

Piedmont Municipal Power Agency Third Quarter 2021 Report

Financial Summary

Third quarter 2021 electricity sales to Participants increased by \$3.5 million (7.28%) driven by the timing of the base billing demand credit applied to the Participants monthly bills. The 2021 base billing demand credit began in February and was applied over eleven months; whereas, the 2020 base billing demand credit began in May and was applied over eight months. Year over year energy usage and temperatures were comparable, causing no significant year over year changes in revenue.

Operating and maintenance costs increased \$841 thousand (11.08%) in third quarter 2021 when compared to the same period in 2020. This increase was due to the timing of costs associated with the refueling outages at Catawba Nuclear plant.

Purchase power costs increased \$372 thousand (2.71%) in third quarter 2021 when compared to the same period in 2020. Supplemental energy charges increased \$319 thousand, in addition to an increase of \$291 thousand in other power purchased charges. Contrary, there was a decrease of \$238 thousand in McGuire exchange costs when compared to third quarter of 2020.

Administration and general costs decreased by \$1.1 million (26.31%) in third quarter 2021 when compared to third quarter 2020. This decrease was primarily related to the A&G true up adjustment of \$1.0 million during third quarter of 2021. In addition, Duke Energy continues to focus on reducing costs.

Operating revenues were \$1.0 million higher than PMPA's budget, additionally operating costs were under budget by \$1.3 million. Combined with interest income and miscellaneous income, the overall operating income for the third quarter exceeded PMPA's budget by \$2.9 million. Debt service deposits were over budget by \$2.5 million. In addition, capital additions deposit and transfer activity was \$598 thousand higher than budget. As a result, PMPA withdrew \$198 thousand more than budgeted from working capital for the third quarter of 2021.

PIEDMONT MUNICIPAL POWER AGENCY
Interim Statements of Net Position
Quarters ending September 30, 2021 and 2020
(UNAUDITED)

	2021	2020
(Dollars in Thousands)		
<u>Assets</u>		
Capital assets:		
Utility plant assets being depreciated	\$ 781,675	\$ 754,562
Accumulated depreciation and amortization	(401,800)	(399,247)
Total utility plant assets being depreciated, net	379,875	355,315
Utility plant assets not being depreciated	24,239	35,512
Total capital assets, net	404,114	390,827
Current unrestricted assets		
Cash	1,523	100
Marketable debt securities	78,458	105,897
Accrued interest receivable	1	1
Participant accounts receivable	15,039	13,960
Other accounts receivable	570	314
Materials and supplies	19,479	18,993
Total current unrestricted assets	115,070	139,265
Current restricted assets:		
Restricted for debt service	85,322	95,226
Restricted for decommissioning	107,402	98,321
Restricted for other (Supplemental Reserve & Construction)	1,600	1,600
Total current restricted assets	194,324	195,147
Total current assets	309,394	334,412
Noncurrent assets:		
Net costs recoverable from future Participant billings	434,764	475,260
Other	92	121
Total other assets	434,856	475,381
Total assets	\$ 1,148,364	\$ 1,200,620
Deferred outflows:		
Redemption loss	\$ 7,631	\$ 10,314
Losses on advance refunding of debt, net	15,379	20,238
Postemployment benefits	440	522
Total deferred outflows	\$ 23,450	\$ 31,074
<u>Liabilities</u>		
Long-term liabilities:		
Bonds payable, net	\$ 609,662	\$ 672,072
Reserve for decommissioning	135,377	128,833
Accrued expense OPEB	1,607	1,484
Total long-term liabilities	746,646	802,389
Current liabilities:		
Accounts payable and accrued liabilities	9,555	9,456
Current liabilities payable from restricted assets:		
Accrued interest payable	170,459	156,945
Current installments of bonds payable	25,959	33,970
Total current liabilities payable from restricted assets	196,418	190,915
Total current liabilities	205,973	200,371
Total liabilities	952,619	1,002,760
Deferred inflows:		
Derivative financial instrument	\$ 50,412	\$ 50,462
<u>Net position</u>		
Net investments in capital assets	(216,128)	(294,977)
Restricted for other	1,600	1,600
Unrestricted	383,311	471,849
Total net position	\$ 168,783	178,472

PIEDMONT MUNICIPAL POWER AGENCY
Interim Statements of Revenues, Expenses
And Changes in Net Position
Quarters ending September 30, 2021 and 2020
(UNAUDITED)

	<u>2021</u>	<u>2020</u>
	(Dollars in Thousands)	
Operating Revenue:		
Sale of Electricity to Participants	\$ 52,084	\$ 48,551
Sale of Electricity to other utilities	4,121	4,091
Other	405	334
Total operating revenues	<u>56,610</u>	<u>52,976</u>
Operating Expense:		
Operation and maintenance	8,434	7,593
Nuclear fuel amortization	3,429	3,549
Purchased power	14,102	13,730
Transmission	2,319	1,918
Power delivery	139	126
Administrative and general	3,307	4,488
Depreciation	2,788	2,249
Decommissioning	1,656	1,576
Payments in lieu of property taxes	2,007	2,118
Total operating expenses	<u>38,181</u>	<u>37,347</u>
Net operating income	<u>18,429</u>	<u>15,629</u>
Other income (Expenses):		
Interest income	465	838
Net change in fair market value of investments and derivative instruments	(90)	(51)
Interest expense	(9,346)	(10,323)
Amortization expense	584	(777)
Other	(1,049)	(1,518)
Total other expenses, net	<u>(9,436)</u>	<u>(11,831)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	8,993	3,798
Net increase (decrease) in net costs recoverable from future Participant billings	<u>(9,391)</u>	<u>578</u>
Revenues over expenses	<u>(398)</u>	<u>4,376</u>
Net position at beginning of period	169,181	174,096
Net position at end of period	<u>\$ 168,783</u>	<u>\$ 178,472</u>