



# UNDERSTANDING PUBLIC POWER

A Focus on People, Not Profit

NC House Energy & Public Utilities Committee  
March 19, 2019  
Roy Jones, CEO



# 3 TYPES OF ELECTRIC UTILITIES



## PUBLIC POWER UTILITIES

### BUSINESS MODEL

Not for profit,  
Community-owned

### FEDERAL ENERGY REGULATORY COMMISSION JURISDICTIONS

Only for interstate transmission

### REGULATED BY STATE PUBLIC UTILITY COMMISSION

Very limited instances

### GOVERNED BY

Elected/appointed boards, mayors, city council members and citizens

### FINANCIAL CONTRIBUTION TO LOCAL GOVERNMENT

Exempt from most taxes; instead make payments in lieu of taxes or transfers to the general fund

### CAN RAISE FUNDS THROUGH

Tax-exempt municipal bonds



## RURAL ELECTRIC COOPERATIVES

Not for profit,  
Member-owned

Only for interstate transmission

Some

Member-elected boards

May neither pay taxes nor other contributions to local government

Loans from the Dept of Agriculture's Rural Utilities Service or cooperative or private lenders



## INVESTOR-OWNED UTILITIES

For profit, Shareholder owned

For wholesale rates

All

Private boards

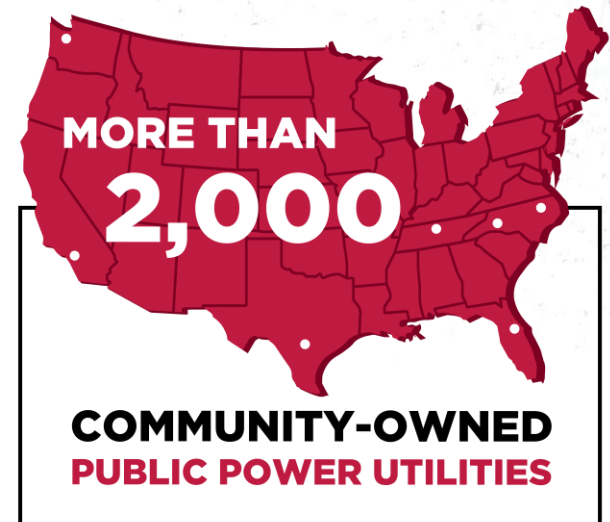
Pay taxes to local government

Stock issue or corporate debt

# WHO DOES PUBLIC POWER SERVE?

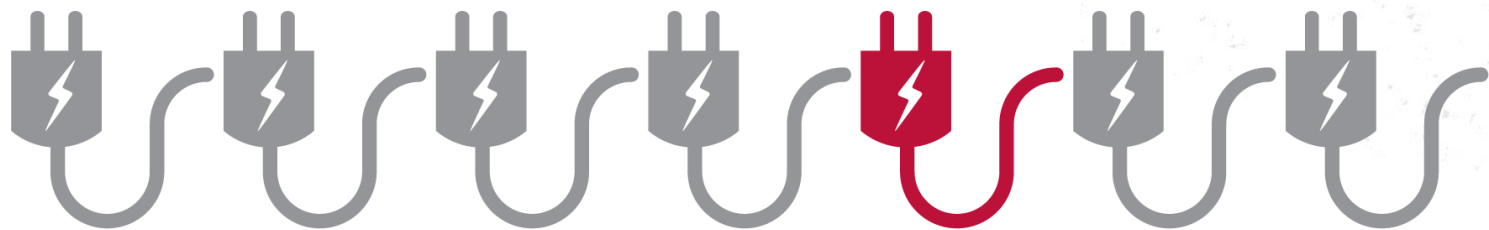
- More than 2,000 community-owned electric utilities serve more than 49 million people.<sup>1</sup>
- Public power utilities serve small communities, including Bostic, N.C. and Hobgood, N.C., and large cities, including Los Angeles, San Antonio, Nashville, Orlando and Seattle.
- Public power serves customers in 49 states—all but Hawaii—and five U.S. territories.
- Three million businesses receive their power from a publicly owned electric utility.

