

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



Second Quarter Performance

Sales to Participants decreased \$9,100,000 (8.7 %) compared to the second quarter of 2018 primarily due to lower energy rates and volumes. The 7% energy rate decrease effective July 1, 2018 contributed \$6,995,000 to the decrease. Billed energy decreased by 42,856 MWh (3.3%) and contributed \$1,753,000 to the decrease due to milder weather experienced in the second quarter of 2019.

Sales to utilities decreased \$4,760,000 (27.2 %) compared to the second quarter of 2018. Sales volume and average rates decreased by 36,676 MW (6.0%) and \$6.42/MW (22.6%), and contributed \$806,000 and \$3,954,000 to the decrease, respectively. This decrease is due to milder weather conditions and lower natural gas prices in the second quarter of 2019.

McGuire Exchange entitlement decreased \$2,955,000 (24.6%) compared to the second quarter of 2018 primarily due to the 2018 annual energy pricing true-up charge of \$1,372,000 received in April 2019. A 2017 true-up credit of \$1,757,000 was received in April 2018.

Investment revenue available for operations increased \$2,121,000 (95.8%) compared to the second quarter of 2018 primarily due to higher gains on sale of investments.

Operations and Maintenance costs decreased \$10,373,000 (29.9%) compared to the second quarter of 2018. There were higher operating costs related to two refueling outages at Catawba Unit 1 and Unit 2 in 2018 compared to only one refueling outage at Catawba Unit 2 scheduled for the third quarter of 2019.

McGuire Exchange entitlement decreased

\$5,340,000 (43.1%) compared to the second quarter of 2018 primarily due to a lower annual energy pricing true-up adjustment in the second quarter of 2019. A true-up credit of \$1,404,000 was received in April 2019 relating to the 2018 annual energy pricing compared to a charge of \$1,620,000 received in April 2018 relating to the 2017 annual pricing true-up. The refueling outage at McGuire Unit 1 in April 2019 resulted in lower entitlement purchases and further contributed to the decrease.

Purchased power costs decreased \$1,109,000 (10.5%) compared to the second quarter of 2018. Lower volumes and energy rates contributed \$382,000 and \$868,000, respectively, to the decrease.

Administrative and general - Duke decreased \$2,163,000 (22.3%) compared to the second quarter of 2018 primarily due to lower employee and pension costs resulting from prior year organizational changes.

Debt service decreased \$8,367,000 (28.2%) compared to the second quarter of 2018 in accordance with the debt payment schedules.

Special Funds deposit into the Reserve and Contingency Fund increased \$3,058,000 (86.9%) compared to the second quarter of 2018. The increase is to provide funds for capital improvements at the Catawba Plant after full utilization of the Construction Fund balances.

