



Piedmont Municipal Power Agency

2021

ANNUAL REPORT

In 2021, Piedmont Municipal Power Agency (PMPA) continued its mission of providing reliable, competitive, wholesale electric and other value-added services to our Public Power Communities. PMPA undertook the first year of its 2021-2025 Strategic Plan working in various key areas.

Rates, load management, and financial stability comprise the first of these areas. PMPA did not adjust wholesale rates in 2021 because of its stable financial condition. PMPA closed three bond deals saving approximately \$68 million in future years, decreasing the debt service paid by our communities in PMPA's rates. In the area of load management, various PMPA communities continued the installation of load management switches to control electric demand during peak usage periods. Moreover, PMPA continued the implementation of a cost-cutting project to decrease its operational systems' communication costs.

The COVID-19 pandemic developed in 2020. It presented unprecedented challenges and its effects will be felt for years. Since the pandemic began, new vaccinations have been developed to combat the virus. The campaign to vaccinate populations locally, and around the world, continues. As population vaccination levels increased over 2021, societies and economies began to recover. COVID-19 did not have a material impact on PMPA's operations or financial condition.

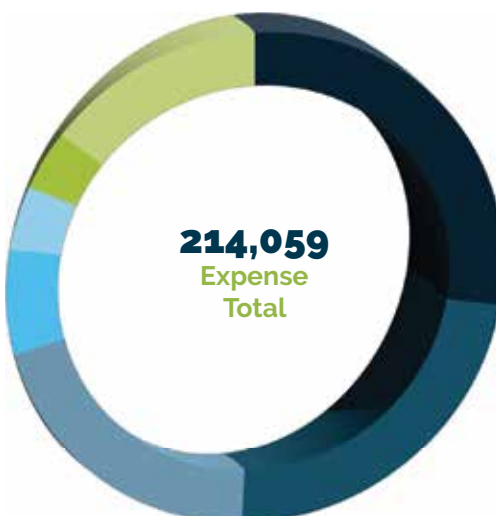
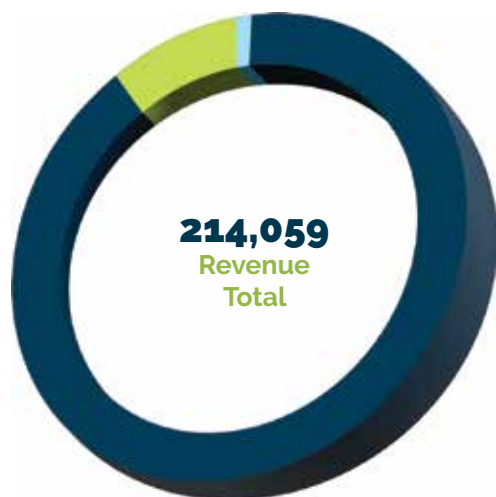
PMPA pursued programs to enhance the success of our communities. To assist with economic development efforts, PMPA funded community representatives' participation in the South Carolina Economic Development Institute. PMPA hosted an Electric Operations Forum to facilitate the sharing of experiences and lessons learned by the operational staff of our communities' Public Power utilities.

Legislative and regulatory activities are of great importance to Public Power in general and to our communities in particular. PMPA continues to partner with the American Public Power Association and other trade organizations to influence and monitor proposed legislation and regulation both at the state and national levels. PMPA continues its efforts to influence energy policy, assist its Members with appropriation and grant requests, as well as monitor actions on the state level. In 2020, the South Carolina General Assembly acted to establish an Energy Market Reform Study Committee, and two of PMPA's Directors were appointed to serve on the Advisory Board. The committee is to provide a report to the General Assembly in the fourth quarter of 2022. A number of Southeast utilities have been working to develop a market across the region. The market would be known as the Southeast Energy Exchange Market ("SEEM"). Member utilities of the SEEM are expected to include Duke Energy Carolinas, Duke Energy Progress, Southern Company, Dominion Energy, the Tennessee Valley Authority, Santee Cooper, and NCMPA1, among others. On October 12, 2021, and in the absence of FERC action, SEEM became effective. SEEM reports that it currently expects to begin operations in the fourth quarter of 2022.

Economic Development efforts are another area where PMPA continues its focus. To enhance Member-cities' economic development programs, PMPA offers financial assistance and training. Further, PMPA offers many Value-added services to help its Member cities in the fields of information technology and customer service.

Although the COVID-19 pandemic added a great deal of uncertainty to the past two years across the globe, PMPA continues to respond to emerging issues, empowering city officials and staff to influence change. PMPA will continue to deliver quality leadership and reliable, cost-effective power to our Member cities. PMPA continues to strive to be a valuable business partner for our public power communities and an asset for all of our Member-cities'.

