

Piedmont Municipal Power Agency Third Quarter 2020 Report

Financial Summary

Third quarter 2020 electricity sales to Participants decreased by \$385 thousand (0.79%) when compared to third quarter 2019 sales. This decrease was due to lower energy consumption as a result of milder temperatures when compared to third quarter of 2019.

Sales of electricity to other utilities increased by \$497 thousand (13.83%) in third quarter 2020 when compared to third 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 increased \$288 thousand during the third quarter of 2020 compared to the same period in 2019. In addition, Surplus Energy sold to third parties increased by \$209 thousand due to an increase of 9,280,000 kWh in energy available for sale during the third quarter of 2020 compared to the same period in 2019.

Operating and maintenance costs increased \$2.0 million (36.25%) in third quarter 2020 compared the same period in 2019. This increase is due to the timing of costs associated with the Catawba Unit#1 refueling outage.

Purchase power cost decreased \$1.8 million (11.73%) in third quarter of 2020 when compared to the same period in 2019. Supplemental energy charges decreased \$1.2 million, in addition to a decrease of \$274 thousand in McGuire exchange charges. Other purchased power costs were approximately \$316 thousand lower when compared to third quarter of 2019.

Operating revenues were \$578 thousand lower than PMPA's budget, which were offset by operating costs being under budget by \$3.3 million. Combined with interest income and miscellaneous expenses, the overall operating income for the third quarter was higher than PMPA's budget by \$2.2 million. Debt service deposits were under budget by \$213 thousand, and capital addition payments coupled with other transfers were \$1.1 million over budget. As a result, PMPA added \$1.3 million more than budgeted to working capital for the third quarter of 2020.

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

	2020	2019
(Dollars in Thousands)		
<u>Assets</u>		
Capital assets:		
Utility plant assets being depreciated	\$ 754,562	\$ 762,651
Accumulated depreciation and amortization	(399,247)	(396,422)
Total utility plant assets being depreciated, net	355,315	366,229
Utility plant assets not being depreciated	35,512	19,538
Total capital assets, net	390,827	385,767
Current unrestricted assets		
Cash	100	5,912
Marketable debt securities	105,897	95,693
Accrued interest receivable	1	2
Participant accounts receivable	13,960	14,909
Other accounts receivable	314	315
Materials and supplies	18,993	19,749
Total current unrestricted assets	139,265	136,580
Current restricted assets:		
Restricted for debt service	95,226	89,112
Restricted for decommissioning	98,321	86,843
Restricted for other (Supplemental Reserve & Construction)	1,600	14,785
Total current restricted assets	195,147	190,740
Total current assets	334,412	327,320
Noncurrent assets:		
Net costs recoverable from future Participant billings	475,781	482,590
Other	121	151
Total other assets	475,902	482,741
Total assets	\$ 1,201,141	\$ 1,195,828
Deferred outflows:		
Redemption loss	\$ 10,314	\$ 12,276
Losses on advance refunding of debt, net	20,238	25,976
Total deferred outflows	\$ 30,552	\$ 38,252
<u>Liabilities</u>		
Long-term liabilities:		
Bonds payable, net	\$ 672,072	\$ 737,894
Reserve for decommissioning	128,833	120,872
Accrued expense OPEB	1,484	786
Total long-term liabilities	802,389	859,552
Current liabilities:		
Accounts payable and accrued liabilities	9,455	10,711
Current liabilities payable from restricted assets:		
Accrued interest payable	156,945	143,591
Current installments of bonds payable	33,970	13,825
Total current liabilities payable from restricted assets	190,915	157,416
Total current liabilities	200,370	168,127
Total liabilities	1,002,759	1,027,679
Deferred inflows:		
Derivative financial instrument	\$ 50,462	\$ 49,940
<u>Net position</u>		
Net investments in capital assets	(294,977)	(339,976)
Restricted for other	1,600	14,785
Unrestricted	471,849	481,652
Total net position	\$ 178,472	156,461

PIEDMONT MUNICIPAL POWER AGENCY
Interim Statements of Revenues, Expenses
And Changes in Net Position
Quarters ending September 30, 2020 and 2019
(UNAUDITED)

	<u>2020</u>	<u>2019</u>
	(Dollars in Thousands)	
Operating Revenue:		
Sale of Electricity to Participants	\$ 48,551	\$ 48,936
Sale of Electricity to other utilities	4,091	3,594
Other	334	411
Total operating revenues	<u>52,976</u>	<u>52,941</u>
Operating Expense:		
Operation and maintenance	7,593	5,573
Nuclear fuel amortization	3,549	3,808
Purchased power	13,730	15,555
Transmission	1,918	1,492
Power delivery	126	180
Administrative and general	4,488	6,795
Depreciation	2,249	2,261
Decommissioning	1,576	1,479
Payments in lieu of property taxes	2,118	1,981
Total operating expenses	<u>37,347</u>	<u>39,124</u>
Net operating income	<u>15,629</u>	<u>13,817</u>
Other income (Expenses):		
Interest income	838	1,408
Net change in fair market value of investments and derivative instruments	(51)	323
Interest expense	(10,323)	(11,016)
Amortization expense	(777)	(1,046)
Other	(1,518)	(2,262)
Total other expenses, net	<u>(11,831)</u>	<u>(12,593)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	3,798	1,224
Net increase (decrease) in net costs recoverable from future Participant billings	<u>578</u>	<u>(956)</u>
Revenues over expenses	<u>4,376</u>	<u>268</u>
Net position at beginning of period	<u>174,096</u>	<u>156,193</u>
Net position at end of period	<u>\$ 178,472</u>	<u>\$ 156,461</u>