Financing Status

As of June 30, 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>June 30, 2019</u>	<u>June 30, 2018</u>		<u>June 30, 2019</u>	<u>June 30, 2018</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:			\$48,531	\$56,474	
Electric plant in service	\$1,912,051	\$1,911,478	3,370	3,880	
Construction work in progress	45,477	55,594	<u>51,901</u>	<u>60,354</u>	
Nuclear fuel	247,276	249,571	Total Deferred Outflows of Resources		
Accumulated depreciation and amortization	<u>(1,073,569)</u>	<u>(1,065,584)</u>			
Total Electric Utility Plant, Net	1,131,235	1,151,059	Liabilities		
Non-Utility Property and Equipment, Net:			Non-Current Liabilities:		
Property and equipment	4,348	4,333	Long-Term Debt:		
Less accumulated depreciation	<u>(3,371)</u>	<u>(3,344)</u>	Bonds payable	861,210	902,620
Total Non-Utility Property and Equipment, Net	<u>977</u>	<u>989</u>	Unamortized premium/(discount), net	<u>69,602</u>	<u>80,799</u>
Total Capital Assets	1,132,212	1,152,048	Total Long-Term Debt	930,812	983,419
Restricted Assets:			Asset Retirement Obligation	<u>447,670</u>	<u>408,658</u>
Special Funds Invested:			Total Non-Current Liabilities	1,378,482	1,392,077
Construction fund	14,251	35,926	Current Liabilities:		
Bond fund	162,007	189,637	Operating Liabilities:		
Reserve and contingency fund	<u>19,559</u>	<u>14,847</u>	Accounts payable	8,354	0
Total Special Funds Invested	195,817	240,410	Accrued taxes	<u>11,347</u>	<u>10,810</u>
Trust for Decommissioning Costs	<u>364,812</u>	<u>338,570</u>	Total Operating Liabilities	19,701	10,810
Total Restricted Assets	<u>560,629</u>	<u>578,980</u>	Special Funds Liabilities:		
Total Non-Current Assets	<u>1,692,841</u>	<u>1,731,028</u>	Current maturities of bonds	41,410	71,505
Current Assets			Accrued interest on bonds	<u>21,809</u>	<u>23,494</u>
Funds Invested:			Total Special Funds Liabilities	<u>63,219</u>	<u>94,999</u>
Revenue fund	70,992	67,014	Total Current Liabilities	<u>82,920</u>	<u>105,809</u>
Operating fund	91,362	77,912	Total Liabilities	<u>1,461,402</u>	<u>1,497,886</u>
Supplemental fund	<u>337,097</u>	<u>227,558</u>	Deferred Inflows of Resources		
Total Funds Invested	499,451	372,484	Collections to be expended	<u>557,477</u>	<u>540,287</u>
Participant accounts receivable	37,573	43,304	Total Deferred Inflows of Resources	<u>557,477</u>	<u>540,287</u>
Operating accounts receivable	6,515	6,027	Net Position		
Plant materials and renewable certificate inventory	<u>68,590</u>	<u>66,993</u>	Net Invested in capital assets	748,050	714,343
Total Current Assets	<u>612,129</u>	<u>488,808</u>	Restricted for debt services	0	25,865
Total Assets	<u>\$ 2,304,970</u>	<u>\$ 2,219,836</u>	Unrestricted:	<u>(410,055)</u>	<u>(498,191)</u>
			Total Net Position	<u>\$ 337,995</u>	<u>\$242,017</u>

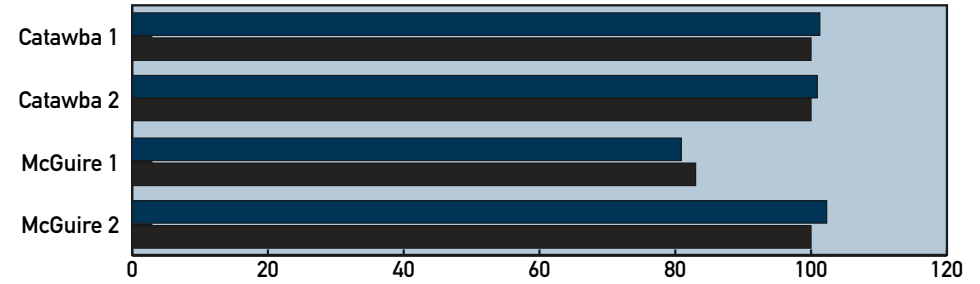
NCMPA1 Statements of Revenues and Expenses

Per Bond Resolution and Other Agreements
(Unaudited) (\$000's)