<sup>1</sup> Based on U.S. Census Bureau statistics of 2.43 people per household/meter



# 1 IN 7

ELECTRICITY CUSTOMERS IN THE  
U.S. ARE SERVED BY **PUBLIC POWER**



# FIVE ELEMENTS OF PUBLIC POWER BUSINESS MODEL

While each community-owned utility is unique, all public power utilities share five characteristics that define the public power business model:



**PUBLIC OWNERSHIP**



**LOCAL CONTROL**



**NONPROFIT OPERATIONS**



**LOW-COST STRUCTURE**

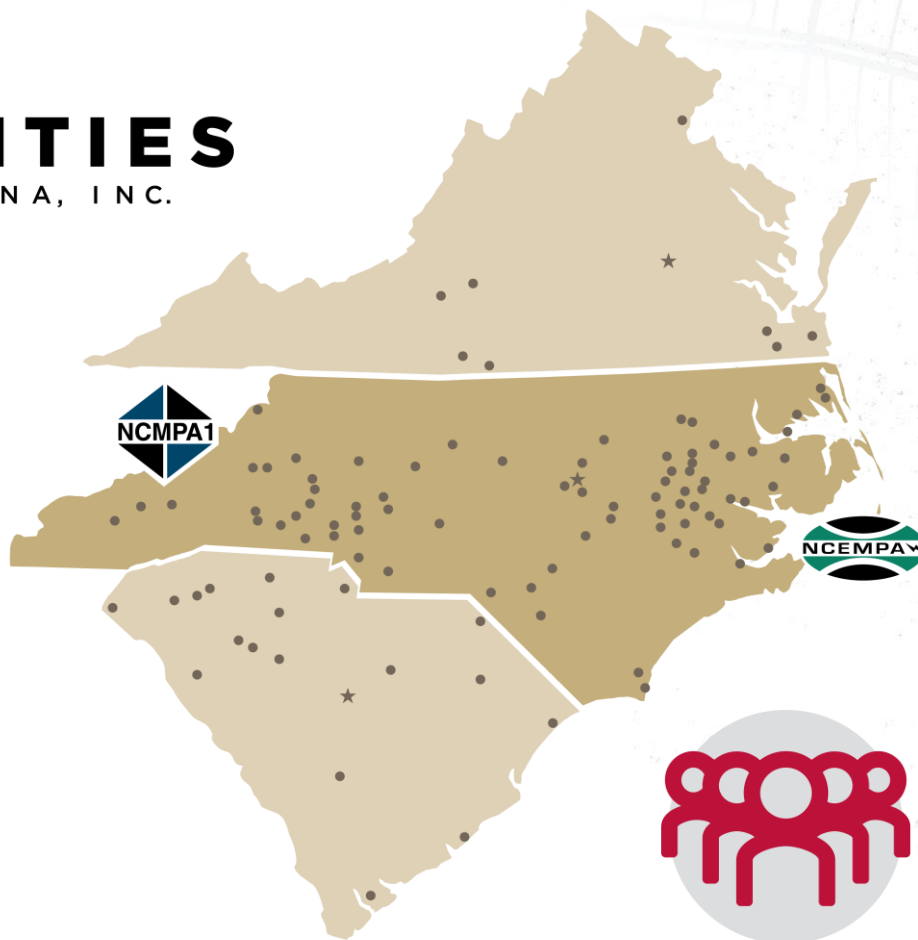


**CUSTOMER-FOCUSED**



## PURPOSE

Delivering value to public power communities through collective strength, wisdom and action while promoting a more successful future for our citizens.

