

## About the Agency

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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

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

## NCMPA1 Participant Cities

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



Q1  
2016

## Quarterly Update

The newly elected and re-elected members of the Electricities Board of Directors were sworn into office on January 29. The new members are: Steve Peeler, Lincolnton; and Matt Zapp, Benson. Latimer Alexander, High Point; and Robert Swinson, Kinston, were re-elected to a second term. All will serve a three-year term. Board Officers were also elected for the year: Grant Goings, Wilson (Chair); Mayor Newell Clark, Lexington (Vice Chair); and Mayor Vivian Jones, Wake Forest (Secretary).

The NCMPA1 Officers were elected in late 2015 and installed on January 1. The new officers are: Strib Boynton, High Point, Chair; Todd Clark, Newton, Vice Chair; J. Richard Howell, Jr., Shelby, Secretary-Treasurer.

In March, Electricities released the 2015 calculations to the Electricities website. The site helps explain the value Electricities provides to members, both as a general overview and a set of calculations. The site is updated annually to reflect current calculations. Our 2015 net benefit was \$420 million, up from \$285.5 million in 2014. To view the complete value proposition, please visit [www.electricities.com](http://www.electricities.com).

Regeneration, the 2015 Electricities Annual Report, was published in

April. The report features stories of Electricities member communities who are succeeding by becoming more effective in their daily operations. Included are stories of Rock Hill, S.C. partnering with our Safety & Training team to sharpen the technical skills of their utility crews; Newton's investment in infrastructure and new technologies that help them become more efficient in supplying reliable electric service; and how Wake Forest is lowering electric rates to stay competitive in a period of economic growth. Visit [www.electricities.com](http://www.electricities.com) to view the 2015 Electricities Annual Report.

In today's competitive economic environment, it's rare for a company to locate on an undeveloped property. New and expanding companies expect existing buildings or a prepared, shovel-ready site to shorten the amount of time needed for construction. The Smart Sites program was developed by Electricities to help members offer more shovel-ready properties that would attract commercial and industrial customers to public power communities and create more job opportunities for citizens. Statesville received a Smart Site designation to spark economic growth within the community.

## First Quarter Performance

Sales to Participants decreased \$7,783,000 (7.6 %) compared to the first quarter of 2015 primarily due to a 6.0% rate reduction effective July 1, 2015 that contributed \$6,098,000 to the overall decrease. Milder weather experienced in the first quarter of 2016 relative to the same period in 2015 contributed \$1,685,000. Billed demand and energy sales were lower by 247 MW and 42,302 MWh, respectively.

McGuire exchange entitlement increased \$1,810,000 (18.6%) compared to the first quarter of 2015 primarily due to the refueling outage at McGuire Unit 1 in March 2016. There were no refueling outages at the McGuire plants in the first quarter of 2015. In addition, there was an annual entitlement true up credit of \$215,000 in the first quarter of 2015. No true up has been recorded in the first quarter of 2016.

Other revenue decreased \$20,028,000 (100%) compared to the first quarter of 2015 primarily due to funds released from the Reserved for Future Costs Fund in 2015. This release was offset

by the corresponding deposit into the Revenue Fund to provide for operating working capital. There was no similar fund release in 2016.

Operation and maintenance costs decreased \$3,582,000 (11.0%) compared to the first quarter of 2015 due to the Catawba Unit 2 refueling outage in March 2015. There was no refueling outage in the first quarter of 2016.

Nuclear fuel costs increased \$1,179,000 (10.4%) compared to the first quarter of 2015 primarily due to lower fuel burn resulting from the Catawba Unit 2 refueling outage in March 2015. There was no refueling outage in the first quarter of 2016.

Debt service decreased \$13,102,000 (28.1%) compared to the first quarter of 2015 due to the 2015 and 2016 debt restructuring.

Special Funds deposit into the Reserve and Contingency Fund decreased \$1,299,000 (27.9%) compared to the first quarter of 2015 due to lower annual debt reserve requirements resulting from the 2015 and 2016 debt restructuring.

