

ElectriCities of NC, Inc. 2011 Annual Report

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2011 was a year of gaining headway towards our strategic goals. Before setting our course, we established the ElectriCities strategic plan through careful, thoughtful planning of our purpose and long-term objectives. This year, we moved steadily on our way, navigating through major industry announcements, legislative obstacles and severe weather events. This annual report details our commitment to headway in our strategic direction and chronicles key events throughout the year. Our members are also charting their course toward their strategic goals, and their stories are told as shining examples of value, agility and preparation.

The audit reports of and financial information regarding North Carolina Eastern Municipal Power Agency, North Carolina Municipal Power Agency Number 1 and ElectriCities of NC, Inc. are included in this report. Each agency is a separate and distinct legal entity, and the inclusion of such information regarding the entities should not be construed to indicate any relationship between them.



Message from the Chair and CEO

Any viable organization, when setting and achieving goals, must be pointed in the right direction and possess the agility to stay on course amid changing economic currents and unforeseen events.

At ElectriCities, we have a long-term strategic plan, adopted in late 2010, to guide our way and deliver ongoing value to our members. Your Board of Directors and staff have the combined skills to ensure progress toward our goals despite any challenges that confront us.

In 2011, our strategic plan and its implementation were tested. We have emerged more capable, more resilient and more responsive as a result. The theme of this annual report, "Headway: Value. Agility. Preparation.," reflects our commitment to our strategic plan, advancements achieved in 2011 and the actions taken to respond to significant marketplace and industry change.

The report also highlights three NC Public Power communities and progress they are making to support economic growth, improve power delivery and expand customer service in their communities.

Three key events commanded our attention during 2011: the merger announcement of Duke Energy and Progress Energy, the impetus in the state legislature to study public power electric rates and the landfall of Hurricane Irene.

The announcement of the merger of Duke Energy and Progress Energy, our two valued business partners, prompted us to investigate the potential impacts on the Power Agencies. From the outset, we were determined to protect public power communities from any merger-related costs, ensure any merger-related savings are passed on, guarantee the Power Agencies' competitive position does not deteriorate, and maintain access to competitive wholesale markets.

Faced with record state budget constraints, the North Carolina General Assembly entered the 2011

session with difficult decisions to make. ElectriCities continued to serve as a resource for legislators on all issues affecting public power. During the year, we created a legislative steering committee of our governing board to shape our legislative priorities, foster close coordination between the board and our members and clearly express our positions.

The Legislative Steering Committee worked closely with ElectriCities staff during the legislative session while the legislative subcommittee examined electric rates in eastern North Carolina. Our staff also supported the committee during legislative discussions on operations of NCEMPA participant communities, future rate projections and the history of public power in the state.

When slow-moving Hurricane Irene blasted eastern North Carolina in August, causing widespread power outages and downed trees throughout the area, our response was swift. We activated our Emergency Assistance Program (EAP) in anticipation of the storm. Crews from 34 public power communities both inside and beyond the state were rapidly mobilized to restore power among the many affected public power communities.

Earlier in the year, the EAP was called into action after a severe tornado system ravaged Chattanooga, Tenn. More than 70 line workers from NC Public Power communities immediately responded, helping in the effort to reestablish power to more than 100,000 residents.

When unforeseen events challenge our communities, ElectriCities is quick to act to protect the needs and interests of the areas we serve. As we move ahead in 2012, we are confident in our direction and well positioned to achieve our objectives. As the year advances, we look forward to sharing with you the results of our efforts and the progress of our member communities.

Jenifer & Aultz Al Edwards

ennifer T. Stultz

Chair

T. Graham Edwards Chief Executive Officer

ElectriCities of NC, Inc. Board of Directors



Ms. Jennifer T. Stultz Chair, Gastonia





Mr. Ronald D. Elks

Greenville

Mr. Strib Boynton High Point

Mr. James S. Greene Jr. Concord



Mr. Wilson A. Lacy Fayetteville

Mr. Adam G. Mitchell Ayden



Mayor Vivian A. Jones Ex-Officio, Wake Forest

Mr. Jack F. Neel Ex-Officio, Albemarle



Ms. Linda K. Story Granite Falls



Monroe







Mr. John P. Craft Vice Chair, La Grange







Mr. John T. Walser Jr. Secretary, Lexington



Mr. D. Ronald Hovis Cherryville





Mayor C. Bruce Rose Wilson



Mr. Scott A. Stevens Goldsboro



Headway

ElectriCities Participant Map

ElectriCities introduced a strategic plan in 2010, highlighting five key areas of focus for the future: Service Excellence, Competitive Rates, Stakeholder Acceptance, **Financial Stability and Corporate Integrity.**

The strategic plan not only focuses our efforts it advances the way we manage our business. Our charge in 2011 was to create reporting methods and measurement parameters to ensure our tactical business plans are meshed and fully integrated with the strategic plan. Our strategic plan revolutionized our business practices.

By the end of 2011, we had determined our measurements and were beginning to provide regular updates using the new measurement method.

The Value of ElectriCities

A crucial piece of our path to stakeholder acceptance is being able to define our value. We undertook an extensive project in 2011 to explain our value, both in concept and in detailed dollar figures. Our value proposition website explains the value of ElectriCities to members, starting out with a general

overview and providing more detail, one step at a time. The full value statement is available at www.electricities.com.

ElectriCities Introduces New Logo

ElectriCities announced our new logo and tagline in mid-2011. The new logo and tagline describes the organization to stakeholders as, "The energy behind public power." The refreshed logo preserves ElectriCities history while showing the forward progress of the organization. The four black and red squares first appeared formally in 1979, with each square representing the four major areas of ElectriCities' focus at that time: federal wholesale rate cases, rulemakings and power allocation; professional management services for the Power Agencies; legislation and public policy issues; and member services. The new logo pays tribute to ElectriCities' past through our new dynamic era.





ElectriCities Leadership Team

T. Graham Edwards Chief Executive Officer

Mark Griffith Chief Legal & Ethics Officer

Rov Jones Chief Operating Officer **Tim Tunis** Chief Financial Officer

Ken Raber SVP, Member Services



y attracting ongoing manufacturing investment, nearly \$140 million underway and announced during 2011, the city of Statesville is clearly on the right tact toward sustainable economic growth.

In early January 2011, Providencia USA, a producer of lightweight nonwoven sheeting for medical, personal hygiene and other applications, opened a \$70 million manufacturing facility at Statesville's West Industrial Park. At the same time, the company announced it will commit another \$65 million to construct a 90,000-squarefoot plant and capital equipment expansion, doubling the size and production capacity of the current facility. The two projects represent the largest announced manufacturing investment in Statesville in 25 years.

Joining the wave of economic growth is North Carolina-based Pate Dawson Company, a food-service distributor that's investing \$9 million over three years to operate a new distribution facility in the Statesville Business Park.

All this activity has gained national attention. Site Selection magazine, which reports on economic development in the U.S., recently ranked the Statesville-Mooresville region as the top "micropolitan" region in the nation for new and expanding industry. This marks the sixth time in the past eight years the region has held the top spot.

"We continue to make great progress in attracting industry to Statesville," says Larry Cranford, Statesville's Director of Electric Utilities. "Several key factors are responsible,

include its:

Immediate access to railways and two major highways: Interstate 40 running east to west, and Interstate 77 running north and south Close proximity to Charlotte Douglas International Airport

Adding appeal to Statesville is its downtown revitalization efforts. The city is close to completing an \$8 million refurbishing plan that includes \$2.5 million to renovate its historic city hall and numerous streetscape improvements. "The downtown is more eye catching and conducive for people to gather," Cranford says. "We've installed new street lighting, new crosswalks and widened sidewalks for a more pedestrian-friendly environment and created more space for outdoor dining."

including reliable power at very competitive rates, a skilled workforce, a prime geographic location and great cooperation among our city, county and state leaders."

Providencia's management team has stated that Statesville's attractive rate structure was pivotal in the company's decision to expand. "As a public power community, we can be flexible in putting together a highly competitive rate package," Cranford explains. "This is important because Providencia was determined to contain power costs." Other key factors elevating Statesville in the eyes of industry

▶ Low county taxes (Taxes in Iredell County rank among the lowest in North Carolina)



NCMPA1 Leadership

Jack F. Neel Chair Albemarle

Richard L. Thomas Vice Chair Lexington

Board of Commissioners and Alternate Commissioners as of December 31, 2011

Alternate Commissioners' names appear in smaller type

Albemarle Mr. Raymond I. Allen First Alternate Vacant

Commissioner Vacant

First Alternate Vacant

Cherryville **Commissioner Vacant**

Cornelius

Drexel

Mr. D. Ronald Hovis

Mr. David Gilroy

Mr. Thurman Ross Jr.

Mr. Matt Settlemver

First Alternate Vacant

Mr. Jack F. Neel

Bostic

Gastonia Mr. Porter L. McAteer Mr. Jim Gallagher Mr. Paul Jakubczak

Granite Falls Mayor Barry C. Hayes Mr. Jerry T. Church Mr. Frank Mackie

High Point

Mayor Rebecca R. Smothers Mr. Strib Boynton Mr. J. William McGuinn Jr.

Huntersville Mr. Gregory H. Ferguson Ms. Sarah McAulay

Landis Mr. W. Steve Rowland Mr. D. Reed Linn

Lexington Mr. John T. Walser Jr. Mr. Richard L. Thomas Mr. L. Wayne Alley

Lincolnton

Mr. Jeff B. Emory

Maiden

Monroe Mr. Donald D. Mitchell Mr. H. Wayne Herron

Mr. Robert J. Smith

Mr. Dan Brown Ms. Sally W. Sandy Mr. Steve B. Settlemyer

Barry C. Hayes Secretary-Treasurer **Granite Falls**

Mr. Stephen H. Peeler Mayor John O. Gilleland Jr.

