

EXECUTIVE SUMMARY

First Quarter 2018 Compared to 2017

The financial results for the first quarter of 2018 showed no change in income before transfers compared to the same period last year.

Operating revenue increased \$66 million as compared to the same period in 2017. The primary driver for this was higher energy sales primarily from cold weather attributable to January's winter storm Grayson. This quarter, kWh sales were up 10% from last year, primarily in Retail, Industrial and Wholesale categories. Degree days were up 43% from the same quarter last year.

Operating expense for the first quarter of 2018 was up \$39 million. The main contributor was higher fuel and purchased power expense due to higher kWh sales, higher natural gas prices associated with winter storm Grayson and replacement energy for unit outages. Smaller variances were spread among the remaining cost categories.

Interest expense was \$27 million higher compared to last year due to the 2017 cessation of capitalized interest associated with V.C. Summer nuclear units 2 and 3.

Other revenue (expense) change was due to lower interest income in the current quarter.

Costs to be Recovered from Future Revenue (CTBR) was lower by \$700,000 compared to last year.

Combined Statements of Net Position
As of March 31, 2018 and December 31, 2017
Millions of Dollars
Unaudited

	March 31, 2018	December 31, 2017
Current assets		
Unrestricted funds	\$1,514.0	\$1,472.5
Restricted funds	231.0	234.7
Fuel inventory	366.3	414.7
Other current assets	447.3	496.5
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Total current assets	2,558.6	2,618.4
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Noncurrent assets		
Total utility plant - net	4,809.5	4,800.4
Cost to be recovered	229.5	229.9
Regulatory asset - ARO	700.2	694.0
Regulatory assets	4,242.2	4,248.5
Other noncurrent assets	349.9	369.5
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Total noncurrent assets	10,331.3	10,342.3
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Deferred outflows of resources	233.0	239.7
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Total assets & deferred outflows	\$13,122.9	\$13,200.4
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Current liabilities		
Current debt and interest	\$553.8	\$462.4
Other current liabilities	239.7	401.5
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Total current liabilities	793.5	863.9
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Noncurrent liabilities		
Pension liability	340.4	338.8
Asset retirement obligation liability	728.2	730.0
Long-term debt-net	7,884.3	7,897.1
Other noncurrent liabilities	106.9	114.2
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Total noncurrent liabilities	9,059.8	9,080.1
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Deferred inflows of resources	1,133.4	1,135.1
Total net position	2,136.2	2,121.3
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Total liabilities & deferred inflows	\$13,122.9	\$13,200.4
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Combined Statements of Revenues, Expenses and Changes in Net Position

Millions of Dollars

Unaudited

	<i>Current Quarter</i>		<i>12 Months to Date</i>	
	Jan 1 - Mar 31		Apr 1 - Mar 31	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Operating revenue	\$472.5	\$406.6	\$1,822.9	\$1,736.7
O&M expense	305.4	268.6	1,208.3	1,181.0
Depreciation & sums in lieu of taxes	47.5	45.2	188.0	181.7
Operating expense	352.9	313.7	1,396.3	1,362.7
Operating Income	\$119.6	\$92.9	\$426.6	\$374.0
Nonoperating revenues (expenses)				
Interest charges	(88.0)	(61.2)	(299.7)	(237.1)
Other revenues (expenses)	(7.2)	(6.6)	(14.5)	(15.4)
Costs to be recovered	(0.4)	(1.1)	(3.6)	(6.1)
Total nonoperating revenues (expenses)	(95.6)	(68.9)	(317.8)	(258.6)
Income before transfers	\$24.0	\$24.0	\$108.8	\$115.4