

## 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.

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

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Vivian A. Jones, Wake Forest, Chairman  
Andre D. Knight, Rocky Mount, 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

Hurricane Irene hit eastern North Carolina hard on Aug. 26. Power was knocked out to more than 150,000 customers in 18 communities in eastern North Carolina. The ElectricCities Emergency Assistance Program played an integral part in restoration efforts. The program was activated days before the storm, and arrangements were made for crews from public power communities across the Southeast U.S. to assist with recovery efforts. Crews from 19 public power communities in North Carolina that were not affected by the storm, joined by 14 out-of-state communities, provided valuable support to their neighbors.

The ElectricCities Annual Conference was held Aug. 25-27 at the Grove Park Inn in Asheville. Members from across the state came together to learn about issues affecting public power communities. Speakers included Bill Johnson, Progress Energy CEO; Dr. Michael Walden, William Neal Reynolds Distinguished Professor and Extension Economist, North Carolina State University; and Dennis Pidherny, Senior Director of Public Finance, Fitch Ratings. Several awards were presented to participants

during the conference awards banquet. These awards recognize the achievements of public power employees in key areas. Twenty towns and cities were recognized for receiving Public Power Awards of Excellence in five key categories: Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement and Service Excellence. Two individuals were honored with the Hometown Hero award for saving lives: Karen Hopper of Shelby and Aaron Ollis of High Point. Mayor Barry C. Hayes of Granite Falls received the Public Power Lifetime Achievement Award.

NC Public Power communities made up an overwhelming amount of Reliable Public Power Provider (RP3) award recipients during the American Public Power Association Annual Engineering and Operations Technical Conference. RP3 recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, training and system improvement. Criteria within each category are based on sound business practices and represent a utility-wide commitment to safe and reliable delivery of power.

## Third Quarter Performance

Participant sales decreased \$4,339,000 (2.1%) as compared to the third quarter of 2010. Billing demand decreased 102 MW (2.6%) and energy sales decreased 59,684 MWh (2.7%). The decrease in billing demand and energy sales is primarily attributable to milder weather conditions experienced in the third quarter of 2011 compared to the same period for 2010.

Fuel decreased \$5,130,000 (20.3%) as compared to the third quarter of 2010. The variance is primarily attributable to a decrease in the nuclear fuel amortization rate required to maintain a minimum fuel account level. In addition, lower generation from the fossil units contributed to the overall decrease in fuel costs.

Purchased power costs decreased \$950,000 (1.8%) as compared to the third quarter of 2010. Capacity decreased 104

MW (4.9%) and Energy purchases increased 3,046 MWh (0.4%), as compared to the third quarter of 2010. The decrease is attributable to lower Participant requirements resulting from milder weather conditions experienced in the third quarter of 2011 compared to the same period in 2010.

Administrative and general – PEC decreased \$1,837,000 (21.5%) as compared to the third quarter of 2010. The variance is primarily attributable to decreased PEC pension costs in the third quarter of 2011 as compared to the same period in 2010.

Reserve and Contingency fund deposits increased \$1,345,000 (19.7%) as compared to the third quarter of 2010. The increase is attributable to higher capital expenditures anticipated in 2011 compared to 2010.

## Financing Status

As of September 30, 2011 NCEMPA had outstanding \$ 2,254,510,000 in bonds.

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

quarter was 5.437%.

To date, NCEMPA has had \$1,419,721,061 in debt redeemed prior to or at maturity.

