

GDS Associates, Inc.
Engineers and Consultants

ANNUAL ENGINEERING REPORT
FISCAL YEAR ENDED DECEMBER 31, 2023

Prepared for:
PIEDMONT MUNICIPAL POWER AGENCY



May 2024

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This report was prepared by GDS Associates expressly for the purposes set forth herein. In preparing this report, GDS Associates has relied upon certain information furnished by PMPA and derived from data reported to regulatory authorities and reports of Duke Energy and its subsidiaries, PMPA's Independent Auditor and other independent consultants to PMPA, all of which are believed to be reliable, accurate, and reasonable for purposes of this report. Given that this report contains observations, evaluations, analyses, projections, summary statements, opinions and/or conclusions that are based on what GDS Associates believes is reliable information and reasonable assumptions and conditions, GDS Associates makes no assurances with respect thereto. Accordingly, GDS Associates in no way warrants or represents that any such observations, evaluations, analyses, projections, summary statements, opinions and/or conclusions will not vary as a result of changes in such assumptions or conditions.

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EXECUTIVE SUMMARY

Pursuant to its duties as Consulting Engineer to Piedmont Municipal Power Agency (“PMPA”), GDS Associates, Inc. (“GDS Associates”) has prepared an annual engineering report with respect to the Catawba Project (as defined in Section 1.2.1 of this Report) for the fiscal year ended December 31, 2023. Such report includes (with respect to the Catawba Project), to the extent applicable: (i) a report on the operations of PMPA; (ii) a report on the management of the Catawba Project; (iii) a report on the sufficiency of rates and charges for services; (iv) a report on requirements of the Participants for future power supply; and (v) a report as to changes in operation and the making of repairs, renewals, replacements, extensions, betterments and improvements.

The following are summaries of the various subjects of the report:

Operations of PMPA. In January 2023, PMPA made the scheduled principal payment of \$51.3 million on its outstanding debt, which was accrued from operations during 2022. During 2023, PMPA accrued monies from operations to make the scheduled principal payment of \$52.1 million on its outstanding debt in January 2024. As of December 31, 2023, PMPA’s Bond ratings of A- (Standard & Poor’s), A3 (Moody’s), and A- (Fitch) are unchanged from those reported as of December 31, 2022. PMPA supplied approximately 91% of its energy requirements, net of allocations from the Southeastern Power Administration, from its ownership entitlements from the Catawba Project during 2023. As a result of 2023 operations, PMPA’s total Working Capital decreased by \$1.4 million, resulting in a year-end 2023 total Working Capital balance of \$76 million.

Management of the Project. The 2023 capacity ratings for the Catawba Project units under the Project Agreements with Duke remained unchanged from the 2022 ratings. The Nuclear Regulatory Commission reported, as of the date of this Report, only baseline inspections as part of the Reactor Oversight Process are planned for Catawba Units 1 and 2, as well as McGuire Units 1 and 2. During 2023, Catawba Units 1 and 2 operated with capacity factors of 88% and 101%, respectively, with only Catawba Unit 1 conducting a refueling outage. McGuire Units 1 and 2 achieved capacity factors of 91% and 87%, respectively during 2023, with both McGuire Units 1 and 2 each conducting a refueling outage. The Catawba Nuclear Station operated with total production costs of \$16/MWh during 2021-2023 (lower than the previously reported 2020-2022 average); which is 1% lower than the first quartile average of non-merchant nuclear plants operating in the United States during this period.

Sufficiency of Rates and Charges. PMPA’s Basic All Requirements rate remained unchanged during 2023. PMPA’s All Requirements rates were reviewed, and projections updated in late 2023. These projections indicated projected costs similar to those projected in late 2022, and that PMPA could maintain the Basic All Requirements rate level in 2024 and 2025, with a plan to implement annual 1.7% rate increases beginning in 2026. The rate levels described above are projected to provide revenues sufficient to pay all Catawba Project and Supplemental Power Costs and generally maintain the desired Working Capital balances through 2028.

Requirements for Future Power Supply. The energy requirements of PMPA's Participants (net of allocations of energy from the Southeastern Power Administration) are projected to increase on average 0.7% per year over the next ten years. Entitlements to capacity and energy from the Catawba Project, together with the other power supply arrangements described in this Report are projected to be sufficient to provide the Participants' All Requirements Bulk Power Supply through the projected period.

Changes in Operation and Capital Improvements. Based on our review of the information provided by Duke and PMPA, and our general understanding of the scope of Catawba capital additions projects currently being undertaken by Duke, GDS Associates has reached the conclusion that the renewals, extraordinary repairs, replacements, modifications, capital additions and betterments related to the capital additions projects currently being undertaken by Duke, for which PMPA is responsible under the Operating Agreement, are necessary or desirable to achieve design capability, improve operating reliability of the Catawba Nuclear Station, comply with regulatory requirements, or for safety, public health, or environmental purposes.

1 PURPOSE AND BACKGROUND

1.1 PURPOSE AND SCOPE

Piedmont Municipal Power Agency (“PMPA”), pursuant to its Catawba Project Power Sales Agreements and its General Bond Resolution, is required to retain on a continuous basis, as Consulting Engineer, an independent consulting engineer or engineering firm to, upon request, advise PMPA and render opinions on matters relating to the electric utility industry, rates and charges, financing and budgets, among other things. In addition to the other duties of the Consulting Engineer, PMPA shall cause the Consulting Engineer to prepare an annual engineering report within 160 days following the close of each Fiscal Year (defined as the twelve-month period ending December 31st) with respect to the Catawba Project (as defined later in this Report) for the immediately preceding Fiscal Year (the “Report”). Such Report is required to contain a copy of PMPA’s annual audit report and shall include (with respect to the Catawba Project), to the extent applicable:

1. a report on the operations of PMPA;
2. a report on the management of the Catawba Project;
3. a report on the sufficiency of rates and charges for services;
4. a report on requirements of the Participants for future power supply; and
5. a report as to changes in operation and the making of repairs, renewals, replacements, extensions, betterments and improvements.

GDS Associates, Inc. (“GDS Associates”) has been designated Consulting Engineer to PMPA by its Board of Directors and has prepared this Report with respect to PMPA’s Fiscal Year 2023. This Report is intended to provide engineering, financial, and management information to PMPA, its Participants, and the Bond Fund Trustee. PMPA has advised GDS Associates that a copy of this Report may be used as a supplement to information that is required by the Securities and Exchange Commission to be provided to various municipal securities information repositories.

For purposes of this Report, GDS Associates has relied upon PMPA’s audited financial statements, certain financial, management, and operating data provided by the staff of PMPA (including PMPA’s Board of Directors meeting minutes), reports of Duke Energy Carolinas, LLC (“Duke”), a subsidiary of Duke Energy Corporation (“Duke Energy”), and certain closing documents provided in connection with the issuance of PMPA’s Bonds. GDS Associates has not made any site visits for purposes of inspecting the Catawba Nuclear Station, facilities of PMPA or facilities of its Participants; as such site visits are beyond the scope of this Report.

Any capitalized term used in this Report, to the extent not defined herein, indicates that such term is defined in the particular agreement or document being discussed. Any summary descriptions of agreements or other documents in this Report: (i) are based on our understanding of such agreements; (ii) are not to be regarded as full statements, and consequently do not purport to be complete in every respect; and (iii) are qualified by reference to such agreement or document.

1.2 BACKGROUND AND OVERVIEW OF PMPA ARRANGEMENTS

1.2.1 PMPA

PMPA is a public body and body corporate and politic of the State of South Carolina that was incorporated under the Joint Municipal Electric Power and Energy Act (Section 6-23-10 through 6-23-340, Code of Laws of South Carolina 1976, as amended) on January 11, 1979. PMPA has an undivided ownership interest of 25% in Unit 2 of the Catawba Nuclear Station (the “Catawba Project”), which was constructed and is being operated by Duke. Duke, North Carolina Municipal Power Agency No. 1 (“NCMPA1”) and North Carolina Electric Membership Corporation (“NCEMC”) also have various undivided ownership shares in the Catawba Nuclear Station. NCMPA1 owns the remaining 75% of Catawba Unit 2, while NCEMC and Duke own approximately 61.5% and 38.5% of Catawba Unit 1, respectively. Collectively, PMPA, NCMPA1, and NCEMC are referred to as the “Buyers.” The following table sets forth PMPA’s entitlement share of the Catawba Project, after giving effect to the Catawba and McGuire Reliability Exchanges as discussed later in this section.

Table 1-1: Catawba Project

	Commercial Operation	Maximum Net Dependable Capability (MW) [1]	PMPA Entitlement [2]	
			Share	(MW)
Catawba Nuclear Station:				
Unit 1	1985	1,145	6.25%	71.6
Unit 2	1986	1,145	6.25%	71.6
Total Catawba Station				143.1
McGuire Nuclear Station:				
Unit 1	1981	1,105	6.06% [3]	67.0
Unit 2	1984	1,105	6.06% [3]	67.0
Total McGuire Station				134.0
Total Catawba Project				277.2

[1] Maximum Net Dependable Capability (“MNDC”) is the main unit capability less auxiliaries and is intended to be a dependably attainable value. MNDC ratings pursuant to the Project Agreements, which may be different than Duke’s reported maximum dependable capability.

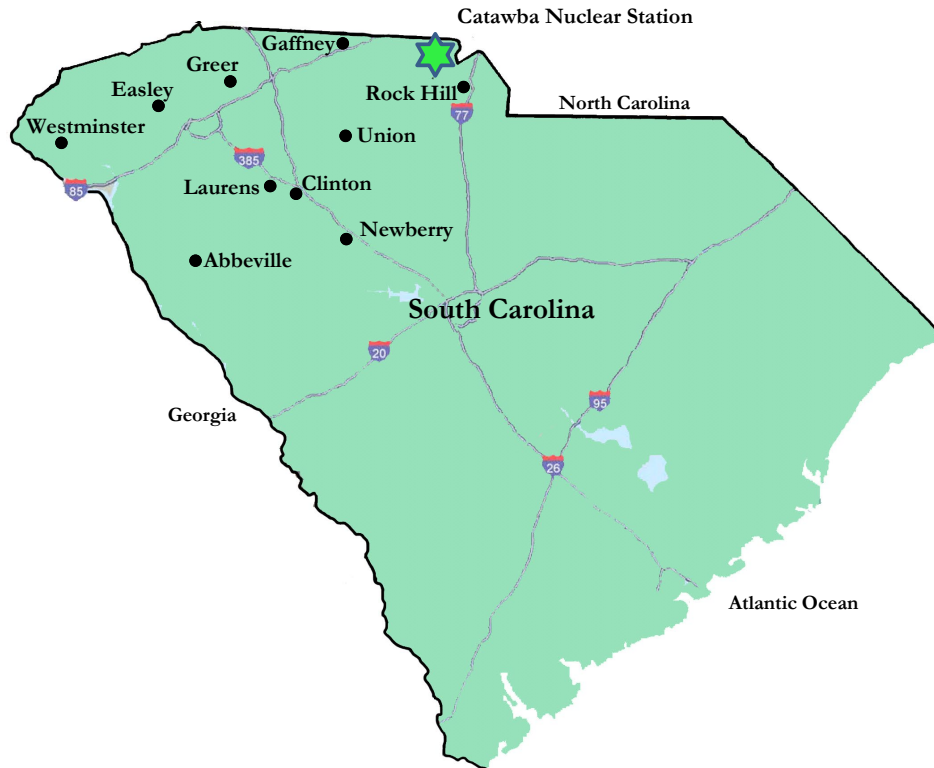
[2] After reflecting the Catawba and McGuire Reliability Exchanges as discussed later in this section.

[3] Effective percentage after reflecting the differences in original design MNDC ratings of the Catawba and McGuire units of 1,145 MW and 1,180 MW, respectively.

On June 21, 1985, PMPA commenced supplying power and energy to ten South Carolina cities (the “Participants”) located in the Piedmont region of South Carolina. The Participants own electric distribution systems and nine of these Participants receive all of their power deliveries through Duke’s transmission system. The tenth Participant, the City of Union, receives power deliveries through Lockhart Power Company’s transmission system.

The following figure is a map of the state of South Carolina with the locations of the Participants and the Catawba Nuclear Station identified.

Figure 1-1: Participant and Catawba Project Map



The Participants have entered into the Catawba Project Power Sales Agreements and the Supplemental Power Sales Agreements with PMPA (collectively, the “Power Sales Agreements”).

The Participants’ Shares of Catawba Project Output under the Catawba Project Power Sales Agreements are as follows:

Table 1-2: Participants’ Catawba Project Shares

Participant	Percentage (%)
Abbeville	2.6786
Clinton	7.8438
Easley	13.2426
Gaffney	10.0467
Greer	9.3416
Laurens	6.4878
Newberry	10.4723
Rock Hill	28.0374
Union	10.0134
Westminster	1.8358
PMPA Total	100.0000

Pursuant to its General Bond Resolution dated August 14, 1980, as amended (the “Resolution”), PMPA has issued Electric Revenue Bonds (“Bonds”) to finance and refinance the Costs of Acquisition and Construction of its ownership interest in the Catawba Project. Through December 31, 2023, PMPA has issued \$6.071 billion aggregate principal amount of Bonds. Approximately \$5.532 billion in aggregate principal amount of such Bonds has been refunded, retired, or paid at maturity, leaving \$539 million in net Bonds outstanding as of December 31, 2023.

Pursuant to the terms of the Supplemental Power Sales Agreements, PMPA is required to sell, and each Participant is required to purchase from PMPA, such Participant’s All Requirements Bulk Power Supply. All Requirements Bulk Power Supply means, with respect to a particular Participant, all electric power and energy required by such Participant, exclusive of any purchases of power and energy from the Southeastern Power Administration (“SEPA”) and power and energy derived from the generating capacity of such Participant, if any. PMPA is responsible for planning, negotiating, designing, financing, acquiring or constructing, contracting for, administering, operating and maintaining all generation and transmission arrangements and facilities and power purchases necessary to affect the delivery and sale of All Requirements Bulk Power Supply to the Participants.

Subject to the arrangement between PMPA and Union described further in this section, PMPA fulfills its obligations to supply the Participants with All Requirements Bulk Power Supply by supplying Catawba Project Output, including the power and energy available through the Catawba Reliability Exchange and the McGuire Reliability Exchange, pursuant to the Project Agreements, described below, and through purchases of Supplemental Capacity and Energy pursuant to a power purchase agreement with the South Carolina Public Service Authority (“Santee Cooper”).

PMPA is governed by a Board of Directors consisting of one representative for each Participant and an alternate representative who performs the duties of the Participant’s Director in the absence of that Director. Each Participant appoints its representatives who serve at the pleasure of such Participant. The Board meets monthly for purposes of conducting PMPA business, including setting rates and charges for All Requirements Bulk Power Supply to the Participants.

1.2.2 PROJECT AGREEMENTS

The relationship between PMPA and Duke with respect to the Catawba Project and certain other power supply matters results from four contracts between PMPA and Duke: (i) a Purchase, Construction and Ownership Agreement (as amended, the “Sales Agreement”); (ii) an Operating and Fuel Agreement (as amended, the “Operating Agreement”); (iii) the Catawba Nuclear Station Joint Ownership Support Agreement (the “JOSA”); and (iv) the McGuire Reliability Exchange Agreement (the “MREA,” and collectively with the Sales Agreement, the Operating Agreement and the JOSA, the “Project Agreements”).

1.2.2.1 Purchase, Construction, and Ownership Agreement

The Sales Agreement provided for the construction of the Catawba Nuclear Station and the sale by Duke to PMPA of a 25% undivided ownership interest in Catawba Unit 2. The closing under the Sales Agreement occurred on December 20, 1984.

1.2.2.2 Operating and Fuel Agreement

The Operating Agreement establishes the terms and conditions between Duke and PMPA under which Duke operates and maintains the Catawba Nuclear Station, provides the fuel therefor, and makes capital additions thereto.

Operation, Maintenance and Fueling of the Project. Duke, as operator and independent contractor, operates and maintains PMPA's ownership interest in Catawba Unit 2 and provides Support Facilities services and furnishes all supervision, labor, equipment, tools, materials and incidentals necessary to operate and maintain the Catawba Nuclear Station. Subject to applicable regulatory requirements, Duke agrees to operate and maintain the Catawba Nuclear Station in accordance with Usual Utility Practice. Duke is responsible for making all regulatory filings relating to the Catawba Nuclear Station.

As operator, Duke determines outage schedules and shut-down and start-up times for the Catawba Nuclear Station. Duke dispatches output from the Catawba Nuclear Station and operates the Catawba Nuclear Station as part of its combined system. Duke has agreed that there will be no pattern of adverse distinction between operation of the Catawba Nuclear Station and Duke's other generating facilities.

Nuclear Fuel. PMPA makes advances to Duke for PMPA's share of the cost of nuclear fuel material (i) acquired by Duke for uranium and (ii) converted by Duke and anticipated to be used for the Catawba Project's fuel core. Such advances are credited to a "Uranium Advance Account" and a "Conversion Advance Account," respectively, established for PMPA. When nuclear fuel material is shipped by Duke to be enriched for fueling of Catawba Unit 2, Duke deducts the value of the shipped material on the basis of the average cost of all un-enriched nuclear material then held by Duke and charges the Uranium Advance Account and the Conversion Advance Account accordingly. Duke likewise makes withdrawals, as required, of nuclear fuel materials from the Uranium Advance Account and the Conversion Advance Account at the then average cost of such nuclear fuel material for fueling at other nuclear units on the Duke system. Duke provides the fuel management services of acquiring nuclear fuel material and obtaining nuclear fuel services, such as arranging for the enrichment of uranium, contracting for fuel assemblies and other fuel-related hardware, and the handling and storing of spent fuel. For providing fuel material, fuel services, and fuel management services, PMPA pays Duke an annual fee, which was approximately \$119,900 in 2023.

PMPA also makes advances to Duke for its share of funds expended by Duke for exploration, mining and other ventures undertaken for purposes of attempting to obtain nuclear fuel material. Such funds are credited to a "Uranium Venture Account" established for PMPA. If any such venture undertaken by Duke results in the securing of nuclear fuel materials, funds advanced by PMPA for such venture will be credited to the Uranium Advance Account.

Duke provides PMPA with a ten-year nuclear fuel procurement plan annually. This plan describes the existing and proposed contractual arrangements (and estimated costs thereof) for providing all nuclear fuel material and nuclear fuel services required at the Catawba Nuclear Station.

Capital Additions. Pursuant to the Operating Agreement, either Duke or PMPA (or NCMIPA1 or NCEMC, under their respective operating and fuel agreements with Duke) may propose any capital addition for the Catawba Nuclear Station that it believes is needed for regulatory, safety, environmental, economic or reliability reasons. If the estimated cost of such capital addition is less than \$48 million (\$10 million in 1977 escalated based on certain cost indices, and which is subject to further adjustment into the future), the “capital additions agreement threshold”, Duke will arrange for its design and construction. If the estimated cost of such addition exceeds the capital additions agreement threshold, Duke, PMPA, NCMIPA1 and NCEMC will enter into an “Additions Agreement” providing for the design and construction of such addition and for the procurement of any goods or services incident thereto. An Additions Agreement may provide for Duke to design or construct the addition, or both. Disputes concerning the need for, or cost of, a capital addition, or involving an engineer or contractor for such an addition, may be submitted to arbitration. Notwithstanding PMPA’s right to challenge capital additions approved by Duke, Duke may proceed with the planning, design or construction of any proposed capital addition, and PMPA is required to pay its proportionate share of the costs of such addition, unless and until the matter is resolved in PMPA’s favor by arbitration.

As noted above, PMPA makes monthly advances to Duke as required for capital additions. If PMPA demonstrates to the reasonable satisfaction of Duke that funds are not available to it to pay its share of the cost of a capital addition, PMPA and Duke will enter into an agreement to provide for the payment by Duke of PMPA’s share of the cost of the capital addition and the repayment thereof within two years.

Operating Advances and Fees. PMPA’s cost responsibility for fuel, operating and maintenance, and capital additions, under the Operating Agreement is 12.5% of all such costs incurred by Duke at the Catawba Nuclear Station. PMPA makes monthly advances to Duke for the costs of operating and maintaining the Catawba Nuclear Station based on an annual statement of estimated monthly costs for the ensuing calendar year. As originally structured, as actual costs become known, variances between actual and estimated costs result in reductions or credits to a “Working Capital Fund” established for PMPA and held by Duke. The Working Capital Fund was created with the deposit by PMPA of an amount equal to one-sixth of PMPA’s estimated annual costs of operation and maintenance, nuclear fuel material and fuel management, capital additions and additions to operating inventory, and was replenished by PMPA annually, as necessary, at the time Duke provided PMPA with its annual estimate of monthly costs. PMPA is obligated to maintain such amount in the Working Capital Fund during the term of the Operating Agreement; provided, however, that such obligation is relieved for so long as PMPA’s Bonds are rated equal to or better than two of the three following unenhanced ratings: A- by Standard & Poor’s, A3 by Moody’s Investors Service, Inc., or A- by Fitch IBCA, Inc. During any such period of relief from the obligation of the Working Capital Fund, certain of such variances will be paid by, or credited to, PMPA. As noted in Section 2.5 Bond Ratings later in this Report, PMPA’s bond ratings satisfy the criteria specified above, and as such, as of the date of this Report, PMPA is relieved of the Duke Working Capital Fund obligation.

PMPA also pays Duke a fee equal to 12.5% of 12.5% (i.e., 1.5625%) of the direct and indirect labor expenses of operating and maintaining the Catawba Nuclear Station.

Role of PMPA. All contracts with third parties relating to the operation and maintenance of, and capital additions to, the Catawba Project and all changes or amendments to existing contracts are subject to approval by PMPA. PMPA may have a site representative with additional support personnel at the Catawba Nuclear Station to observe operation, maintenance and fueling of the Catawba Nuclear Station and the costs thereof. Duke has agreed to provide PMPA with reasonable access to its books and records concerning the costs and operation of the Catawba Nuclear Station pursuant to the Operating Agreement.

Duke, PMPA, and the other owners of the Catawba Nuclear Station have formed an Operations Review Committee to meet periodically and review operation, maintenance and fueling of, and capital additions to, the Catawba Nuclear Station and the costs thereof. Duke has agreed to consider the Operations Review Committee's recommendations and make available information reasonably requested by the committee. However, Duke retains control and responsibility for operation, maintenance and fueling of the Catawba Nuclear Station.

Spent Nuclear Fuel. PMPA assumes responsibility for, and bears all costs and will derive all benefits arising from, a portion of all spent nuclear fuel on the Duke system as of the closing in June 1985, and an ownership share of nuclear fuel consumed at the Catawba Nuclear Station after the closing.

Duke may utilize the spent fuel storage capability of the Catawba Nuclear Station for the storage of spent nuclear fuel from any of Duke's other nuclear units. Duke shall compensate PMPA for such use and will remain liable for such usage and indemnify and hold harmless PMPA and the Participants in respect thereto.

Decommissioning. Either Catawba Unit 1 or Catawba Unit 2 or the entire Catawba Nuclear Station may be decommissioned if Duke, PMPA, NCMCA1 and NCEMC so agree or if an arbitrator orders decommissioning pursuant to the terms of the Sales Agreement. Decommissioning will be carried out pursuant to a separate agreement. The owners shall bear all costs of decommissioning in proportion to their respective ownership shares.

Term of Agreement. Unless terminated earlier in connection with an Event of Default or Force Majeure, the Operating Agreement shall continue in effect until all costs associated with the decommissioning of Catawba Units 1 and 2 and all "back-end" services (i.e., spent fuel storage, waste disposal, etc.) are paid or otherwise provided for.

1.2.2.3 Joint Ownership Support Agreement

The Joint Ownership Support Agreement generally provides for (i) the interconnection of the Catawba Project and Duke's system and (ii) the Catawba Reliability Exchange pursuant to which Project Output is provided in approximately equal amounts from Units 1 and 2 of the Catawba Nuclear Station. The purpose of the Catawba Reliability Exchange is to make the supply of capacity and energy to which PMPA is entitled pursuant to its ownership interest in Catawba Unit 2 more reliable, and to mitigate potential adverse economic effects on PMPA and the Participants from unscheduled outages of Catawba Unit 2. Correspondingly, PMPA bears the risks of unscheduled outages of either of the Catawba units.

Role of Duke. Duke has sole responsibility for the scheduling, commitment, and dispatch of the available capacity of the Catawba units under the JOSA.

Role of PMPA. PMPA, or its designated agent, schedules energy from Catawba, and McGuire if applicable, on an hourly basis pursuant to its transmission agreements.

Catawba Reliability Exchange. The owners of Catawba Unit 1 exchange 50% of the capability and output of Catawba Unit 1 for 50% of the capability and output of Catawba Unit 2. The owners of Catawba Unit 2 exchange 50% of the capability and output of Catawba Unit 2 for 50% of the capability and output of Catawba Unit 1. This is known as the Catawba Reliability Exchange.

