

As of March 31

(thousands)

2025

2024

#### Current assets

Cash & Equivalents	\$ 205,485	\$ 154,150
Operating Contingency Reserves	127,554	115,783
Accounts Receivable	81,583	77,919
Inventory	30,811	28,044
Other	36,665	37,576
Total Current Assets	\$ 482,098	\$ 413,472

#### Restricted assets

Bond Fund	\$ 43,370	\$ 43,248
Unused Bond Proceeds	18	-
Other	1,901	1,124
Total Restricted Assets	\$ 45,289	\$ 44,372

#### Net Plant

\$ 2,603,489	\$ 2,460,494
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#### Intangible Assets

\$ 7,069	\$ 9,082
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#### Other Assets

\$ 21,065	\$ 19,921
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#### Total Assets

\$ 3,159,010	\$ 2,947,341
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#### Deferred Outflows of Resources

\$ 44,885	\$ 67,865
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#### Total Assets and Deferred Outflows of Resources

\$ 3,203,895	\$ 3,015,206
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#### Current Liabilities

Current Bonds Payable	\$ 46,640	\$ 46,585
Accounts Payable	98,778	79,800
Other	93,676	91,166
Total Current Liabilities	\$ 239,094	\$ 217,551

#### Other Liabilities

\$ 42,374	\$ 62,177
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#### Long-term Debt

\$ 1,272,262	\$ 1,209,689
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#### Total Liabilities

\$ 1,553,730	\$ 1,489,417
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#### Deferred Inflows of Resources

\$ 11,482	\$ 10,899
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#### Total Liabilities and Deferred Inflows of Resources

\$ 1,565,212	\$ 1,500,316
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#### Net position

Net Investment in Capital Assets	\$ 1,292,783	\$ 1,213,338
Restricted for:		
Debt Service	28,464	28,744
Other	17	2
Unrestricted	317,419	272,806
Total Net Position	\$ 1,638,683	\$ 1,514,890

#### Total Liabilities, Deferred Inflows, and Net Position

\$ 3,203,895	\$ 3,015,206
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**Statement of Revenues, Expenses, and  
Changes in Net Position**  
(unaudited)

	Three Months Ended March 31 (thousands)		Nine Months Ended March 31 (thousands)	
	2025	2024	2025	2024
<b>Operating Revenue</b>	\$ 296,404	\$ 260,038	\$ 801,426	\$ 728,638
Less: Purchased Energy	(159,688)	(137,305)	(417,924)	(381,712)
Margin on Sales	\$ 136,716	\$ 122,733	\$ 383,502	\$ 346,926
<b>Operating Expenses</b>				
Operations & Maintenance	\$ 49,202	\$ 54,986	\$ 145,639	\$ 144,511
Depreciation & Amortization	27,056	24,615	79,151	73,078
Taxes & Equivalents	9,595	10,325	28,739	31,004
Total Operating Expenses	\$ 85,853	\$ 89,926	\$ 253,529	\$ 248,593
<b>Operating Income</b>	\$ 50,863	\$ 32,807	\$ 129,973	\$ 98,333
<b>Other Revenue (Expenses)</b>				
Interest Income	\$ 3,965	\$ 3,611	\$ 11,618	\$ 9,120
Interest Expense	(12,158)	(11,633)	(35,778)	(32,722)
Other (Net)	1,080	1,528	3,348	5,560
Total Other Expenses	\$ (7,113)	\$ (6,494)	\$ (20,812)	\$ (18,042)
<b>Change in Net Position Before Capital Contributions</b>	\$ 43,750	\$ 26,313	\$ 109,161	\$ 80,291
Capital Contributions	312	170	474	1,739
<b>Change in Net Position</b>	\$ 44,062	\$ 26,483	\$ 109,635	\$ 82,030

**Statistical Highlights**

	Three Months Ended March 31			Nine Months Ended March 31		
	2025	2024	% Change	2025	2024	% Change
Electric Sales (MWh)	1,531	1,470	4%	4,750	4,582	4%
Gas Sales (Dth in 000s)	6,061	5,491	10%	12,030	11,314	6%
Water Sales (Mg)	1,965	1,953	1%	6,885	6,819	1%
Wastewater Sales (Mg)	1,605	1,640	-2%	5,329	5,346	-
Heating Degree Days	1,860	1,681	11%	2,952	2,822	5%
Cooling Degree Days	6	1	500%	1,220	1,142	7%
Avg Temperature	44.2	46.3	-5%	58.3	58.6	-1%

Mega Watt hour (MWh)  
Dekatherm (Dth)  
Million Gallon (Mg)

**KUB Bond Ratings**

	Moody's Rating	Moody's Outlook	Standard & Poor's Rating	Standard & Poor's Outlook
Electric	Aa2	Stable	AA-	Stable
Gas	Aa2	Stable	AA	Positive
Water	Aa1	Stable	AAA	Stable
Wastewater	Aa2	Stable	AAA	Stable

KUB operates five separate enterprise funds. This presentation represents a consolidation of statements for the enterprise funds, as provided for under Governmental Accounting Standard 34.

These unaudited financial statements should be read in conjunction with the Notes to Financial Statements appearing in KUB's Annual Report for fiscal year 2024.



## **Third Quarter Financial Report Fiscal Year 2025**

### **Management Financial Discussion**

KUB's change in net position (net income) for the nine months ended March 31, 2025, was \$109.6 million, representing an increase of \$27.6 million from the same period last year. The change in net position by system includes \$49.1 million for electric, \$22.1 million for natural gas, \$16 million for water, and \$24.6 for the wastewater system, while fiber posted a \$2.2 million loss.

Margin on sales increased \$36.6 million or 10.5 percent on a consolidated basis compared to last fiscal year. Electric system sales margin increased \$17.2 million, the combined result of a 3.7 percent increase in sales volumes and a three percent rate increase effective April 2024. Fiber system margin increased \$7.8 million. Natural gas system sales margin increased \$5.3 million, the combined result of a 6.3 percent increase in sales volumes and a three percent rate increase effective October 2024. Water system margin increased \$3.7 million, the combined result of a one percent increase in sales volumes and a five percent rate increase effective July 2024. Wastewater system margin increased \$4.1 million, the net result of a 0.3 percent decrease in billed customer usage and a four percent rate increase effective July 2024.

O&M expenses increased \$1.1 million, reflecting increases in treatment expenses and fiber marketing expenses for the fiscal year to date. Depreciation and amortization expense increased \$6.1 million. Taxes and equivalents decreased \$2.3 million compared to the prior year due to lower equalization rates for the City of Knoxville and Knox County.

Interest expense fiscal year to date increased \$3.1 million compared to the prior year. Interest income fiscal year to date increased \$2.5 million.

KUB's total debt outstanding as of March 31, 2025, was \$1.2 billion, representing 42 percent of KUB's capital structure. This debt level represented an increase of \$64.4 million compared to the same period last year. KUB sold \$91 million in electric bonds and \$20 million in water bonds in July 2024 for the purpose of funding system capital expenditures.