

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



## Quarterly Update

### Wholesale Rates

NCMPA1 recently issued \$480 million in bonds. The issuance includes capital additions financing with a partial restructuring of existing debt and economic refunding. The bonds were rated "A" by Fitch and Standard & Poor's rating agencies.

Without this transaction, NCMPA1 would have had a 5 percent wholesale rate increase in 2015 and 2016. With the transaction, NCMPA1 had a 6 percent wholesale rate decrease on July 1, 2015, and wholesale rates are expected to remain stable for the next several years. The impact of this wholesale reduction on retail customers will be determined by the individual cities and towns of NCMPA1.

### RP3 Recognition

Several NCMPA1 members were awarded Reliable Public Power Provider (RP3®) recognition from the American Public Power Association this spring. Albemarle earned Diamond Level and Gastonia, High Point, Shelby and Granite Falls earned Platinum Level. Morganton received Gold Level recognition.

Granite Falls and Shelby both moved up a recognition level since their prior application. Criteria within each category are based on sound business practices and represent a utility-wide commitment to safe and reliable delivery of electricity.

### Value of Public Power

A new statewide advertising campaign was introduced in the spring. The campaign

focuses on the power of NC Public Power communities working together – and that together we are 1.2 million strong. The new campaign was debuted on statewide media and is available for local use by NCMPA1 members. It includes a new website, [www.overonemillionstrong.com](http://www.overonemillionstrong.com).

### Safety and Training

NCMPA1 members took home several awards from the NCAMES Annual Conference and Lineman's Rodeo, which was held in April. The three-day event promoted training and safety. In addition, several NCMPA1 members competed in the 15th Annual APPA Public Power Lineworkers Rodeo in Sacramento, California, bringing home two first-place finishes, two second-place finishes in the Journeyman category and three Apprentice awards. Lineworker rodeos provide an opportunity to engage in a lively and competitive venue to showcase their skills, as well as develop valuable job skills to work safely and efficiently.

### Economic Development News

Several NCMPA1 communities had large economic development announcements in the second quarter, including Shelby with a \$3.9 million investment and 86 new jobs from Metal Works Manufacturing Company and Maiden with a \$12.25 million investment and 35 new jobs from Carolina Nonwovens. O'Neil Digital Solutions announced it will create 250 new jobs and invest \$90.7 million in a new facility in Monroe.

## Second Quarter Performance

Sales to Participants increased \$5,058,000 (4.7%) compared to the second quarter of 2014. Billing demand and energy sales increased 97 MW (4.6%) and 740,387 MWh (3.2%), respectively, due to hotter weather experienced in the second 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 increased \$5,539,000 (53.8%) compared to the second quarter of 2014. Sales volume increased by 285,928 MW (105.2%) and contributed \$8,120,000 to the increase. This increase is due to higher output available resulting from no refueling outages in the second quarter of 2015. In the second quarter of 2014, less output was available for sale due to the refueling outages at McGuire Unit 2 in April 2014 and Catawba Unit 1 in May and June 2014. Energy rates decreased by \$9.49/MW (25.0%) and offset the favorable volume variance by \$2,581,000.

McGuire exchange entitlement increased \$1,317,000 (15.3%) compared to the second quarter of 2014 primarily due to lower generation resulting from the refueling outage at Catawba Unit 1 in May and June 2014. There were no refueling outages at the Catawba Plant in the second quarter of 2015.

Nuclear fuel costs increased \$3,909,000 (42.8%) compared to the second quarter of 2014 due to the timing of the Catawba Plant refueling outages. There was no refueling

outage in the second quarter of 2015, while in the second quarter of 2014 Catawba Unit 1 had a refueling outage. This resulted in higher fuel costs during the second quarter of 2015. Additional fuel amortization of \$1,146,000 in the second quarter of 2015 further contributed to the increased fuel costs. No additional amortization was recognized in the second quarter 2014.

Purchased Power costs decreased \$3,011,000 (29.5%) compared to the second quarter of 2014 primarily due to higher generation experienced in the second quarter of 2015. The increased Participant energy requirements and the refueling outages at Catawba Unit 1 in May and June 2014 and the McGuire Unit 2 in April 2014 resulted in increased purchased energy requirements. There was no refueling outage in the second quarter of 2015.

Gross receipts and excise taxes decreased \$3,435,000 (86.7%) compared to the second quarter of 2014 due to legislative changes that eliminated the Gross Receipt Tax effective July 1, 2014.

Debt service decreased \$2,846,000 (5.8%) compared to the second quarter of 2014 in accordance with the debt payment schedules.

Special Funds deposit - Revenue Fund decreased \$1,300,000 (100.0%) relative to the second quarter of 2014 due to a deposit of \$1,300,000 to provide for Project working capital requirements in 2014. No such deposit was made in the second quarter of 2015.

