

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.

NCEMPA completed the sale of all of the electric generating and other assets it jointly owned with DEP to DEP on July 31, 2015. Contemporaneously with the sale of the jointly owned facilities NCEMPA entered into a full requirements power supply contract with DEP. In connection with the asset sale bonds were issued ("the 2015 Bonds") to provide funds, together with proceeds of the asset sale and other funds available to NCEMPA, to pay the cost to retire or defease all of the outstanding Power System Revenue Bonds issued under Resolution R-2-82.

Management services for the NCEMPA Agency are provided by Electricities of North Carolina, Inc.

NCEMPA Officers

Richard N. Hicks, Farmville, 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 Electricities Board of Directors were sworn into office on January 29. The new members are: Steve Peeler, Lincolnton; and Matt Zapp, Benson. Latimer Alexander, High Point; and Robert Swinson, Kinston, were re-elected to a second term. All will serve a three-year term. Board Officers were also elected for the year: Grant Goings, Wilson (Chair); Mayor Newell Clark, Lexington (Vice Chair); and Mayor Vivian Jones, Wake Forest (Secretary).

The NCEMPA Officers were elected in late 2015 and installed on January 1. The new officers are: Richard N. Hicks, Farmville, Chair; Mayor Stephen W. Tripp, Ayden, Vice Chair; Donald I. Evans, Wilson, Secretary-Treasurer.

In March, the "Electricities Value" portion of the Electricities website was updated to reflect 2015 information. The site helps explain the value Electricities provides to members, both as a general overview and a set of calculations. Our 2015 net benefit was \$420 million, up from \$285.5 million in 2014. To view the complete value proposition, please visit www.electricities.com.

Regeneration, the 2015 Electricities Annual Report, was published in April. The report features stories of Electricities

member communities who are succeeding by becoming more effective in their daily operations. Included are stories of Rock Hill, S.C. partnering with our Safety & Training team to sharpen the technical skills of their utility crews; Newton's investment in infrastructure and new technologies that help them become more efficient in supplying reliable electric service; and how Wake Forest is lowering electric rates to stay competitive in a period of economic growth. Visit www.electricities.com to view the 2015 Electricities Annual Report.

In today's competitive economic environment, it's rare for a company to locate on an undeveloped property. New and expanding companies expect existing buildings or a prepared, shovel-ready site to shorten the amount of time needed for construction. The Smart Sites program was developed by Electricities to help members offer more shovel-ready properties that would attract commercial and industrial customers to public power communities and create more job opportunities for citizens. Statesville received a Smart Site designation to spark economic growth within the community.

First Quarter Performance

The financial statements included herein reflect the first quarter for 2016 and 2015, respectively. NCEMPA completed the sale of its interests in jointly owned nuclear and coal facilities to Duke Energy Progress "DEP" effective August 1, 2015 and simultaneously entered into a full requirements power supply contract with DEP. The proceeds from the asset sale, the operating and reserve funds available to the Power Agency under the then existing Resolution R-2-82 and proceeds from the new debt issued under BDR-5-15, were utilized to defease all of the outstanding debt under Resolution R-2-82. The first quarter of 2016 financial statements reflect the assets and liabilities and results of operations under the new full requirements power supply contract which became effective on August 1, 2015. The first quarter of 2015 financial statements reflect the assets and liabilities and results of operations prior to the sale of the jointly owned facilities. The significant change to NCEMPA's operations and finances should be considered when reading these financial statements.

Sales of electricity to participants decreased \$46,277,000 (25.8%) compared to the first quarter of 2015. The new wholesale rate structure charged to the Members under the Full Requirements Rate Schedule was implemented on July 1, 2015 in anticipation of the Asset sale which closed on July 31, 2015.

Investment income available for operations decreased \$756,000 (80.3%) compared to the first quarter of 2015 due to the reduction in operating and reserve funds available for investing.

Operations and maintenance as well as Fuel costs for the first quarter of 2015 reflects NCEMPA's ownership of the joint facilities and includes the costs of operating a small amount of distributed generation produced by NCEMPA owned generators. The corresponding costs reflected in the financial statements for the first quarter of 2016 includes the costs related to the distributed generation assets that were retained by NCEMPA.

