

About the Agency

NCMPA1 is a state-chartered municipal corporation formed in 1976 by cities that owned and operated electric distribution systems, but did not own generating or transmission facilities. At that time, the cities were wholesale customers of Duke Energy Corporation (Duke).

In 1978, the Agency purchased 75 percent ownership in Catawba Nuclear Station Unit 2 located at Lake Wylie, South Carolina. The Agency also has an exchange agreement with Duke that provides for electric power through McGuire Nuclear Station and Catawba Unit 1.

Management services for the Power Agency are provided by ElectriCities of North Carolina, Inc.

NCMPA1 Officers

Todd Clark, Newton, Chairman

J. Richard Howell Jr., Shelby, Vice Chairman

Mayor Jack Edwards, Pineville, Secretary-Treasurer

NCMPA1 Participant Cities

- Albemarle
- Gastonia
- Lexington
- Newton
- Bostic
- Granite Falls
- Lincolnton
- Pineville
- Cherryville
- High Point
- Maiden
- Shelby
- Cornelius
- Huntersville
- Monroe
- Statesville
- Drexel
- Landis
- Morganton



Q1
2018

First Quarter Performance

Sales to Participants increased \$1,516,000 (1.6 %) compared to the first quarter of 2017 primarily due to higher billed energy sales resulting from the colder weather experienced in the first quarter of 2018. Billed energy increased by 97,225 MWh (8.2%) and contributed \$3,112,000 to the increase. This was offset by a 2% rate reduction effective July 1, 2017 that contributed \$1,708,000.

Sales to utilities increased \$4,532,000 (27.1%) compared to the first quarter of 2017. Average energy rates increased by \$8.41/MW (30.0%) and contributed \$5,011,000 to the increase. This increase is due to higher natural gas prices primarily in January 2018. Sales volume decreased by 13,139 MW (2.2%) and offset the increase by \$479,000.

Operations and Maintenance costs increased \$1,766,000 (6.7%) compared to the first quarter of 2017 primarily due to advances for the refueling outages at Catawba Unit 1 and Unit 2. There was only one refueling outage in 2017.

Nuclear fuel costs decreased \$3,350,000 (22.4%) compared to the first quarter of 2017 primarily due to the refueling outage at Catawba Unit 2

in March 2018. There were no refueling outages at the Catawba Units in the first quarter of 2017.

McGuire Exchange entitlement increased \$2,820,000 (36.3%) compared to the first quarter of 2017 primarily due to the timing of the annual pricing true-up. The 2018 true-up will be recorded in April 2018 while the 2017 true-up credit of \$1,830,000 was recorded in March 2017. The refueling outage at Catawba Unit 2 in March 2018 further contributed to the increase.

Purchased power costs increased \$3,856,000 (56.5%) relative to the first quarter of 2017. Higher purchased volumes resulting from lower generation at Catawba Unit 2 during the refueling outage in March 2018, contributed \$2,382,000 while higher energy rates contributed \$1,324,000.

Debt service decreased \$3,499,000 (10.6%) compared to the first quarter of 2017 in accordance with the debt payment schedules.

Financing Status

As of March 31, 2018, NCMPA1 had outstanding \$974,125,000 in bonds.

The weighted average interest cost of the NCMPA1 outstanding debt at the end of the quarter was 4.9%.

NCMPA1 Statement of Net Position

Per accounting principles generally accepted in the United States of America (GAAP)

(Unaudited) (\$000's)

