

About the Agency

NCMPA1 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 Duke Energy Corporation (Duke).

In 1978, the Agency purchased 75 percent ownership in Catawba Nuclear Station Unit 2 located at Lake Wylie, South Carolina. The Agency also has an exchange agreement with Duke that provides for electric power through McGuire Nuclear Station and Catawba Unit 1.

Management services for the Power Agency are provided by ElectriCities of North Carolina, Inc.

NCMPA1 Officers

Jack F. Neel, Albemarle, Chairman

Barry C. Hayes, Granite Falls, Vice Chairman

Constantine H. Kutteh, Statesville, Secretary-Treasurer

NCMPA1 Participant Cities

- Albemarle
- Bostic
- Cherryville
- Cornelius
- Drexel
- Gastonia
- Granite Falls
- High Point
- Huntersville
- Landis
- Lexington
- Lincolnton
- Maiden
- Monroe
- Morganton
- Newton
- Pineville
- Shelby
- Statesville



Quarterly Update

The newly elected and re-elected members of the 2013 Electricities Board of Directors were sworn into office. The board members are: Ron Hovis, Cherryville; Adam Mitchell, Ayden; Latimer Alexander, High Point; and Jim Greene, Concord. Later in the year, Robert Swinson IV of Kinston was elected to an open seat. During the first board meeting of the year, the board elected officers for 2013. The officers are: John Walser, Lexington, Chair; Richard Hicks, Farmville, Vice Chair; and Ron Hovis, Cherryville, Secretary.

In early 2013, several Electricities members were recognized for their response during Hurricane Sandy. More than 140 linemen from 13 NC Public Power crews traveled to the northeast to restore power after the storm. The crews were recognized in the Hometown Connection newsletter and with a commemorative belt buckle.

Delivering Value, the Electricities 2012 Annual Report, was published online in early April. The report features stories of Electricities providing value to member communities through professional services. Included are stories of Concord using our Safety & Training programs to keep linemen at the top of their game; Edenton taking advantage of our marketing and communications services to add polish to their sterling image; and how the Gaston Technology Park in Gastonia partnered with NCMPA1 to generate economic development success. Visit www.electricities.com to view the 2012 Annual Report.

Also in March, Electricities released the 2012 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 2012 net benefit was nearly \$191 million.

Electricities is hosting a series of regional meetings throughout the state. The meetings are designed to bring together elected officials and city/town management from neighboring areas to discuss current issues affecting public power communities. CEO Graham Edwards and his executive team host the meetings and encourage attendees to share best practices among the group. All of the regional meeting presentations are available on our website.

The NCMPA1 Board of Commissioners and Electricities Board of Directors approved a five percent wholesale rate increase for NCMPA1 Participants, effective July 1, 2013.

NC Public Power communities had several pieces of good news during the first quarter. North Carolina once again was named Site Selection's Top State Business Climate for 2012. The accolade was earned by North Carolina's combination of workforce ability and skill sets of interest to employers, proactive business-development agencies, logistics assets and higher education infrastructure. The last two weeks of 2012 brought news of more than 500 new jobs with \$142 million in investment for NC Public Power. That trend continued with two economic development announcements during the first quarter: KSM Castings in Shelby, \$45 million and 189 jobs; and OFS Brands in High Point, \$9.25 million and 188 jobs.

First Quarter Performance

Effective December 31, 2012 the Agency adopted Government Accounting Standards Board (GASB) Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65 "Items Previously Reported as Assets and Liabilities". As a result, the Agency replaced its Balance Sheet with the Statement of Net Position. This new financial statement requires the current and prior period reporting of certain line items as Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

Sales of electricity to participants increased \$6,172,000 (7.1%) relative to the first quarter of 2012. Billing demand increased 10 MW (0.5%) and energy sales increased 54,609 MWh (4.6%). The increase in energy usage is primarily due to cooler weather conditions experienced in the first quarter of 2013 as compared to the same time period in 2012. The overall increase in revenues is primarily attributable to a 5.0% rate increase implemented in July 2012.

Sales of electricity to utilities decreased \$1,530,000 (10.8%) relative to the first quarter of 2012. The decrease is primarily due to a decrease in sales volumes by 70,681 MWh (13.2%). Less energy was available to sell primarily due to higher participant requirements as compared to the same period for 2012. The unfavorable

volume variance was partially offset by a favorable variance in rates, primarily due to higher natural gas prices experienced in the first quarter of 2013 compared to the same period in 2012.

Nuclear fuel costs decreased \$7,300,000 (32.9%) relative to the first quarter of 2012. The decrease was primarily due to lower fuel amortization necessary to maintain fuel working capital at an appropriate level.

Purchased power costs increased \$1,220,000 (29.1%) relative to the first quarter of 2012. The increase is primarily due to higher purchased energy requirements resulting from higher participant sales recognized in the first quarter of 2013 as compared to the same period in 2012. Higher participant sales are primarily due to cooler weather conditions experienced in the first quarter of 2013 as compared to 2012.

