

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 (FRPPA) 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

Troy Lewis, Tarboro, Chairman
Mayor Stephen W. Tripp, Ayden, Vice Chairman
Doug Mercer, Washington, 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



Q2 2018

Second Quarter Performance

Sales of electricity to Members increased \$1,731,000 (1.4%) compared to the second quarter of 2017. Billed energy increased by 104,805 MWh (6.0%) due to hotter weather conditions in the second quarter of 2018 and contributed \$3,175,000 to the increase. Billed demand decreased by 54 MW (1.7%) due to lower coincident peak in the second quarter of 2018 and offset the increase by \$1,012,000.

Purchased Power costs increased \$13,369,000 (13.4%) compared to the second quarter of 2017. Energy charges increased by 125,512 MWh (7.1%) and contributed \$3,345,000 to the increase. Capacity charges decreased by 20 MW (0.6%) and offset the increase by \$342,000. Higher capacity and energy rates combined contributed \$4,149,000 to the overall increase. Coal Combustion Residual Costs of \$6,304,000 relating to the remediation and management of coal ash residuals further contributed to the increase. There were no Coal Combustion costs in the second quarter of 2017.

Other Power Coordination costs decreased \$12,134,000 (100.0%) primarily due to a 2017 rate true-up credit of \$3,945,000 in the second quarter of 2018 compared to 2016 rate true-up charge of \$3,226,000 in the second quarter of 2017. The 2016 Coal Combustion Residual true-up credit of \$5,343,000 further contributed to the decrease. There was no Coal Combustion true-up in the second quarter of 2017.

Financing Status

As of June 30, 2018, NCEMPA had outstanding \$347,540,000 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 \$73,890,000 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)

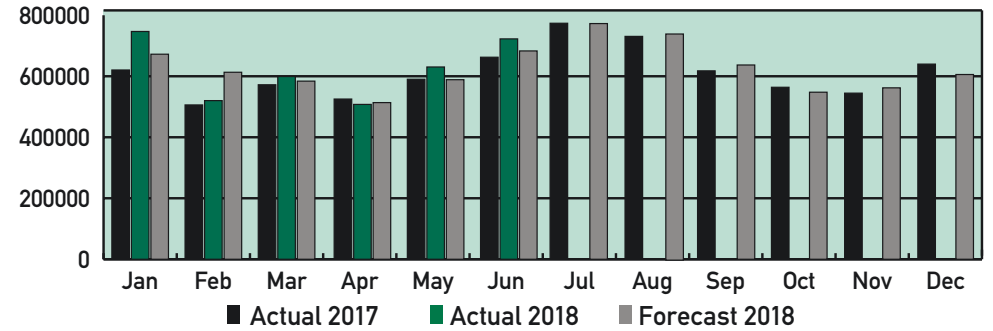
	<u>June 30, 2018</u>	<u>June 30, 2017</u>		<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets			Deferred Outflows of Resources		
Non-Current Assets			Unamortized debt issuance costs		
Capital Assets:			Cost to Be Recovered		
Electric Utility Plant, Net:			Total Deferred Outflows of Resources		
Electric plant in service	\$14,664	\$14,664	\$1,031	\$1,269	
Construction work in progress	104	-	<u>288,964</u>	<u>328,681</u>	
Less accumulated depreciation and amortization	<u>(2,297)</u>	<u>(1,731)</u>	<u>289,995</u>	<u>329,950</u>	
Total Electric Utility Plant, Net	12,471	12,933			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	2,254	2,254	Non-Current Liabilities:		
Less accumulated depreciation	<u>(1,251)</u>	<u>(1,210)</u>	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,003</u>	<u>1,044</u>	Bonds payable		
Total Capital Assets	13,474	13,977	308,260	347,540	
Restricted Assets:			Total Long-Term Debt		
Special Funds Invested:			Total Non-Current Liabilities		
Bond fund	57,546	57,149	308,260	347,540	
Reserve and contingency fund	5,115	5,141	Current Liabilities:		
Revenue fund	<u>1,441</u>	<u>969</u>	Operating Liabilities:		
Total Special Funds Invested	<u>64,102</u>	<u>63,259</u>	Accounts payable		
Total Restricted Assets	<u>64,102</u>	<u>63,259</u>	71,787	42,852	
Total Non-Current Assets	77,576	77,236	Accrued taxes		
Current Assets			Total Operating Liabilities		
Funds Invested:			71,787	42,852	
Supplemental fund	<u>170,009</u>	<u>173,224</u>	Special Funds Liabilities:		
Total Funds Invested	170,009	173,224	Current maturities of bonds		
Participant accounts receivable	52,120	47,317	39,280	38,675	
Plant materials and renewable certificate inventory	9,188	7,230	Accrued interest on bonds		
Prepaid expenses	<u>2,712</u>	<u>2,200</u>	5,771	6,073	
Total Current Assets	<u>234,029</u>	<u>229,971</u>	Total Special Funds Liabilities		
Total Assets	<u>\$311,605</u>	<u>\$307,207</u>	45,051	44,748	
			Total Current Liabilities		
			116,838	87,600	
			Total Liabilities		
			<u>425,098</u>	<u>435,140</u>	
			Deferred Inflows of Resources		
			Collections to be expended		
			23,537	23,537	
			Total Deferred Inflows of Resources		
			<u>23,537</u>	<u>23,537</u>	
			Net Position		
			Net invested in capital assets		
			13,474	13,977	
			Restricted for debt service		
			1,822	1,281	
			Unrestricted		
			137,669	163,222	
			<u>\$152,965</u>	<u>\$178,480</u>	
			Total Net Position		

