

Piedmont Municipal Power Agency Second Quarter 2020 Report

Financial Summary

Second quarter 2020 electricity sales to Participants decreased by \$3.4 million (6.87%) when compared to second quarter 2019 sales. This is primarily due to lower energy consumption as a result of COVID19 and a decrease in year over year average quarterly temperatures of 5.83%.

Sales of electricity to other utilities decreased by \$1.4 million (32.48%) in second quarter 2020 when compared to second quarter 2019. The major component of sales of electricity to other utilities was surplus energy sales to third parties. Sales of electricity to Duke for exchange energy decreased approximately \$1.4 million due to an annual true-up of 1.2 million during the second quarter of 2020 compared to the same period in 2019. In contrary, Surplus energy sold to third parties increased by \$44 thousand due to an increase of 28,308,000 kWh in energy available for sale during the second quarter of 2020 when the same period was compared.

Purchase power cost decreased \$1.0 million (9.55%) in second quarter of 2020 when compared to the same period in 2019. McGuire exchange charges decreased \$485 thousand, in addition to a decrease of \$640 thousand in supplemental energy charges. Contrary, there was an increase of \$105 thousand in other purchase power costs when compared to second quarter of 2019.

Nuclear fuel amortization costs decreased \$669 thousand (18.35%) in second quarter of 2020 when compared to the same period in 2019 due to Catawba Unit #1's refueling outage from May 2, 2020 through June 1, 2020.

Operating revenues were \$3.6 million lower than PMPA's budget, which were offset by operating costs being under budget by \$2.6 million. Combined with interest income and miscellaneous expenses, the overall operating income for the second quarter was lower than PMPA's budget by \$81 thousand. Debt service deposits were under budget by \$216 thousand, and capital addition payments coupled with other transfers were \$603 thousand over budget. In addition, the defeasance of bonds were under budget by \$927 thousand due to market interest rate movement favorably affecting the final pricing of the transaction. As a result, PMPA added \$459 thousand more than budgeted to working capital for the second quarter of 2020.

PIEDMONT MUNICIPAL POWER AGENCY
Condensed Interim Statements of Net Position
Quarters ending June 30, 2020 and 2019
(UNAUDITED)

	2020	2019
	(Dollars in Thousands)	
<u>Assets</u>		
Capital assets:		
Utility plant assets being depreciated	\$ 756,543	\$ 749,118
Accumulated depreciation and amortization	(393,457)	(390,362)
Total utility plant assets being depreciated, net	363,086	358,756
Utility plant assets not being depreciated	29,299	17,610
Total capital assets, net	392,385	376,366
Current unrestricted assets		
Cash	4,681	6,983
Marketable debt securities	88,894	95,247
Accrued interest receivable	1	2
Participant accounts receivable	14,501	14,067
Other accounts receivable	492	390
Materials and supplies	19,349	19,406
Total current unrestricted assets	127,918	136,095
Current restricted assets:		
Restricted for debt service	97,862	95,101
Restricted for decommissioning	96,214	84,765
Restricted for other (Supplemental Reserve & Construction)	4,883	16,022
Total current restricted assets	198,959	195,888
Total current assets	326,877	331,983
Noncurrent assets:		
Net costs recoverable from future Participant billings	475,202	483,547
Other	129	158
Total other assets	475,331	483,705
Total assets	\$ 1,194,593	\$ 1,192,054
Deferred outflows:		
Redemption loss	\$ 10,763	\$ 12,772
Losses on advance refunding of debt, net	21,560	27,723
Total deferred outflows	\$ 32,323	\$ 40,495
<u>Liabilities</u>		
Long-term liabilities:		
Bonds payable, net	\$ 672,637	\$ 738,640
Reserve for decommissioning	127,257	119,393
Accrued expense OPEB	1,484	786
Total long-term liabilities	801,378	858,819
Current liabilities:		
Accounts payable and accrued liabilities	7,546	7,100
Current liabilities payable from restricted assets:		
Accrued interest payable	159,008	146,755
Current installments of bonds payable	33,970	13,825
Total current liabilities payable from restricted assets	192,978	160,580
Total current liabilities	200,524	167,680
Total liabilities	1,001,902	1,026,499
Deferred inflows:		
Derivative financial instrument	\$ 50,918	\$ 49,857
<u>Net position</u>		
Net investments in capital assets	(292,662)	(348,376)
Restricted for other	4,883	16,022
Unrestricted	461,875	488,547
Total net position	\$ 174,096	156,193

PIEDMONT MUNICIPAL POWER AGENCY

Interim Statements of Revenues, Expenses

And Changes in Net Position

Quarters ending June 30, 2020 and 2019

(UNAUDITED)

	<u>2020</u>	<u>2019</u>
	(Dollars in Thousands)	
Operating Revenue:		
Sale of Electricity to Participants	\$ 45,512	\$ 48,871
Sale of Electricity to other utilities	2,840	4,206
Other	344	398
Total operating revenues	<u>48,696</u>	<u>53,475</u>
Operating Expense:		
Operation and maintenance	5,970	5,693
Nuclear fuel amortization	2,976	3,645
Purchased power	9,674	10,695
Transmission	1,886	1,977
Power delivery	177	138
Administrative and general	4,234	4,589
Depreciation	2,248	2,261
Decommissioning	1,576	1,479
Payments in lieu of property taxes	2,123	1,983
Total operating expenses	<u>30,864</u>	<u>32,460</u>
Net operating income	<u>17,832</u>	<u>21,015</u>
Other income (Expenses):		
Interest income	2,221	1,534
Net change in fair market value of investments and derivative instruments	(2,123)	(185)
Interest expense	(10,567)	(11,500)
Amortization expense	(777)	(949)
Other	(1,257)	(1,253)
Total other expenses, net	<u>(12,503)</u>	<u>(12,353)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	5,329	8,662
Net increase (decrease) in net costs recoverable from future Participant billings	<u>3,138</u>	<u>8,801</u>
Revenues over expenses	<u>8,467</u>	<u>17,463</u>
Net position at beginning of period	165,629	138,730
Net position at end of period	<u>\$ 174,096</u>	<u>\$ 156,193</u>