

Piedmont Municipal Power Agency Third Quarter 2023 Report

Financial Summary

Third quarter of 2023 sales of electricity to Participants increased by \$3.7 million (6.5%) when compared to the third quarter of 2022 sales. The increased revenues were driven by a decrease in base billing demand credits applied to Participants' monthly bills, partially offset by the removal of one Participant's cryptocurrency load.

Operation and maintenance costs increased by \$4.0 million (81.1%) in the third quarter of 2023 when compared to the third quarter of 2022. The third quarter of 2023 included maintenance expenses associated with a refueling outage at the Catawba Nuclear plant. The third quarter of 2022 did not include a refueling outage.

Purchased power costs decreased by \$5.3 million (25.2%) in the third quarter of 2023 when compared to the third quarter of 2022, driven by a significant decrease in the rate of supplemental energy purchased.

Interest income improved by \$1.5 million (222.9%) in the third quarter of 2023 when compared to the third quarter of 2022 due to rising interest rates. Net change in the fair value of investments was driven by the fair value of investments held at the end of each quarter. Consistent with market conditions, there was no significant change between June 30, 2023 and September 30, 2023, whereas there was a market decrease in value from June 30, 2022 and September 30, 2022. As such, when comparing the third quarter of 2023 and 2022, PMPA saw a \$3.1 million (91.2%) improvement in the net change in fair value of investments.

Net decrease in net costs recoverable from future Participant billings increased by \$3.8 million (24.6%) in the third quarter of 2023 when compared to the third quarter of 2022. This increase was related to the timing of the principal and interest deposits associated with PMPA's outstanding bonds.

Operating revenues were \$710 thousand lower than PMPA's budget, offset by operating costs coming in at \$3.6 million lower than PMPA's budget. Combined with interest income and miscellaneous expenses, the overall operating income for the third quarter exceeded PMPA's budget by \$3.3 million. Capital addition payments coupled with other transfers were \$3.0 million under budget. As a result, PMPA withdrew \$6.3 million less than budgeted from working capital for the third quarter of 2023.

PIEDMONT MUNICIPAL POWER AGENCY

INTERIM STATEMENTS OF NET POSITION
 QUARTERS ENDED SEPTEMBER 30, 2023 AND 2022
 (DOLLARS IN THOUSANDS)
 (UNAUDITED)

	2023	2022
Assets		
Capital Assets:		
Utility plant assets being depreciated	\$794,582	\$793,303
Accumulated depreciation and amortization	(407,041)	(408,367)
Total utility plant assets being depreciated, net	387,541	384,936
Utility plant assets not being depreciated	32,083	19,596
Total Capital Assets, Net	419,624	404,532
Current Unrestricted Assets:		
Cash	206	88
Marketable debt securities	72,031	84,475
Accrued interest receivable	1	1
Participant accounts receivable	17,706	16,785
Other accounts receivable	406	230
Materials and supplies	19,657	19,644
Total Current Unrestricted Assets	110,007	121,223
Current Restricted Assets:		
Restricted for debt service	103,669	100,921
Restricted for decommissioning	120,143	108,679
Restricted for other	1,600	1,600
Total Current Restricted Assets	225,412	211,200
Total Current Assets	335,419	332,423
Noncurrent Assets:		
Net costs recoverable from future Participant billings	291,537	342,487
Other	34	63
Total Other Assets	291,571	342,550
Total Assets	\$1,046,614	\$1,079,505
Deferred Outflows:		
Redemption loss	\$5,134	\$5,960
Losses on advance refunding of debt, net	7,594	11,162
Postemployment benefits	463	576
Total Deferred Outflows	\$13,191	\$17,698

PIEDMONT MUNICIPAL POWER AGENCY

INTERIM STATEMENTS OF NET POSITION
QUARTERS ENDED SEPTEMBER 30, 2023 AND 2022
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
<u>Liabilities</u>		
Long-Term Liabilities:		
Bonds payable, net	\$534,029	\$584,561
Reserve for decommissioning	149,477	142,252
Accrued expense OPEB	2,123	1,983
Total Long-Term Liabilities	<u>685,629</u>	<u>728,796</u>
Current Liabilities:		
Accounts payable and accrued liabilities	9,284	11,574
Current Liabilities Payable from Restricted Assets:		
Accrued interest payable	175,000	186,498
Current installment of bonds payable	52,086	51,290
Total Current Liabilities Payable from Restricted Assets	<u>227,086</u>	<u>237,788</u>
Total Current Liabilities	<u>236,370</u>	<u>249,362</u>
Total Liabilities	<u><u>\$921,999</u></u>	<u><u>\$978,158</u></u>
<u>Net position</u>		
Net investment in capital assets	(\$158,897)	(\$220,157)
Restricted for other	1,600	1,600
Unrestricted	295,103	337,601
Total Net Position	<u><u>\$137,806</u></u>	<u><u>\$119,044</u></u>

PIEDMONT MUNICIPAL POWER AGENCY
INTERIM STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
QUARTERS ENDED SEPTEMBER 30, 2023 AND 2022
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Sales of electricity to Participants	\$60,782	\$57,068
Sales of electricity to other utilities	3,961	3,895
Other	359	381
Total Operating Revenues	<u>65,102</u>	<u>61,344</u>
Operating Expenses:		
Operation and maintenance	8,894	4,910
Nuclear fuel amortization	3,576	3,223
Purchased power	15,909	21,256
Transmission	2,443	2,005
Power delivery	122	113
Administrative and general	4,522	4,858
Depreciation	2,376	2,275
Decommissioning	1,828	1,740
Payments in lieu of property taxes	2,101	2,062
Total Operating Expenses	<u>41,771</u>	<u>42,442</u>
Net Operating Income	<u>23,331</u>	<u>18,902</u>
Other Income (Expense):		
Interest income	2,196	680
Net change in fair value of investments	(302)	(3,425)
Interest expense	(9,369)	(9,969)
Amortization expense	1,553	1,634
Other	(1,380)	(1,716)
Total Other Expense, Net	<u>(7,302)</u>	<u>(12,796)</u>
Revenues over expenses before change in net expenses recoverable from future Participant billings	16,029	6,106
Net decrease in net costs recoverable from future Participant billings	<u>(11,590)</u>	<u>(15,369)</u>
Revenues over expenses	4,439	(9,263)
Net position at beginning of period	<u>133,367</u>	<u>128,307</u>
Net position at end of period	<u><u>\$137,806</u></u>	<u><u>\$119,044</u></u>