

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



Third Quarter Performance

Sales to Participants decreased \$8,730,000 (6.9 %) compared to the third quarter of 2017 primarily due to a 7% energy rate reduction effective July 1, 2018 that contributed \$11,446,000 to the decrease. This was offset by higher billed demand and energy sales resulting from the hotter weather experienced in the third quarter of 2018. Billed demand and energy increased by 16 MW (0.6%) and 60,846 MWh (4.2%) and offset the decrease by \$146,000 and \$2,642,000, respectively.

Nuclear fuel costs decreased \$1,002,000 (7.6%) compared to the third quarter of 2017 primarily due to lower nuclear fuel recovery rates from Duke relating to Catawba Unit 2.

Purchased power costs increased \$1,106,000 (9.2%) compared to the third quarter of 2017. Higher energy volumes purchased in the third quarter of 2018 resulting from hotter weather experienced, contributed \$664,000 to the increase. Higher energy rates further contributed \$300,000 to the overall increase.

Administrative and general - Duke decreased \$3,845,000 (57.9%) compared to the third quarter of 2017 primarily due to the 2017 A&G True-up credit of \$5,500,000 received in 2018.

Debt service decreased \$3,458,000 (10.4%) compared to the third quarter of 2017 in accordance with the debt payment schedules.

Financing Status

As of September 30, 2018, NCMPA 1 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%. To date, NCMPA1 has had \$2,166,927,000 in debt redeemed prior to or at maturity.

NCMPA1 Statement of Net Position

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

(Unaudited) (\$000's)

	<u>September 30, 2018</u>	<u>September 30, 2017</u>		<u>September 30, 2018</u>	<u>September 30, 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	\$54,376		\$63,032
Construction work in progress	60,522	58,904	3,747		4,285
Nuclear fuel	247,929	266,055	<u>58,123</u>		<u>67,317</u>
Accumulated depreciation and amortization	(1,087,264)	(1,091,657))			
Total Electric Utility Plant, Net	<u>1,132,665</u>	<u>1,139,919</u>			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	4,333	5,750	Non-Current Liabilities:		
Less accumulated depreciation	(3,340)	(4,709)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>993</u>	<u>1,041</u>	Bonds payable		
Total Capital Assets	<u>1,133,658</u>	<u>1,140,960</u>	Unamortized premium/(discount), net		
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	34,258	60,861	Total Non-Current Liabilities		
Bond fund	195,282	206,217	902,620		974,125
Reserve and contingency fund	15,521	17,051	<u>77,685</u>		<u>90,717</u>
Total Special Funds Invested	<u>245,061</u>	<u>284,129</u>	980,305		1,064,842
Trust for Decommissioning Costs	337,906	338,367	<u>414,407</u>		<u>391,726</u>
Total Restricted Assets	<u>582,967</u>	<u>622,496</u>	1,394,712		1,456,568
Total Non-Current Assets	<u>1,716,625</u>	<u>1,763,456</u>	Current Liabilities:		
Current Assets			Operating Liabilities:		
Funds Invested:			Accounts payable		
Revenue fund	62,765	76,801	Accrued taxes		
Operating fund	92,890	75,475	Total Operating Liabilities		
Supplemental fund	274,528	199,417	2,850		3,723
Total Funds Invested	<u>430,183</u>	<u>351,693</u>	16,215		16,097
Participant accounts receivable	37,967	38,517	Special Funds Liabilities:		
Operating accounts receivable	10,120	14,127	Current maturities of bonds		
Plant materials and renewable certificate inventory	67,122	65,043	Accrued interest on bonds		
Total Current Assets	<u>545,392</u>	<u>469,380</u>	Total Special Funds Liabilities		
Total Assets	<u>\$2,262,017</u>	<u>\$2,232,836</u>	Total Current Liabilities		
			Total Liabilities		
			<u>1,497,029</u>		<u>1,570,857</u>
			Deferred Inflows of Resources		
			Collections to be expended		
			Total Deferred Inflows of Resources		
			545,025		526,152
			<u>545,025</u>		<u>526,152</u>
			Net Position		
			Net Invested in capital assets		
			Restricted for debt services		
			Unrestricted:		
			Total Net Position		
			702,037		642,821
			33,400		70,432
			(457,351)		(510,109)
			<u>\$278,086</u>		<u>\$203,144</u>

