

**Piedmont Municipal Power Agency  
Third Quarter 2018 Report**

**Financial Summary**

Third quarter 2018 electricity sales to Participants decreased by \$4.8 million (7.66%) when compared to third quarter 2017 sales. This decrease was due to credits being applied to the Participants monthly bills. In contrary, energy usage was up 5.1% for third quarter 2018 compared to the same period 2017.

Sales of electricity to other utilities decreased by \$605,000 (12.28%) in third quarter 2018 when compared to third quarter 2017. The major component of sales of electricity to other utilities was surplus energy sales to third parties. Surplus Energy sold to third parties decreased approximately \$553,000 due to a decrease of 19,665,000 kWh in energy available for sale during the third quarter of 2018 compared to the same period in 2017. In addition, sales of electricity to Duke for exchange energy decreased approximately \$52,000 when the same periods were compared.

Operating and maintenance costs decreased \$2.0 million (21.80%) in third quarter 2018 over the same period in 2017. This decrease was due to lower maintenance costs during third quarter of 2018. In contrast, higher maintenance expenses were paid during the third quarter of 2017 due to a refueling outage during the second quarter of 2017.

Purchase power costs decreased \$283,000 (1.78%) in third quarter of 2018 when compared to the same period of 2017. McGuire exchange charges decreased \$188,000, and Duke Backstand capacity charges decreased \$231,000. In contrary, supplemental energy charges increased \$103,000 and other purchased power costs were approximately \$33,000 higher when compared to third quarter of 2017.

Operating revenue exceeded PMPA's budget by \$289,000 in addition to \$6.4 million of operating costs that were lower than budget. Combined with interest income and miscellaneous expenses, the overall operating results for the third quarter exceeded PMPA's budget by \$6.8 million. Variable rate interest was under budget by \$137,000 and capital addition payments coupled with other transfers were \$263,000 under budget. As a result, PMPA withdrew \$7.2 million less than budgeted to working capital for the third quarter of 2018.

**PIEDMONT MUNICIPAL POWER AGENCY**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL CONDITION**  
**FOR THE PERIODS ENDING SEPTEMBER 30**  
**(UNAUDITED)**

	<b>2018</b>	<b>2017</b>
	<b>(Dollars in Thousands)</b>	
<b><u>Assets</u></b>		
Capital assets		
Utility plant assets being depreciated	\$ 732,420	\$ 724,405
Accumulated depreciation and amortization	(390,844)	(381,429)
Total utility plant assets being depreciated, net	341,576	342,976
Utility plant assets not being depreciated	17,267	15,875
Total capital assets, net	358,843	358,851
Revenue fund assets		
Cash	268	276
Marketable debt securities	128,024	100,340
Accrued interest receivable	2	3
Participant accounts receivable	18,131	18,554
Other accounts receivable	672	453
Materials and supplies	19,735	19,214
Total current unrestricted assets	166,832	138,840
Restricted assets:		
Restricted for debt service	102,100	121,169
Restricted for decommissioning	77,007	72,685
Restricted for other (Supplemental Reserve)	1,600	1,600
Restricted for other (Construction Account)	20,971	29,610
Restricted for other (Duke Working Account)	0	14,489
Total current restricted assets	201,678	239,553
Total current assets	368,510	378,393
Noncurrent assets:		
Net costs recoverable from future Participant billings	481,027	496,733
Costs on advance refunding of debt, net	31,864	38,415
Other	14,703	16,815
Total other assets	527,594	551,963
Total assets	\$ 1,254,947	\$ 1,289,207
<b><u>Liabilities and Net Assets</u></b>		
Long-term liabilities:		
Bonds payable, net	\$ 803,554	\$ 865,863
Reserve for decommissioning	100,100	95,250
Derivative financial instruments	43,787	46,709
Reserve for opeb expenses	740	697
Total long-term liabilities	948,181	1,008,519
Current liabilities:		
Accounts payable and accrued liabilities	8,960	8,244
Current liabilities payable from restricted assets:		
Accrued interest payable	131,875	120,234
Current installments of bonds payable	35,750	53,175
Total current liabilities payable from restricted assets	167,625	173,409
Total current liabilities	176,585	181,653
Total liabilities	1,124,766	1,190,172
Net assets:		
Investment in capital assets, net of related debt	(480,461)	(560,187)
Restricted for debt service	(65,525)	(52,240)
Restricted for other	22,571	45,699
Unrestricted	653,596	665,763
Total net assets	130,181	99,035
Total liabilities and net assets	\$ 1,254,947	\$ 1,289,207

**PIEDMONT MUNICIPAL POWER AGENCY**  
**INTERIM STATEMENT OF REVENUES AND EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**FOR THE QUARTERS ENDING SEPTEMBER 30**  
**(UNAUDITED)**

	<u>2018</u>	<u>2017</u>
	<u>(Dollars in Thousands)</u>	
Operating Revenue:		
Sale of Electricity to Participants	\$ 58,295	\$ 63,128
Sale of Electricity to other utilities	4,320	4,925
Other	395	404
Total Operating Revenues	<u>63,010</u>	<u>68,457</u>
Operating Expense:		
Operation and maintenance	7,066	9,036
Nuclear fuel amortization	3,827	4,204
Purchased Power	15,649	15,932
Transmission	1,715	1,875
Distribution	152	152
Administrative and general	2,874	4,406
Depreciation	1,871	2,342
Decommissioning	1,227	1,168
Payments in lieu of property taxes	2,118	1,751
Total operating expenses	<u>36,499</u>	<u>40,866</u>
Net operating income	<u><b>26,511</b></u>	<u><b>27,591</b></u>
Other income (expenses):		
Interest income	1,500	870
Net increase (decrease) in fair value of investments	(310)	34
Net increase (decrease) in fair value of derivative instruments	1,063	42
Interest expense	(12,314)	(12,862)
Amortization expense	(962)	(1,130)
Other	(1,801)	(1,899)
Total other expenses, net	<u><b>(12,824)</b></u>	<u><b>(14,945)</b></u>
Revenue over (under) expenses before deferred items	13,687	12,646
Net expenses recoverable from future Participant billings	<u>(3,674)</u>	<u>(7,539)</u>
Revenues over (under) expenses	<u><b>10,013</b></u>	<u><b>5,107</b></u>
Net assets at beginning of period	<b>120,168</b>	<b>93,928</b>
Net assets at end of period	<u><u><b>\$ 130,181</b></u></u>	<u><u><b>\$ 99,035</b></u></u>