Public Power Generation Agency

Independent Auditor’s Report and Financial Statements

December 31, 2021 and 2020

Public Power Generation Agency
December 31, 2021 and 2020

Contents

Independent Auditor's Report

Board of Directors
Public Power Generation Agency
Hastings, Nebraska

Opinion

We have audited the financial statements of Public Power Generation Agency (the Agency) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Public Power Generation Agency as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were performed for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The schedules of billings to members as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of billings to members have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Lincoln, Nebraska
April 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis on the following pages summarizes the financial highlights and focuses on factors that had a material effect on the financial condition of Public Power Generation Agency (the Agency or PPGA) and the results of operations for 2021, 2020 and 2019. This discussion should be read in conjunction with the accompanying financial highlights, the basic financial statements and notes to the financial statements.

Nature of Operations

PPGA was created in 2005 as a joint entity pursuant to the Interlocal Cooperation Act of the State of Nebraska. The Members of PPGA are Municipal Energy Agency of Nebraska, Heartland Consumers Power District, Hastings Utilities, Grand Island Utilities and Nebraska City Utilities.

PPGA was created solely for the purpose of owning, financing, acquiring, constructing and operating the Whelan Energy Center Unit 2 Plant (WEC 2 or the "Plant"). The Plant was intended to provide long-term, baseload electric power supply for the Members. PPGA participates in the Southwest Power Pool Integrated Marketplace, which launched in March 2014. This participation allows the output from the Plant to be economically dispatched into the market.

WEC 2 is a nominally rated 220 MW pulverized coal-fired sub-critical generating unit built at Whelan Energy Center near Hastings, Nebraska. WEC 2 began commercial operation on May 1, 2011. PPGA is the sole owner of the plant.

Project Operating History

The net generation, equivalent availability factor, forced outage rate, net capacity factor, net output factor and net heat rate of the Plant are shown below.

Calendar Year	Net Generation (GWH)	Equivalent Availability Factor (1)	Forced Outage Rate (2)	Net Capacity Factor (3)	Net Output Factor (4)	Net Heat Rate (5)
2019	1,123.99	86.31	0.21	56.44	65.01	10,431
2020	712.18	85.35	4.04	35.50	64.24	10,550
2021	896.10	82.59	1.84	44.94	75.11	10,017

(1) The Equivalent Availability Factor incorporates the effect of deratings (losses in MW capability) and is essentially "equivalent to" the percentage of a period during which the generating unit was available for maximum net capability operation.

(2) The Forced Outage Rate is the ratio of hours in the period that the generating unit is not capable of operating due to forced outages to the number of hours in the period.

(3) The Net Capacity Factor is the ratio of the average annual load on the generating unit to the capacity rating of the unit.

(4) The Net Output Factor is the ratio of the net energy generated to the net capability of the generating unit times the hours in the period, and reflects the unit availability as well as the actual need for power produced by the unit.

(5) The Net Heat Rate is a measure of the efficiency of the generating unit and shows the amount of thermal energy in BTUs necessary to produce 1.0 net kWh. The smaller the number, the more efficient the unit.

Summary of the Financial Statements

The financial statements, related notes to the financial statements and management's discussion and analysis provide information about PPGA's financial position and activities.

Management's Discussion and Analysis – provides an objective and easily readable analysis of the financial activities of PPGA based on currently known facts, decisions or conditions.

Balance Sheets – provides a summary of the assets, deferred outflows of resources, liabilities and deferred inflows of resources.

Statements of Revenues and Expenses – presents the operating results of PPGA into various categories of operating revenues and expenses and nonoperating revenues and expenses.

Statements of Cash Flows – reports the cash provided by and used for operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

Notes to the Financial Statements – provide additional disclosures and information that is essential to a full understanding of the data provided in the statements.

Financial Analysis

The following comparative condensed financial statements (in thousands) summarize PPGA's financial position and operating results for the years ended December 31, 2021, 2020 and 2019.

Condensed Balance Sheets (in thousands)

	December 31,			Change	
	2021	2020	2019	From 2020 to 2021	From 2019 to 2020
Current assets	$ 56,994	$ 59,610	$ 55,890	$ (2,616)	$ 3,720
Net utility plant	402,490	422,623	443,527	(20,133)	(20,904)
Net costs to be recovered from billings to members	98,440	95,960	93,781	2,480	2,179
Other noncurrent assets	56,335	53,719	58,056	2,616	(4,337)
Deferred loss on refunding	2,265	2,517	2,769	(252)	(252)
Total assets and deferred outflows of resources	$ 616,524	$ 634,429	$ 654,023	$ (17,905)	$ (19,594)
Current liabilities	$ 35,941	$ 34,096	$ 34,925	$ 1,845	$ (829)
Noncurrent liabilities	576,880	596,435	615,005	(19,555)	(18,570)
Deferred gain on refunding	3,703	3,898	4,093	(195)	(195)
Total liabilities and deferred inflows of resources	$ 616,524	$ 634,429	$ 654,023	$ (17,905)	$ (19,594)

Assets

Current assets decreased in 2021 primarily due to the shift in investments from current to noncurrent, countered by an increase in accounts receivable. In 2020, current assets increased primarily due to the increase in cash and cash equivalents and investments, offset by lower account receivables at December 31st.

Net utility plant consists primarily of the WEC 2 plant which began operations in 2011. The decrease in 2021 and 2020 was due to the depreciation expense for the Plant being higher than the capital additions in each year.