Mr. Billy R. Price Mr. Marcus C. Midgett

Morganton

Newton

Mr. Todd Clark Mr. Wayne Dellinger Mr. Douglas S. Wesson

Pineville

Mayor George Fowler First Alternate Vacant Mr. Michael Rose

Shelby Mayor Stan Anthony Mr. J. Richard Howell Jr. Mr. Brad R. Cornwell

Statesville Mayor Constantine H. Kutteh Mr. Larry M. Cranford Mr. Robert W. Hites Jr.



NCMPA1 Participants

City	Revenues (000s)	Customers	Ownership %
Albemarle	\$ 30,396	11,957	7.604
Bostic	387	201	0.087
Cherryville	5,461	2,432	1.579
Cornelius	4,400	2,707	0.362
Drexel	1,975	1,212	0.507
Gastonia	67,380	26,133	17.120
Granite Falls	5,382	2,406	0.913
High Point	109,307	39,338	18.960
Huntersville	10,545	4,193	0.623
Landis	5,554	2,816	1.130
Lexington	45,507	18,264	12.934
Lincolnton	5,337	2,668	1.608
Maiden	5,361	1,068	1.289
Monroe	45,880	10,321	10.038
Morganton	29,163	8,089	6.735
Newton	12,903	4,522	2.115
Pineville	10,593	2,822	0.536
Shelby	16,774	7,567	5.996
Statesville	38,750	12,914	9.864

Source: EIA-861 Data

NCMPA1 Operational Highlights

Unit	Capacity Factor %
Catawba 1	88.5
Catawba 2	101.4
McGuire 1	94.2
McGuire 2	91.0

Catawba Unit 1's last refueling outage began on April 23, 2011, and ended on June 8, 2011. The next refueling outage for Unit 1 is scheduled to begin Nov. 24, 2012.

Catawba Unit 2 did not have a refueling outage in 2011, and the next refueling outage is scheduled to begin on March 10, 2012.

McGuire Unit 1 began a refueling outage on Sept. 17, 2011, and ended on Oct. 15, 2011. The next refueling outage is scheduled to begin in March 2013.

McGuire Unit 2's last refueling outage began on Feb. 26, 2011, and ended on April 5, 2011. The next refueling outage is scheduled to begin Sept. 15, 2012.

Plant Licenses

Duke Energy requested License Extensions from the Nuclear Regulatory Commission (NRC) for both the McGuire and Catawba Stations in June 2001. The NRC issued new operating licenses for the McGuire and Catawba Units on Dec. 5, 2003. The operating licenses will expire as follows:

- McGuire Unit 1 June 2041
- McGuire Unit 2 March 2043
- Catawba Unit 1 December 2043
- ► Catawba Unit 2 December 2043

Supplemental and **Transmission Agreements**

NCMPA1 continues to purchase power through bilateral agreements with other utilities and merchant generators for its energy and capacity requirements above its Catawba Project Entitlements. In 2011, these additional needs came from the following suppliers:

- out of Rowan County, N.C.
- ▶ NCMPA1 purchased 50 MW of capacity for the summer months (June - September) from Georgia Power Company.
- Energy Services agreement with Duke Energy.
- Duke Energy.

NCMPA1 has contracts to ensure reliable future power supply requirements with the

Availability Factor %

87.2
99.5
91.1
88.0

▶ NCMPA1 purchased 150 MW of capacity from Southern Power Company, sourced

▶ NCMPA1 had a 50 MW Instantaneous

NCMPA1 had a Backstand Capacity and Energy Agreement for up to 432 MW with

▶ NCMPA1 has the right to schedule and receive 60 MW of power from the Southeastern Power Administration.

These numbers are reported by Duke Energy to the Nuclear Regulatory Commission in the Unit's December 2011 Operating Data Report.



following suppliers:

- NCMPA1 purchased 150 MW of capacity through the year 2030, from Southern Power Company, sourced out of Rowan County.
- ▶ NCMPA1 purchased 178 MW of capacity from ▶ Southern Power Company, sourced out of Rowan County, N.C., and Jackson County, Ga., for 2012, and out of Cleveland County, N.C., for the years 2013 through 2031.

NCMPA1 has a contract with The Energy Authority (TEA) to manage all intra-day energy transactions. The current three-year agreement with TEA ends on Dec. 31, 2013. NCMPA1 performs all its day-ahead, short-, mid- and long-term marketing through internal resources.

NCMPA1 purchases transmission for its native load requirements from Duke Energy Transmission in accordance with Duke's Open Access Transmission Tariff. In addition, NCMPA1 purchases transmission from Duke and other regional transmission providers for the delivery of surplus energy to the wholesale market. All the required agreements have been filed and approved by the Federal Energy Regulatory Commission (FERC).

Power Supply Management (Surplus Sales)

NCMPA1 performs its own power supply resource scheduling and power marketing in order to provide the cities with reliable power at the lowest cost. All day-ahead, short-, mid- and long-term transactions and resource optimization are managed internally, while intraday activities are managed through an agency agreement with TEA. NCMPA1 optimizes its supply portfolio by:

- Economically scheduling and dispatching power supply resources to meet the needs of the Participants, including the nuclear plants, supplemental resources, distributed generation and transmission agreements.
- Balancing resources and obligations every four seconds with its load following power supply contract.
- ▶ Selling surplus energy in the wholesale power markets at the highest price.
- Buying energy in the wholesale power markets when cheaper than its supplemental resources.
- Managing the associated risks including market price volatility, unit and transmission outages and counterparty credit.

In addition to scheduling and dispatching resources to meet the energy requirements of the Participants, NCMPA1 executed over 6,000 transactions related to surplus sales activities in 2011. These transactions resulted in revenues in excess of \$61 million and in benefits exceeding \$38 million.

NCMPA1 has a Risk Management Committee consisting of executive staff that provides oversight and direction to the power supply program. The ElectriCities Board of Directors adopted the NCMPA1 Risk Management Policy and the Risk Management Committee developed internal Risk Management Guidelines to control all transactions related to power supply activities.

Climate Change Issues

Capital expenditure risks to electric utilities from Congress enacting legislation to reduce emissions of greenhouse gases has subsided but this does not mean electric utilities are not subject to regulation that could require additional capital outlays. In place of Congressional

action, electric utilities are increasingly subject to more stringent regulatory environmental compliance requirements emanating from the United States Environmental Protection Agency (EPA). The EPA has pending for publication new proposed rules to govern the regulation of greenhouse gas (GHG) emissions from electric utility fossil fuel generation units that are new or are subject to significant modification. These new proposed rules may contemplate stringent emissions standards and, depending on how they are finalized, could impact the retrofitting of existing fossil fuel plants and the development of new plants by limiting the options available. Additionally, the EPA has announced its intention to issue new, proposed rules to govern the emissions of GHGs from existing fossil fuel electric stations in the summer of 2012. Depending on how the rule for existing plants it drafted, it has the potential to impact existing fossil fuel generating stations. Finally, the EPA is expected to propose another rule to lower the emissions threshold which governs what sources are covered by GHG emissions controls thereby increasing the number of sources captured by GHG emissions reduction rules. All of these new requirements are anticipated to increase costs on electric generation portfolios that rely on fossil fuels. NCMPA1's generation portfolio is 90% non-fossil based, limiting the exposure to the regulatory risk created in these three potential rules.

EPA Hazardous Air Pollutants Regulation

The EPA recently passed rules establishing national emissions standards for hazardous air pollutants for existing compression ignition reciprocating internal combustion engines (RICE). These rules may affect up to 34 MW of NCMPA1-owned distributed generation, as well as Participant-owned distributed generation. The financial impacts on NCMPA1 are expected to be up to approximately \$1 million over the next year as these units are retrofit to meet the new standards.

NERC Compliance

The Energy Policy Act of 2005 directed the Federal Energy Regulatory Commission (FERC) to develop mandatory electric reliability standards and a process for enforcing those standards. Subsequently, FERC Order 672 certified the North American Electric Reliability Corporation (NERC) as the Electricity Reliability Organization (ERO) to develop and enforce the standards. Order 672 also directed all owners, operators and users of the bulk power system to register with the ERO and be subject to the reliability standards. As a result, on June 18, 2007, NERC Reliability Standards became mandatory for the municipal electric systems of some cities that are members of NCMPA1. ElectriCities staff created an Internal Reliability Compliance Program (IRCP) as a means to ensure that NCMPA1 and its Participants remain in compliance with all applicable NERC and SERC Reliability Corporation (SERC) and Reliability First Corporation reliability standards and any

additional requirements.

NCMPA1 is registered with NERC as a Joint Registration Organization (JRO) on behalf of its respective Participants who would otherwise be required to register with NERC individually, based on NERC's criteria for registration, in the functional categories of Load-Serving Entity and Distribution Provider. By acting as the JRO, NCMPA1 coordinates the implementation of the IRCP to ensure that its respective Participants meet the compliance obligations of these two

NCMPA1

functions. For NCMPA1 to accomplish this, Participant staffs are obligated to cooperate fully with NCMPA1 to carry out tasks to comply with the Reliability Standards. In addition, NCMPA1 has registered on its own behalf in the functional categories where NCMPA1 itself performs the function collectively for its Participants. This means NCMPA1 has registered as a Resource Planner and Purchasing-Selling Entity. NCMPA1 is responsible for satisfying the compliance obligations associated with these functions.

During 2011, SERC performed two audits of NCMPA1's compliance with NERC reliability standards. In June, NCMPA1 had an off-site audit of its compliance activities related to cyber security standards. In November, NCMPA1 had an on-site full audit of a majority of the remaining applicable standards. At the conclusion of each audit, there were no findings by the audit team, indicating NCMPA1 and its Participants were in full compliance with the standards.

