



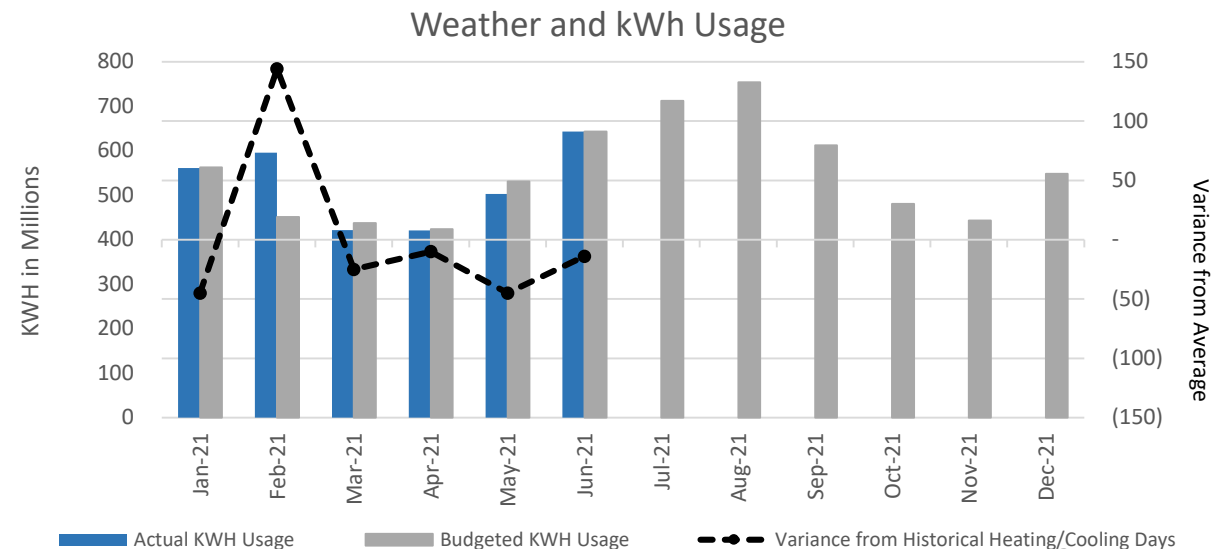
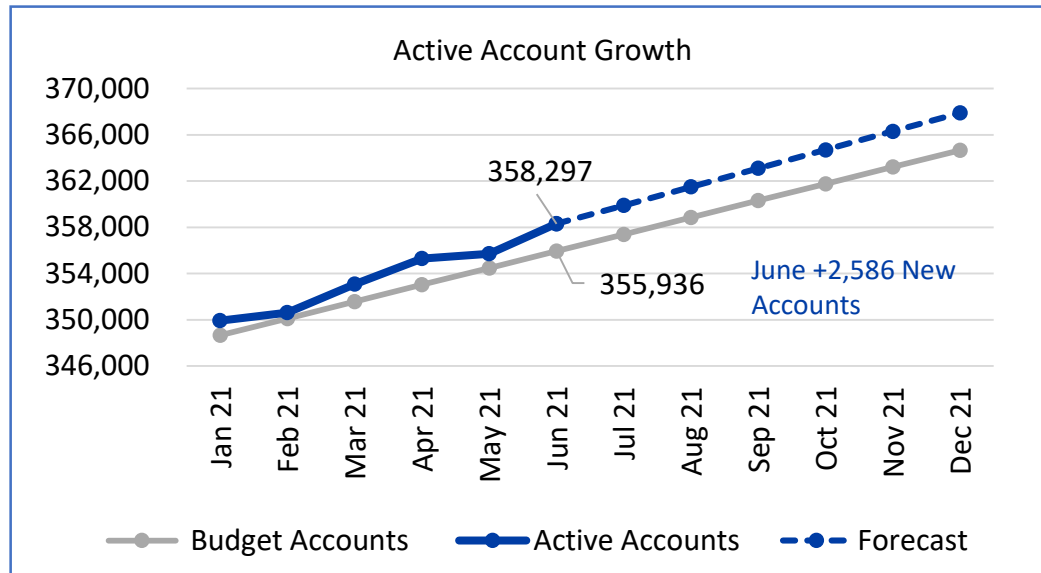
# June 2021 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