The net costs to be recovered from billings to members increased in 2021 and 2020 primarily due to depreciation and amortization expense, which is not currently billable to the members. This noncurrent asset represents the net deferred expenses that will be recovered in future periods as they become power costs and are included in the members' future billings. See Notes 1 and 4 for further explanation and details of the components making up this noncurrent asset.

The increase in other noncurrent assets in 2021 resulted from the shift in investments from current to noncurrent. The change in other noncurrent assets in 2020 resulted from the investments in the Renewal and Contingency Fund shifting to current assets from noncurrent assets.

Deferred outflows of resources consist of deferred costs of refunded debt resulting from refunding transactions.

Liabilities

Current liabilities increased in 2021 and decreased in 2020 primarily due to the timing of when services were performed and the related timing of vendor invoicing and payment at year end (shifts in accounts payable) and an increase in the current portion of long-term debt offset by a decrease in accrued interest payable.

Noncurrent liabilities decreased in 2021 and 2020 primarily due to the scheduled debt service payments and the amortization of the bond premiums.

Deferred inflows of resources consist of the deferred gain on refunded debt resulting from refunding transactions.

Debt Activity

PPGA did not issue any debt during 2021 and 2020.

PPGA made scheduled principal payments in 2021 of $16,245,000 and in 2020 of $14,885,000.

The Whelan Energy Center Unit 2 Revenue Bonds 2009 Series B were issued as bonds designated as "Build America Bonds" under the provision of the American Recovery and Reinvestment Act of 2009, which allows the Agency to receive a U.S. Treasury subsidy equal to a portion of the amount of interest payable on those bonds. Subsidy payments are contingent on federal regulations and are subject to change as discussed in Note 5.

Condensed Statements of Revenues and Expenses (in thousands)

	Year Ended December 31,			Change	
	2021	**2020**	**2019**	**From 2020 to 2021**	**From 2019 to 2020**
Power sales (MWh)	896,104	712,177	1,123,985	183,927	(411,808)
Operating revenues	$ 67,400	$ 62,566	$ 69,361	$ 4,834	$ (6,795)
Operating expenses					
Production expenses	22,337	18,497	25,127	3,840	(6,630)
HIP Turbine outage costs	-	-	500	-	(500)
Administration and general	1,922	1,851	1,554	71	297
Depreciation and amortization	22,115	22,147	21,967	(32)	180
Total operating expenses	46,374	42,495	49,148	3,879	(6,653)
Operating income	21,026	20,071	20,213	955	(142)
Total nonoperating expenses, net	(23,506)	(22,250)	(23,029)	(1,256)	779
Change in net costs to be recovered from billings to members	$ (2,480)	$ (2,179)	$ (2,816)	$ (301)	$ 637

Power Sales Volumes

Power sales volumes in 2021 increased by 26% compared to 2020. Power sales volumes in 2020 decreased 37% compared to 2019. The difference in power sales is primarily due to the Plant's net generation which was dictated by the power market.

Operating Revenues

Operating revenues consist of billings to Members and fluctuate annually based on the energy charges, debt service requirements and capital expenditures. The increase in 2021 and decrease in 2020 were due primarily to the MWh generated each year by WEC 2 and additional billings to members for capital expenditures.

Operating Expenses

Production expenses vary from year to year due to costs of fuel and other production costs. The increase and decrease in operating expenses is primarily due to the changes in MWh generated in 2021 and 2020.

Net Nonoperating Expenses

This category nets all nonoperating expenses with all nonoperating revenues. The increase in 2021 is related to a loss in investment return offset by the decrease in interest expense. The decrease in 2020 is a combination of the reduced interest expense in each year, the increased fly ash sales in 2020 and the investment return in each year.

General Trends and Significant Events

For 2020, the Spring outage occurred from May 1 to May 17. The outage consisted of routine maintenance and inspections. The roll wheels and floor segments were replaced in pulverizer A, condensate pump B was rebuilt, and air heater radial seals were replaced. The Fall outage occurred from October 16 to November 16. The outage also consisted of routine maintenance and inspections. The roll wheels and floor segments were replaced in pulverizer C, the Voith drive for boiler feed pump A was rebuilt, tube shields were installed in the boiler, and the air heater was inspected.

For 2021, the Spring outage occurred from May 7 to May 21. The outage consisted of routine maintenance and inspections. The Fall outage occurred from October 12 to November 26. This outage also consisted of routine maintenance and inspections. The roll wheels and floor segments were replaced in pulverizer B, tube shields were installed in the boiler, the economizer collection and transfer conveyor chains were replaced, the air heater was inspected, high-energy piping was nondestructive examination (NDE) inspected, and the boiler was NDE inspected by Babcock & Wilcox Company (B&W) for a cycling damage study. Major projects included replacing the A6 burner, replacing the bags in the baghouse, coating the plenum in the baghouse to prevent corrosion, and a crown seal replacement in the penthouse section of the boiler.

PPGA continues to monitor the development and implementation of new or modified environmental regulations. See Note 8 for additional information.

