

## 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

### North Carolina Legislature

The end of the second quarter was dominated by debate over the state budget. The \$23 billion budget includes a modest raise for teachers and state employees. The budget will reduce the personal income tax rate from 5.400 percent to 5.25 percent, and will raise the standard deduction to \$20,000 for married couples filing jointly from \$17,500. Additionally, it will lower the corporate income tax rate to 2.5 percent from 3 percent.

### Economic Development

Several NCEMPA communities had significant economic development announcements in the second quarter.

Keihin Carolina, which is a leader in the manufacture of Engine Control Units, announced an expansion into Tarboro. This expansion created 42 jobs, with a total of \$13 million invested.

ATI Industrial Automation, which is a leading developer of robotic accessories, expanded in Apex, creating an additional 275 jobs.

Weitron Inc., is a company specializing in packaging and distributing refrigerant gases. The company invested \$12.8 million to create 31 jobs in Robersonville.

Precision Technology invested \$12 million and created 100 jobs in Selma.

Renowned boat builder, Grady White Boats expanded in Greenville, adding 44 jobs and investing \$5.8 million.

State Farm insurance invested \$25,280 and added four jobs to the town of Louisburg.

Metallum Recycling Centers invested \$241,426 and added 25 jobs in Benson.

### Safety and Training

ElectriCities training workshops and programs provide career development and life-saving skills to utility workers throughout the year.

In the second quarter, 25 students attended the Municipal Intermediate Lineman School in Statesville during the month of April, and 13 students attended Advanced Lineman School in Statesville during the month of June.

In New Bern, The North Carolina Association of Municipal Electric Systems (NCAMES) Safety and Training committee met on May 10-11, and the organization also held its annual conference there from May 16-18.

Fifteen students attended the Distribution Regulator School in Rocky Mount during the month of June.

Courses on electric meters, tree trimming, leadership and more are on tap for the third quarter.

## Second Quarter Performance

Sales of electricity to Members decreased \$946,000 (0.7%) compared to the second quarter of 2016. Billed demand and billed energy decreased \$2,661,000 and \$4,255,000, respectively, due to a 4.5% overall rate reduction effective April 1, 2017. This was offset by an increase of \$6,112,000 resulting primarily from an increase in billed demand of 304 MW (10%) due to higher coincident peaks.

Purchased Power costs increased \$3,435,000 (3.6%) compared to the

second quarter of 2016. Capacity charges increased \$5,211,000 primarily due to higher volumes of 266 MW (9.3%) resulting from higher coincident peaks. Energy charges decreased \$1,776,000 primarily due to lower rates in the second quarter of 2017.

Other Power Coordination charges increased \$3,288,000 (100%) primarily due to a 2016 rate true-up charge of \$3,226,000 in the second quarter of 2017 compared to 2015 rate true-up credit of \$966,000 in the second quarter of 2016.

## Financing Status

As of June 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)