Renewable Energy Portfolio

Under North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard (REPS), NCMPA1 member cities must obtain up to 10% of their energy through renewable energy or energy efficiency resources by 2018. NCMPA1 is committed to meeting the REPS requirements in a least-cost manner, while maximizing the benefits to its member cities. Compliance with REPS can be accomplished through any combination of the following:

- ▶ Generate bundled renewable energy using renewable facilities
- ▶ Buy bundled renewable energy from renewable facilities
- ▶ Buy Renewable Energy Certificates (RECs)
- ▶ Reduce energy consumption via demand-

side management or energy efficiency

- Buy all or part of energy requirements through a wholesale contract with a supplier that complies with REPS
- Meet the cost cap by incurring incremental costs for some or all of the above

In 2010, a solar-only REPS requirement began for NCMPA1, and in 2012 the general REPS requirement begins and is escalated as follows:

- ▶ 2012 3% of prior year retail sales
- ▶ 2015 6% of prior year retail sales
- ▶ 2018 and beyond 10% of prior year retail sales

NCMPA1 met its solar requirements in 2010 and 2011. To meet its future REPS requirements, NCMPA1 has entered into several REC purchase agreements, including the purchase of:

- ► The output of a 1 MW solar photovoltaic generation plant in Shelby, N.C.
- ▶ In-State and Out-of-State solar photovoltaic RECs
- ▶ In-state wood waste biomass RECs
- ▶ In-state and Out-of-State poultry waste biomass RECs
- In-State and Out-of-State swine waste biomass RECs
- Out-of-State wind RECs

Through these REC purchases, NCMPA1 has secured its supply of RECs to meet the REPS requirements through 2014.

In addition to the activities listed above, NCMPA1 has been actively developing and implementing energy efficiency programs as another key component of the renewable portfolio. During 2011, NCMPA1 introduced

a new Commercial Lighting Rebate program and continued several other energy efficiency programs first introduced during 2009. These energy efficiency programs include:

- ▶ High Efficiency Heat Pump Rebate Program
- Energy Star Home Rebate Program
- Commercial/Industrial RFP (request for proposals) for Energy Efficiency Projects
- Commercial Solar Thermal Rebate Program •
- Municipal Energy Efficiency Projects

NCMPA1 has been active at the North Carolina Utilities Commission (NCUC), helping to shape the REPS program through filings and participation in working groups.

Distributed Generation

NCMPA1 owns 34 diesel generators located on city electric systems. These units, totaling 65 MW, were installed in 2002, 2005, 2006, 2007 and 2008 and are operated remotely on short notice during periods of high demand and high market prices. Also under remote control operation are city-owned and customer-owned generators totaling 88 MW. This combination of 153 MW of remotely operated, fast-start units provides great operational flexibility for NCMPA1's power supply program.

NCMPA1 has been successful in placing under contract an additional 19 MW of generation owned by cities and retail customers for local operation under NCMPA1's power supply program. These operations are coordinated through NCMPA1's operations center, maintaining availability during times of peak demand and high market prices.

NCMPA1 will continue to evaluate additional distributed generation opportunities to improve

power supply flexibility and reliability.

Monroe Generating Station

NCMPA1 owns two gas turbine generators in Monroe that provide 24 MW of peaking and reserve capacity. These two generators that were installed in 2009 can operate on either natural gas or fuel oil. Natural gas is obtained from the city of Monroe's gas system and the station is connected to the City's electric system. Just as with our diesel Distributed Generation, these gas turbine generators can be started on short notice during periods of high demand and high market prices.

Load Management

NCMPA1's load management operations provide signals to customers that allow them to reduce load during peak billing times. The operation of various demand side management programs results in a total peak reduction of approximately 58 MW each month. The load management strategy this year continued to focus on forecasting accuracy in an effort to reduce the number of load management operation hours. NCMPA1 operated load management an average of 9 hours per month during 2011.

Retail Rate Assistance and Billing Services

In 2011, NCMPA1 staff completed 17 retail rate studies. Rate studies use 12 months of a Participant's billing data to calculate, at customer detail level, projected revenue using updated load forecasts and projected retail rates. Innovative rate assistance for new retail customers was also provided to 10 Participants. As needed, rate assistance was also provided regarding tracking revenue and expenses throughout the year. NCMPA1 continues to provide retail billing services to the cities through its Customer



Database and Billing System. This system allows the cities to offer innovative retail rates that could not be accommodated by their internal billing systems. City staff members and customers utilize customer usage data, stored in the database and accessible through a secure extranet site, in making cost-saving operational recommendations and decisions. Twelve Participants utilize this monthly assistance for approximately 300 accounts.

Wholesale Rates

NCMPA1 staff provided detailed wholesale power cost for budgeting to all 19 Participants. That data coincided with the retail revenue projections provided to those Participants that received retail rate studies, using the same load forecast for consistency. NCMPA1 had a 5% basic wholesale rate increase in 2011.

Security

The NRC has established a number of regulations regarding security and safeguard measures at nuclear facilities in the United States, including the Catawba Nuclear Plant. These security orders have required the nuclear power plant licensees to implement additional measures addressing a wide range of security issues, such as: site access authorization, site security plans, nuclear facility security force personnel, and the transport and control of radioactive material.

On March 27, 2009, the NRC issued the "final rule" concerning Power Reactor Security Requirements. The "final rule" addresses safety and security interface requirements, MOX fuel requirements (Mixed-Oxide Fuel made from plutonium mixed with uranium), cyber security requirements, mitigative strategies and response procedures for potential or actual aircraft enhancements and physical security enhancements. The effective date of the final rule was May 26, 2009, while the compliance date for existing licensees was March 31, 2010. To date, the NRC reports they have monitored Duke's actions through a series of audits and will continue to evaluate the compliance of all nuclear power plants.

Under federal law, specific measures being taken to protect our power generation facilities cannot be discussed. NCMPA1 staff continues to review the additional capital requirements, as well as operation and maintenance expenditures needed at Catawba, including those measures required by the NRC. Under contractual arrangements with NCMPA1, all security issues are handled by Duke. As the operator of a nuclear plant, Duke has the responsibility to ensure the plant is operated safely and Duke's nuclear plants have safety records among the best in the nation.



NCMPA1 Investment and Outstanding Debt Overview

Investment Portfolio Statistics		Bonds Outstanding				
Earnings		Income	Rate of Return	Series		Par Amount
2011	\$	18,615,000	2.74%	Series 1992	\$	77,800,000
2010		21,456,000	3.30%	Series 1998 A		29,550,000
Fair Valu	e as	of 12/31		Series 2003 A		607,545,000
		Value	Maturity(yrs.)	Series 2008 A		341,575,000
2011	\$	860,036,000	3.2	Series 2008 B		7,380,000
2010		813,039,000	3.3	Series 2008 C		48,740,000
Debt Out	stan	ding as of 12	/31	Series 2009 A		198,995,000
Fixed Rate	e Bor	nds Balance	Interest Cost	Series 2009 B		9,200,000
2011	\$	1,541,085,000	5.1%	Series 2009 C		8,000,000
2010		1,606,455,000	5.1%	Series 2009 D		68,650,000
Bond Red	conc	iliation		Series 2010 A		74,765,000
Bonds Out	stan	ding 12/31/10	\$1,606,455,000	Series 2010 B		68,885,000
Matured 1,	/2/11		65,370,000	Total	\$	1,541,085,000
Bonds Out	stan	ding 12/31/11	\$1,541,085,000			









Graphs: Billing point including SEPA; forecast year 2012 is from the December 2011 Winter Load Forecast









espite being buffeted by the nationwide recession, the city of Kinston never lost its bearings. It has emerged stronger and more stable than ever, uplifted in 2011 by a rising tide of economic development.

"With more than \$130 million in company expansions and new business initiatives announced during 2011, Kinston has not only weathered the economic storm, it is firmly on course toward ongoing growth and prosperity," says Tony Sears, Kinston's city manager.

Supported by skillful collaboration among economic development teams from Kinston, Lenoir County, and the state of North Carolina, and various public-private partnerships, the city achieved many notable economic successes during the past year. Smithfield Packing Co., the world's largest pork processor, embarked on an \$85.5 million, 210,000-square-foot expansion to its local facility in early 2013. The expansion is expected to create 330 new jobs. Long-time Kinston-based corporation West Pharmaceutical Services announced its investment of \$29 million for quality improvements and advanced cleaning technologies at its existing facility over the next five years. The Woodmen of the World Life Insurance Society will build a new \$13 million community center, which will include an elevated walking track, fitness center and water park. And, agricultural research firm Pioneer Hi-Bred will construct a \$2.3 million,

1,500 people.

26,000-square-foot research station. In addition, Sanderson Foods in early 2011 opened its new poultry processing plant in Kinston. The company, which is investing \$126.5 million in Lenoir County, expects to employ

Investment is also flowing into Kinston's downtown, which is attracting new businesses, shops and restaurants. Currently underway is a renovation of a vacant two-story building, which is being converted to include an Asian-style bistro as well as office, retail and apartment

spaces. Nearly \$1.2 million has been invested in the project to date.

Additional excitement is being generated by the downtown construction of a museum to feature the remains of the CSS Neuse, a Civil War gunboat. The museum, funded through a \$3 million contribution from the state, is expected to open by 2013.

Rhonda Barwick, director of Kinston Public Services, says that the city's control of electric power plays an essential role in cultivating economic growth in the area.

"Local control means we can be flexible in offering incentives and meeting specialized needs," Barwick explains. "Local control means a power reliability score above 99.9 %. Local control also means a strong local presence. We're here to stay, committed to serving the community we live in."