WEC 2 is located adjacent to an existing coal-fired generation facility known as the Whelan Energy Center Unit 1 (WEC 1), which is owned and operated solely by Hastings Utilities. WEC 1 and WEC 2 are fueled by low-sulfur coal from the Powder River Basin in Wyoming, which is delivered to WEC by rail. Hastings Utilities, as Project Operating Agent, currently purchases approximately one million tons of coal each year for the combined operation of WEC 1 and WEC 2. Hastings Utilities solicits multiple suppliers in order to provide a competitive fuel price. Approximately 55% of WEC’s coal supply is currently supplied under a coal purchase agreement with Peabody Energy that expires on December 31, 2022. The remainder of WEC’s coal supply is purchased under short-term contracts and spot purchases based upon prevailing market conditions. Rail facilities at WEC can accommodate two trains of 140 cars each. Rail services are currently provided pursuant to a contract with Burlington Northern Santa Fe (BNSF) that expires on December 31, 2022.

Report Purpose and Contact Information

This financial report is designed to provide PPGA’s Members and creditors with a general overview of PPGA’s financial status for 2021, 2020 and 2019. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Project Operating Agent at Public Power Generation Agency, 1228 N. Denver Avenue, P.O. Box 398, Hastings, Nebraska 68902-0398 or phone (402) 462-3508.

Public Power Generation Agency

Balance Sheets

December 31, 2021 and 2020

	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 9,575,692	$ 12,161,910
Restricted cash and cash equivalents	33,809,926	33,523,680
Investments	3,237,078	7,845,846
Accounts receivable	6,574,075	2,665,834
Inventories	3,450,718	3,110,195
Interest receivable	32,556	33,492
Prepaid expenses	313,888	269,455
Total current assets	56,993,933	59,610,412
Utility Plant		
Utility plant in service	622,881,354	621,894,394
Construction in progress	173,568	141,566
Total utility plant	623,054,922	622,035,960
Less: accumulated depreciation	(220,564,551)	(199,412,965)
Net utility plant	402,490,371	422,622,995
Investments and Other Noncurrent Assets		
Restricted cash and cash equivalents	237,412	388,585
Investments	10,960,132	6,806,576
Restricted investments	43,931,555	44,961,934
Net costs to be recovered from billings to members	98,440,178	95,960,263
Other	1,205,047	1,561,863
Total investments and other noncurrent assets	154,774,324	149,679,221
Deferred Outflows of Resources		
Deferred loss on refunding	2,265,197	2,516,886
Total assets and deferred outflows of resources	$ 616,523,825	$ 634,429,514
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Current maturities of long-term debt	$ 17,050,000	$ 16,245,000
Accounts payable	3,177,166	1,710,473
Accrued expenses	117,670	80,160
Accrued interest payable	15,061,600	15,524,672
Unearned revenue	534,448	536,059
Total current liabilities	35,940,884	34,096,364
Noncurrent Liabilities		
Long-term debt, net	575,174,869	594,645,196
Other	1,705,293	1,790,292
Total noncurrent liabilities	576,880,162	596,435,488
Deferred Inflows of Resources		
Deferred gain on refunding	3,702,779	3,897,662
Total liabilities and deferred inflows of resources	$ 616,523,825	$ 634,429,514

Public Power Generation Agency

Statements of Revenues and Expenses

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Billings to members, net	$ 67,399,757	$ 62,565,752
Total operating revenues	67,399,757	62,565,752
Operating Expenses		
Fuel and other variable production	14,812,951	12,153,954
Other production	7,524,392	6,343,261
Administrative and general	1,922,105	1,850,532
Depreciation and amortization	22,114,512	22,147,004
Total operating expenses	46,373,960	42,494,751
Operating Income	21,025,797	20,071,001
Nonoperating Revenues (Expenses)		
Interest expense	(27,759,679)	(28,685,823)
Investment return	(337,128)	1,853,981
Federal subsidy - Build America Bonds	4,078,077	4,207,501
Other	513,018	374,332
Total nonoperating expenses, net	(23,505,712)	(22,250,009)
Change in Net Costs to be Recovered from Billings to Members	$ (2,479,915)	$ (2,179,008)

Public Power Generation Agency

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Receipts from members	$ 63,489,905	$ 66,349,093
Payments to suppliers	(23,229,016)	(22,699,035)
Net cash provided by operating activities	40,260,889	43,650,058
Noncapital Financing Activities		
Other miscellaneous receipts	524,688	374,332
Capital and Related Financing Activities		
Principal payments on revenue bonds	(16,245,000)	(14,885,000)
Interest paid	(30,586,271)	(31,744,297)
Interest subsidy received	4,078,077	4,207,501
Capital expenditures for utility plant	(1,632,927)	(927,141)
Net cash used in capital and related financing activities	(44,386,121)	(43,348,937)
Investing Activities		
Interest received on investment securities	(336,192)	1,890,531
Net (purchases) and sales of investments	1,485,591	(26,075,607)
Net cash provided by (used in) investing activities	1,149,399	(24,185,076)
Change in Cash and Cash Equivalents	(2,451,145)	(23,509,623)
Cash and Cash Equivalents, Beginning of Year	46,074,175	69,583,798
Cash and Cash Equivalents, End of Year	$ 43,623,030	$ 46,074,175
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	$ 9,575,692	$ 12,161,910
Restricted cash and cash equivalents	34,047,338	33,912,265
Total cash and cash equivalents	$ 43,623,030	$ 46,074,175

Public Power Generation Agency

Statements of Cash Flows - Continued

Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 21,025,797	$ 20,071,001
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	22,114,512	22,147,004
Changes in operating assets and liabilities		
Accounts receivable	(3,908,241)	3,784,718
Inventories	(340,523)	(859,608)
Prepaid expenses	(44,433)	(88,843)
Other noncurrent assets	88,415	310,222
Accounts payable	1,374,462	(1,764,624)
Accrued expenses	(47,489)	51,565
Unearned revenue	(1,611)	(1,377)
Net Cash Provided By Operating Activities	$ 40,260,889	$ 43,650,058

