

## **EXECUTIVE SUMMARY**

### **First Quarter 2019 Compared to 2018**

The financial results for the first quarter of 2019 showed an increase in income before transfers of \$33.1 million as compared to the same period last year.

Operating revenue decreased \$66.3 million as compared to the same period in 2018. The primary drivers for this were lower energy sales (8%), demand usage (5%) and lower fuel rate revenues. These decreases were because of colder weather in 2018, from January's winter storm Grayson, as well as 2018 being the final year in which 150 MW's of Central's Upstate Load was transitioned to Duke Energy Carolinas. Overall since 2013 a total of 900 MW's was transferred from Central's Upstate Load to Duke Energy Carolinas. Somewhat offsetting these decreases were impacts between the 2018 and 2019 Central Cost of Service adjustment due to a 2018 final adjustment booked in March 2019. The drivers for this adjustment were attributed to a fuel adjustment and updates for 2018 Net Plant.

Operating expense for the first quarter of 2019 decreased \$61.5 million primarily due to lower fuel and purchased power from lower kWh sales, lower commodity prices than prior year and a shift in generation mix. Natural gas prices were driven higher in the previous year because of winter storm Grayson.

Interest expense was \$3.4 million lower as compared to the same period last year resulting from the 2018 defeasance.

Other revenue (expense) change of \$31.3 million resulted mainly from the amortization of the Toshiba Regulatory Liability. The 2019 amortization aligns with the utilization of settlement funds for current year maturities associated with the 2018 debt defeasance.

**Combined Statements of Net Position**  
As of March 31, 2019 and December 31, 2018  
Millions of Dollars  
*Unaudited*

	March 31, 2019	December 31, 2018
<b>Current assets</b>		
Unrestricted funds	\$847.5	\$949.9
Restricted funds	148.6	72.3
Fuel inventory	242.5	234.1
Other current assets	398.6	470.0
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<b>Total current assets</b>	<b>1,637.2</b>	<b>1,726.3</b>
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<b>Noncurrent assets</b>		
Total utility plant - net	5,045.3	5,027.2
Cost to be recovered	228.4	225.6
Regulatory asset - ARO	710.8	710.3
Regulatory assets-OPEB	153.2	153.2
Regulatory assets-nuclear	4,218.1	4,220.9
Other noncurrent assets	359.5	362.3
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<b>Total noncurrent assets</b>	<b>10,715.3</b>	<b>10,699.5</b>
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Deferred outflows of resources	228.9	239.5
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<b>Total assets &amp; deferred outflows</b>	<b>\$12,581.4</b>	<b>\$12,665.3</b>
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<b>Current liabilities</b>		
Current debt and interest	\$413.2	\$370.0
Other current liabilities	214.9	330.9
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<b>Total current liabilities</b>	<b>628.1</b>	<b>700.9</b>
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<b>Noncurrent liabilities</b>		
Pension liability	339.8	338.1
Asset retirement obligation liability	713.7	716.7
Long-term debt-net	7,318.3	7,355.6
Other noncurrent liabilities	289.9	290.2
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<b>Total noncurrent liabilities</b>	<b>8,661.7</b>	<b>8,700.6</b>
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Deferred inflows of resources	945.9	966.3
Total net position	2,345.7	2,297.5
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<b>Total liabilities &amp; deferred inflows</b>	<b>\$12,581.4</b>	<b>\$12,665.3</b>
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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>	
	<i>Jan 1 - Mar 31</i>		<i>Apr 1 - Mar 31</i>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Operating revenue	\$406.2	\$472.5	\$1,740.3	\$1,822.9
O&M expense	245.5	305.4	\$1,148.6	\$1,208.3
Depreciation & sums in lieu of taxes	45.9	47.5	\$190.0	\$188.0
Operating expense	291.4	352.9	1,338.6	1,396.3
Operating Income	\$114.8	\$119.6	\$401.7	\$426.6
Nonoperating revenues (expenses)				
Interest charges	(84.6)	(88.0)	(\$374.4)	(\$299.7)
Other revenues (expenses)	24.1	(7.2)	\$200.5	(\$14.5)
Costs to be recovered	2.8	(0.4)	(\$1.1)	(\$3.6)
Total nonoperating revenues (expenses)	(57.7)	(95.6)	(175.0)	(317.8)
Income before transfers	<b>\$57.1</b>	<b>\$24.0</b>	<b>\$226.7</b>	<b>\$108.8</b>