Exchange Payments. PMPA and Duke effect certain exchange payments as consideration for the Catawba Reliability Exchange, the Support Facilities services to be provided by Duke, and PMPA's agreement to permit Duke to use the spent fuel storage associated with Catawba Unit 2 for purposes other than the storage of spent fuel from that unit. Such exchange payments (in the form of adjustments to payments otherwise due under the Project Agreements) are designed to make PMPA's payments for the costs of construction of, capital additions to, operation and maintenance of, and fueling of the Catawba Project equal to the average of such costs for the Catawba Nuclear Station as a whole. Exchange payments were made at the closing under the Sales Agreement and are made monthly thereafter in the amount of the sum of the difference, if any, between the "discrete costs of Catawba Unit 2" and "average unit costs" with respect to closing costs, construction costs, deposits to the Working Capital Fund, fuel costs and operation and maintenance costs and additional capital costs, with certain limited exclusions specified in the JOSA. In general, "discrete costs of Catawba Unit 2" are calculated on the basis of 25% of such costs of Catawba Unit 2, and "average unit costs" are calculated on the basis of 12.5% of such costs of Catawba Units 1 and 2 and the Support Facilities.

Default Generator Balancing Provisions. Similar to a generator balancing agreement, if at any time PMPA is not covered by a separate balancing agreement, the provisions under the JOSA will apply. A generator balancing agreement provides for replacement (or purchased) power if the actual generator output is less than the scheduled output or provides payment for actual generator output that is greater than scheduled.

Term of Agreement. The JOSA continues until the last Catawba unit, either Catawba Unit 1 or Unit 2 is retired.

1.2.2.4 McGuire Reliability Exchange Agreement

The MREA generally provides for an exchange of capability and output from Catawba Units 1 and 2 for capability and output from McGuire Units 1 and 2. The purpose of the McGuire Reliability Exchange is to make the supply of capacity and energy to PMPA in the amounts to which PMPA is entitled pursuant to its ownership interest in Catawba Unit 2 more reliable, and to mitigate potential adverse economic effects on PMPA and the Participants from unscheduled outages of Catawba Units 1 and 2. Correspondingly, PMPA bears the risks of unscheduled outages of either of the McGuire units.

Role of Duke. Duke has sole responsibility for the scheduling, commitment, and dispatch of the available capacity of the McGuire units under the MREA.

Energy Exchange. As with the Catawba Reliability Exchange, the McGuire Reliability Exchange swaps a percentage of capability and output from the McGuire Nuclear Station with

a percentage of capability and output with the Catawba Nuclear Station. Due to the McGuire units having a lower maximum net dependable capability (“MNDC”) rating than the Catawba units, the exchange gives slightly more power to Duke than is received from the McGuire units.

Special Reserve Fund. PMPA has established a “Special Reserve Fund” (within the Supplemental Power Fund) to provide a source of funds to be available to Duke in the event of a default by PMPA under the MREA. PMPA, Duke and an agent bank have entered into an escrow agreement, under which PMPA deposited the sum of \$1.6 million in the Special Reserve Fund held by the agent bank. If the amount on deposit in the Special Reserve Fund at the beginning of any fiscal quarter is less than \$1.6 million, PMPA will deposit an amount equal to such difference within 10 days. If, as of the first business day of any year, the amount on deposit in the Special Reserve Fund is in excess of the required balance, PMPA may withdraw the excess. If PMPA should default under the MREA by failing to make a required payment to Duke, the funds, or an appropriate portion of the funds, in escrow in the Special Reserve Fund will be paid to Duke by the agent bank pursuant to the escrow agreement.

Term of Agreement. The MREA continues until the last Catawba unit or McGuire unit is retired. However, either party may terminate the MREA with a written three-year notice given to the other party.

1.2.3 CATAWBA PROJECT

PMPA’s 25% ownership in Catawba Unit 2, taken together with the Catawba and McGuire Reliability Exchanges, form the basis for PMPA’s output entitlements from the Catawba Project. Since PMPA’s entitlement to power comes from both the Catawba and McGuire Nuclear Stations, a description of each has been included.

1.2.3.1 Catawba Nuclear Station

The Catawba Nuclear Station (“Catawba”) is a two-unit nuclear-fueled electric generating station located on the west shore of Lake Wylie in York County, South Carolina, approximately 19 miles southwest of Charlotte, North Carolina. Catawba Unit 1 began commercial operation on June 29, 1985 and Catawba Unit 2 began commercial operation on August 19, 1986. The current operating licenses for both Catawba Units 1 and 2 expire on December 5, 2043. Catawba Units 1 and 2 currently have a maximum dependable capability rating of 1,160 MW and 1,150 MW, respectively.

Each unit at Catawba utilizes a four-loop pressurized water reactor nuclear steam supply system for steam production supplied by Westinghouse Electric Corporation, with the exception of the Catawba Unit 1 replacement steam generators, which are of Babcock & Wilcox design and manufacture. The system is similar in power rating and general design to the steam supply systems employed currently in 28 other units with operating licenses in the United States, including Duke’s McGuire Units 1 and 2. The major components of this system are the reactor vessel, pressurizer, four steam generators, and four reactor coolant pumps. Steam from this system drives a turbine-generator supplied by the General Electric Company. Each turbine-generator consists of one high-pressure turbine with four moisture separator reheaters, three low-pressure turbines, an exciter, and a generator with a nameplate rating of 1,205 MW.

Two reactor buildings enclose the containment structures, which in turn house the nuclear steam supply systems. The containment structures also house the ice condenser refrigeration

systems. This system is designed to reduce pressure within the containment structure during a loss-of-coolant accident. This system is similar to those employed currently in eight other nuclear-fueled generating units with operating licenses in the United States, including Duke's McGuire Units 1 and 2.

Two turbine buildings house the turbine-generators and associated equipment. The auxiliary building houses the nuclear steam supply system auxiliary equipment, electrical equipment, control room, fuel storage pools, and related piping and electrical cabling. The service building houses auxiliary equipment necessary for operation of the non-nuclear portion of both units.

Each Catawba unit has three mechanical draft cooling towers whose purpose is to cool the water which, in turn, condenses the steam after it turns the turbine blades. Lake Wylie is the source of water to replace water lost to evaporation from the cooling towers.

Catawba also has many other facilities and systems that are necessary for both the nuclear and non-nuclear operation of the units. Some of these are as follows: standby nuclear service water pond and dam, low-pressure service water system, nuclear service water system, diesel generator building, administration buildings, 230 kilovolt ("kV") switchyard, water chemistry building, monitor tank storage building, various water supply and treatment facilities, the fire protection system, and a technical training facility.

1.2.3.2 McGuire Nuclear Station

As mentioned under the Project Agreements, the McGuire Reliability Exchange provides for PMPA's entitlement to capacity and associated output from the McGuire Nuclear Station in amounts approximately equal to PMPA's entitlement to capacity and associated output from the Catawba units. Accordingly, although PMPA's Catawba Project does not include an ownership interest in the McGuire Nuclear Station, McGuire nevertheless comprises an integral part of PMPA's bulk power supply resources.

The McGuire Nuclear Station ("McGuire") is a two unit, nuclear-fueled electric generating station located near Cowans Ford Dam on Lake Norman approximately seventeen miles north of Charlotte, North Carolina. McGuire Units 1 and 2 began commercial operation on December 1, 1981, and March 1, 1984, respectively. The current operating licenses for McGuire Units 1 and 2 expire on June 12, 2041, and March 3, 2043, respectively. McGuire Units 1 and 2 each currently have a maximum dependable capability of 1,158 MW.

Both McGuire units utilize pressurized water reactor nuclear steam supply systems and turbine-generators supplied by Westinghouse, with the exception of the eight replacement Babcock & Wilcox steam generators, which were installed in 1997. McGuire and Catawba are "sister" plants, with many physical and technical similarities. The McGuire and Catawba containment vessels are alike, the nuclear steam supply systems are the same vintage (with the exception of the Catawba Unit 1, McGuire Unit 1, and McGuire Unit 2 replacement steam generators), and much of the basic plant layout is similar. The major difference between the plants is the use of mechanical draft cooling towers at Catawba, while Lake Norman is used for condenser cooling at McGuire.

1.2.4 SUPPLEMENTAL AND TRANSMISSION ARRANGEMENTS

1.2.4.1 Supplemental Power Contracts

Since January 1, 2014, PMPA has purchased its supplemental power requirements from Santee Cooper, pursuant to a Power Sales Agreement (“Santee Cooper PSA”). The contract requires that PMPA purchase power from Santee Cooper to meet all of its load demand beyond: (i) the amounts served by Catawba Nuclear Station (including reliability exchanges and backstand requirements); (ii) the Participants’ share of electricity from SEPA hydroelectric facilities; and (iii) load requirements met by individual generating resources owned by any Participants (i.e., supplemental capacity and energy requirements). The term of the Santee Cooper PSA is from January 1, 2014 until such time as either party gives ten years’ notice. As discussed further in Section 1.2.5.2, three Participants (Greer, Rock Hill, and Westminster), provided PMPA with 10 years’ written notices to terminate their respective Supplemental Power Sales Agreements with PMPA effective at midnight on December 31, 2028. PMPA provided notice to Santee Cooper in January 2019 to terminate the classification of these three Participants as Included Members pursuant to Section 3.1(C) of the Santee Cooper agreement effective at midnight on December 31, 2028. Similarly, the remaining seven Participants (Abbeville, Clinton, Easley, Gaffney, Laurens, Newberry, and Union), provided PMPA with 10 years’ written notices to terminate their respective Supplemental Power Sales Agreements with PMPA effective at midnight on December 31, 2029. PMPA provided notice to Santee Cooper in January 2020 to terminate the classification of six of these seven Participants as Included Members pursuant to Section 3.1(C) of the Santee Cooper agreement effective at midnight on December 31, 2029. Union is not an Included Member due to the unique and indirect nature of the wholesale electric service arrangement between Union and PMPA. PMPA also states in its January 2020 written notice to Santee Cooper that with the removal of all Included Members, the Santee Cooper PSA between PMPA and Santee Cooper will effectively terminate at midnight on December 31, 2029.

PMPA’s backstand services for the Catawba Project are provided through a Resource Management Agreement with The Energy Authority, Inc. (“TEA”), which became effective January 1, 2021. Under the TEA agreement, TEA (i) purchases wholesale energy as needed to supply PMPA’s load when one or more of the Catawba or McGuire units are operating at reduced output or offline due to outages, either planned or unplanned, and (ii) is responsible for arranging transmission, ancillary services, and scheduling/tagging for such transactions. If market power or transmission is not available when needed, PMPA will purchase imbalance energy through the Duke’s Open Access Transmission Tariff. After the initial three-year term through 2023, the TEA agreement shall renew on an annual basis for successive one-year terms, starting in 2024.

Effective August 1, 2015, Duke and PMPA entered into a Master Power Purchase and Sale Agreement allowing PMPA to make real-time surplus energy sales to Duke. This agreement was extended in December 2023, and the current term of this agreement extends through December 31, 2026. PMPA sells surplus energy to both Santee Cooper and Duke.

1.2.4.2 Transmission Arrangements

Duke provides PMPA with network integration transmission service to transmit power and energy from its Catawba Project and supplemental network resources to its Participants’ delivery points pursuant to a Network Integration Transmission Service Agreement (“NITSA”). The NITSA provides the necessary arrangements to PMPA for transmission

service under Duke's Open Access Transmission Tariff ("OATT"), on file at the Federal Energy Regulatory Commission ("FERC").

1.2.5 POWER SALES AGREEMENTS

PMPA sells, and the Participants purchase, the All Requirements Bulk Power Supply requirements of the Participants. Catawba Project Output is sold and purchased pursuant to the Catawba Project Power Sales Agreement, and Supplemental Bulk Power Supply is sold and purchased pursuant to the Supplemental Power Sales Agreement. PMPA is responsible for making all generation and transmission arrangements, including acquisition of facilities, and power purchases necessary to furnish All Requirements Bulk Power Supply to each Participant in accordance with its Supplemental Power Sales Agreement.

Each Participant has covenanted to fix, charge and collect rates for electric power and energy furnished through its electric system sufficient to provide revenues adequate to meet its obligations under its Catawba Project Power Sales Agreement and under its Supplemental Power Sales Agreement, and to pay, together with any other available funds or monies, all other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of, and interest on, any bonds, notes or other evidences of indebtedness that are secured by a pledge of the revenues of its electric system.

1.2.5.1 Catawba Project Power Sales Agreement

Each Participant has entered into a Catawba Project Power Sales Agreement with PMPA under which the Participant is obligated, in exchange for its Participant Share of Catawba Project Output, to pay to PMPA its Participant Share of Monthly Catawba Project Power Costs. Catawba Project Output is power and energy generated from PMPA's Catawba Project, as affected by the Catawba and McGuire Reliability Exchanges, less any Surplus Energy.

Monthly Catawba Project Power Costs are comprised of PMPA's cost of owning the Catawba Project, including, but not limited to, debt service on Bonds issued to fund PMPA's costs of acquisition and construction, the costs of fuel, operation and maintenance, and making capital additions to the Catawba Nuclear Station. Revenues received from sales of Surplus Energy and investment income on reserve funds are both used to offset Monthly Catawba Project Power Costs that are billed to the Participants.

Under the Catawba Project Power Sales Agreements, the obligation of each Participant to pay its share of Monthly Catawba Project Power Costs is an operating expense of its electric system. No Participant is required to make any payments to PMPA under its Catawba Project Power Sales Agreement except from the revenues of its electric system, and each Participant is prohibited by the Act from pledging its full faith and credit or taxing power to the payment of its obligations to PMPA.

Each Participant is to make the payments to PMPA under its Catawba Project Power Sales Agreement on a "take-or-pay" basis, that is, whether the Catawba Project is operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of Catawba Project Output, or the power and energy contracted for, in whole or in part, for any reason whatsoever. Such payments are not subject to any reduction, by offset or otherwise, and are not conditioned upon the performance by PMPA or any other Participant under the Catawba Project Power Sales Agreements or any other agreement or instrument.

The term of the Catawba Project Power Sales Agreements extends until all payments on all Bonds and all obligations under the Project Agreements have been provided for, but in any event not later than August 1, 2035.

1.2.5.2 Supplemental Power Sales Agreement

Each Participant has entered into a Supplemental Power Sales Agreement with PMPA under which each Participant has agreed to pay, in exchange for its Supplemental Bulk Power Supply, its share of Supplemental Power Costs. Supplemental Bulk Power Supply is that portion of All Requirements Bulk Power Supply required by each Participant in excess of that supplied from Project Output of the Catawba Project. Supplemental Bulk Power Supply shall include all transmission services to deliver All Requirements Bulk Power Supply to the Participant's delivery points, provision of all reserves and other backstand services, supplemental capacity and energy, and all other types of purchases and interchange service necessary to integrate Project Output from the Catawba Project into PMPA's overall bulk power supply arrangement and deliver All Requirements Bulk Power Supply to the Participants. Supplemental Power Costs are equal to PMPA's charges for All Requirements Bulk Power Supply less PMPA's costs with respect to the Catawba Project, any Additional Project which PMPA may undertake in the future or any other future project of PMPA.

Supplemental Bulk Power Supply shall be obtained and furnished by PMPA in the manner it determines most economical, dependable and otherwise feasible. PMPA is appointed each Participant's sole agent for the purpose of carrying out PMPA's rights and obligations under its Supplemental Power Sales Agreement. PMPA and the Participant may enter into a separate contract for the furnishing by PMPA of all or any portion of such Participant's Supplemental Bulk Power Supply requirements from facilities acquired or constructed by PMPA in addition to the Catawba Project. No Participant shall undertake any project of self-generation or enter into any new contract to supply any portion of its power and energy requirements from any source other than PMPA or SEPA without the prior written agreement of PMPA.

Rates and Charges. PMPA shall establish rates and charges for All Requirements Bulk Power Supply sufficient to pay: (i) all Monthly Catawba Project Power Costs; (ii) all monthly project power costs for any Additional Project and any project financed as a separate system; and (iii) all Supplemental Power Costs.

Amounts billed for Monthly Catawba Project Power Costs and monthly project power costs for any Additional Project and any project financed as a separate system shall be deducted from the monthly payments required under such schedule of rates and charges for All Requirements Bulk Power Supply, and the balance shall be the amount due and payable in such month for Supplemental Bulk Power Supply.

PMPA may establish different rates and charges for all requirements, supplemental power or other types of service to entities other than the Participants or for service to Participants that do not enter into project power sales agreements with PMPA for Additional Projects or projects financed as a separate system. PMPA shall review the rates and charges at least once a Contract Year and shall revise them if necessary.

The obligation of each Participant to pay for Supplemental Bulk Power Supply is an operating expense of its electric system, and a Participant shall not be required to make any payments to PMPA except from revenues of its electric system. Each Participant is prohibited by the Act

from pledging its full faith and credit or taxing power to the payment of its obligations to PMPA.

Payments by the Participant. All monies received in each month for All Requirements Bulk Power Supply shall be applied pro rata to the separate charges for Monthly Catawba Project Power Costs, monthly project power costs for any Additional Project and any project financed as a separate system, and Supplemental Power Costs in the ratio each bears to the total monthly bill. The resulting amounts are to be applied solely to the obligations which were the basis for the separate charges on the monthly bill, subject to the provisions of the Bond Resolution as to the application of Revenues.

Miscellaneous. Each Participant shall be responsible for all costs of distribution delivery stations required to supply to it All Requirements Bulk Power Supply, which are not included in the rates and charges for All Requirements Bulk Power Supply.

Term. Each Supplemental Power Sales Agreement became effective on December 20, 1984, and was scheduled to terminate 50 years from that effective date (December 20, 2034). Any Participant may terminate its Supplemental Power Sales Agreement at the end of any Contract Year upon 10 years' written notice to PMPA. In December 2018, three Participants (Greer, Rock Hill, and Westminster) provided their 10 years' written notices to terminate their respective Supplemental Power Sales Agreements with PMPA effective at midnight on December 31, 2028. In December 2019, the remaining seven Participants (Abbeville, Clinton, Easley, Gaffney, Laurens, Newberry, and Union) provided their 10 years' written notices to terminate their respective Supplemental Power Sales Agreements with PMPA effective at midnight on December 31, 2029. In all cases, the terms and conditions of the Catawba Project Power Sales Agreements between PMPA and the Participants are unaffected by such terminations.

All amounts received by PMPA pursuant to the Supplemental Power Sales Agreements, including amounts owed by PMPA to Duke under the Project Agreements, are Revenues and are pledged under the Resolution. Once the Supplemental Power Sales Agreements are terminated, PMPA will continue to receive Revenues from all Participants equal to the Monthly Catawba Project Power Costs. These amounts include all of PMPA's costs that are paid or incurred by PMPA resulting from or attributable to ownership in the Catawba Project, including but not limited to debt service on all Bonds Outstanding under the Resolution, and giving effect to the arrangements provided for under the Project Agreements, and the providing of reserves for such purposes.

1.2.6 PMPA-UNION BILLING ARRANGEMENT

The City of Union is a wholesale customer of Lockhart Power Company ("Lockhart") and is the only Participant not directly connected to the Duke transmission system. Lockhart has hydroelectric resources that provide approximately 20% of its total requirements and purchases the remaining approximately 80% of its requirements from Duke. At PMPA's inception, Union and PMPA entered into a billing arrangement that is intended to provide to Union the same proportionate risks and benefits of the PMPA arrangement, relative to alternative wholesale power purchases from Duke, as PMPA's other Participants experience through their purchases of All Requirements Bulk Power Supply service from PMPA. This arrangement has allowed Union to participate in the PMPA arrangement while retaining the benefits of the hydroelectric power generation on the Lockhart system and avoiding the additional expense

associated with directly connecting to the Duke system. This arrangement generally calls for (i) Union's continued receipt of, and payment for, all requirements wholesale service from Lockhart and (ii) billing of net charges or payments of net credits by PMPA to Union under the PMPA-Union billing arrangement.

Union and Lockhart have entered into service agreements under which Lockhart continues to supply full requirements service to Union on substantially the same terms as those contained in prior service agreements. As was the case under such prior agreements, both Union and Lockhart have the right to terminate the agreements upon written notice given 30 months prior to the expiration of any one-year term.

1.2.7 BOND RESOLUTION

PMPA's Bonds are issued pursuant to the Resolution and supplemental resolutions thereto. Bonds issued under the Resolution are payable solely from and secured solely by the Revenues derived by PMPA from its ownership and operation of the Catawba Project, subject to prior payment therefrom of operating expenses, and any other monies and securities pledged under the Resolution. Under the Resolution, PMPA may issue Bonds, subject to certain conditions, only to make provision for: (i) the purpose of paying all or part of the Costs of Acquisition and Construction of the Catawba Project, or of other Projects, including studies thereof; (ii) refunding of any Bonds or notes or subordinated indebtedness; or (iii) making the deposit of proceeds required to be made into any fund or account pursuant to the Resolution.

Under and subject to the terms and provisions of the Resolution and the Supplemental Power Sales Agreements, PMPA may undertake one or more Additional Projects and finance the same through the issuance of bonds under the Resolution which would be on a parity as to security and source of payment with the Bonds issued or to be issued for the Catawba Project. In order to issue bonds for any such Additional Project, other than an Additional Project comprising renewals, replacements, modifications and additions to the Catawba Project, among other things, PMPA must first have entered into power sales agreements with the Participants covering the purchase and sale of the entire output of such Additional Project. Such power sales agreements shall be identical in all material respects affecting the security afforded thereby to the payment of the Bonds to the provisions of the Catawba Project Sales Agreements.

PMPA has periodically issued Bonds under the Resolution to finance capital projects comprising renewals, replacements and additions to the Catawba Project, which projects comprise Additional Projects. Specifically, PMPA has issued the Series 2008A-2 Bonds, Series 2009B Bonds (Federally Taxable BABs), Series 2012A Bonds, and Series 2015A Bonds to finance PMPA's 2008 Additional Project, 2009 Additional Project, 2012 Additional Project, and 2015 Additional Project of the Catawba Project, respectively (see Section 6.2 Capital Additions for further information).

Under the Resolution, PMPA may issue subordinate lien obligations and may also issue obligations not secured by Revenues of the Power System to finance facilities that constitute a separate utility system. As of December 31, 2023, PMPA did not have any outstanding subordinate debt and has not issued any separate system bonds.

1.2.7.1 Funds Established Under the Resolution

The Resolution established special funds to hold proceeds from debt issuances, such proceeds to be used for Costs of Acquisition and Construction of the Catawba Project and to establish and maintain certain reserves. The Resolution also established special funds into which Catawba Project revenues from Participants are to be deposited and from which Catawba Project operating costs, debt service and other specified payments are to be made.

The following table summarizes the funds established pursuant to the Resolution.

Table 1-3: Funds Established Pursuant to the Resolution

Fund	Held By
Bond Fund	Bond Fund Trustee [1]
Principal Account	
Interest Account	
Bond Retirement Account	
Reserve Account	
Construction Fund [2]	Construction Fund Trustee [1]
Decommissioning Fund	Decommissioning Fund Trustee [1]
Operating Fund	PMPA
Fuel Account	
Reserve and Contingency Fund	PMPA
Revenue Fund	PMPA
Supplemental Power Fund	PMPA

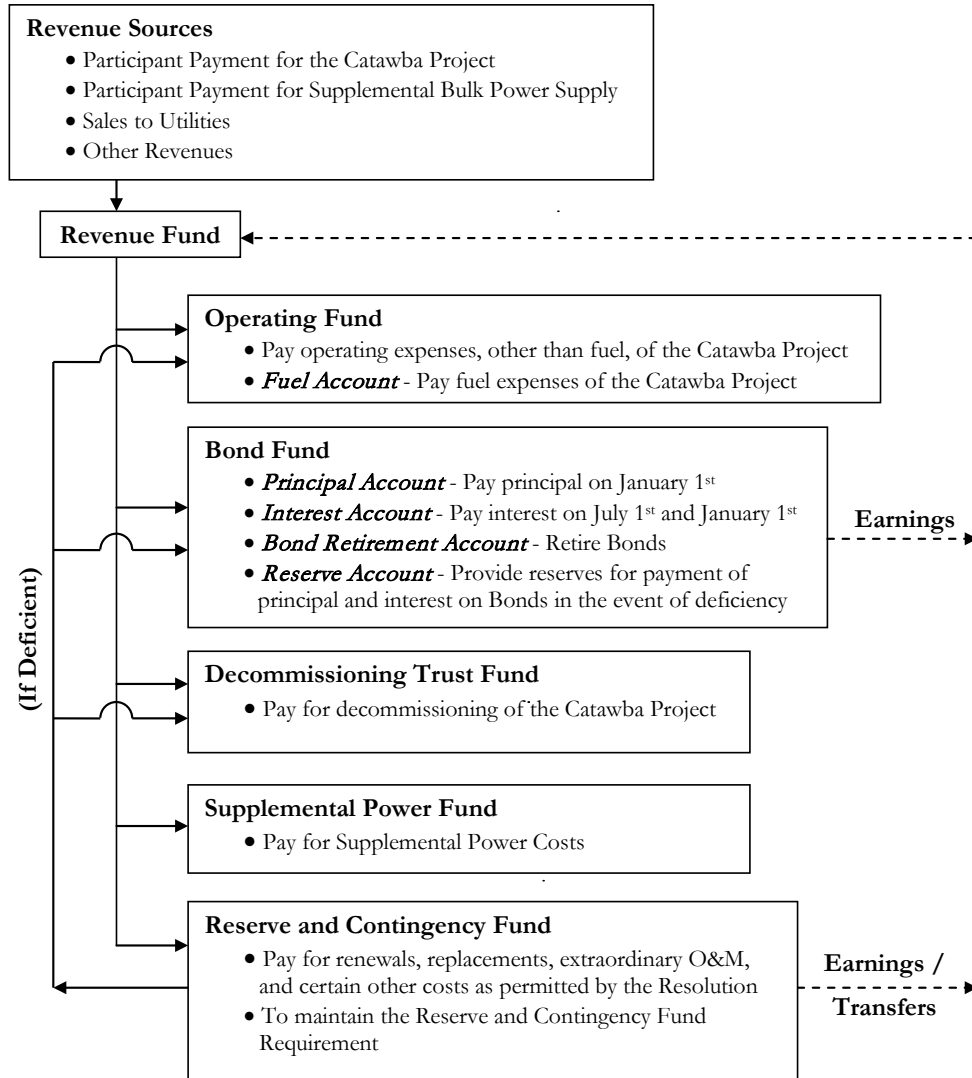
[1] U.S. Bank Trust Company, Columbia, SC.