Supplemental Cash Flows Information

	2021	2020
Capital asset acquisitions included in accounts payable	$ 310,681	$ 218,450
Amortization of bond premium	(2,453,767)	(2,453,768)
Amortization of bond discount	33,440	33,440
Amortization of deferred loss on refunding	251,689	251,689
Amortization of deferred gain on refunding	(194,883)	(194,883)

Public Power Generation Agency
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Public Power Generation Agency (PPGA or the Agency) was created in 2005 as a joint entity pursuant to the Interlocal Cooperation Act of the State of Nebraska. PPGA was created solely for the purpose of owning, financing, acquiring, constructing and operating the Whelan Energy Center Unit 2 (WEC 2) Plant (the "Plant"). WEC 2 is a nominally rated 220 MW pulverized coal-fired sub-critical generating unit built at the existing Whelan Energy Center near Hastings, Nebraska. WEC 2 began commercial operation in May 2011. PPGA is the sole owner of the Plant. The Plant was intended to provide long-term, baseload electric power supply for the Members. PPGA participates in the Southwest Power Pool Integrated Marketplace, which launched in March 2014. This participation allows the Plant to be economically dispatched into the market.

The Members of PPGA are:

	Megawatt (MW) Allocation	Entitlement Share
Municipal Energy Agency of Nebraska (MEAN)	80 MW	36.36%
Heartland Consumers Power District (HCPD)	80 MW	36.36%
Hastings Utilities (HU)	35 MW	15.91%
Grand Island Utilities (GIU)	15 MW	6.82%
Nebraska City Utilities (NCU)	10 MW	4.55%

Each of the Members has entered into an Amended and Restated Participation Agreement, dated October 5, 2006, with PPGA. Under the agreements, PPGA has agreed to sell to each Member, and each Member has agreed to purchase from PPGA, such Member's respective share of the net capacity and related energy of the Plant's output. Each Member's share of the output is referred to as their entitlement share. The agreements allocate to the Members all of the Plant's output, bond-related costs and other project costs based upon their respective entitlement shares, and all energy-related costs based upon energy produced and scheduled by each Member. The term of the agreements extend at least to the date as of which any project bonds remain outstanding.

Reporting Entity

In evaluating how to define the Agency, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Agency's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Agency, and (3) the entity's fiscal dependency on the Agency. Based on the above criteria, PPGA has determined that it has no reportable component units.

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Basis of Accounting and Presentation

The financial statements of PPGA have been prepared on the accrual basis of accounting using the economic resources measurement focus. The Agency's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). PPGA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

PPGA's accounting policies also follow the provisions of GASB Codification Section Re10, *Regulated Operations*, which permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rates charged to its customers. This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

PPGA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted of money market funds and repurchase agreements.

Investments and Investment Return

Investments are held in various debt service and reserve accounts that are prescribed by bond indenture. These accounts are invested in money market mutual funds, U.S. Treasury securities, U.S. Agency obligations and repurchase agreements. Investments in money market mutual funds and repurchase agreements are carried at cost, which approximates fair value. Investments in U.S. Treasury securities and U.S. Agency obligations are carried at fair value. Fair value is determined using quoted market prices.

Investment return consists of interest income, realized gains and losses on investments and the net change for the year in the fair value of investments carried at fair value.

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Accounts Receivable

Accounts receivable are stated at the amount billed to Members. Accounts receivable are ordinarily due 60 days after the issuance of the invoice. Delinquent receivables are charged off as they are deemed uncollectible. Management does not believe an allowance for doubtful accounts is necessary at December 31, 2021 or 2020, as there were no delinquent accounts.

Inventories

Inventories consist of coal and diesel fuel. Inventories are stated at the lower of average cost or market.

Utility Plant

Utility plant is stated at cost which represents the actual direct cost of labor, materials, and indirect costs, including construction period interest and other overhead expenses. Depreciation of utility plant is computed using the straight-line method over the estimated useful life of the different categories of the Plant, which is generally 30 years. Included within the Plant are some minor equipment and furniture categories with estimated useful lives ranging from 3 to 15 years.

Net Costs to be Recovered from Billings to Members

Billings to Members are designed to recover power costs as set forth by the PPGA Participation Agreement, which principally include current operating expenses, scheduled debt principal and interest and capital expenditures. Pursuant to the provisions of GASB Codification Section Re10*, Regulated Operations*, expenses determined in accordance with accounting principles generally accepted in the United States of America (GAAP) that are not currently billable as power costs are recorded as other assets in the accompanying balance sheets. These costs will be recovered in future periods as they become power costs and are included in future Member billings (see Note 4). Over the life of the PPGA Participation Agreement, aggregate expenses are expected to equal aggregate billable power costs.

Deferred Outflows of Resources

In addition to assets, the balance sheets report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Agency has one item that qualifies for reporting in this category, the deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Deferred Inflows of Resources

In addition to liabilities, the balance sheets report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item that qualifies for reporting in this category, the deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Classification of Revenues and Expenses

Operating revenues and expenses generally result from providing energy in connection with PPGA's ongoing operations. The principal operating revenues are billings to Members for energy charges, debt service requirements and capital expenditures. Operating expenses include fuel, purchased power, other production expenses, administrative and general expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

In accordance with certain provisions of the Interlocal Cooperation Act and non-profit corporation statutes of Nebraska and related governing laws and regulations, PPGA is exempt from federal and state income taxes.