## NCEMPA Balance Sheets

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

Assets	September 30, 2011	September 30, 2010	Liabilities and Fund Equity	September 30, 2011	September 30, 2010
<b>Non-Current Assets</b>			<b>Liabilities</b>		
<b>Capital Assets:</b>			<b>Non-Current Liabilities:</b>		
Electric Utility Plant, Net:			Long-Term Debt:		
Electric plant in service	\$1,685,489	\$1,641,389	Bonds payable	\$2,105,495	\$2,254,510
Construction work in progress	13,401	35,087	Unamortized premium/(discount), net	27,283	29,439
Nuclear fuel	128,021	113,551	Total Long-Term Debt	<u>2,132,778</u>	<u>2,283,949</u>
Less accumulated depreciation and amortization	<u>(1,126,471)</u>	<u>(1,092,966)</u>	Asset Retirement Obligation	215,310	205,142
Total Electric Utility Plant, Net	700,440	697,061	Deferred Revenues	<u>94,050</u>	<u>94,050</u>
Non-Utility Property and Equipment, Net:			Total Non-Current Liabilities	2,442,138	2,583,141
Property and equipment	2,952	2,952	<b>Current Liabilities:</b>		
Less accumulated depreciation	<u>(1,670)</u>	<u>(1,571)</u>	Operating Liabilities:		
Total Non-Utility Property and Equipment, Net	<u>1,282</u>	<u>1,381</u>	Accounts payable	62,200	33,287
Total Capital Assets	<u>701,722</u>	<u>698,442</u>	Accrued taxes	<u>8,647</u>	<u>9,763</u>
<b>Restricted Assets:</b>			Total Operating Liabilities	<u>70,847</u>	<u>43,050</u>
Special Funds Invested:			<b>Special Funds Liabilities:</b>		
Construction fund	-	10,084	Current maturities of bonds	149,015	141,820
Bond fund	300,355	300,418	Accrued interest on bonds	<u>31,826</u>	<u>32,148</u>
Reserve and contingency fund	<u>20,016</u>	<u>17,219</u>	Total Special Funds Liabilities	<u>180,841</u>	<u>173,968</u>
Total Special Funds Invested	320,371	327,721	Total Current Liabilities	<u>251,688</u>	<u>217,018</u>
Trust for Decommissioning Costs	<u>233,512</u>	<u>215,481</u>	Total Liabilities	<u>2,693,826</u>	<u>2,800,159</u>
Total Restricted Assets	553,883	543,202			
<b>Other Assets:</b>					
Unamortized debt issuance costs	22,287	26,604			
VEPCO compensation payment	3,983	4,372			
Development costs	2,908	3,178			
Costs of advance refundings of debt	217,764	248,090			
Costs to be recovered from future billings to participants	<u>967,147</u>	<u>1,072,315</u>			
Total Other Assets	<u>1,214,089</u>	<u>1,354,559</u>			
Total Non-Current Assets	<u>2,469,694</u>	<u>2,596,203</u>			
<b>Current Assets</b>			<b>Fund Equity</b>		
<b>Funds Invested:</b>			Invested in capital assets, net of related debt (deficit)	(488,696)	(582,087)
Revenue fund	34,309	32,967	Restricted for debt service	31,712	37,716
Operating fund	59,042	46,438	Unrestricted	<u>529,658</u>	<u>608,286</u>
Supplemental fund	<u>103,405</u>	<u>87,892</u>	Total Fund Equity	<u>72,673</u>	<u>63,915</u>
Total Funds Invested	196,756	167,297	Total Liabilities and Fund Equity	<u>\$2,766,499</u>	<u>\$2,864,074</u>
Participant accounts receivable	59,656	62,724			
Fossil fuel inventory	565	1,067			
Plant Materials and Operating Inventory	37,559	34,846			
Prepaid expenses	<u>2,269</u>	<u>1,937</u>			
Total Current Assets	<u>296,805</u>	<u>267,871</u>			
Total Assets	<u>\$2,766,499</u>	<u>\$2,864,074</u>			

## NCEMPA Statements of Revenues and Expenses

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

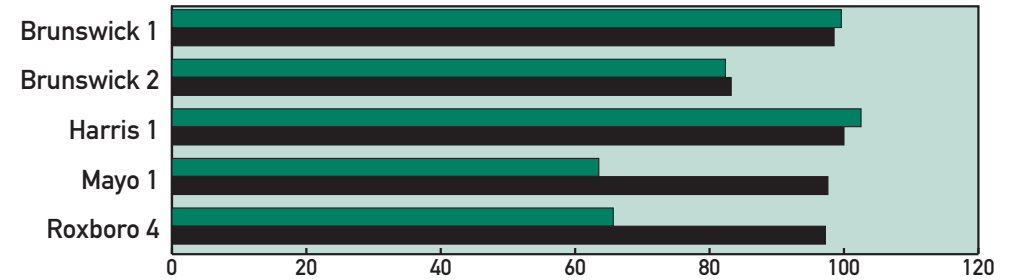
Revenues	Quarter Ended September 30		Year-to-Date September 30	
	2011	2010	2011	2010
Sales of electricity to participants	\$199,437	\$203,776	\$546,944	\$558,456
Sales of electricity to utilities	-	12	127	73
Fund valuation	-	-	-	-
Other revenues	-	-	-	4
Investment revenue available for operations	2,062	1,952	5,773	6,648
<b>Total Revenues</b>	<b>201,499</b>	<b>205,740</b>	<b>552,844</b>	<b>565,181</b>