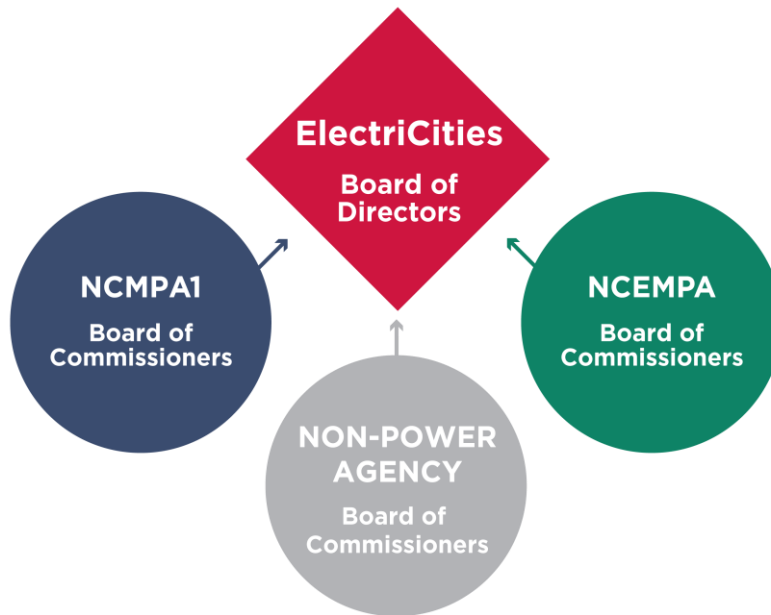


**1.2 MILLION PEOPLE**  
NC Public Power illuminates the homes and workplaces of more than 1.2 million people

# ABOUT ELECTRICITIES

ElectriCities, the energy behind public power, is a not-for-profit membership organization that consolidates many of the administrative, technical, legal and legislative services needed by municipally owned electric utilities.

## Governance Structure



Governed by a 16-member board of directors

# MEMBER LIST

## NCMPA1

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Albemarle, N.C.  
Bostic, N.C.  
Cherryville, N.C.  
Cornelius, N.C.  
Drexel, N.C.  
Gastonia, N.C.  
Granite Falls, N.C.  
High Point, N.C.  
Huntersville, N.C.  
Landis, N.C.  
Lexington, N.C.  
Lincolnton, N.C.  
Maiden, N.C.  
Monroe, N.C.  
Morganton, N.C.  
Newton, N.C.  
Pineville, N.C.  
Shelby, N.C.  
Statesville, N.C.

## NCEMPA

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Apex, N.C.  
Ayden, N.C.  
Belhaven, N.C.  
Benson, N.C.  
Clayton, N.C.  
Edenton, N.C.  
Elizabeth City, N.C.  
Farmville, N.C.  
Fremont, N.C.  
Greenville, N.C.  
Hamilton, N.C.  
Hertford, N.C.  
Hobgood, N.C.  
Hookerton, N.C.  
Kinston, N.C.  
La Grange, N.C.  
Laurinburg, N.C.  
Louisburg, N.C.  
Lumberton, N.C.  
New Bern, N.C.  
Pikeville, N.C.  
Red Springs, N.C.  
Robersonville, N.C.  
Rocky Mount, N.C.  
Scotland Neck, N.C.  
Selma, N.C.  
Smithfield, N.C.  
Southport, N.C.  
Tarboro, N.C.  
Wake Forest, N.C.  
Washington, N.C.  
Wilson, N.C.

## NON-POWER AGENCY

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Concord, N.C.  
Dallas, N.C.  
East Carolina University  
Elizabeth City State University  
Enfield, N.C.  
Fayetteville, N.C.  
Forest City, N.C.  
Fountain, N.C.  
Kings Mountain, N.C.  
Macclesfield, N.C.  
New River Light and Power  
North Carolina State University  
Pinetops, N.C.  
Sharpsburg, N.C.  
Stantonsburg, N.C.  
UNC-Chapel Hill  
Windsor, N.C.  
Winterville, N.C.

## ASSOCIATE MEMBERS

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Abbeville, S.C.  
Bamberg, S.C.  
Bedford, V.A.  
Bennettsville, S.C.  
Camden, S.C.  
Clinton, S.C.  
Danville, V.A.  
Easley, S.C.  
Front Royal, V.A.  
Gaffney, S.C.  
Greer, S.C.  
Laurens, S.C.  
Martinsville, V.A.  
Newberry, S.C.  
Rock Hill, S.C.  
Union, S.C.  
Western Carolina University  
Westminster, S.C.



