

Piedmont Municipal Power Agency Third Quarter 2022 Report

Financial Summary

Third quarter of 2022 sales of electricity to Participants increased by \$5.0 million (9.57%) when compared to the third quarter of 2021 sales, driven by a decrease in base billing demand credits applied to Participants' monthly bills. In addition, there was higher energy usage of 6.3%.

Sales of electricity to other utilities decreased by \$226 thousand (5.48%) in the third quarter of 2022 when compared to the same period in 2021. Sales of electricity to Duke for exchange energy decreased approximately \$429 thousand during the third quarter of 2022 when compared to 2021. In contrary, surplus energy sold to third parties increased by \$203 thousand due to an increase in higher rates received for surplus energy when compared to the same period in 2021.

Operating and maintenance costs decreased \$3.5 million (41.78%) in the third quarter of 2022 when compared to the third quarter of 2021. The third quarter of 2021 included maintenance expenses associated with a refueling outage at the Catawba Nuclear plant. The third quarter of 2022 did not include any refueling outages, driving the year-over-year decrease in operating and maintenance costs.

Purchased power costs increased \$7.1 million (50.73%) in the third quarter of 2022 when compared to the third quarter of 2021. Supplemental energy purchases drove this increase due to higher pricing than expected, coupled with more energy purchases required during the third quarter of 2022.

Administrative and general costs increased \$1.6 million (46.90%) in the third quarter of 2022 when compared to 2021. During the third quarter, Duke Energy invoices PMPA a true-up for the prior year's A&G expenses to actual. The 2021 true-up recorded in 2022 was an increase in expense and the 2020 true-up recorded in 2021 was a decrease in expense, causing a year-over-year increase in third quarter A&G costs.

Operating revenues were \$4.2 million lower than PMPA's budget, and operating costs were \$3.5 million over budget. Combined with interest income and miscellaneous expenses, the overall operating income for the third quarter was lower than PMPA's budget by \$7.5 million. Capital addition payments coupled with other transfers were \$1.5 million under budget. As a result, PMPA withdrew \$6.0 million more than budgeted from working capital for the third quarter of 2022, primarily driven by a \$4.6 million base billing demand credit approved by the board subsequent to the finalization of the budget.

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

	2022	2021
(Dollars in Thousands)		
Assets		
Capital assets:		
Utility plant assets being depreciated	\$ 793,303	\$ 781,675
Accumulated depreciation and amortization	(408,367)	(401,800)
Total utility plant assets being depreciated, net	384,936	379,875
Utility plant assets not being depreciated	19,596	24,239
Total capital assets, net	404,532	404,114
Current unrestricted assets		
Cash	88	1,523
Marketable debt securities	84,475	78,458
Accrued interest receivable	1	1
Participant accounts receivable	16,785	15,039
Other accounts receivable	230	570
Materials and supplies	19,644	19,479
Total current unrestricted assets	121,223	115,070
Current restricted assets:		
Restricted for debt service	100,921	85,322
Restricted for decommissioning	108,679	107,402
Restricted for other (Supplemental Reserve)	1,600	1,600
Total current restricted assets	211,200	194,324
Total current assets	332,423	309,394
Noncurrent assets:		
Net costs recoverable from future Participant billings	342,487	434,764
Other	63	92
Total other assets	342,550	434,856
Total assets	\$ 1,079,505	\$ 1,148,364
Deferred outflows:		
Redemption loss	\$ 5,960	\$ 7,631
Losses on advance refunding of debt, net	11,162	15,379
Postemployment benefits	576	440
Total deferred outflows	\$ 17,698	\$ 23,450
Liabilities		
Long-term liabilities:		
Bonds payable, net	\$ 584,561	\$ 609,662
Reserve for decommissioning	142,252	135,377
Accrued expense OPEB	1,983	1,607
Total long-term liabilities	728,796	746,646
Current liabilities:		
Accounts payable and accrued liabilities	11,575	9,555
Current liabilities payable from restricted assets:		
Accrued interest payable	186,498	170,459
Current installments of bonds payable	51,290	25,959
Total current liabilities payable from restricted assets	237,788	196,418
Total current liabilities	249,363	205,973
Total liabilities	\$ 978,159	\$ 952,619
Deferred inflows:		
Derivative financial instrument	\$ 0	\$ 50,412
Net position		
Net investments in capital assets	\$ (220,157)	\$ (216,128)
Restricted for other	1,600	1,600
Unrestricted	337,601	383,311
Total net position	\$ 119,044	\$ 168,783

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

	<u>2022</u>	<u>2021</u>
	(Dollars in Thousands)	
Operating Revenue:		
Sale of electricity to Participants	\$ 57,068	\$ 52,084
Sale of electricity to other utilities	3,895	4,121
Other	381	405
Total operating revenues	<u>61,344</u>	<u>56,610</u>
Operating Expense:		
Operation and maintenance	4,910	8,434
Nuclear fuel amortization	3,223	3,429
Purchased power	21,256	14,102
Transmission	2,005	2,319
Power delivery	113	139
Administrative and general	4,858	3,307
Depreciation	2,275	2,788
Decommissioning	1,740	1,656
Payments in lieu of property taxes	2,062	2,007
Total operating expenses	<u>42,442</u>	<u>38,181</u>
Net operating income	<u>18,902</u>	<u>18,429</u>
Other income (Expense):		
Interest income	680	465
Net change in fair market value of investments and derivative instruments	(3,425)	(90)
Interest expense	(9,969)	(9,346)
Amortization expense	1,634	584
Other	(1,716)	(1,049)
Total other expenses, net	<u>(12,796)</u>	<u>(9,436)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	6,106	8,993
Net increase (decrease) in net costs recoverable from future Participant billings	<u>(15,369)</u>	<u>(9,391)</u>
Revenues over expenses	<u>(9,263)</u>	<u>(398)</u>
Net position at beginning of period	128,307	169,181
Net position at end of period	<u>\$ 119,044</u>	<u>\$ 168,783</u>