NCEMPA Leadership

/ivian A. Jones	Andre D. Knight	Dona
Chair	Vice Chair	Secre
Nake Forest	Rocky Mount	Wilso

Board of Commissioners and Alternate Commissioners as of December 31, 2011

Alternate Commissioners' names appear in smaller type

Apex

Ayden

Belhaven

Dr. Guinn Leverett

Mr. Bruce A. Radford Mr. J. Michael Wilson Mr. R. Lee Smiley

Mr. Adam G. Mitchell

Mayor Stephen W. Tripp

Fremont Mr. Leon V. Mooring Mr. Kerry McDuffie Mr. Harold Cuddington

Mr. J. Bryant Kittrell Jr. Mr. Ronald D. Elks

Mavor Adam W. O'Neal Hamilton Mr. Herbert L. Everett

Benson

Mr. Matthew R. Zapp Mr. Braston A. Newton

Clayton Mr. Robert J. Ahlert Mayor Jody L. McLeod

Edenton

Ms. Anne-Marie Knighton Mr. Willis Privott Mr. Glenn Andersen

Elizabeth City Mr. Richard Olson Mr. Roger A. McLean

Farmville Mr. Richard N. Hicks Mr. James C. Smith

Greenville Mr. J. Freeman Paylor

Mayor Donald G. Matthews III

Hobgood

Hookerton

Ms. April H. Baker

Mr. Danny Taylor

Mr. William Barker

Ms. Rhonda F. Barwick

Kinston

Mr. Tony Sears

La Grange

Mr. John P. Craft

Mr. Larry Gladney

Mr. Bobby Wooten

Mayor Robert E. Taylor

Hertford Mr. Brandon Shoaf Mr. James Sidney Eley

Ms. Stella Daugherty Mr. Timothy D. Purvis

Red Springs

New Bern Mr. Jonathan Rynne Mr. Dennis K. Bucher Mayor Lee W. Bettis Jr.

Pikeville Mr. Lyman G. Galloway Mr. W. Ward Kellum Mr. Dennis K. Lewis

Robersonville Ms. Elizabeth W. Jenkins Mr. John David Jenkins Mr. John H. Pritchard Jr.

Rocky Mount Mr. Andre D. Knight Mr. Charles W. Penny Mr. Richard H. "Rich" Worsinger

ald I. Evans etary-Treasurer on

Laurinburg Mr. Edward F. Burchins Mr. Curtis B. Leak

Louisburg Mr. Ray Patterson Mr. Tony L. King Mr. Mark R. Warren

Lumberton Mr. Harry L. Ivey First Alternate Vacant

Mayor John M. McNeill First Alternate Vacant

Scotland Neck Mr. James E. Mills Sr. Ms. Nancy Jackson

Selma Mr. Richard Douglas Mr. Donald Baker Mr. Charles E. Hester

Smithfield Mr. C. Earl Botkin Mr. Justin S. Merritt

Southport Mr. Paul D. Fisher

Tarboro Mr. James L. Alford Mr. Rick Page Mr. Alan Thornton

Wake Forest Mayor Vivian A. Jones Mr. Mark S. Williams

Washington Mr. Doug Mercer Mr. Keith Hardt Mr. Josh Kay

Wilson Mr. Donald I. Evans Mr. Dathan C. Shows Mr. Grant W. Goings

NCEMPA Participants

City	Revenues (000s)	Customers	Ownership %
Apex	\$ 28,191	13,995	0.706
Ayden	12,270	4,611	1.134
Belhaven	2,868.3	1,164	0.409
Benson	4,852	1,768	0.577
Clayton	12,896	5,141	0.745
Edenton	13,009	4,185	1.596
Elizabeth City	37,595	12,010	4.251
Farmville	7,619	2,901	1.290
Fremont	1,938	749	0.306
Greenville	195,446	63,893	16.134
Hamilton	447	251	0.078
Hertford	3,262	1,185	0.412
Hobgood	679	297	0.091
Hookerton	768	432	0.155
Kinston	55,314	11,838	8.668
La Grange	3,821	1,500	0.501
Laurinburg	15,960	6,519	2.267
Louisburg	7,878	1,936	0.858
Lumberton	33,503	12,032	5.157
New Bern	61,567	21,433	6.368
Pikeville	1,258	519	0.205

City	Revenues (000s)	Cus
Red Springs	\$ 4,494	
Robersonville	2,743	
Rocky Mount	94,132	
Scotland Neck	2,996	
Selma	8,155	
Smithfield	20,500	
Southport	7,061	
Tarboro	26,075	
Wake Forest	18,152	
Washington	38,905	
Wilson	148,818	

Source: 2010 EIA-861 Data

NCEMPA Operational Highlights

Load Management and **Power Operations**

North Carolina Eastern Municipal Power Agency (NCEMPA) staff and Participants again successfully controlled loads during each month's peak billing period in 2011. This success translated into estimated power cost savings of over \$39.7 million throughout 2011.

NCEMPA recommended load management an average of nine hours per month, during approximately four days each

month. NCEMPA Participants and their customers shed a monthly average of over 259.6 MW, with over 295 MW shed during the maximum peak hours. Load Side Generation is an integral part of this load shedding process with over 174 MW of load side generation noticed as of Dec. 31, 2011. NCEMPA and Participant staff continued to develop improved systems and communication alternatives for load management operations. NCEMPA owns

Ownership %	stomers
0.580	1,705
0.507	1,105
16.026	27,390
0.576	1,538
0.810	2,676
2.006	4,474
0.714	2,595
4.743	6,087
0.726	6,070
5.892	13,435
15.512	33,549

NCEMPAX 35

and maintains equipment at three radio stations in North Carolina to control load management equipment across eastern North Carolina. In addition, load management communications, utilizing pagers, cell phones and email, delivered over 181,000 messages for 2011. NCEMPA is also reviewing the feasibility of using two-way communication switches and smart grid technology for residential load management operations. New substation construction, expansions and delivery facility planning were in process or completed for Elizabeth City, New Bern, Rocky Mount and Wake Forest.

Energy and Demand

Energy consumption for 2011 was 7,374,281 MWh (net of SEPA). The annual energy consumption record was set in 2010 at 7,710,808 MWh. The highest monthly energy consumption for 2011 occurred in July at 786,946 MWh. The record was set in August 2007 at 825,589 MWh. The highest Coincident Peak Demand for 2011 was 1,379 MW (net of SEPA) during the month of July. The Coincident Peak demand record was set in August 2007 at 1,417 MW. The average Coincident Peak load factor for 2011 was 80 percent, equal to the average Coincident Peak load factor in 2010. The 2011 maximum Non-Coincident Peak Demand was 1,500 MW (net of SEPA) in the month of July. The monthly record for Non-Coincident Peak Demand was set in August 2007 at 1,604 MW.

NCEMPA Power Supply Overview

NCEMPA supplies the All-Requirements Power Supply for its Participants through Initial Project and Supplemental Resources and secures transmission service for the Participants on

the Progress Energy Carolinas, Inc. (PEC) and Dominion transmission systems.

The initial project includes undivided ownership interests acquired from PEC of: 18.33 percent in each of the nuclear-fueled Brunswick Units 1 and 2, 12.94 percent in the coal-fired Roxboro Unit 4, 16.17 percent in the coal-fired Mayo Unit No. 1, and 16.17 percent in the nuclearfueled Harris Unit 1.

Total ownership in both coal and nuclear resources accounted for 695.3 MW of capacity at the end of 2011. This ownership met approximately 74.7 percent of the energy requirements and 50 percent of the capacity requirements for NCEMPA in 2011. NCEMPA purchases supplemental capacity and energy from PEC, with the current agreements extending through 2017. In October 2011, NCEMPA signed a new supplemental load agreement with PEC, extending supplemental purchases through Dec. 31, 2031.

Under the new agreement, NCEMPA will purchase the additional power necessary to meet the energy needs of the 32 member cities beyond that supplied by the generation facilities currently owned by the Power Agency. These Supplemental Load Agreements provide load following power and unlimited capacity at native load priority for approximately 25.3 percent of the energy needs and 50 percent of the capacity needs. The Supplemental Load Agreements include: coincident peak pricing, formula-based rates for capacity, energy and fixed accounting and billing costs. Coincident Peak pricing allows NCEMPA Participants and their customers to benefit from over 350MW of demand-side control.

The Power Agency obtains transmission service for the Initial Project output and supplemental capacity and energy under transmission and delivery contracts with PEC

and Dominion. The Participants are assured of facilities and delivery under these network service agreements.

The combination of plant ownership, supplemental load agreements and transmission service provides NCEMPA a long-term power supply with the highest available reliability and delivery assurance and a stable cost structure to support and enhance the Participants' rate, energy-efficiency and demand-side management programs.

Renewable Energy

Legislation enacted by the North Carolina Legislature in 2007 establishes a Renewable Energy and Energy Efficiency Portfolio Standard (REPS) for electric power suppliers in the state of North Carolina to supply specified amounts of the electric power provided to their customers in the state from renewable resources. As defined in the REPS Legislation, renewable energy resources include solar electric, solar thermal, wind, hydropower, geothermal, ocean current or wave resources, and biomass, including agricultural waste, energy crops or landfill methane. In addition, energy efficiency programs or renewable energy certificates can be used to achieve compliance.

The Power Agency and the Participants have filed compliance plans and have implemented those plans by providing qualifying REPS programs and purchasing renewable energy certificates to ensure current and future year compliance by the Participants with REPS Legislation. For 2010 and 2011, the first years of mandatory compliance, the Power Agency and the Participants acquired sufficient renewable energy certificates to satisfy their REPS requirement. The Power Agency recently executed a 15-year Power Purchase Agreement

for the electric output of a 1.5 MW solar photovoltaic facility located in Edenton, NC, which is a Power Agency Participant.

