

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



## First Quarter Performance

Sales to Participants decreased \$7,410,000 (7.8 %) compared to the first quarter of 2018 due to lower energy rates and volumes. The 7% energy rate decrease effective July 1, 2018 contributed \$4,871,000 to the decrease. Billed energy decreased by 86,703 MWh (6.7%) and contributed \$2,749,000 to the decrease due to milder weather experienced in the first quarter of 2019.

Sales to utilities increased \$2,077,000 (9.8 %) compared to the first quarter of 2018. Sales volume increased by 129,944 MW (22.3%) and contributed \$4,252,000. Average energy rates decreased by \$3.73/MW (10.2%) and offset the increase by \$2,175,000. This decrease is due to lower natural gas prices in the first quarter of 2019.

Investment revenue available for operations increased \$1,396,000 (83.1%) compared to the first quarter of 2018 primarily due to higher Supplemental Fund balances available for investment. An arbitrage rebate payment of \$258,000 in the first quarter of 2018 further contributed to the increase.

Operations and Maintenance costs decreased \$5,024,000 (17.8%) compared to the first quarter of 2018 primarily due to higher advances in the first quarter of 2018 resulting from higher anticipated operating costs related to two 2018 refueling outages at Catawba Unit 1 and Unit 2. There is one refueling outage at Catawba Unit 2 in 2019 scheduled in the third quarter of 2019.

McGuire Exchange entitlement decreased \$1,154,000 (10.9%) compared to the first quarter of 2018 primarily due to the McGuire Unit 1 refueling outage in March 2019. The refueling outage at Catawba Unit 2 in March 2018 resulted in higher entitlement purchases in 2018 and further contributed to the decrease.

Purchased power costs decreased \$1,322,000 (12.4%) compared to the first quarter of 2018 primarily due to lower energy rates that contributed \$1,563,000 to the decrease.

Administrative and general - Duke decreased \$1,649,000 (18.1%) compared to the first quarter of 2018 primarily due to lower employee and pension costs resulting from prior year organizational changes.

Debt service decreased \$8,366,000 (28.2%) compared to the first quarter of 2018 in accordance with the debt payment schedules.

Special Funds deposit into the Reserve and Contingency Fund increased \$3,617,000 (122.1%) compared to the first quarter of 2018. The increase is to provide funds for capital improvements at the Catawba station after full utilization of the Construction Fund balances.

## Financing Status

As of March 31, 2019, NCMPA 1 had outstanding \$902,620,000 in bonds. The weighted average interest cost of the NCMPA1 outstanding debt at the end of the quarter was 4.95%. To date, NCMPA1 has had \$2,238,432,000 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>March 31, 2019</u>	<u>March 31, 2018</u>		<u>March 31, 2019</u>	<u>March 31, 2018</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	\$1,912,051	\$1,911,478	\$50,405		\$58,308
Construction work in progress	40,337	45,316	3,493		3,995
Nuclear fuel	238,217	239,389	<u>53,898</u>		<u>62,303</u>
Accumulated depreciation and amortization	(1,051,861)	(1,044,543)			
Total Electric Utility Plant, Net	<u>1,138,744</u>	<u>1,151,640</u>			
Non-Utility Property and Equipment, Net:			<b>Liabilities</b>		
Property and equipment	4,348	5,750	Non-Current Liabilities:		
Less accumulated depreciation	(3,360)	(4,743)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>988</u>	<u>1,007</u>	Bonds payable		
Total Capital Assets	<u>1,139,732</u>	<u>1,152,647</u>	Unamortized premium/(discount), net		
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	18,620	44,671	Total Non-Current Liabilities		
Bond fund	139,315	159,954	933,320		985,883
Reserve and contingency fund	14,271	13,737	<u>441,372</u>		<u>402,909</u>
Total Special Funds Invested	<u>172,206</u>	<u>218,362</u>	Total Current Liabilities:		
Trust for Decommissioning Costs	354,389	337,211	Operating Liabilities:		
Total Restricted Assets	<u>526,595</u>	<u>555,573</u>	Accounts payable		
Total Non-Current Assets	<u>1,666,327</u>	<u>1,708,220</u>	Accrued taxes		
Current Assets			Total Operating Liabilities		
Funds Invested:			Special Funds Liabilities:		
Revenue fund	69,288	52,362	Current maturities of bonds		
Operating fund	82,373	80,767	Accrued interest on bonds		
Supplemental fund	315,662	228,691	Total Special Funds Liabilities		
Total Funds Invested	<u>467,323</u>	<u>361,820</u>	Total Current Liabilities		
Participant accounts receivable	28,575	30,921	Total Liabilities		
Operating accounts receivable	16,404	13,822	1,439,519		1,479,489
Plant materials and renewable certificate inventory	67,326	66,948			
Total Current Assets	<u>579,628</u>	<u>473,511</u>			
Total Assets	<u>\$2,245,955</u>	<u>\$2,181,731</u>	<b>Deferred Inflows of Resources</b>		
			Collections to be expended		
			Total Deferred Inflows of Resources		
			542,236		533,522
			<u>542,236</u>		<u>533,522</u>
			<b>Net Position</b>		
			Net Invested in capital assets		
			Restricted for debt services		
			Unrestricted:		
			Total Net Position		
			758,019		717,971
			(38,079)		6,239
			(401,842)		(493,187)
			<u>\$318,098</u>		<u>\$231,023</u>

