

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

Strib Boynton, High Point, Chairman
Wayne Dellinger, Newton, Vice Chairman
Richard Howell, Shelby, 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



Q1
2014

Quarterly Update

The newly elected and re-elected members of the 2014 Electricities Board of Directors were sworn into office in late January. The board members are: Mayor Barry Hayes, Granite Falls; Jim Gallagher, Gastonia; Mayor Vivian Jones, Wake Forest; Dr. Virginia Hardy, Greenville Utilities Commission; and Steven Blanchard, Fayetteville PWC.

During the first board meeting of the year, the board elected officers for 2014. The officers are: Richard Hicks, Farmville, Chair; Ron Hovis, Cherryville, Vice Chair; and Grant Goings, Wilson, Secretary.

The NCMPA1 Officers were elected in late 2013 and installed on January 1. The new officers are: Strib Boynton, High Point, Chair; Wayne Dellinger, Newton, Vice Chair; and Rick Howell, Shelby, Secretary-Treasurer.

Power Forward, the Electricities 2013 Annual Report, was published online in April. The report focuses on the future and NC Public Power's commitment to deliver value to the customers who depend on us. Projects from Albemarle, Benson and High Point are featured as examples of working toward a common goal: stronger public power communities that are well prepared to thrive in the years ahead. Visit www.electricities.com to view the 2013 Annual Report.

Electricities released the 2013 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 2013 net benefit was \$256.2 million, up from nearly \$191 million in 2012.

NC Public Power communities had good economic development success again in 2013. NCMPA1 members added 1,211 new jobs in 2013 with investments totaling \$275 million. New load added to NCMPA1 was 16 MW.

The 2014 NC Public Power calendar and new economic development website were released to start the year. Both the wall calendar and the website promote the many advantages of living and working in an NC Public Power community. Nearly 3,000 calendars were distributed, including many to site selection consultants in 42 states and four countries, all as part of our recruitment efforts to bring new investment and jobs to NCMPA1 communities.

NCMPA1 was also well represented at several large industry events, including the International Council of Shopping Center's Carolinas Idea Exchange in February.

First Quarter Performance

Sales to participants increased \$6,949,000 (7.5%) as compared to the first quarter of 2013. A 5.0% rate increase implemented in July 2013 accounted for approximately \$4,979,000 of the increase. Billing demand and energy sales increased 229 MW (12.0%) and 47,294 MWh (4.0%), respectively, due to colder weather experienced in the first quarter of 2014 compared to the same period for 2013 and contributed \$1,970,000 to the overall increase.

Sales to utilities increased \$3,314,000 (25.1%) as compared to the first quarter of 2013. The increase is primarily due to higher energy rates in the first quarter of 2014 compared to the same period in 2013. Energy rates increased by \$5.46/MW (19.3%) primarily due to colder weather conditions experienced in the first quarter of 2014.

Sales revenues were also higher because sales volumes increased by 23,240 MW (5.0%).

Operations and maintenance costs increased \$2,450,000 (9.8%) as compared to the first quarter of 2013. The increase is primarily attributable to advances related to the anticipated refueling outage of Catawba Unit 1 in May 2014. In 2013, the Catawba Unit 2 refueling outage occurred in September 2014.

Nuclear fuel costs decreased \$2,604,000 (17.5%) as compared to the first quarter of 2013. No additional fuel amortization was recorded in the first quarter 2014 as compared to the same time period of 2013.

Purchased power costs increased \$1,472,000 (27.2%) relative to the first quarter of 2013 primarily due to higher energy rates resulting from colder weather conditions experienced in the first quarter of 2014.

Financing Status

As of March 31, 2014, NCMPA 1 had outstanding \$1,317,580,000 in bonds.

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

end of the quarter was 3.436%.