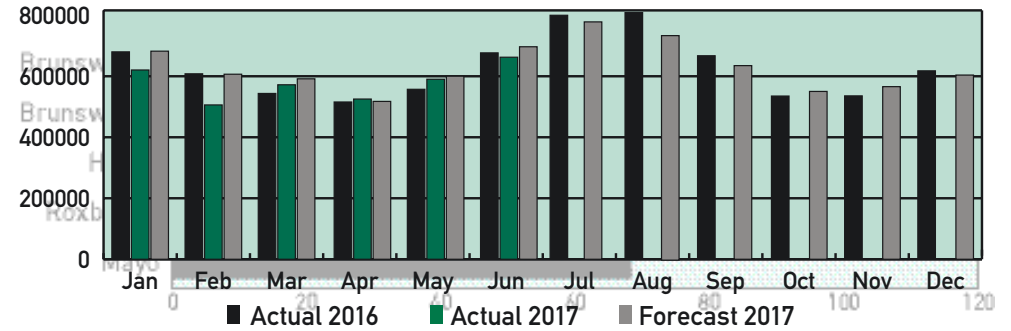
	June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016
<b>Assets</b>			<b>Deferred Outflows of Resources</b>		
<b>Non-Current Assets</b>			Unamortized debt issuance costs		
Capital Assets:			Cost to Be Recovered		
Electric Utility Plant, Net:			Total Deferred Outflows of Resources		
Electric plant in service	\$14,664	\$14,664		\$1,269	\$1,589
Less accumulated depreciation and amortization	(1,731)	(1,165)		328,681	369,475
Total Electric Utility Plant, Net	12,933	13,499		<u>329,950</u>	<u>371,064</u>
Non-Utility Property and Equipment, Net:			<b>Liabilities</b>		
Property and equipment	2,254	2,254	Non-Current Liabilities:		
Less accumulated depreciation	(1,210)	(1,167)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	1,044	1,087	Bonds payable		
Total Capital Assets	13,977	14,586	Total Long-Term Debt		
Restricted Assets:			Total Non-Current Liabilities		
Special Funds Invested:			Current Liabilities:		
Bond fund	57,149	54,136	Operating Liabilities:		
Reserve and contingency fund	5,141	5,266	Accounts payable		
Revenue fund	969	346	Accrued taxes		
Total Special Funds Invested	63,259	59,748	Total Operating Liabilities		
Total Restricted Assets	63,259	59,748	Special Funds Liabilities:		
Total Non-Current Assets	77,236	74,334	Current maturities of bonds		
<b>Current Assets</b>			Accrued interest on bonds		
Funds Invested:			Total Special Funds Liabilities		
Supplemental fund	173,224	123,936	Total Current Liabilities		
Total Funds Invested	173,224	123,936	Total Liabilities		
Participant accounts receivable	47,317	50,021	Deferred Inflows of Resources		
Plant materials and renewable certificate inventory	7,230	5,497	Collections to be expended		
Prepaid expenses	2,200	2,500	Total Deferred Inflows of Resources		
Total Current Assets	229,971	181,954		23,537	25,918
Total Assets	<u>\$307,207</u>	<u>\$256,288</u>		<u>25,537</u>	<u>25,918</u>
			<b>Net Position</b>		
			Net invested in capital assets		
			Restricted for debt service		
			Unrestricted		
			Total Net Position		
				13,977	14,586
				1,281	1,040
				163,222	116,620
				<u>\$178,480</u>	<u>\$132,246</u>

## NCEMPA Statements of Revenues and Expenses

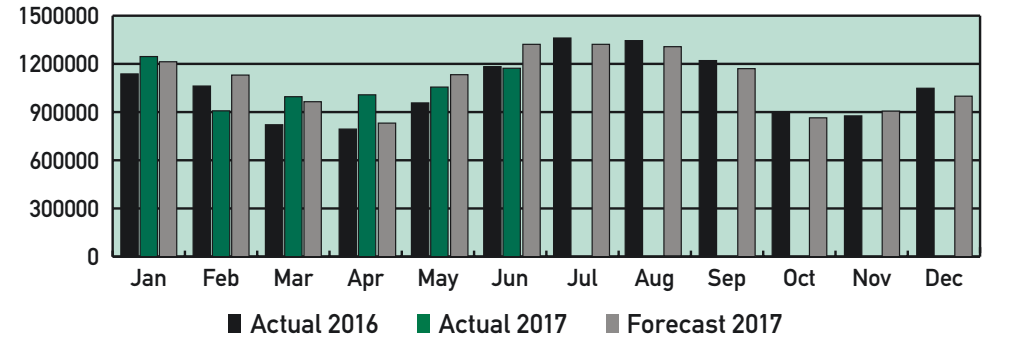
Per bond resolution and other agreements  
(Unaudited) (\$000's)

Revenues	Quarter Ended June 30		Year-to-Date June 30	
	2017	2016	2017	2016
Sales of electricity to members	\$127,731	\$128,677	\$258,901	\$261,792
Investment revenue available for operations		695		695
Investment revenue available for operations	458	211	825	396
<b>Total Revenues</b>	<b>128,189</b>	<b>129,583</b>	<b>259,726</b>	<b>262,883</b>
<b>Expenses</b>				
Operation and maintenance	61	66	116	146
Fuel	120	58	203	86
Power coordination services:				
Purchased power	99,687	99,252	196,252	195,814
Transmission and distribution	5,495	5,208	11,082	10,662
Other	2,719	(569)	1,841	(301)
<b>Total Power Coordination Services</b>	<b>107,901</b>	<b>100,891</b>	<b>209,175</b>	<b>206,175</b>
Administrative and general - DEP	-	-	-	-
Administrative and general - Agency	3,051	2,994	5,483	5,695
Sums in lieu of taxes	-	-	-	75
Debt service	12,705	12,736	25,410	25,476
<b>Total Expenses</b>	<b>123,838</b>	<b>116,745</b>	<b>240,387</b>	<b>237,653</b>
Net Position (decrease)	4,351	12,838	19,339	25,230
Net Position, beginning of period	174,129	119,408	159,141	107,016
<b>Net Position, end of period</b>	<b>\$178,480</b>	<b>\$132,246</b>	<b>\$178,480</b>	<b>\$132,246</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.