Debt service increased \$6,196,000 (15.7%) relative to the first quarter of 2012 primarily due to increased principal and interest payments resulting from the issuance of Series A, B, and C bonds in December 2012. Series A bonds were issued to refund previously issued bonds, and Series B and C bonds were issued to fund certain capital improvements.

Reserve and contingency fund deposits increased \$813,000 (20.5%) relative to the first quarter of 2012. The increase is attributable to higher anticipated capital spending at the Catawba station as compared to the same time period in 2012.

Financing Status

As of March 31, 2013, NCMPA 1 had outstanding \$1,433,090,000 in bonds.

The weighted average interest cost of the NCMPA1 outstanding debt at the

end of the quarter was 3.360%.

To date, the NCMPA1 has had \$1,615,412,000 in debt redeemed prior to or at maturity.

NCMPA1 Statement of Net Position

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

	March 31, 2013	March 31, 2012		March 31, 2013	March 31, 2012
Assets			Deferred Outflows of Resources		
Non-Current Assets			Costs of advance refundings of debt	\$93,444	\$117,199
Capital Assets:			Total Deferred Outflows of Resources	<u>\$93,444</u>	<u>\$117,199</u>
Electric Utility Plant, Net:					
Electric plant in service	\$1,828,334	\$1,785,738			
Construction work in progress	41,251	36,610			
Nuclear fuel	187,731	207,509			
Accumulated depreciation and amortization	(920,048)	(914,342)			
Total Electric Utility Plant, Net	<u>1,137,268</u>	<u>1,115,515</u>			
Non-Utility Property and Equipment, Net:					
Property and equipment	5,663	5,663			
Less accumulated depreciation	(4,361)	(4,238)			
Total Non-Utility Property and Equipment, Net	<u>1,302</u>	<u>1,425</u>			
Total Capital Assets	<u>1,138,570</u>	<u>1,116,940</u>			
Restricted Assets:					
Special Funds Invested:					
Construction fund	130,430	24,375			
Bond fund	237,502	239,978			
Reserve and contingency fund	23,981	20,426			
Total Special Funds Invested	<u>391,913</u>	<u>284,779</u>			
Trust for Decommissioning Costs	301,728	285,646			
Total Restricted Assets	<u>693,641</u>	<u>570,425</u>			
Other Assets:					
Costs to be Recovered	6,493	11,857			
Total Other Assets	<u>6,493</u>	<u>11,857</u>			
Total Non-Current Assets	<u>1,838,704</u>	<u>1,699,222</u>			
Current Assets					
Funds Invested:					
Revenue fund	1,686	3,477			
Operating fund	45,390	35,526			
Supplemental fund	105,173	114,300			
Total Funds Invested	<u>152,249</u>	<u>153,303</u>			
Participant accounts receivable	30,942	28,416			
Operating accounts receivable	11,524	9,628			
Plant materials and renewable certificate inventory	44,699	41,115			
Total Current Assets	<u>239,414</u>	<u>232,462</u>			
Total Assets	<u>\$2,078,118</u>	<u>\$1,931,684</u>			
			Liabilities		
			Non-Current Liabilities:		
			Long-Term Debt:		
			Bonds payable	\$1,317,580	\$1,370,305
			Unamortized premium/(discount), net	111,589	45,471
			Total Long-Term Debt	<u>1,429,169</u>	<u>1,415,776</u>
			Asset Retirement Obligation	322,557	304,903
			Collections to be Expended	205,546	137,480
			Total Non-Current Liabilities	<u>1,957,272</u>	<u>1,858,159</u>
			Current Liabilities:		
			Operating Liabilities:		
			Accounts payable	4,160	-
			Accrued taxes	9,159	8,474
			Total Operating Liabilities	<u>13,319</u>	<u>8,474</u>
			Special Funds Liabilities:		
			Current maturities of bonds	115,510	83,425
			Accrued interest on bonds	18,123	18,578
			Total Special Funds Liabilities	<u>133,633</u>	<u>102,003</u>
			Total Current Liabilities	<u>146,952</u>	<u>110,477</u>
			Total Liabilities	<u>\$2,104,224</u>	<u>\$1,968,636</u>
			Deferred Inflows of Resources		
			Asset Retirement Provision Adjustment	\$12,017	\$12,017
			Total Deferred Inflows of Resources	<u>\$12,017</u>	<u>\$12,017</u>
			Net Position		
			Net invested in capital assets	\$367,653	\$369,801
			Restricted for debt services	171,859	69,991
			Unrestricted	(484,191)	(371,562)
			Total Net Position	<u>\$55,321</u>	<u>\$68,230</u>