## Financing Status

As of March 31, 2016, NCMPA 1 had outstanding \$1,135,360,000 in bonds. On March 16, 2016, the Agency issued \$69,380,000 to refund \$76,955,000 of outstanding bonds.

The weighted average interest

cost of the NCMPA1 outstanding debt at the end of the quarter was 4.9%.

To date, the NCMPA1 has had \$2,005,692,000 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, 2016</u> | <u>March 31, 2015</u> |                                       | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|---|-----------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                                       |                       |                       | <b>Deferred Outflows of Resources</b> |                       |                       |
| <b>Non-Current Assets</b>                           |                       |                       | 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                           | \$1,893,673           | \$1,870,743           | \$78,138                              | \$58,198              |                       |
| Construction work in progress                       | 34,953                | 53,515                | 6,245                                 | 4,588                 |                       |
| Nuclear fuel  | 201,062               | 231,841               | <u>\$84,383</u>                       | <u>\$62,786</u>       |                       |
| Accumulated depreciation and amortization           | <u>(964,975)</u>      | <u>(972,349)</u>      |                                       |                       |                       |
| Total Electric Utility Plant, Net                   | 1,164,713             | 1,183,750             | <b>Liabilities</b>                    |                       |                       |
| Non-Utility Property and Equipment, Net:            |                       |                       | Non-Current Liabilities:              |                       |                       |
| Property and equipment                              | 5,750                 | 5,750                 | Long-Term Debt:                       |                       |                       |
| Less accumulated depreciation                       | <u>(4,606)</u>        | <u>(4,531)</u>        | Bonds payable                         |                       |                       |
| Total Non-Utility Property and Equipment, Net       | 1,144                 | 1,219                 | Unamortized premium/(discount), net   |                       |                       |
| Total Capital Assets                                | 1,165,857             | 1,184,969             | Total Long-Term Debt                  |                       |                       |
| Special Funds Invested:                             |                       |                       | Asset Retirement Obligation           |                       |                       |
| Construction fund                                   | 97,450                | 36,963                | Total Non-Current Liabilities         |                       |                       |
| Bond fund   | 166,393               | 238,612               | Current Liabilities:                  |                       |                       |
| Reserve and contingency fund                        | <u>14,478</u>         | <u>23,778</u>         | Operating Liabilities:                |                       |                       |
| Total Special Funds Invested                        | 278,321               | 299,353               | Accounts payable                      |                       |                       |
| Trust for Decommissioning Costs                     | <u>327,655</u>        | <u>315,210</u>        | Accrued taxes                         |                       |                       |
| Total Restricted Assets                             | <u>605,976</u>        | <u>614,563</u>        | Total Operating Liabilities           |                       |                       |
| Total Non-Current Assets                            | <u>1,771,833</u>      | <u>1,799,532</u>      | Special Funds Liabilities:            |                       |                       |
| <b>Current Assets</b>                               |                       |                       | Current maturities of bonds           |                       |                       |
| Funds Invested:                                     |                       |                       | Accrued interest on bonds             |                       |                       |
| Revenue fund  | 53,254                | 36,401                | Total Special Funds Liabilities       |                       |                       |
| Operating fund                                      | 66,842                | 60,295                | Total Current Liabilities             |                       |                       |
| Supplemental fund                                   | <u>128,488</u>        | <u>71,734</u>         | Total Liabilities                     |                       |                       |
| Total Funds Invested                                | 248,584               | 168,430               | <u>\$1,628,107</u>                    | <u>\$1,632,246</u>    |                       |
| Participant accounts receivable                     | 30,472                | 33,023                | <b>Deferred Inflows of Resources</b>  |                       |                       |
| Operating accounts receivable                       | 15,972                | 5,127                 | Collections to be expended            |                       |                       |
| Plant materials and renewable certificate inventory | <u>59,499</u>         | <u>53,000</u>         | Total Deferred Inflows of Resources   |                       |                       |
| Total Current Assets                                | <u>354,527</u>        | <u>259,580</u>        | <u>\$465,269</u>                      | <u>\$422,316</u>      |                       |
| Total Assets  | <u>\$2,126,360</u>    | <u>\$2,059,112</u>    | <b>Net Position</b>                   |                       |                       |
|   |                       |                       | Net Invested in capital assets        |                       |                       |
|   |                       |                       | Restricted for debt services          |                       |                       |
|   |                       |                       | Unrestricted                          |                       |                       |
|   |                       |                       | Total Net Position                    |                       |                       |
|   |                       |                       | \$599,706                             | \$602,819             |                       |
|   |                       |                       | 61,809                                | 85,744                |                       |
|   |                       |                       | <u>(544,149)</u>                      | <u>(621,227)</u>      |                       |
|   |                       |                       | <u>\$117,366</u>                      | <u>\$67,336</u>       |                       |