Revenues	Quarter Ended June 30		Year-to-Date June 30	
	2019	2018	2019	2018
Sales of electricity to Participants	\$96,049	\$105,149	\$183,082	\$199,592
Sales of electricity to utilities	12,735	17,495	36,064	38,747
McGuire exchange entitlement	9,055	12,010	19,433	21,985
Investment revenue available for operations	4,336	2,215	7,412	3,895
Other revenues	349	354	698	703
Total Revenues	122,524	137,223	246,689	264,922
Expenses				
Operation and maintenance	24,305	34,678	47,467	62,864
Nuclear fuel	11,328	10,998	22,528	22,585
McGuire exchange entitlement	7,045	12,385	16,471	22,965
Interconnection services:				
Purchased power	9,463	10,572	18,818	21,249
Transmission and distribution	4,252	4,351	8,872	8,738
Other	707	562	1,614	1,084
Total Interconnection Services	14,422	15,485	29,304	31,071
Administrative and general - Duke	7,519	9,682	14,985	18,797
Administrative and general - Agency	3,031	3,015	6,191	6,507
Excise taxes	567	536	1,122	1,053
Property tax	5,674	5,405	11,348	10,810
Debt service	21,257	29,624	42,552	59,285
Special funds deposits:				
Decommissioning fund	900	900	1,800	1,800
Reserve and contingency fund	6,579	3,521	13,158	6,483
Total Special Funds Deposits	7,479	4,421	14,958	8,283
Total Expenses	102,627	126,229	206,926	244,220
Net position (decrease)	19,897	10,994	39,763	20,702
Net position, beginning of quarter	318,098	231,023	298,232	221,315
Net position, end of quarter	\$337,995	\$242,017	\$337,995	\$242,017

NCMPA1 Plant Status

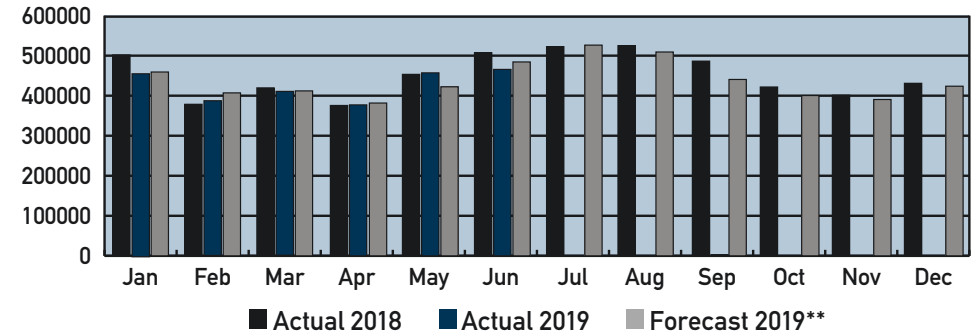
NOTE: The plant status values are year-to-date through June 2019.



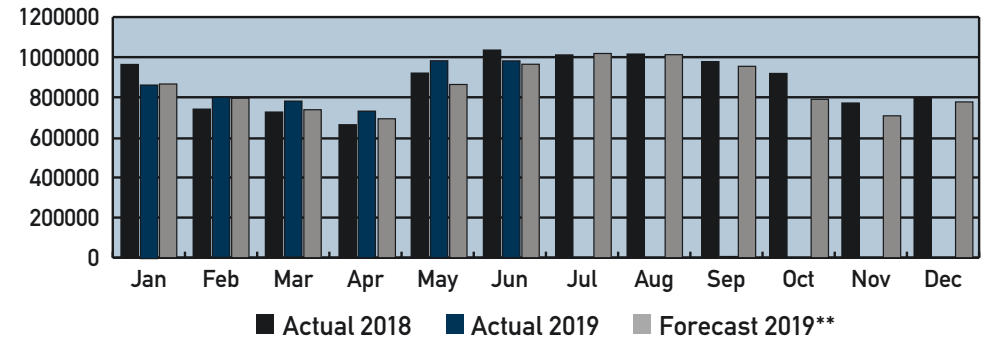
- Capacity Factor - The ratio of actual output to maximum net dependable capability.
- Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

There was a scheduled refueling outage for McGuire Unit 1 that started on March 23rd. The unit returned online on April 16th. McGuire Unit 1 was manually taken offline on April 26th to address issues with the 1B Feed Pump. The unit was returned online on April 30th. McGuire Unit 1 automatically tripped offline on May 3rd due to operator error. The unit was returned online on May 5th.

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.