# A BIT OF HISTORY

## 1965



### ELECTRIC ACT OF 1965

Proposed legislation sparks the state's public power communities to form the North Carolina Municipally Owned Electric Systems Association. Three years later, the association becomes ElectriCities.

## 1975 & 1977



Amendments to the North Carolina Constitution help establish the Power Agencies, enabling public power communities to jointly build generation and partner with private utilities.



## 1976



1 2 3

### POWER AGENCIES

North Carolina Municipal Power Agencies 1, 2 and 3 form.



## 1978



Power Agencies enter into agreements with Duke and CP&L to purchase power plant ownership shares.

## 1979



Three Mile Island nuclear accident prompts regulations that lead to significantly higher-than-projected prices for nuclear energy. Ownership costs skyrocket for Catawba Nuclear Station in the west and Shearon Harris Nuclear Power Plant in the east.



## 1981



**NCMPA2** and **NCMPA3** combine to form North Carolina Eastern Municipal Power Agency (NCEMPA).



## 1984



- ElectriCities is incorporated.
- Emergency Assistance Program begins, creating a way for members to assist each other in emergencies.

# RECENT HISTORY

## **1990s**

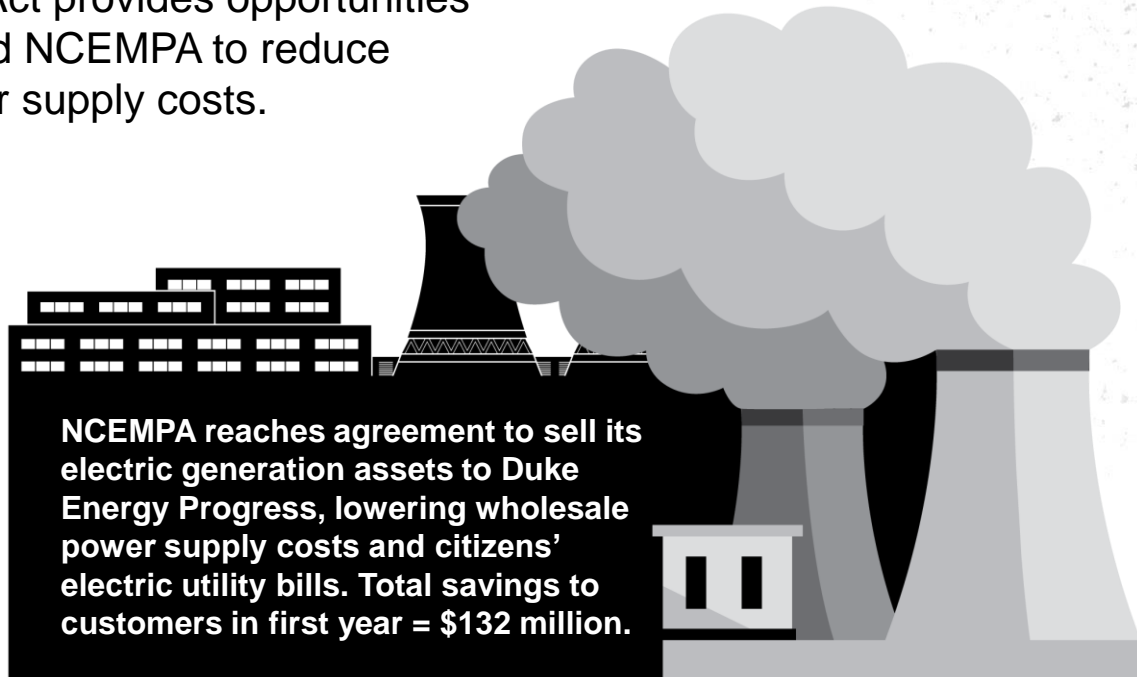


Federal Power Act provides opportunities for NCMPA1 and NCEMPA to reduce wholesale power supply costs.

## **2015**



NCEMPA reaches agreement to sell its electric generation assets to Duke Energy Progress, lowering wholesale power supply costs and citizens' electric utility bills. Total savings to customers in first year = \$132 million.



