

## 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



## Second Quarter Performance

Sales to Participants increased \$1,380,000 (1.3%) compared to the second quarter of 2017 primarily due to higher billed demand and energy sales resulting from the hotter weather experienced in the second quarter of 2018. Billed demand and energy increased by 72 MW (3.3%) and 47,405 MWh (3.7%) and contributed \$1,017,000 and \$1,913,000 to the increase respectively. This was offset by a 2% rate reduction effective July 1, 2017 that contributed \$1,708,000.

Sales to utilities increased \$5,143,000 (41.6%) compared to the second quarter of 2017. Sales volume increased by 132,818 MW (27.5%) and contributed \$3,771,000 to the increase. Average energy rates increased by \$2.84/MW (11.1%) and contributed \$1,372,000 to the increase.

McGuire Exchange entitlement increased \$2,405,000 (25.0%) compared to the second quarter of 2017 primarily due to the timing of the annual pricing true-up. The 2018 true-up of \$1,757,000 was recorded in April 2018 while the 2017 true-up credit of \$1,861,000 was recorded in March 2017.

McGuire Exchange entitlement increased \$2,904,000 (30.6%) compared to the second quarter of 2017 primarily due to the timing of the annual pricing true-up. The 2018 true-up charge of \$1,620,000 was 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 April 2018 further contributed to the increase.

Debt service decreased \$3,461,000 (10.5%) compared to the second quarter of 2017 in accordance with the debt payment schedules.

## Financing Status

As of June 30, 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>June 30, 2018</u>	<u>June 30, 2017</u>		<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Assets</b>			<b>Deferred Outflows of Resources</b>		
<b>Non-Current Assets</b>			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	\$56,474		\$63,640
Construction work in progress	55,594	52,568	3,880		4,377
Nuclear fuel	249,571	269,671	<u>60,354</u>		<u>68,017</u>
Accumulated depreciation and amortization	<u>(1,065,584)</u>	<u>(1,068,843)</u>			
Total Electric Utility Plant, Net	1,151,059	1,160,013			
Non-Utility Property and Equipment, Net:			<b>Liabilities</b>		
Property and equipment	4,333	5,750	Non-Current Liabilities:		
Less accumulated depreciation	<u>(3,344)</u>	<u>(4,692)</u>	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>989</u>	<u>1,058</u>	Bonds payable		
Total Capital Assets	1,152,048	1,161,071	Unamortized premium/(discount), net		
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	35,926	65,349	Total Non-Current Liabilities		
Bond fund	189,637	198,580	1,392,077		1,454,335
Reserve and contingency fund	<u>14,847</u>	<u>17,068</u>	Current Liabilities:		
Total Special Funds Invested	240,410	280,997	Operating Liabilities:		
Trust for Decommissioning Costs	<u>338,570</u>	<u>335,356</u>	Accounts payable		
Total Restricted Assets	<u>578,980</u>	<u>616,353</u>	Accrued taxes		
Total Non-Current Assets	<u>1,731,028</u>	<u>1,777,424</u>	Total Operating Liabilities		
Current Assets			Special Funds Liabilities:		
Funds Invested:			Current maturities of bonds		
Revenue fund	67,014	73,886	Accrued interest on bonds		
Operating fund	77,912	70,998	Total Special Funds Liabilities		
Supplemental fund	<u>227,558</u>	<u>166,270</u>	Total Current Liabilities		
Total Funds Invested	372,484	311,154	Total Liabilities		
Participant accounts receivable	43,304	41,670	1,497,886		1,588,387
Operating accounts receivable	6,027	5,512	<b>Deferred Inflows of Resources</b>		
Plant materials and renewable certificate inventory	<u>66,993</u>	<u>63,796</u>	Collections to be expended		
Total Current Assets	<u>488,808</u>	<u>422,132</u>	Total Deferred Inflows of Resources		
Total Assets	<u>\$2,219,836</u>	<u>\$2,199,556</u>	540,287		510,935
			Total Deferred Inflows of Resources		
			<u>540,287</u>		<u>510,935</u>
			<b>Net Position</b>		
			Net Invested in capital assets		
			Restricted for debt services		
			Unrestricted		
			Total Net Position		
			714,343		656,093
			25,865		64,409
			<u>(498,191)</u>		<u>(552,251)</u>
			<u>\$242,017</u>		<u>\$168,251</u>