HIGHLIGHTS



DEBT OUTSTANDING STATISTICS
(Dollars in Thousands)

DEBT OUTSTANDING	
Bonds Outstanding 12/31/2020	696,550
Matured 1/1/2021	(33,970)
Refunded bonds	(412,220)
New bonds	365,885
Bonds Outstanding 12/31/2021	616,245

SCHEDULE OF REVENUE & EXPENSE

Per The Bond Resolution and Other Agreements
(Dollars in Thousands)

REVENUE		
Sales to Participants	192,039	90%
Sales to Other Utilities	19,627	9%
Interest Income	2,393	1%
TOTAL	214,059	100%

EXPENSE		
Debt Service	60,127	28%
Operations & Maintenance	49,433	23%
Purchased Power	41,580	20%
General & Administrative	15,625	7%
Transmission & Power Delivery	9,309	4%
Payment in Lieu of Taxes	7,855	4%
Other Deposits	30,130	14%
TOTAL	214,059	100%

DEBT OUTSTANDING (as of 12/31/21)	Bonds Outstanding	Weighted Average Interest Cost
Fixed Rate Bonds 2021	513,575	4.87%
Fixed Rate Bonds* 2020	485,980	5.08%
Variable Rate Bonds 2021	-	-
Variable Rate Bonds 2020	107,900	1.04%
Capital Appreciation Bonds 2021	102,670	5.75%
Capital Appreciation Bonds 2020	102,670	5.71%

* Includes \$60 million variable rate bonds synthetically swapped to fixed in 2004, in 2020 balance.

FINANCIALS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended December 31, 2021 and 2020 (Dollars in Thousands)		2021	2020
OPERATING REVENUES	Sales of electricity to participants	\$190,501	\$188,776
	Sales of electricity to other utilities	19,627	19,191
	Other	1,538	1,386
	Total Operating Revenues	211,666	209,353
OPERATING EXPENSES	Operation and maintenance	26,506	24,530
	Nuclear fuel amortization	12,802	13,616
	Purchased power	41,580	44,131
	Transmission	8,696	7,887
	Power delivery	613	609
	Administrative and general	15,625	15,962
	Depreciation	9,609	9,123
	Decommissioning	6,623	6,303
	Payments in lieu of property taxes	7,855	7,644
	Total Operating Expenses	129,909	129,805
NET OPERATING INCOME		81,757	79,548
OTHER INCOME (EXPENSE)	Interest income	2,393	5,700
	Net change in fair market value of investments and derivative instruments	(292)	(703)
	Interest expense	(39,149)	(42,100)
	Amortization expense	395	(3,110)
	Other	(7,598)	(5,732)
Total Other Expense, Net		(44,251)	(45,945)
Revenues over expenses before change in net expenses recoverable from future Participant billings		37,506	33,603
Net increase (decrease) in net costs recoverable from future Participant billings		(100,859)	(13,296)
Postemployment benefits		(82)	(82)
REVENUE OVER (UNDER) EXPENSES		(63,435)	20,225
NET POSITION AT BEGINNING OF YEAR		179,805	159,580
NET POSITION AT END OF YEAR		\$116,370	\$179,805

STATEMENT OF NET POSITION

December 31, 2021 and 2020 (Dollars in Thousands)		2021	2020
CAPITAL ASSETS	Utility plant assets being depreciated	\$ 770,412	\$ 762,527
	Accumulated depreciation and amortization	(396,073)	(403,329)
	Total utility plant assets being depreciated, net	374,339	359,198
	Utility plant assets not being depreciated	25,626	27,980
	Total Capital Assets, net	399,965	387,178
CURRENT UNRESTRICTED ASSETS	Cash	552	138
	Marketable debt securities	83,308	108,850
	Accrued interest receivable	1	1
	Participant accounts receivable	14,035	13,623
	Other accounts receivable	1,027	557
	Materials and supplies	19,670	19,268
	Total Current Unrestricted Assets	118,593	142,437
CURRENT RESTRICTED ASSETS	Restricted cash - debt service	97,500	110,053
	Restricted cash - decommissioning	108,868	101,258
	Restricted cash - other	1,600	1,600
	Total Current Restricted Assets	207,968	212,911
	Total Current Assets	326,561	355,348
NONCURRENT ASSETS	Net costs recoverable from future Participant billings	374,670	475,529
	Other	85	114
	Total Other Assets	374,755	475,643
TOTAL ASSETS		\$1,101,281	\$1,218,169
DEFERRED OUTFLOWS	Redemption loss	\$6,578	\$9,865
	Losses on advance refunding of debt, net	14,199	18,917
	Postemployment benefits	576	440
	Total Deferred Outflows	\$21,353	\$29,222
LONG-TERM LIABILITIES	Bonds payable, net	\$654,830	\$671,507
	Reserve for decommissioning	137,032	130,409
	Accrued expense OPEB	1,983	1,607
	Total Long-term Liabilities	793,845	803,523
CURRENT LIABILITIES	Account payable and accrued liabilities	9,277	10,146
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	Accrued interest payable	177,183	166,133
	Current installments of bonds payable	25,959	33,970
	Total Current Liabilities Payable from Restricted Assets	203,142	200,103
	Total Current Liabilities	212,419	210,249
TOTAL LIABILITIES		\$ 1,006,264	\$1,013,772
DEFERRED INFLOWS	Derivative financial instrument	-	\$53,814
NET POSITION	Net investment in capital assets	(266,625)	(299,832)
	Restricted for other	1,600	1,600
	Unrestricted	381,395	477,587
TOTAL NET POSITION		\$116,370	\$179,805



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