### Expenses

Operation and maintenance	15,389	14,536	57,314	54,924
Fuel	20,209	25,339	59,649	75,840
Power coordination services:				
Purchased power	52,486	53,436	121,653	129,070
Transmission and distribution	6,834	6,824	17,472	17,945
Other	157	98	428	294
<b>Total Power Coordination Services</b>	<b>59,477</b>	<b>60,358</b>	<b>139,553</b>	<b>147,309</b>
Administrative and general - PEC	6,702	8,539	32,803	23,148
Administrative and general - Agency	2,542	2,361	7,540	7,284
Sums in lieu of taxes	750	1,000	2,250	3,000
Gross receipts tax	6,395	6,535	17,535	17,910
Debt service	67,433	67,722	202,234	204,507
Special funds deposits:				
Reserve and contingency fund	8,175	6,830	24,525	20,489
Decommissioning fund	651	647	1,951	1,282
<b>Total Expenses</b>	<b>187,723</b>	<b>193,867</b>	<b>545,354</b>	<b>555,693</b>
Fund Equity increase	13,776	11,873	7,490	9,488
Fund Equity, beginning of period	58,897	52,042	65,183	54,427
<b>Fund Equity, end of period</b>	<b>\$72,673</b>	<b>\$63,915</b>	<b>\$72,673</b>	<b>\$63,915</b>

## NCEMPA Plant Status

NOTE: The plant status values are year-to-date through September 30, 2011.

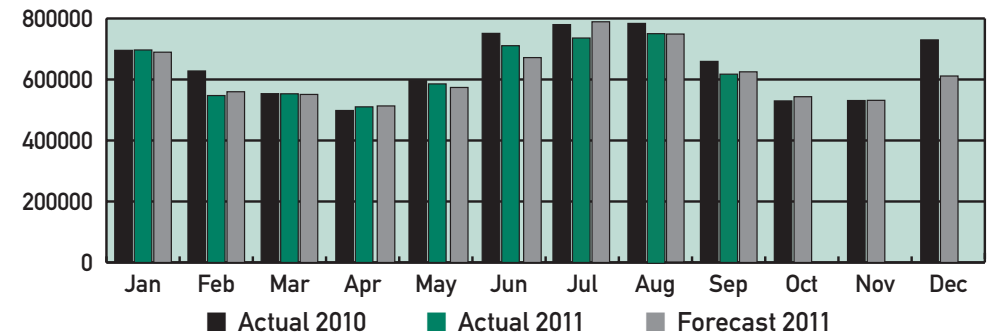


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

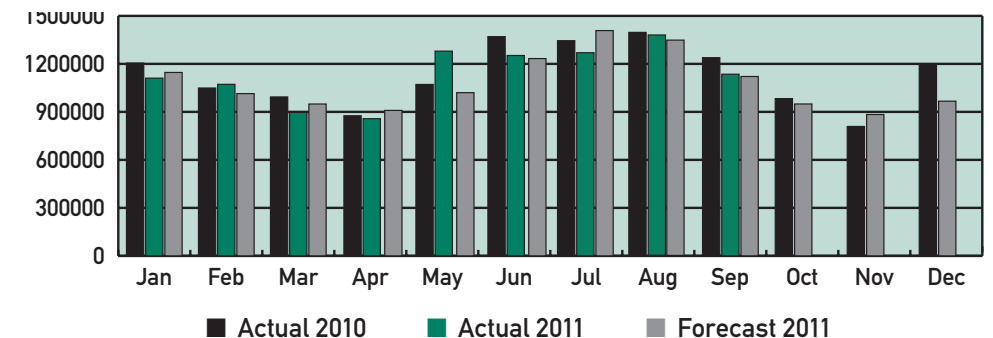
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

**Second-quarter highlights:** Harris Unit 1 had no outages during the third quarter. Brunswick Unit 1 had no outages during the third quarter. Brunswick Unit 2 had no outages during the third quarter. Mayo Unit 1 was removed from service on July 1, 2011 due to A&B phase, line side disconnects. The unit was returned to service July 3, 2011. The outage duration was 33 hours and 56 minutes. Roxboro 4 was removed from service on September 15, 2011 for boiler inspection. The unit returned to service on September 22, 2011. Outage duration was 150 hours and 12 minutes.

## 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 2011 is from the NCEMPA 2011 Load Forecast.