Purchased Power costs increased \$46,683,000 (89.6%) compared to the first quarter of 2015. The increase reflects the additional purchase power requirements as a result of the sale of jointly owned assets and the new full requirements power supply contract with DEP in effect during the first quarter of 2016.

Debt service costs decreased \$45,950,000 (78.3%) compared to the first quarter of 2015. The utilization of the asset sales proceeds and other funds available to NCEMPA resulted in a significant reduction in the outstanding debt of the Agency.

Special fund deposits made during the first quarter of 2015 were required under the initial project bond resolution associated with NCEMPA's ownership of the joint facilities. Certain special fund deposits were required to provide for obligations relating to the ownership and operation of the joint facilities. Special fund deposits are no longer required under the full requirements bond resolution which became effective after the sale of the joint facilities to DEP on July 31, 2015, and accordingly were not made during the first quarter of 2016.

Financing Status

As of September 30, 2015, NCEMPA had outstanding \$421,430,000 in bonds. The first principal payment on these bonds will be paid on July 1, 2016.

The weighted average interest cost of the NCEMPA outstanding debt at the end of the quarter was 3.4%.

NCEMPA Statement of Net Position

Per accounting principles generally accepted in the United States of America (GAAP)
(Unaudited) (\$000's)

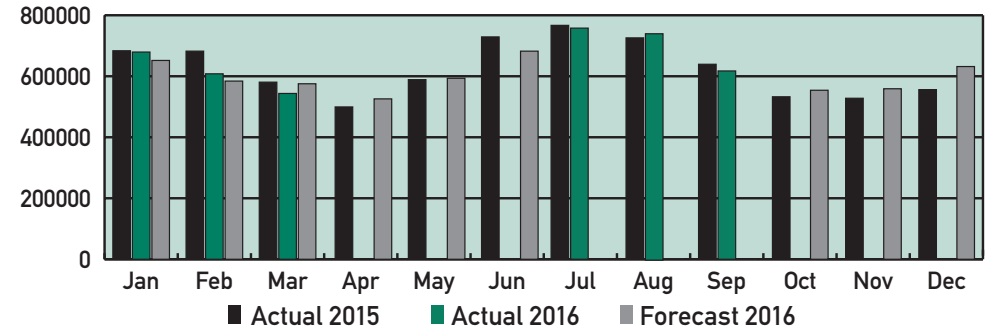
	March 31, 2016	March 31, 2015		March 31, 2016	March 31, 2015
Assets			Deferred Outflows of Resources		
Non-Current Assets			Costs of advance refundings of debt		
Capital Assets:				\$ -	\$141,567
Electric Utility Plant, Net:			Unamortized debt issuance costs	1,654	12,321
Electric plant in service	\$14,664	\$1,823,713	VEPCO Compensation payment	-	2,623
Construction work in progress	-	83,901	Development costs	-	1,963
Nuclear fuel	-	190,399	Cost to Be Recovered	379,154	846,160
Less accumulated depreciation and amortization	(1,024)	(1,219,477)	Total Deferred Outflows of Resources	<u>\$380,808</u>	<u>\$1,004,634</u>
Total Electric Utility Plant, Net	13,640	878,536			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	2,961	2,961	Non-Current Liabilities:		
Less accumulated depreciation	(1,863)	(1,820)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	1,098	1,141	Bonds payable	\$386,215	\$1,577,280
Total Capital Assets	14,738	879,677	Plus unamortized premium	-	54,286
Restricted Assets:			Total Long-Term Debt	386,215	1,631,566
Special Funds Invested:			Asset Retirement Obligation	-	460,366
Construction fund	-	-	Total Non-Current Liabilities	<u>386,215</u>	<u>2,091,932</u>
Bond fund	41,245	168,627	Current Liabilities:		
Reserve and contingency fund	5,213	(1,869)	Operating Liabilities:		
Revenue fund	310	-	Accounts payable	39,490	30,964
Total Special Funds Invested	46,768	166,758	Revolving Credit Agreement	-	39,589
Trust for Decommissioning Costs	-	262,731	Accrued taxes	75	912
Total Restricted Assets	46,768	429,489	Total Operating Liabilities	39,565	71,465
Total Non-Current Assets	61,506	1,309,166	Special Funds Liabilities:		
			Current maturities of bonds	35,215	144,370
Current Assets			Accrued interest on bonds	3,132	22,482
Funds Invested:			Total Special Funds Liabilities	38,347	166,852
Revenue fund	-	24,004	Total Current Liabilities	77,912	238,317
Operating fund	-	54,507	Total Liabilities	<u>\$464,127</u>	<u>\$2,330,249</u>
Supplemental fund	120,823	187,299			
Total Funds Invested	120,823	265,810	Deferred Inflows of Resources		
Participant accounts receivable	38,541	53,804	Collections to be expended	\$25,247	\$253,368
Fossil fuel inventory	-	143	Total Deferred Inflows of Resources	<u>\$25,247</u>	<u>\$253,368</u>
Plant materials and renewable certificate inventory	4,917	60,254			
Prepaid expenses	2,187	2,273	Net Position		
Total Current Assets	\$166,468	\$382,284	Net invested in capital assets	\$14,738	\$12,441
Total Assets	<u>\$227,974</u>	<u>\$1,691,450</u>	Restricted for debt service	838	-
			Unrestricted	107,768	100,026
			Total Net Position	<u>\$119,408</u>	<u>\$112,467</u>

