

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

Vivian A. Jones, Wake Forest, Chairman
Matthew R. Zapp, Benson, Vice Chairman
Donald I. Evans, Wilson, 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



Quarterly Update

The newly elected and re-elected members of the 2013 Electricities Board of Directors were sworn into office. The board members are: Ron Hovis, Cherryville; Adam Mitchell, Ayden; Latimer Alexander, High Point; and Jim Greene, Concord. Later in the year, Robert Swinson IV of Kinston was elected to an open seat. During the first board meeting of the year, the board elected officers for 2013. The officers are: John Walser, Lexington, Chair; Richard Hicks, Farmville, Vice Chair; and Ron Hovis, Cherryville, Secretary.

In early 2013, several Electricities members were recognized for their response during Hurricane Sandy. More than 140 linemen from 13 NC Public Power crews traveled to the northeast to restore power after the storm. The crews were recognized in the Hometown Connection newsletter and with a commemorative belt buckle.

Delivering Value, the Electricities 2012 Annual Report, was published online in early April. The report features stories of Electricities providing value to member communities through professional services. Included are stories of Concord using our Safety & Training programs to keep linemen at the top of their game; Edenton taking advantage of our marketing and communications services to add polish to their sterling image; and how the Gaston Technology Park in Gastonia partnered with NCEMPA1 to generate economic development success. Visit www.electricities.com to view the 2012 Annual Report.

Also in March, Electricities released the 2012 calculations to our Value of Electricities website. The value site helps

explain the value Electricities provides to members, both as a general overview and a set of calculations. The value site is updated annually to reflect current calculations. Our 2012 net benefit was nearly \$191 million.

Electricities is hosting a series of regional meetings throughout the state. The meetings are designed to bring together elected officials and city/town management from neighboring areas to discuss current issues affecting public power communities. CEO Graham Edwards and his executive team host the meetings and encourage attendees to share best practices among the group. All of the regional meeting presentations are available on our website.

NC Public Power communities had several pieces of good news during the first quarter. North Carolina once again was named Site Selection's Top State Business Climate for 2012. The accolade was earned by North Carolina's combination of workforce ability and skill sets of interest to employers, proactive business-development agencies, logistics assets and higher education infrastructure. The last two weeks of 2012 brought news of more than 500 new jobs with \$142 million in investment for NC Public Power. That trend continued with an economic development announcement during the first quarter when Nash Building Systems in Tarboro announced an expansion of \$2.2 million with 29 new jobs. NCEMPA was also well represented at several large industry events, including the WorkBoat Show in late 2012 and the International Council of Shopping Center's Carolinas Idea Exchange in February.

First Quarter Performance

Effective December 31, 2012 the Agency adopted Government Accounting Standards Board (GASB) Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65 "Items Previously Reported as Assets and Liabilities". As a result, the Agency replaced its Balance Sheet with a Statement of Net Position. This new financial statement requires the current and prior period reporting of certain line items as Deferred Outflows of Resources and Net Position.

Participant sales increased \$7,333,000 (4.4%) as compared to the first quarter of 2012. Billing demand increased 147 MW (5.1%) and energy sales increased 110,387 MWh (6.5%). The increase in energy sales is primarily attributable to the cooler weather conditions experienced in the first quarter of 2013 compared to the same period for 2012.

Fuel decreased \$3,779,000 (20.0%) as compared to the first quarter of 2012. The variance is primarily attributable to a decrease in the nuclear fuel amortization rate necessary to maintain a minimum fuel account level. Additionally, the decrease is attributable to lower generation experienced from the fossil units, most notably the Roxboro plant. This plant experienced 51 total outage days in the first quarter of 2013, as compared to 15 outage days in the first quarter of 2012. The outage activity in the first quarter of 2013 was primarily due to repairs to cooling tower cells.

Purchased power costs increased \$10,248,000 (32.3%) as compared to the first quarter of 2012. Energy purchases

increased 201,897 MWh (36.5%) primarily due to a greater number of outage days experienced at the fossil units in the first quarter of 2013 as compared to 2012. Specifically, the Roxboro plant experienced 51 outage days in the first quarter of 2013, compared to 15 outage days in the first quarter of 2012; the outage in 2013 was primarily due to repairs to two cooling tower cells. The increase in energy purchases was additionally due to higher Participant requirements resulting from cooler weather conditions experienced in the first quarter of 2013 as compared to the same period in 2012.

Administrative and general – PEC decreased \$1,419,000 (17.0%) as compared to the first quarter of 2012. The decrease is primarily attributable to the recognition of increased pension costs in the first quarter of 2012 as compared to the same period in 2013.