Plant Status

The Roxboro Power Plant, consisting of four units, began operation in 1966 and ranks as one of the largest power plants in the United States. Mayo, a single unit Power Plant, is located near Roxboro and began commercial operation in 1983. As part of the fleet modernization plan, PEC and NCEMPA have invested more than a billion dollars in technology to reduce emissions dramatically at both plants in Person County and will continue to operate these coal-fired facilities after other units are retired.

Roxboro Unit 4 and Mayo Unit 1, our jointly PEC is addressing recent industry events

owned coal-fired power plants, concluded 2011 with commendable performance statistics. Both facilities continue to benefit from the implementation of emissions technologies from 2007 through 2011. Roxboro Unit 4 achieved a Capacity Factor of 62.16 percent and Net Generation of over 3.8 million MWh during 2011. As a result of Power Agency and PEC concluding an Operating and Fuel Agreement Amendment combining coal piles, the total annual Power Agency savings for Roxboro Unit 4 and the Mayo plant is estimated to be in excess of \$1.5 million; using opportunity coal and new fuel-blending capability. The Mayo Plant ended 2011 with a Net Generation of over 3.5 million MWh, with a Capacity Factor of 55.14 percent. associated with the release of coal ash by converting from wet to dry ash systems; thereby eliminating the flow to the ash ponds at the Roxboro and Mayo facilities.

AN TRANSPORT

The Brunswick Nuclear Plant, located just north of Southport, N.C., houses two boiling water reactors. It was the first nuclear power plant built in N.C., beginning operation in 1975, with an additional unit constructed in 1977. In 2011, the Brunswick Units had combined generation of over 14.6 million MWh. Brunswick Unit 2 concluded a refueling outage with a Capacity Factor of 78.6 percent and Brunswick Unit 1 a record net generation output during 2011 with a Capacity Factor of 100.1 percent. The 2011 Brunswick Unit 2 scheduled refueling outage, which began in March, was successfully completed in April. Significant projects performed during the refueling outage included: variable frequency drive installation, main steam isolation valve guide path modifications, chemical decontamination of feed-water recirculation system, main generator enhancements, and numerous valve upgrades and inspections.

The Harris Nuclear Plant began commercial operation in 1987 and is currently in the process of implementing a multi-phased Power Up-Rate Project, consisting of a thermal power up-rate and various efficiency improvements to be completed by 2015. During 2011, it attained a Capacity Factor of 102.9 percent and achieved a record net generation output of 8.1 million MWh.

In March 2011, a 9.0-magnitude earthquake and resulting tsunami struck Japan. An automatic shutdown of 11 reactors at four sites (including Fukushima Dai-ichi) along the northeast coast took place. Loss of life, radiation exposure and extensive damage to site facilities resulted. A Nuclear Regulatory Commission (NRC) task force was created to evaluate technical and operational information from the events to identify potential or preliminary near term/immediate operational or regulatory issues affecting domestic operating reactors. The plants have completed their preliminary review of facilities and processes to cope with such an event and meet the current NRC guidelines. The NRC is evaluating any further design modifications or future requirements.

Plant Licenses Expiration

- ▶ Brunswick Unit 1 2036
- ▶ Brunswick Unit 2 2034
- ▶ Harris Unit 1 2046

Security

The NRC has established a number of regulations regarding security and safeguard measures at nuclear facilities in the United States, including the Brunswick and Harris Nuclear Plants. These security orders have required the nuclear power plant licensees to implement additional measures addressing a wide range of security issues, such as: site access authorization, site security plans, nuclear facility security force personnel, and the transport and control of radioactive material. On March 27, 2009, the NRC issued the "final rule" concerning Power Reactor Security Requirements. The "final rule" addresses safety and security interface requirements, MOX fuel requirements (Mixed-Oxide Fuel made from plutonium mixed with uranium), cyber security requirements, mitigative strategies and response procedures for potential or actual aircraft enhancements and physical security enhancements. The effective date of the final rule was May 26, 2009, while the compliance date for existing licensees was March 31, 2010. To date, the NRC reports they have monitored PEC's actions through a series of audits and will continue to evaluate the compliance of all nuclear power plants.

Nuclear Plant Status

Plant	Capacity Factor ⁽¹⁾
Brunswick Unit 1	100.14
Brunswick Unit 2	78.63
Harris	102.89
Plant Status	Capacity Factor ⁽¹⁾
Мауо	55.14
Roxboro Unit 4	62.16

Under federal law, specific measures being taken to protect our power generation facilities cannot be discussed. NCEMPA staff continues to review the additional capital requirements, as well as operation and maintenance expenditures needed at the Joint Units, including those measures required by the NRC. Under contractual arrangements with NCEMPA, all security issues are handled by PEC. As the operator of a nuclear plant, PEC has the responsibility to ensure the plant is operated safely and PEC's nuclear plants have safety records among the best in the nation.

Environmental Regulations

Electric utilities are being subjected to increasing federal, state and local statutory and regulatory requirements including air and water quality and renewable resource mandates. Bills have been introduced in Congress which would amend the Clean Air Act in order to, among other things, limit the emissions of carbon dioxide and other greenhouse gases. Carbon Dioxide (CO2), the most common greenhouse gas, was originally not considered a pollutant under the Clean Air Act. While the full and final extent of the proposed air quality legislation cannot be determined at this time, any such regulations will impact operations of the Joint Units, Roxboro Unit 4 and Mayo Unit 1. Power Agency staff cannot predict what effects these factors may have on the business operations and financial condition of the Power Agency or the Participants.

In addition, the Environmental Protection Agency (EPA) issued the Clean Air Interstate Rule (CAIR), Clean Air Mercury Rule and Clean Air Visibility Rule which may require compliance measures. On July 7, 2011, the EPA issued the Cross-State Air Pollution Rule (CSAPR) to reduce NOx and SO2 emission in 27 Eastern states. The Transport Rule and associated new emissions reduction programs were to take effect on Jan. 1, 2012. On Dec. 30, 2011. the District of Columbia Circuit Court of Appeals put on hold the CSAPR rule as it hears arguments from petitioners challenging the rule's implementation. CSAPR was intended to replace CAIR. NCEMPA's fossil units at Roxboro and Mayo currently have NOx and

Availability Factor⁽²⁾

98.9
79.87
100
Equivalent Availability ⁽³⁾
92.63
99.31

(1) The ratio of the average operating output of a power generating unit to the capacity rating during a specified period of time. Capacity factors include both planned and unplanned outages.

(2) The time a power generating unit is capable of producing energy, regardless of its capacity level. Availability factors include both planned and unplanned outages.

(3) The ratio of net maximum generation that could be provided after all types of outages and deratings are taken into account. It measures the percent of maximum generation over time.

SO2 controls, making the Power Agency one of the few utilities in the nation with 100 percent clean air compliant units. The jointly owned units fleet modernization efforts and PEC 4 retirement plans appear to have positioned the Power Agency and PEC relatively well to meet the CSAPR rule. PEC is also addressing recent industry events related to the release of coal ash, with a fly ash landfill transition project, converting from wet to dry ash systems and eliminating the flow to the ash ponds at the Roxboro and Mayo Plants. Additionally, the FGD (flue gas desulfurization) wastewater treatment process will be modified to add a ZLD (zero liquid discharge) system to the settling ponds. The ZLD equipment will distill the wastewater into water for possible re-use in the plant. In May 2010, EPA announced proposed regulations for regulating coal combustion residuals under the Federal Resource Conservation and Recovery Act. The financial and operational impacts to the Power Agency cannot be determined at this time.

With regard to spent nuclear fuel, Power Agency has responsibility for back-end costs and liabilities associated with its ownership interest in nuclear fuel burned at the Brunswick Plant after April 7, 1983, and at the Harris Plant. The Power Agency has provided an allowance for the estimated costs of the final disposal of such spent nuclear fuel. The Power Agency staff works closely with PEC to comply with all local, state and federal environmental laws and regulations to address the ultimate implications of these regulatory requirements and ensure an equitable application of costs to the joint units.

NERC Compliance

The Energy Policy Act of 2005 directed the

Federal Energy Regulatory Commission (FERC) to develop mandatory electric reliability standards and a process for enforcing those standards. Subsequently, FERC Order 672 certified the North American Electric Reliability Corporation (NERC) as the Electricity Reliability Organization (ERO) to develop and enforce the standards. Order 672 also directed all owners, operators and users of the bulk power system to register with the ERO and be subject to the reliability standards. As a result, on June 18, 2007, NERC Reliability Standards became mandatory for the municipal electric systems of some cities that are members of NCEMPA.

ElectriCities staff created an Internal Reliability Compliance Program (IRCP) as a means to ensure that NCEMPA and its Participants remain in compliance with all applicable NERC and SERC Reliability Corporation (SERC) reliability standards and any additional requirements.

NCEMPA is registered with NERC as a Joint Registration Organization (JRO) on behalf of its respective Participants who would otherwise be required to register with NERC individually, based on NERC's criteria for registration, in the functional categories of Load-Serving Entity and Distribution Provider. By acting as the JRO, NCEMPA coordinates the implementation of the IRCP to ensure that its respective Participants meet the compliance obligations of these two functions. For NCEMPA to accomplish this, Participant staffs are obligated to cooperate fully with NCEMPA to carry out tasks to comply with the Reliability Standards. In addition, NCEMPA has registered on its own behalf in the functional categories where NCEMPA itself performs the function collectively for its Participants.

This means NCEMPA has also registered as a Resource Planner. NCEMPA is responsible for satisfying the compliance obligations associated with this function.

