

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
2015

Quarterly Update

The newly elected and re-elected members of the 2015 ElectriCities Board of Directors were sworn into office in late January. The board members are: Mayor Newell Clark, Lexington; Nick Hendricks, Kings Mountain; Dan Brown, Morganton; and John Craft, La Grange. Grant Goings of Wilson was re-elected to a second term. All will serve a three-year term.

During the first board meeting of the year, the board elected officers for 2015: Ron Hovis, Cherryville – Chair; Grant Goings, Wilson – Vice Chair; and Latimer Alexander, High Point – Secretary.

The NCMPA1 Officers were elected in late 2014 and installed on January 1. The officers are: Strib Boynton, High Point, Chair; Wayne Dellinger, Newton, Vice Chair; and Rick Howell, Shelby, Secretary-Treasurer.

The 2014 ElectriCities Annual Report, featuring ElectriCities' 50 years of service to members, was published online in April. The report focuses on public power's rich tradition in North Carolina and highlights three member communities: Lexington, Wilson and Fayetteville Public Works Commission. Lexington, a NCMPA1 member, is celebrated as an example of strong entrepreneurs support by city officials, which has led to a flourishing down-

town retail corridor. Visit www.electricities.com to view the 2014 Annual Report.

ElectriCities released the 2014 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 2014 net benefit was \$285.5 million, up from \$256 million in 2013. The complete value proposition is available at <http://www.electricities.com>.

NC Public Power communities had solid economic development success again in 2014. NCMPA1 members added 2,850 new jobs in 2014 with investments totaling \$222 million. New load added to NCMPA1 was 31 MW.

The 2015 NC Public Power calendar, featuring small businesses across the state, was distributed to member communities and site selection consultants. 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 and the National Plastics Show.

First Quarter Performance

Sales to Participants increased \$2,827,000 (2.8 %) compared to the first quarter of 2014. Billing demand and energy sales increased 150 MW (6.9%) and 7,313 MWh (0.6%), respectively, due to colder weather experienced in the first quarter of 2015 relative to the same period in 2014. A 1.8% rate increase effective July 1, 2014 also contributed to the overall increase.

Sales to utilities decreased \$2,844,000 (17.2%) compared to the first quarter of 2014. Sales volume decreased by 127,777 MW (26.1%) due to less output available for sale resulting from the Catawba Unit 2 refueling outage in March 2015 and the McGuire Unit 1 forced outage in February 2015. This \$4,832,000 decrease was partially offset by \$1,989,000 of higher energy rates. The energy rates increased by \$4.06/MW (12.0%) primarily due to colder weather conditions experienced in the first quarter of 2015.

McGuire exchange entitlement decreased \$1,750,000 (15.2%) compared to the first quarter of 2014 primarily due to lower generation resulting from the

refueling outage at Catawba Unit 2 in March 2015. There were no refueling outages at the Catawba Plant in the first quarter of 2014.

Other revenue increased \$20,000,000 (100%) compared to the first quarter of 2014 due to funds released from the Reserved for Future Costs Fund. This release was offset by the corresponding deposit into the Revenue Fund to provide for operating working capital.

Operations and maintenance costs increased \$5,272,000 (19.2%) compared to the first quarter of 2014 primarily due to higher advances resulting from higher anticipated operating costs during refueling outages at Catawba Unit 1 and Unit 2. There was only one refueling outage in 2014.

Gross receipts and excise taxes decreased \$3,721,000 (87.2%) compared to the first quarter of 2014 due to legislative changes that eliminated the Gross Receipt Tax effective July 1, 2014.

Debt service increased \$1,087,000 (2.4%) compared to the first quarter of 2014 in accordance with the debt payment schedules.

Financing Status

As of March 31, 2015, NCMPA 1 had outstanding \$1,196,735,000 in bonds.

The weighted average interest cost of the NCMPA1 outstanding debt at

the end of the quarter was 4.624%.