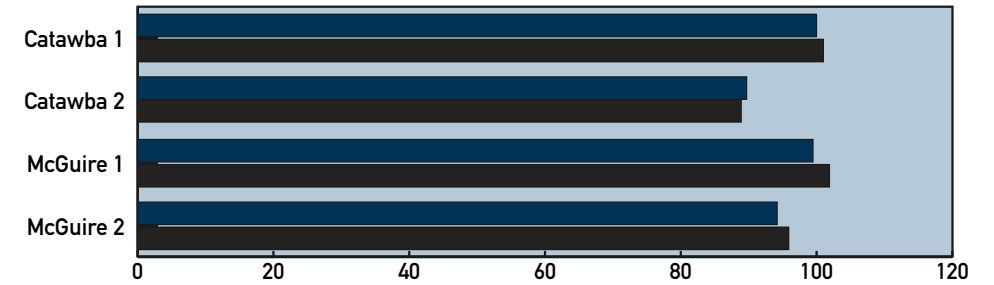
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended September 30		Year-to-Date September 30	
	2018	2017	2018	2017
Sales of electricity to Participants	\$118,304	\$127,034	\$317,896	\$323,730
Sales of electricity to utilities	13,503	14,199	52,250	43,270
McGuire exchange entitlement	11,190	11,347	33,175	30,272
Investment revenue available for operations	2,541	1,649	6,436	5,180
Other revenues	358	350	1,061	1,051
Total Revenues	145,896	154,579	410,818	403,503
Expenses				
Operation and maintenance	24,358	25,332	87,222	86,998
Nuclear fuel	12,198	13,200	34,783	39,952
McGuire exchange entitlement	9,750	10,294	32,715	27,535
Interconnection services:				
Purchased power	13,140	12,034	34,389	29,105
Transmission and distribution	3,733	4,338	12,471	13,026
Other	538	572	1,622	1,437
Total Interconnection Services	17,411	16,944	48,482	43,568
Administrative and general - Duke	2,795	6,640	21,592	23,930
Administrative and general - Agency	3,787	3,467	10,294	9,972
Excise taxes	546	577	1,599	1,600
Property tax	5,405	5,301	16,215	15,904
Debt service	29,714	33,172	88,999	99,417
Special funds deposits:				
Decommissioning fund	900	1,450	2,700	4,350
Reserve and contingency fund	2,963	3,309	9,446	9,926
Total Special Funds Deposits	3,863	4,759	12,146	14,276
Total Expenses	109,827	119,686	354,047	363,152
Net position (decrease)	36,069	34,893	56,771	40,351
Net position, beginning of quarter	242,017	168,251	221,315	162,793
Net position, end of quarter	\$278,086	\$203,144	\$278,086	\$203,144

NCMPA1 Plant Status

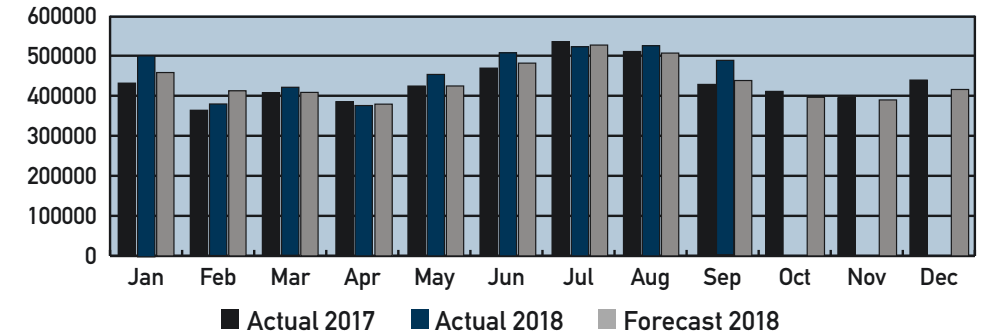
NOTE: The plant status values are year-to-date through September 2018.



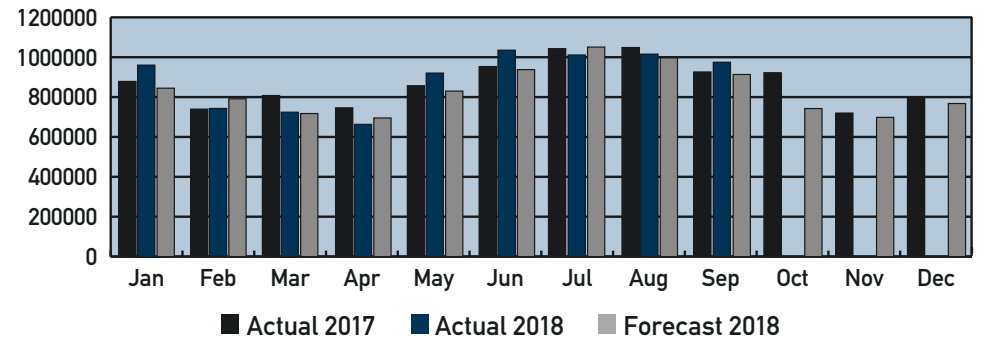
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire Unit 2 began a refueling outage on September 15, 2018 and returned to service on October 13, 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.