[2] The Construction Fund was closed effective September 1, 2020.

Revenues received by PMPA, including payments from the Participants for their share of the costs of the Catawba Project and for Supplemental Bulk Power Supply, are paid into the Revenue Fund. Amounts in the Revenue Fund are used by PMPA to make deposits into the Operating Fund (to pay operating expenses of the Catawba Project), the Bond Fund (to pay debt service on Bonds), the Reserve and Contingency Fund (to pay for renewals, replacements, extraordinary operation and maintenance, and certain other costs as permitted by the Resolution), the Decommissioning Fund (for transfer in whole or part to an external decommissioning trust fund), and the Supplemental Power Fund (to pay Supplemental Power Costs). PMPA has established an external decommissioning trust fund into which it periodically deposits amounts from Revenues, together with interest earnings thereon and, to the extent needed, available amounts in certain reserve accounts to pay the estimated decommissioning costs of its ownership share of the Catawba Project. Monies from Bond proceeds have been deposited to certain of the foregoing funds as required or permitted under the Resolution for reserves and working capital purposes, as well as to the Construction Fund to pay the Costs of Acquisition and Construction of (and capital additions to) the Catawba Project, including the payment of interest on Bonds.

The following figure shows the disposition of Revenues under the Resolution.

Figure 1-2: Disposition of Revenues Under the Resolution



1.2.7.2 Reserve Account

The Reserve Account was established under the Resolution to provide a reserve for the payment of principal of and interest on Bonds in the event of a deficiency in the Bond Fund. The Resolution provides that there shall be deposited in the Reserve Account at the time of issuance of each series of Bonds an amount equal to the Reserve Account Requirement for such series of Bonds, unless such amount has been previously deposited therein. The Reserve Account Requirement for a series of Bonds, determined as of the date of issuance of such series or, in the event of a refunding of a portion of such series, immediately after such refunding, is equal to 110% of the greatest amount of interest accruing in any calendar year on the Bonds of such series. If variable rate bonds are issued, PMPA may use, for the purpose of determining the Reserve Account Requirement therefor, such interest rate or rates or formula as it determines at the time of issuance to be reasonable and proper. The Aggregate Reserve

Account Requirement for all the Bonds is equal to the sum of the Reserve Account Requirements for each series of Bonds.

If the monies and value of investments in the Reserve Account attributable to any Project shall be less than the Reserve Account Requirement for the Bonds issued for such Project, the deficiency shall be made up by deposits to the Reserve Account from Revenues attributable to such Project in the Revenue Fund. Transfers may also be made from the Reserve and Contingency Fund to make up any deficiency.

If, as a result of any refunding of outstanding Bonds, the amount on deposit in the Reserve Account exceeds the Reserve Account Requirement, the excess may be withdrawn to pay or provide for payment of the refunded Bonds.

According to PMPA, the Reserve Account Requirement at December 31, 2023 was \$43,523,975, which was reduced from the year-end 2022 requirement.

1.2.7.3 Reserve and Contingency Fund

The Reserve and Contingency Fund Requirement is, as of any date of calculation, an amount equal to one-tenth of the Reserve Account requirement or from time to time such greater amount which, in the opinion of the Consulting Engineer, is required to be on deposit therein for the purpose of such Fund.

Monies in the Reserve and Contingency Fund are to be used to make up any deficiency in the Bond Fund to the extent funds therefor are not available in the Revenue Fund. To the extent not required to make up any deficiencies in the Bond Fund, monies on deposit in the Reserve and Contingency Fund may be applied to the payment of: (i) costs to PMPA of renewals, replacements, modifications, capital additions, betterments and extraordinary repairs; (ii) costs to PMPA of the operating inventory pursuant to the Operating Agreement; (iii) costs to PMPA of decommissioning to the extent monies in the Decommissioning Fund are insufficient; (iv) costs to PMPA of extraordinary operation and maintenance and of preventing or correcting unusual loss or damage (including major repairs); (v) fuel costs to the extent not paid from the Fuel Account in the Operating Fund or Bond proceeds; and (vi) costs to PMPA of complying with any order or decision of any state or federal governmental agency requiring installation of facilities or modifications.

Each year, PMPA deposits into the Reserve and Contingency Fund an amount equal to the greater of (i) 10% of debt service or (ii) amounts budgeted to be paid out of such Fund. If, as of the last business day of any Fiscal Year, the uncommitted monies and value of Investment Securities in the Reserve and Contingency Fund shall exceed the Reserve and Contingency Fund Requirement, the amount of such excess shall be transferred to the Reserve Account to the extent of any deficiency therein and any balance shall be transferred to the Revenue Fund.

According to PMPA, the Reserve and Contingency Fund Requirement at December 31, 2023 was \$4,352,398, which was reduced from the year-end 2022 requirement.

1.2.8 ADDITIONAL BONDS

Under the Resolution, additional bonds may be issued, subject to certain conditions, to (i) pay the Costs of Acquisition and Construction of the Catawba Project and any Additional Projects,

including the payment of principal or interest on any obligations issued in anticipation of the issuance of bonds for such purpose and (ii) refund Bonds.

1.2.9 BONDS OUTSTANDING/SUMMARY OF ISSUANCES SINCE CLOSING

Table 1-4 shows that, as of December 31, 2023, PMPA had issued forty-seven separate series of Bonds in aggregate principal amount of \$6.071 billion, of which thirty-six series were no longer outstanding as of December 31, 2022. After giving effect to approximately \$5.532 billion in aggregate principal amount of Bonds that have been refunded, retired, or paid at maturity, the net amount of Bonds outstanding as of December 31, 2023, was an aggregate principal amount of \$539 million.

Table 1-4: Bonds Issued and Outstanding as of December 31, 2023
Amounts Shown in (\$000)

Series	Date of Issue	Principal Amount Issued [1]	Refunded / Retired / Matured [2]	Outstanding as of Dec. 31, 2023
Bonds Previously Issued and No Longer Outstanding as of December 31, 2022	--	\$ 5,224,136	\$ 5,224,136	\$ -
1993 Refunding Series	05/06/93	142,525	110,765	31,760
2004A Refunding Series [3][4]	08/12/04	205,970	119,109	86,861
Series 2009B [5]	12/16/09	26,490	-	26,490
Series 2015A	09/16/15	51,935	6,640	45,295
2017A Refunding Series	03/07/17	15,850	6,285	9,565
2017B Refunding Series	10/11/17	38,115	15,490	22,625
2021A Refunding Series	06/23/21	55,370	27,475	27,895
2021B Refunding Series	10/27/21	97,420	-	97,420
2021C Refunding Series	10/27/21	90,520	-	90,520
2021D Refunding Series	10/27/21	91,410	-	91,410
2021E Refunding Series	10/27/21	31,165	22,010	9,155
Total		\$ 6,070,906	\$ 5,531,910	\$ 538,996

- [1] Amounts do not reflect bond anticipation notes in aggregate principal amount of \$200 million that were paid at maturity and the fixed rate conversion of the Series 2008C and the Series 2008D Bonds in the aggregate principal amount of \$90 million and \$30 million, respectively (issued concurrent with the Series 2011A Bonds).
- [2] Includes approximately \$4.489 billion that was refunded, \$38.2 million that was subject to extraordinary call from surplus monies in the Construction Fund and the Bond Retirement Fund, and \$848 million that was paid at maturity. Amounts do not include \$51.3 million principal paid at maturity on January 1, 2023.
- [3] Amounts do not reflect accretion on the portion of these Bonds that were issued as Capital Appreciation Bonds.
- [4] All or a portion of these Bonds were issued as federally taxable.
- [5] These Bonds were issued as federally taxable Build America Bonds (“BABs”), which allows PMPA to receive up to a 35% interest subsidy payment from the United States Treasury.

Table 1-5 provides the disposition of net proceeds of Bonds and certain subordinate lien obligations issued by PMPA through December 31, 2023, plus other available funds, used to

finance the Costs of Acquisition and Construction of the Catawba Project and to refund certain Bonds.

Table 1-5: Disposition of Net Proceeds of Bonds and Certain Subordinate Lien Obligations
Amounts Shown in (\$000) [1]

Line	Description	Totals at December 31, 2023
Net Proceeds and Other Available Funds		
Net Proceeds:		
1	Principal Amount Issued [2]	\$ 6,390,906
2	Purchase Price Premium	110,311
3	Accrued Interest at Closing	20,237
Less:		
4	Underwriters' Discount	(69,111)
5	Original Issue Discount	(140,119)
6	Insurance Premium	(63,238)
7	Bank Fees Paid at Closing	(1,970)
8	Net Proceeds	6,247,015
Other Available Funds:		
Transfers from:		
9	Construction Interest Account	40,265
10	Reserve Account [3]	169,539
11	Reserve and Contingency Fund [4]	16,802
12	Bond Fund	62,385
13	Equity Contributions	85,044
14	Total Other Available Funds	374,036
15	Total Net Proceeds and Other Available Funds	\$ 6,621,051
Disposition of Net Proceeds and Other Available Funds		
Deposit to:		
16	Construction Interest Account	\$ 285,988
17	Bond Fund	174,956
18	Refunding Trust Fund	5,037,909
19	Note Interest Account	50,317
20	Reserve Account [3]	238,101
21	Reserve and Contingency Fund [4]	12,771
22	Construction or Revenue Fund [5]	821,007
23	Total Disposition of Net Proceeds and Other Available Funds	\$ 6,621,051

[1] Based on information provided by PMPA.

[2] Amounts shown include \$200,000,000 in aggregate principal amount of notes that were paid at maturity and the fixed rate conversion of the Series 2008C and the Series 2008D Bonds in the aggregate principal amount of \$90,000,000 and \$30,000,000, respectively (issued concurrent with the Series 2011A Bonds). Amounts exclude accretion on bonds issued as Capital Appreciation Bonds.

[3] The Reserve Account requirement at December 31, 2023 was \$43,523,975.

[4] Amounts shown reflect initial deposits that were made from the proceeds of Bonds. Certain transfers were made from the Revenue Fund to the Reserve and Contingency Fund to satisfy the Reserve and Contingency Fund Requirement. The Reserve and Contingency Fund requirement at December 31, 2023 was \$4,352,398.

[5] Amounts shown include Yield Reduction Payments associated with the Series 2009A Refunding Bonds.

Table 1-6 sets forth the total annual debt service for all outstanding Bonds issued through December 31, 2023 that are expected to be paid from revenues.

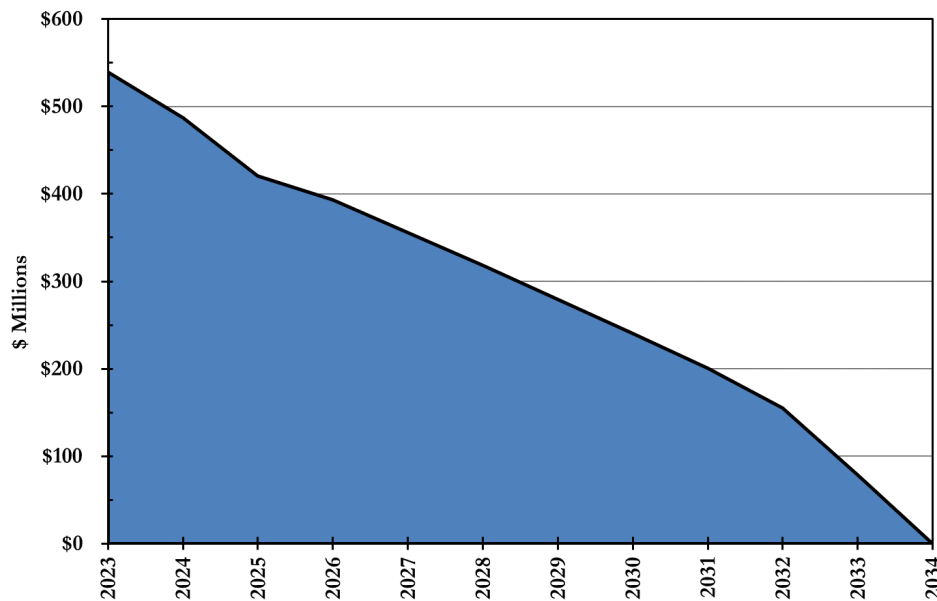
Table 1-6: Total Debt Service for Bonds Issued Through December 31, 2023
Amounts Shown in (\$000)

Accrual Year	Interest Payments [1]	Principal Installments	Total Debt Service
2023	\$ 33,335	\$ 52,086	\$ 85,421
2024	18,855	66,565	85,420
2025	56,245	27,064	83,309
2026	46,276	37,397	83,673
2027	45,807	37,863	83,670
2028	45,168	38,507	83,675
2029	44,464	39,207	83,671
2030	43,594	40,050	83,644
2031	38,915	44,718	83,633
2032	6,654	76,975	83,629
2033	5,069	78,563	83,631
Total		\$ 538,996	

[1] Amounts shown reflect interest on bonds issued as Capital Appreciation Bonds. Interest payable on the Series 2009B Build America Bonds is net of anticipated interest subsidy receipts.

The following figure shows the aggregate principal amount of Bonds outstanding (subsequent to the Bond principal payment on January 1st of each year) through 2034, based on debt service shown in Table 1-6.

Figure 1-3: Aggregate Principal Amount of Bonds Outstanding
(After Principal Payment on January 1st of each year)



2 OPERATIONS OF PMPA

2.1 BOARD OF DIRECTORS

As discussed earlier, PMPA is governed by a Board of Directors, consisting of one representative for each Participant. Approval of any action by the Board of Directors requires an affirmative vote by a majority of the Board of Directors present, with each Director having one vote, with some exceptions. Action by the Board of Directors authorizing the issuance of indebtedness, fixing rates and charges, or amending the by-law provisions related to weighted voting, requires an affirmative vote of the holders of a majority of the votes entitled to be cast by all Directors. With respect to any such action, the total number of votes which all Directors are entitled in the aggregate to cast is equal to 200. These 200 votes are allocated annually among the Participants so that each Director has ten votes in such cases plus a proportionate share of the remaining 100 votes, which share is determined by reference to the proportionate share of base billing demand (as defined later in this Report) allocated to the Participant that such Director represents.

The following table lists the Board of Directors during 2023, along with their occupations or positions.

Table 2-1: Board of Directors

Participant	Director	Occupation/Position
Abbeville	Blake Stone, Chairman	City Manager
Clinton	Thomas J. Brooks, Jr.	City Manager
Easley [1]	Joel D. Ledbetter [2]	General Manager – Combined Utilities
Gaffney [1]	Donnie L. Hardin	General Manager – Board of Public Works
Greer [1]	Michael D. Richard	General Manager – Commission of Public Works
Laurens [1]	John M. Young	General Manager – Commission of Public Works
Newberry	Timothy Baker	Utilities Director
Rock Hill	James G. Bagley Jr.	Deputy City Manager
Union	Joe F. Nichols, Vice Chairman	City Administrator
Westminster	Kevin Bronson	City Administrator

[1] Board or Commission of Public Works.

[2] Mr. Joel D. Ledbetter served as the Easley Combined Utilities General Manager until his appointment as PMPA's General Manager effective July 1, 2023. At that time, Mr. J. Andrew Sevic was appointed as the Easley Combined Utilities General Manager.

2.2 COMMITTEES

The PMPA Board of Directors has created an Executive Committee to conduct the business of the Board of Directors during intervals between board meetings. The membership of the Executive Committee consists of the Chairman and Vice Chairman of the Board of Directors, the immediate past Chairman, and two other Directors selected by the Board of Directors. If the immediate past Chairman is no longer a Director, or is the Vice Chairman, then the membership of the Executive Committee will consist of the Chairman and Vice Chairman of the Board of Directors and three other Directors.

2.3 MANAGEMENT AND STAFF

During 2023 prior to June 27, 2023, Mr. David “Andy” Butcher, served as General Manager of PMPA. In March 2023, Mr. Butcher provided notice of his resignation from the position of General Manager of PMPA effective June 27, 2023. The Board of Directors appointed Mr. Joel D. Ledbetter as PMPA’s General Manager effective July 1, 2023. Ms. JulieAnne London served as Finance Director of PMPA during 2023. The General Manager of PMPA serves as the Secretary of the Board of Directors, while the Finance Director serves as the Treasurer of the Board of Directors.

As of December 31, 2023, the PMPA staff was comprised of 12 employees. This consisted of three people in the executive department, four in the finance department, two in engineering, and three in information technology.

2.4 FINANCING ACTIVITIES IN 2023

PMPA did not issue any Bonds during 2023.

Table 2-2 summarizes the total principal amount of Bonds issued, refunded, called, or retired during 2023, and the net outstanding principal amount of Bonds as of December 31, 2022 and December 31, 2023.

Table 2-2: Principal Amount of Bonds Issued, Refunded, Called and Retired
Amounts Shown in (\$000)

Principal Amounts	As of December 31, 2022	Activity in 2023	As of December 31, 2023
Total Issued	\$ 6,070,906 [1]	\$ -	\$ 6,070,906
Less:			
Refunded Bonds	4,589,490	-	4,589,490
Other Called Bonds	38,235	-	38,235
Retired Amounts	852,895	\$51,290	904,185
Total Defeased or Retired	5,480,620	51,290	5,531,910
Net Issuance	\$ 590,286	\$ (51,290)	\$ 538,996

[1] Amounts do not reflect bond anticipation notes in aggregate principal amount of \$200 million that were paid at maturity.

2.5 BOND RATINGS

PMPA has received ratings on its Bonds from three investment services groups comprised of Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”), Moody’s Investors Service, Inc. (“Moody’s”) and Fitch IBCA, Inc. (“Fitch”).

Table 2-3 shows the ratings that PMPA’s Bonds have been assigned as of December 31, 2023 by the three investment services groups identified above.

Table 2-3: Bond Ratings

	Standard & Poor’s	Moody’s	Fitch
Rating	A-	A3	A-
Outlook	Negative	Stable	Stable

PMPA’s Bond ratings are unchanged from those reported as of December 31, 2022. Subsequent to year-end 2023, in May 2024, Standard & Poor’s revised its outlook on PMPA Bonds from Negative to Stable.

The ratings by Standard & Poor’s, Moody’s and Fitch reflect only the views of such organizations and any desired explanations of the significance of such ratings and any outlooks should be obtained only from the respective organizations. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of PMPA’s outstanding indebtedness.

2.6 POLICIES

PMPA maintains a variety of policies covering different operational aspects of the organization. Several of these policies that are most closely related to the Catawba Project are discussed in more detail in this section.

2.6.1 INVESTMENT POLICY

The Board of Directors has adopted, and PMPA maintains, an Investment Policy applicable to all transactions involving PMPA’s funds (including all funds and accounts established by the Resolution). The policy provides that PMPA’s Treasurer is charged with the responsibility to prudently and properly manage PMPA’s funds. Investment of Bond proceeds shall be subject to the conditions and restrictions of the Resolution and United States Treasury regulations related to arbitrage restrictions on tax-exempt bonds. Although the policy states that it governs Bond proceeds investment, the provisions of the Resolution and resolutions supplemental thereto and United States Treasury regulations shall control.

No changes were made to this policy during 2023.

2.6.2 WORKING CAPITAL POLICY

During 2023, the Board of Directors adopted a Working Capital Policy (effective January 1, 2024) to maintain adequate levels of working capital to meet PMPA’s operating requirements, liquidity, and Duke Working Capital Fund requirements. The policy addresses the methods, procedures, and practices to be exercised to ensure sufficient working capital is maintained to support PMPA operations, manage unforeseen events, and maintain or improve PMPA’s credit ratings.

The policy is intended to be applicable through the 2028/2029 period, during which PMPA will be providing All Requirements service to its Participants pursuant to the Supplemental Power Sales Agreements (“SPSAs”). Once the existing SPSAs terminate, the Board of Directors will revise this policy to take into account the working capital needs relative to the power supply arrangements post 2028/2029.

The policy (i) establishes a target level of working capital and (ii) provides for notification to the Board of Directors and guidance on actions to be taken if working capital is projected to fall below a minimum level or exceed a maximum level.

2.6.3 TRANSMISSION PROJECT POLICY

The Board of Directors has adopted a Transmission Project Policy to establish guidelines for transmission projects which PMPA will construct, own, operate, and maintain. Such policy has been amended at times since its inception. PMPA does not place limitations on projects which a Participant chooses to build. However, PMPA does place limitations on those projects for which PMPA is expected to pay.

No changes were made to this policy during 2023.

2.6.4 NET BILLING POLICY

The Board of Directors has adopted a Net Billing Policy. This policy allows Participants to interconnect with, and provide net metering/billing of, eligible customer-owned renewable generation. The policy is directed toward eligible customers of the Participants who intend to operate customer-owned renewable generation in parallel with the Participant’s electric distribution system and which is primarily intended to offset all or part of the customer’s electric consumption at the specific site where the customer-owned renewable generation is installed.

No changes were made to this policy during 2023.

2.7 2023 CAPACITY AND ENERGY REQUIREMENTS AND RESOURCES

PMPA’s annual peak demand requirement net of SEPA allocations and Union in 2023 was 478 MW as measured at the generation level. PMPA’s annual energy requirements net of SEPA allocations and Union during 2023 were 2,236 gigawatt-hours (“GWh”) also as measured at the generation level.

PMPA met its demand requirements in 2023 through its ownership in the Catawba Project (277 MW after giving effect to the McGuire Reliability Exchange) and power purchases from Santee Cooper. PMPA met its energy requirements in 2023 through its ownership entitlement to output from the Catawba Project, as well as supplemental energy purchased from Santee Cooper. Specifically, during 2023 PMPA’s ownership entitlement to the Catawba Project supplied 2,292 GWh, of which 264 GWh was Surplus Energy in excess of PMPA’s energy requirements. The remaining energy requirements of 208 GWh was supplied by a combination of purchases from Santee Cooper, TEA, and Laurens Electric Membership Cooperative (to serve a portion of the City of Greer’s load, known as the “Greer Annex”), as well as distributed generation operated by certain PMPA Participants.

The following table conveys these requirements, as well as the resources which met these requirements.

Table 2-4: 2023 Requirements and Resources
Amounts Shown at the Generation Level, Net of SEPA

	Capacity (MW)	Energy (GWh)	Capacity / Load Factor [1]
Requirements [2]			
Total PMPA (Annual)	504	2,364	54%
Less: Union	(26)	(128)	57%
Net Served by PMPA	478	2,236	53%
Resources			
Catawba Project			
Catawba Station			
Unit 1	72	563	90%
Unit 2	72	636	102%
Total Catawba	143	1,199	96%
McGuire Station			
Unit 1	67	556	95%
Unit 2	67	536	91%
Total McGuire	134	1,092	93%
Total Catawba Project	277	2,292	94%
Less: Surplus Energy		(264)	
Net Retained		2,028	
Total Supplemental [3]	201	208	12%
Total Resources	478	2,236	

- [1] Calculated based on ratings utilized by Duke under the Project Agreements, which are different from those ratings reported by Duke as discussed later in Section 3.3 Capacity Ratings.
- [2] Includes load met by distributed generation operated by certain PMPA Participants and Laurens Electric Membership Cooperative (for the Greer Annex).
- [3] Includes: (i) supplemental capacity and energy purchased from Santee Cooper, (ii) backstand energy purchased from TEA, (iii) output of distributed generation operated by certain PMPA Participants, and (iv) purchases from Laurens Electric Membership Cooperative to serve the Greer Annex.

2.8 BUDGET TO ACTUAL COMPARISON FOR 2023

As compared to PMPA’s 2023 Budget, actual total revenues were approximately \$11 million lower than budgeted, primarily due to a large customer load ceasing operations and lower energy sales to Participants primarily due to mild weather. Total expenses were lower than budgeted by approximately \$12 million, primarily due to lower purchased power expenses due to lower energy requirements and lower energy prices. The net result was a decrease in the Working Capital of \$1.4 million, as compared to the budgeted decrease of \$2.4 million.

The following table reflects more detail on the 2023 actual operations as compared to the 2023 Budget.