# Finance at a Glance – June 2021

	MTD			YTD		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
<b>KWH Sold</b>	643,061,495	643,091,830	(30,335)	3,145,265,730	3,048,712,277	96,553,453
<b>Gross Margins</b>	\$ 28,203,166	\$ 27,922,250	\$ 280,916	\$ 150,701,660	\$ 145,154,620	\$ 5,547,040
<b>Net Margins</b>	\$ 7,568,295	\$ 4,927,835	\$ 2,640,461	\$ 18,141,172	\$ 10,894,197	\$ 7,246,975
<b>EBIDA</b>	\$ 16,915,175	\$ 14,206,983	\$ 2,708,193	\$ 71,538,209	\$ 66,327,964	\$ 5,210,245

	Liquidity Coverage
Cash & Marketable Securities	\$ 6,368,252
Short Term Facilities	485,000,000
Less: Short Term Borrowings	181,971,106
Available Liquidity	\$ 309,397,146
<b>Liquidity Coverage (Days)</b>	<b>198</b>

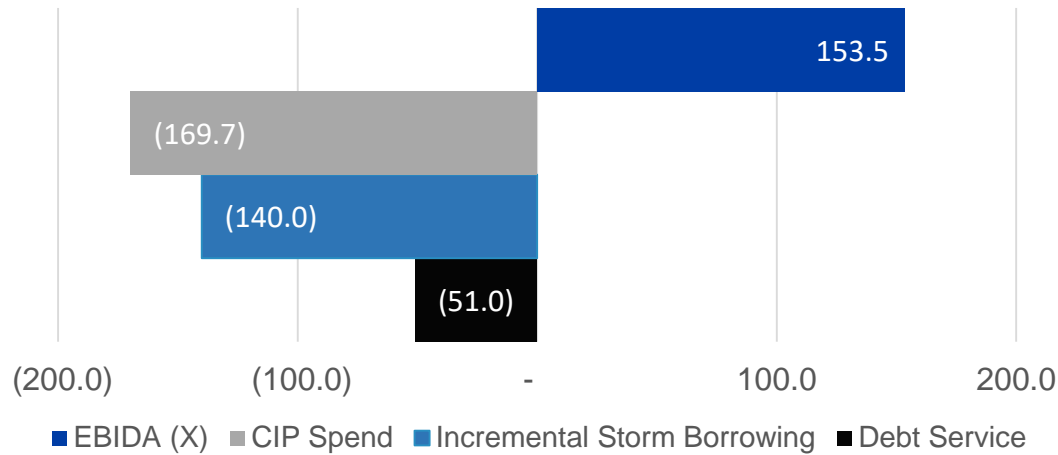


# Financial Performance

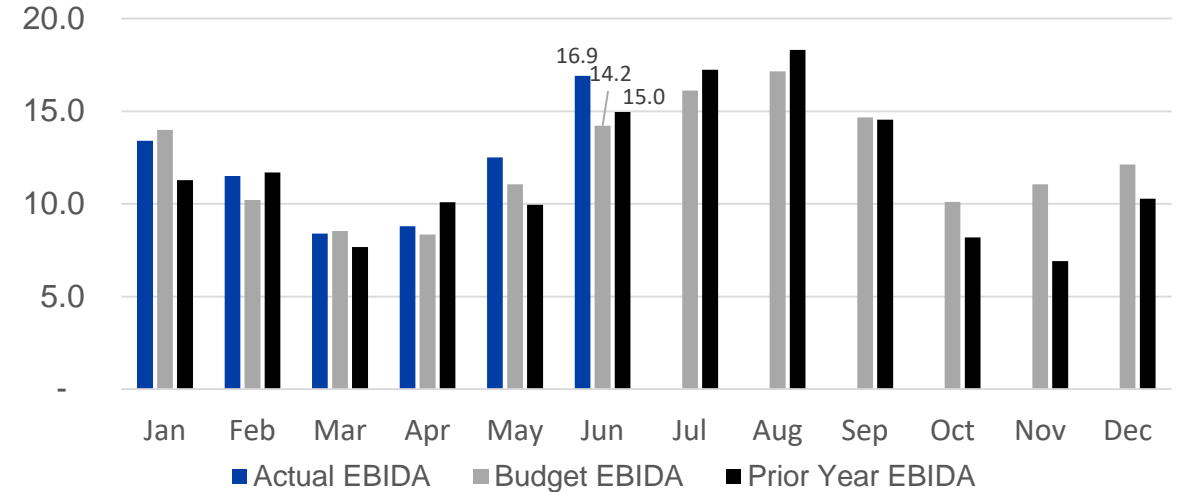
	MTD			YTD			Annual		2020 to 2021 % Change
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Forecast	Budget	
<b>Gross Margins</b>	<b>\$ 28,203,166</b>	<b>\$ 27,922,250</b>	<b>\$ 27,021,066</b>	<b>\$ 150,701,660</b>	<b>\$ 145,154,620</b>	<b>\$ 137,746,161</b>	<b>\$ 301,624,864</b>	<b>\$ 301,348,924</b>	9.41%
Operating Expenses Ex. Depreciation	11,691,768	14,294,824	12,522,482	80,828,151	79,607,292	72,890,303	155,698,549	156,415,310	10.89%