During 2011, SERC performed two audits of NCEMPA's compliance with NERC reliability standards. In June, NCEMPA had an off-site audit of its compliance activities related to cyber security standards. In November, NCEMPA had an on-site full audit of a majority of the remaining applicable standards. At the conclusion of each audit, there were no findings by the audit team, indicating NCEMPA and its Participants were in full compliance with the standards.

Rates and Retail Billing Services

Rate support throughout the year included 76 retail, two wholesale and 43 innovative projects, along with technical education for improved customer service. Load growth opportunities' support included public power proposals for seven Participants.

The NCEMPA Retail Billing Program serves 24 Participants in gathering interval meter data for 315 commercial and industrial customers. NCEMPA continues to utilize and maintain Itron's MV90xi software ensuring the ongoing quality and level of support provided through the Retail Billing Program. In 2011, Itron's MV90xi system was upgraded to the latest 3.0 version. NCEMPA staff remotely reads each meter, processes meter data and provides power billing information to the Participants. Custom reports and graphs are provided electronically within days of month-end. Retail customers are provided an array of detailed data, helping to develop and maximize their energy savings and load management programs.

NCEMPA Investment and Outstanding Debt Overview

Investment Portfolio Statistics			
Earnings		Income	Rate of Return
2011	\$	16,541,000	2.62%
2010		17,226,000	2.73%
Fair valu	e as c	of 12/31	
		Value	Maturity(yrs.)
2011	\$	824,118,000	2.7
2010 Debt out	stanc	758,887,000	2.9 /31
2010 Debt out Fixed rate	stanc	758,887,000 ling as of 12, ls Balance	2.9 / 31 Interest Cost
2010 Debt out Fixed rate 2011	stanc bond \$ 2	758,887,000 ling as of 12, ls Balance 2,254,510,000	2.9 / 31 Interest Cost 5.4%
2010 Debt out Fixed rate 2011 2010	stanc bond \$ 2 2	758,887,000 ling as of 12, ls Balance 2,254,510,000 ,396,330,000	2.9 /31 Interest Cost 5.4%
2010 Debt out Fixed rate 2011 2010 Bond rec	stanc bonc \$ 2 2 concil	758,887,000 ling as of 12/ ls Balance 2,254,510,000 ,396,330,000 iation	2.9 /31 Interest Cost 5.4% 5.4%
2010 Debt out Fixed rate 2011 2010 Bond rec Bonds out	stanc bond \$ 2 2 concil standi	758,887,000	2.9 / 31 Interest Cost 5.4% 5.4%
2010 Debt out Fixed rate 2011 2010 Bond rec Bonds out Matured 1,	stanc bonc \$ 2 2 concil standi /2/11	758,887,000	2.9 /31 Interest Cost 5.4% 5.4% \$2,396,330,000 141,820,000

Bonds Outstanding	
Series	Par Amount
Series 1986 A	\$ 4,495,000
Series 1991 A	28,755,000
Series 1993 B	502,880,000
Series 1993 C	18,465,000
Series 1995 A	14,090,000
Series 2003 A	79,680,000
Series 2003 B	9,860,000
Series 2003 C	99,100,000
Series 2003 D	185,540,000
Series 2003 E	17,605,000
Series 2003 F	86,725,000
Series 2003 G	6,425,000
Series 2005 A	124,860,000
Series 2008 A	364,560,000
Series 2008 B	55,545,000
Series 2008 C	36,665,000
Series 2009 A	62,235,000
Series 2009 B	375,850,000
Series 2009 C	19,390,000
Series 2009 D	15,640,000
Series 2010 A	146,145,000
Total	\$2,254,510,000

NCEMPA Participant Energy Usage

35

ith nearly 24 years of leadership experience in public power, Ed Miller, general manager of New River Light & Power Company in Boone, recognizes the importance of maintaining a focus while keeping a watchful eye on the horizon.

"At New River Light & Power, we know we're pointed in the right direction, and that's toward meeting the ongoing needs and demands of the people we serve in Watauga County," says Miller, who oversees the delivery of electric service to nearly 7,500 residential and commercial customers. "Achieving this objective requires a commitment to operational improvement, and the ability and foresight to make capital improvements when and where needed.

To help it anticipate and navigate through the turbulent currents of industry change as well as support its growing involvement in sustainable energy development and energy conservation programs, New River Light & Power became a full member of ElectriCities in 2011.

"The complexity and potential impacts of industry transformation are so great, it doesn't make sense to face them alone," Miller says.

"We strongly believe that, as a full member, we're better positioned for the future. We gain from a highly attuned organization that has proven expertise, and is capable of meeting our specialized needs, such as helping us stimulate economic development in Watauga County, encourage our area's mounting interest in

renewable energy initiatives and customize training programs for our employees." "It is essential that we stay vigilant to the rapid changes occurring in the overall energy environment and marketplace," Miller emphasizes. There are emerging pressures - regulatory requirements, rising costs, growing demand for alternative energy sources- that could alter our path. We've got to be able to quickly respond to any industry-wide challenges that might affect our operations and future."

truck shed.

During 2011, the team at New River Light & Power, a non-profit subsidiary of Appalachian State University, achieved two key goals: initiating a long-term capital improvement plan and moving to fully implement a SCADA system. The utility has been approved for \$2.7 million in financing to rebuild a substation, upgrade three additional delivery points, renovate its warehouse and operations center and construct its first enclosed

"When completed in 2013, all of the planned capital improvements will give us greater control over service delivery, enhance power service reliability to our customers and improve our operational efficiency," Miller reports. "Our new SCADA system will provide us with powerful automated controls and move us another step closer to AMI and Smart Grid implementation." Miller credits New River's success to its strong, dedicated staff, highly committed to providing quality service to the community.

Non-Power Agency Leadership

Board of Commissioners and Alternate Commissioners as of December 31, 2011

Alternate Commissioners' names appear in smaller type

Concord

Mr. Robert "Bob" Pate Mr. Scott Chunn

Fayetteville Mr. Michael G. Lallier Mr. Wilson A. Lacy

Mr. Chuck Summey

Mr. F. Pruett Walden

Fountain

Kings Mountain Ms. Marilyn H. Sellers Mr. Nick Hendricks

Commissioner Vacant First Alternate Vacant

Windsor Mr. J.F. Hoggard III Mr. Allen Castelloe

Forest City

Dallas Mr. Edward C. Munn Mr. James Douglas Huffman

Enfield

Mr. Larry Sorie Mr. Wilbert Bishop

Winterville

Mr. Tony P. Moore Mr. Mervin Taylor

Stantonsburg

Mr. Gary W. Davis First Alternate Vacant

Non-Power Agency Participants

City	Revenues (000s)	Customers
Concord	\$ 72,197	28,064
Dallas	5,883	3,276
Enfield	4,006	1,322
Fayetteville	180,237	85,197
Forest City	11,475	4,126
Fountain	587	322
Kings Mountain	12,154	4,324
Macclesfield	505	276
Pinetops	2,897	777
Stantonsburg	2,412	1,184
Walstonburg	276	132
Windsor	4,875	1835
Winterville	6,119	3,427

ElectriCities Services

Economic Development

NC Public Power communities continue to see success with industrial recruitment and expansions of existing industries. ElectriCities Economic Development staff markets communities domestically and internationally to attract new business investment and new job creation for our members. Our team also works closely with the NC Department of Commerce, the Regional Partnerships and

county developers to further the strategic load growth efforts.

NCMPA1 members added 1,986 new jobs in 2011 with investments totaling more than \$267 million. New load added to NCMPA1 was just over 26 MW. NCEMPA members added 645 new jobs in 2011 with investments totaling nearly \$110 million. New load added to NCEMPA was 7.6 MW. Major industrial announcements for the year include:

- ▶ Providencia (Statesville) Expansion -\$60 M investment; 28 jobs
- ▶ Sarstedt (Newton) Expansion -\$14.2 M investment; 20 jobs
- ▶ United Furniture Industries (Lexington) Expansion -- 200 jobs
- ▶ LanXess Corp (Gastonia Prime Power Park) – \$15 M investment; 55 jobs
- ▶ REPI S.p.A. (Gastonia Prime Power Park) -\$5.5 M investment; 30 jobs
- ▶ CTL Packaging (Gastonia Prime Power Park) – \$58.5 M investment; 131 jobs
- ▶ KCST (Tarboro) Expansion -\$13 M investment; 50 jobs
- ▶ West Pharmaceuticals (Kinston) Expansion — \$29 M investment
- ▶ Superior Essex, Inc. (Tarboro) Expansion \$58 M investment; 116 jobs
- ▶ Sears Hometown Store (Edenton) -\$535,000 investment; 4 jobs
- ▶ Smithfield Foods (Kinston) Expansion -\$85.5 M investment; 330 jobs
- ▶ Specialty Textiles, Inc. (Kings Mountain) Expansion — \$4.9 M investment; 62 jobs
- ▶ Celgard LLC (Concord) Expansion -\$150 M investment; 250 jobs

Working in conjunction with Power Agency Operations staff, economic development was enhanced through providing proposals for prospects and clients for such programs as back-up generation, energy management systems, power quality services and competitive rates.

The importance of strategic target marketing to enhance systematic growth of each city's electric system continues to be emphasized. The goal of the marketing plans is to provide strategies, industry targets and specific action steps necessary for each community to successfully pursue the recruitment of new business and industry. Completion of comprehensive plans helps prioritize the opportunities for new load additions and focus efforts on assisting the members in expanding their business recruitment and expansion efforts. Emphasis and assistance was placed on identifying future industrial sites, small business development, existing business retention and expansion programs, small business incubator feasibility studies and assistance with vacant retail and commercial space.

The Prime Power Parks[™] in Albemarle and Gastonia continue to be a source that attracts interested prospects for NCMPA1. The 4 MW of on-site back-up generation is of great interest to those target segments that have a critical need for uninterrupted power.

