

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 \$776,000 (0.7 %) compared to the third quarter of 2018 primarily due to lower energy rates. The 2% energy rate decrease effective July 1, 2019 contributed \$1,866,000 to the decrease. This was offset by higher billed demand and energy sales resulting from the hotter weather experienced in the third quarter of 2019. Billed demand and energy increased by 51 MW (1.9%) and 4,713 MWh (0.3%) and offset the overall decrease by \$667,000 and \$217,000, respectively.

Sales to utilities decreased \$3,715,000 (27.5 %) compared to the third quarter of 2018. Sales volume and average rates decreased by 14,767 MWh (3.1%) and \$7.24/MWh (25.2%), and contributed \$318,000 and \$3,396,000 to the decrease, respectively. This decrease is due to lower generation resulting from the refueling outage at Catawba Unit 2 and lower natural gas prices, both in the third quarter of 2019.

McGuire Exchange entitlement decreased \$1,810,000 (16.2%) compared to the third quarter of 2018 primarily due to lower entitlement sales resulting from the refueling outage at Catawba Unit 2 in the third quarter of 2019. There were no refueling outages in the third quarter of 2018.

Other revenue decreased \$75,007,000 (>100.0%) compared to the third quarter of 2018 due to return of \$75,000,000 working capital to Participants in July 2019.

Operations and Maintenance costs increased \$3,897,000 (16.0%) compared to the third quarter of 2018 primarily due to higher operating costs related to the refueling outage at Catawba Unit 2 in the third quarter of 2019. There were no refueling outages in the third quarter of 2018.

Nuclear fuel costs decreased \$1,681,000 (13.8%) compared to the third quarter of 2018 primarily due to lower nuclear fuel burn resulting from the refueling outage at Catawba Unit 2 in the third quarter of 2019.



There were no refueling outages in the third quarter of 2018.

Purchased power costs decreased \$1,684,000 (9.7%) compared to the third quarter of 2018 primarily due to lower energy rates that contributed \$1,370,000 to the decrease. Lower transmission costs resulting from a prior year true-up further contributed \$521,000 to the decrease.

Administrative and general - Duke increased \$5,109,000 (182.8%) compared to the third quarter of 2018 primarily due to higher employee and pension costs resulting from prior year organizational changes.

Debt service increased \$66,302,000 (223.1%) compared to the third quarter of 2018 primarily due to the partial defeasance of \$68,900,000 of the 2012B, 2012C and 2015C bonds series in September 2019.

Special Funds deposit into the Reserve and Contingency Fund increased \$3,353,000 (113.2%) compared to the third 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 September 30, 2019, NCMPA 1 had outstanding \$833,720,000 in bonds.

The weighted average interest cost of the NCMPA1 outstanding debt at the end of the quarter was 4.97%.

To date, NCMPA1 has had \$2,307,332,000 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)

	September 30, 2019	September 30, 2018		September 30, 2019	September 30, 2018
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	\$1,912,051	\$1,911,478	\$46,658	\$54,376	
Construction work in progress	54,038	60,522	3,361	3,747	
Nuclear fuel	280,405	247,929	<u>50,019</u>	<u>58,123</u>	
Accumulated depreciation and amortization	(1,094,201)	(1,087,264)			
Total Electric Utility Plant, Net	<u>1,152,293</u>	<u>1,132,665</u>			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	4,348	4,333	Non-Current Liabilities:		
Less accumulated depreciation	(3,382)	(3,340)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>966</u>	<u>993</u>	Bonds payable		
Total Capital Assets	<u>1,153,259</u>	<u>1,133,658</u>	Unamortized premium/(discount), net		
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	10,379	34,258	Total Non-Current Liabilities		
Bond fund	160,947	195,282	1,313,376	1,394,712	
Reserve and contingency fund	23,619	15,521	Current Liabilities:		
Total Special Funds Invested	<u>194,945</u>	<u>245,061</u>	Operating Liabilities:		
Trust for Decommissioning Costs	374,666	337,906	Accounts payable		
Total Restricted Assets	<u>569,611</u>	<u>582,967</u>	Accrued taxes		
Total Non-Current Assets	<u>1,722,870</u>	<u>1,716,625</u>	Total Operating Liabilities		
Current Assets			Special Funds Liabilities:		
Funds Invested:			Current maturities of bonds		
Revenue fund	64,991	62,765	Accrued interest on bonds		
Operating fund	66,036	92,890	Total Special Funds Liabilities		
Supplemental fund	221,840	274,528	Total Current Liabilities		
Total Funds Invested	<u>352,867</u>	<u>430,183</u>	Total Liabilities		
Participant accounts receivable	38,248	37,967	1,382,352	1,497,029	
Operating accounts receivable	5,496	10,120	Deferred Inflows of Resources		
Plant materials and renewable certificate inventory	71,603	67,122	Collections to be expended		
Total Current Assets	<u>468,214</u>	<u>545,392</u>	Total Deferred Inflows of Resources		
Total Assets	<u>\$2,191,084</u>	<u>\$2,262,017</u>	640,525	545,025	
			Total Deferred Inflows of Resources		
			<u>640,525</u>	<u>545,025</u>	
			Net Position		
			Net Invested in capital assets		
			Restricted for debt service		
			Unrestricted:		
			Total Net Position		
			822,016	702,037	
			0	33,400	
			(603,790)	(457,351)	
			<u>\$218,226</u>	<u>\$278,086</u>	

