

EXECUTIVE SUMMARY

Third Quarter 2018 Compared to 2017

The financial results for the third quarter of 2018 showed an increase in income before transfers of \$13.1 million as compared to the same period last year.

Operating revenue increased \$3.1 million as compared to the same period in 2017. The primary driver for this was 3% higher kWh sales. Lower fuel rate revenues somewhat offset this increase. Degree days were up 9% from the same quarter last year.

Operating expense for the second quarter of 2018 was up primarily due to higher non-fuel generation of \$7.5 million resulting from higher labor, contract services and V.C. Summer nuclear expenses. Smaller variances were spread among the remaining cost categories.

Interest expense was \$27.1 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 of \$44.4 million resulted from the amortization of Toshiba Regulatory Assets due to utilizing settlement funds to fund debt defeasance and capital expenditures.

Combined Statements of Net Position
As of September 30, 2018 and December 31, 2017
Millions of Dollars
Unaudited

	September 30, 2018	December 31, 2017
Current assets		
Unrestricted funds	\$1,072.9	\$1,472.5
Restricted funds	161.1	234.7
Fuel inventory	267.1	414.7
Other current assets	487.3	496.5
	-----	-----
Total current assets	1,988.4	2,618.4
	-----	-----
Noncurrent assets		
Total utility plant - net	4,912.7	4,800.4
Cost to be recovered	227.8	229.9
Regulatory asset - ARO	712.6	694.0
Regulatory assets - Nuclear & Deferred Int	4,245.0	4,248.5
Other noncurrent assets	343.4	369.5
	-----	-----
Total noncurrent assets	10,441.5	10,342.3
	-----	-----
Deferred outflows of resources	241.1	239.7
	-----	-----
Total assets & deferred outflows	\$12,671.0	\$13,200.4
	=====	=====
Current liabilities		
Current debt and interest	\$382.0	\$462.4
Other current liabilities	259.8	401.5
	-----	-----
Total current liabilities	641.8	863.9
	-----	-----
Noncurrent liabilities		
Pension liability	343.7	338.8
Asset retirement obligation liability	724.6	730.0
Long-term debt-net	7,532.5	7,897.1
Other noncurrent liabilities	111.1	114.2
	-----	-----
Total noncurrent liabilities	8,711.9	9,080.1
	-----	-----
Deferred inflows of resources	1,020.6	1,135.1
Total net position	2,296.7	2,121.3
	-----	-----
Total liabilities & deferred inflows	\$12,671.0	\$13,200.4
	=====	=====

Combined Statements of Revenues, Expenses and Changes in Net Position

Millions of Dollars

Unaudited

	<i>Current Quarter</i>		<i>12 Months to Date</i>	
	Jul 1 - Sep 30		Oct 1 - Sep 30	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Operating revenue	\$514.6	\$511.5	\$1,814.2	\$1,736.3
O&M expense	315.1	307.9	1,208.3	1,158.7
Depreciation & sums in lieu of taxes	47.7	47.4	189.6	184.1
Operating expense	362.8	355.3	1,397.9	1,342.8
Operating Income	\$151.8	\$156.2	\$416.3	\$393.5
Nonoperating revenues (expenses)				
Interest charges	(80.3)	(53.2)	(353.3)	(259.1)
Other revenues (expenses)	31.3	(13.1)	107.3	(11.9)
Costs to be recovered	(1.0)	(1.2)	(2.9)	(5.1)
Total nonoperating revenues (expenses)	(50.0)	(67.5)	(248.9)	(276.1)
Income before transfers	\$101.8	\$88.7	\$167.4	\$117.4