To date, the NCMPA1 has had \$1,685,106,000 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)

	<u>March 31, 2014</u>	<u>March 31, 2013</u>		<u>March 31, 2014</u>	<u>March 31, 2013</u>
Assets			Deferred Outflows of Resources		
Non-Current Assets			Costs of advance refundings of debt		
Capital Assets:			Unamortized Debt issuance costs		
Electric Utility Plant, Net:			Total Deferred Outflows of Resources		
Electric plant in service	\$1,867,129	\$1,828,334	\$74,108		\$93,444
Construction work in progress	25,450	41,251	5,520		6,493
Nuclear fuel	209,812	187,731	<u>\$79,628</u>		<u>\$99,937</u>
Accumulated depreciation and amortization	(958,062)	(920,048)			
Total Electric Utility Plant, Net	<u>1,144,329</u>	<u>1,137,268</u>			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	5,663	5,663	Non-Current Liabilities:		
Less accumulated depreciation	(4,453)	(4,361)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,210</u>	<u>1,302</u>	Bonds payable		
Total Capital Assets	<u>1,145,539</u>	<u>1,138,570</u>	Unamortized premium/(discount), net		
Special Funds Invested:			Total Long-Term Debt		
Construction fund	86,032	130,430	Asset Retirement Obligation		
Bond fund	236,617	237,502	Total Non-Current Liabilities		
Reserve and contingency fund	<u>24,457</u>	<u>23,981</u>	Current Liabilities:		
Total Special Funds Invested	<u>347,106</u>	<u>391,913</u>	Operating Liabilities:		
Trust for Decommissioning Costs	<u>294,287</u>	<u>301,728</u>	Accounts payable		
Total Restricted Assets	<u>641,393</u>	<u>693,641</u>	Accrued taxes		
Total Non-Current Assets	<u>1,786,932</u>	<u>1,832,211</u>	Total Operating Liabilities		
			Special Funds Liabilities:		
			Current maturities of bonds		
			Accrued interest on bonds		
			Total Special Funds Liabilities		
			Total Current Liabilities		
			Total Liabilities		
			<u>\$1,751,756</u>		<u>\$1,900,868</u>
Current Assets			Deferred Inflows of Resources		
Funds Invested:			Collections to be expended		
Revenue fund	14,272	1,686	Total Deferred Inflows of Resources		
Operating fund	46,462	45,390	\$316,187		\$217,562
Supplemental fund	<u>95,061</u>	<u>105,173</u>	<u>\$316,187</u>		<u>\$217,562</u>
Total Funds Invested	155,795	152,249			
Participant accounts receivable	32,831	30,942	Net Position		
Operating accounts receivable	11,367	13,713	Invested in capital assets, net of related debt		
Plant materials and renewable certificate inventory	48,850	44,699	Restricted for debt services		
Total Current Assets	<u>248,843</u>	<u>241,603</u>	Unrestricted		
Total Assets	<u>\$2,035,775</u>	<u>\$2,073,814</u>	Total Net Position		
			\$468,860		\$367,653
			130,526		171,859
			(551,926)		(484,191)
			<u>\$47,460</u>		<u>\$55,321</u>