Table 2-5: 2023 Actual to Budget Comparison
Amounts Shown in (\$000)

	Budget	Actual	Actual Higher / (Lower) than Budget
Revenues:			
Sales to Participants	\$ 231,379	\$ 220,132	\$ (11,247)
Sales to Utilities	3,222	6,212	2,990
Interest Income [1]	6,230	5,786	(444)
Excess Fund Valuation	-	-	-
Other Income/Reserve Releases [2]	\$6,133	\$3,611	(2,522)
Total Revenues	\$ 246,964	\$ 235,741	\$ (11,223)
Expenses:			
Operation and Maintenance	\$27,470	\$24,837	\$ (2,633)
Nuclear Fuel	13,048	12,702	(346)
Net McGuire Reliability Exchange	520	149	(371)
Payments in Lieu of Taxes	8,406	9,882	1,476
Administrative & General	16,557	15,672	(885)
Debt Service	85,420	85,421	1
<i>Transfers to:</i>			
Reserve and Contingency Fund [3]	\$25,253	\$20,863	(4,390)
Decommissioning	9,237	9,237	-
Other [4]	6,270	15,210	8,940
<i>Interconnection Services:</i>			
Purchased Power	45,627	33,625	(12,002)
Transmission	10,997	8,961	(2,036)
Distribution	600	608	8
Total Expenses	\$ 249,405	\$ 237,167	\$ (12,238)
Increase/(Decrease) in Working Capital	\$ (2,441)	\$ (1,426)	\$ 1,015

[1] Excludes earnings on Decommissioning Fund.

[2] Other Income includes: (i) Leased Facilities (ii) Customer Charges and (iii) Supplemental Power Reserve Transfers.

[3] All capital additions funded from Revenues.

[4] Other Expenses includes: (i) Other Administrative and General, (ii) General Plant, (iii) Catawba Inventory, and (iv) Miscellaneous Expenses. Note, for 2023 Actual, also includes \$10 million expense related to the settlement of certain Participant litigation (see Section 2.10.1 later in this Report for additional information).

2.9 OPERATION OF PROJECT FUNDS DURING 2023

The following table sets forth PMPA's reported operation during 2023 of the Project Funds established under the Resolution.

Table 2-6: Project Fund Operations During 2023
Amounts Shown in (\$000) [1]

	Balance at December 31, 2022	Net Activity In/(Out)	Balance at December 31, 2023
Bond Fund:			
Principal/Interest/Retirement	\$ 77,200	\$ (1,776)	\$ 75,424
Reserve	47,671	(1,992)	45,679
Total Bond Fund	124,871	(3,768)	121,103
Decommissioning Fund			
	118,730	10,681	129,411
Operating Fund:			
Fuel Account	7,885	(2,699)	5,186
Reserve and Contingency Fund			
	4,767	(199)	4,568
Revenue Fund:			
Working Capital [2]	97,379	(1,434)	95,945
Supplemental Power Fund			
	1,600	-	1,600

[1] Amounts reflect amortized cost value of the funds without adjustment to reflect fair value of the investments per note (7) of the Independent Auditors' Report for December 31, 2023 and 2022.

[2] Amounts are net of liabilities.

2.10 MATTERS SPECIFIC TO 2023

2.10.1 PARTICIPANT LITIGATION

In 2019, PMPA was named a defendant in a lawsuit by two Participants (Greer and Rock Hill) with respect to the allocation of costs amongst all Participants. According to PMPA, the lawsuit was settled in January 2024, with Greer and Rock Hill to receive a combined cash payment of \$55 million, of which \$10 million was paid by PMPA out of working capital (such payment was reflected in the December 2023 operations) and \$45 million was paid by the remaining eight Participants. PMPA states that the \$45 million cash payment was provided by financing secured by PMPA in April 2024, on behalf of the remaining eight participants, and will be included in PMPA's financial statements. PMPA indicates the financing associated with the \$45 million cash payment will be excluded from PMPA's wholesale rates and net costs recoverable from future Participant billings and will be paid solely by the remaining eight Participants.

In July 2023, PMPA was named a defendant in a lawsuit by a Participant regarding the terms of the Catawba Project Sales Agreements. PMPA reports that the lawsuit seeks a declaratory judgment regarding final accounting procedures following the end of the agreement term (July

31, 2035) as set forth within the Catawba Project Sales Agreements. The impact of this lawsuit, if any, on PMPA is unknown at this time.

2.10.2 OPERATING LICENSE RENEWAL EXTENSIONS

In September 2019, Duke Energy announced their intent to seek additional 20-year operating license renewals from the Nuclear Regulatory Commission for all Duke Energy-owned and operated nuclear plants in the Carolinas beginning in 2021. PMPA will work with Duke to ensure PMPA's interests are represented as details and the timeline evolve. Whether or not such operating license renewal extensions for the Catawba and McGuire Nuclear Stations are ultimately granted by the NRC cannot be predicted at this time.

2.10.3 ELECTRICITY MARKET REFORM

The State of South Carolina enacted a law during 2020 to create a committee that will study electricity market reform in South Carolina. The study committee shall study whether to recommend any of a broad range of electricity market reforms including, but not limited to, establishing, or joining a Regional Transmission Organization ("RTO"); establishing an energy imbalance market; divestiture of vertically integrated electrical utilities; enabling retail consumer choice on electric service; and community choice aggregation, among other items. The study committee shall also decide whether the South Carolina General Assembly should require any electrical utility, electric cooperative or Santee Cooper to take actions necessary to implement one or more of the studied electricity market reform measures and study the costs and benefits to consumers and the financial and operational impacts to integrated service providers of any market reform measures recommended.

The study committee issued its final report to the South Carolina General Assembly in April 2023. The study committee recommended that South Carolina consider wholesale market reform by initiating processes to join, create, or integrate with a regional RTO marketplace, while seeking coordination with other states and utilities across the Southeast, particularly North Carolina. The study committee also recommended that South Carolina policymakers consider an incremental introduction over time of competition within resource planning. With regard to retail market reforms, the study commission recommended that South Carolina pursue additional retail rate choices, including partial retail choice for large commercial and industrial customers, as well as a path for community choice aggregation, but defer consideration of retail choice for residential and small business customers at this time. Lastly, the report states that the study committee does not "recommend South Carolina pursue generation divestiture, full reliance on market-based investments for resource adequacy, or full retail choice for all customers at this time." PMPA is unable to predict the effect on the Participants or PMPA of any requirements that may be adopted in furtherance of any Electricity Market Reform.

2.10.4 SOUTHEAST ENERGY EXCHANGE MARKET

Over the last few years, a number of Southeast utilities have developed a new energy market across the region. The market is known as the Southeast Energy Exchange Market ("SEEM"). Founding member utilities of the SEEM include Duke Energy Carolinas, Duke Energy Progress, Southern Company, Dominion Energy South Carolina, the Tennessee Valley Authority, Santee Cooper, and NCMPA1, among others.

Southeastern utilities could already buy and sell power from each other. SEEM is simply an automated matching of buyers and sellers, not a move to a full, structured market, and does not involve any new governing board or authority that could enforce sales or require transmission be set aside for sales. All sales remain voluntary and are ultimately up to each utility. SEEM may help reduce wholesale electricity costs and/or integrate renewable resources by more efficiently utilizing existing transmission capacity across the Southeast.

FERC, which is comprised of up to five commissioners, but had only four at the time of the SEEM proposal, did not act on the proposal, as it was evenly divided for and against. Pursuant to Section 205 of the Federal Power Act, in the absence of FERC action, the SEEM became effective by operation of law in October 2021. SEEM initiated operations in November 2022. In July 2023, the Court of Appeals for the District of Columbia (“D.C. Circuit”) vacated various FERC orders related to the establishment of SEEM and the acceptance of tariff rates for services to facilitate transactions. In September 2023, the D.C. Circuit formally remanded the case back to FERC for further proceedings. SEEM continues to operate while FERC reconsiders the application for approval consistent with guidance from the court. In December 2023, environmental advocates sued FERC, charging that FERC’s inaction on the remand has left in place “illegal market rules.” PMPA reports that it continues to monitor and investigate if joining SEEM would be beneficial to PMPA. PMPA is unable to predict the effect on the Participants or PMPA of the SEEM.

2.11 SUMMARY OF OPERATIONS

In January 2023, PMPA made the scheduled principal payment of \$51.3 million on its outstanding debt, which was accrued from operations during 2022. During 2023, PMPA accrued \$52.1 million to make the scheduled principal payment in January 2024. As of December 31, 2023, PMPA’s Bond ratings are unchanged from those reported as of December 31, 2022. PMPA supplied approximately 91% of its energy requirements, net of allocations from the Southeastern Power Administration, from its ownership entitlements from the Catawba Project during 2023. As a result of 2023 operations, PMPA’s total Working Capital decreased by \$1.4 million, resulting in a year-end 2023 total Working Capital balance of \$76 million.

3 MANAGEMENT OF THE CATAWBA PROJECT

3.1 OVERVIEW

As discussed previously, PMPA employs Duke as operator of the Catawba Project. PMPA monitors the operations of the Catawba Project through their Catawba site representative, as well as participation in Operations Review Committee meetings and provides status reports to the Board of Directors on a monthly basis.

3.2 CAPACITY RATINGS

The design MNDC ratings of the Catawba and McGuire units were 1,145 MW and 1,180 MW, respectively. Catawba Units 1 and 2 currently have a maximum dependable capability rating of 1,160 MW and 1,150 MW, respectively and for McGuire Units 1 and 2 at 1,158 MW for each unit. Notwithstanding Duke's reported maximum dependable capability ratings, Duke recognizes 1,105 MW for each of the McGuire units and 1,145 MW for each of the Catawba units for the purposes of establishing capacity entitlements to PMPA under the Project Agreements.

3.3 NUCLEAR REGULATORY COMMISSION ASSESSMENTS

The Nuclear Regulatory Commission ("NRC") utilizes a Reactor Oversight Process ("ROP") to provide a structure for conducting review monitoring of nuclear-fueled electric generating units in the performance areas of reactor safety, radiation safety, and safeguards. Within each performance area are cornerstones that reflect the essential safety aspects of facility operation. The NRC reports that satisfactory licensee performance in these cornerstones provides reasonable assurance of safe facility operation.

The NRC evaluates plant performance through the use of inspection findings resulting from NRC's inspection program and performance indicators ("PIs") which are reported by the licensee. Both inspection findings and PIs are evaluated and given a color designation (Green, White, Yellow, or Red) based on their safety significance. The NRC indicates that a Green color designation represents acceptable performance in which cornerstone objectives are fully met with very low risk significance and therefore have little or no impact on safety. Both Green inspection findings and PIs allow for licensee initiatives to correct performance issues before increased regulatory involvement is warranted. According to the NRC, White, Yellow, or Red inspection findings or PIs each, respectively, represent a greater degree of safety significance and therefore trigger increased regulatory attention.

The NRC reports that it is engaged in an effort to enhance the ROP by focusing inspection activities and resources on areas of greater safety significance. The NRC indicates it will cover these areas through refining the baseline inspection program and inspectors' ability to quickly address emerging issues, as well as reviewing agency policies to see where the NRC can increase nuclear plant operators' incentive to promptly resolve inspection findings. This effort is currently in progress and its outcome, and any potential changes to operations at the Catawba and McGuire Nuclear Stations cannot be determined at this time.

3.3.1 CATAWBA

On February 28, 2024, the NRC released its end-of-cycle performance review of the Catawba Units 1 and 2 as part of the ROP. The NRC stated it reviewed performance indicators, inspection results, and enforcement actions over the period January 1, 2023 through December 31, 2023 and concluded that Catawba's overall performance preserved public health and safety. The NRC reported that the performance at Catawba Units 1 and 2 during the most recent quarter was within the Licensee Response Column of the ROP Action Matrix (the highest performance category), due to all inspection findings having very low safety significance (Green), and all PIs being within the expected range (Green). As a result, the NRC indicated that it plans to conduct ROP baseline inspections for both Catawba Units 1 and 2.

3.3.2 MCGUIRE

As part of the ROP, on February 28, 2024, the NRC released its end-of-cycle performance review of the McGuire Units 1 and 2. The NRC stated it reviewed performance indicators, inspection results, and enforcement actions over the period January 1, 2023 through December 31, 2023 and concluded that McGuire's overall performance preserved public health and safety. The NRC reported that the performance at McGuire Units 1 and 2 during the most recent quarter was within the Licensee Response Column of the ROP Action Matrix (the highest performance category), due to all inspection findings having very low safety significance (Green), and all PIs being within the expected range (Green). As a result, the NRC indicated that it plans to conduct ROP baseline inspections for both McGuire Units 1 and 2.

3.4 REPORT ON OUTAGES DURING 2023

Catawba Unit 1 completed a 39-day refueling outage that ended on May 28, 2023. Catawba Unit 2 did not have a refueling outage during 2023. McGuire Unit 1 completed a 39-day refueling outage that ended on October 25, 2023. McGuire Unit 2 completed a 45-day refueling outage that ended on April 4, 2023.

3.5 PLANT PERFORMANCE

As mentioned earlier, Catawba Unit 1 conducted a refueling outage during 2023, resulting in an availability factor of 89%. Catawba Unit 2 achieved a 100% availability factor during 2023. McGuire Units 1 and 2 each conducted a refueling outage during 2023, resulting in an availability factor of 89% for each unit.

During 2023, Catawba Units 1 and 2 operated at capacity factors of 88% and 101%, respectively. In addition, McGuire Units 1 and 2 operated at capacity factors of 91% and 87%, respectively. These capacity factors are based on the maximum dependable capability ratings of the Catawba and McGuire units, which are different from the ratings utilized by Duke under the Project Agreements as discussed in Section 3.3 Capacity Ratings.

The capacity, energy, capacity factors and availability factors for the Catawba and McGuire units during 2021, 2022, 2023, and the three-year 2021-2023 averages, as well as the United States (“U.S.”) average nuclear unit capacity factors are summarized in the following table.

Table 3-1: Nuclear Unit Performance

Unit	2021	2022	2023	2021-23 Average
Net Capacity (MW) [1]				
Catawba Unit 1	1,160	1,160	1,160	
Catawba Unit 2	1,150	1,150	1,150	
McGuire Unit 1	1,158	1,158	1,158	
McGuire Unit 2	1,158	1,158	1,158	
Total	4,626	4,626	4,626	
Net Energy (GWh) [2]				
Catawba Unit 1	9,571	10,278	8,988	9,612
Catawba Unit 2	9,014	8,685	10,177	9,292
McGuire Unit 1	10,361	9,222	9,202	9,595
McGuire Unit 2	9,301	10,229	8,866	9,465
Total	38,248	38,413	37,234	37,965
Capacity Factor (%) [3]				
Catawba Unit 1	94%	101%	88%	95%
Catawba Unit 2	89%	86%	101%	92%
McGuire Unit 1	102%	91%	91%	95%
McGuire Unit 2	92%	101%	87%	93%
U.S. Average	91%	91%	91%	91%
Availability Factor (%) [4]				
Catawba Unit 1	94%	100%	89%	94%
Catawba Unit 2	90%	86%	100%	92%
McGuire Unit 1	100%	90%	89%	93%
McGuire Unit 2	91%	99%	89%	93%

[1] Calculated based on Maximum Dependable Capacity (gross) less the normal station service loads at December 31st of each year.

[2] Calculated based on total energy generated less station service loads.

[3] Calculated based on net capacity ratings reported by Duke, which are different from the ratings utilized in the Project Agreements as discussed in Section 3.3 Capacity Ratings.

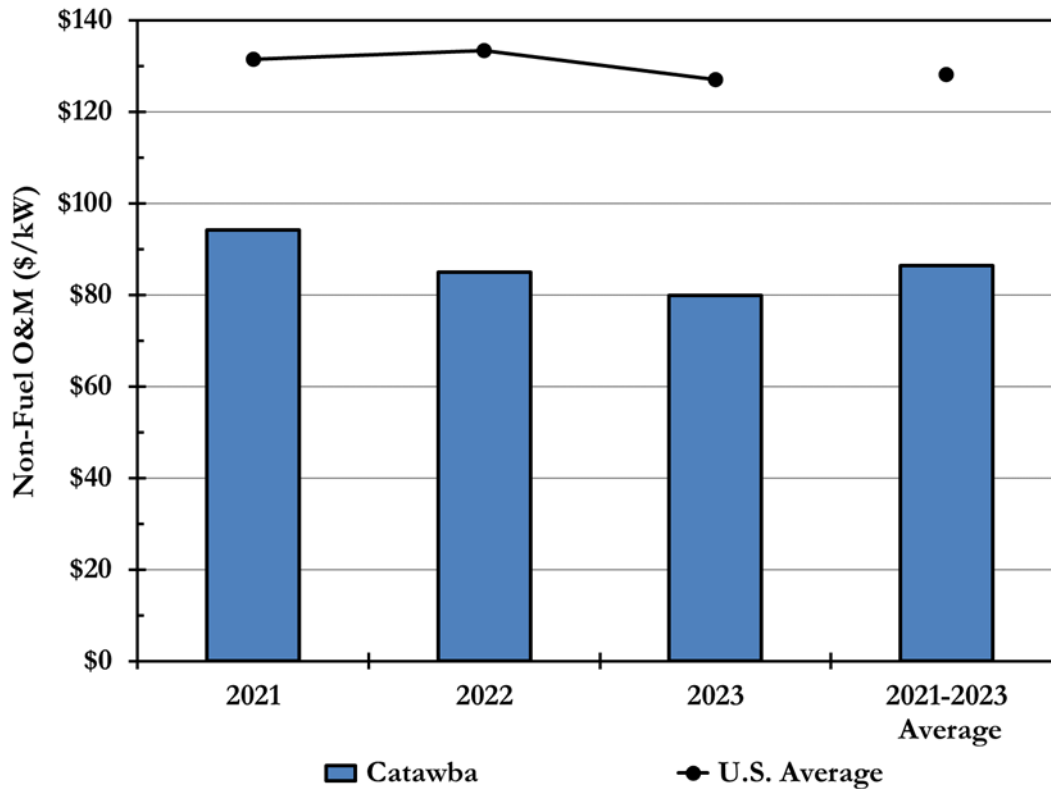
[4] Calculated based on number of hours the generator was available to be on-line.

3.6 PRODUCTION COSTS

3.6.1 OPERATIONS AND MAINTENANCE

The following figure summarizes the total non-fuel operations and maintenance (“O&M”) expenses for 2021, 2022, 2023, and the 2021-2023 average for the Catawba Nuclear Station, as well as the average for non-merchant nuclear plants in the United States.

Figure 3-1: Nuclear Units Non-Fuel O&M Expenses
Amounts Shown in (\$/kW) [1]



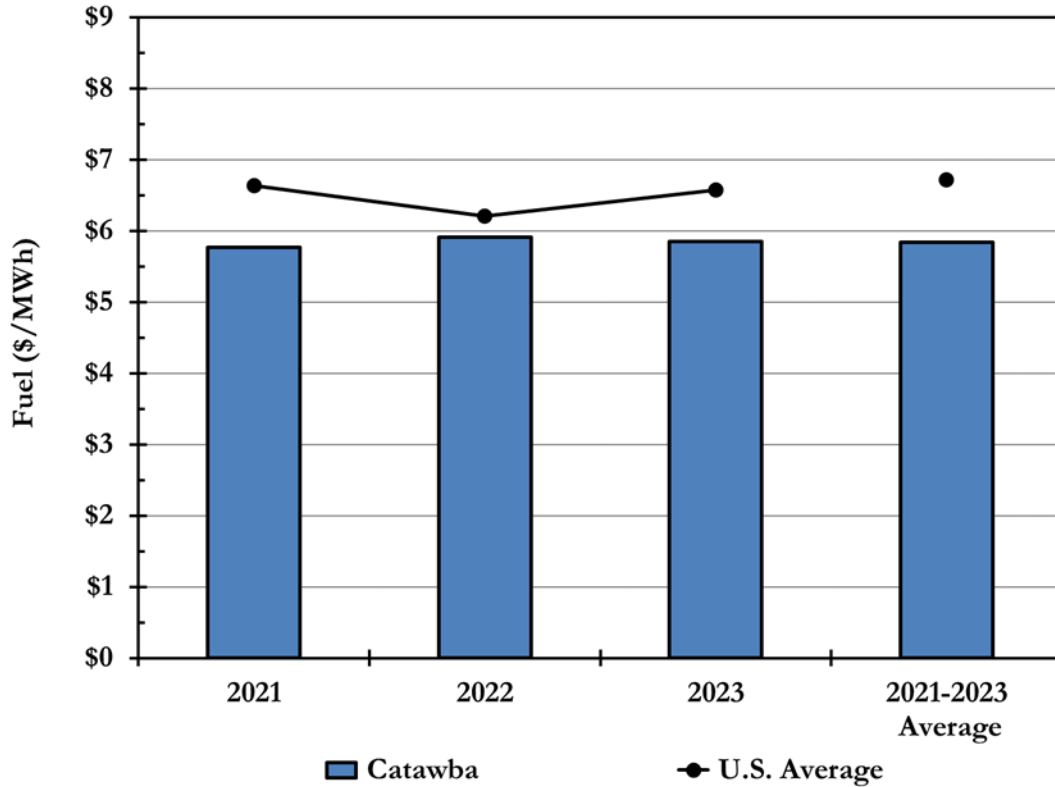
[1] Based on FERC Form 1 data.

As shown above, Catawba’s non-fuel O&M expenses during 2023 were \$80/kW. The three-year 2021-2023 non-fuel O&M expenses at the Catawba Nuclear Station averaged \$86/kW.

3.6.2 FUEL

The following figure summarizes the total nuclear fuel expenses for 2021, 2022, 2023, and the 2021-2023 average for the Catawba Nuclear Station, as well as the average for non-merchant nuclear plants in the United States.

Figure 3-2: Nuclear Units Fuel Expenses
Amounts Shown in (\$/MWh) [1]



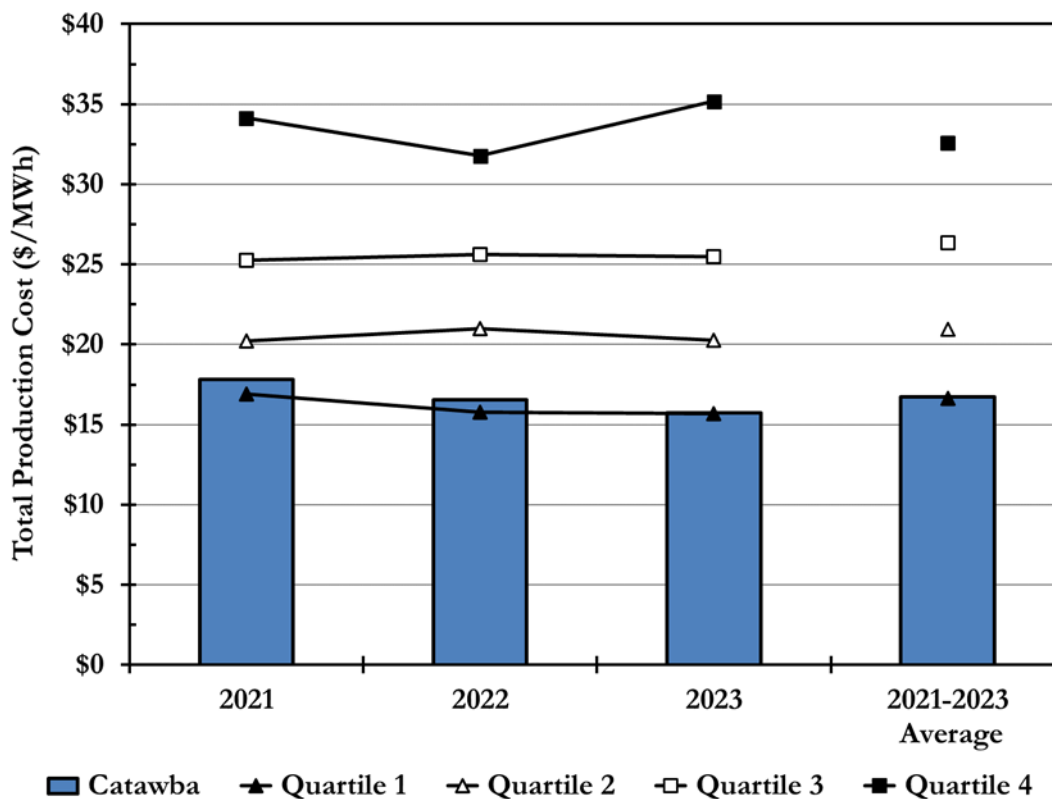
[1] Based on FERC Form 1 data.

As shown above, Catawba operated in 2023 with an average nuclear fuel amortization rate of \$5.85/MWh. The three-year 2021-2023 nuclear fuel expenses at the Catawba Nuclear Station averaged \$5.84/MWh.

3.6.3 TOTAL PRODUCTIONS COSTS

The following figure conveys the total O&M and fuel expenses (the “total production costs”) stated on a \$/MWh basis for the Catawba Nuclear Station, as well as for various national averages. For purposes of this comparison, the national averages are shown in “quartiles,” as measured by the average of the total production cost of non-merchant nuclear units in the United States. For example, the 25% of nuclear units in the United States with the lowest production cost have been averaged and presented as “Quartile 1.” Likewise, “Quartile 4” conveys the average of the 25% of the nuclear units with the highest production cost.

Figure 3-3: Nuclear Units Total Production Costs
Amounts Shown in (\$/MWh) [1]



[1] Based on FERC Form 1 data.

As shown above, over the three-year period 2021-2023, the Catawba Nuclear Station operated with total production costs of \$16/MWh (lower than the previously reported 2020-2022 average); which is 1% lower than the first quartile average of non-merchant nuclear plants operating in the United States during this period.

