

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
Todd Clark, Newton, Vice Chairman
J. Richard Howell Jr., Shelby, Secretary-Treasurer

NCMPA1 Participant Cities

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



Q1
2017

Quarterly Update

The newly elected and re-elected members of the Electricities Board of Directors were sworn into office on January 29. David Trego of Fayetteville is new to the board, and Gastonia's Jim Gallagher, Greenville's Virginia Hardy, Granite Falls Mayor Barry Hayes, and Wake Forest Mayor Vivian Jones were re-elected to a second term. Board officers were also elected for the year: Mayor Newell Clark, Lexington (chair); Mayor Vivian Jones, Wake Forest (vice chair); and Jim Gallagher, Gastonia (secretary).

The NCMPA1 officers were elected in late 2016 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 developed and shared a video highlighting the impact of Hurricane Matthew on our member communities. Our communities were tested, but through the collaborative efforts of tireless individuals, power was safely restored as quickly as possible so the recovery process could begin. The video was a testament to the strength and resilience of our member communities, as well as the value of public power.

Also in March, Electricities' human resources team hosted member workshops on workforce development. The goal of the workshops, which were held in Concord and Raleigh, was to review the top workforce challenges that members have identified, to discuss the root causes of those challenges, and to obtain input into

strategies to address them. As part of the initiative, multiple projects are underway and more are to come, including a compensation and benefits survey and a three-year training program that will be rolled out later this year.

With the legislature convening earlier this year for its long session, Electricities had the opportunity to meet with new members of the General Assembly at a breakfast held in March. During the breakfast, freshman legislators were provided with a good overview of the history, benefits and value of Public Power in our state.

Electricities released the 2016 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 2016 net benefit was \$442.1 million, up from \$420 million in 2015. To view the complete value proposition, please visit www.electricities.com.

NC Public Power communities had solid economic development success again in 2016. NCMPA1 members added 1,524 new jobs in 2016 with investments totaling more than \$233 million. New load added to NCMPA1 was 46.39 MW. And NC Public Power received notable recognition by Business Facilities Magazine in their March/April issue, naming Electricities a top 20 utility for economic development.

First Quarter Performance

Sales to Participants decreased \$1,932,000 (2.0 %) compared to the first quarter of 2016 primarily due to lower billed energy sales resulting from the milder weather experienced in the first quarter of 2017. Billed energy decreased by 67,076 MWh (5.3%) and contributed \$2,057,000 to the decrease. There was no rate change in 2016 and 2017.

Sales to utilities increased \$2,601,000 (18.4 %) compared to the first quarter of 2016. Energy rates increased by \$3.72/MW (15.3%) and contributed \$2,160,000 to the increase. This increase is due to higher natural gas prices as compared to the same period for 2016. Sales volume increased by 15,708 MW (2.7%) and contributed \$441,000.

McGuire Exchange entitlement decreased \$2,230,000 (19.3%) compared to the first quarter of 2016 primarily due to the timing of the annual pricing and entitlement true-up charges totaling \$1,947,000. The 2016 true-up charges of \$1,646,000 were recorded in May 2016.

Financing Status

As of March 30, 2017, NCMPA1 had outstanding \$1,055,970,000 in bonds.

The weighted average interest cost of the NCMPA1 outstanding debt at the end of the quarter was 4.9%.

Operations and Maintenance costs decreased \$2,674,000 (9.2%) compared to the first quarter of 2016 primarily due to Duke's implementation of Nuclear Fleet initiatives to deliver Nuclear Promise in August 2016. The Nuclear Promise is the industry wide strategic plan to improve efficiency and strengthen safety and reliability.

Nuclear fuel costs increased \$2,410,000 (19.2%) compared to the first quarter of 2016 primarily due to higher nuclear fuel recovery rates from Duke.

McGuire Exchange entitlement decreased \$2,585,000 (25.0%) compared to the first quarter of 2016 primarily due to the timing of the annual pricing true-up credit of \$1,830,000. The 2016 true-up credit of \$1,693,000 was recorded in May 2016.

Special Funds deposits decreased \$1,450,000 (50.0%) compared to the first quarter of 2016 due to the discontinuation of the deposits into the Reserved for Future Costs Fund in March 2016 in order to provide for rate planning flexibility.