The Perquimans Marine Industrial Park in Economic Development staff recruits

Hertford is rapidly gaining national attention. The marine park is situated in northeastern North Carolina along the beautiful Perquimans River. The 70-acre state-owned property is part of the larger 400-acre Perquimans Commerce Center just south of the historic Town of Hertford and less than one mile from U.S. Highway 17. The most compelling feature of this business park is its 10-foot deep basin offering tenants easy access to the Albemarle Sound, the Intracoastal Waterway and the Atlantic Ocean. Economic Development Staff identified prospects for the Marine Park while attending the Work Boat Show in November. companies to communities where vital industry clusters exist. Cluster targets include biotechnology, food processing, aviation, military, automotive, marine/boating, plastics and fabricated metals. Participation in several

trade shows included the International Boat Expo, Fabricated Metals, Aftermarket Automotive Expo, Plastics Expo and the International Biotechnology Expo. These efforts have resulted in over 250 inquiries with numerous site visits.

Safety and Training

ElectriCities Safety and Training staff is responsible for providing safety training and professional support to members' electric system personnel. ElectriCities Safety staff provides an array of services such as training schools and workshops, on-site safety audits and training, accident investigations and administration of professional development tracks. Staff also informs members of new safety legislation and best practices to reduce workplace accidents and lost employee time. The team stays up to date with the latest state and federal rules and regulations to ensure public power line crews have the best possible information and techniques to keep line crews safe.

The department manages the Safety and Training Team, a member-based group charged with ensuring that ElectriCities Safety and Training schools align with the needs and concerns of ElectriCities members. The team met six times in 2011 to plan new, and monitor existing, activities.

In 2011, the Safety team performed 24 on-site audits and 290 safety consultation communications. In addition, Safety staff conducted 39 safety meeting presentations and attended 21 member safety meetings throughout the year.

ElectriCities recognizes members for safe work habits in annual safety awards presented during the North Carolina Association of Municipal Electric Systems (NCAMES) Annual Meeting. During the 2011 meeting, 47 cities and towns were recognized for achieving no lost workday accidents during 2010.

ElectriCities Safety staff facilitates many training opportunities throughout the year. ElectriCities continues its partnership with Nash Community College to offer an associate degree in Electric Power Lineman Technology for member line worker employees who wish to participate. Nash Community College, located in Rocky Mount, N.C., provides classrooms with state-of-the-art audio and visual training aids and outside training grounds as a permanent training facility.

Other professional development opportunities are available through career development programs that provide tracks for member employees to follow, earning a certificate after completing the curriculum. ElectriCities Safety and Training has four separate apprenticeship programs for members to utilize for their employees: lineman, meter technician, substation and underground.

In 2011, ElectriCities hired a new Safety and Training staff member. This person is responsible for the lineman program and also teaches the Lineman Career Development Apprenticeship Program to member electric apprentice employees upon request. The Lineman Career Development Program provides specialized training for employees who work on high voltage overhead power lines. With a renewed effort to involve more lineworkers in the program, 59 new students enrolled in the program in 2011 with 129 students tested throughout the year.

ElectriCities Safety and Training provides electric power line employees with training opportunities to enable them to perform their jobs in a safe and proficient manner. In 2011, ElectriCities provided 20 schools and workshops to accomplish these goals. Schools are held on topics such as: Basic Lineman, Basic Underground, Intermediate Lineman, Advanced Lineman, Advanced Underground, Distribution Regulator, Substations, Troubleshooting and Advanced Lineman.

Government Relations

The ElectriCities Government Relations Division is a full-service legislative relations group dedicated to ensuring the interest of public power communities. The Government Relations staff actively participates in the legislative process and strives to provide member cities with pertinent information and an outlet to voice their concerns. The group's lobbying efforts work closely with the Public Power Grassroots Network to ensure the successful future of NC Public Power communities.

In 2011, a new Legislative Steering Committee of the ElectriCities Board of Directors was created to help shape the legislative agenda. The Government Relations team is very active in the North Carolina General Assembly to promote the ElectriCities legislative agenda. The 2011 long session agenda included a focus on protecting public power communities from any detrimental affects due to the state budget deficit, redistricting, eminent domain and annexation legislation. Additionally, the agenda promoted new benefits and funding for low-income homeowners and renters to implement energy efficiency measures. The federal legislative agenda included initiatives to support coalition work on energy, climate change, greenhouse gas and other legislation that affects public power collectively. The coalition work includes participation with national groups such as the

American Public Power Association and the Large Public Power Council.

The Government Relations Division is also active in grassroots efforts to build interest in public power. Some of the community relations activities the team participates in include Days of Caring, a local initiative with city staff and officials to install low-cost energy efficiency in low-income customers' homes, and public school education events planned in partnership with city staff, elected officials and the local school systems.

Industrial/Commercial Services and Programs

ElectriCities staff and city representatives continue to focus on retaining large industrial accounts, commercial accounts and other key accounts. Power Agency Participants recognize the important roles these key accounts play in their cities and towns. The customer retention program includes innovative rate structures, customer education and energy solutions provided through ElectriCities Energy Solutions Partner (ESP) program. For example, new on-peak rates and customer generation rate riders allow customers to reduce demand for energy during periods of high power costs. Commercial and industrial customers have access to day-long seminars on subjects ranging from energy management and submetering to power restoration. The ESP program connects workshop attendees and energy audit recipients with their local energy provider and an alliance partner. Programs offered and implemented with key account customers include back-up generation, energy-efficient lighting, power quality surveys, HVAC solutions and overall energy management systems.

Providing facility solutions to commercial and industrial customers that help them improve their energy efficiency and lower overall energy cost has been a major focus of our Key Account Management program. During 2011, ElectriCities Key Account team performed over 100 energy assessments for commercial and industrial customers. These energy assessments provide customers with a tailored report that summarizes their overall electric costs, a monthly detail of their energy usage and a list of specific recommendations. The team will assist customers with detailed project design and analysis during implementation as well as follow-up measurement and monitoring of the results.

ElectriCities staff also provides single point-of-contact and account management for national account customers doing business in North Carolina. Over 40 contacts were made to the national accounts customers in 2011.

Residential Energy Education and Weatherization Assistance Services

ElectriCities offers programs and services to help members address the needs of residential customers. Active residential programs for 2011 included Energy Depot for Homes; a set of online, interactive marketing and customer service applications; residential energy survey service; and distribution of energy efficiency kits.

Energy Depot applications include the following: Personal Energy Profile, an online, doit-yourself home energy audit; Energy Calculator, allowing customers to quickly calculate the electric energy use and costs for the full range of home energy systems and appliances; and Energy Library, which offers a wide selection of fact sheets that address home energy systems, appliances and products. Customers of NC

Public Power communities made over 18,000 visits to the Energy Depot website in 2011.

The Residential Energy Survey Service provides free in-home energy surveys to residential customers and training and support for ElectriCities members' staff. Over 750 energy surveys were conducted in 2011 for residential customers. The program also promotes energy education and awareness through local workshops, seminars and community-based meetings. Twelve energy education and assistance workshops were provided to retail customers during 2011.

The Energy Efficiency Kit is designed to help residential customers understand energy usage and its effect on energy bills. The kits contain: four compact fluorescent lamps, a low-flow 2.5 gallons/minute showerhead, spray foam sealant, stick on and refrigerator magnet thermostats and a HVAC filter whistle. In 2011. more than 4,500 Energy Efficiency Kits were distributed by ElectriCities members.

ElectriCities launched a new initiative during 2011 to market the benefits of weatherization. Staff facilitated and marketed North Carolina's Weatherization Assistance Program (WAP) throughout NC Public Power communities. The WAP is administered through the NC Energy Office, utilizing a network of local weatherization agencies serving all counties in the state. ElectriCities' efforts included coordinating community information sessions with the local weatherization action agencies, distributing bill inserts, conducting "Day of Caring" outreach events, encouraging local news articles and participating on the State's Weatherization Team. These marketing efforts resulted in 117 customer referrals to the WAP during 2011.

Strategic Communications

ElectriCities Strategic Communications functions as a full service, in-house marketing, public relations and advertising agency focused on promoting the value of ElectriCities, NCEMPA. NCMPA1 and the communications goals of our members. Strategic Communications staff is available to all members to provide consulting and design service for local projects. The consulting, design and communications planning services are all provided free of charge to ElectriCities members.

Strategic Communications maintains a supply of electric utility standing customer communications pieces, including bill inserts and videos on topics such as energy efficiency and storm preparation. The department also produces several newsletters: Hometown Connection, a newsletter that communicates the good news of public power; Developments, an economic development-focused quarterly communication promoting sites in North Carolina; Community Circuit, a newsletter designed for non-Power Agency members; and Currents, an e-newsletter that provides updates specifically on customer communication topics.

The Strategic Communications team plans a celebration campaign each year for Public Power Week. The campaign focus is always based on current electric utility topics and interest points. Public Power Week provides a designated time for public power communities to celebrate the advantages that locally owned and operated electric utilities provide.

Strategic Communications had several key focuses in 2011 – communicating the value of ElectriCities to its members and stakeholders, supporting the Economic Development team with customized target sector marketing materials and building

the inventory of customer communications materials. The ElectriCities Value Proposition web presence was developed in 2011, in coordination with the Planning department. The value proposition materials are intended to explain the value that ElectriCities brings to its members in real benefits and dollar amounts. The site was rolled out in the spring of 2011.