3.7 SUMMARY OF MANAGEMENT OF THE PROJECT

The 2023 capacity ratings for the Catawba Project units under the Project Agreements with Duke remained unchanged from the 2022 ratings. The Nuclear Regulatory Commission reported, as of the date of this Report, only baseline inspections as part of the Reactor Oversight Process are planned for Catawba Units 1 and 2, as well as McGuire Units 1 and 2. During 2023, Catawba Units 1 and 2 operated with capacity factors of 88% and 101%, respectively, with only Catawba Unit 2 conducting a refueling outage. McGuire Units 1 and 2 achieved capacity factors of 91% and 87%, respectively during 2023, with both McGuire Units 1 and 2 each conducting a refueling outage. The Catawba Nuclear Station operated with total production costs of \$16/MWh during 2021-2023 (lower than the previously reported 2020-2022 average); which is 1% lower than the first quartile average of non-merchant nuclear plants operating in the United States during this period.

4 SUFFICIENCY OF RATES AND CHARGES

4.1 RATE POLICIES/OBJECTIVES

The authority of PMPA to determine, fix, impose and collect rates and charges for electric power and energy sold and delivered is not subject to the regulatory jurisdiction of the South Carolina Public Service Commission or the FERC, and there is no other governmental or regulatory body with authority to limit or restrict such rates and charges except to the extent purchases of electric energy from and sales of electric energy to qualifying cogeneration and small power production facilities may be regulated under Section 210 of the Public Utility Regulatory Policies Act.

Under the Supplemental Power Sales Agreements, PMPA is responsible for setting rates and charges to the Participants for All Requirements (“AR”) Bulk Power Supply sufficient to pay all Monthly Project Power Costs and all Supplemental Power Costs of PMPA. PMPA staff and consultants advise the Board of Directors with respect to the determination of rate policy and the methodology for setting PMPA’s All Requirements Bulk Power Supply rates for the Participants. All rates are reviewed annually and adjusted as necessary in accordance with the Board of Directors approval process.

For purposes of determining PMPA’s rate setting policy, the Finance Committee has established a list of rate design policies and objectives that are considered when the rates for All Requirements Bulk Power Supply are developed or adjusted. The policies and objectives in effect during calendar year 2023 were as follows:

1. Rates should be adequate to cover PMPA’s cost of providing service.
2. Rates to the Participants should be fair and reasonable.
3. Rates should reflect the impact of a Participant’s load additions or reductions on PMPA’s cost of providing service.
4. Rates should assist Participants in the ability to attract and retain customers in order to promote Participant strength and stability in a competitive market.
5. Rates or other programs should allow PMPA and its Participants to maintain stable cash flow through matching revenues and costs.
6. Differences among Participants’ average annual wholesale charges should be minimized, such that each Participant’s average cost should be within (plus or minus) 10% of PMPA’s average charge to all Participants.

4.2 WORKING CAPITAL

PMPA’s Bond Resolution and the Catawba Project Power Sales Agreements provide that PMPA may set aside monies in the Revenue Fund to provide for the working capital requirements of the Catawba Project, and PMPA has established the Working Capital Account within the Revenue Fund for that purpose. The Working Capital Account was established to address the nature of PMPA’s cost structure under the Project Agreements (including the timing of certain payments to Duke under the Project Agreements throughout the calendar year), its debt obligations under the Bond Resolution, and the seasonal variability of All Requirements Bulk Power Supply revenues from its Participants. The Working Capital Account can also be used as contingency funds for unexpected Catawba Project plant outages.

Working Capital includes both restricted and unrestricted monies, as well as amounts associated with materials & supplies.

As discussed in Section 2.6.2 earlier in this Report, during 2023 PMPA adopted a Working Capital Policy which became effective January 1, 2024. For purposes of All Requirements rate setting and planning purposes, PMPA utilizes a portion of its Working Capital, defined as total Working Capital less the balance associated with materials & supplies (\$20 million at year-end 2023). During 2023, PMPA's actual month-end Working Capital balance for rate setting purposes (as defined above) ranged from a low of \$76 million to a high of \$81 million. The year-end 2023 balance was \$76 million (or approximately 221 days working cash).

4.3 AR RATE STRUCTURE AND RIDERS

PMPA's current AR rate structure was established in the late-1990's and is based upon the following objectives: (i) recover the necessary fixed costs of PMPA; (ii) send accurate demand-side management price signals to its Participants; and (iii) provide its Participants the incentive to attract new load. A key consideration in establishing PMPA's AR rate structure was to allow Participants the ability to individually retain the benefits of load growth and accept the risk of load loss.

PMPA's current AR rate structure consists of: (i) a base billing demand component that recovers a "base load" portion of PMPA's fixed costs; (ii) an additional billing demand component that is based on PMPA's marginal cost of capacity; (iii) a base energy rate that is related to recovery of base load energy costs; and (iv) an additional energy rate that is intended to track PMPA's marginal energy costs. Starting in 2012, PMPA changed the basis for allocating base billing demands to reflect a blending of each Participant's current load ratio share and its Participant Share of the Catawba Project, and updates allocated base billing demands every three years. In June 2018, the Board approved fixing the allocated Base Billing Demand quantities assigned to each Participant, at the then current levels.

The AR Bulk Power Supply rates are designed to distinguish between base load usage, which rates are designed to recover Catawba Project costs, and additional demand and energy rates that are based on PMPA's marginal capacity and energy costs in order to provide appropriate marginal pricing signals to its Participants. PMPA's AR Bulk Power Supply rates to include an optional Time-of-Use energy rate component available for any Participant with a retail customer with an annual average monthly peak demand of at least 100 kW.

In addition to PMPA's Basic All Requirements Rate Schedule, PMPA has three rate riders, which as of the date of this Report, are not open to new participation. The following table describes these AR rate riders.

Table 4-1: All Requirements Rate Riders in Effect During 2023

Rider Title	Rider Description
Economic Development Rider	PMPA’s economic development rate is intended to assist the Participants in attracting large commercial and industrial loads. PMPA’s economic development rate is designed with the intent that PMPA’s Participant will be able to offer rates to prospective new customers that are competitive with Duke’s comparable retail rate. PMPA elected to temporarily suspend offering the Economic Development Rider to new customers effective October 1, 2022.
Additional Credits Rider	Available for service to customers qualifying for the economic development rider, but also meeting certain other criteria related to workforce additions or capital investment in PMPA’s service area. PMPA elected to temporarily suspend offering the Additional Credits Rider to new customers effective October 1, 2022.
Load-Side Generation Rider	Applicable to Participants with load-side generation operated in parallel during peak or emergency conditions. PMPA provides avoided cost credits for those generators enrolled in PMPA’s Load-Side Generation Program. This rider is currently closed for new applicants.

The costs of other special obligations of the Participants that are not covered by PMPA’s All Requirements rates and charges, including, but not limited to, the costs of leasing distribution delivery substation equipment and/or metering equipment from Duke are passed directly through to the applicable Participants each month.

4.4 RATE ACTIVITY DURING 2023

PMPA reviewed its power cost projections in late 2022. These projections indicated that PMPA could maintain the current Basic All Requirements rate level in 2023, with a plan for no further rate level adjustments through 2026.

PMPA updated its power cost projections in late 2023. The updated projections reflected similar cost levels to those projected in late 2022. These updated projections indicated that PMPA could maintain the current Basic All Requirements rate level in 2024 and 2025, with a plan for 1.7% annual rate level increases starting in 2026. The rate levels described above are projected to provide revenues sufficient to pay all Catawba Project and Supplemental Power Costs and generally maintain the desired Working Capital balances through 2028.

4.5 OPERATING RESULTS

The following table summarizes the projected operating results for PMPA based on the cost projections from late 2023 discussed in Section 4.4.

Table 4-2: Projected Operating Results
Amounts Shown in (\$ Millions)

	2024 [1]	2025	2026	2027	2028
Revenues:					
Sales to Participants	\$ 225	\$ 225	\$ 229	\$ 234	\$ 239
Sales to Utilities	6	7	6	6	6
Investment Income [2]	4	4	4	4	4
Excess Funds Valuation	-	-	-	-	-
Reserve Releases	2	7	-	-	-
Total Revenues	237	244	239	244	249
Expenses:					
Operation and Maintenance	29	27	27	32	29
Nuclear Fuel	13	12	17	16	17
Net McGuire Reliability Exchange	0	0	(0)	0	(0)
Payments in Lieu of Taxes	11	11	11	11	11
Administrative & General	24	23	24	26	26
Debt Service	85	82	84	84	84
<i>Transfers to:</i>					
Reserve & Contingency Fund	20	18	19	19	20
Decommissioning Fund Deposit	7	7	7	7	7
<i>Interconnection Services:</i>					
Purchased Power	23	26	27	28	29
Transmission & Distribution	10	10	10	11	11
Other	17	14	12	12	13
Total Expenses	239	231	238	247	245
Increase/(Decrease) in Working Capital	(2)	14	1	(3)	4
Year-end Working Capital [3]	\$ 74	\$ 88	\$ 89	\$ 86	\$ 90

[1] Reflects operating budget.

[2] Includes Other Revenues and earnings on working capital fund.

[3] Reflects only the portion of Working Capital recognized for AR rate planning purposes.

The following table reflects the development of the projected average All Requirements charges to the Participants based on the projections of Sales to Participants shown in Table 4-2.

Table 4-3: Projected Average All Requirements Charges

	2024	2025	2026	2027	2028
Sales to Participants (\$M)	\$ 225	\$ 225	\$ 229	\$ 234	\$ 239
Total Energy Requirements (GWh) [1]	2,449	2,458	2,475	2,493	2,517
Average Charges (\$/MWh)	\$ 91.7	\$ 91.7	\$ 92.5	\$ 93.8	\$ 94.9

[1] At the delivery point.

4.6 SUMMARY OF SUFFICIENCY OF RATES AND CHARGES

PMPA's Basic All Requirements rate remained unchanged during 2023. PMPA's All Requirements rates were reviewed, and projections updated in late 2023. These projections indicated projected costs similar to those projected in late 2022, and that PMPA could maintain the Basic All Requirements rate level in 2024 and 2025, with a plan to implement annual 1.7% rate increases starting in 2026. The rate levels described above are projected to provide revenues sufficient to pay all Catawba Project and Supplemental Power Costs and generally maintain the desired Working Capital balances through 2028.

5 REQUIREMENTS FOR FUTURE POWER SUPPLY

5.1 HISTORICAL DEMAND AND ENERGY

The Participants’ requirements are measured at the PMPA delivery point level (the metering points designated for billing to each Participant). The following table provides a summary of historical demand and energy requirements at the PMPA delivery point over the period 2013 through 2023.

Table 5-1: Historical Demand and Energy Requirements
Amounts Shown at Delivery Point, Gross of SEPA [1]

Calendar Year	Annual Peak Demand		Annual Energy	
	(MW)	Change (%)	(GWh)	Change (%)
2013	511	--	2,388	--
2014	518	1.4	2,470	3.4
2015	545	5.2	2,500	1.2
2016	565	3.5	2,570	2.8
2017	545	(3.5)	2,451	(4.6)
2018	545	(0.0)	2,586	5.5
2019	551	1.1	2,551	(1.4)
2020	539	(2.2)	2,424	(5.0)
2021	545	1.1	2,464	1.6
2022	584	7.3	2,475	0.5
2023	570	(2.4)	2,426	(2.0)
Compound Average Annual Change				
2013 – 2023		1.1	0.2	
2018 – 2023		0.9	(1.3)	

[1] Amounts include the generation from the City of Abbeville hydro unit.
 Annual peak demands represents PMPA’s peak demand.

The change in the Participants’ demand and energy requirements from year to year reflects the effects of population and economic conditions experienced by the Participants, incremental and decremental load, and the relative effects of actual weather conditions that vary from typical or normal weather.

5.2 PROJECTED DEMAND AND ENERGY

Projections of the Participants’ delivery point demand and energy requirements were developed by GDS Associates in 2020. After exclusion of SEPA allocations (69 MW and 108 GWh in total to the Participants), such projections are shown for selected years below. Actual energy delivered to the Participants from SEPA will depend upon the generation of the hydroelectric facilities from which the Participants’ allocations are obtained. The demand projections reflect the annual peak demands of the Participants coincident with the PMPA annual peak.

Table 5-2: Projected Demand and Energy Requirements
Amounts Shown at Delivery Point, Net of SEPA

Calendar Year	Annual Peak Demand (MW)	Annual Energy (GWh)	Energy Change From Prior Period (%)
2024	508	2,449	-
2029	529	2,536	0.7
2034	549	2,620	0.7
2024-2034 Projected Compound Average Annual Energy Change			0.7

The above projections are based on econometric analysis reflecting an estimate of the historical relationships between energy requirements and economic, demographic, and weather factors expected to affect the Participants’ load growth. In addition, these projections exclude a large customer load which took service during 2022, but subsequently closed in early 2023.

The foregoing projections of the Participants’ demand and energy requirements from PMPA assume that the region of South Carolina supplied by PMPA will experience moderate economic growth and a relatively stable economy, that the characteristics of the Participants’ systems will be comparable to those experienced in recent years, and that SEPA allocations discussed above will not change. Future load management efforts by PMPA and the Participants may reduce peak loads and improve load factors, but no specific new load management programs have been assumed, nor have their effects been included in the foregoing load forecast.

5.3 REQUIREMENTS AND RESOURCES

The following table summarizes PMPA’s requirements and the resources used to meet those requirements over the historical period 2021-2023 and the projected period 2024-2028.

Table 5-3: Requirements and Resources
Amounts Shown at Generation Level, Net of SEPA

Line		Historical			Projected				
		2021	2022	2023	2024	2025	2026	2027	2028
Requirements									
Capacity (MW)									
1	Annual Peak	482	519	504	518	521	525	530	535
2	Less: Union	(25)	(26)	(26)	(28)	(28)	(28)	(28)	(28)
3	Net Served by PMPA	457	493	478	490	493	497	502	506
Energy (GWh)									
4	Annual Total	2,388	2,550	2,364	2,395	2,498	2,507	2,524	2,543
5	Less: Union	(131)	(133)	(128)	(136)	(146)	(146)	(147)	(147)
6	Net Served by PMPA	2,257	2,417	2,236	2,259	2,351	2,361	2,378	2,396
Resources									
Capacity (MW)									
Catawba Project									
Catawba Station									
7	Unit 1	72	72	72	72	72	72	72	72
8	Unit 2	72	72	72	72	72	72	72	72
9	Total	143	143	143	143	143	143	143	143
McGuire Station									
10	Unit 1	67	67	67	67	67	67	67	67
11	Unit 2	67	67	67	67	67	67	67	67
12	Total	134	134	134	134	134	134	134	134
13	Total Retained Catawba Project	277	277	277	277	277	277	277	277
14	Supplemental [1]	180	216	201	213	216	220	224	229
15	Total Capacity Resources	457	493	478	490	493	497	502	506
Energy (GWh)									
Catawba Project									
Catawba Station									
16	Unit 1	599	643	563	591	590	634	591	590
17	Unit 2	564	543	636	634	591	591	634	591
18	Total	1,163	1,186	1,199	1,224	1,181	1,224	1,224	1,181
McGuire Station									
19	Unit 1	627	557	556	553	573	573	553	573
20	Unit 2	563	618	536	553	573	573	553	573
21	Total	1,190	1,175	1,092	1,106	1,146	1,146	1,106	1,146
22	Total Entitlement	2,353	2,361	2,292	2,330	2,327	2,370	2,330	2,327
23	Less: Surplus Energy	(307)	(236)	(264)	(222)	(213)	(239)	(202)	(193)
24	Total Retained Catawba Project	2,046	2,125	2,028	2,108	2,114	2,132	2,128	2,134
25	Supplemental [1][2]	211	293	208	151	238	229	250	262
26	Total Energy Resources	2,257	2,417	2,236	2,259	2,351	2,361	2,378	2,396

[1] Provided by Santee Cooper. Also includes load met by distributed generation operated by certain PMPA Participants and Laurens Electric Membership Cooperative (for the Greer Annex).

[2] Includes backstand energy purchases.

5.4 SUMMARY OF REQUIREMENTS FOR FUTURE POWER SUPPLY

The energy requirements of PMPA's Participants (net of allocations of energy from the Southeastern Power Administration) are projected to increase on average 0.7% per year over the next ten years. Entitlements to capacity and energy from the Catawba Project, together with the other power supply arrangements described in this Report are projected to be sufficient to provide the Participants' All Requirements Bulk Power Supply through the projected period.

6 CHANGES IN OPERATION AND CAPITAL IMPROVEMENTS

6.1 OPERATIONAL STATUS OF THE CATAWBA PROJECT

Prior to the merger between Duke Energy and Progress Energy, each of the Catawba and McGuire units were dispatched by Duke to serve the combined loads of PMPA and Duke. Since July 2012, in connection with the Joint Dispatch Agreement between Duke and Progress Energy Carolinas (now known as Duke Energy Progress or “DEP”), the Catawba and McGuire units are being dispatched to serve the combined loads of both Duke’s and DEP’s combined system. Since the dispatch of nuclear units on both systems takes the form of “must run” base-loaded generation, the Joint Dispatch Agreement has not had, and is not expected to have, any material effect on the operation of the Catawba or McGuire nuclear units. Each of the Catawba and McGuire units operate on an 18-month refueling cycle. The status of refueling outages at each of the units is as follows:

Table 6-1: Refueling Outage Summary

Unit	Most Recent Refueling Outage		Next Refueling to Begin In
	Completed In	Duration (days)	
Catawba Unit 1	May 2023	39	Sep. 2024
Catawba Unit 2	Apr. 2024	29	Sep. 2025
McGuire Unit 1	Oct. 2023	39	Mar. 2025
McGuire Unit 2	Apr. 2023	45	Sep. 2024

Duke, pursuant to the Operating Agreement, has agreed that there shall be no pattern of adverse distinction and no pattern of undue discrimination in carrying out its obligations relating to Catawba, including the determination of outage schedules, as compared to its other generating units. Effective in July 2012, upon the closing of the merger between Duke Energy and Progress Energy, and pursuant to an amendment to the Operating Agreement, Duke’s obligation was extended to apply to Duke’s scheduling of outages for all nuclear generating facilities operated by Duke Energy or its affiliates.

Other than the capital improvements discussed in the next section, which are expected to improve the operational reliability of Catawba, GDS Associates is not aware of any operational changes at Catawba to report on.

6.2 CAPITAL ADDITIONS

In December 2003, the owners of Catawba were granted a 20-year operating license extension by the Nuclear Regulatory Commission, and Catawba is now licensed to operate through the year 2043. In connection therewith, Duke, the operator and contractor for Catawba has identified and undertaken numerous capital projects at Catawba that are related to plant upgrades to maintain system and equipment reliability, provide for a power uprate, address certain control systems obsolescence, and support plant life extension.

The following are some of the more significant projects at Catawba which Duke completed during 2023:

1. Conventional Wastewater Pond piping replacement;
2. Replacement of 1B Main Step-up Transformer;
3. Reactor Vessel Closure Head Insulation;
4. Peening of Catawba Unit 1's reactor vessel head; and
5. Main Power Protective Relay Zone 1A modification for Catawba Unit 1.

Duke, the operator and contractor for Catawba, is currently undertaking upgrades at Catawba required to: (i) maintain system and equipment reliability; (ii) lengthen service life for obsolescence and plant life extension; and (iii) meet new regulatory requirements. The most significant areas of focus currently are:

1. Replacement of main step-up transformers (Catawba Unit 1 (1A) and Unit 2 (2A) in 2024);
2. Replacement of Catawba Unit 1's reactor coolant pump seals (1B, 1C & 1D);
3. Replacement of the conventional waste system's pond liners (completion expected in 2024);
4. Replacement of reactor coolant pump motors (Catawba Unit 1 (1B) and Catawba Unit 2 (2C) in 2024);
5. Replacement of high-pressure turbine diaphragms (Catawba Unit 1 in 2024 and Catawba Unit 2 in 2025);
6. Implementation of independent spent fuel storage (dry cask storage) phase IV (2024);
7. Replacement of Catawba Units 1 and 2 Cooling Tower Vibration Monitors in 2025 and 2026;
8. Replacement of Catawba Unit 1's and 2's Containment Glycol Refrigeration Chiller replacements in 2025 and 2026;
9. Turbine Controls upgrade in 2027;
10. Generator Circuit Breaker replacements; and
11. Digital Rod Position Indication Control Room components in 2025 and 2026.

In addition to the major projects discussed above, PMPA has financed numerous other capital projects that Duke is currently planning to implement at the Catawba Nuclear Station, which could be characterized as renewals and replacements of equipment or components that have reached the end of their useful operating life.

Following the earthquake and tsunami at the Fukushima Dai-ichi nuclear powerplant in Japan in March 2011, the NRC formed a senior-level task force to review the NRC regulations and processes to determine if the NRC should make safety improvements taking into consideration the Fukushima event. The task force prepared a report and recommended areas of enhancement. The NRC then prioritized certain suggestions of the task force.

In March 2012, the NRC issued three orders requiring reactors to:

1. Implement “mitigation strategies” to maintain reactor and spent fuel pool cooling and containment integrity in a severe event that exceeds design parameters (the “Mitigation Strategies Order” EA-12-049).
2. Install a second tier of reliable spent fuel pool level instrumentation (the “Spent Fuel Pool Instrumentation Order” EA-12-051).
3. Install readily accessible hardened vents for heat removal and pressure control in boiling water reactors (the “Hardened Containment Vent System Order” EA-13-109).

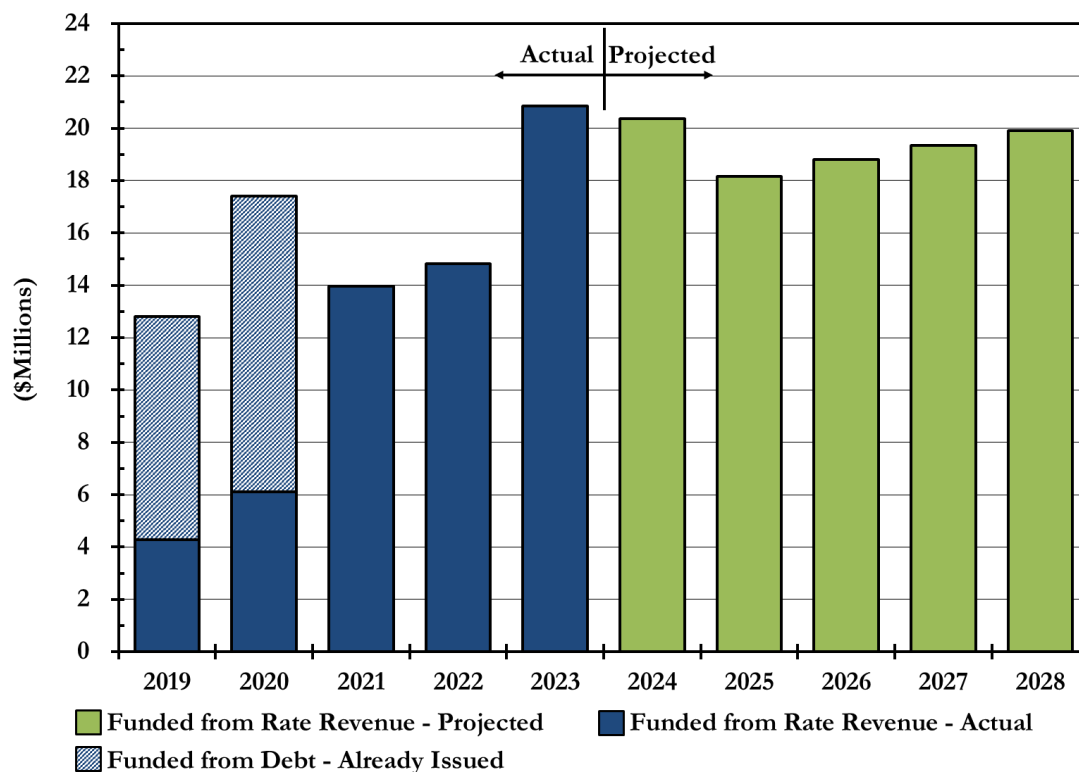
In response, Duke formed a Fukushima Response Organization tasked with coordinating and identifying actions needed to address the lessons learned from this event.

During 2016 and 2017, the NRC conducted audits and inspections to verify implementation of the orders mentioned above. As of August 2020, the NRC reported that both Catawba and McGuire are in compliance with the Mitigation Strategies Order and Spent Fuel Pool Instrumentation Order. Catawba and McGuire, as pressurized water reactors, are not subject to the Hardened Containment Vent System Order.

In addition to the orders above, the NRC also directed reactors to re-evaluate their seismic and flooding hazards. The NRC reports that both Catawba and McGuire have submitted the following reports in compliance with the seismic directives: (i) Seismic Hazard and Screening Reports, (ii) Seismic Probabilistic Risk Assessment, (iii) Limited Scope Evaluations, and (iv) Mitigation Strategies Assessment. As a result of the NRC’s review of Duke’s Flood Hazard Reevaluation Reports for both Catawba and McGuire, Catawba and McGuire were required to submit a focused evaluation (“FE”) report to address local intense precipitation and to leverage available physical margin. Duke reports that both Catawba and McGuire submitted their FE reports in 2020. In addition, the NRC reports that both Catawba and McGuire have submitted Mitigation Strategies Assessment for flooding hazards. The NRC indicates that both Catawba and McGuire are in compliance with the seismic and flooding hazards requirements.