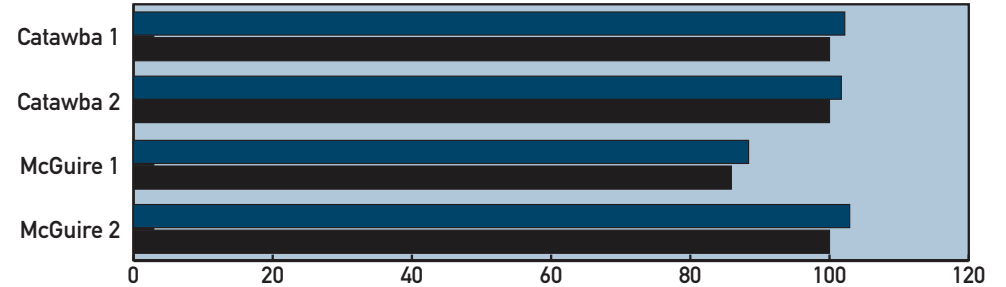
## NCMPA1 Statements of Revenues and Expenses

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

| Revenues                                    | Quarter Ended March 31 |                 | Year-to-Date March 31 |                 |
|---|------------------------|-----------------|-----------------------|-----------------|
|   | 2016                   | 2015            | 2016                  | 2015            |
| Sales of electricity to Participants        | \$94,859               | \$102,642       | \$94,859              | \$102,642       |
| Sales of electricity to utilities           | 14,119                 | 13,678          | 14,119                | 13,678          |
| McGuire exchange entitlement                | 11,549                 | 9,739           | 11,549                | 9,739           |
| Investment revenue available for operations | 1,240                  | 1,401           | 1,240                 | 1,401           |
| Other revenues                              | 346                    | 20,374          | 346                   | 20,374          |
| <b>Total Revenues</b>                       | <b>122,113</b>         | <b>147,834</b>  | <b>122,113</b>        | <b>147,834</b>  |
| <b>Expenses</b>                             |                        |                 |                       |                 |
| Operation and maintenance                   | 29,094                 | 32,676          | 29,094                | 32,676          |
| Nuclear fuel                                | 12,527                 | 11,348          | 12,527                | 11,348          |
| McGuire exchange entitlement                | 10,345                 | 11,289          | 10,345                | 11,289          |
| Interconnection services:                   |                        |                 |                       |                 |
| Purchased power                             | 6,930                  | 7,655           | 6,930                 | 7,655           |
| Transmission and distribution               | 4,298                  | 3,836           | 4,298                 | 3,836           |
| Other                                       | 829                    | 446             | 829                   | 446             |
| <b>Total Interconnection Services</b>       | <b>12,057</b>          | <b>11,937</b>   | <b>12,057</b>         | <b>11,937</b>   |
| Administrative and general - Duke           | 9,010                  | 8,919           | 9,010                 | 8,919           |
| Administrative and general - Agency         | 3,362                  | 3,051           | 3,362                 | 3,051           |
| Gross receipts and excise taxes             | 550                    | 545             | 550                   | 545             |
| Property tax                                | 5,198                  | 5,332           | 5,198                 | 5,332           |
| Debt service                                | 33,492                 | 46,594          | 33,492                | 46,594          |
| Special funds deposits:                     |                        |                 |                       |                 |
| Revenue Fund                                | -                      | 20,000          | -                     | 20,000          |
| Decommissioning fund                        | 2,900                  | 2,675           | 2,900                 | 2,675           |
| Reserve and contingency fund                | 3,357                  | 4,656           | 3,357                 | 4,656           |
| <b>Total Special Funds Deposits</b>         | <b>6,257</b>           | <b>27,331</b>   | <b>6,257</b>          | <b>27,331</b>   |
| <b>Total Expenses</b>                       | <b>121,892</b>         | <b>159,022</b>  | <b>121,892</b>        | <b>159,022</b>  |
| Net position (decrease)                     | 221                    | (11,188)        | 221                   | (11,188)        |
| Net position, beginning of quarter          | 117,145                | 78,524          | 117,145               | 78,524          |
| <b>Net position, end of quarter</b>         | <b>\$117,366</b>       | <b>\$67,336</b> | <b>\$117,366</b>      | <b>\$67,336</b> |

