

Piedmont Municipal Power Agency Second Quarter 2022 Report

Financial Summary

Second quarter 2022 sales of electricity to Participants increased by \$9.1 million (19.71%) when compared to second quarter 2021 sales, driven by a decrease in base billing demand credits applied to Participants' monthly bills. In addition, there was higher energy usage of 11.3%.

Sales of electricity to other utilities increased by \$722 thousand (20.00%) in second quarter 2022 when compared to the same period in 2021. Sales of electricity to Duke for exchange energy increased approximately \$907 thousand due to an increase in the annual true up received during second quarter 2022 when compared to 2021. In contrary, surplus energy sold to third parties decreased by \$185 thousand due to a decrease in energy available for sale during the second quarter of 2022 when compared to the same period in 2021, partially offset by higher rates received.

Operating and maintenance costs decreased \$1.5 million (22.59%) in second quarter 2022 when compared to second quarter 2021. The second quarter of 2021 included maintenance expenses associated with a refueling outage at the Catawba Nuclear plant. The second quarter of 2022 did not include any refueling outages, driving the year over year decrease in operating and maintenance costs.

Purchased power costs increased \$5.6 million (61.79%) in second quarter 2022 when compared to second quarter 2021. Supplemental energy purchases drove this increase due to higher than expected pricing during the second quarter, coupled with additional backstand purchases required as a result of an unplanned outage at Catawba Unit 2 and a delay in the McGuire Unit 1 refueling outage.

Operating revenues were \$1.3 million lower than PMPA's budget, and operating costs were \$1.6 million over budget. Combined with interest income and miscellaneous expenses, the overall operating income for the second quarter was lower than PMPA's budget by \$2.5 million. Capital addition payments coupled with other transfers were \$2.2 million lower than budget in addition to debt service deposits being \$307 thousand under budget. As a result, PMPA added \$6 thousand less than budgeted to working capital for the second quarter of 2022.

PIEDMONT MUNICIPAL POWER AGENCY
Interim Statements of Net Position
Quarters ending June 30, 2022 and 2021
(UNAUDITED)

	2022	2021
	(Dollars in Thousands)	
Assets		
Capital assets:		
Utility plant assets being depreciated	\$ 772,602	\$ 762,521
Accumulated depreciation and amortization	(407,841)	(403,016)
Total utility plant assets being depreciated, net	364,761	359,505
Utility plant assets not being depreciated	32,876	37,334
Total capital assets, net	397,637	396,839
Current unrestricted assets		
Cash	312	827
Marketable debt securities	95,255	87,240
Accrued interest receivable	1	1
Participant accounts receivable	18,336	15,864
Other accounts receivable	456	286
Materials and supplies	19,588	19,423
Total current unrestricted assets	133,948	123,641
Current restricted assets:		
Restricted for debt service	87,943	73,418
Restricted for decommissioning	108,895	105,216
Restricted for other (Supplemental Reserve)	1,600	1,600
Total current restricted assets	198,438	180,234
Total current assets	332,386	303,875
Noncurrent assets:		
Net costs recoverable from future Participant billings	357,856	444,154
Other	70	99
Total other assets	357,926	444,253
Total assets	\$ 1,087,949	\$ 1,144,967
Deferred outflows:		
Redemption loss	\$ 6,166	\$ 8,231
Losses on advance refunding of debt, net	12,174	16,558
Postemployment benefits	576	440
Total deferred outflows	\$ 18,916	\$ 25,229
Liabilities		
Long-term liabilities:		
Bonds payable, net	\$ 587,056	\$ 611,627
Reserve for decommissioning	140,512	133,721
Accrued expense OPEB	1,983	1,607
Total long-term liabilities	729,551	746,955
Current liabilities:		
Accounts payable and accrued liabilities	9,058	7,133
Current liabilities payable from restricted assets:		
Accrued interest payable	188,659	170,166
Current installments of bonds payable	51,290	25,959
Total current liabilities payable from restricted assets	239,949	196,125
Total current liabilities	249,007	203,258
Total liabilities	\$ 978,558	\$ 950,213
Deferred inflows:		
Derivative financial instrument	\$ -	\$ 50,802
Net position		
Net investments in capital assets	(228,535)	(224,189)
Restricted for other	1,600	1,600
Unrestricted	355,242	391,770
Total net position	\$ 128,307	\$ 169,181

PIEDMONT MUNICIPAL POWER AGENCY
Interim Statements of Revenues, Expenses
And Changes in Net Position
Quarters ending June 30, 2022 and 2021
(UNAUDITED)

	<u>2022</u>	<u>2021</u>
	(Dollars in Thousands)	
Operating Revenue:		
Sale of electricity to Participants	\$ 55,087	\$ 46,017
Sale of electricity to other utilities	4,332	3,610
Other	408	378
Total operating revenues	<u>59,827</u>	<u>50,005</u>
Operating Expense:		
Operation and maintenance	5,085	6,569
Nuclear fuel amortization	3,499	2,809
Purchased power	14,537	8,985
Transmission	2,112	2,086
Power delivery	140	116
Administrative and general	4,261	4,273
Depreciation	2,396	2,286
Decommissioning	1,740	1,656
Payments in lieu of property taxes	2,061	2,006
Total operating expenses	<u>35,831</u>	<u>30,786</u>
Net operating income	<u>23,996</u>	<u>19,219</u>
Other Income (Expense):		
Interest income	460	627
Net change in fair market value of investments and derivative instruments	(1,630)	(901)
Interest expense	(9,552)	(9,776)
Amortization expense	1,634	(653)
Other	(1,326)	(1,881)
Total other expenses, net	<u>(10,414)</u>	<u>(12,584)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	13,582	6,635
Net increase (decrease) in net costs recoverable from future Participant billings	<u>(8,407)</u>	<u>(27,976)</u>
Revenues over expenses	<u>5,175</u>	<u>(21,341)</u>
Net position at beginning of period	123,132	190,522
Net position at end of period	<u>\$ 128,307</u>	<u>\$ 169,181</u>