To date, the NCMPA1 has had \$1,805,951,000 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, 2015</u>	<u>March 31, 2014</u>		<u>March 31, 2015</u>	<u>March 31, 2014</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	\$1,870,743	\$1,867,129	\$58,198		\$74,708
Construction work in progress	53,515	25,450	4,588		5,520
Nuclear fuel	231,841	209,812	<u>\$62,786</u>		<u>\$79,628</u>
Accumulated depreciation and amortization	(972,349)	(958,062)			
Total Electric Utility Plant, Net	<u>1,183,750</u>	<u>1,144,329</u>			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	5,750	5,663	Non-Current Liabilities:		
Less accumulated depreciation	(4,531)	(4,453)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,219</u>	<u>1,210</u>	Bonds payable		
Total Capital Assets	<u>1,184,969</u>	<u>1,145,539</u>	Unamortized premium/(discount), net		
Special Funds Invested:			Total Long-Term Debt		
Construction fund	36,963	86,032	\$1,068,585		\$1,199,860
Bond fund	238,612	236,617	Asset Retirement Obligation		
Reserve and contingency fund	23,778	24,457	68,047		87,085
Total Special Funds Invested	<u>299,353</u>	<u>347,106</u>	Total Long-Term Debt		
Trust for Decommissioning Costs	315,210	294,287	1,136,632		1,286,945
Total Restricted Assets	<u>614,563</u>	<u>641,393</u>	Total Non-Current Liabilities		
Total Non-Current Assets	<u>1,799,532</u>	<u>1,786,932</u>	340,309		321,683
Current Assets			Current Liabilities:		
Funds Invested:			Operating Liabilities:		
Revenue fund	36,401	14,272	Accounts payable		
Operating fund	60,295	46,462	Accrued taxes		
Supplemental fund	71,734	95,061	Total Operating Liabilities		
Total Funds Invested	<u>168,430</u>	<u>155,795</u>	Special Funds Liabilities:		
Participant accounts receivable	33,023	32,831	Current maturities of bonds		
Operating accounts receivable	5,127	11,367	Accrued interest on bonds		
Plant materials and renewable certificate inventory	53,000	48,850	Total Special Funds Liabilities		
Total Current Assets	<u>259,580</u>	<u>248,843</u>	Total Current Liabilities		
Total Assets	<u>\$2,059,112</u>	<u>\$2,035,775</u>	Total Liabilities		
			Total Liabilities		
			<u>\$1,632,246</u>		<u>\$1,751,756</u>
			Deferred Inflows of Resources		
			Collections to be expended		
			Total Deferred Inflows of Resources		
			\$422,316		\$316,187
			<u>\$422,316</u>		<u>\$316,187</u>
			Net Position		
			Net Invested in capital assets		
			Restricted for debt services		
			Unrestricted		
			Total Net Position		
			\$602,819		\$468,860
			85,744		130,526
			(621,227)		(551,926)
			<u>\$67,336</u>		<u>\$47,460</u>