NCEMPA Statements of Revenues and Expenses

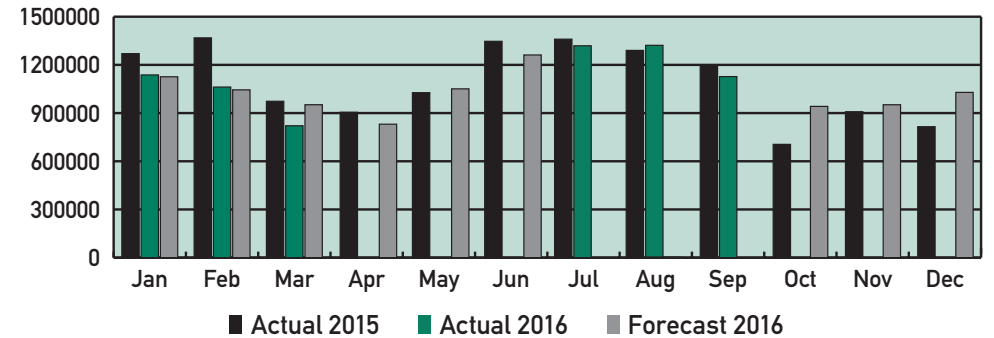
Per bond resolution and other agreements
(Unaudited) (\$000's)

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2016	2015	2016	2015
Sales of electricity to participants	\$133,115	\$179,392	\$133,115	\$179,392
Sales of electricity to utilities	-	5	-	5
Other revenues	-	-	-	-
Investment revenue available for operations	185	941	185	941
Total Revenues	133,300	180,338	133,300	180,338
Expenses				
Operation and maintenance	80	27,562	80	27,562
Fuel	28	5,261	28	5,261
Power coordination services:				
Purchased power	98,803	52,120	98,803	52,120
Transmission and distribution	5,454	6,852	5,454	6,852
Other	1,027	957	1,027	957
Total Power Coordination Services	105,284	59,929	105,284	59,929
Administrative and general - DEP	-	7,850	-	7,850
Administrative and general - Agency	2,701	2,636	2,701	2,636
Sums in lieu of taxes	75	750	75	750
Gross receipts tax	-	-	-	-
Debt service	12,740	58,690	12,740	58,690
Special funds deposits:				
Reserve and contingency fund	-	11,924	-	11,924
Decommissioning fund	-	522	-	522
Revenue Fund Deposit	-	10,000	-	10,000
Total Expenses	120,908	185,124	120,908	185,124
Net Position (decrease)	12,392	(4,786)	12,392	(4,786)
Net Position, beginning of period	107,016	117,253	107,016	117,253
Net Position, end of period	\$119,408	\$112,467	\$119,408	\$112,467

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 is not weather normalized.

** The Forecast Year 2016 is from the NCEMPA 2015 Load Forecast.