

About the Agency

NCEMPA is a state-chartered municipal corporation formed in 1976 by cities that owned and operated electric distribution systems but did not own generating or transmission facilities. At that time, the cities were wholesale customers of either Progress Energy Carolinas, Inc. (PEC) or Dominion North Carolina Power.

The Power Agency owns interests in five generating units built and operated by PEC. These facilities include three nuclear units – Brunswick Units 1 and 2 in Brunswick County and Shearon Harris Nuclear Power Plant in Wake County, and two coal-fired units – Mayo Plant and Roxboro Unit 4 in Person County.

Management services for the Power Agency are provided by ElectriCities of North Carolina, Inc.

NCEMPA Officers

Samuel W. Noble, Jr., Tarboro, Chairman
Vivian A. Jones, Wake Forest, Vice Chairman
Anne-Marie Knighton, Edenton, Secretary-Treasurer

NCEMPA Participant Cities

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



Q3
2010

Quarterly Update

In July, the Agency refinanced \$190 million of Series 1993 B NCEMPA Bonds. This refinancing takes advantage of very low interest rates and will achieve approximately \$1.2 million in annual debt service savings without extending the term of the debt. Both the NCEMPA Board of Commissioners and the Electricities Board of Directors approved the refinancing.

The summer of 2010 began with extremely hot temperatures. In July, member cities were sent updated information about the season's temperatures to help customers prepare for the extreme weather and resulting high energy use. An updated "Stay Cool This Summer" webinar was offered July 7 to share current weather and degree day data, discuss energy-efficiency tips for summer and share best practices for customer service representatives when facing high bill complaints.

Work continues on the Electricities Strategic plan to shape the organization's long-term direction. On July 22, all members of the Electricities Board of Directors participated in a day-long session to provide input on the plan. Board members discussed external factors influencing the industry, trends and emerging issues, and

commented on the Strategic Plan. The plan will be introduced to stakeholders in the fourth quarter.

The 2010 Public Power Policymakers Conference – The Business of Public Power: Delivering Value, Managing Costs, was held Aug. 12-14. The conference was targeted to local elected officials and policymakers and included a variety of informational sessions on topics including economic development, issues management, the current political climate and legislation affecting electric utilities.

Several awards were presented to participants during the Electricities awards banquet held Aug. 13. These awards recognize the achievements of public power employees. Twenty towns and cities were recognized for receiving Public Power Awards of Excellence in seven key categories: grassroots, economic development, communications, customer service, key accounts, energy efficiency and training. Four individuals were honored for saving lives with the Hometown Hero award: Brian Marshall and Kevin Pittman of Rocky Mount; Mike Drake of Concord; and Andy Stroud of High Point. Mayor Woodard Gurley of La Grange received the Public Power Lifetime achievement award.

Third Quarter Performance

Participant sales increased \$13,916,000 (7.3%) as compared to the third quarter of 2009. Billing demand increased 332 MW (9.3%) and energy sales increased 195,288 MWh (9.7%). The increase in billing demand and energy sales is attributable to the extreme hot weather conditions experienced in the third quarter of 2010 compared to the same period for 2009.

Fund valuation decreased \$1,101,000 (100%) relative to the third quarter of 2009. The decrease is attributable to the reimbursement from 2009A bond proceeds of capital improvements from May 2008 to December 2008. The reimbursement was reported in the third quarter of 2009; no such adjustment was reported in the third quarter of 2010.

Purchased power costs increased \$2,824,000 (5.6%) relative to the third quarter of 2009. Capacity increased 339 MW (19%) and energy purchases increased 85,834 MWh (11.4%), respectively, as compared to the third quarter of 2009. The increase in capacity requirements and energy purchases is attributable to higher Participant requirements resulting from extreme hot weather conditions experienced in the third quarter of 2010 as compared to the same period in 2009.

Transmission and distribution

costs increased \$1,114,000 (19.5%) as compared to the third quarter of 2009. The increase is primarily due to an increase in the transmission rate, in accordance with the transmission agreement between the Power Agency and Progress Energy Carolinas effective July 2010.

Administrative and general - PEC costs increased \$2,880,000 (50.9%) as compared to the third quarter of 2009. The increase is primarily due to additional pension and nuclear insurance costs reported in the third quarter of 2010 as compared to the same period in 2009.

Debt service costs increased \$925,000 (1.4%) as compared to the third quarter of 2009. Debt principal costs increased \$4,155,000 (13.3%) and debt interest costs decreased \$3,349,000 (9.4%), respectively, as compared to the same period in 2009. The increase in principal costs and decrease in interest costs is associated with the issuance of the 2009A, B, and C bond series.

Reserve and Contingency fund deposits decreased \$869,000 (11.3%) as compared to the third quarter of 2009. The decrease is attributable to the issuance of 2009A bonds for capital additions, resulting in lower required deposits in the Reserve and Contingency fund.

