

## About the Agency

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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

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Richard N. Hicks, Farmville, Chairman  
Mayor Stephen W. Tripp, Ayden, Vice Chairman  
Donald I. Evans, Wilson, Secretary-Treasurer

## NCEMPA Participant Cities

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- 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. David Trego of Fayetteville is new to the board, and Gastonia's Jim Gallagher, Greenville's Virginia Hardy, Granite Falls Mayor Barry Hayes, and Wake Forest Mayor Vivian Jones were re-elected to a second term. Board officers were also elected for the year: Mayor Newell Clark, Lexington (chair); Mayor Vivian Jones, Wake Forest (vice chair); and Jim Gallagher, Gastonia (secretary).

The NCEMPA officers were elected in late 2016 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, Electricities developed and shared a video highlighting the impact of Hurricane Matthew on our member communities. Our communities were tested, but through the collaborative efforts of tireless individuals, power was safely restored as quickly as possible so the recovery process could begin. The video was a testament to the strength and resilience of our member communities, as well as the value of public power.

Also in March, Electricities' human resources team hosted member workshops on workforce development. The goal of the workshops, which were held in Concord and Raleigh, was to review the top workforce challenges that members have identified, to discuss the root causes of those challenges, and to obtain input into

strategies to address them. As part of the initiative, multiple projects are underway and more are to come, including a compensation and benefits survey and a three-year training program that will be rolled out later this year.

With the legislature convening earlier this year for its long session, Electricities had the opportunity to meet with new members of the General Assembly at a breakfast held in March. During the breakfast, freshman legislators were provided with a good overview of the history, benefits and value of Public Power in our state.

Electricities released the 2016 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 2016 net benefit was \$442.1 million, up from \$420 million in 2015. To view the complete value proposition, please visit [www.electricities.com](http://www.electricities.com).

NC Public Power communities had solid economic development success again in 2016. NCEMPA members added 3,886 new jobs in 2016 with investments totaling more than \$677 million. New load added to NCEMPA was 13.29 MW. And NC Public Power received notable recognition by Business Facilities Magazine in their March/April issue, naming Electricities a top 20 utility for economic development.

## First Quarter Performance

Sales of electricity to Members decreased \$1,945,000 (1.5%) compared to the first quarter of 2016. Billed energy decreased by 135,381 MWh (7.0%) due to mild weather conditions in the first quarter of 2017 and contributed \$4,410,000 to the decrease. Billed demand increased 124 MW (4.0%) due to higher coincident peaks and offset the decrease by \$2,406,000.

Purchased Power costs decreased \$2,997,000 (3.0%) compared to the first quarter of 2016. The decrease is

primarily due to mild weather conditions in the first quarter of 2017. Energy charges decreased by 149,384 MWh (8.0%) and contributed \$5,480,000 to the decrease. Increased capacity charges of 107 MW (3.6%) resulting from higher coincident peaks offset the decrease by \$2,483,000.

Other Power Coordination costs decreased \$1,146,000 (100%) compared to the first quarter of 2016. The decrease is primarily due to the timing of Renewable Energy Certificates purchases.

## Financing Status

As of March 30, 2017, NCEMPA had outstanding \$386,215,000 in bonds.

The weighted average interest cost of the NCEMPA outstanding debt at the end of the quarter was 3.6%.

To date, NCEMPA has had \$35,215,000 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, 2017	March 31, 2016		March 31, 2017	March 31, 2016
<b>Assets</b>			<b>Deferred Outflows of Resources</b>		
<b>Non-Current Assets</b>			Unamortized debt issuance costs		
Capital Assets:			Cost to Be Recovered		
Electric Utility Plant, Net:			Total Deferred Outflows of Resources		
Electric plant in service	\$14,664	\$14,664		\$1,330	\$1,654
Less accumulated depreciation and amortization	(1,590)	(1,024)		338,961	379,154
Total Electric Utility Plant, Net	13,074	13,640		<u>340,291</u>	<u>380,808</u>
Non-Utility Property and Equipment, Net:			<b>Liabilities</b>		
Property and equipment	2,254	2,961	Non-Current Liabilities:		
Less accumulated depreciation	(1,199)	(1,863)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	1,055	1,098	Bonds payable		
Total Capital Assets	14,129	14,738		\$347,540	\$386,215
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Total Non-Current Liabilities		
Bond fund	44,311	41,245	Current Liabilities:		
Reserve and contingency fund	5,121	5,213	Operating Liabilities:		
Revenue fund	902	310	Accounts payable		
Total Special Funds Invested	50,334	46,768		34,100	39,490
Total Restricted Assets	50,334	46,768	Accrued taxes		
Total Non-Current Assets	64,463	61,506		-	75
<b>Current Assets</b>			Total Operating Liabilities		
Funds Invested:			Special Funds Liabilities:		
Supplemental fund	164,872	120,823	Current maturities of bonds		
Total Funds Invested	164,872	120,823		38,675	35,215
Participant accounts receivable	50,354	38,541	Accrued interest on bonds		
Plant materials and renewable certificate inventory	6,572	4,917		3,037	3,132
Prepaid expenses	2,000	2,187	Total Special Funds Liabilities		
Total Current Assets	223,798	166,468		41,712	38,347
Total Assets	<u>\$288,261</u>	<u>\$227,974</u>	Total Current Liabilities		
				75,812	77,912
			Total Liabilities		
				<u>423,352</u>	<u>464,127</u>
			<b>Deferred Inflows of Resources</b>		
			Collections to be expended		
				23,537	25,247
			Total Deferred Inflows of Resources		
				<u>25,247</u>	<u>25,247</u>
			<b>Net Position</b>		
			Net invested in capital assets		
				14,129	14,738
			Restricted for debt service		
				1,061	796
			Unrestricted		
				158,939	103,874
			Total Net Position		
				<u>\$174,129</u>	<u>\$119,408</u>