Strategic Communications serves as the in-house agency for the Economic Development team. The department produces marketing materials, advertisements, trade show materials and displays to enhance ElectriCities overall economic development activities. In 2011, the Power Players campaign was introduced, recognizing famous North Carolina baseball players to market available sites. Additionally, Strategic Communications staff developed materials to market the Perquimans Marine Park at trade shows. Finally, the 2012 NC Public Power calendar involved a collaboration between Communications and Economic Development staff to advertise industrial sites using a backdrop of North Carolina barbecue. TempTracker365™ debuted in 2011, showing public power customers how extreme cold or hot weather affects monthly electric usage - and their monthly bill. NC Public Power's TempTracker365[™] gathers, tracks and stores daily high and low temperatures in each public power community. Monthly calendars are also available, showing temperatures for the last three years. It's a great way to see which days, weeks or months were extremely hot or cold, causing higher electric usage. The tool was developed to assist customer service staff in explaining the cause of higher electric bills in the summer and winter months.

Utility Operations Services

A variety of utility operations services are provided by ElectriCities Programs and Services department. These programs are designed to provide support for members' electric distribution systems and customer service programs.

Distribution Systems support programs include: the Operations Standards Team, statewide service contracts, the Emergency Assistance Program, assistance with American Public Power Association's (APPA) Reliable Public Power Provider (RP3) program and hosting an online forum for Utility Directors to share best practices.

The Operations Standards Team is a member-based team that is comprised of Utility Directors with the mission of developing safe, efficient work practices. The team produces the "Guidelines for Municipal Electric System Construction", which includes overhead construction drawings, underground construction drawings and procedures and metering guidelines and procedures.

Member Services staff administers the Statewide Service Contracts programs to help public power communities collectively take advantage of volume pricing discounts. In 2011, staff solicited input from members to identify additional opportunities for centralized service contracts. Current contracts are in place for: tree trimming, protective relay testing, aerial device testing, meter testing, infrared scanning, in-ground pole testing, substation maintenance, rubber molded goods testing, oil testing and PCB audit assistance.

The Emergency Assistance Program provides support to members during emergency restorations. All the members

participate in this program and willingly provide support to each other during restoration efforts. Member Services staff keeps updated mutual aid agreements and contract information to allow quick response and dispatch after storms. The Emergency Assistance Program was tested multiple times in 2011 by the April tornadoes across the southern United States and Hurricane Irene in late August. Member Services staff participates in state and regional planning teams, such as the Southeast Public Power Disaster Response Group, to ensure the Emergency Assistance Program uses the latest practices in planning and recovering from outages.

The RP3 program, APPA's initiative to promote and recognize excellent public power utilities, is supported by the Member Services department. Staff assists members by promoting the program, providing information necessary to complete applications, answering questions and reviewing applications. The program has been very effective and has resulted in North Carolina having the most RP3 designees of any state in the country.

The Member Services team also provides an array of services that promote customer service and business operation excellence. Examples include webinars on customer service practices and emerging issues, hosting forums for Customer Service Managers, facilitating online forums for discussions among peers, offering customer service training workshops and providing business operations and regulatory assistance.

Guidelines for customer service policies are also kept by Member Services staff and are available to all members as a reference manual. Customized customer service training is available to members as needed.

Member Services staff also coordinates the Regional Meetings, a CEO-sponsored initiative to meet with local elected officials and provide key updates on Power Agency operations and public power emerging issues.

ElectriCities Annual Conference

The ElectriCities Annual Conference was held Aug. 25-27 at the Grove Park Inn in Asheville. Members from across the state came together to learn about news and issues affecting public power communities. The conference provides the only forum of its kind for public power leaders to gather to network and discuss North Carolinaspecific issues. In 2011, more than 400 public power officials attended the conference.

Speakers included Bill Johnson, Progress Energy CEO; Chris Platè, Executive Director of Economic Development and Aviation, City of Monroe; Dr. Michael Walden, William Neal Reynolds Distinguished Professor and Extension Economist, NCSU; Ronnie Bryant, President and CEO, Charlotte Regional Partnership; and Dennis Pidherny, Senior Director of Public Finance, Fitch Ratings.

The 2012 Annual Conference will be held in Myrtle Beach, S.C., and will focus on utility operations, economic development, customer service and best practice sharing.

Customer Information Systems (CIS) Program

ElectriCities offers its Members a state-of-theart hosted Customer Information System (CIS), NorthStar, to aid the local utility customer service, billing and accounting operations. ElectriCities IT staff support and maintain the hardware and software and offer database management, disaster recovery and other technical infrastructure management. Users are provided with technical and business process assistance through our Help Desk, training and an ElectriCities User Group.

Five members are currently hosted: Albemarle, Cherryville, Cornelius, Huntersville and Morganton. In 2011 these members managed accounts for 39,000 customers, billing approximately \$100 million in revenues. NorthStar was used for meter inventory, service orders, credit, collections, call management, executive reporting and web bill presentment and payment. The NorthStar system is able to bill electric, water, sewer, refuse/garbage, gas and other miscellaneous city services. It also is being used by utilities throughout North America in AMI and deregulated environments.

Shelby, Laurinburg and Concord also use NorthStar CIS and are part of the ElectriCities User Group. This group met in October 2011 for training, to learn about system upgrades, enhancements and partner products, and to share best practices.

Any city interested in the hosted CIS Regions Program can learn more through onsite demonstrations facilitated by ElectriCities IT Department. In addition to the comprehensive functionality available in NorthStar, there are financial benefits through shared costs with other members, reliability and redundancy available through the shared infrastructure, and staff assistance for project management, training and ongoing support, making the hosted approach a comprehensive value-added service for members.

Huntersville/Cornelius

The Towns of Huntersville and Cornelius contract with ElectriCities to manage the operation of their electric systems. The merger of the electric operations in 1997 continues to minimize operating costs and provide exceptional customer service and value for customers of the towns. The electric department received the highest safety award given by the NC Association of Municipal Electric Systems for working in excess of 250,000 hours without a lost-time injury.

The department has transitioned all residential meters to automated meter reading, providing a more economical way to read meters and more timely response to customer billing questions. An updated website enables customers to pay their bills online, view billing and usage information and perform home energy audits. Residential and commercial rebate programs have been implemented to encourage energy conservation and efficient energy use.

The Huntersville/Cornelius electric operations merger continues to provide economies of scale to minimize operating costs, enabling both towns to maintain competitive electric rates in the region.

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OES-13 satellite saw Hurricane Irene on August 27, 2011, at 10:10 a.m. EDT after it made landfall at 8 a.m. in Cape Lookout, North Carolina. Irene's outer bands had already extended into New England.

Hussicane

n Monday, Aug. 22, Hurricane Irene was a Category 1 storm churning over Puerto Rico. It was too early to predict when, or even if, it would continue to build strength and make it to North Carolina, but the ElectriCities storm team began to prepare by contacting Emergency Assistance Program (EAP) coordinators, tracking the storm via NOAA reports at regular intervals and engaging social media.

After weakening briefly, the hurricane gained strength over the warm waters of the Bahamas and became a Category 3 storm. On Wednesday, Aug. 24, all eyes were on Hurricane Irene as it gained strength. Mandatory evacuations began in the Outer Banks and Progress Energy personnel, following Nuclear Regulatory Commission guidelines, prepared the Brunswick Nuclear Plant.

The following day, the State Emergency Response Team declared a Level 1 event. It was no longer a question of when the storm would hit, but how bad its toll would be. The ElectriCities EAP went into effect as cities in the east began their own emergency plans, setting up staging areas and putting their crews on alert. Crews from Western public power communities and out of state began making plans to travel east.

At 7:30 a.m. Saturday, Irene made landfall at Cape Lookout with winds of 85 miles per hour. The storm stalled for more than five hours.

pummeling cities with wind and rain, ripping trees from the ground and destroying homes, businesses, cars and infrastructure.

Meanwhile, at the ElectriCities Annual Conference in Asheville, the responders huddled in a meeting room, gathering information and anticipating what help would be needed.

"We were able to initiate the Emergency Assistance Program and gather the responders to coordinate the response as a group," said Ken Raber, senior vice president of Member Services. "It gave a rare and unique opportunity to meet face to face to plan the response."

Don Mitchell, NCMPA1 EAP coordinator. who had spent most of the days leading up to then polling cities to line up available crews and equipment for the response, said, "It was fortunate that we were all together at the conference and able to coordinate."

Utility trucks with crews from 19 NC Public Power communities were rolling east in a matter of hours. Destruction throughout the entire region was massive and accessibility

could come on."

"New Bern was pretty bad off," said Jon Beasley, director of Safety and Training for Electric Cities of Georgia. Beasley and his team of 32 linemen from eight public power communities in Georgia spent eight 16-hour days restoring power in Scotland Neck, Tarboro, Pinetops, Hertford, Robersonville, Kinston and New Bern. Work continued across the area for a solid week until all customers were restored. Thanks to the professionalism and training of the crews, all work was performed safely and no injuries were reported.

Thanks to the crews who answered the call

Crews from 34 public power communities who were unaffected by the storm provided valuable support to their neighbors. Before Irene even left the state, utilities from across the southeastern United States were sending line workers and bucket trucks our way.

of downed trees and flooding in some areas inhibited the crews' ability to reach facilities that needed to be repaired. At the peak, more than 65,000 customers were without power in

"When we got to Kinston, it was devastated," said Nick Hendricks, Kings Mountain's director of utilities. "We had to work 17-18 hours on Sunday just to get the mainline circuits replaced before any lights

The following public power communities responded:

North Carolina Albemarle Apex Clayton Concord Dallas Favetteville PWC Gastonia **High Point** Huntersville/Cornelius **Kings Mountain** Lexington Lumberton Monroe Morganton Newton Selma Shelby Statesville Wake Forest

South Carolina Union Gaffnev Laurens Rock Hill

ElectriCities of Georgi LaGrange Newnan Griffin Ellaville Moultrie Thomasvill Calhoun Cartersville Huntsville Alabama

The energy behind public power