Note 2: Deposits and Investments

Deposits

State statutes require banks either to give bond or to pledge government securities to the Agency in the amount of the Agency's deposits. The Agency's cash deposits, including certificates of deposit, are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the $250,000 FDIC limits are covered by collateral held in a Federal Reserve Bank pledge account or by an agent for the Agency and thus, no custodial risk exists. No legal opinion has been obtained regarding the enforceability of any collateral arrangements.

Note 2: Deposits and Investments - Continued

Investments

PPGA's qualified investments are defined in the bond indentures for the revenue bond issuances described in Note 5. The bond indentures identify qualified investments as direct obligations of the United States government or any of its agencies, obligations guaranteed by the United States government or any of its agencies, money market mutual funds, negotiable certificates of deposit and repurchase agreements.

At December 31, 2021 and 2020, PPGA had the following investments, maturities and credit ratings:

	Carrying Value	Maturities in Years: Less Than 1	Maturities in Years: 1 - 5	Credit Rating Moody's/S&P
December 31, 2021				
Money market mutual funds	$ 32,693,896	$ 32,693,896	$ -	Aaa / AAAm
U.S. Treasury securities	31,082,867	10,787,513	20,295,354	Aaa / AAA
U.S. Agency obligations	26,920,878	921,179	25,999,699	Aaa / AA+
Negotiable certificates of deposits	125,020	125,020	-	Not Rated
Repurchase agreements	10,927,750	10,927,750	-	Not Rated
	$ 101,750,411	$ 55,455,358	$ 46,295,053	
December 31, 2020				
Money market mutual funds	$ 32,506,485	$ 32,506,485	$ -	Aaa / AAAm
U.S. Treasury securities	30,964,824	11,262,063	19,702,761	Aaa / AAA
U.S. Agency obligations	28,649,533	413,983	28,235,550	Aaa / AA+
Repurchase agreements	13,566,689	13,566,689	-	Not Rated
	$ 105,687,531	$ 57,749,220	$ 47,938,311	

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets at December 31, 2021 and 2020 as follows:

	2021	2020
Carrying Value		
Deposits	$ 1,384	$ 1,000
Investments	101,750,411	105,687,531
	$ 101,751,795	$ 105,688,531

Public Power Generation Agency

Notes to Financial Statements

December 31, 2021 and 2020

Note 2: Deposits and Investments - Continued

Summary of Carrying Values - Continued

Included in the following balance sheet captions:

	2021	2020
Current Assets		
Cash and cash equivalents		
Operating funds	$ 9,231,533	$ 12,026,124
Renewal and contingency fund	9,086	70,737
Rate stabilization fund	335,073	65,049
Total	9,575,692	12,161,910
Restricted cash and cash equivalents		
Closure / post-closure care account	1,697,217	1,541,565
Letter of credit support fund	-	208,651
Debt service funds	32,112,709	31,773,464
Total	33,809,926	33,523,680
Short-term investments		
Renewal and contingency fund	-	4,009,382
Rate stabilization fund	3,237,078	3,836,464
Total	3,237,078	7,845,846
Noncurrent Assets		
Restricted cash and cash equivalents		
Debt reserve funds	237,412	388,585
Total	237,412	388,585
Investments		
Rate stabilization fund	6,943,757	6,806,576
Renewal and contingency fund	4,016,375	-
Total	10,960,132	6,806,576
Restricted investments		
Debt reserve funds	43,931,555	44,961,934
	$ 101,751,795	$ 105,688,531

Note 2: Deposits and Investments - Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The money market mutual funds and repurchase agreements are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The bond indenture requires all money market mutual funds to have credit ratings of AAAm or better by S&P. The bond indenture does not require any minimum ratings for the securities of the approved United States government agencies which are not explicitly guaranteed by the United States government.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, PPGA would not be able to recover the value of its investment securities that are in the possession of an outside party.

The repurchase agreements require cash or securities to be pledged as collateral. Cash is pledged at 100% of the repurchase agreement carrying value while the fair value of securities are required to be maintained at a minimum of 104% of the carrying value.

Concentration of Credit Risk

Concentration of credit is the risk associated with the amount of investments PPGA has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government are excluded from this requirement. PPGA and the bond indenture place no limit on the amount that may be invested in any one issuer. At December 31, 2021 and 2020, PPGA had the following investment concentrations:

	Portfolio Composition December 31,	
	2021	**2020**
Wells Fargo Government Money Market	32.13 %	30.70 %
Repurchase agreement - Heritage Bank	10.74	12.84

Note 2: Deposits and Investments - Continued

Investment Return

Investment return for the years ended December 31, 2021 and 2020 of ($337,128) and $1,853,981, respectively consisted of interest income, realized gains and losses on the sale of investments and the net increase or decrease in fair value of investments carried at fair value.

Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The Agency’s investments in money market mutual funds and repurchase agreements are carried at cost and thus are not included within the fair value hierarchy.

The Agency’s investments in U.S. Treasury securities, U.S. Agency obligations and negotiable certificates of deposit are measured at fair value on a recurring basis, and are classified within Level 2 of the fair value hierarchy at December 31, 2021 and 2020.