	<u>March 31, 2018</u>	<u>March 31, 2017</u>		<u>March 31, 2018</u>	<u>March 31, 2017</u>
Assets			Deferred Outflows of Resources		
Non-Current Assets			Costs of advance refundings of debt		
Capital Assets:			Unamortized Debt issuance costs		
Electric Utility Plant, Net:			Total Deferred Outflows of Resources		
Electric plant in service	\$1,911,478	\$1,906,617	\$58,308		\$66,879
Construction work in progress	45,316	44,121	3,995		4,547
Nuclear fuel	239,389	250,988	<u>\$62,303</u>		<u>\$71,426</u>
Accumulated depreciation and amortization	<u>(1,044,543)</u>	<u>(1,047,310)</u>			
Total Electric Utility Plant, Net	1,151,640	1,154,416			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	5,750	5,750	Non-Current Liabilities:		
Less accumulated depreciation	<u>(4,743)</u>	<u>(4,674)</u>	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,007</u>	<u>1,076</u>	Bonds payable		
Total Capital Assets	1,152,647	1,155,492	Unamortized premium/(discount), net		
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	44,671	70,005	Total Non-Current Liabilities		
Bond fund	159,954	165,484	Current Liabilities:		
Reserve and contingency fund	<u>13,737</u>	<u>13,194</u>	Operating Liabilities:		
Total Special Funds Invested	218,362	248,683	Accounts payable		
Trust for Decommissioning Costs	<u>337,211</u>	<u>329,376</u>	Accrued taxes		
Total Restricted Assets	<u>555,573</u>	<u>578,059</u>	Total Operating Liabilities		
Total Non-Current Assets	<u>1,708,220</u>	<u>1,733,551</u>	Special Funds Liabilities:		
Current Assets			Current maturities of bonds		
Funds Invested:			Accrued interest on bonds		
Revenue fund	52,362	52,241	Total Special Funds Liabilities		
Operating fund	80,767	88,532	Total Current Liabilities		
Supplemental fund	<u>228,691</u>	<u>178,263</u>	Total Liabilities		
Total Funds Invested	361,820	319,036	<u>1,479,489</u>		<u>1,565,948</u>
Participant accounts receivable	30,921	31,353	Deferred Inflows of Resources		
Operating accounts receivable	13,822	9,916	Collections to be expended		
Plant materials and renewable certificate inventory	<u>66,948</u>	<u>63,922</u>	Total Deferred Inflows of Resources		
Total Current Assets	<u>473,511</u>	<u>424,227</u>	533,522		496,281
Total Assets	<u>\$2,181,731</u>	<u>\$2,157,778</u>	<u>533,522</u>		<u>496,281</u>
			Net Position		
			Net Invested in capital assets		
			Restricted for debt services		
			Unrestricted		
			Total Net Position		
			717,971		653,275
			6,239		34,402
			<u>(493,187)</u>		<u>(520,700)</u>
			<u>\$231,023</u>		<u>\$166,977</u>

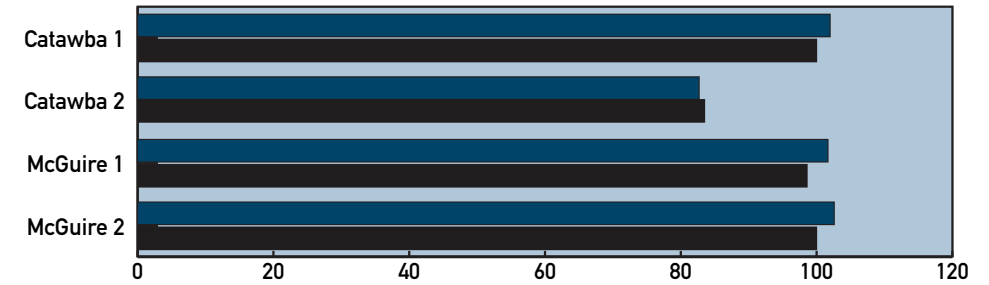
NCMPA1 Statements of Revenues and Expenses

Per bond resolution and other agreements
(Unaudited) (\$000's)