The following figure shows the historical level of capital additions costs that PMPA has incurred in connection with Duke’s plant upgrades over the last five years, as well as PMPA’s 5-year projection of its ownership share of capital additions that will be billed under the Operating Agreement, based on information provided by Duke. Figure 6-1 also shows the portion of capital additions that PMPA has funded with debt.

Figure 6-1: Catawba Project Capital Additions



6.2.1 OTHER POTENTIAL CAPITAL IMPROVEMENTS

In addition to the capital projects currently planned, Duke has continued to monitor potential issues at the Catawba Nuclear Station which may involve repair or replacement of critical systems at the plant.

Catawba Steam Generators. The original Westinghouse steam generators in Catawba Unit 1 experienced significant stress corrosion cracking (“SCC”) in their tubes; an industry-wide problem in steam generators of certain designs, including the original steam generator designs at McGuire and Catawba Unit 1. The original Westinghouse steam generators in Catawba Unit 1 and both McGuire units were replaced with Babcock & Wilcox steam generators in 1996 and 1997. The steam generators in Catawba Unit 2 are Westinghouse design, but have certain design differences from the original steam generators installed in Catawba Unit 1 and the McGuire units. In addition, notwithstanding that Catawba Unit 2 steam generator tubes have not shown the degree of stress corrosion cracking found in Catawba Unit 1, Duke has undertaken certain measures designed to prolong the life of the Catawba Unit 2 steam generator tubes. Duke reports that continued testing of the steam generator tubes in Catawba Unit 2 will be conducted. However, such testing may not be conducted at each refueling outage, due to a license amendment approved by the NRC which allows less frequent inspections if significant SCC was not detected during previous inspections.

Duke reports that it completed eddy current testing and inspections (to identify defects) of all the tubes associated with Catawba Unit 2’s steam generator during the refueling outage completed in May 2021. According to Duke, no significant tube defects, tube pitting, or cracking was identified at that time. As of the date of this Report, Duke indicates that the

inspection results from May 2021 allowed it to skip performing the eddy current testing and inspections at Catawba Unit 2 during the refueling outages completed in October 2022 and April 2024. Duke indicates it plans to conduct eddy current testing and inspections of all tubes associated with Catawba Unit 2's steam generator during the refueling outage scheduled in the Fall of 2025. Although Duke cannot predict the extent to which Catawba Unit 2's steam generators will be affected by the tube cracking in the future, potential consequences of the cracking include extensive tube "plugging" and "sleeving," which could lead to longer refueling outages and forced outages. The economic impacts of such potential consequences would dictate an evaluation of the costs and benefits of replacing the steam generators at Catawba Unit 2. Based on current inspections, Duke does not report any plans to replace Catawba Unit 2's steam generators.

6.3 RESERVE AND CONTINGENCY FUND

PMPA has used the Reserve and Contingency Fund over the years to pay for certain Catawba capital additions billed under the Operating Agreement. To the extent PMPA has issued debt to fund its share of ongoing Catawba capital projects, the Reserve and Contingency Fund has been available to PMPA for other purposes.

The operation of the Reserve and Contingency Fund during 2023 is summarized below.

Table 6-2: Reserve and Contingency Fund

Reserve and Contingency Fund	(\$000)
Balance at December 31, 2022	\$ 4,767
Transfers In	8,604
Transfers (Out)	(8,803)
Balance at December 31, 2023	\$ 4,568

6.4 DECOMMISSIONING

The Operating Agreement provides that PMPA and the other owners of Catawba will bear their ownership share of decommissioning costs for Catawba. Consequently, PMPA's share of decommissioning costs will equal 12.5% of the costs to decommission Catawba.

Duke reports that the estimated site-specific decommissioning costs of Catawba, including the cost of decommissioning plant components not subject to radioactive contamination, total \$1.847 billion, stated in 2023 dollars and based upon a decommissioning study completed in 2023. Such estimate is subject to revision caused by, among other things, technological and regulatory factors.

The Resolution provides for deposits from Revenues into the Decommissioning Fund in order to pay decommissioning costs, and PMPA has been making deposits since 1985. PMPA deposits annually an amount sufficient, taking into account investment earnings over time, to pay the escalated cost to decommission Catawba (based on Duke's site-specific estimates).

In connection with its certification to the NRC regarding financial assurance for decommissioning its share of Catawba, PMPA has established an external decommissioning trust fund that will be maintained solely to pay decommissioning costs. Deposits into such external decommissioning trust fund are made by transfers from the Decommissioning Fund

under the Resolution. In March 2023, PMPA made a required biennial filing with the NRC verifying that funding amounts in its decommissioning trust fund, together with interest earnings, will meet the level of the NRC minimum financial assurance amount as projected to the decommissioning date. As reported in PMPA's audited financial statements, the balance in the Decommissioning Fund at December 31, 2023 was approximately \$129 million.

6.5 SUMMARY OF CHANGES IN OPERATION AND CAPITAL IMPROVEMENTS

Based on our review of the information provided by Duke and PMPA, and our general understanding of the scope of Catawba capital additions projects currently being undertaken by Duke, GDS Associates has reached the conclusion that the renewals, extraordinary repairs, replacements, modifications, capital additions and betterments related to the capital additions projects currently being undertaken by Duke, for which PMPA is responsible under the Operating Agreement, are necessary or desirable to achieve design capability, improve operating reliability of the Catawba Nuclear Station, comply with regulatory requirements, or for safety, public health, or environmental purposes.

PIEDMONT MUNICIPAL POWER AGENCY

Financial Statements and Schedules

December 31, 2023 and 2022

(With Report of Independent Auditor Thereon)

PIEDMONT MUNICIPAL POWER AGENCY

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Report of independent Auditor

To the Board of Directors
of Piedmont Municipal Power Agency

Opinion

We have audited the accompanying financial statements of Piedmont Municipal Power Agency (“PMPA”) (a South Carolina corporation), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PMPA as of December 31, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of PMPA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PMPA’s ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PMPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PMPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 and 2 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cherry Bekaert LLP

Greenville, South Carolina
March 6, 2024

PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Overview of the Financial Statements

This section of Piedmont Municipal Power Agency's ("PMPA") annual financial statements presents our analysis of PMPA's financial performance during the fiscal years ended December 31, 2023 and 2022. Please read this discussion and analysis in conjunction with the financial statements that follow this section.

Financial Highlights

Year Ending December 31, 2023:

- PMPA's wholesale rates to Participants remain unchanged in 2023. Sales of electricity to Participants did not include a billing credit to return excess working capital generated in prior years to the Participants.
- In 2023, net cash generated from operating activities was \$133.3 million, offsetting cash used in investing and financing activities of \$5.6 million and \$128.8 million, respectively.
- On January 1, 2023, PMPA made a principal payment of \$51.3 million, reducing its long-term debt outstanding. PMPA's next principal payment of \$52.1 million is due on January 1, 2024.

Year Ending December 31, 2022:

- PMPA's wholesale rates to Participants remain unchanged in 2022. Sales of electricity to Participants included a \$10.8 million billing credit to return excess working capital generated in prior years to the Participants.
- In 2022, net cash generated from operating activities was \$123.9 million, offsetting cash used in investing and financing activities of \$33.5 million and \$89.8 million, respectively.
- On January 1, 2022, PMPA made a principal payment of \$26.0 million, reducing its long-term debt outstanding.

PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Overview of the Financial Activities

The following is an overview of the financial activities of PMPA for the years ended December 31, 2023 and 2022.

PMPA's financial statements, which include the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows, are presented to display information about the reporting entity as a whole in accordance with GASB Statement No. 34, as amended. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Financial Information

The following summarizes the activities of PMPA for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
	(In thousands)		
Revenues:			
Sales of electricity to Participants	\$ 220,132	\$ 215,668	\$ 190,501
Sales of electricity to other utilities and other operating revenues	18,833	23,161	21,165
Total operating revenues	238,965	238,829	211,666
Interest income	7,230	2,890	2,393
Net change in fair value of investments and derivative instruments	5,202	(9,143)	(292)
Total Revenues	251,397	232,576	213,767
Expenses:			
Operation, maintenance, and nuclear fuel amortization	37,539	38,322	39,308
Purchased power, transmission, and power delivery	54,443	65,683	50,889
Administrative, general, and payments in lieu of property taxes	25,554	24,001	23,480
Depreciation	9,450	10,634	9,609
Interest and amortization expense	30,448	31,894	38,754
Other	22,543	13,882	14,221
Total Expenses	179,977	184,416	176,261
Revenues over expenses before deferred items	71,420	48,160	37,506
Net decrease in net costs recoverable from future Participant billings	(46,721)	(48,055)	(100,859)
Postemployment benefits	(132)	-	(82)
	(46,853)	(48,055)	(100,941)
Revenues over (under) expenses	24,567	105	(63,435)
Net position at beginning of year	116,475	116,370	179,805
Net position at end of year	\$ 141,042	\$ 116,475	\$ 116,370

PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Results of Operations

Revenues

- Sales of electricity to Participants, PMPA's primary source of revenue, increased in 2023 by 2.1%, or approximately \$4.5 million. In 2023, sales of electricity to Participants did not include any billing credits to Participants, resulting in a \$10.8 million increase in revenue from 2022. This increase was partially offset by a decrease in energy sold to Participants. Sales of electricity to Participants increased in 2022 by 13.2%, or approximately \$25.2 million. The 2022 billing credit to Participants totaled \$10.8 million compared to a credit of \$28 million in 2021, resulting in a \$17.2 million increase in revenue. The remaining increase was driven by increased energy sold to Participants.
- Sales of electricity to other utilities and other operating revenues decreased by 18.7% in 2023 due to a decrease in surplus energy rates, partially offset by an increase in energy available to sell in the market. Sales of electricity to other utilities and other operating revenues increased by 9.4% in 2022 due to an increase in surplus energy rates, partially offset by a decrease in energy available to sell in the market. PMPA's surplus energy was contractually sold to Santee Cooper and The Energy Authority as part of supplemental purchased power agreements and Duke Energy Carolinas, LLC.

Expenses

- Purchased power, transmission and power delivery expenses decreased by 17.1%, or approximately \$11.2 million, in 2023 due to a decrease in purchase prices coupled with a decrease in supplemental energy purchased in the market during 2023. Purchased power, transmission, and power delivery expenses increased by 29.1%, or approximately \$14.8 million, in 2022 due to an increase in purchase prices coupled with an increase in supplemental energy purchased in the market during 2022.
- Other Expenses increased \$8.7 million in 2023 due to the recording of a \$10.0 million settlement liability associated with a 2019 lawsuit naming PMPA a defendant by two Participants with respect to the allocation of costs amongst all Participants. In January 2024, the lawsuit was settled with two Participants receiving a combined cash payment of \$55 million, of which \$10 million is to be paid by PMPA out of working capital funds and \$45 million is to be paid by the remaining eight Participants. The \$45 million cash payment is contingent upon PMPA securing financing, on behalf of the remaining eight participants, and will be included in PMPA's financial statements once the financing is secured. Because PMPA's portion of the settlement was reasonably estimable and probable on December 31, 2023, PMPA has included a \$10 million settlement liability in the accompanying statements of financial position and a related \$10 million expense included in other nonoperating expenses in the accompanying statements of revenues, expenses and changes in net position. The financing associated with the \$45 million cash payment will be excluded from PMPA's wholesale rates and net costs recoverable from future Participant billings, and will be paid by the remaining eight Participants during the life of the to be acquired financing.

PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Net Position

The following summarizes the net position of PMPA for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
	(In thousands)		
Assets:			
Capital assets, net	\$ 411,492	\$ 403,029	\$ 399,965
Current unrestricted assets	123,023	117,133	118,593
Current restricted assets	252,035	240,123	207,968
Other noncurrent assets	279,921	326,671	374,755
Total Assets	\$ 1,066,471	\$ 1,086,956	\$ 1,101,281
Deferred outflows:	\$ 11,670	\$ 16,366	\$ 21,353
Liabilities:			
Long-term liabilities	\$ 678,899	\$ 739,068	\$ 793,845
Current liabilities	258,012	247,779	212,419
Total Liabilities	\$ 936,911	\$ 986,847	\$ 1,006,264
Deferred inflows:	\$ 188	\$ -	\$ -
Net position:			
Net investment in capital assets	\$ (165,602)	\$ (231,065)	\$ (266,625)
Restricted for other	1,600	1,600	1,600
Unrestricted	305,044	345,940	381,395
Total Net Position	\$ 141,042	\$ 116,475	\$ 116,370

Current unrestricted assets fluctuate with the changes in working capital. Working capital decreased by \$1.4 million and \$4.6 million in 2023 and 2022, respectively.

Current restricted assets primarily include assets restricted for decommissioning and debt service. Assets restricted for decommissioning increase each year due to PMPA's regular deposits into the decommissioning fund. Assets restricted for debt service fluctuate each year depending on PMPA's debt service obligation on January 1 of the following year. As such, PMPA's assets restricted for debt service decreased on December 31, 2023 when compared to December 31, 2022 and increased on December 31, 2022 when compared to December 31, 2021.

Other noncurrent assets primarily include net costs recoverable from future Participant billings, which decreased by \$46.7 million and \$48.0 million in 2023 and 2022, respectively. This decrease was driven by the \$52.1 million and \$51.3 million of principal deposits made during 2023 and 2022, respectively, which were partially offset by the deferrals of interest, depreciation, and amortization expenses.

PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Long-term liabilities primarily include bonds payable, net and the reserve for decommissioning. Long-term bonds payable, net decreased by \$61.2 million and \$61.9 million in 2023 and 2022, respectively, due to bond payments and the amortization of bond premiums. The reserve for decommissioning increased by \$1.5 million and \$7.0 million in 2023 and 2022, respectively, due to the continued accretion to the PMPA's total decommissioning requirement. The 2023 increase was partially offset by the decrease resulting from the updated decommissioning study.

Current liabilities primarily reflect PMPA's debt service requirement on January 1 of the following year. As such, current liabilities increased by \$10.2 million and \$35.4 million in 2023 and 2022, respectively.

PMPA calculates net investment in capital assets as the difference between capital assets and bonds payable, including loss on advance refunding of debt. Capital assets includes \$411.0 million and \$405.3 million of accumulated depreciation and amortization as of December 31, 2023 and 2022, respectively, causing the net investment in capital assets to reflect a negative balance.

Capital Assets

Capital assets include structures and improvements, reactor plant equipment, turbo-generator units, other equipment, and nuclear fuel. Such amounts are detailed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
		(In thousands)	
Structures and improvements	\$ 176,047	\$ 174,077	\$ 171,977
Reactor plant equipment	297,657	297,376	289,491
Turbo generator units	83,259	76,988	76,642
Other equipment	116,280	116,233	113,508
Nuclear fuel	79,063	73,348	69,578
Other	36,099	46,625	49,752
Construction work-in-progress	34,083	23,688	25,090
Total	<u>822,488</u>	<u>808,335</u>	<u>796,038</u>
Less accumulated depreciation and amortization	<u>(410,996)</u>	<u>(405,306)</u>	<u>(396,073)</u>
Total, net	<u>\$ 411,492</u>	<u>\$ 403,029</u>	<u>\$ 399,965</u>

PMPA's investment in capital assets on December 31, 2023 totaled \$411.5 million (net of accumulated depreciation and amortization), an \$8.5 million increase from 2022. Significant capital transactions during 2023 included \$15.4 million in nuclear fuel purchases and \$21.0 million of capital additions, partially offset by depreciation and amortization expense of \$22.2 million and a decommissioning adjustment of \$5.8 million resulting from the updated study.

PMPA's investment in capital assets on December 31, 2022 totaled \$403.0 million (net of accumulated depreciation and amortization), a \$3.1 million increase from 2021. Significant capital transactions during 2022 included \$12.8 million in nuclear fuel purchases and \$15.0 million of capital additions, partially offset by depreciation and amortization expense of \$24.0 million and a construction work-in-progress write off of \$0.8 million.

PIEDMONT MUNICIPAL POWER AGENCY

Management's Discussion and Analysis

December 31, 2023 and 2022

Economic Factors and Next Year's Rates

Because the retail customers of PMPA Participants are primarily residential and small commercial accounts, PMPA is much less affected by economic downturns than a utility with larger commercial and industrial retail customers. The 2024 budget does not include an increase in PMPA's wholesale rates to the Participants.

Request for Information

This financial report is provided as an overview of PMPA's finances. Questions concerning any of the information in this report or requests for additional information should be directed to the Office of the Finance Director, Piedmont Municipal Power Agency, 121 Village Drive, Greer, South Carolina 29651.

PIEDMONT MUNICIPAL POWER AGENCY

Statements of Net Position December 31, 2023 and 2022 (Dollars in thousands)

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Capital Assets (Note 5):		
Utility plant assets being depreciated	\$ 787,869	\$ 784,111
Accumulated depreciation and amortization	(410,996)	(405,306)
Total utility plant assets being depreciated, net	376,873	378,805
Utility plant assets not being depreciated	34,619	24,224
Total Capital Assets, net	411,492	403,029
Current Unrestricted Assets:		
Cash	47	1,151
Marketable debt securities	84,516	78,355
Accrued interest receivable	1	1
Participant accounts receivable	17,488	16,813
Other accounts receivable	955	1,427
Materials and supplies	20,016	19,386
Total Current Unrestricted Assets	123,023	117,133
Current Restricted Assets (Note 7):		
Restricted for debt service	124,255	126,691
Restricted for decommissioning	126,180	111,832
Restricted for other	1,600	1,600
Total Current Restricted Assets	252,035	240,123
Total Current Assets	375,058	357,256
Noncurrent Assets:		
Net costs recoverable from future Participant billings (Note 8)	279,894	326,615
Other	27	56
Total Other Noncurrent Assets	279,921	326,671
Total Assets	\$ 1,066,471	\$ 1,086,956
Deferred Outflows:		
Redemption losses, net	\$ 4,928	\$ 5,754
Losses on advance refundings of debt, net	6,742	10,149
Postemployment benefits	-	463
Total Deferred Outflows	\$ 11,670	\$ 16,366

See accompanying notes to financial statements.

PIEDMONT MUNICIPAL POWER AGENCY

Statements of Net Position (continued)

December 31, 2023 and 2022

(Dollars in thousands)

	<u>2023</u>	<u>2022</u>
<u>Liabilities</u>		
Long-Term Liabilities:		
Bonds payable, net (Notes 9 and 10)	\$ 531,750	\$ 592,953
Reserve for decommissioning (Note 11)	145,510	143,992
Other postemployment benefits (Note 13)	1,639	2,123
Total Long-Term Liabilities	678,899	739,068
Current Liabilities:		
Accounts payable and other accrued liabilities	11,889	11,877
Accrued settlement liability (Note 16)	10,000	-
Total Current Liabilities	21,889	11,877
Current Liabilities Payable from Restricted Assets:		
Accrued interest payable	184,037	184,612
Current installments of bonds payable	52,086	51,290
Total Current Liabilities Payable from Restricted Assets	236,123	235,902
Total Current Liabilities	258,012	247,779
Total Liabilities	\$ 936,911	\$ 986,847
Deferred Inflows:		
Postemployment benefits	\$ 188	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ (165,602)	\$ (231,065)
Restricted for other	1,600	1,600
Unrestricted	305,044	345,940
Total Net Position	\$ 141,042	\$ 116,475

See accompanying notes to financial statements.

PIEDMONT MUNICIPAL POWER AGENCY
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022
(Dollars in thousands)

	2023	2022
Operating Revenues:		
Sales of electricity to Participants	\$ 220,132	\$ 215,668
Sales of electricity to other utilities	17,412	21,629
Other	1,421	1,532
Total Operating Revenues	238,965	238,829
Operating Expenses:		
Operation and maintenance	24,837	24,987
Nuclear fuel amortization	12,702	13,335
Purchased power	44,974	56,798
Transmission	8,861	8,295
Power delivery	608	590
Administrative and general	15,672	15,996
Depreciation	9,450	10,634
Decommissioning reserve accretion	7,313	6,960
Payments in lieu of property taxes	9,882	8,005
Total Operating Expenses	134,299	145,600
Net Operating Income	104,666	93,229
Other Income (Expense):		
Interest income	7,230	2,890
Net change in fair market value of investments	5,202	(9,143)
Interest expense	(36,660)	(39,041)
Amortization	6,212	7,147
Other	(15,230)	(6,922)
Total Other Expense, Net	(33,246)	(45,069)
Revenues over expenses before deferred items	71,420	48,160
Net decrease in net costs recoverable from future Participant billings	(46,721)	(48,055)
Postemployment benefits	(132)	-
	(46,853)	(48,055)
Revenue over expenses	24,567	105
Net position at beginning of year	116,475	116,370
Net position at end of year	\$ 141,042	\$ 116,475

See accompanying notes to financial statements.

PIEDMONT MUNICIPAL POWER AGENCY

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

(Dollars in thousands)

	2023	2022
Cash flows from operating activities:		
Receipts from customers	\$ 238,762	\$ 235,651
Payments for operations and maintenance	(25,467)	(24,703)
Payments for purchased power, transmission, and power delivery	(64,325)	(73,688)
Payments for administration and general	(15,660)	(13,396)
Net cash from operating activities	133,310	123,864
Cash flows from investing activities:		
Purchase of investment securities	(424,189)	(438,181)
Proceeds from sales and maturities of investments	409,805	401,335
Interest received on investments	8,743	3,390
Net cash used in investing activities	(5,641)	(33,456)
Cash flows from capital and related financing activities:		
Payment of bond principal	(51,290)	(25,959)
Interest payment on bonds	(35,906)	(30,178)
Expenditures for utility plant in service	(21,009)	(14,963)
Expenditures for nuclear fuel	(15,401)	(12,804)
Payment to Duke Energy for other charges	(5,339)	(5,958)
Other	172	53
Net cash used in capital and related financing activities	(128,773)	(89,809)
Net change in cash	(1,104)	599
Cash, beginning of year	1,151	552
Cash, end of year	\$ 47	\$ 1,151
Noncash investing and financing activities:		
Loss on sale of investment	\$ (1,796)	\$ (817)
Amortization expense on discounts and premiums	\$ 9,117	\$ 10,587
Amortization of net redemption loss	\$ (4,233)	\$ (4,874)
Net change in fair value of investments	\$ 5,202	\$ (9,143)
Change in decommissioning liability due to updated cost study	\$ 5,795	\$ -

See accompanying notes to financial statements.

PIEDMONT MUNICIPAL POWER AGENCY

Statements of Cash Flows (continued)

Years Ended December 31, 2023 and 2022

(Dollars in thousands)

	<u>2023</u>	<u>2022</u>
Reconciliation of net operating income to net cash from operating activities:		
Net operating income	\$ 104,666	\$ 93,229
Adjustments to reconcile net operating income to net cash from operating activities:		
Depreciation	9,450	10,634
Nuclear fuel amortization	12,702	13,335
Decommissioning reserve accretion	7,313	6,960
(Increase) decrease in:		
Participant accounts receivable	(675)	(2,778)
Other accounts receivable	472	(400)
Materials and supplies	(630)	284
Increase in:		
Accounts payable and other accrued liabilities	12	2,600
Net cash from operating activities	<u>\$ 133,310</u>	<u>\$ 123,864</u>

See accompanying notes to financial statements.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(1) Description of the Entity, Industry Restructuring Developments, and Related Uncertainties

(a) *Description of the Entity*

Piedmont Municipal Power Agency (“PMPA”) was incorporated in 1979 under the South Carolina Joint Municipal Electric Power and Energy Act (the “Act”). The Act, adopted in April 1978, enabled the formation, by South Carolina municipalities and municipal commissions of public works, of a joint agency to plan, finance, develop, own, and operate electric generation and transmission facilities. Ten municipal utility systems (“Participants”) comprise PMPA’s membership. The Participants, located in northwestern South Carolina, are the cities of Abbeville, Clinton, Easley, Gaffney, Greer, Laurens, Newberry, Rock Hill, Union, and Westminster. PMPA is not a component unit of any other governmental entity.

PMPA has a 25% undivided ownership interest in Unit 2 of the Catawba Nuclear Station (“Catawba”). Pursuant to the Operating and Fuel Agreement between PMPA and Duke Energy Carolinas, LLC (“Duke”), Duke operates both Units 1 and 2 at Catawba. PMPA’s power output entitlements (approximately 272 MW) come from both Catawba Units. PMPA pays 12.5% of the costs and receives 12.5% of the power output associated with each of these 1,145 MW units. The operating licenses for Catawba Unit 1 and Unit 2 expire on December 5, 2043.

Additionally, the terms of the McGuire Reliability Exchange Agreement (“MREA”) allow transfers of energy between PMPA’s entitlements from the Catawba Units and Duke’s two nuclear units at the McGuire Nuclear Station (“McGuire”). The result spreads PMPA’s entitlements across four similar nuclear units. The operating license for McGuire Unit 1 expires on June 12, 2041 and the operating license for McGuire Unit 2 expires on March 3, 2043.