# THE POWER AGENCIES

## NCEMPA

North Carolina Eastern Municipal Power Agency  
(NCEMPA) = **32 cities and towns** in eastern NC



### RESOURCE MIX

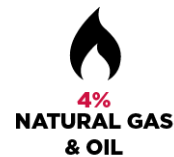


## NCMPA1

North Carolina Municipal Power Agency Number 1  
(NCMPA1) = **19 cities and towns** in piedmont & western NC

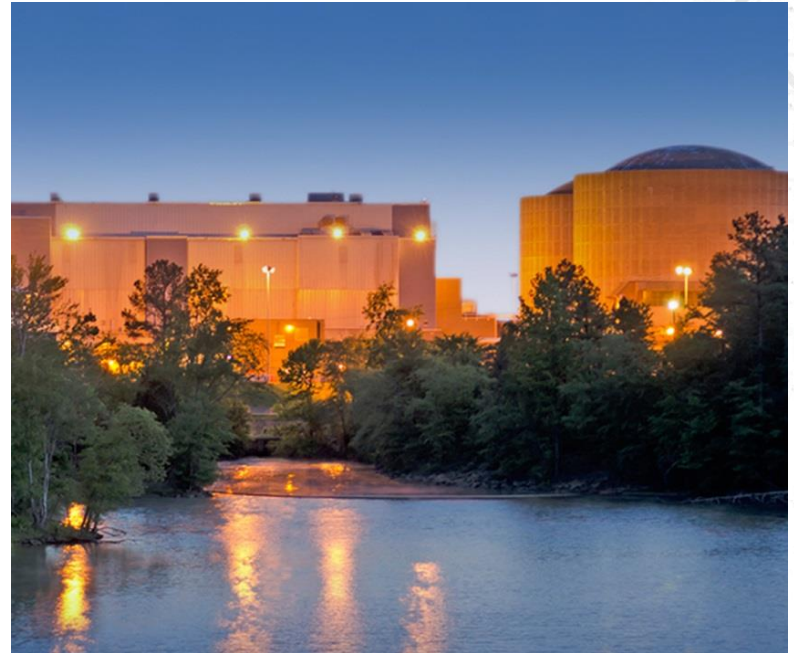


### RESOURCE MIX



# North Carolina Municipal Power Agency 1 (NCMPA1) – Catawba Nuclear Station

- 859 MW (75 percent) ownership in Catawba Nuclear Station Unit 2
- Located in York County, SC
- Operated by Duke Energy





# North Carolina Eastern Municipal Power Agency (NCEMPA)

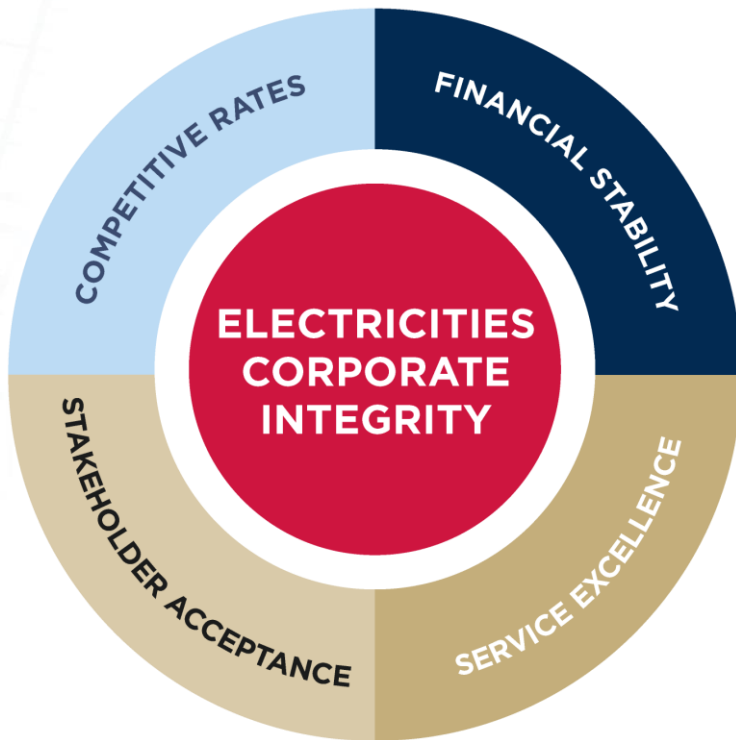
- Sold generation assets (ownership in 4 power plants) to Duke Energy Progress in 2015
  - This opportunity allowed NCEMPA to sell power generation assets, decrease debt and purchase wholesale power from Duke Energy Progress
  - Continue to provide a reliable power supply
  - Lower rates and become more cost competitive
  - Provide long-term economic benefits
  - Increase stability and reduce risk
  - Adapt and respond to changing market conditions