Depreciation	5,827,733	6,299,113	5,729,785	34,789,684	37,794,674	35,115,157	72,702,373	75,584,352	
Interest Expense	3,519,147	2,980,035	3,147,825	18,607,353	17,639,093	18,876,242	37,546,404	35,234,791	
Other Income and Interest Expenses	(403,777)	(579,557)	(590,615)	(1,664,700)	(780,636)	(1,396,897)	(2,796,963)	(2,583,510)	
<b>Net Margins</b>	<b>\$ 7,568,295</b>	<b>\$ 4,927,835</b>	<b>\$ 6,211,589</b>	<b>\$ 18,141,172</b>	<b>\$ 10,894,197</b>	<b>\$ 12,261,356</b>	<b>\$ 38,474,501</b>	<b>\$ 36,697,981</b>	
<b>EBIDA(X)</b>	<b>\$ 16,915,175</b>	<b>\$14,206,983</b>	<b>\$15,089,199</b>	<b>\$ 71,538,209</b>	<b>\$ 66,327,964</b>	<b>\$66,252,755</b>	<b>\$153,525,589</b>	<b>\$147,517,124</b>	
Total Long-Term Debt							\$ 1,043,090,905	\$ 872,535,087	
Debt Service							50,982,127	65,476,063	
Debt Service Coverage Ratio							2.92	2.25	
Equity as Percent of Assets							38.8%	40.6%	
Net Plant in Service							\$1,821,415,793	\$1,827,204,814	
Capital Improvement Spend							\$169,653,937	\$176,691,221	
Energy Sales kWh	643,061,495	643,091,830	631,650,700	3,145,265,730	3,048,712,277	2,987,635,583	6,803,278,016	6,599,284,771	5.28%
Energy Purchases kWh	691,480,071	685,483,481	669,696,196	3,368,437,639	3,249,517,234	3,168,810,328	7,176,225,729	7,039,889,561	6.30%
Active Meters				358,297	355,936	338,771	368,511	364,673	5.76%

