

EXECUTIVE SUMMARY

Third Quarter 2020 Compared to 2019

The financial results for the third quarter of 2020 showed a decrease in income before transfers of \$6.8 million as compared to the same period last year.

Operating revenue decreased \$16.5 million over the same period in 2019 due to lower fuel rate revenues and impacts from the Central Cost of Service adjustment due to a 7-month adjust to actual instead of the 12-month adjust to actual for which Accounting had been accruing. This was done in anticipation of the rate freeze going into effect August 1st. Slightly lower energy and demand sales also contributed to the decrease and were largely the result of impacts from the COVID-19 pandemic.

Operating expense for the third quarter of 2020 increased \$4.2 million over the same period in 2019, primarily due to higher depreciation from new rates being implemented in 2020 as well as assets being placed into service in the current year.

Interest expense decreased \$8.3 million over the same period in 2019 as a result of the 2018 and 2019 defeasances, and an overall lower cost of debt between the respective periods.

Other revenue (expense) increase of \$6.8 million resulted from lower net amortization of the regulatory inflows-Toshiba settlement over the regulatory asset as well as income from the sale of a reactor coolant pump to Southern Company. This amortization was to align with the utilization of settlement funds for current year maturities associated with the 2018 and 2019 debt defeasances.

Costs to be recovered (CTBR) income decreased \$1.2 million over the same period in 2019. This was due to higher depreciation in 2020 as compared to 2019, primarily due to a depreciation rate change on CTBR assets.

Combined Statements of Net Position
As of September 30, 2020 and December 31, 2019
Millions of Dollars
Unaudited

	September 30, 2020	December 31, 2019
Current assets		(Restated)
Unrestricted funds	\$541.0	\$481.4
Restricted funds	216.7	70.6
Fuel inventory	177.9	233.2
Other current assets	399.5	409.9
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Total current assets	1,335.1	1,195.1
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Noncurrent assets		
Total utility plant - net	5,035.7	5,092.7
Cost to be recovered	219.6	274.3
Regulatory assets-OPEB	153.2	153.2
Regulatory assets-nuclear	3,737.3	3,747.8
Other noncurrent assets	326.7	337.3
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Total noncurrent assets	9,472.5	9,605.3
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Deferred outflows of resources	909.1	968.5
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Total assets & deferred outflows	\$11,716.7	\$11,768.9
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Current liabilities		
Current debt and interest	\$407.5	\$362.3
Other current liabilities	178.2	328.7
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Total current liabilities	585.7	691.0
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Noncurrent liabilities		
Net Pension liability	333.5	326.2
Net OPEB liability	186.7	186.7
Asset retirement obligation liability	705.1	717.8
Long-term debt-net	6,969.1	6,901.1
Other noncurrent liabilities	227.7	243.4
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Total noncurrent liabilities	8,422.1	8,375.2
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Deferred inflows of resources	612.1	637.6
Total net position	2,096.8	2,065.1
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Total liabilities & deferred inflows	\$11,716.7	\$11,768.9
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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>Jul 1 - Sep 30</i>		<i>Oct 1 - Sep 30</i>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Operating revenue	\$487.7	\$504.2	\$1,641.9	\$1,730.8
O&M expense	\$297.5	\$305.3	\$1,054.8	\$1,123.9
Depreciation & sums in lieu of taxes	\$64.2	\$52.2	\$245.3	\$197.4
Operating expense	361.7	357.5	1,300.1	1,321.3
Operating Income	\$126.0	\$146.7	\$341.8	\$409.5
Nonoperating revenues (expenses)				
Interest charges	(\$79.2)	(\$87.5)	(\$331.9)	(\$351.7)
Other revenues (expenses)	\$30.0	\$23.2	(\$139.5)	\$115.2
Costs to be recovered	\$1.3	\$2.5	(\$14.0)	\$5.7
Total nonoperating revenues (expenses)	(47.9)	(61.8)	(485.4)	(230.8)
Income before transfers	\$78.1	\$84.9	(\$143.6)	\$178.7