Debt service costs increased \$4,542,000 (7.5%) as compared to the first quarter of 2012. Debt principal costs increased \$6,302,000 (19.3%) primarily due to the issuance of the 2012A, B, C, and D bond series. Series A bonds were issued to fund certain capital improvements, and Series B, C, and D bonds were issued to refund previously issued bonds.

Reserve and Contingency fund deposits increased \$3,374,000 (46.5%) as compared to the first quarter of 2012. The increase is attributable to higher capital expenditures anticipated in the first quarter of 2013 compared to the same period in 2012.

Financing Status

As of March 31, 2013, NCEMPA had outstanding \$ 2,025,720,000 in bonds.

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

quarter was 5.227%.

To date, NCEMPA has had \$1,655,119,000 in debt redeemed prior to or at maturity.

NCEMPA Statement of Net Position

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

(Unaudited) (\$000's)

	March 31, 2013	March 31, 2012		March 31, 2013	March 31, 2012
Assets			Deferred Outflows of Resources		
Non-Current Assets			Costs of advance refundings of debt		
Capital Assets:			VEPCO Compensation payment		
Electric Utility Plant, Net:			Development costs		
Electric plant in service	\$1,731,444	\$1,690,844	Asset Retirement Obligation provision		
Construction work in progress	45,898	28,984	Total Deferred Outflows of Resources		
Nuclear fuel	134,059	135,239	<u>\$218,280</u>	<u>\$216,413</u>	
Less accumulated depreciation and amortization	<u>(1,174,070)</u>	<u>(1,132,755)</u>			
Total Electric Utility Plant, Net	737,331	722,312			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	2,952	2,952	Non-Current Liabilities:		
Less accumulated depreciation	<u>(1,752)</u>	<u>(1,705)</u>	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,200</u>	<u>1,247</u>	Bonds payable		
Total Capital Assets	738,531	723,559	Plus unamortized premium		
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	23,306	-	Collections to be Expended		
Bond fund	182,907	195,891	Total Non-Current Liabilities		
Reserve and contingency fund	9,685	17,081	<u>2,286,503</u>	<u>2,316,537</u>	
Total Special Funds Invested	<u>215,898</u>	<u>212,972</u>	Current Liabilities:		
Trust for Decommissioning Costs	<u>249,839</u>	<u>239,003</u>	Operating Liabilities:		
Total Restricted Assets	465,737	451,975	Accounts payable		
Other Assets:			Accrued taxes		
Costs to be Recovered	803,833	899,248	Total Operating Liabilities		
Total Other Assets	<u>803,833</u>	<u>899,248</u>	Special Funds Liabilities:		
Total Non-Current Assets	2,008,101	2,074,782	Current maturities of bonds		
Current Assets			Accrued interest on bonds		
Funds Invested:			Total Special Funds Liabilities		
Revenue fund	24,791	9,828	Total Current Liabilities		
Operating fund	49,305	61,621	Total Liabilities		
Supplemental fund	<u>200,458</u>	<u>155,135</u>	<u>\$2,502,389</u>	<u>\$2,526,758</u>	
Total Funds Invested	274,554	226,584			
Participant accounts receivable	56,067	52,279			
Fossil fuel inventory	922	1,373			
Plant materials and renewable certificate inventory	43,090	40,041			
Prepaid expenses	<u>1,866</u>	<u>2,698</u>			
Total Current Assets	<u>376,499</u>	<u>\$322,975</u>			
Total Assets	<u>\$2,384,600</u>	<u>\$2,397,757</u>			
			Net Position		
			Net invested in capital assets		
			Restricted for debt service		
			Unrestricted		
			Total Net Position		
			\$(339,881)	\$(372,066)	
			-	-	
			<u>440,372</u>	<u>459,478</u>	
			<u>\$100,491</u>	<u>\$87,412</u>	

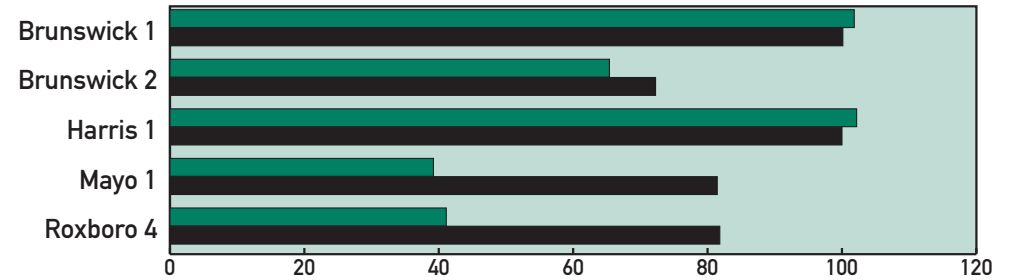
NCEMPA Statements of Revenues and Expenses