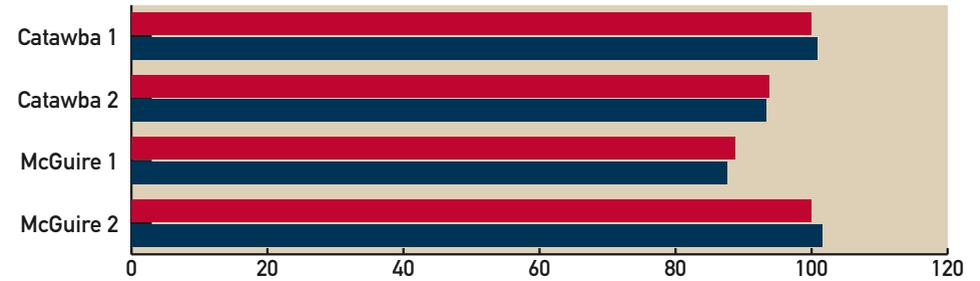
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended September 30		Year-to-Date September 30	
	2019	2018	2019	2018
Sales of electricity to Participants	\$117,528	\$118,304	\$300,610	\$317,896
Sales of electricity to utilities	9,788	13,503	45,852	52,250
McGuire exchange entitlement	9,380	11,190	28,813	33,175
Investment revenue available for operations	3,110	2,541	10,522	6,436
Other revenues	(74,649)	358	(73,951)	1,061
Total Revenues	65,157	145,896	311,846	410,818
Expenses				
Operation and maintenance	28,255	24,358	75,722	87,222
Nuclear fuel	10,517	12,198	33,045	34,783
McGuire exchange entitlement	9,997	9,750	26,468	32,715
Interconnection services:				
Purchased power	12,149	13,140	30,967	34,389
Transmission and distribution	3,125	3,733	11,997	12,471
Other	453	538	2,067	1,622
Total Interconnection Services	15,727	17,411	45,031	48,482
Administrative and general - Duke	7,904	2,795	22,889	21,592
Administrative and general - Agency	3,129	3,787	9,320	10,294
Excise taxes	491	546	1,613	1,599
Property tax	5,674	5,405	17,022	16,215
Debt service	96,016	29,714	138,568	88,999
Special funds deposits:				
Decommissioning fund	900	900	2,700	2,700
Reserve and contingency fund	6,316	2,963	19,474	9,446
Total Special Funds Deposits	7,216	3,863	22,174	12,146
Total Expenses	184,926	109,827	391,852	354,047
Net position (decrease)	(119,769)	36,069	(80,006)	56,771
Net position, beginning of quarter	337,995	242,017	298,232	221,315
Net position, end of quarter	\$218,226	\$184,926	\$218,226	\$278,086

NCMPA1 Plant Status

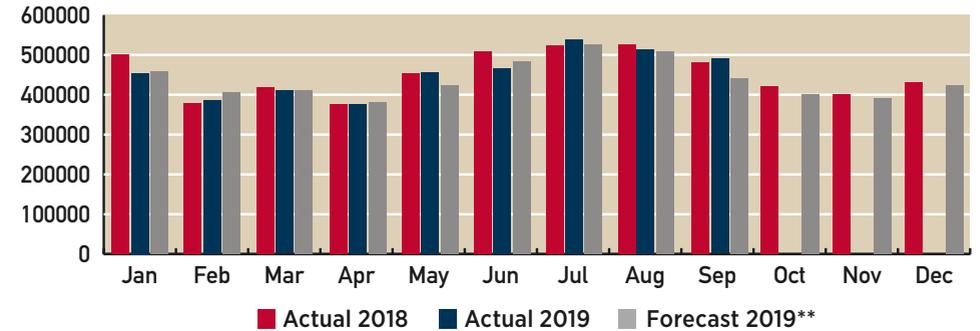
NOTE: The plant status values are year-to-date through September 2019.



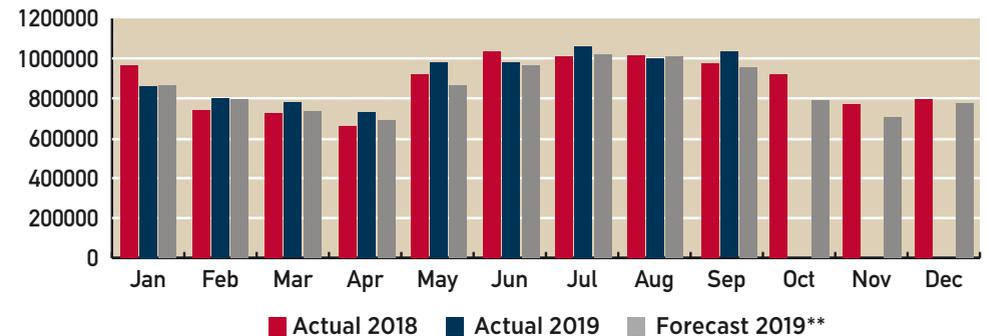
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.
 ■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

Catawba Unit 2 was offline for a scheduled refueling outage that started September 14th. The unit returned to service on October 9th.

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.