

**CITY OF NEW BERN
BOARD OF ALDERMEN WORK SESSION
FEBRUARY 12, 2019 – 3:00 P.M.
CITY HALL COURTROOM
300 POLLOCK STREET**

1. Discussion and Consideration of Wholesale Electric Cost Increases.
2. Adjourn.



TO: North Carolina Eastern Municipal Power Agency
Board of Commissioners and Alternates

FROM: Kathy L. Moyer
Vice President, Operations

DATE: January 28, 2019

SUBJECT: 30-DAY NOTICE OF NCEMPA WHOLESALE RATE CHANGE

The Board of Directors adopted, at its meeting on January 25, 2019, the following changes to NCEMPA's wholesale power service rates based on the recommendations of the NCEMPA Rate Committee and the NCEMPA Board of Commissioners:

1. A 1.2% increase to Full Requirements rate effective April 1, 2019 through Full Requirements Bulk Power Supply Schedule FR-4;
2. Continued suspension of Rider No. 1 through September 2019 to retain the 2017 FRPPA true-up credit of \$4.4M within working capital.

These changes were reviewed in detail by the NCEMPA Rate Committee at its meeting on January 10, 2019, and a summary of the information was presented to the NCEMPA Board of Commissioners at its January 23, 2019 meeting.

In accordance with the North Carolina General Statutes, Section 159B-10, the changes to the rate schedules adopted by the Board of Directors will become effective unless rejected within 30 days by the vote of 2/3 in number of the NCEMPA Board of Commissioners.

Thus, if the Board of Commissioners desires to reject the rates adopted by the Board of Directors, it must take action prior to **February 27, 2019**. If the Board of Commissioners takes no action, the rate schedule and riders adopted will become effective as noted.

Please contact me at (919)760-6225 if you wish to discuss further these wholesale rate changes as adopted by the Board of Directors.

The attachments include an explanation of these rate changes together with marked copies of the rate schedule and riders listed.

Attachments

cc: NCEMPA City Managers Gary Brunault, GDS
NCEMPA Utility Directors Sr. Management Staff
NCEMPA Finance Directors ElectriCities Board of Directors

KM/ts

919.760.6000
1427 Meadow Wood Blvd.
Raleigh, North Carolina 27604
www.electricities.com

North Carolina Eastern Municipal Power Agency
Wholesale Power Service Rate Changes
Approved by the Electricities Board of Directors on January 25, 2019

The Board of Directors adopted, at its meeting on January 25, 2019, the following changes to NCEMPA's wholesale power service rates based on the recommendations of the NCEMPA Rate Committee and the NCEMPA Board of Commissioners.

SUMMARY OF WHOLESALE POWER SERVICE RATE CHANGES:

1. A 1.2% increase to Full Requirements rate effective April 1, 2019 through Full Requirements Bulk Power Supply Schedule FR-4;
2. Continued suspension of Rider No. 1 through September 2019 to retain the 2017 FRPPA true-up credit of \$4.4M within working capital.

Each item is described in more detail below:

FULL REQUIREMENTS RATE REVISION

The Rate Committee met on January 10, 2019 to review updated cost projections for NCEMPA. The 2019-2023 DEP Production System Projections were generally in-line with previous projections reviewed in September 2018. Due to the net effect of the updated cost projections and to maintain target working capital levels, the Rate Committee recommends a 1.2% rate increase effective April 1, 2019. The Demand and Energy rates will be adjusted to align the FR rate structure with DEP's updated cost projections. Beyond 2019, the rate path includes a projected 3.0% rate increase in 2020. The updated FR-4 rate is proposed to be effective April 1, 2019.

RIDER NO. 1, FRPPA TRUE-UP CHARGE/CREDIT

The Rate Committee recommends continued suspension of Rider No. 1 through September 2019 to retain the 2017 FRPPA true-up credit of \$4.4M within working capital. Rider No. 1 allows for the suspension and reinstatement of Rider No. 1 on a year-to-year basis upon the recommendation of Board of Commissioners and approval of Board of Directors. In September 2018, the Board of Directors approved suspension of Rider No. 1, keeping the \$4.4M FRPPA true-up credit in working capital until the January 2019 Rate Committee meeting to provide for planning flexibility.

Effective: April 1, 2019~~8~~

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY
MEMBER ELECTRIC RATE SCHEDULE

FULL REQUIREMENTS BULK POWER SUPPLY
SCHEDULE FR-~~43~~

I. APPLICABILITY

Service under this Full Requirements Bulk Power Supply Rate Schedule is applicable to all Members as defined in the Full Requirements Power Sales Agreement between North Carolina Eastern Municipal Power Agency ("Power Agency") and its Members, dated as of April 24, 2015 (the "FRPSA"), and is subject to the provisions of the FRPSA and the Debt Service Support Contract between Power Agency and its Members, dated as of April 24, 2015 (the "DSSC"). This rate schedule, as supplemented and amended, is applicable for the sale of Full Requirements Bulk Power Supply, as defined in the FRPSA, for use and resale from existing facilities of adequate type and service. This rate schedule is applicable commencing with the billing month of April, 2018~~9~~ to be billed in May, 2018~~9~~.

II. FULL REQUIREMENTS MONTHLY CHARGES

Full Requirements Monthly Charges shall consist of the following Demand Charge and Energy Charge:

Demand Charge:

\$ ~~22.46~~~~21.88~~ per kW of Billing Demand

Energy Charge:

~~2.530~~~~2.494~~ ¢ per kWh of Billing Energy

III. DETERMINATION OF BILLING DEMAND AND BILLING ENERGY

A. Determination of Billing Demand

Billing Demand for each Member shall be the average kW measured at the Delivery Point, as such term is defined in the FRPSA, in the 60-minute interval during the current billing month, which is coincident with Duke Energy Progress's ("DEP") Monthly Peak Demand, as such term is defined in the Full Requirements Power Purchase Agreement between Power Agency and DEP, dated as of September 5, 2014 (the "FRPPA"), less any capacity allocation, in kW, from the Southeastern Power Administration ("SEPA") at such point of delivery, but not less than zero.

B. Determination of Billing Energy

Billing Energy shall be the total energy measured during the current billing month at the Delivery Point, in kWh, less any energy allocation, in kWh, from SEPA at such point of delivery.

IV. GENERAL

Pursuant to the FRPSA and the DSSC, the Monthly Bill will include the Full Requirements Monthly Charges, specified above, and amounts calculated in accordance with the applicable Rider(s) to this Full Requirements Bulk Power Supply Rate Schedule, which are incorporated herein and made a part hereof. Nothing in this Full Requirements Bulk Power Supply Rate Schedule shall be construed to prevent Power Agency from reviewing and amending this Rate Schedule or the Riders hereto and the charges contained herein from time to time.