

EXECUTIVE SUMMARY

Fourth Quarter 2021 Compared to 2020

The financial results for the fourth quarter of 2021 showed a decrease in income before transfers of \$59.1 million as compared to the same period last year.

Operating revenue increased \$32.0 million over the same period in 2020 primarily due to higher energy sales (9%) and demand usage (15%) mainly from industrial customers due to: (i) a new agreement with Century Aluminum; and (ii) increased production requirements at Nucor. There was an increase due to current period higher fuel rate revenues as well.

Operating expense for the fourth quarter of 2021 increased \$110.7 million over the same period in 2020 due to higher net fuel and purchased power from higher energy sales and higher priced natural gas in the energy markets. Further increases in purchased power were triggered by coal stockpile management which limited the use of coal fired generation. Another contributor was higher non-fuel generation expenses from contract services and materials driven by current year coal and nuclear plant outage work.

Interest expense decreased \$3.5 million over the prior year fourth quarter from impacts associated with the 2020 AB refunding and the December 2020 defeasance.

Other revenues increased \$10.3 million primarily from: higher gains from TEA of \$8.9 million and a sale of a leased tower and salvage of \$3.5 million all occurring in the current period.

Costs to be recovered (CTBR) expense decreased \$5.8 million over the same period in 2020 mainly because of impacts from an adjustment made increasing CTBR expense in the in the prior year period.

Combined Statements of Net Position
As of December 31, 2021 and December 31, 2020
Millions of Dollars
Unaudited

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Current assets | | |
| Unrestricted funds | \$546.9 | \$442.0 |
| Restricted funds | 275.1 | 172.3 |
| Fuel inventory | 159.8 | 183.0 |
| Other current assets | 418.7 | 398.0 |
| | ----- | ----- |
| Total current assets | 1,400.5 | 1,195.3 |
| | ----- | ----- |
| Noncurrent assets | | |
| Total utility plant - net | 4,976.7 | 5,037.6 |
| Cost to be recovered | 223.0 | 219.8 |
| Regulatory assets-OPEB | 152.5 | 152.5 |
| Regulatory assets-nuclear | 3,697.7 | 3,734.2 |
| Other noncurrent assets | 390.3 | 316.3 |
| | ----- | ----- |
| Total noncurrent assets | 9,440.2 | 9,460.4 |
| | ----- | ----- |
| Deferred outflows of resources | 872.6 | 895.7 |
| | ----- | ----- |
| Total assets & deferred outflows | \$11,713.3 | \$11,551.4 |
| | ===== | ===== |
| Current liabilities | | |
| Current debt and interest | \$270.2 | \$339.8 |
| Other current liabilities | 401.7 | 275.1 |
| | ----- | ----- |
| Total current liabilities | 671.9 | 614.9 |
| | ----- | ----- |
| Noncurrent liabilities | | |
| Net Pension liability | 294.5 | 344.8 |
| Net OPEB liability | 189.3 | 176.1 |
| Asset retirement obligation liability | 669.4 | 694.2 |
| Long-term debt-net | 6,961.6 | 6,857.3 |
| Other noncurrent liabilities | 87.7 | 164.3 |
| | ----- | ----- |
| Total noncurrent liabilities | 8,202.5 | 8,236.7 |
| | ----- | ----- |
| Deferred inflows of resources | 700.1 | 600.1 |
| Total net position | 2,138.8 | 2,099.7 |
| | ----- | ----- |
| Total liabilities & deferred inflows | \$11,713.3 | \$11,551.4 |
| | ===== | ===== |

Combined Statements of Revenues, Expenses and Changes in Net Position

Millions of Dollars

Unaudited

| | <i>Current Quarter</i> | | <i>12 Months to Date</i> | |
|--|------------------------|------------------|--------------------------|------------------|
| | <i>Oct 1 - Dec 31</i> | | <i>Jan 1 - Dec 31</i> | |
| | <u>This Year</u> | <u>Last Year</u> | <u>This Year</u> | <u>Last Year</u> |
| Operating revenue | \$407.1 | \$375.1 | \$1,765.8 | \$1,627.4 |
| O&M expense | \$353.9 | \$251.5 | \$1,232.7 | \$1,014.0 |
| Depreciation & sums in lieu of taxes | \$66.6 | \$58.3 | \$263.6 | \$249.7 |
| Operating expense | 420.5 | 309.8 | 1,496.3 | 1,263.7 |
| Operating Income | (\$13.4) | \$65.3 | \$269.5 | \$363.7 |
| Nonoperating revenues (expenses) | | | | |
| Interest charges | (\$77.3) | (\$80.8) | (\$304.9) | (\$319.6) |
| Other revenues (expenses) | \$28.3 | \$18.1 | \$88.6 | \$62.3 |
| Costs to be recovered | \$6.1 | \$0.3 | \$3.1 | (\$54.4) |
| Total nonoperating revenues (expenses) | (42.9) | (62.5) | (213.2) | (311.7) |
| Income before transfers | (\$56.3) | \$2.8 | \$56.3 | \$52.0 |