Note 3: Utility Plant

Utility plant activity for the years ended December 31, 2021 and 2020 was:

	2021				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Electric plant in service	$ 581,248,433	$ 21,410	$ (694,526)	$ 1,369,001	$ 581,944,318
Transmission	22,556,229	-	-	-	22,556,229
Shared facilities	18,089,732	302,745	(11,670)	-	18,380,807
Construction in progress	141,566	1,401,003	-	(1,369,001)	173,568
Total utility plant	622,035,960	1,725,158	(706,196)	-	623,054,922
Less accumulated depreciation	(199,412,965)	(21,846,112)	694,526	-	(220,564,551)
Utility plant, net	$ 422,622,995	$ (20,120,954)	$ (11,670)	$ -	$ 402,490,371

	2020				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Electric plant in service	$ 581,057,161	$ 194,120	$ (693,644)	$ 690,796	$ 581,248,433
Transmission	22,556,229	-	-	-	22,556,229
Shared facilities	17,936,519	-	(66,958)	220,171	18,089,732
Construction in progress	271,715	780,818	-	(910,967)	141,566
Total utility plant	621,821,624	974,938	(760,602)	-	622,035,960
Less accumulated depreciation	(178,294,964)	(21,878,603)	760,602	-	(199,412,965)
Utility plant, net	$ 443,526,660	$ (20,903,665)	$ -	$ -	$ 422,622,995

Under the terms of the Facility Sharing and Lease Agreement entered into between PPGA and Hastings Utilities (HU), as Operating Agent, ownership of certain PPGA assets were conveyed to HU to allow for the utilization of these assets for the benefit of the Plant. In addition, PPGA financed the construction of transmission facilities and equipment to facilitate the distribution of power to the Members. Although ownership of these facilities and equipment rests with other governmental entities responsible for the transmission and distribution of energy, PPGA has elected to defer these costs and amortize them over a period of 30 years, as a component of utility plant.

Note 4: Net Costs to be Recovered from Billings to Members

Net costs to be recovered from billings to Members for the years ended December 31, 2021 and 2020, and the accumulated totals as of December 31, 2021 and 2020, consisted of the following:

	For the Years Ended December 31,		Accumulated Totals as of December 31,	
	2021	2020	2021	2020
Items in accordance with GAAP not currently billable to Members under the participation agreement:				
Depreciation and amortization expense	$ 21,846,112	$ 21,878,603	$ 226,384,117	$ 204,538,005
Amortization of Spring 2012 outage charges	-	-	1,201,925	1,201,925
Amortization of Fall 2017 outage charges	268,400	268,401	1,073,603	805,203
Amortization of deferred gain/loss on refunding, net	56,806	56,806	539,776	482,970
Bond issue costs paid with bond proceeds	-	-	10,464,169	10,464,169
Loss on disposition of utility plant	-	-	73,260	73,260
Accrued interest included in bond refunding	-	-	1,451,790	1,451,790
Accretion of bond discount (premium), net	(2,420,327)	(2,420,328)	(20,134,039)	(17,713,712)
SO2 emissions expense	41,983	27,937	446,513	404,530
Unrealized gain (loss) on investments	920,986	(483,979)	337,487	(583,499)
Portion of federal subsidy not credited on Member billings	-	-	(1,291,488)	(1,291,488)
Administrative costs incurred prior to commercial operation	-	-	1,566,261	1,566,261
Restricted interest income not credited to Members	(437,535)	(943,863)	(4,712,220)	(4,274,685)
Ash disposal costs not yet billable to Members	(240,650)	(32,172)	8,077	248,727
Cost of lime silo cleanup not yet billable to Members	(242,463)	-	-	242,463
Other	477,769	(12,461)	506,028	28,259
Amounts billed to Members under the bond resolution and participation agreement				
Bond principal less credits received for principal	(16,162,379)	(15,373,339)	(114,925,354)	(98,762,975)
Capital asset expenditures billed to participants	(1,628,787)	(786,597)	(4,549,727)	(2,920,940)
Net costs to be recovered from billings to Members	$ 2,479,915	$ 2,179,008	$ 98,440,178	$ 95,960,263

Public Power Generation Agency

Notes to Financial Statements

December 31, 2021 and 2020

Note 5: Long-term Debt

Long-term debt at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Revenue bonds		
Whelan Energy Center Unit 2 Revenue Bonds 2009 Series B (taxable), 7.242% with sinking fund installments beginning January 1, 2019 and a lump sum payment due January 1, 2041, callable at anytime	$ 170,615,000	$ 175,695,000
Whelan Energy Center Unit 2 Revenue Refunding Bonds 2015 Series A (tax-exempt), 5.00%, due annually beginning on January 1, 2018 with a final payment due January 1, 2031, callable beginning in 2025	147,505,000	158,670,000
Whelan Energy Center Unit 2 Revenue Bonds 2015 Series B (tax-exempt), 4.00% with sinking fund installments beginning January 1, 2032, and lump sum term payments of $27,780,000 and $77,650,000 due January 1, 2037 and January 1, 2041, respectively, noncallable	105,430,000	105,430,000
Whelan Energy Center Unit 2 Revenue Refunding Bonds 2016 Series A (tax-exempt), 3.00 - 5.00%, due annually beginning January 1, 2032 with a final payment due January 1, 2041, callable beginning in 2026	140,610,000	140,610,000
Total revenue bonds outstanding	564,160,000	580,405,000
Issuance premiums	28,700,228	31,153,995
Issuance discount	(635,359)	(668,799)
Current maturities of long-term debt	(17,050,000)	(16,245,000)
Long-term debt, net	$ 575,174,869	$ 594,645,196