## NCEMPA Statements of Revenues and Expenses

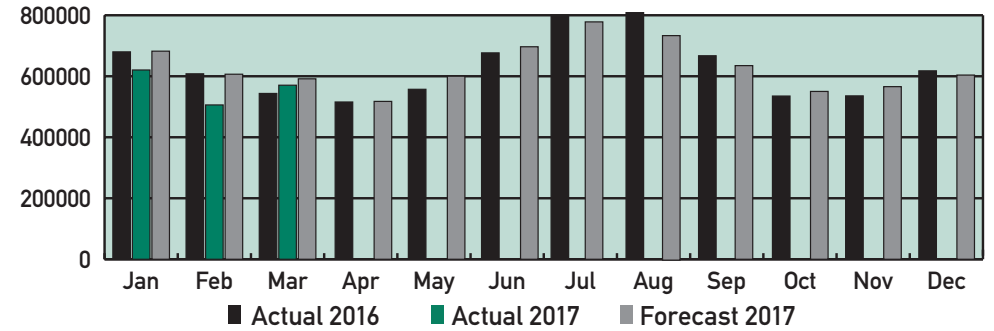
Per bond resolution and other agreements  
(Unaudited) (\$000's)

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2017	2016	2017	2016
Sales of electricity to members	\$131,170	\$133,115	\$131,170	\$133,115
Investment revenue available for operations	367	185	367	185
<b>Total Revenues</b>	<b>131,537</b>	<b>133,300</b>	<b>131,537</b>	<b>133,300</b>

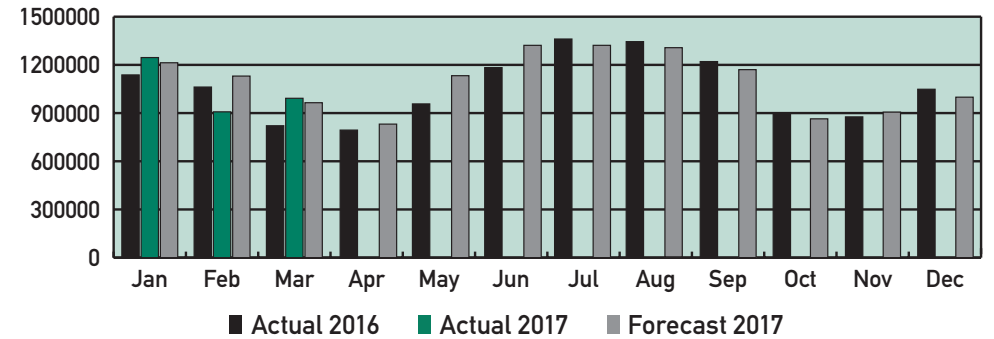
### Expenses

Operation and maintenance	55	80	55	80
Fuel	83	28	83	28
Power coordination services:				
Purchased power	95,565	99,562	96,565	99,562
Transmission and distribution	5,587	5,454	5,587	5,454
Other	(878)	268	(878)	268
<b>Total Power Coordination Services</b>	<b>101,274</b>	<b>105,284</b>	<b>101,274</b>	<b>105,284</b>
Administrative and general - DEP	-	-	-	-
Administrative and general - Agency	2,432	2,701	2,432	2,701
Sums in lieu of taxes	-	75	-	75
Gross receipts tax	-	-	-	-
Debt service	12,705	12,740	12,705	12,740
<b>Total Expenses</b>	<b>116,549</b>	<b>120,908</b>	<b>116,549</b>	<b>120,908</b>
Net Position (decrease)	14,988	12,392	14,988	12,392
Net Position, beginning of period	159,141	107,016	159,141	107,016
<b>Net Position, end of period</b>	<b>\$174,129</b>	<b>\$119,408</b>	<b>\$174,129</b>	<b>\$119,408</b>

## 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 2017 is from the NCEMPA 2016 Load Forecast.