

Piedmont Municipal Power Agency Second Quarter 2024 Report

Financial Summary

Sales of electricity to other utilities increased by \$672 thousand (22.57%) in the second quarter of 2024 when compared to the second quarter of 2023. Surplus energy sold to third parties drove this increase due to an increase in the rate received for sales, coupled with more energy available to sell during the second quarter of 2024.

Operating and maintenance costs increased by \$1.6 million (29.70%) in the second quarter of 2024 when compared to the second quarter of 2023. This increase was related to the timing of refueling outage costs associated with the Catawba Nuclear plant.

Nuclear fuel amortization costs increased by \$802 thousand (37.70%) in the second quarter of 2024 when compared to the same period in 2023. The length of the second quarter refueling outage in 2024 was less than the length of the second quarter refueling outage in 2023, causing an increase in the number of days nuclear fuel was amortized in the second quarter of 2024 versus the second quarter of 2023.

Purchased power costs increased by \$1.7 million (16.61%) in the second quarter of 2024 when compared to the second quarter of 2023. This increase was driven by a significant increase in the rate paid for supplemental energy purchased, partially offset by a decrease in the quantity purchased.

Interest income improved by \$860 thousand (61.30%) in the second quarter of 2024 when compared to the second quarter of 2023 due to rising interest rates.

Operating revenues were \$779 thousand lower than PMPA's budget, offset by operating costs coming in at \$1.2 million lower than PMPA's budget. Combined with interest income and miscellaneous expenses, the overall operating income for the second quarter was higher than PMPA's budget by \$370 thousand. Capital addition payments coupled with other transfers were \$2.0 million lower than budget. As a result, PMPA added \$2.4 million more than budgeted to working capital for the second quarter of 2024.

PIEDMONT MUNICIPAL POWER AGENCY
INTERIM STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	2024	2023
<u>Assets</u>		
Capital Assets:		
Utility plant assets being depreciated	\$ 798,143	\$ 783,712
Accumulated depreciation and amortization	(402,831)	(405,885)
Total utility plant assets being depreciated, net	395,312	377,827
Utility plant assets not being depreciated	30,632	37,169
Total Capital Assets, net	425,944	414,996
Current Unrestricted Assets:		
Cash	552	735
Marketable debt securities	64,541	71,418
Accrued interest receivable	1	1
Participant accounts receivable	19,263	17,594
Other accounts receivable	249	395
Materials and supplies	20,127	19,871
Total Current Unrestricted Assets	104,733	110,014
Current Restricted Assets:		
Restricted for debt service	95,330	93,013
Restricted for decommissioning	130,780	117,510
Restricted for other	1,600	1,600
Total Current Restricted Assets	227,710	212,123
Total Current Assets	332,443	322,137
Noncurrent Assets:		
Net costs recoverable from future Participant billings	255,540	303,127
Participant settlement receivable	45,400	-
Other	14	41
Total Other Noncurrent Assets	300,954	303,168
Total Assets	\$ 1,059,341	\$ 1,040,301
Deferred Outflows:		
Redemption loss, net	\$ 4,577	\$ 5,341
Losses on advance refunding of debt, net	5,724	8,446
Postemployment benefits	-	463
Total Deferred Outflows	\$ 10,301	\$ 14,250

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INTERIM STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	<u>2024</u>	<u>2023</u>
<u>Liabilities</u>		
Long-term Liabilities:		
Bonds payable, net	\$ 509,636	\$ 536,308
Reserve for decommissioning	149,266	147,649
Other postemployment benefits	1,639	2,123
Total Long-Term Liabilities	<u>660,541</u>	<u>686,080</u>
Current Liabilities:		
Accounts payable and other accrued liabilities	8,851	6,234
Current Liabilities Payable from Restricted Assets:		
Accrued interest payable	177,994	176,784
Current installments of bonds payable	66,565	52,086
Total Current Liabilities Payable from Restricted Assets	<u>244,559</u>	<u>228,870</u>
Total Current Liabilities	<u>253,410</u>	<u>235,104</u>
Total Liabilities	<u>\$ 913,951</u>	<u>\$ 921,184</u>
Deferred Inflows:		
Postemployment benefits	<u>\$ 188</u>	<u>\$ -</u>
<u>Net Position</u>		
Net investments in capital assets	\$ (144,533)	\$ (164,953)
Restricted for other	1,600	1,600
Unrestricted	<u>298,436</u>	<u>296,720</u>
Total Net Position	<u>\$ 155,503</u>	<u>\$ 133,367</u>

