

NC Public Power: A Positive Outlook for the Future

The late 1990s brought many challenges for municipal electric systems throughout the country and in North Carolina. ElectriCities and NC public power communities emerged from this tumultuous time stronger and better positioned for future growth. Generation of new customers through targeted economic development of business and industry has spurred growth in the cities and towns. This, combined with the financial management of the power agencies, has led to cost savings and electric revenue growth.

ElectriCities of North Carolina is the services organization representing public power communities across North Carolina. There are more than 70 public power communities. ElectriCities provides management services to the state's two municipal power agencies: NC Eastern Municipal Power Agency (NCEMPA) has 32 member cities in the eastern part of the state; NC Municipal Power Agency Number 1 (NCMPA1) has 19 member cities in the western part of the state.

NC Municipal Power Agency Number 1 (NCMPA1)

FINANCIAL

The power agency has reduced the outstanding debt associated with its plant ownership percentages by refinancing bonds. Due to refinancings over the past five years, more than \$103.4 million (net present value) in debt service savings has been realized over the life of the refinanced bonds.

NCMPA1 owns a portion of Catawba Nuclear Station and receives reserve power from McGuire Nuclear Plant. All four reactors at the two plants have received license renewals, allowing all units to operate until the 2040s. NCMPA1 owns 75 percent of Catawba Unit 2.

Initiatives have been launched annually for the past several years to enable NCMPA1 to manage rate increases, including new supplemental power contracts, a new program to allow surplus energy to be sold into the wholesale market and a distributed generation project. Since 2001, NCMPA1 has achieved future savings of over \$250 million (net present value) and the agency has regular manageable rate increases at less than the rate of inflation.

Bond rating agencies have improved the ratings of both power agencies. In December 2004, Fitch raised NCMPA1's rating from BBB+ to A- and Moody's raised its rating from Baa1 to A3.

ECONOMIC DEVELOPMENT

Since 2000, North Carolina's public power communities have contributed more than 14,000 new jobs and more than \$1.4 billion in investment, spurring the state's regional economies. Population growth in the past decade in NCMPA1 cities is 37 percent.

NCMPA1 cities are successful in gaining customers in electric customer choice areas. Since 2004, NCMPA1 has been the choice for 12 out of 16 new customers in customer choice areas, including Goodrich Aerospace in Monroe, ZF Lemforder in Newton, and Wal-Mart Supercenters in Lexington and Morganton.

ElectriCities assists NCMPA1 cities in developing target marketing plans, which identify specific industry targets and action steps that are matched to the strengths of the city. Target marketing plans have been completed for 18 NCMPA1 cities and 12 cities have had new development in the areas identified in the plans.