Note 5: Long-term Debt - Continued

Long term debt activity for 2021 and 2020 is summarized below:

	January 1,	Additions	Reductions	December 31,	Due Within One Year
2021					
Revenue bonds	$ 580,405,000	$ -	$ (16,245,000)	$ 564,160,000	$ 17,050,000
Premiums	31,153,995	-	(2,453,767)	28,700,228	-
Discounts	(668,799)	-	33,440	(635,359)	-
Total long-term debt, net	$ 610,890,196	$ -	$ (18,665,327)	$ 592,224,869	$ 17,050,000
2020					
Revenue bonds	$ 595,290,000	$ -	$ (14,885,000)	$ 580,405,000	$ 16,245,000
Premiums	33,607,763	-	(2,453,768)	31,153,995	-
Discounts	(702,239)	-	33,440	(668,799)	-
Total long-term debt, net	$ 628,195,524	$ -	$ (17,305,328)	$ 610,890,196	$ 16,245,000

The 2009 Series B bonds were issued as bonds designated as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009, which allows the Agency to receive a U.S. Treasury subsidy equal to 35% of the amount of interest payable on those bonds. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6341 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. The refund payments processed on or after October 1, 2019 and on or before September 30, 2020 were reduced by the fiscal year 2020 sequestration rate of 5.9%; the refund payments processed on or after October 1, 2020 and on or before September 30, 2021 were reduced by the fiscal year 2021 sequestration rate of 5.7%; the refund payments processed on or after October 1, 2021 and on or before September 30, 2022 will be reduced by the fiscal year 2022 sequestration rate of 5.7%. Any future subsidy payments are contingent on federal regulations and are subject to change. The subsidy is not reflected in the table on the following page.

The revenue bonds are equally and ratably secured under the Bond Resolution and are payable on parity with one another. The bonds are special obligations of PPGA, payable from and secured by a pledge of the revenues, PPGA's rights, title and interest under the Participation Agreements and certain funds established under the Resolution.

Note 5: Long-term Debt - Continued

Future principal and interest payments required to be made in accordance with the bond documents and private voluntary debt exchange agreement at December 31, 2021, are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	$ 17,050,000	$ 29,637,314	$ 46,687,314
2023	17,880,000	28,641,987	46,521,987
2024	18,765,000	27,598,012	46,363,012
2025	19,685,000	26,502,859	46,187,859
2026	20,650,000	25,354,303	46,004,303
2027-2031	119,505,000	107,478,726	226,983,726
2032-2036	156,925,000	70,438,432	227,363,432
2037-2041	193,700,000	26,051,270	219,751,270
	$ 564,160,000	$ 341,702,903	$ 905,862,903

Note 6: Closure and Post-Closure Care Costs

As a result of coal ash produced at the WEC 2 plant site, the Agency has created an ash disposal area, including an ash pond. In accordance with regulations promulgated by the Nebraska Department of Environment and Energy (NDEE), the Agency has calculated an estimate of the costs of closing the site, at the end of the plant's useful life, and properly disposing of the ash, and also of post-closure monitoring of the ash disposal area. These costs are currently estimated at approximately $1,100,000 and $3,800,000 at December 31, 2021 and 2020, respectively, and will be recognized in each period based on the estimated disposal area capacity used as of each balance sheet date. These costs were estimated based on historical experience at similar ash disposal areas and in accordance with the permit obtained from NDEE. The estimated costs of closure and post-closure care are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure and other variables.

The Agency has established a Closure/Post-Closure Care Account to accumulate sufficient funds for the costs of closure and post-closure of the ash disposal area. Funds are deposited into this account at a rate of $3.00 per ton of ash placed into the disposal area for the years ended December 31, 2021 and 2020, respectively. The funds in this account totaled $1,697,217 and $1,541,565 at December 31, 2021 and 2020, respectively. The use of these funds is restricted to the costs of closure and post-closure care of the ash disposal area by NDEE regulations.

In the event of a pre-mature closure of the facilities, including the ash pond, the Agency would be required to immediately excavate, haul and properly dispose of all pond ash and scrubber ash remaining at that time. These costs are estimated to be approximately $6,400,000 for the Agency. The Agency has not recorded a liability for these pre-mature closure costs as of December 31, 2021 and 2020, as the costs are contingent on the occurrence of a pre-mature closure of the facilities, which is deemed to be remote by the Agency.

Note 7: Related Party Transactions

PPGA has an executed agreement for MEAN to serve as the Managing Agent of PPGA. In connection with this agreement, PPGA shall pay MEAN a monthly administrative fee for time and expense reimbursement. MEAN was paid $27,038 and $39,462 during 2021 and 2020, respectively, and amounts of $7,819 and $2,490 owed to MEAN were included in accounts payable at December 31, 2021 and 2020, respectively, in relation to this agreement.

In accordance with the PPGA Participation Agreement, effective October 5, 2006, Hastings Utilities (HU) is to serve as the Project Operating Agent of PPGA. In connection with this agreement, HU incurs certain administrative, general and other expenses on PPGA's behalf and PPGA shall reimburse HU for these expenses, including an allocation of indirect expenses as determined in accordance with the memorandum of understanding entered into between PPGA and HU. HU was paid $7,312,170 and $8,066,017 during 2021 and 2020, respectively, and amounts of $1,335,481 and $1,324,889 owed to HU were included in accounts payable at December 31, 2021 and 2020, respectively, in relation to the participation agreement.

