

Background:

In 2015, the North Carolina Eastern Municipal Power Agency (NCEMPA)—the wholesale power supplier of 32 members in eastern N.C. of which Selma is a member—sold their minority interest in nuclear and coal plants to Duke Energy Progress (DEP). NCEMPA then entered into a full requirements power purchase-agreement with DEP that is based upon actual cost. Each year in December, DEP provides rate projections to NCEMPA and NCEMPA is billed on estimated rates for the following year. Once the year has ended, DEP compiles its actual costs and the actual rate is reconciled mid-year of the next year (this is called the true-up).

What was the reason for the higher annual adjustment for the two years?

The total NCEMPA 2022 true-up is \$53M. In 2022, the estimated rates DEP billed NCEMPA were lower than the actual costs. Actual costs were higher due to higher natural gas fuel prices in 2022 and higher purchased power costs in 2023. The most significant event impacting DEP's costs was Winter Storm Elliott in December 2022 and January 2023.

NCEMPA has not yet received the 2023 true-up from DEP but anticipates actual costs will be higher than billed rates. The total NCEMPA 2023 true-up is projected to be \$40M but the actual true-up cost will not be known until the fall.

What will Selma have to payback for 2022?

Selma's share of the 2022 true-up is \$438,136 or \$18,256 per month.

When do the repayments start for 2022 and 2023? Is the payback period 24 months?

NCEMPA members voted to recover the 2022 true-up over 24 months beginning April 1, 2024 through March 31, 2026. We anticipate the 2023 true-up will be recovered over a 24-month period beginning October 1, 2024 through September 30, 2026.

When were you notified that there would have to be a true-up?

Once DEP reported the true-up amount for 2022, NCEMPA members were notified at their annual rate committee meeting in January of 2023 and at their quarterly board meetings as to the status of the true-up. In September of 2024, NCEMPA members will meet to discuss the actual true-up numbers for 2023 and at that time determine how to recover the costs.