## NCMPA1 Plant Status

NOTE: The plant status values are year-to-date through March 2016.

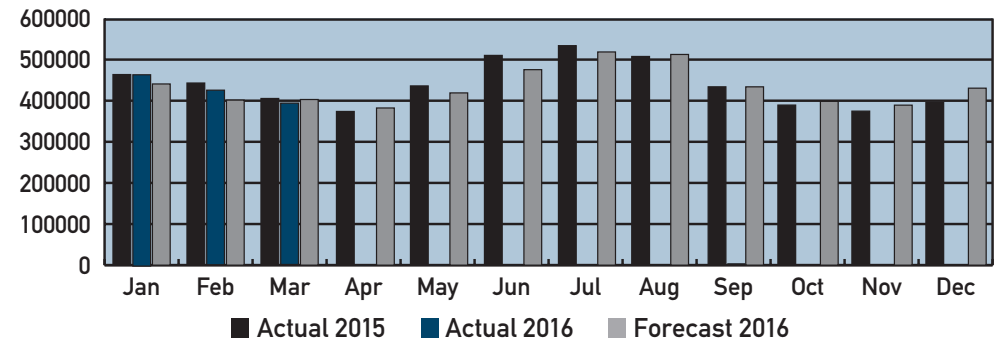


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

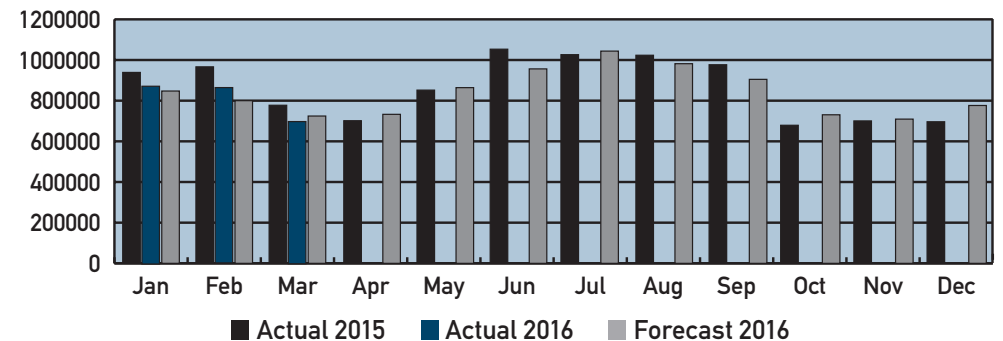
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire Unit 1 began a refueling outage on March 19, and returned to service on April 17, 2016.

## 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 2016 is from the NCMPA1 Winter 2015 Load Forecast.