

Piedmont Municipal Power Agency First Quarter 2020 Report

Financial Summary

First quarter 2020 electricity sales to Participants increased by \$8.7 million (19.18%) when compared to first quarter 2019 sales. This increase was primarily due to a decrease in credits being applied to the Participants' monthly bills. In contrary, energy usage was down 2.4% driven by an increase in year over year average quarterly temperatures of 3.09%.

Sales of electricity to other utilities decreased by \$656,000 (9.59%) in first quarter 2020 when compared to first quarter 2019. The major component of sales of electricity to other utilities was surplus energy sales to third parties. Surplus Energy sold to third parties decreased \$565,000 due to a rate decrease of \$6.26 per kWh during the first quarter of 2020 compared to the same period in 2019. In addition, sales of electricity to Duke for exchange energy decreased approximately \$91,000 when the same periods were compared.

Operating and maintenance costs decreased \$3.0 million (34.74%) in first quarter 2020 when compared to the same periods in 2019. This decrease was due to Duke Energy's corporate-wide initiative that continues to focus on reducing costs. In addition, costs for Catawba and McGuire fuel outages during fourth quarter of 2018 were reflected in the first quarter of 2019.

Administrative and general expenses decreased \$556,000 (14.81%) when compared to first quarter of 2019, driven also by Duke Energy's corporate-wide initiative that continues to focus on reducing costs.

Operating revenues were \$509,000 behind PMPA's budget, which were offset by operating costs being under budget by \$1.5 million. Combined with interest income and miscellaneous expenses, the overall operating income for the first quarter exceeded PMPA's budget by \$1.1 million. Debt service deposits were over budget by \$82,000, and capital addition payments coupled with other transfers were \$212,000 over budget. As a result, PMPA added \$786,000 more than budgeted to working capital for the first quarter of 2020.

PIEDMONT MUNICIPAL POWER AGENCY
Condensed Interim Statement of Net Position
Quarters ending March 31, 2020 and 2019
(UNAUDITED)

	2020	2019
	(Dollars in Thousands)	
<u>Assets</u>		
Capital assets:		
Utility plant assets being depreciated	\$ 748,444	\$ 748,496
Accumulated depreciation and amortization	(385,788)	(384,487)
Total utility plant assets being depreciated, net	362,656	364,009
Utility plant assets not being depreciated	26,382	15,699
Total capital assets, net	389,038	379,708
Current unrestricted assets		
Cash	88	4,756
Marketable debt securities	112,632	104,065
Accrued interest receivable	1	2
Participant accounts receivable	16,476	12,482
Other accounts receivable	615	539
Materials and supplies	19,243	19,430
Total current unrestricted assets	149,055	141,274
Current restricted assets:		
Restricted for debt service	88,112	86,891
Restricted for decommissioning	93,927	81,849
Restricted for other	7,625	17,407
Total current restricted assets	189,664	186,147
Total current assets	338,719	327,421
Noncurrent assets:		
Net costs recoverable from future Participant billings	472,064	474,747
Other	136	165
Total other assets	472,200	474,912
Total assets	\$ 1,199,957	\$ 1,182,041
Deferred outflows:		
Redemption loss	\$ 11,301	\$ 13,396
Losses on advance refunding of debt, net	22,902	29,106
Total deferred outflows	\$ 34,203	\$ 42,502
<u>Liabilities</u>		
Long-term liabilities:		
Bonds payable, net	\$ 673,303	\$ 764,201
Reserve for decommissioning	125,682	117,914
Accrued expense OPEB	1,484	786
Total long-term liabilities	800,469	882,901
Current liabilities:		
Accounts payable and accrued liabilities	3,905	3,681
Current liabilities payable from restricted assets:		
Accrued interest payable	150,428	137,693
Current installments of bonds payable	63,355	13,825
Total current liabilities payable from restricted assets	213,783	151,518
Total current liabilities	217,688	155,199
Total liabilities	\$ 1,018,157	\$ 1,038,100
Deferred inflows:		
Derivative financial instrument	\$ 50,374	\$ 47,713
<u>Net position</u>		
Net investments in capital assets	\$ (324,718)	\$ (369,212)
Restricted for other	7,625	17,407
Unrestricted	482,722	490,535
Total net position	\$ 165,629	\$ 138,730

PIEDMONT MUNICIPAL POWER AGENCY
Interim Statements of Revenues, Expenses
And Changes in Net Position
Quarters ending March 31, 2020 and 2019
(UNAUDITED)

	<u>2020</u>	<u>2019</u>
	<u>(Dollars in Thousands)</u>	
Operating Revenue:		
Sale of Electricity to Participants	\$ 54,080	\$ 45,376
Sale of Electricity to other utilities	6,184	6,840
Other	395	358
Total operating revenues	<u>60,659</u>	<u>52,574</u>
Operating Expense:		
Operation and maintenance	5,626	8,621
Nuclear fuel amortization	3,543	3,602
Purchased power	10,803	10,779
Transmission	2,065	2,142
Power delivery	174	146
Administrative and general	3,197	3,753
Depreciation	2,251	2,268
Decommissioning	1,576	1,479
Payments in lieu of property taxes	2,122	1,983
Total operating expenses	<u>31,357</u>	<u>34,773</u>
Net operating income	<u>29,302</u>	<u>17,801</u>
Other income (Expenses):		
Interest income	1,297	1,434
Net change in fair market value of investments and derivative instruments	5,982	1,452
Interest expense	(10,888)	(11,575)
Amortization expense	(779)	(827)
Other	(1,582)	(1,697)
Total other expenses, net	<u>(5,970)</u>	<u>(11,213)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	23,332	6,588
Net increase (decrease) in net costs recoverable from future Participant billings	<u>(17,283)</u>	<u>(5,319)</u>
Revenues over expenses	<u>6,049</u>	<u>1,269</u>
Net position at beginning of period	<u>159,580</u>	<u>137,461</u>
Net position at end of period	<u>\$ 165,629</u>	<u>\$ 138,730</u>