Financing Status

As of September 30, 2010 NCEMPA had outstanding \$ 2,396,330,000 in bonds.

The weighted average interest cost of the NCEMPA outstanding debt at the end

of the quarter was 5.428%.

To date, NCEMPA has had \$1,277,901,061 in debt redeemed prior to or at maturity.

NCEMPA Balance Sheets

Per accounting principles generally accepted in the United States of America (GAAP)

(Unaudited) (\$000's)

Assets	September 30, 2010	September 30, 2009	Liabilities and Fund Equity	September 30, 2010	September 30, 2009
Non-Current Assets			Liabilities		
Capital Assets:			Non-Current Liabilities:		
Electric Utility Plant, Net:			Long-Term Debt:		
Electric plant in service	\$1,641,389	\$1,615,080	Bonds payable	\$2,254,510	\$2,413,070
Construction work in progress	35,087	26,094	Less unamortized discount (premium)	29,439	(6,957)
Nuclear fuel	113,551	106,327	Total Long-Term Debt	<u>2,283,949</u>	<u>2,406,113</u>
Less accumulated depreciation and amortization	(1,092,966)	(1,063,691)	Asset Retirement Obligation	205,142	145,326
Total Electric Utility Plant, Net	697,061	683,810	Deferred Revenues	<u>94,050</u>	<u>87,315</u>
Non-Utility Property and Equipment, Net:			Total Non-Current Liabilities	2,583,141	2,638,754
Property and equipment	2,952	2,929	Current Liabilities:		
Less accumulated depreciation	(1,571)	(1,467)	Operating Liabilities:		
Total Non-Utility Property and Equipment, Net	<u>1,381</u>	<u>1,462</u>	Accounts payable	33,287	52,841
Total Capital Assets	<u>698,442</u>	<u>685,272</u>	Accrued taxes	<u>9,763</u>	<u>9,088</u>
Restricted Assets:			Total Operating Liabilities	43,050	61,929
Special Funds Invested:			Special Funds Liabilities:		
Construction fund	10,084	30,853	Current maturities of bonds	141,820	123,895
Bond fund	300,418	302,977	Accrued interest on bonds	<u>32,148</u>	<u>35,497</u>
Reserve and contingency fund	<u>17,219</u>	<u>27,971</u>	Total Special Funds Liabilities	<u>173,968</u>	<u>159,392</u>
Total Special Funds Invested	327,721	361,801	Total Current Liabilities	<u>217,018</u>	<u>221,321</u>
Trust for Decommissioning Costs	<u>215,481</u>	<u>193,631</u>	Total Liabilities	2,800,159	2,860,075
Total Restricted Assets	543,202	555,432			
Other Assets:					
Unamortized debt issuance costs	26,604	27,839			
VEPCO compensation payment	4,372	4,761			
Development costs	3,178	3,448			
Costs of advance refundings of debt	248,090	251,638			
Other deferred costs	<u>1,072,315</u>	<u>1,161,539</u>			
Total Other Assets	<u>1,354,559</u>	<u>1,449,225</u>			
Total Non-Current Assets	<u>2,596,203</u>	<u>2,689,929</u>			
Current Assets			Fund Equity		
Funds Invested:			Invested in capital assets, net of related debt (deficit)	(582,087)	(664,826)
Revenue fund	32,967	31,151	Restricted for debt service	37,716	121,600
Operating fund	46,438	24,948	Unrestricted	<u>608,286</u>	<u>587,488</u>
Supplemental fund	<u>87,892</u>	<u>57,948</u>	Total Fund Equity	63,915	44,262
Total Funds Invested	167,297	114,047	Total Liabilities and Fund Equity	<u>\$2,864,074</u>	<u>\$2,904,337</u>
Participant accounts receivable	62,724	57,048			
Fossil fuel inventory	1,067	13,792			
Plant Materials and Operating Inventory	34,846	27,686			
Prepaid expenses	<u>1,937</u>	<u>1,835</u>			
Total Current Assets	<u>267,871</u>	<u>214,408</u>			
Total Assets	<u>\$2,864,074</u>	<u>\$2,904,337</u>			

NCEMPA Statements of Revenues and Expenses

Per bond resolution and other agreements
(Unaudited) (\$000's)

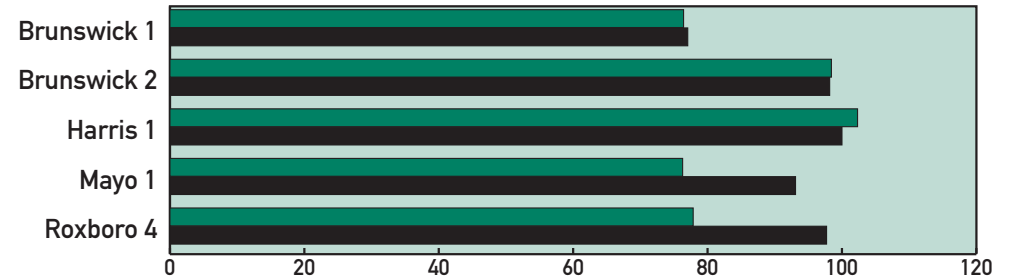
Revenues	Quarter Ended Sept. 30		Year-to-Date Sept. 30	
	2010	2009	2010	2009
Sales of electricity to participants	\$203,776	\$189,860	\$558,456	\$532,435
Sales of electricity to utilities	12	-	73	135
Fund valuation	-	1,101	-	5,374
Other revenues	-	27	4	1,147
Investment revenue available for operations	1,952	2,254	6,648	7,055
Total Revenues	205,740	193,242	565,181	546,146