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2018	2017	2018	2017
Sales of electricity to Participants	\$94,443	\$92,927	\$94,443	\$92,927
Sales of electricity to utilities	21,252	16,720	21,252	16,720
McGuire exchange entitlement	9,975	9,319	9,975	9,319
Investment revenue available for operations	1,680	1,285	1,680	1,285
Other revenues	349	349	349	349
Total Revenues	127,699	120,600	127,699	120,600
Expenses				
Operation and maintenance	28,186	26,420	28,186	26,420
Nuclear fuel	11,587	14,937	11,587	14,937
McGuire exchange entitlement	10,580	7,760	10,580	7,760
Interconnection services:				
Purchased power	10,677	6,821	10,677	6,821
Transmission and distribution	4,387	4,689	4,387	4,689
Other	522	301	522	301
Total Interconnection Services	15,586	11,811	15,586	11,811
Administrative and general - Duke	9,115	8,503	9,115	8,503
Administrative and general - Agency	3,492	3,229	3,492	3,229
Excise taxes	517	536	517	536
Property tax	5,405	5,301	5,405	5,301
Debt service	29,661	33,160	29,661	33,160
Special funds deposits:				
Decommissioning fund	900	1,450	900	1,450
Reserve and contingency fund	2,962	3,309	2,962	3,309
Total Special Funds Deposits	3,862	4,759	3,862	4,759
Total Expenses	117,991	116,416	117,991	116,416
Net position (decrease)	9,708	4,184	9,708	4,184
Net position, beginning of quarter	221,315	117,145	221,315	117,145
Net position, end of quarter	\$231,023	\$121,329	\$231,023	\$121,329

NCMPA1 Plant Status

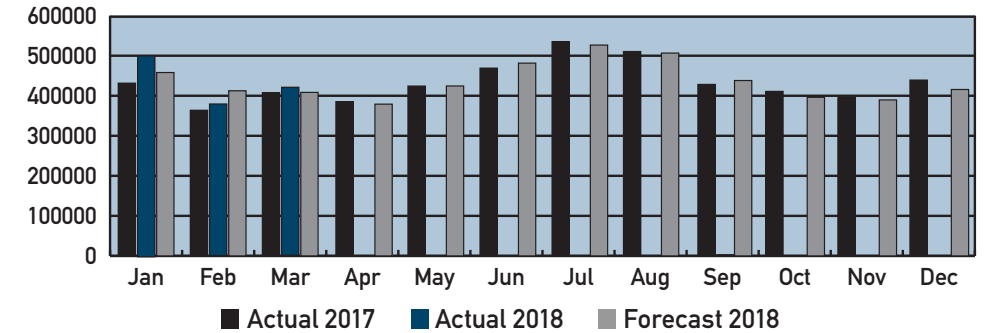
NOTE: The plant status values are year-to-date through March 2018.



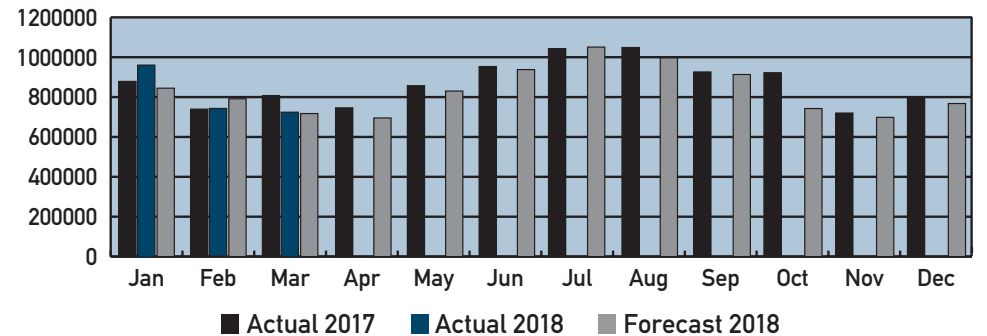
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.
 ■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire Unit 1 began a forced outage on February 16, 2018 and returned to service on February 17, 2018.
 Catawba Unit 2 began a refueling outage on March 17, 2018 and returned to service on April 14, 2018.

NCMPA1 Participant Energy Usage (in MWh)



NCMPA1 Participant OP Demand (in kW)



NOTE: * NCMPA1 Energy and OP Demand are at the Power Agency to City Billing Point and includes the SEPA allocation. Actual data are not weather normalized.

** The Forecast Year 2018 is from the NCMPA1 Winter 2017 Load Forecast.