NCMPA1 Statements of Revenues and Expenses

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

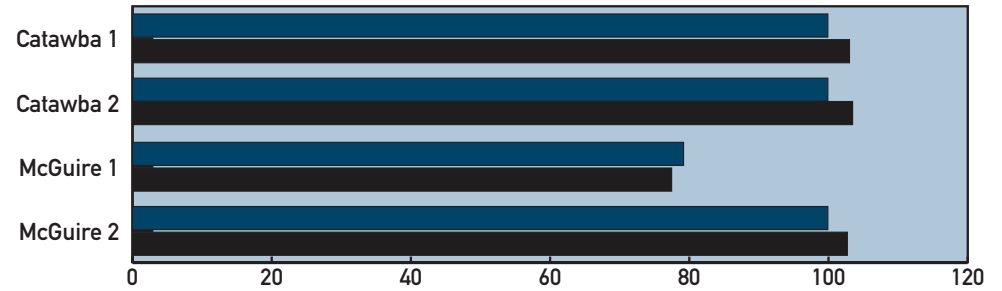
Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2013	2012	2013	2012
Sales of electricity to participants	\$92,866	\$86,694	\$92,866	\$86,694
Sales of electricity to utilities	13,208	14,738	13,208	14,738
McGuire exchange entitlement	10,680	6,732	10,680	6,732
Investment revenue available for operations	1,583	1,779	1,583	1,779
Other revenues	24	61	24	61
Total Revenues	118,361	110,004	118,361	110,004

Expenses

Operation and maintenance	24,954	26,392	24,954	26,392
Nuclear fuel	14,917	22,217	14,917	22,217
McGuire exchange entitlement	8,673	7,401	8,673	7,401
Interconnection services:				
Purchased power	5,408	4,188	5,408	4,188
Transmission and distribution	3,387	3,743	3,387	3,743
Other	123	192	123	192
Total Interconnection Services	8,918	8,123	8,918	8,123
Administrative and general - Duke	9,184	9,523	9,184	9,523
Administrative and general - Agency	3,514	3,287	3,514	3,287
Gross receipts and excise taxes	3,719	3,492	3,719	3,492
Property tax	5,449	5,455	5,449	5,455
Debt service	45,630	39,434	45,630	39,434
Special funds deposits:				
Decommissioning fund	1,843	925	1,843	925
Reserve and contingency fund	4,789	3,976	4,789	3,976
Total Special Funds Deposits	6,632	4,901	6,632	4,901
Total Expenses	131,590	130,225	131,590	130,225
Excess of revenues over expenses	(13,229)	(20,221)	(13,229)	(20,221)
Fund Equity, beginning of quarter	68,550	88,451	68,550	88,451
Fund Equity, end of quarter	\$55,321	\$68,230	\$55,321	\$68,230

NCMPA1 Plant Status

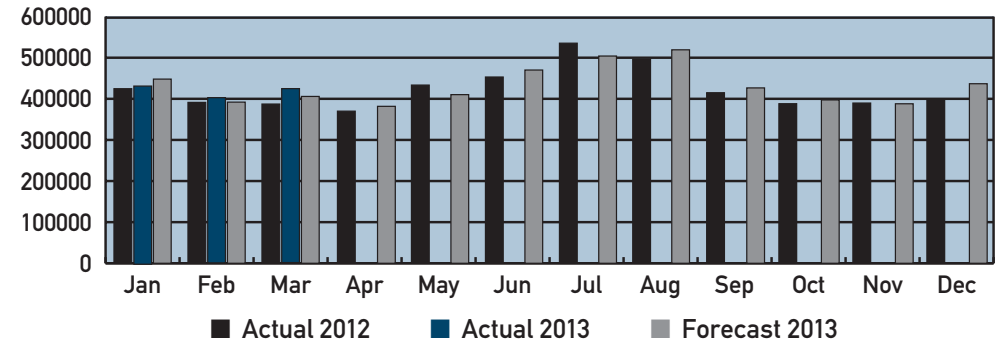
NOTE: The plant status values are year-to-date through March 2013.



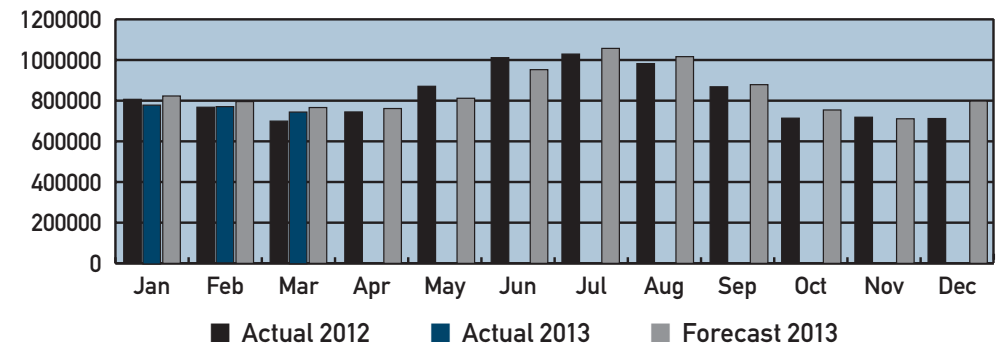
- Capacity Factor - The ratio of actual output to maximum net dependable capability.
- Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

First-quarter highlights: McGuire 1 began a refueling outage on March 16 and is currently expected to return to service on April 22, 2013.

NCMPA1 Participant Energy Usage (in MWh)



NCMPA1 Participant OP Demand (in kW)



NOTE: * NCMPA1 Energy and OP Demand are at the Power Agency to City Billing Point and includes the SEPA allocation. Actual data are not weather normalized.

** The Forecast Year 2013 is from the NCMPA1 Summer 2012 Load Forecast.