Expenses

Operation and maintenance	14,536	13,405	54,924	58,178
Fuel	25,339	24,491	75,840	62,058
Power coordination services:				
Purchased power	53,436	50,612	129,070	131,018
Transmission and distribution	6,824	5,710	17,945	15,792
Other	98	138	294	352
Total Power Coordination Services	60,358	56,460	147,309	147,162
Administrative and general - PEC	8,539	5,659	23,148	19,189
Administrative and general - Agency	2,361	2,092	7,284	6,710
Sums in lieu of taxes	1,000	1,059	3,000	3,059
Gross receipts tax	6,535	6,089	17,910	17,072
Debt service	67,722	66,797	204,507	199,180
Special funds deposits:				
Reserve and contingency fund	6,830	7,699	20,489	23,095
Decommissioning fund	647	310	1,282	929
Total Expenses	193,867	184,061	555,693	536,632
Fund Equity increase	11,873	9,181	9,488	9,514
Fund Equity, beginning of period	52,042	35,081	54,427	34,748
Fund Equity, end of period	\$63,915	\$44,262	\$63,915	\$44,262

NCEMPA Plant Status

NOTE: The plant status values are year-to-date through September 30, 2010.

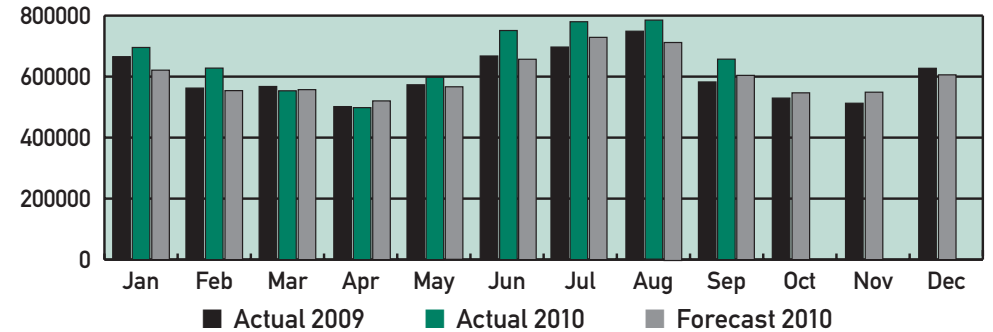


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

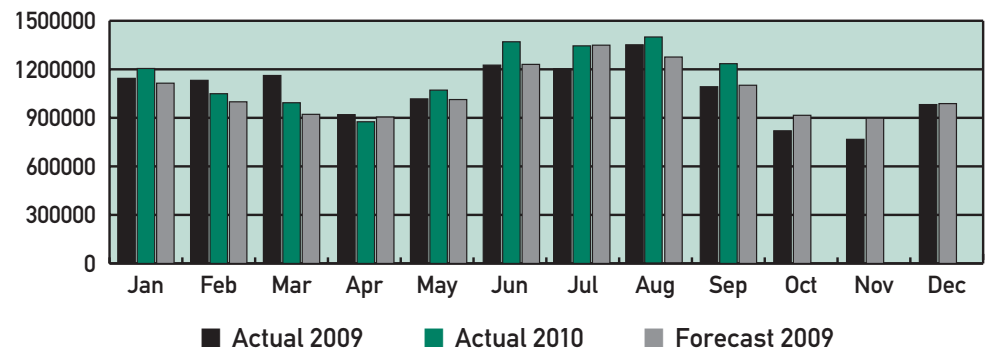
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

Third-quarter highlights: Harris Unit 1 had no outages during the third quarter. Brunswick Units 1 and 2 had no outages during the third quarter. July - Mayo experienced an unscheduled maintenance outage 7/17 - 7/19. September - Mayo was taken off line 9/26 - 9/30 for a scheduled maintenance outage. Roxboro 4 did not experience any offline outages during the third quarter.

NCEMPA Participant Energy Usage (in MWh)



NCEMPA Participant CP Demand (in kW)



NOTE: NCEMPA Energy and CP Demand are at the Power Agency to City Billing. Point and includes the SEPA allocation. Actual data are not weather normalized. The Forecast Year 2010 is from the NCEMPA 2009 Revised Load Forecast.