(b) *Industry Restructuring Developments and Related Uncertainties*

There is no deregulation debate underway in the South Carolina General Assembly. The well-publicized complexities of deregulation in other parts of the country have caused the legislators and regulators in South Carolina to continue a regulated retail electricity market.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(2) Summary of Significant Accounting Policies

(a) *Basis of Accounting*

The financial statements have been prepared in accordance with the provisions of the Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Disclosures* and GASB Statement No. 61, *The Financial Reporting Entity – Omnibus – An Amendment of GASB Statement No. 14 and No. 34*. Statement No. 34 requires as supplementary information Management’s Discussion and Analysis, which includes an analytical overview of PMPA’s financial activities.

PMPA’s accounting records are maintained on an accrual basis in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and substantially in conformity with the Federal Energy Regulatory Commission’s Uniform System of Accounts.

PMPA follows the accounting practices set forth in U.S. GAAP, Accounting for the Effects of Certain Types of Regulation, as amended. This standard allows PMPA to capitalize or defer certain costs or revenues based on PMPA’s ongoing assessment that it is probable that such items will be recovered through future revenues based on the rate-making authority of PMPA’s Board of Directors. The criteria require consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized cost.

PMPA’s General Bond Resolution requires that its rate structure be designed to produce revenues sufficient to pay operating, debt service, and other specified costs. PMPA’s Board of Directors, which is comprised of representatives of the Participants, is responsible for reviewing and approving the rate structure. The application of a given rate structure to a given period’s electricity sales may produce revenues not intended to pay that period’s costs, and conversely, that period’s costs may not be intended to be recovered in period revenues. The affected revenues and/or costs are, in such cases, deferred for future recognition. The ultimate recognition of deferred items is correlated with specific future events, primarily payment of debt principal.

PMPA maintains a single enterprise fund to record its activities, which consists of a self-balancing set of accounts. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(2) Summary of Significant Accounting Policies – Continued

(b) *Losses on Advanced Refundings of Debt and Redemption Losses, net*

Losses on advanced refundings of debt and redemption losses, net at December 31, 2023 and 2022 of \$11,670 and \$15,903, respectively, (net of accumulated amortization of \$253,678 and \$265,804, respectively) have been deferred in accordance with U.S. GAAP and are being amortized over the term of the debt issued on refunding using the effective interest method. The remaining costs on advanced refundings will be amortized over the next 10 years (2024 through 2033) based on the shorter of the original debt maturity dates or the maturity dates of the new debt.

(c) *Discounts on Bonds Payable*

The discounts on bonds payable at December 31, 2023 and 2022 of \$81 and \$134, respectively, (net of accumulated amortization of \$1,007 and \$954, respectively) are being amortized on the bonds outstanding method, which approximates the effective interest method.

(d) *Premiums on Bonds Payable*

The premiums on bonds payable at December 31, 2023 and 2022 of \$44,921 and \$54,091, respectively, (net of accumulated amortization of \$31,455 and \$22,285, respectively) are being amortized on a method that approximates the effective interest method.

(e) *Income Taxes*

PMPA is recognized as a public utility for federal income tax purposes. As such, the gross income of PMPA is excluded from federal income taxes under Internal Revenue Code (“IRC”) Section 115.

(f) *Marketable Debt Securities*

As authorized by the General Bond Resolution, investment securities at December 31, 2023 and 2022 consist only of direct obligations of the United States government and obligations of United States government agencies. These investments are uninsured and unregistered and are held by PMPA’s trustee in PMPA’s name.

Marketable debt securities are recorded at fair value based on market prices. Unrealized holding gains and losses on marketable debt securities are included in income. Interest income is recognized when earned.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(2) Summary of Significant Accounting Policies – Continued

(g) *Capital Assets, net*

Utility plant assets, including unclassified assets, are stated at cost and are depreciated on a straight-line basis at rates calculated to depreciate the composite assets over their respective estimated useful lives. Depreciation begins when assets are placed into service. PMPA's annual provision for depreciation expressed as a percentage of the average balance of depreciable utility plant was 1.2% and 1.4% in 2023 and 2022, respectively.

PMPA's capital assets are currently being depreciated according to the following table:

	<u>Years</u>		<u>Years</u>
Structures and improvements	40	Station equipment	40
Reactor plant equipment	40	Transmission equipment	40
Turbo generator units	40	Other	35-40
Accessory electric equipment	40	Unclassified	40
Miscellaneous plant equipment	40	Nuclear fuel	4-5

(h) *Materials and Supplies*

Materials and supplies inventories are stated at the lower of cost or net realizable value using the average cost method.

(i) *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(2) Summary of Significant Accounting Policies – Continued

(j) *Net Position*

Equity is classified into net positions and is displayed in three components:

- *Net Investment in Capital Assets* – consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted for Other* – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provision or enabling legislation.
- *Unrestricted* – all other net position that does not meet the definition of “restricted for other” or “net investment in capital assets.”

(k) *Revenue Recognition*

PMPA recognizes revenue on sales when the electricity is delivered to the Participants and other utilities.

(l) *Operating and Non-operating Expenses*

PMPA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in addition to producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of PMPA are charges to Participants and other utilities for sales and services. Operating expenses for PMPA include the costs of sales and services, general and administrative services, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(2) Summary of Significant Accounting Policies – Continued

(m) *Recent Pronouncements*

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement (1) defines a subscription-based information technology arrangement (“SBITA”); (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. PMPA adopted this statement effective January 1, 2023. There was no material impact on PMPA’s financial statements as a result of the adoption.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement aligns the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. This Statement is not expected to have a material impact on PMPA.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. This Statement is not expected to have a material impact on PMPA.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(3) Power Sales Agreements

(a) *Catawba Project Power Sales Agreements*

PMPA and each Participant are parties to Catawba Project Power Sales Agreements (“Power Sales Agreements”). These Power Sales Agreements obligate PMPA to provide each Participant a share of the undivided 25% interest in Unit 2 of Catawba power output. In turn, each Participant must pay its share of the Catawba costs. Participants make their payments on a “take-or-pay” basis whether or not Catawba is operable or operating. Such payments are not subject to reduction or offset and are not conditioned upon performance by PMPA or any given Participant. The Power Sales Agreements are in effect until the earlier of August 1, 2035 or the completion of payments on the bonds and satisfaction of obligations under the Project agreements.

Each Participant is entitled to the following percentages of PMPA’s Catawba output:

Abbeville	2.68
Clinton	7.84
Easley	13.24
Gaffney	10.05
Greer	9.34
Laurens	6.49
Newberry	10.47
Rock Hill	28.04
Union	10.01
Westminster	1.84
	<u>100.00</u>

(b) *Supplemental Power Sales Agreements*

PMPA and each Participant are also parties to Supplemental Power Sales Agreements (“Supplemental Agreements”) under which each Participant has agreed to pay, in exchange for All Requirements Bulk Power Supply, its share of All Requirements Bulk Power Supply costs. The Supplemental Agreements terminate on December 20, 2034; however, a Participant may terminate its Supplemental Agreement with ten years advance notice. On December 31, 2018 the Participants Greer, Rock Hill and Westminster turned in the ten-year written notice to terminate their Supplemental Agreements with PMPA. The effective date of termination will be December 31, 2028. In December 2019, the remaining seven Participants turned in the ten-year written notice to terminate their Supplemental Agreements with PMPA. The effective date of termination will be December 31, 2029.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(4) Project and Other Agreements

Project Agreements between PMPA and Duke consist of the Purchase, Construction, and Ownership Agreement (“Sales Agreement”), the Operating and Fuel Agreement (the “Operating Agreement”), the Joint Ownership Support Agreement, (the “JOSA”), and the MREA.

(a) Sales Agreement

The Sales Agreement generally provides for (i) the purchase of Catawba by PMPA; (ii) PMPA’s contract with Duke to act as engineer contractor for PMPA for completion of construction, initial fueling, and placing Catawba into commercial operation; (iii) PMPA’s payment to Duke for construction completed to the date of closing on Catawba and for construction thereafter; and (iv) PMPA’s payment to Duke of certain profits and fees.

(b) Operating Agreement

The Operating Agreement generally provides that PMPA employs Duke, as operator of Catawba, to be responsible for the (i) operation, maintenance, and fueling of Catawba; (ii) making of renewals, replacements, and capital additions to Catawba; and (iii) ultimate decommissioning of Catawba at the end of its useful life.

(c) JOSA

The JOSA generally provides for certain joint ownership rights and obligations, including the Catawba Reliability Exchange. This agreement became effective on January 1, 2006.

(d) MREA

The MREA generally provides for the continued exchange of energy from PMPA’s entitlements to the Catawba units for energy from Duke’s McGuire Nuclear Station units. This agreement became effective January 1, 2006, and can be terminated by either party by giving a three-year written notice.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(4) Project and Other Agreements – Continued

Other Agreements

(a) *Requirements Service Agreement*

On December 13, 2010, PMPA entered into a Power Sales Agreement with the South Carolina Public Service Authority (“Santee Cooper”). This agreement became effective on January 1, 2014. The contract requires that PMPA purchase power from Santee Cooper to meet all of its load demand beyond the amounts served by Catawba, the Participants’ share of electricity, excluding backstand services, from SEPA (“Southeastern Power Administration”) hydroelectric facilities, and load requirements met by individual generating resources owned by certain Participants. On January 28, 2020, PMPA provided the required ten-year notice of termination to Santee Cooper for the Requirements Service Agreement. This cancellation is a result of all Participants providing notice to cancel their Supplemental Agreements, as discussed in Note 3.

(b) *Transmission Services*

PMPA entered into a service agreement with Duke to begin taking transmission service under Duke’s Open Access Transmission Tariff (“OATT”) on January 1, 2006.

(c) *The Energy Authority Resource (“TEA”) Management Agreement*

Effective January 1, 2021, PMPA entered into a Resource Management Agreement with TEA. The Resource Management Agreement generally provides for PMPA to purchase capacity and energy from TEA to obtain backstand services for PMPA’s entitlement to capacity and energy from the Catawba and McGuire Nuclear Stations. The TEA agreement has an initial term of three years and, unless terminated, shall renew on an annual basis for successive one-year terms, starting in 2024.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(5) Capital Assets

The following is a summary of capital asset activity for the years ended December 31, 2023 and 2022:

	December 31, 2023			Ending Balance
	Beginning Balance	Increase	Decrease	
Utility plant being depreciated:				
Structures and improvements	\$ 174,077	\$ 2,651	\$ (681)	\$ 176,047
Reactor plant equipment	297,376	1,305	(1,024)	297,657
Turbo generator units	76,988	8,219	(1,948)	83,259
Accessory electric equipment	66,526	1,028	(237)	67,317
Miscellaneous plant equipment	35,988	1,044	(6)	37,026
Station equipment	7,536	146	(1,928)	5,754
Transmission equipment	6,183	-	-	6,183
Other	19,375	-	(5,848)	13,527
Unclassified	26,714	9,631	(14,309)	22,036
Nuclear fuel	73,348	15,401	(9,686)	79,063
Total utility plant assets being depreciated	784,111	39,425	(35,667)	787,869
Less accumulated depreciation and amortization	(405,306)	(22,152)	16,462	(410,996)
Total utility plant assets being depreciated, net	378,805	17,273	(19,205)	376,873
Utility plant assets not being depreciated:				
Land	536	-	-	536
Construction work-in-progress	23,688	21,009	(10,614)	34,083
Total utility plant assets not being depreciated	24,224	21,009	(10,614)	34,619
Total capital assets, net	\$ 403,029	\$ 38,282	\$ (29,819)	\$ 411,492

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(5) Capital Assets – Continued

	December 31, 2022			Ending Balance
	Beginning Balance	Increase	Decrease	
Utility plant being depreciated:				
Structures and improvements	\$ 171,977	\$ 2,439	\$ (339)	\$ 174,077
Reactor plant equipment	289,491	9,515	(1,630)	297,376
Turbo generator units	76,642	663	(317)	76,988
Accessory electric equipment	65,297	1,470	(241)	66,526
Miscellaneous plant equipment	33,945	2,601	(558)	35,988
Station equipment	8,083	87	(634)	7,536
Transmission equipment	6,183	-	-	6,183
Other	19,832	30	(487)	19,375
Unclassified	29,384	14,019	(16,689)	26,714
Nuclear fuel	69,578	12,804	(9,034)	73,348
Total utility plant assets being depreciated	770,412	43,628	(29,929)	784,111
Less accumulated depreciation and amortization	(396,073)	(23,969)	14,736	(405,306)
Total utility plant assets being depreciated, net	374,339	19,659	(15,193)	378,805
Utility plant assets not being depreciated:				
Land	536	-	-	536
Construction work-in-progress	25,090	14,963	(16,365)	23,688
Total utility plant assets not being depreciated	25,626	14,963	(16,365)	24,224
Total capital assets, net	\$ 399,965	\$ 34,622	\$ (31,558)	\$ 403,029

Unclassified assets are in service and being depreciated but are not yet classified to specific plant accounts.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(5) Capital Assets – Continued

Nuclear fuel represents costs associated with acquiring and processing reload fuel assemblies as well as the cost of nuclear fuel in the reactor. Nuclear fuel is amortized based on burn rates using a unit of production basis. PMPA regularly removes fully amortized nuclear fuel costs when fuel batches are replaced during core refueling operations. Fully amortized fuel costs of \$9,686 and \$9,034 were removed during 2023 and 2022, respectively.

A summary of accumulated depreciation and amortization on December 31, 2023 and 2022 is as follows:

	2023	2022
Accumulated depreciation of utility plant assets	\$ 370,959	\$ 368,285
Accumulated amortization of nuclear fuel	40,037	37,021
	\$ 410,996	\$ 405,306

The depreciation charge for the year on PMPA’s generation plant has been determined based on revised estimated useful lives for these assets. The remaining estimated useful lives were revised to recognize a 19-year extension of the operating license for Catawba Unit 1 and a 17-year extension of the operating license for Catawba Unit 2 through 2043, which Duke received during 2003.

(6) Cash and Investments

On December 31, 2023, the carrying value of deposits included in cash was \$47. Insured and collateralized bank deposits were \$173 on December 31, 2023.

As of December 31, 2023, PMPA had the following investments (all are listed at fair value):

Investment Type	Time Segmented Distribution					Total
	Under 1 Year	1-2 Years	2-3 Years	3-4 Years	>4 Years	
Cash/Money Market	\$ 153,552	\$ -	\$ -	\$ -	\$ -	\$ 153,552
Government Agency	-	13,913	-	-	-	13,913
Government Treasury	15,701	40,721	40,454	38,001	33,071	167,948
Mortgage Backed Securities	-	-	-	-	252	252
Total fair value	\$ 169,253	\$ 54,634	\$ 40,454	\$ 38,001	\$ 33,323	\$ 335,665

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(6) Cash and Investments – Continued

On December 31, 2022, the carrying value of deposits included in cash was \$1,151. Insured and collateralized bank deposits were \$299 on December 31, 2022.

As of December 31, 2022, PMPA had the following investments (all are listed at fair value):

Investment Type	Time Segmented Distribution					Total
	Under 1 Year	1-2 Years	2-3 Years	3-4 Years	>4 Years	
Cash/Money Market	\$ 163,184	\$ -	\$ -	\$ -	\$ -	\$ 163,184
Government Agency	7,644	3,028	13,505	-	-	24,177
Government Treasury	-	45,152	26,894	30,409	27,760	130,215
Mortgage Backed Securities	-	30	101	151	18	300
Total fair value	\$ 170,828	\$ 48,210	\$ 40,500	\$ 30,560	\$ 27,778	\$ 317,876

Interest Rate Risk

Interest rate risk is the risk that rising interest rates will adversely affect the fair value of PMPA's investments. As outlined in PMPA's investment policy, investment maturities shall be less than 20 years and maturities shall be staggered in a way that avoids undue concentration in a specific maturity sector and provides for stability of income and reasonable liquidity.

Credit Risk

PMPA's investment policy for managing credit risk is in accordance with the statutes of the State of South Carolina. The policy allows for the investment of money in the following investments:

- a) Direct obligations of, or obligations for, which the principal and interest are unconditionally guaranteed by the United States or its Agencies.
- b) Direct and general obligations, to the payment of which the full faith and credit of the issuer is pledged, of the State of South Carolina or any political subdivision thereof that at the time of investment are assigned a rating of at least "A."
- c) Certificates of deposit issued by any bank, trust company, or national banking association whose principal place of business is in the State of South Carolina or that is a member of the Federal Reserve System and authorized to do business in any state of the United States.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(6) Cash and Investments – Continued

- d) Bills of exchange or time drafts drawn on and accepted by a domestic or foreign bank, otherwise known as Bankers' Acceptances, which are eligible for purchase by the Federal Reserve, the short-term commercial paper of which is rated in the highest category.
- e) Investments in repurchase agreements and reverse repurchase agreements with any bank, savings and loan association, credit union, or trust company organized under the laws of any state of the United States or any national banking association or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which are collateralized by securities as set forth in (a) and (b).

PMPA's investments in U.S. Agencies and U.S. Government Sponsored Enterprises, including Federal Home Loan Bank System, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation, are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. U.S. Treasury and Agency Mortgage-Backed Securities are unrated but are considered equivalent to an AAA rating.

The following represents securities in an unrealized loss position as of December 31, 2023:

<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
\$ 10,544	\$ (57)	\$ 92,439	\$ (5,121)	\$ 102,983	\$ (5,178)
<u>\$ 10,544</u>	<u>\$ (57)</u>	<u>\$ 92,439</u>	<u>\$ (5,121)</u>	<u>\$ 102,983</u>	<u>\$ (5,178)</u>

The following represents securities in an unrealized loss position as of December 31, 2022:

<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
\$ 12,547	\$ (530)	\$ 91,104	\$ (7,779)	\$ 103,651	\$ (8,309)
<u>\$ 12,547</u>	<u>\$ (530)</u>	<u>\$ 91,104</u>	<u>\$ (7,779)</u>	<u>\$ 103,651</u>	<u>\$ (8,309)</u>

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(6) Cash and Investments – Continued

Custodial Credit Risk

PMPA’s policy for managing custodial risk requires all securities owned by PMPA to be held in safekeeping by a third party custodian bank in PMPA’s name under a custody agreement. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, PMPA will not be able to recover the value of its investments or collateral that is in the possession of an outside party.

Concentration of Credit Risk

The investment policy of PMPA permits a maximum portfolio percentage of 100% for U.S. Treasuries, Federal Agencies and U.S. Government-sponsored enterprises and permits a maximum portfolio percentage of 50% in any one federal agency or government-sponsored enterprise.

As of December 31, 2023, 4.1% of the portfolio was held in Federal Agency bonds and 0.1% was held in Agency Mortgage-Backed Securities. As of December 31, 2022, 7.6% of the portfolio was held in Federal Agency bonds and 0.1% was held in Agency Mortgage-Backed Securities.

A reconciliation of cash and investments for PMPA on December 31, 2023 and 2022 shown in the statements of net position is as follows:

	<u>2023</u>	<u>2022</u>
Fair value of investments	\$ 335,665	\$ 317,876
Accrued interest receivable	886	602
Total	<u>\$ 336,551</u>	<u>\$ 318,478</u>
Statements of Net Position:		
Marketable debt securities	\$ 84,516	\$ 78,355
Restricted for debt services	124,255	126,691
Restricted for decommissioning	126,180	111,832
Restricted for other	1,600	1,600
Total investments, including accrued interest receivable	<u>\$ 336,551</u>	<u>\$ 318,478</u>

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(7) Restricted Assets

The General Bond Resolution and Project agreements restrict the use of bond proceeds, PMPA revenues, and PMPA funds on hand. Certain restrictions define the order in which available funds may be used to pay costs; other restrictions require minimum balances or accumulation of balances for specific purposes. On December 31, 2023 and 2022, management believes PMPA was in compliance with all such restrictions and held the following restricted assets:

	2023		2022	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Debt services - bond principal	\$ 64,562	\$ 64,562	\$ 65,388	\$ 65,388
Debt services - bond fixed rate interest	10,862	10,862	11,812	11,812
Debt service reserve	44,263	45,679	44,724	47,671
Reserve and contingency	4,568	4,568	4,767	4,767
Decommissioning	126,180	129,411	111,832	118,730
Special reserve	1,600	1,600	1,600	1,600
	\$ 252,035	\$ 256,682	\$ 240,123	\$ 249,968
Funds are comprised of:				
Marketable debt securities	\$ 251,149	\$ 255,796	\$ 239,521	\$ 249,366
Accrued interest receivable	886	886	602	602
	\$ 252,035	\$ 256,682	\$ 240,123	\$ 249,968

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(8) Net Costs Recoverable from Future Participant Billings

As described in Notes 1 and 2, rates charged to Participants are structured to systematically provide for debt requirements and operating costs of PMPA. The expenses and revenues excluded from rates are capitalized and expensed in such periods as they are intended to be included in rates.

Net costs recoverable from future Participant billings on December 31, 2023 and 2022 are as follows:

	2023	2022	Change
	(Cumulative totals)		
Items to be recovered in future Participant billings:			
Interest expense	\$ 509,088	\$ 494,783	\$ 14,305
Depreciation expense	411,681	408,061	3,620
Amortization of redemption and defeasance losses	366,125	361,891	4,234
Debt issuance costs and amortization of bond discounts and premiums	54,858	63,975	(9,117)
Nuclear fuel expenses	873	873	-
Letter of credit fees	5,649	5,649	-
Other	2,390	2,390	-
	1,350,664	1,337,622	13,042
Items reducing future Participant billings:			
Investment income	(76,528)	(76,528)	-
Reserve and contingency deposits	(117,840)	(117,840)	-
	(194,368)	(194,368)	-
Revenues (expenses) recognized:			
Interest, depreciation, amortization expense included in Participant billings for debt principal payments	(899,530)	(847,444)	(52,086)
Capital appreciation bond interest deposits	(37,735)	(25,426)	(12,309)
Reserve and contingency revenue applied to expenses	60,863	56,231	4,632
	(876,402)	(816,639)	(59,763)
Net costs recoverable from future Participant billings	\$ 279,894	\$ 326,615	\$ (46,721)

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(8) Net Costs Recoverable from Future Participant Billings – Continued

The following expenses will be recognized in future periods when rates charged to Participants produce revenues sufficient to retire the debt that funded those costs:

- Interest expense on PMPA’s bonds and variable rate demand obligations along with an associated letter of credit, banking, and remarketing fees (except interest and fees related to capital appreciation bonds) paid from bond proceeds during a defined “Construction Period” (net of income earned on the temporary investment of those bond proceeds);
- Interest expense on capital appreciation bonds accrued but not paid until maturity;
- Debt issuance expenses, amortization of bond discounts and premiums, defeasance losses, redemption losses, and organization costs paid from or included in bond proceeds;
- Depreciation on utility plant constructed with bond proceeds and amortization of nuclear fuel acquired with bond proceeds; and
- Certain other project costs paid from bond proceeds.