NCEMPA Statements of Revenues and Expenses

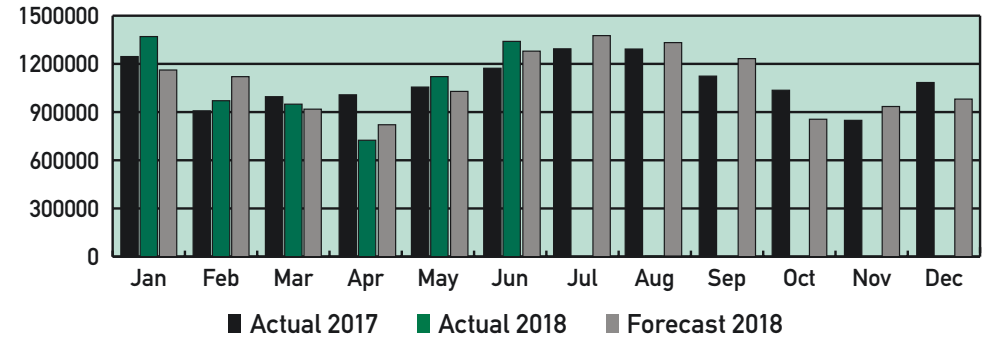
Per bond resolution and other agreements
(Unaudited) (\$000's)

Revenues	Quarter Ended June 30		Year-to-Date June 30	
	2018	2017	2018	2017
Sales of electricity to members	\$129,462	\$127,731	\$263,059	\$258,901
Sales of electricity to utilities	-	-	-	-
Fund valuation	-	-	-	-
Other revenues	5,886	-	5,886	-
Investment revenue available for operations	744	458	1,390	825
Total Revenues	136,092	128,189	270,335	259,726
Expenses				
Operation and maintenance	24	61	114	116
Fuel	135	120	231	203
Power coordination services:				
Purchased power	113,056	99,687	230,364	197,327
Transmission and distribution	5,891	5,495	12,150	11,082
Other	(9,415)	2,719	(11,360)	766
Total Power Coordination Services	109,532	107,901	231,154	209,175
Administrative and general - DEP	-	-	-	-
Administrative and general - Agency	3,312	3,051	5,985	5,483
Sums in lieu of taxes	-	-	-	-
Gross receipts tax	-	-	-	-
Debt service	12,705	12,705	25,410	25,410
Special funds deposits:				
Reserve and contingency fund	-	-	-	-
Decommissioning fund	-	-	-	-
Revenue Fund Deposit	-	-	-	-
Total Expenses	125,708	123,838	262,894	240,387
Net Position increase (decrease)	10,384	4,351	7,441	19,339
Net Position, beginning of period	142,581	174,129	145,524	159,141
Net Position, end of period	\$152,965	\$178,480	\$152,965	\$178,480

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 2018 data is from the NCEMPA 2017 Load Forecast.