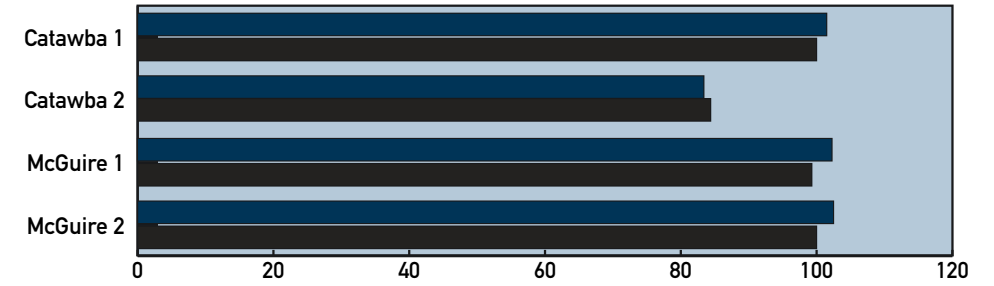
## NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended June 30		Year-to-Date June 30	
	2018	2017	2018	2017
Sales of electricity to Participants	\$105,149	\$103,769	\$199,592	\$196,696
Sales of electricity to utilities	17,495	12,352	38,747	29,072
McGuire exchange entitlement	12,010	9,605	21,985	18,924
Investment revenue available for operations	2,215	2,246	3,895	3,531
Other revenues	354	352	703	701
<b>Total Revenues</b>	<b>137,223</b>	<b>128,324</b>	<b>264,922</b>	<b>248,924</b>
<b>Expenses</b>				
Operation and maintenance	34,678	35,246	62,864	61,667
Nuclear fuel	10,998	11,815	22,585	26,751
McGuire exchange entitlement	12,385	9,481	22,965	17,241
Interconnection services:				
Purchased power	10,572	10,251	21,249	17,071
Transmission and distribution	4,351	3,999	8,738	8,687
Other	562	565	1,084	866
<b>Total Interconnection Services</b>	<b>15,485</b>	<b>14,815</b>	<b>31,071</b>	<b>26,624</b>
Administrative and general - Duke	9,682	8,786	18,797	17,290
Administrative and general - Agency	3,015	3,275	6,507	6,504
Excise taxes	536	487	1,053	1,023
Property tax	5,405	5,301	10,810	10,603
Debt service	29,624	33,085	59,285	66,246
Special funds deposits:				
Decommissioning fund	900	1,450	1,800	2,900
Reserve and contingency fund	3,521	3,309	6,483	6,617
<b>Total Special Funds Deposits</b>	<b>4,421</b>	<b>4,759</b>	<b>8,283</b>	<b>9,517</b>
<b>Total Expenses</b>	<b>126,229</b>	<b>127,050</b>	<b>244,220</b>	<b>243,466</b>
Net position (decrease)	10,994	1,274	20,702	5,458
Net position, beginning of quarter	231,023	166,977	221,315	162,793
<b>Net position, end of quarter</b>	<b>\$242,017</b>	<b>\$168,251</b>	<b>\$242,017</b>	<b>\$168,251</b>

## NCMPA1 Plant Status

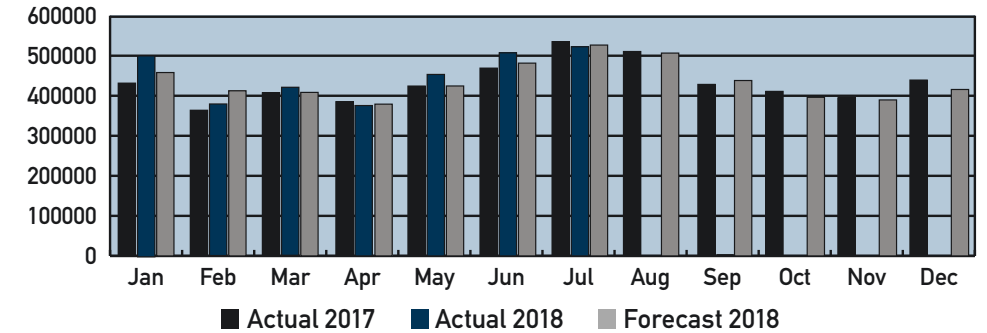
NOTE: The plant status values are year-to-date through June 2018.



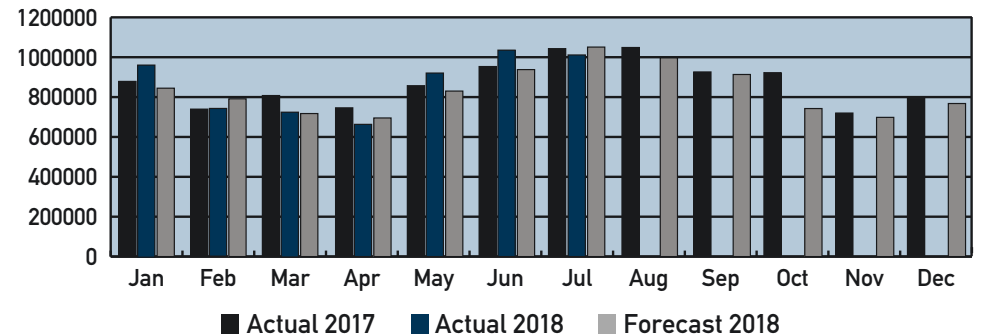
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.  
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

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 data is from the NCMPA1 Winter 2017 Load Forecast.