

EXECUTIVE SUMMARY

Third Quarter 2019 Compared to 2018

The financial results for the third quarter of 2019 showed a decrease in income before transfers of \$16.8 million as compared to the same period last year.

Operating revenue decreased over the same period in 2018 primarily due to lower fuel rate revenues.

Operating expense for the third quarter of 2019 decreased \$5.3 million as compared to prior year mainly due to lower net fuel and purchased power expense from lower prices in the energy markets, lower commodity prices than prior year and a shift in generation mix.

Interest expense was \$3.1 million lower as compared to the same period last year resulting from the 2018 defeasance.

Other revenue (expense) change of \$18.3 million resulted mainly from the current year amortization of the regulatory assets-nuclear. This amortization was to align with impacts from the 2018 debt defeasance.

Combined Statements of Net Position
As of September 30, 2019 and December 31, 2018
Millions of Dollars
Unaudited

| | September 30, 2019 | December 31, 2018 |
|---|-----------------------|----------------------|
| Current assets | | |
| Unrestricted funds | \$805.0 | \$949.9 |
| Restricted funds | 185.1 | 72.3 |
| Fuel inventory | 222.0 | 234.1 |
| Other current assets | 544.5 | 470.0 |
| | ----- | ----- |
| Total current assets | 1,756.6 | 1,726.3 |
| | ----- | ----- |
| Noncurrent assets | | |
| Total utility plant - net | 5,063.2 | 5,027.2 |
| Cost to be recovered | 233.6 | 225.6 |
| Regulatory asset - ARO | 703.2 | 710.3 |
| Regulatory assets-OPEB | 153.2 | 153.2 |
| Regulatory assets-nuclear | 4,103.1 | 4,220.9 |
| Other noncurrent assets | 350.9 | 362.3 |
| | ----- | ----- |
| Total noncurrent assets | 10,607.2 | 10,699.5 |
| | ----- | ----- |
| Deferred outflows of resources | 241.1 | 239.5 |
| | ----- | ----- |
| Total assets & deferred outflows □ | \$12,604.9 | \$12,665.3 |
| | ===== | ===== |
| Current liabilities | | |
| Current debt and interest | \$402.6 | \$370.0 |
| Other current liabilities | 260.3 | 330.9 |
| | ----- | ----- |
| Total current liabilities | 662.9 | 700.9 |
| | ----- | ----- |
| Noncurrent liabilities | | |
| Net Pension liability | 343.8 | 338.1 |
| Net OPEB liability | 174.0 | 172.8 |
| Asset retirement obligation liability | 706.0 | 716.7 |
| Long-term debt-net | 7,298.3 | 7,355.6 |
| Other noncurrent liabilities | 105.3 | 117.4 |
| | ----- | ----- |
| Total noncurrent liabilities | 8,627.4 | 8,700.6 |
| | ----- | ----- |
| Deferred inflows of resources | 856.1 | 966.3 |
| Total net position | 2,458.5 | 2,297.5 |
| | ----- | ----- |
| Total liabilities & deferred inflows □ | \$12,604.9 | \$12,665.3 |
| | ===== | ===== |

Combined Statements of Revenues, Expenses and Changes in Net Position

Millions of Dollars

Unaudited

| | <i>Current Quarter Jul 1 - Sep 30</i> | | <i>12 Months to Date Oct 1 - Sep 30</i> | |
|--|---|-----------------------|---|-----------------------|
| | <u>This Year</u> | <u>Last Year</u> | <u>This Year</u> | <u>Last Year</u> |
| Operating revenue | \$504.2 | \$514.6 | \$1,730.8 | \$1,814.2 |
| O&M expense | \$305.3 | \$315.1 | \$1,123.9 | \$1,208.3 |
| Depreciation & sums in lieu of taxes | \$52.2 | \$47.7 | \$197.4 | \$189.6 |
| Operating expense | 357.5 | \$362.8 | 1,321.3 | 1,397.9 |
| Operating Income | <u>\$146.7</u> | <u>\$151.8</u> | <u>\$409.5</u> | <u>\$416.3</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest charges | (\$87.5) | (\$90.6) | (\$350.2) | (\$339.4) |
| Other revenues (expenses) | \$23.2 | \$41.5 | \$114.3 | \$93.4 |
| Costs to be recovered | \$2.5 | (\$1.0) | \$5.7 | (\$2.9) |
| Total nonoperating revenues (expenses) | <u>(61.8)</u> | <u>(\$50.1)</u> | <u>(230.2)</u> | <u>(248.9)</u> |
| Income before transfers | <u>\$84.9</u> | <u>\$101.7</u> | <u>\$179.3</u> | <u>\$167.4</u> |