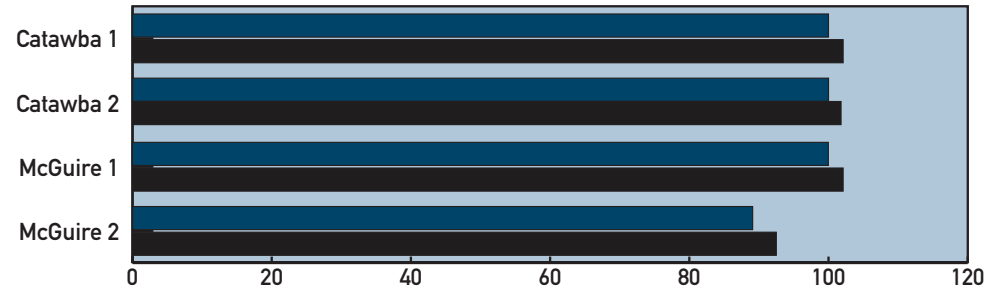
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2014	2013	2014	2013
Sales of electricity to Participants	\$99,815	\$92,866	\$99,815	\$92,866
Sales of electricity to utilities	16,522	13,208	16,522	13,208
McGuire exchange entitlement	11,489	10,680	11,489	10,680
Investment revenue available for operations	1,835	1,583	1,835	1,583
Other revenues	369	24	369	24
Total Revenues	130,030	118,361	130,030	118,361
Expenses				
Operation and maintenance	27,404	24,954	27,404	24,954
Nuclear fuel	12,313	14,917	12,313	14,917
McGuire exchange entitlement	10,415	8,673	10,415	8,673
Interconnection services:				
Purchased power	6,880	5,408	6,880	5,408
Transmission and distribution	3,762	3,387	3,762	3,387
Other	341	123	341	123
Total Interconnection Services	10,983	8,918	10,983	8,918
Administrative and general - Duke	8,312	9,184	8,312	9,184
Administrative and general - Agency	2,867	3,514	2,867	3,514
Gross receipts and excise taxes	4,266	3,719	4,266	3,719
Property tax	5,419	5,449	5,419	5,449
Debt service	45,507	45,630	45,507	45,630
Special funds deposits:				
Decommissioning fund	1,844	1,843	1,844	1,843
Reserve and contingency fund	4,516	4,789	4,516	4,789
Total Special Funds Deposits	6,360	6,632	6,360	6,632
Total Expenses	133,846	131,590	133,846	131,590
Excess of revenues over expenses	(3,816)	(13,229)	(3,816)	(13,229)
Net position, beginning of quarter	51,276	68,550	51,276	68,550
Net position, end of quarter	\$47,460	\$55,321	\$47,460	\$55,321

NCMPA1 Plant Status

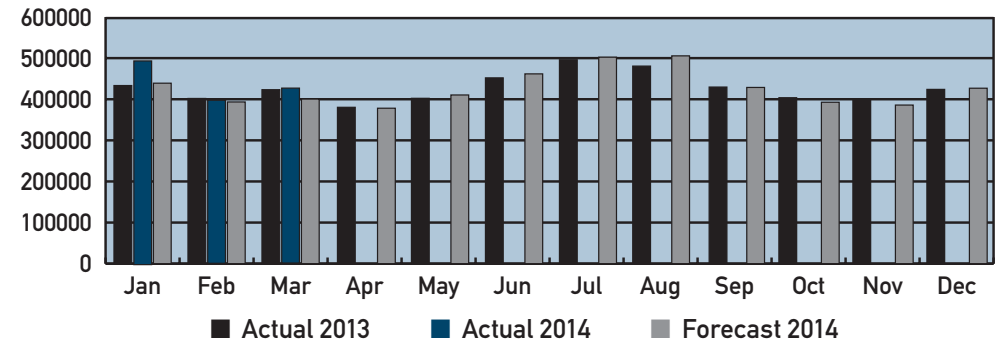
NOTE: The plant status values are year-to-date through March 2014.



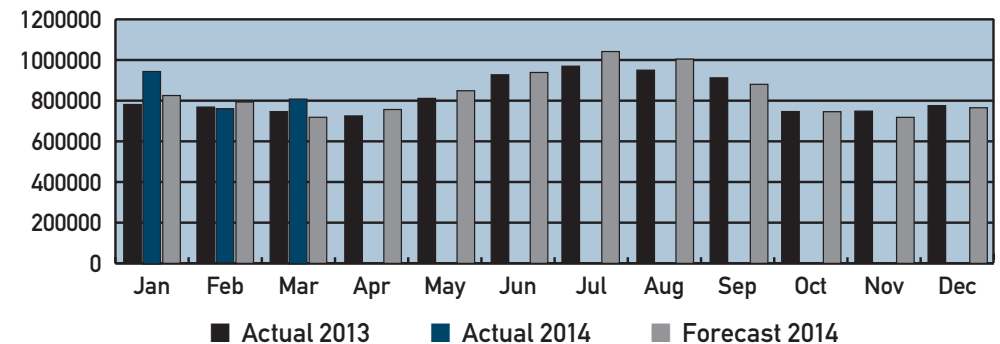
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire 2 began a refueling outage on March 22 and returned to service on April 24, 2014.

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 2014 is from the NCMPA1 Summer 2013 Load Forecast.