Additionally, PMPA’s General Bond Resolution requires Participant revenues to be established at levels sufficient to provide specified deposits into a Reserve and Contingency fund. Monies in that fund are used to construct or acquire utility plant assets. The recognition of such revenues is considered unearned until the depreciation is recorded on the assets constructed or acquired with those monies.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(9) Bonds Payable

Bonds payable, net on December 31, 2023 and 2022 consist of the following:

	<u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>2023</u>	<u>Due within one year</u>
1993 Refunding Series Electric Revenue Bonds, payable from 2023 to 2025 with interest at 5.38%	\$ 32,185	\$ -	\$ 425	\$ 31,760	\$ 450
2004A Capital Appreciation Electric Revenue Bonds, payable annually from 2023 to 2024, 2026 to 2032 and 2034 with interest ranging from 5.46% to 5.80%	95,091	-	8,230	86,861	6,531
2009B Electric Revenue Bonds (Build America Bonds), payable 2031 to 2034 with interest at 7.036% (35% interest federally refunded yielding net interest at 4.57%)	26,490	-	-	26,490	-
2012C Refunding Series Electric Revenue Bonds	4,485	-	4,485	-	-
2015A Series Electric Revenue Bonds, payable annually from 2023 to 2034 with interest ranging from 3.50% to 5.00%	50,460	-	5,165	45,295	5,425
2017A Series Electric Revenue Bonds, payable annually from 2024 to 2025 with interest at 5.00%	9,565	-	-	9,565	7,755
2017B Series Electric Revenue Bonds, payable annually from 2024 to 2025 with interest at 5.00%	22,625	-	-	22,625	19,135

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(9) Bonds Payable – Continued

	<u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>2023</u>	<u>Due within one year</u>
2021A Refunding Series Electric Revenue Bonds, payable annually from 2023 to 2025 with interest at 4.00%	\$ 38,870	\$ -	\$ 10,975	\$ 27,895	\$ 10,870
2021B Refunding Series Electric Revenue Bonds, payable annually from 2027 to 2034 with interest ranging from 4.00% to 5.00%	97,420	-	-	97,420	-
2021C Refunding Series Electric Revenue Bonds, payable annually from 2027 to 2034 with interest at 5.00%	90,520	-	-	90,520	-
2021D Refunding Series Electric Revenue Bonds, payable annually from 2026 to 2034 with interest at 4.00%	91,410	-	-	91,410	-
2021E Refunding Series Electric Revenue Bonds, payable annually from 2023 to 2025 with interest at 5.00%	<u>31,165</u>	<u>-</u>	<u>22,010</u>	<u>9,155</u>	<u>1,920</u>
Total bonds payable	590,286	-	51,290	538,996	52,086
Less unamortized discounts	(134)	-	(53)	(81)	-
Plus unamortized premiums	<u>54,091</u>	<u>-</u>	<u>9,170</u>	<u>44,921</u>	<u>-</u>
Bonds payable, net	<u>\$ 644,243</u>	<u>\$ -</u>	<u>\$ 60,407</u>	<u>\$ 583,836</u>	<u>\$ 52,086</u>

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(9) Bonds Payable – Continued

Bonds payable, net on December 31, 2022 and 2021 consist of the following:

	<u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>2022</u>	<u>Due within one year</u>
1993 Refunding Series Electric Revenue Bonds, payable from 2022 to 2025 with interest at 5.38%	\$ 32,590	\$ -	\$ 405	\$ 32,185	\$ 425
2004A Capital Appreciation Electric Revenue Bonds, payable annually from 2022 to 2024, 2026 to 2032 and 2034 with interest ranging from 5.38% to 5.80%	102,670	-	7,579	95,091	8,230
2009B Electric Revenue Bonds (Build America Bonds), payable 2031 to 2034 with interest at 7.036% (35% interest federally refunded yielding net interest at 4.57%)	26,490	-	-	26,490	-
2012C Refunding Series Electric Revenue Bonds, payable 2023 with interest at 4.25%	4,485	-	-	4,485	4,485
2015A Series Electric Revenue Bonds, payable annually from 2022 to 2034 with interest ranging from 3.50% to 5.00%	51,935	-	1,475	50,460	5,165
2017A Series Electric Revenue Bonds, payable annually from 2024 to 2025 with interest at 5.00%	9,565	-	-	9,565	-
2017B Series Electric Revenue Bonds, payable annually from 2024 to 2025 with interest at 5.00%	22,625	-	-	22,625	-

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(9) Bonds Payable – Continued

	<u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>2022</u>	<u>Due within one year</u>
2021A Refunding Series Electric Revenue Bonds, payable annually from 2022 to 2025 with interest ranging from 3.00% to 4.00%	\$ 55,370	\$ -	\$ 16,500	\$ 38,870	\$ 10,975
2021B Refunding Series Electric Revenue Bonds, payable annually from 2027 to 2034 with interest ranging from 4.00% to 5.00%	97,420	-	-	97,420	-
2021C Refunding Series Electric Revenue Bonds, payable annually from 2027 to 2034 with interest at 5.00%	90,520	-	-	90,520	-
2021D Refunding Series Electric Revenue Bonds, payable annually from 2026 to 2034 with interest at 4.00%	91,410	-	-	91,410	-
2021E Refunding Series Electric Revenue Bonds, payable annually from 2023 to 2025 with interest at 5.00%	31,165	-	-	31,165	22,010
Total bonds payable	616,245	-	25,959	590,286	51,290
Less unamortized discounts	(186)	-	(52)	(134)	-
Plus unamortized premiums	64,730	-	10,639	54,091	-
Bonds payable, net	<u>\$ 680,789</u>	<u>\$ -</u>	<u>\$ 36,546</u>	<u>\$ 644,243</u>	<u>\$ 51,290</u>

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(9) Bonds Payable – Continued

The bonds are special obligations of PMPA and are secured by future revenue and pledged monies and securities as provided by the Bond Resolution. Proceeds from these bonds provided financing for the construction of Catawba. The bonds are payable solely from electrical net revenues and are payable through 2034.

PMPA has advanced refunded certain bond issues as described in Note 10. PMPA is in compliance with its covenants under the Bond Resolution.

The following is a summary of bonds outstanding as of December 31, 2023. All principal payments are due on January 1 and are required to be deposited during the year prior.

<u>Payment Due 1/1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,086	\$ 33,334	\$ 85,420
2025	66,565	18,855	85,420
2026	27,065	56,245	83,310
2027	37,397	46,276	83,673
2028	37,863	45,807	83,670
2029-2033	239,457	178,784	418,241
2034	78,563	5,069	83,632
	<u>\$ 538,996</u>	<u>\$ 384,370</u>	<u>\$ 923,366</u>

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(10) Refunding and Defeasance of Debt

In prior years, PMPA defeased in-substance certain Electric Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust fund to provide for future debt service payments on the old debt. Accordingly, the trust account asset and the liability for the defeased bonds are not included in the accompanying financial statements. On December 31, 2023 and 2022, \$24,695 and \$25,030 of the bonds are considered defeased in-substance, respectively.

(11) Reserve for Decommissioning

The owners of Catawba, including PMPA, have an obligation to decommission the station after its operating licenses expire. Management believes PMPA complies with the Nuclear Regulatory Commission requirements for funding future decommissioning costs. Since 1985, PMPA has been making regular deposits to segregated decommissioning accounts. Deposits pertaining to contaminated portions of the Project are held by a trustee. As of December 31, 2023 and 2022, the fair value of PMPA's assets that are legally restricted for settling the decommissioning obligation is \$126,180 and \$111,832, respectively.

Planned deposits into the decommissioning fund, together with interest earnings, are expected to be sufficient to pay PMPA's share of the projected cost of decommissioning the entire Catawba Station.

During 2003, Duke received a 19-year extension of the operating license for Catawba Unit 1 and a 17-year extension of the operating license for Catawba Unit 2 through 2043. In connection with the license extensions, PMPA received an updated decommissioning study in 2003 and has subsequently received updated decommissioning studies in December 2008, 2013, 2018, and 2023. The latest study, as of December 2023, estimates total decommissioning costs of \$1,846,942 in 2023 dollars and presumes the Catawba Nuclear Station will be decommissioned as soon as possible following the expiration of its operating licenses in 2043. PMPA used the estimates from this study to determine its decommissioning liability in accordance with U.S. GAAP accounting for asset retirement obligations.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(11) Reserve for Decommissioning – Continued

PMPA used the following assumptions in determining its reserve for decommissioning:

	2023	2022
Period in which decommissioning liability was incurred	1985	1985
Agency’s share of decommissioning costs per study (in 2023 and 2018 dollars, respectively)	\$230,868	\$225,319
Estimation of inflation	2.75%	2.4%
Credit adjusted risk-free interest rate	3.0%	5.0%
Estimated life of corresponding asset	20 years	25 years

The following is a roll forward of the reserve for decommissioning for the years ended December 31, 2023 and 2022:

	2023	2022
Reserve for decommissioning at January 1	\$ 143,992	\$ 137,032
Decommissioning reserve accretion	7,313	6,960
Change in decommissioning liability due to updated cost study	(5,795)	-
Reserve for decommissioning at December 31	\$ 145,510	\$ 143,992

(12) Employee Benefit Plans

PMPA maintains a defined contribution money purchase plan in compliance with Section 401(a) of the IRC. On behalf of all full-time employees, PMPA contributes 10% of the base salary to the money purchase plan. PMPA contributions totaled \$179 and \$165 in 2023 and 2022, respectively. Employee contributions may also be made to the Plan, providing combined employer and employee annual contributions do not exceed 25% of eligible employee compensation, or \$30, whichever is less.

PMPA also maintains a deferred compensation plan under Section 457 of the IRC. In the past, on behalf of selected employees, PMPA has contributed to the deferred compensation plan; however, no such contribution was made in 2023 or 2022. Employee contributions may also be made to the deferred compensation plan providing combined employer and employee annual contributions do not exceed certain limitations.

Assets of the money purchase and deferred compensation plans are held by Empower Retirement, administrator, and trustee for PMPA, for the exclusive benefit of the employees.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

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(Dollars in thousands)

(13) Other Postemployment Benefits (“OPEB”)

PMPA’s Postemployment Benefit Plan (the “Plan”) provides other retiree medical benefits to qualified retirees. To qualify, a retiree must be 59½ years of age, have ten years of service and be an active employee of PMPA at the time of retirement. Medical benefits to qualified retirees are as follows: PMPA will maintain and pay up to 100% of premiums for group medical and dental insurance for each eligible retiree and up to 60% of premiums for the retiree’s dependent spouse and children for the retiree’s lifetime. After qualifying for Medicare, the covered individual will be covered under a supplemental insurance plan secondary to Medicare.

Membership in the healthcare benefit plan consisted of the following on December 31:

	2023	2022
Retirees	5	4
Active Employees	11	14
Total	16	18

Funding Policy

The required contribution is based on pay-as-you-go financing requirements.

Actuarial Assumptions and Other Inputs

The following actuarial assumptions and other inputs were used in calculating the OPEB liability for the years ended December 31, 2023 and 2022:

	2023	2022
Valuation date	December 31, 2023	December 31, 2021
Actuarial cost method	Entry age normal	Entry age normal
Discount rate	4.0% per annum	2.25% per annum
Salary increases	2.5% per annum	2.5% per annum
Mortality rates	1994 Group Annuity Mortality Static Table	1994 Group Annuity Mortality Static Table
Healthcare trend rates (Medical)	7% grading to 5.6% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% by 2075	6% grading to 5.5% over 2 years and following the Getzen model thereafter to an ultimate rate of 4.04% by 2075
Healthcare trend rates (Vision)	5% per annum	5% per annum
Participation rates	100% of active participants are assumed to elect coverage in retirement 50% of active participants are assumed to cover a spouse in retirement	100% of active participants are assumed to elect coverage in retirement 50% of active participants are assumed to cover a spouse in retirement

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

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(Dollars in thousands)

(13) Other Postemployment Benefits (“OPEB”) – Continued

The following is a schedule of changes in the OPEB liability for the years ended December 31, 2023 and 2022:

	2023	2022
OPEB liability at January 1	\$ 2,123	\$ 1,983
Service cost	118	115
Interest	50	46
Experience gains	(24)	-
Changes of assumptions	(599)	-
Benefit paid	(29)	(21)
OPEB liability at December 31	\$ 1,639	\$ 2,123

The following table represents the net OPEB liability calculated using the stated medical trend assumption, as well as what the net OPEB liability would be if it were calculated using a medical trend rate that is one percentage point lower or one percentage point higher than the assumed medical trend rate.

	Medical Trend Rate		
	1% Decrease (6.0% to 4.6% over 3 years following Getzen model thereafter)	Current (7.0% to 5.6% over 3 years following Getzen model thereafter)	1% Increase (8.0% to 6.6% over 3 years following Getzen model thereafter)
OPEB Liability	\$1,298	\$1,639	\$1,887

The following table represents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate.

	Discount Rate		
	1% Decrease (3.0%)	Current (4.0%)	1% Increase (5.0%)
OPEB Liability	\$1,970	\$1,639	\$1,375

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(13) Other Postemployment Benefits (“OPEB”) – Continued

OPEB Expense and Deferred Outflows of Resources Related to OPEB

Experience gains or losses as well as changes in actuarial assumptions are recognized over the average working lifetime of all participants, which is 7.4 years and 8.1 years for the years ended December 31, 2023 and 2022, respectively. The following table summarizes OPEB expense for the years ended December 31, 2023 and 2022:

	2023	2022
Service cost	\$ 118	\$ 115
Interest	50	47
Experience gains	(3)	-
Changes of assumptions	(82)	-
Amortization of deferrals	112	112
Total OPEB expense	\$ 195	\$ 274

On December 31, 2023, the deferred inflows of resources related to OPEB was \$188. On December 31, 2022, the deferred outflows of resources was \$463. The deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Year ending December 31,</u>			
2024	\$	28	
2025		28	
2026		(24)	
2027		(54)	
2028		(54)	
Thereafter		(112)	
	\$	(188)	

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(14) Disclosures Regarding Fair Value of Financial Instruments

U.S. GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of net position, for which it is practicable to estimate fair value. Fair value estimates are made as of a specific point in time based on the characteristics of the financial instruments and the relevant market information. Where available, quoted market prices are used. In other cases, fair values are based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, prepayments, estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates. Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may or may not be realized in an immediate sale of the instrument.

Under U.S. GAAP, fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of the assets and liabilities that are not financial instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of PMPA.

The following describes the methods and assumptions used by PMPA in determining carrying value and estimated fair value of financial instruments:

(a) Cash

Carrying value equals estimated fair value.

(b) Marketable Debt Securities

Marketable debt securities are reported at fair value and categorized within the fair value hierarchy established under U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Gains or losses that result from market fluctuation are reported in the current period. As of December 31, 2023 and 2022, the Agency's investments included money market investments of \$153,552 and \$163,184, respectively, which were valued at amortized cost approximate fair value, and marketable debt securities of \$182,113 and \$154,692, respectively, which were valued at fair value using significant other observable inputs (Level 2 inputs).

(c) Participant Accounts Receivable and Other Accounts Receivable

Carrying amount approximates fair value due to the short-term nature of these instruments.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(14) Disclosures Regarding Fair Value of Financial Instruments – Continued

(d) Long-Term Debt

Carrying value of long-term debt coupon securities includes par, less unaccreted discounts, plus unamortized premiums, plus accrued interest payable. Carrying value also includes capital appreciation term bonds valued at the original price plus accrued interest payable.

The estimated fair value of long-term debt securities is derived from quoted market prices and includes accrued interest.

The estimated fair values of PMPA’s long-term debt with carrying amount on December 31, 2023 and 2022 are as follows:

	2023		2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
1993 Electric Revenue Refunding Bonds	\$ 32,567	\$ 33,363	\$ 32,955	\$ 34,549
2004A-2 Electric Revenue Refunding Bonds	260,078	288,621	267,932	297,027
2009B Build America Bonds	27,422	30,892	27,422	31,159
2012C Electric Revenue Refunding Bonds	-	-	4,580	4,580
2015A Electric Revenue Refunding Bonds	47,825	47,163	53,687	53,307
2017A Electric Revenue Refunding Bonds	9,843	9,841	10,073	10,030
2017B Electric Revenue Refunding Bonds	23,286	23,261	23,946	23,709
2021A Electric Revenue Refunding Bonds	29,062	28,631	41,219	40,059
2021B Electric Revenue Refunding Bonds	116,555	108,120	119,163	107,241
2021C Electric Revenue Refunding Bonds	105,681	98,689	107,640	99,771
2021D Electric Revenue Refunding Bonds	105,844	97,929	107,552	97,074
2021E Electric Revenue Refunding Bonds	9,710	9,530	32,686	32,274
	\$ 767,873	\$ 776,040	\$ 828,855	\$ 830,780

The carrying amount of the bond is net of all discounts, premiums, and accrued interest on capital appreciation bonds.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

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(Dollars in thousands)

(15) Nuclear Insurance and Other Risk Management

Nuclear Insurance. Duke owns and operates McGuire with two nuclear reactors. In addition, Duke operates and has a partial ownership interest in Catawba with two nuclear reactors. Nuclear insurance coverage is maintained in three program areas: nuclear liability coverage; property, decontamination and premature decommissioning coverage; and business interruption and/or extra expense coverage. The other joint owners of Catawba reimburse Duke for certain expenses associated with nuclear insurance premiums per the Catawba joint owner agreements. The Price-Anderson Act requires Duke to provide for public nuclear liability claims resulting from nuclear incidents to the maximum total financial protection liability. The maximum total financial protection liability, which currently is \$13,700,000, is subject to change every five years for inflation and for the number of licensed reactors.

Primary Liability Insurance. Duke has purchased the maximum reasonably available private primary nuclear liability insurance as required by law, which currently is \$450,000 per station.

Excess Liability. This policy currently provides \$13,200,000 of coverage through the Price-Anderson Act's mandatory industry-wide excess secondary financial protection program of risk pooling. The \$13,200,000 of coverage is the product of the current potential cumulative retrospective premium assessments of \$138,000 times the current 96 licensed commercial nuclear reactors in the U.S. Under this program, operating unit licensees could be assessed retrospective premiums to compensate for public nuclear liability damages in the event of a nuclear incident at any licensed facility in the U.S. Retrospective premiums may be assessed at a rate not to exceed \$20,500 per year per licensed reactor for each incident. The assessment may be subject to state premium taxes.

Duke is a member of Nuclear Electric Insurance Limited ("NEIL"), which provides property and accidental outage insurance coverage for Duke's nuclear facilities under the following two policy programs:

Accidental Property Damage, Nuclear Accident Decontamination and Premature Decommissioning Liability Insurance. This policy has limits of \$1,500,000 for Catawba and McGuire. Catawba has a dedicated \$1,250,000 of additional nuclear accident insurance limit above their dedicated underlying limit. McGuire also shares an additional \$1,250,000 nuclear accident insurance limit above their underlying limit with other nuclear stations. This shared limit is not subject to reinstatement in the event of a loss. Catawba also has an additional \$750,000 of non-nuclear accidental property damage limit.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(15) Nuclear Insurance and Other Risk Management – Continued

Accidental Outage Insurance. This policy provides some coverage, similar to business interruption, for losses in the event of a major accident property damage outage of a nuclear unit. Coverage is provided on a weekly limit basis after a significant waiting period deductible and at 100% of the applicable weekly limits for 52 weeks and 80% of weekly limits for up to the next 110 weeks. Coverage is provided until these applicable weekly periods are met, where the accidental outage policy limit will not exceed \$490,000 for Catawba and McGuire. NEIL sub-limits the accidental outage recovery up to the first 104 weeks of coverage not to exceed \$328,000 from non-nuclear accidental property damage. Coverage amounts decrease in the event that more than one unit at a station is out of service due to a common accident. All coverages are subject to sublimits and deductibles.

Losses resulting from acts of terrorism are covered as a common occurrence, such that if terrorist acts occur against one or more commercial nuclear power plants insured by NEIL within a 12-month period, they would be treated as one event and the owners of the plants, where the acts occurred, would share one full limit of liability (currently \$3,200,000). NEIL sub-limits the total aggregate for all of their policies for non-nuclear terrorist events to approximately \$1,800,000.

In the event of NEIL losses, NEIL's Board of Directors may assess companies' retroactive premiums of amounts up to ten times their annual premiums for up to six years after a loss. NEIL has never exercised this assessment. The maximum aggregate annual retrospective premium obligations for Duke are \$151,000.

Pursuant to regulations of the Nuclear Regulatory Commission, each company's property damage insurance policies provide that all proceeds from such insurance be applied, first, to place the plant in a safe and stable condition after a qualifying accident and second, to decontaminate before any proceeds can be used for decommissioning, plant repair or restoration.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered by other sources, could have a material adverse effect on Duke's results of operations, cash flows or financial position.

The maximum assessment amounts include 100% of Duke's potential obligation to NEIL for Catawba. However, the other joint owners of Catawba are obligated to assume their pro rata share of liability for retrospective premiums and other premium assessments resulting from the Price-Anderson Act's excess secondary financial protection program of risk pooling or the NEIL policies.

PIEDMONT MUNICIPAL POWER AGENCY

Notes to Financial Statements

December 31, 2023 and 2022

(Dollars in thousands)

(15) Nuclear Insurance and Other Risk Management – Continued

PMPA also carries building and personal property insurance for the administrative offices, health insurance for all active employees, and workers' compensation insurance in accordance with statutory requirements. The policy limit for the building and personal property insurance is \$6,581.

(16) Commitments and Contingencies

The Agency is subject to lawsuits, claims, investigations, and proceedings, which arise in the ordinary course of business. If management believes that a loss arising from these matters is probable and can be reasonably estimated, a loss is recorded. As additional information becomes available, these matters are assessed and the estimates are revised, if necessary. Based on the currently available information, management believes the ultimate outcome of these matters, individually and in the aggregate, will not have a material, adverse effect on the Agency's business, financial condition, or results of operation.

In 2019, PMPA was named a defendant in a lawsuit by two Participants with respect to the allocation of costs amongst all Participants. In January 2024, the lawsuit was settled with two Participants receiving a combined cash payment of \$55 million, of which \$10 million is to be paid by PMPA out of working capital funds and \$45 million is to be paid by the remaining eight Participants. The \$45 million cash payment is contingent upon PMPA securing financing, on behalf of the remaining eight participants, and will be included in PMPA's financial statements once the financing is secured. Because PMPA's portion of the settlement was reasonably estimable and probable on December 31, 2023, PMPA has included a \$10 million settlement liability in the accompanying statements of financial position and a related \$10 million expense included in other nonoperating expenses in the accompanying statements of revenues, expenses and changes in net position. The financing associated with the \$45 million cash payment will be excluded from PMPA's wholesale rates and net costs recoverable from future Participant billings, and will be paid by the remaining eight Participants during the life of the to be acquired financing.

In July 2023, PMPA was named a defendant in a lawsuit by a Participant regarding the terms of the Project Sales Agreements. The lawsuit seeks a declaratory judgment regarding final accounting procedures set forth within the Project Sales Agreements. The impact of this lawsuit, if any, on the PMPA financial statements is currently unknown and no provision for this litigation has been made in the accompanying financial statements.

(17) Subsequent Events

As referenced in Note 16, PMPA entered into a settlement agreement in January 2024 related to the lawsuit filed by two Participants with regards to the allocation of costs amongst all Participants. The associated \$10 million settlement liability, accrued at December 31, 2023, was paid in February 2024.

SUPPLEMENTARY INFORMATION

PIEDMONT MUNICIPAL POWER AGENCY

Schedule of Revenues and Expenses Actual and Budget

Per the Bond Resolution and Other Agreements

Year Ended December 31, 2023

(Dollars in thousands)

	Actual Revenues and Expenses	Budgeted Revenues and Expenses	Actual Over (Under) Budget
Revenue:			
Sales of electricity to Participants	\$ 220,132	\$ 231,379	\$ (11,247)
Sales of electricity to Duke	11,200	12,136	(936)
Sales of electricity to Others	6,212	3,222	2,990
Interest income	7,230	7,248	(18)
Other	1,421	1,572	(151)
Total Revenue	\$ 246,195	\$ 255,557	\$ (9,362)
Expenses:			
Catawba operating expenses:			
Operation and maintenance	\$ 24,837	\$ 27,470	\$ (2,633)
Nuclear fuel amortization	12,702	13,048	(346)
Purchased power-Duke	11,349	12,656	(1,307)
Payments in lieu of taxes	9,882	8,406	1,476
Purchased power:			
Supplemental Suppliers	17,727	28,831	(11,104)
Participants	13,401	14,297	(896)
Other	2,497	2,499	(2)
Transmission services	8,861	9,142	(281)
Distribution services	608	600	8
Administrative and general:			
Agency	5,922	5,980	(58)
Duke	9,750	10,577	(827)
Other	15,164	6,215	8,949
Special fund deposits(withdrawals):			
Bond fund:			
Deposits from revenues	85,421	85,420	1
Decommissioning fund:			
Deposits from revenue	9,237	9,237	-
Interest income(1)	1,444	1,018	426
Revenue fund:			
Working capital	(1,421)	(2,441)	1,020
Net change in fair market value	(5)	-	(5)
Fuel	(15,401)	(16,370)	969
Debt service reserve release	(2,190)	(4,561)	2,371
Plant additions:			
Generation plant	20,863	25,253	(4,390)
General plant	46	55	(9)
Transmission plant	47	1,725	(1,678)
LDMSS/SCADA	53	130	(77)
Fuel acquisitions	15,401	16,370	(969)
Total Expenses	\$ 246,195	\$ 255,557	\$ (9,362)

(1) Included in "Revenue: Interest Income."

PIEDMONT MUNICIPAL POWER AGENCY

Schedule of Revenues and Expenses

Per the Bond Resolution and Other Agreements

Year Ended December 31, 2023

(Dollars in thousands)

	FUNDS						
	Revenue	Operating	Bond		Reserve Contingency	Decommission	Supplemental Power
	Working Capital	Fuel Account	Principal Interest Retirement	Reserve			
Balances at beginning of year:							
Assets	\$ 109,248	\$ 7,885	\$ 77,200	\$ 44,724	\$ 4,767	\$ 111,832	\$ 1,600
Liabilities	(11,877)	-	-	-	-	-	-
Net	97,371	7,885	77,200	44,724	4,767	111,832	1,600
Project revenues:							
Participants-Electric	(1) 220,132						
-Facilities rent	(1) 339						
-Other	(1) 1,082						
Duke Power-Electric	(1) 11,200						
Other-Surplus Electric	(1) 6,212						
Interest income	(1) 5,786					1,444	
Project costs:							
Operations and maintenance	(2) (24,837)						
Nuclear fuel amortization	(3) (12,702)	12,702					
Purchased power-Duke	(2) (11,349)						
Decommissioning	(3) (9,237)					9,237	
Administrative and general	(2) (14,155)						
Payments in lieu of taxes	(2) (9,759)						
Other	(2) (15,164)						
Debt service	(3) (83,231)		86,035	(1,991)	(199)		
Supplemental power costs:							
Purchased power:							
-Supplemental Suppliers	(2) (17,727)						
-Participants	(2) (13,401)						
-Other	(2) (2,497)						
Transmission services	(2) (8,861)						
Distribution services	(2) (608)						
Administrative and general	(2) (1,517)						
Payments in lieu of taxes	(2) (123)						
Other fund changes:							
Net change in fair market value	5			1,530		3,667	
Payments:							
Capital additions	(2) (21,009)	(15,401)	(87,811)				
Balances at December 31, 2023	\$ 95,950	\$ 5,186	\$ 75,424	\$ 44,263	\$ 4,568	\$ 126,180	\$ 1,600
Assets	117,839						
Liabilities	(21,889)						
	\$ 95,950						

- (1) Deposited in appropriate fund
- (2) Paid to third parties
- (3) Transfers between funds