PPGA also entered into a Facility Sharing and Lease Agreement with HU, effective January 1, 2008, for the lease of real estate and sharing of facilities for the construction and operation of WEC 2. In connection with this agreement, PPGA shall pay HU lease payments for real estate and shared facilities reimbursement until the end of the operational life of WEC 2, but in no event later than 100 years following the effective date of the agreement. Additionally, under this agreement, HU is to pay PPGA for certain shared facilities owned by PPGA. Payments under this agreement are included in the payments discussed above and are included in operating expenses on the statement of revenues and expenses, net of amounts received from HU under the agreement.

Additionally, all of the coal used at WEC 2 is obtained by HU through various short and long-term contracts and spot purchases based on market conditions.

Note 8: Risk Management and Contingencies

Risk Management

PPGA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries and illnesses and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

PPGA is subject to claims that arise primarily in the ordinary course of the operation of the plant. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material effect on the financial position, results of operations and cash flows of PPGA.

Proposed Environmental Standards

Any changes in the environmental regulatory requirements imposed by Federal or state law, which are applicable to generating stations, could result in increased capital and operating costs being incurred by PPGA. Until such changes are finalized and implemented, management is unable to predict when pending changes will be made to current environmental regulatory requirements and how the changes may impact PPGA.

Supplementary Information

Public Power Generation Agency
Schedule of Billings to Members
Year Ended December 31, 2021

	MEAN	HCPD	HU	GIU	NCU	Total
Operating expenses - variable	$ 5,425,332	$ 5,425,588	$ 2,374,064	$ 1,017,667	$ 678,769	$ 14,921,420
Station power expenses	91,484	91,484	40,024	17,154	11,436	251,582
Operating expenses - other	3,115,260	3,115,265	1,362,931	584,115	389,408	8,566,979
Indirect overhead expenses	130,119	130,119	56,927	24,397	16,265	357,827
Less: credit from investment income	(53,208)	(53,208)	(23,279)	(9,977)	(6,651)	(146,323)
Less: credit from excess debt service reserve funds	(322,771)	(322,771)	(141,213)	(60,520)	(40,346)	(887,621)
Less: credit from federal subsidy receipts	(1,482,937)	(1,482,937)	(648,785)	(278,051)	(185,367)	(4,078,077)
Less: credit from dry flyash revenue	(140,153)	(140,160)	(61,329)	(26,290)	(17,534)	(385,466)
Less: credit from equipment use revenue from HU	(928)	(928)	(406)	(174)	(116)	(2,552)
Net operation and maintenance billings	6,762,198	6,762,452	2,958,934	1,268,321	845,864	18,597,769
Capital asset / outage expenditures	592,286	592,286	259,125	111,054	74,036	1,628,787
Debt service billings, net	17,153,891	17,153,891	7,504,828	3,216,355	2,144,236	47,173,201
Total member billings	$ 24,508,375	$ 24,508,629	$ 10,722,887	$ 4,595,730	$ 3,064,136	$ 67,399,757

Note: The amount of billings to members is based on each Member's respective entitlement share, as detailed in Note 1. Additionally, billings to Members are designed to recover power costs as set forth by the PPGA Participation Agreement, which principally include operating expenses, scheduled debt principal and interest and capital expenditures (see Notes 1 and 4 for further discussion).

Public Power Generation Agency
Schedule of Billings to Members
Year Ended December 31, 2020

	MEAN	HCPD	HU	GIU	NCU	Total
Operating expenses - variable	$ 4,422,695	$ 4,419,895	$ 1,933,647	$ 828,894	$ 553,058	$ 12,158,189
Station power expenses	76,669	76,669	33,543	14,376	9,584	210,841
Operating expenses - other	2,887,277	2,887,277	1,263,182	541,364	360,909	7,940,009
Indirect overhead expenses	142,482	142,482	62,335	26,715	17,810	391,824
Less: credit from investment income	(154,960)	(154,960)	(67,795)	(29,055)	(19,370)	(426,140)
Less: credit from excess debt service reserve funds	(316,968)	(316,968)	(138,673)	(59,431)	(39,621)	(871,661)
Less: credit from federal subsidy receipts	(1,530,000)	(1,530,000)	(669,375)	(286,875)	(191,251)	(4,207,501)
Less: credit from shared facilities revenue from HU	(122,334)	(122,334)	(53,521)	(22,938)	(15,291)	(336,418)
Less: credit from dry flyash revenue	(135,358)	(135,272)	(59,182)	(25,368)	(16,927)	(372,107)
Less: credit from equipment use revenue from HU	(809)	(809)	(354)	(152)	(101)	(2,225)
Net operation and maintenance billings	5,268,694	5,265,980	2,303,807	987,530	658,800	14,484,811
Capital asset / outage expenditures	286,035	286,035	125,141	53,632	35,754	786,597
Debt service billings, net	17,197,943	17,197,943	7,524,101	3,224,614	2,149,743	47,294,344
Total member billings	$ 22,752,672	$ 22,749,958	$ 9,953,049	$ 4,265,776	$ 2,844,297	$ 62,565,752

Note: The amount of billings to members is based on each Member's respective entitlement share, as detailed in Note 1. Additionally, billings to Members are designed to recover power costs as set forth by the PPGA Participation Agreement, which principally include operating expenses, scheduled debt principal and interest and capital expenditures (see Notes 1 and 4 for further discussion).