# Financing Sources & Uses

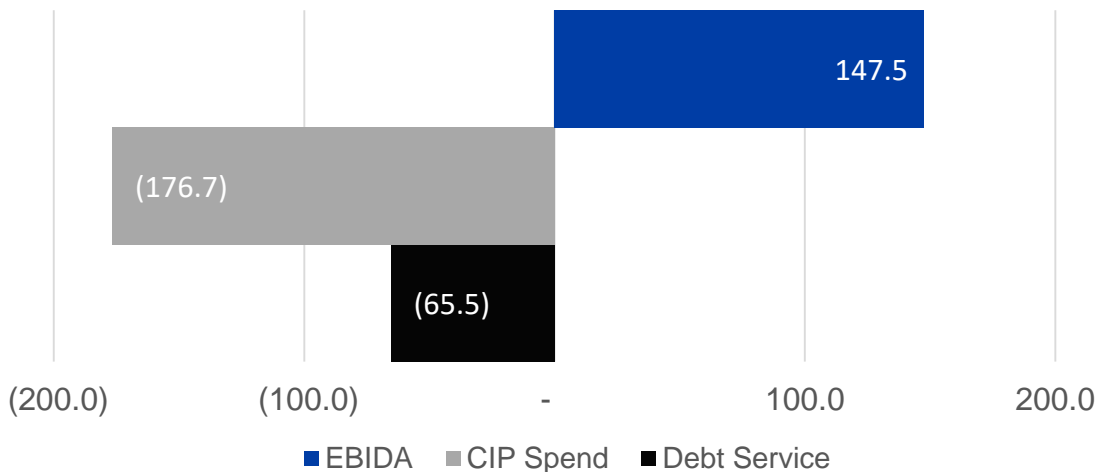
## Annual Forecast



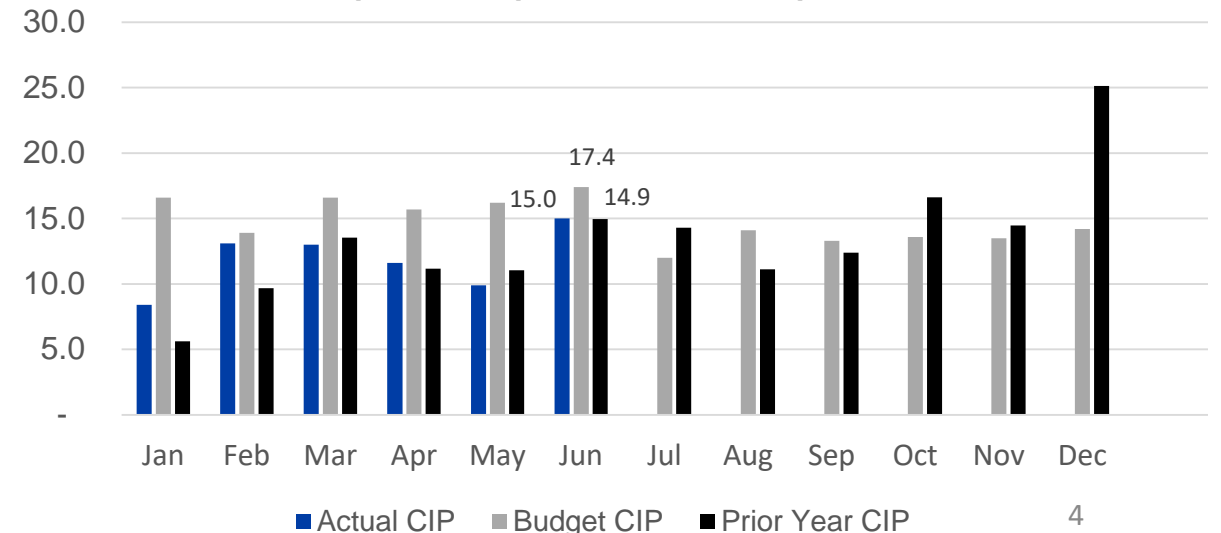
## EBIDA by Month



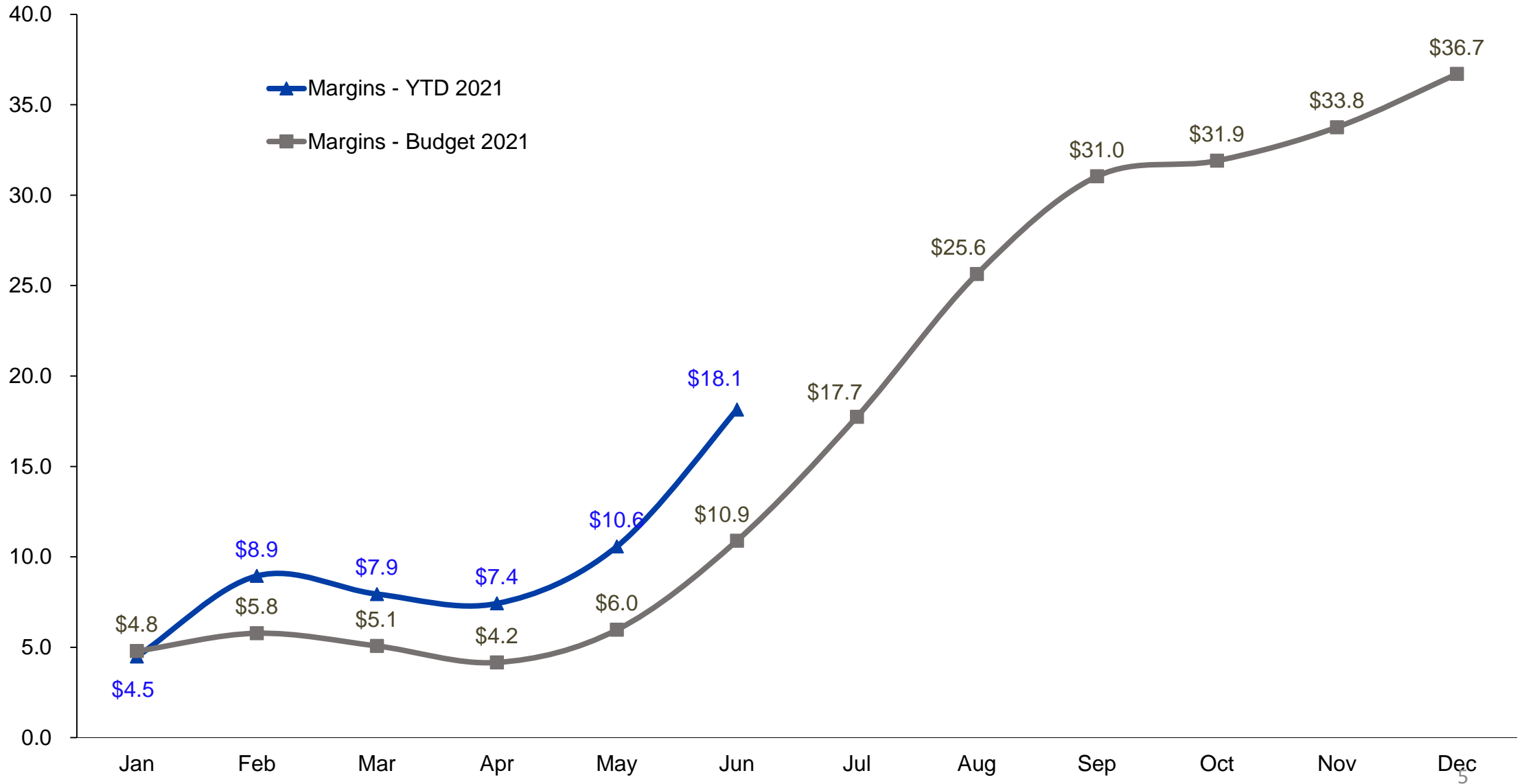
## Annual Budget



## Capital Improvement Spend

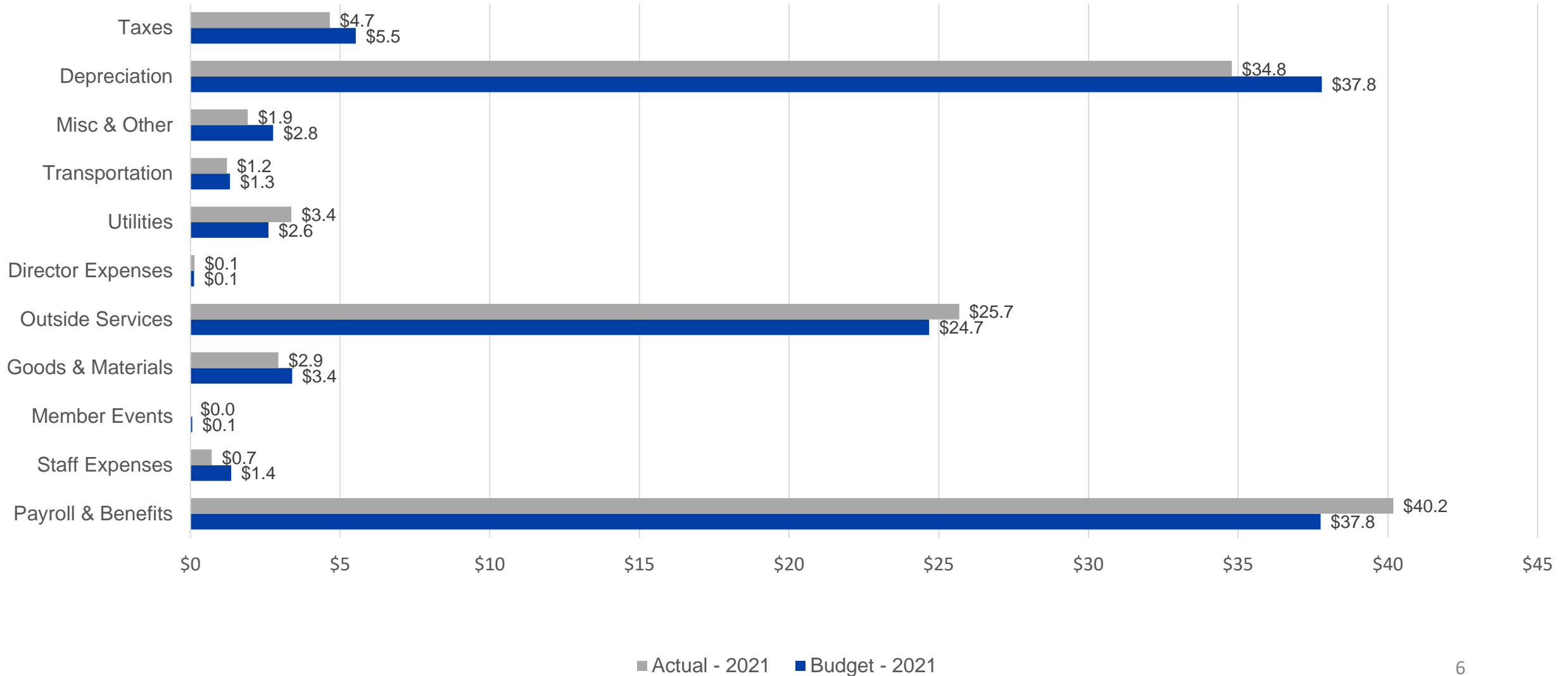


# Net Margins Year to Date (in millions)



# Cost of Service (in millions)

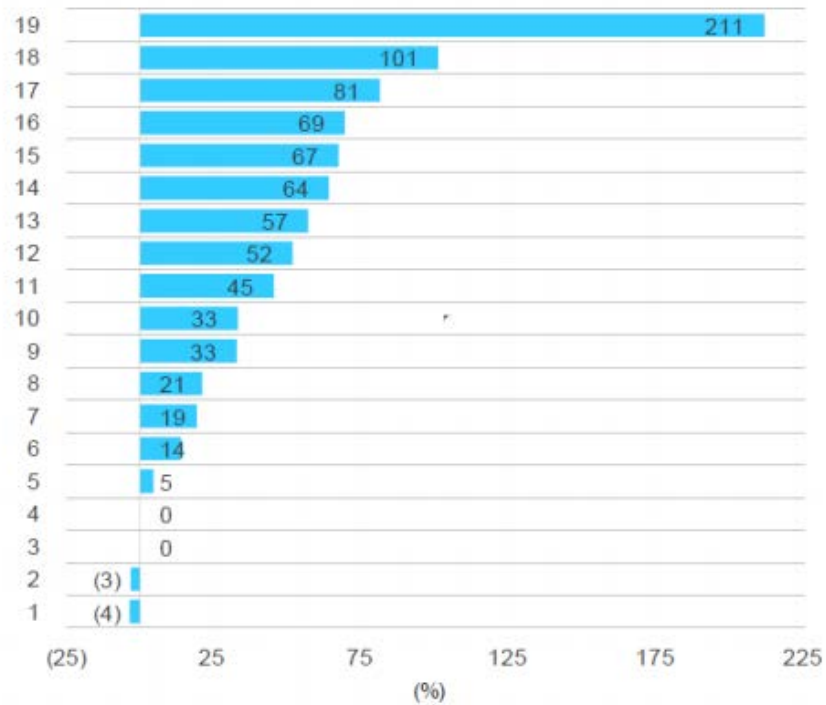
## YTD Actual vs Budget through June 2021



# Winter Storm Costs

## Winter Storm Costs for 19 Fitch Rated Utilities

Winter Storm Costs as % of 2020 Operating Expenditures



## PEC Winter Storm Costs

Cost Component	Amount
Storm Restoration Costs	10.0
Additional Power Costs	170.0
ERCOT Settlement Recovery	(20.0)
<b>Net Additional Storm Costs</b>	<b>160.0</b>

Source: Fitch Ratings and Various Issuer Public and Confidential Disclosures.

# Credit Ratings

## Fitch Rating Scale

Rating	Description	
AAA	Highest Credit Quality	Investment Grade**
AA	Very High Credit Quality	
A	High Credit Quality	
BBB	Good Credit Quality	
BB	Speculative	Non-Investment Grade**
B	Highly Speculative	
CCC	Substantial Credit Risk	
CC	Very High Levels of Credit Risk	
C	Near Default	
RD	Restricted Default	
D	Default	

