



SENATE BILL 323: Joint Municipal Power Agencies/Investments.

2021-2022 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	June 9, 2021
Introduced by:	Sen. Newton	Prepared by:	Jennifer McGinnis
Analysis of:	First Edition		Staff Attorney

OVERVIEW: Senate Bill 323 would authorize moneys deposited in certain decommissioning funds established by North Carolina Municipal Power Agency Number 1 to be invested through the State Treasurer's Ancillary Governmental Participant Investment Program.

[As introduced, this bill was identical to H257, as introduced by Rep. Arp, which is currently in House Rules]

BILL ANALYSIS: Senate Bill 323 would authorize moneys deposited in Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust Fund by NCMPA1 to be invested through the State Treasurer's Ancillary Governmental Participant Investment Program.

EFFECTIVE DATE: The bill would be effective when it becomes law.

BACKGROUND:

North Carolina Municipal Power Agency Number 1

North Carolina Municipal Power Agency Number 1 (NCMPA1 or Agency) was formed in 1976 under authority of [Chapter 159B of the General Statutes \(Joint Municipal Electric Power and Energy Act\)](#). NCMPA1 is comprised of 19 cities and towns in the piedmont and western North Carolina. The Agency has a 75% ownership interest in Catawba Nuclear Station 1 and a 37.5% ownership interest in the Support Facilities for Catawba Nuclear Station Units 1 and 2. These Units are located in York County, S.C. and are operated by Duke Power.

Decommissioning Funds Required

Under [federal law](#), the United States Nuclear Regulatory Commission (NRC) requires each holder of an operating license for a nuclear facility to establish and maintain funds to decommission the facility. The license issued by the NRC for the Catawba project expires in 2043. NCMPA1 established the Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust Fund pursuant to a Decommissioning Trust Agreement executed on June 28, 1990.

Ancillary Governmental Participant Investment Program

The North Carolina Department of State Treasurer (Treasurer) maintains an [Ancillary Governmental Participant Investment Program \(AGPIP\)](#) in which the Treasurer is authorized to invest monies for governmental entities that are outside the North Carolina Retirement System. Examples of participants in the program include: the Escheat Fund, public hospitals, Local Government Other Post-Employment Benefits Trusts, Local Government Law Enforcement Special Separation Allowance Trusts, the North

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Carolina Conservation Grant Fund, the State Health Plan, the Disability Income Plan, and the State Educational Assistance Authority.

As part of that program, the Treasurer has established several investment pools (or Funds), as authorized by North Carolina law, for investment by participants in the AGPIP to help ensure these investments benefit from low-cost professional management. Three of these Funds are the Bond Index Fund, the Equity Index Fund, and the Short-Term Investment Fund, which allow a participant to invest across the investment-grade fixed income maturity spectrum from short-term, highly liquid money market instruments to longer maturity bonds and notes. A more detailed description of these funds and the program can be found [here](#) and [here](#).

CURRENT LAW: [G.S. 159B-18](#) requires a joint power agency to invest all moneys it receives, whether as proceeds from the sale of bonds or as revenues, in various methods specifically set forth in the statute. Investment of such funds in the AGPIP is not currently authorized.