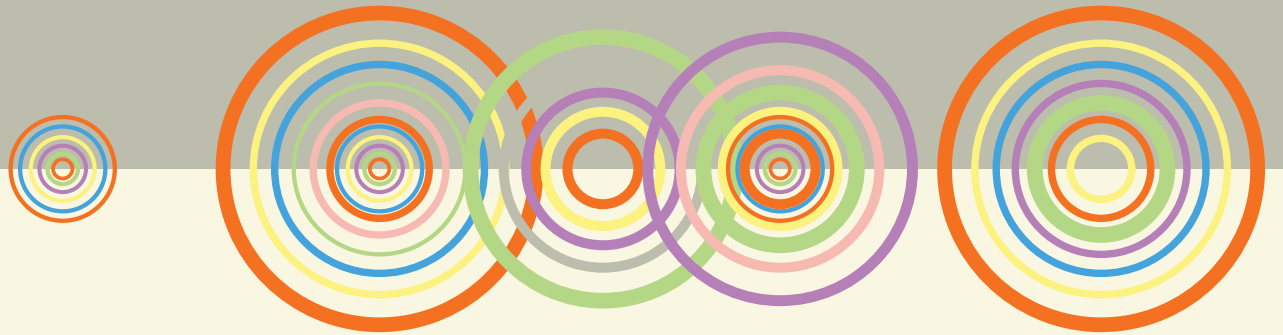


REGULATORY ACCOUNTING FOR 2025 STORM COSTS

➤ 08.19.25 ➤



Bradley R. Underwood
Vice President and Chief Financial Officer





Background

- The District incurred significant costs to repair damage and restore power to customers from the March 2025 blizzard, which qualifies for reimbursement from FEMA/NEMA.
- Accounting standards would typically require the District to recognize these costs when they are incurred.
- The Governmental Accounting Standards Board requires that grant revenues be recognized after a grant agreement is approved, which is the project worksheet for FEMA/NEMA grants.

Background



- The use of regulatory accounting for storm restoration costs that qualify for FEMA/NEMA reimbursement would allow the recognition of expense to better match the revenues for FEMA/NEMA reimbursement, which is similar accounting treatment for the multiple 2024 storm events.
- The use of regulatory accounting helps avoid an under collection of revenue in the year the storm event occurs and an over collection when the grant revenue is received, which also avoids a negative impact on debt service coverage.



Management's Recommendation

- Management recommends and seeks approval to utilize regulatory accounting for the March 2025 blizzard restoration costs and any additional 2025 storm events that qualify for FEMA/NEMA reimbursement. The reimbursable storm restoration costs will be recorded as a regulatory asset, which will then be recognized as expense when the revenue is recognized for the related FEMA/NEMA reimbursement.

2025 Estimated Storm Costs

	Estimated Costs	Estimated Recovery
March Blizzard	\$35.0 million	\$30.6 million

Notes: Estimated recovery is based on 87.5% of costs