To date, NCMPA1 has had \$2,085,082,000 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, 2017</u>	<u>March 31, 2016</u>		<u>March 31, 2017</u>	<u>March 31, 2016</u>
Assets			Deferred Outflows of Resources		
Non-Current Assets			Costs of advance refundings of debt		
Capital Assets:				\$66,879	\$78,138
Electric Utility Plant, Net:			Unamortized Debt issuance costs	4,547	6,245
Electric plant in service	\$1,906,617	\$1,893,673	Total Deferred Outflows of Resources	<u>\$71,426</u>	<u>\$84,383</u>
Construction work in progress	44,121	34,953			
Nuclear fuel	250,988	201,062	Liabilities		
Accumulated depreciation and amortization	<u>(1,047,310)</u>	<u>(964,975)</u>	Non-Current Liabilities:		
Total Electric Utility Plant, Net	1,154,416	1,164,713	Long-Term Debt:		
Non-Utility Property and Equipment, Net:			Bonds payable		
Property and equipment	5,750	5,750		974,125	1,055,970
Less accumulated depreciation	<u>(4,674)</u>	<u>(4,606)</u>	Unamortized premium/(discount), net		
Total Non-Utility Property and Equipment, Net	1,076	1,144		<u>97,772</u>	<u>113,515</u>
Total Capital Assets	1,155,492	1,165,857	Total Long-Term Debt		
Restricted Assets:				1,071,897	1,169,485
Special Funds Invested:			Asset Retirement Obligation		
Construction fund	70,005	97,450		<u>380,857</u>	<u>360,013</u>
Bond fund	165,484	166,393	Total Non-Current Liabilities		
Reserve and contingency fund	13,194	14,478		1,452,754	1,529,498
Total Special Funds Invested	<u>248,683</u>	<u>278,321</u>	Current Liabilities:		
Trust for Decommissioning Costs	329,376	327,655	Operating Liabilities:		
Total Restricted Assets	<u>578,059</u>	<u>605,976</u>	Accounts payable		
Total Non-Current Assets	<u>1,733,551</u>	<u>1,771,833</u>		13,239	231
			Accrued taxes		
				<u>5,486</u>	<u>5,379</u>
			Total Operating Liabilities		
				18,725	5,610
			Special Funds Liabilities:		
			Current maturities of bonds		
				81,845	79,390
			Accrued interest on bonds		
				12,624	13,609
			Total Special Funds Liabilities		
				<u>94,469</u>	<u>92,999</u>
			Total Current Liabilities		
				113,194	98,609
			Total Liabilities		
				<u>1,565,948</u>	<u>1,628,107</u>
Current Assets			Deferred Inflows of Resources		
Funds Invested:			Collections to be expended		
Revenue fund	52,241	53,254		496,281	465,269
Operating fund	88,532	66,842	Total Deferred Inflows of Resources	<u>496,281</u>	<u>465,269</u>
Supplemental fund	<u>178,263</u>	<u>128,488</u>			
Total Funds Invested	319,036	248,584	Net Position		
Participant accounts receivable	31,353	30,472	Net Invested in capital assets		
Operating accounts receivable	9,916	15,972		653,275	599,706
Plant materials and renewable certificate inventory	<u>63,922</u>	<u>59,499</u>	Restricted for debt services		
Total Current Assets	<u>424,227</u>	<u>354,527</u>		34,402	61,809
Total Assets	<u>\$2,157,778</u>	<u>\$2,126,360</u>	Unrestricted		
				<u>(520,700)</u>	<u>(544,149)</u>
			Total Net Position		
				<u>\$166,977</u>	<u>\$117,366</u>