PIEDMONT MUNICIPAL POWER AGENCY
INTERIM STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
QUARTERS ENDED JUNE 30, 2024 AND 2023
(DOLLAR IN THOUSANDS)
(UNAUDITED)

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Sales of electricity to Participants	\$ 55,925	\$ 53,309
Sales of electricity to other utilities	3,647	2,975
Other	416	318
Total Operating Revenues	<u>59,988</u>	<u>56,602</u>
Operating Expenses:		
Operation and maintenance	7,151	5,513
Nuclear fuel amortization	2,928	2,126
Purchased power	11,844	10,158
Transmission	2,570	1,721
Power delivery	114	141
Administrative and general	3,801	3,789
Depreciation	2,606	2,385
Decommissioning reserve accretion	1,878	1,828
Payments in lieu of property taxes	2,593	2,102
Total Operating Expenses	<u>35,485</u>	<u>29,763</u>
Net Operating Income	<u>24,503</u>	<u>26,839</u>
Other Income (Expense):		
Interest income	2,263	1,403
Net change in fair market value of investments	432	(1,425)
Interest expense	(8,696)	(8,961)
Amortization	1,510	1,553
Other	(932)	(1,276)
Total Other Expenses, Net	<u>(5,423)</u>	<u>(8,706)</u>
Revenues over expenses before deferred items	19,080	18,133
Net decrease in net costs recoverable from future Participant billings	<u>(11,990)</u>	<u>(11,744)</u>
Revenues over expenses	7,090	6,389
Net position at beginning of period	<u>148,413</u>	<u>126,978</u>
Net position at end of period	<u>\$ 155,503</u>	<u>\$ 133,367</u>

PIEDMONT MUNICIPAL POWER AGENCY
INTERIM STATEMENT OF CASH FLOW
QUARTERS ENDED JUNE 30, 2024 AND 2023
(DOLLAR IN THOUSANDS)
(UNAUDITED)

	2024	2023
Cash flows from operating activities:		
Receipts from customers	\$ 61,137	\$ 55,499
Payments for operations and maintenance	(6,957)	(5,701)
Payments for purchased power, transmission, and power delivery	(17,121)	(14,122)
Payments for administration and general	280	(1,897)
Net cash from operating activities	37,339	33,779
 Cash flows from investing activities:		
Purchase of investment securities	(106,422)	(98,502)
Proceeds from sales and maturities of investments	73,263	71,644
Interest received on investments	2,384	2,053
Net cash used in investing activities	(30,775)	(24,805)
 Cash flows from capital and related financing activities:		
Interest rebate on bonds	307	307
Interest received on settlement debt	404	-
Proceeds from bond issuance	48,330	-
Participant settlement receivable	(45,400)	-
Expenditures for utility plant in service	(4,999)	(3,845)
Expenditures for nuclear fuel	(4,970)	(3,618)
Payment to Duke Energy for other charges	(1,345)	(1,311)
Other	16	42
Net cash used in capital and related financing activities	(7,657)	(8,425)
 Net change in cash	(1,093)	549
 Cash, beginning of quarter	1,645	186
 Cash, end of quarter	\$ 552	\$ 735
 Noncash investing and financing activities:		
Loss on sale of investment	\$ (278)	\$ (657)
Amortization expense on discounts and premiums	\$ 1,939	\$ 2,280
Amortization of net redemption loss	\$ (684)	\$ (1,059)
Net change in fair value of investments	\$ 432	\$ (1,425)

PIEDMONT MUNICIPAL POWER AGENCY
INTERIM STATEMENT OF CASH FLOW
QUARTERS ENDED JUNE 30, 2024 AND 2023
(DOLLAR IN THOUSANDS)
(UNAUDITED)

	<u>2024</u>	<u>2023</u>
Reconciliation of net operating income to net cash from operating activities:		
Net operating income	\$ 24,503	\$ 26,839
Adjustments to reconcile net operating income to net cash from operating activities:		
Depreciation	2,606	2,385
Nuclear fuel amortization	2,928	2,126
Decommissioning reserve accretion	1,878	1,828
(Increase) decrease in:		
Participant accounts receivable	(3,262)	(1,041)
Other accounts receivable	4,411	(62)
Materials and supplies	194	(188)
Increase in:		
Accounts payable and other accrued liabilities	4,081	1,892
Net cash from operating activities	<u>\$ 37,339</u>	<u>\$ 33,779</u>