## Corporate Bond Yields





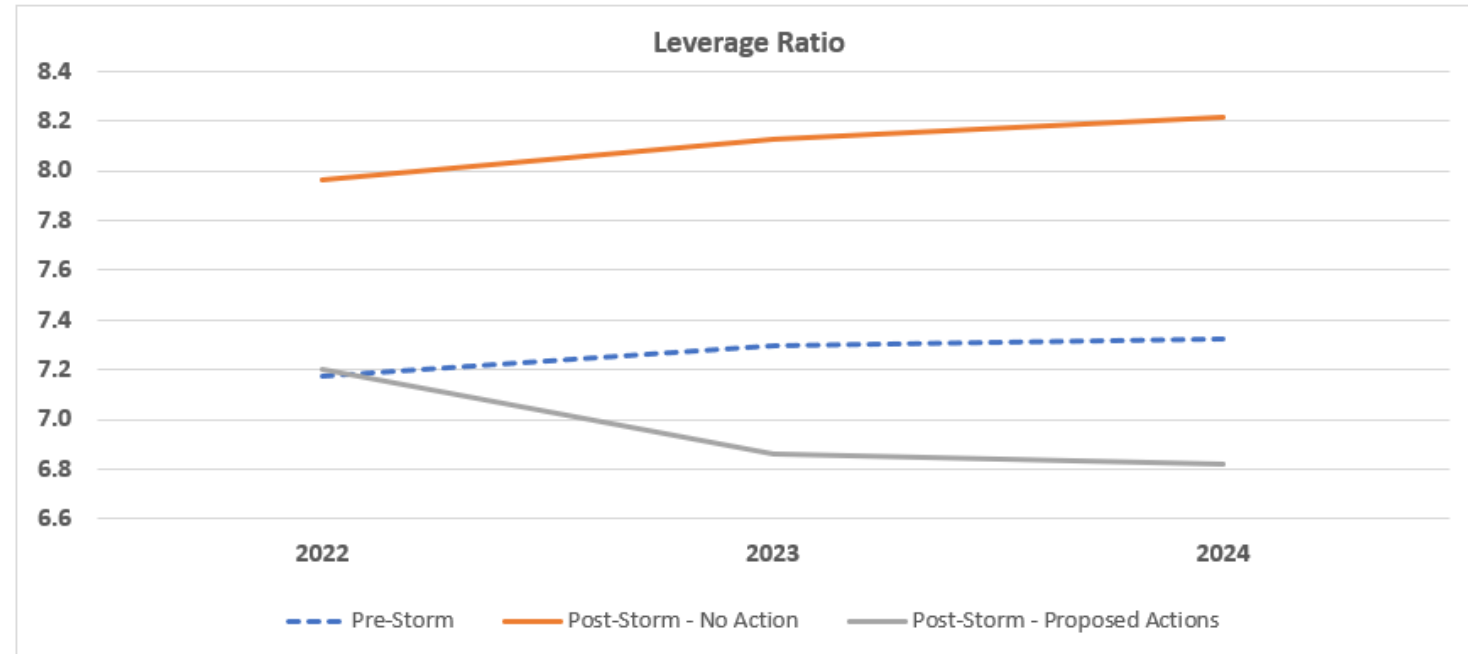
# Rate Actions and Leverage Ratios

Proposed Actions	Duration
7 mills Storm Recovery Rate, 24 months	Q4 2021 - Q3 2023
1 mill Distribution	Q4 2021 +

Debt Balance ( <i>Dollars in Millions</i> )	2021	2022	2023	2024
Pre-Storm	910	983	1,070	1,131
Post-Storm - No Action	1,063	1,145	1,245	1,338
Post-Storm - Proposed Action	1,043	1,009	975	989

Leverage	2021	2022	2023	2024
Pre-Storm	7.13	7.17	7.30	7.32
Post-Storm - No Action	8.91	7.97	8.12	8.21
Post-Storm - Proposed Actions	7.67	7.20	6.86	6.82