# STRATEGIC PLAN

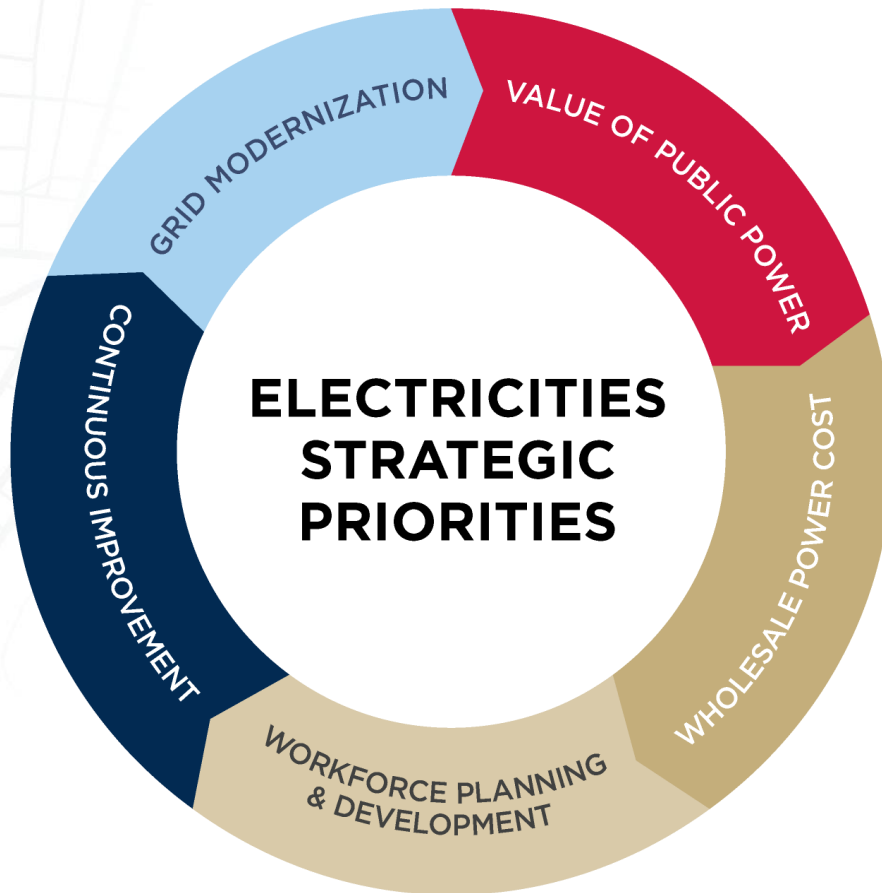
## Guiding Principles



These guiding principles keep the organization focused as we address industry issues over time.



# STRATEGIC PRIORITIES



- Communicate the value of electric system ownership to key stakeholders
- Provide competitive and stable wholesale electric rates that meet the power supply needs of Power Agency members
- Promote a workforce plan to attract, develop, and retain the necessary human talent to provide safe, reliable power and lead public power forward
- Constantly review and enhance all aspects of public power; focus on cost reduction and increased efficiencies in current and future operations
- Promote investment in public power communities' electric distribution systems and in technology to ensure safety and reliability, and exceed customer expectations



[www.electricities.com](http://www.electricities.com)

## STAY CONNECTED



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