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

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2013	2012	2013	2012
Sales of electricity to participants	\$173,100	\$165,767	\$173,100	\$165,767
Sales of electricity to utilities	-	12	-	12
Investment revenue available for operations	1,731	1,827	1,731	1,827
Total Revenues	174,831	167,606	174,831	167,606
Expenses				
Operation and maintenance	20,775	19,291	20,775	19,291
Fuel	15,128	18,906	15,128	18,906
Power coordination services:				
Purchased power	41,958	31,710	41,958	31,710
Transmission and distribution	5,998	5,493	5,998	5,493
Other	311	368	311	368
Total Power Coordination Services	48,267	37,571	48,267	37,571
Administrative and general - PEC	6,949	8,368	6,949	8,368
Administrative and general - Agency	2,283	2,299	2,283	2,299
Sums in lieu of taxes	750	750	750	750
Gross receipts tax	5,550	5,313	5,550	5,313
Debt service	65,298	60,756	65,298	60,756
Special funds deposits:				
Reserve and contingency fund	10,632	7,258	10,632	7,258
Decommissioning fund	1,703	979	1,703	979
Power Agency Generation	53	-	53	-
Total Expenses	177,388	161,491	177,388	161,491
Net Position increase (decrease)	(2,557)	6,115	(2,557)	6,115
Net Position, beginning of period	103,048	81,297	103,048	81,297
Net Position, end of period	\$100,491	\$87,412	\$100,491	\$87,412

NCEMPA Plant Status

NOTE: The plant status values are year-to-date through March 31, 2013.

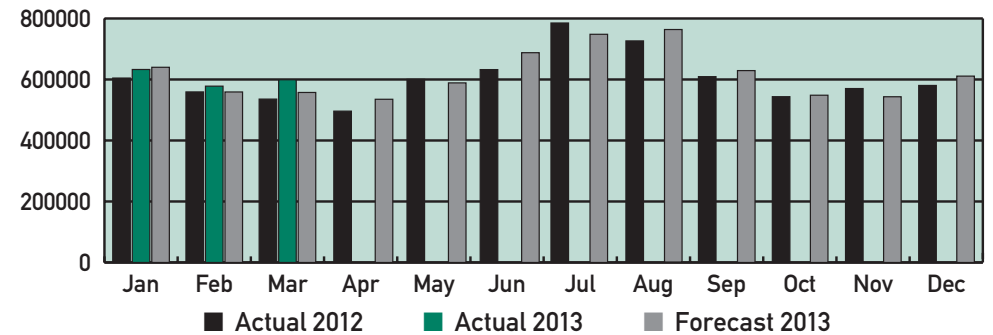


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

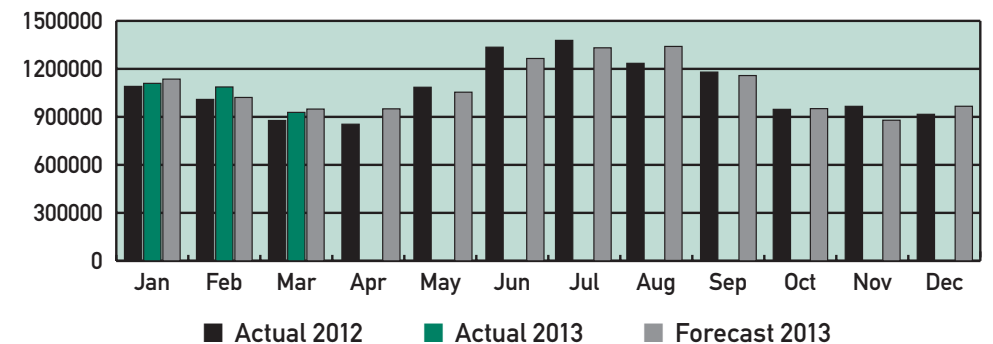
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

First-quarter highlights: Harris Unit 1 100% power, no major issues during first quarter. Brunswick Unit 1 100% power no major issues during first quarter. Brunswick Unit 2 was off line during the 1st quarter for scheduled refueling outage which began March 2nd. Mayo Unit 1 was removed from service on March 16th for scheduled maintenance outage. The Unit is scheduled to return to service mid-May. Roxboro 4 was removed from service during 1st quarter for repairs to cooling tower cells caused by high wind damage.

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 2013 is from the NCEMPA 2012 Load Forecast.