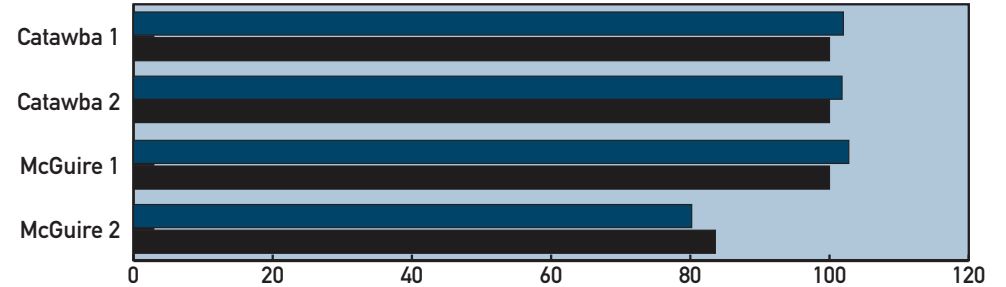
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended March 31		Year-to-Date March 31	
	2017	2016	2017	2016
Sales of electricity to Participants	\$92,927	\$94,859	\$92,927	\$94,859
Sales of electricity to utilities	16,720	14,119	16,720	14,119
McGuire exchange entitlement	9,319	11,549	9,319	11,549
Investment revenue available for operations	1,285	1,240	1,285	1,240
Other revenues	349	346	349	346
Total Revenues	120,600	122,113	120,600	122,113
Expenses				
Operation and maintenance	26,420	29,094	26,420	29,094
Nuclear fuel	14,937	12,527	14,937	12,527
McGuire exchange entitlement	7,760	10,345	7,760	10,345
Interconnection services:				
Purchased power	6,821	6,930	6,821	6,930
Transmission and distribution	4,689	4,298	4,689	4,298
Other	301	829	301	829
Total Interconnection Services	11,811	12,057	11,811	12,057
Administrative and general - Duke	8,503	9,010	8,503	9,010
Administrative and general - Agency	3,229	3,362	3,229	3,362
Excise taxes	536	550	536	550
Property tax	5,301	5,198	5,301	5,198
Debt service	33,160	33,492	33,160	33,492
Special funds deposits:				
Decommissioning fund	1,450	1,450	1,450	1,450
Reserve for future costs fund	-	1,450	-	1,450
Reserve and contingency fund	3,309	3,357	3,309	3,357
Total Special Funds Deposits	4,759	6,257	4,759	6,257
Total Expenses	116,416	121,892	116,416	121,892
Net position (decrease)	4,184	221	4,184	221
Net position, beginning of quarter	162,795	117,145	162,795	117,145
Net position, end of quarter	\$166,979	\$117,366	\$166,979	\$117,366

NCMPA1 Plant Status

NOTE: The plant status values are year-to-date through March 2017.

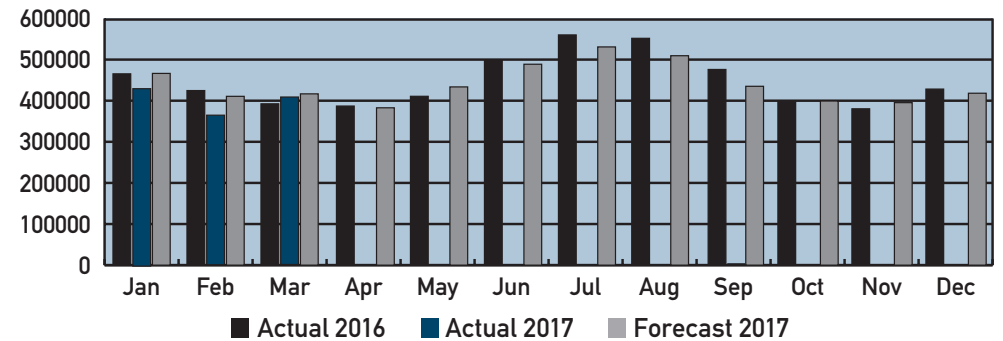


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

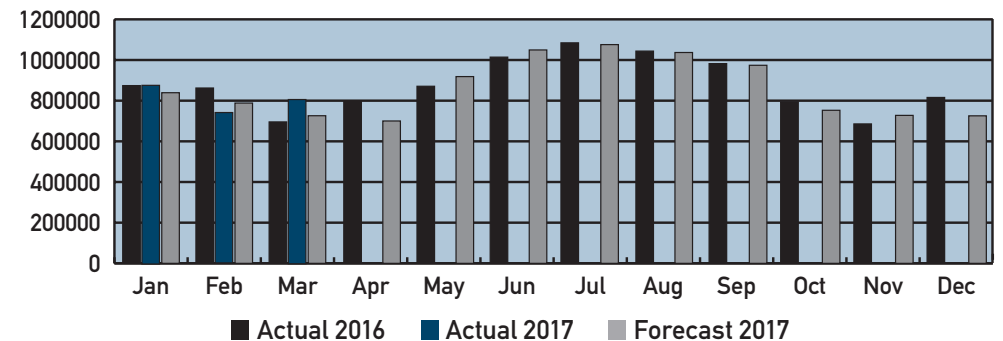
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire Unit 2 began a forced outage on February 24, 2017 and returned to service on March 8, 2017.
McGuire Unit 2 began a refueling outage on March 30, 2017 and is scheduled to return to service on April 22, 2017.

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 2017 is from the NCMPA1 Winter 2016 Load Forecast.