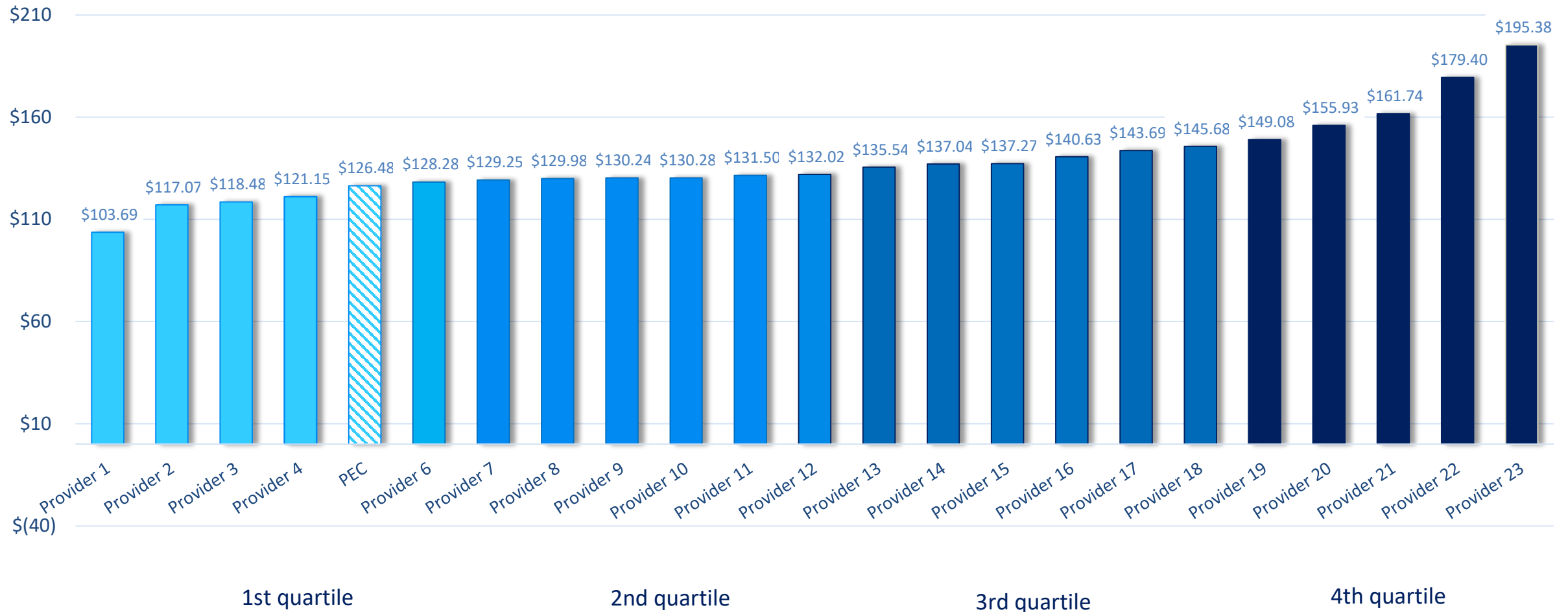


# Non-Rate Actions

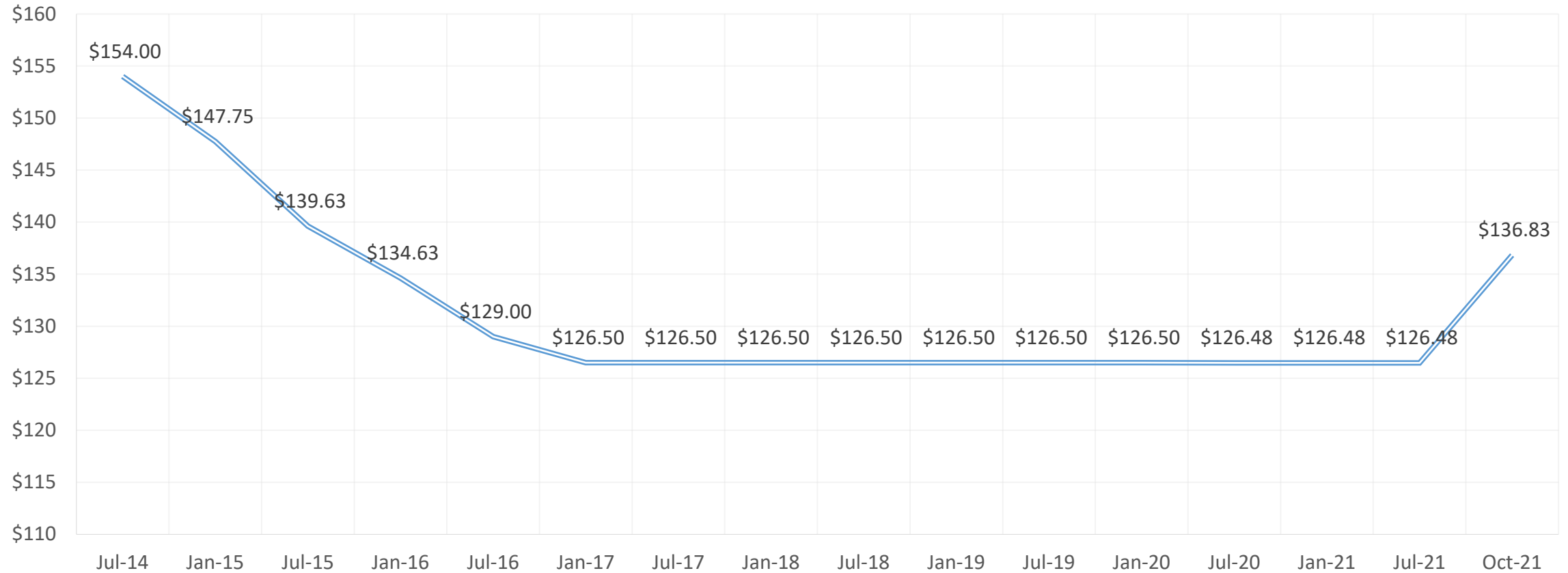
- Financial leverage will need to be decreased below pre-storm levels.
- To achieve this and pay off storm costs multiple actions were considered with those having least impact on overall membership considered first
- Rate actions were a last resort but were needed to close the gap.
- Rate actions increase cash flow an additional \$114 million over 3 years

<b>Action Item</b>	<b>Total Actions</b>
Line Extensions	60.9
General CIP Reductions	63.2
OPEX Reductions	18.4
Reimbursements	5.9
<b>Net Impact</b>	<b>148.4</b>

# Residential Bill Comparison – June 2021



# Residential Cost for 1,250 kWh/month





**PROUD**