

Recent actions of City Council regarding its participation in the Piedmont Municipal Power Agency (PMPA)

On Tuesday night City Council agreed to sign a document between itself and the Piedmont Municipal Power Agency, known through its initials, as PMPA. So at the risk of over-simplifying a fairly complex intergovernmental agreement here we go.

The City has bought energy from PMPA since 1985 due to the existence of two contracts both signed in 1985.

One says Westminster will take up to 1.84% of 25% of the total daily energy produced at Unit 2 of the Catawba Nuclear station near York, SC. The City entered into these agreements in 1985, by committing itself four years earlier due to the lack of available electricity to Westminster and to avoid brownouts, or rolling blackouts that legend suggests happened here.

The other contract says we will buy all our power, outside of what we take from Unit 2, through PMPA from other sources. This is called the Supplemental, or “All Requirements” contract.

In November the staff at PMPA approached the City to do either one of two things: sign on for another 50 year extension of the current agreement set to expire in 2035, or sign a document that would affirm the mutual understanding contained in the Supplemental or “All Requirements” contract. The amendment would indicate that no final “settling up” would have to occur in 2035 if outstanding financial obligations of PMPA remained as a whole.

The Mayor and Council after due consideration elected to sign the “Reaffirmation Agreement”, the only municipality in the group of ten who make up PMPA to do so. The remaining nine (9) member cities have indicated they will sign letters of intent to extend their Catawba purchase contract past 2035.

PMPA may attempt to enter the bond market in possibly 2024 and needs time to prepare to do so. It needs the flexibility to assure future bond holders there will be adequate revenue from its existing 10 participants to service any new debt requirements. Eliminating the idea that a “settling up” had to occur in 2035 gives flexibility to PMPA to extend, possibly, the term of its indebtedness.

What City Council did on Tuesday does not extend its relationship with PMPA. The Power Sales Agreement is set to expire on August 1st, 2035 and still remains so after Council’s Tuesday night decision.

It does afford PMPA the opportunity look at refinancing existing debt. Westminster indicated to PMPA Tuesday night that if the cost of closing a nuclear plant or determining whether there were assets or liabilities remaining at the end of the Project (PMPA’s share of 25% of Unit 2) then Westminster would not insist on settling up financially until all those costs are known.