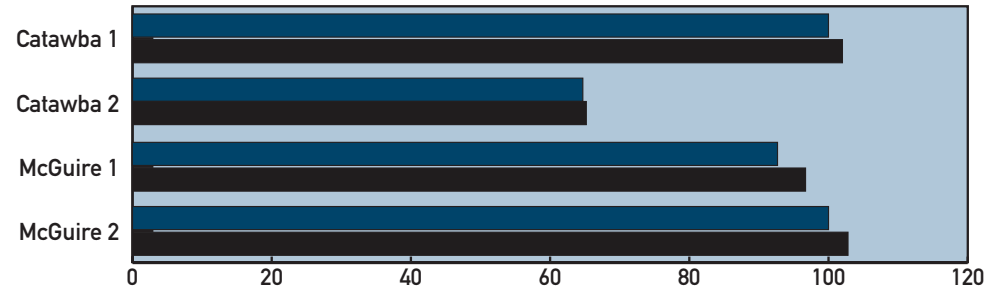
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2015	2014	2015	2014
Sales of electricity to Participants	\$102,642	\$99,815	\$102,642	\$99,815
Sales of electricity to utilities	13,678	16,522	13,678	16,522
McGuire exchange entitlement	9,739	11,489	9,739	11,489
Investment revenue available for operations	1,401	1,835	1,401	1,835
Other revenues	20,374	369	20,374	369
Total Revenues	147,834	130,030	147,834	130,030
Expenses				
Operation and maintenance	32,676	27,404	32,676	27,404
Nuclear fuel	11,348	12,313	11,348	12,313
McGuire exchange entitlement	11,289	10,415	11,289	10,415
Interconnection services:				
Purchased power	7,655	6,880	7,655	6,880
Transmission and distribution	3,836	3,762	3,836	3,762
Other	446	341	446	341
Total Interconnection Services	11,937	10,983	11,937	10,983
Administrative and general - Duke	8,919	8,312	8,919	8,312
Administrative and general - Agency	3,051	2,867	3,051	2,867
Gross receipts and excise taxes	545	4,266	545	4,266
Property tax	5,332	5,419	5,332	5,419
Debt service	46,594	45,507	46,594	45,507
Special funds deposits:				
Revenue Fund	20,000	-	20,000	-
Decommissioning fund	2,675	1,844	2,675	1,844
Reserve and contingency fund	4,656	4,516	4,656	4,516
Total Special Funds Deposits	27,331	6,360	27,331	6,360
Total Expenses	159,022	133,846	159,022	133,846
Net position (decrease)	(11,188)	(3,816)	(11,188)	(3,816)
Net position, beginning of quarter	78,524	51,276	78,524	51,276
Net position, end of quarter	\$67,336	\$47,460	\$67,336	\$47,460

NCMPA1 Plant Status

NOTE: The plant status values are year-to-date through March 2015.

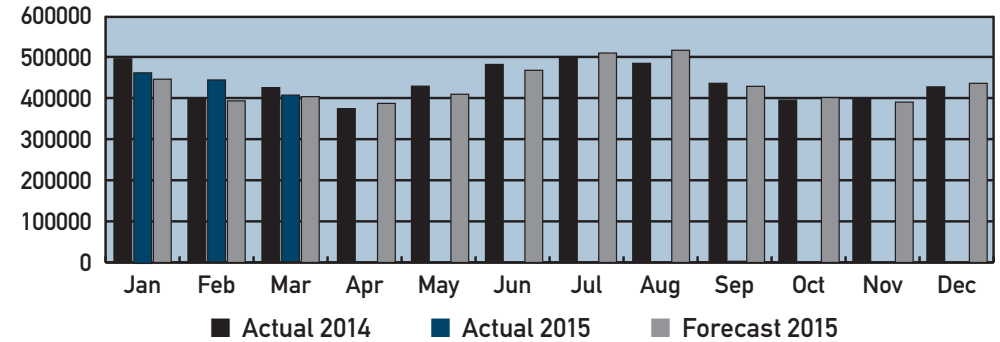


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

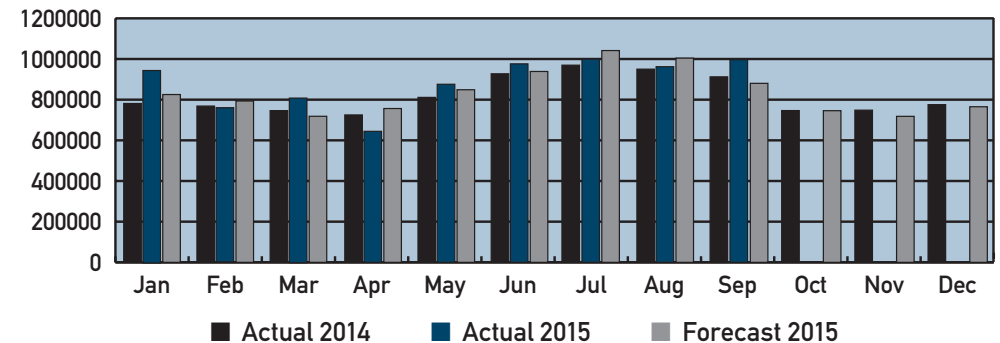
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire 1 had a seven day maintenance outage in February to repair a leak associated with the pressurizer. Catawba Unit 2 began a refueling outage on February 28 and returned to service on April 5.

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 2015 is from the NCMPA1 Winter 2014 Load Forecast.