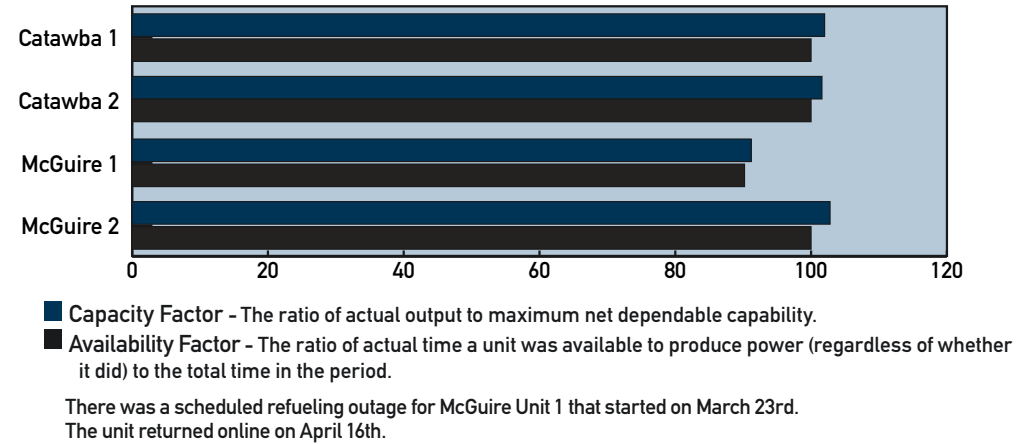
## NCMPA1 Statements of Revenues and Expenses

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

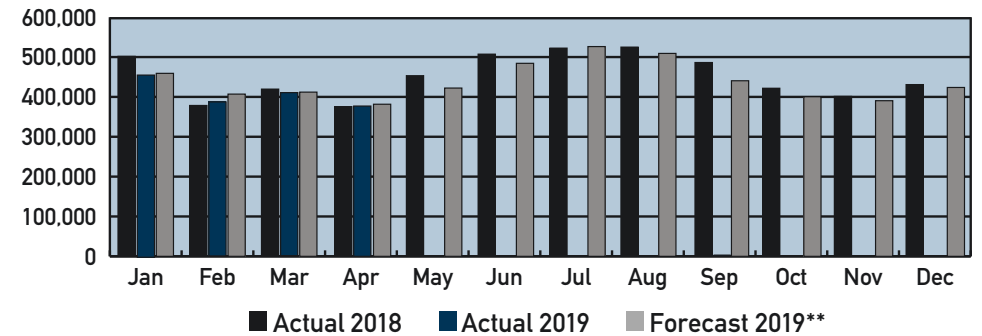
Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2019	2018	2019	2018
Sales of electricity to Participants	\$87,033	\$94,443	\$87,033	\$94,443
Sales of electricity to utilities	23,329	21,252	23,329	21,252
McGuire exchange entitlement	10,378	9,975	10,378	9,975
Investment revenue available for operations	3,076	1,680	3,076	1,680
Other revenues	349	349	349	349
<b>Total Revenues</b>	<b>124,165</b>	<b>127,699</b>	<b>124,165</b>	<b>127,699</b>
<b>Expenses</b>				
Operation and maintenance	23,162	28,186	23,162	28,186
Nuclear fuel	11,200	11,587	11,200	11,587
McGuire exchange entitlement	9,426	10,580	9,426	10,580
Interconnection services:				
Purchased power	9,355	10,677	9,355	10,677
Transmission and distribution	4,620	4,387	4,620	4,387
Other	907	522	907	522
<b>Total Interconnection Services</b>	<b>14,882</b>	<b>15,586</b>	<b>14,882</b>	<b>15,586</b>
Administrative and general - Duke	7,466	9,115	7,466	9,115
Administrative and general - Agency	3,160	3,492	3,160	3,492
Excise taxes	555	517	555	517
Property tax	5,674	5,405	5,674	5,405
Debt service	21,295	29,661	21,295	29,661
Special funds deposits:				
Decommissioning fund	900	900	900	900
Reserve and contingency fund	6,579	2,962	6,579	2,962
<b>Total Special Funds Deposits</b>	<b>7,479</b>	<b>3,862</b>	<b>7,479</b>	<b>3,862</b>
<b>Total Expenses</b>	<b>104,299</b>	<b>117,991</b>	<b>104,299</b>	<b>117,991</b>
Net position (decrease)	19,866	9,708	19,866	9,708
Net position, beginning of quarter	298,232	221,315	298,232	221,315
<b>Net position, end of quarter</b>	<b>\$318,098</b>	<b>\$231,023</b>	<b>\$318,098</b>	<b>\$231,023</b>

## NCMPA1 Plant Status

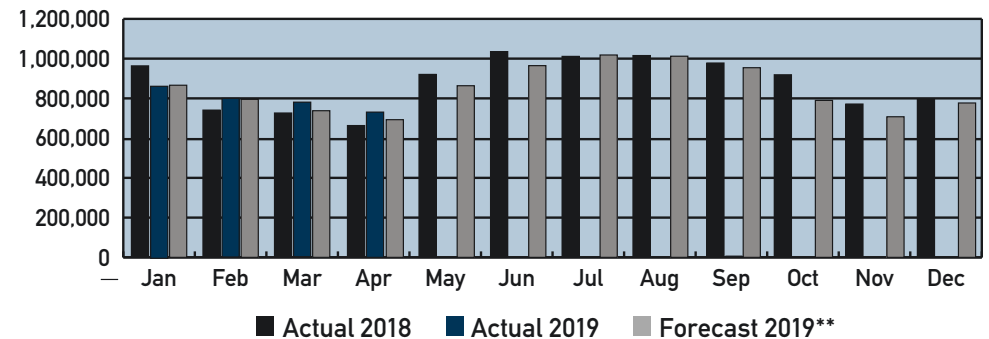
NOTE: The plant status values are year-to-date through March 2019.



## 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 2019 data is from the NCMPA1 Winter 2018 Load Forecast.