## Financing Status

As of June 30, 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>June 30, 2015</u>	<u>June 30, 2014</u>		<u>June 30, 2015</u>	<u>June 30, 2014</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	\$1,870,743	\$1,867,129	\$54,624		\$69,996
Construction work in progress	64,078	34,029	4,418		5,284
Nuclear fuel	229,535	227,405	<u>\$59,042</u>		<u>\$75,280</u>
Accumulated depreciation and amortization	(992,962)	(973,578)			
Total Electric Utility Plant, Net	<u>1,171,394</u>	<u>1,154,985</u>			
Non-Utility Property and Equipment, Net:			<b>Liabilities</b>		
Property and equipment	5,750	5,663	Non-Current Liabilities:		
Less accumulated depreciation	(4,550)	(4,473)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,200</u>	<u>1,190</u>	Bonds payable		
Total Capital Assets	<u>1,172,594</u>	<u>1,156,175</u>	Unamortized premium/(discount), net		
Special Funds Invested:			Total Long-Term Debt		
Construction fund	26,868	82,206	Asset Retirement Obligation		
Bond fund	283,686	282,110	Total Non-Current Liabilities		
Reserve and contingency fund	<u>28,276</u>	<u>29,087</u>	Current Liabilities:		
Total Special Funds Invested	338,830	393,403	Operating Liabilities:		
Trust for Decommissioning Costs	<u>312,274</u>	<u>300,412</u>	Accounts payable		
Total Restricted Assets	<u>651,104</u>	<u>693,815</u>	Accrued taxes		
Total Non-Current Assets	<u><u>1,823,698</u></u>	<u><u>1,849,990</u></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>\$1,645,723</u>		<u>\$1,779,699</u>
<b>Current Assets</b>			<b>Deferred Inflows of Resources</b>		
Funds Invested:			Collections to be expended		
Revenue fund	50,890	3,076	Total Deferred Inflows of Resources		
Operating fund	57,200	41,391	\$444,264		\$350,425
Supplemental fund	<u>49,892</u>	<u>87,910</u>	<u>\$444,264</u>		<u>\$350,425</u>
Total Funds Invested	157,982	132,377			
Participant accounts receivable	46,513	43,420			
Operating accounts receivable	8,163	1,292			
Plant materials and renewable certificate inventory	54,175	51,110			
Total Current Assets	<u>266,833</u>	<u>228,199</u>			
Total Assets	<u><u>\$2,090,531</u></u>	<u><u>\$2,078,189</u></u>			
			<b>Net Position</b>		
			Net Invested in capital assets		
			Restricted for debt services		
			Unrestricted		
			Total Net Position		
			\$586,850		\$477,318
			122,813		174,529
			(620,077)		(628,502)
			<u>\$59,586</u>		<u>\$23,345</u>

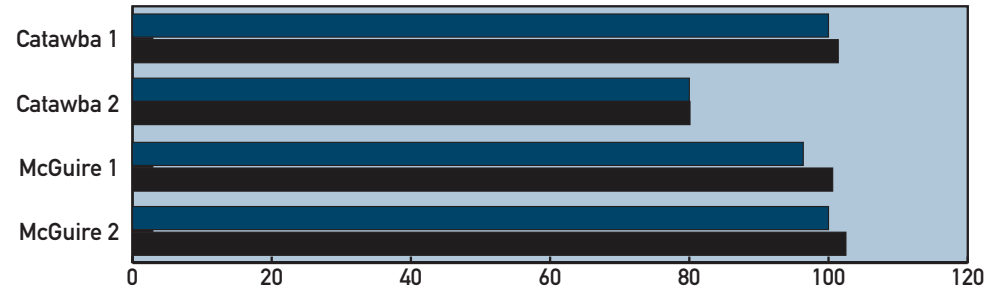
## NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended June 30		Year-to-Date June 30	
	2015	2014	2015	2014
Sales of electricity to Participants	\$112,635	\$107,577	\$215,277	\$207,392
Sales of electricity to utilities	15,843	10,304	29,521	26,826
McGuire exchange entitlement	9,921	8,604	19,660	20,093
Investment revenue available for operations	1,373	1,479	2,774	3,314
Other revenues	365	598	20,739	967
<b>Total Revenues</b>	<b>140,137</b>	<b>128,562</b>	<b>287,971</b>	<b>258,592</b>
<b>Expenses</b>				
Operation and maintenance	40,704	41,426	73,380	68,830
Nuclear fuel	13,052	9,143	24,400	21,456
McGuire exchange entitlement	10,145	9,983	21,434	20,398
Interconnection services:				
Purchased power	7,211	10,222	14,866	17,102
Transmission and distribution	4,287	3,384	8,123	7,146
Other	434	377	880	718
<b>Total Interconnection Services</b>	<b>11,932</b>	<b>13,983</b>	<b>23,869</b>	<b>24,966</b>
Administrative and general - Duke	9,090	9,239	18,009	17,551
Administrative and general - Agency	3,137	2,459	6,188	5,326
Gross receipts and excise taxes	527	3,962	1,072	8,228
Property tax	5,412	5,419	10,744	10,838
Debt service	46,557	49,403	93,151	94,910
Special funds deposits:				
Revenue Fund	-	1,300	20,000	1,300
Decommissioning fund	2,675	1,844	5,350	3,688
Reserve and contingency fund	4,656	4,516	9,312	9,032
<b>Total Special Funds Deposits</b>	<b>7,331</b>	<b>7,660</b>	<b>34,662</b>	<b>14,020</b>
<b>Total Expenses</b>	<b>147,887</b>	<b>152,677</b>	<b>306,909</b>	<b>286,523</b>
Excess of revenues over expenses	(7,750)	(24,115)	(18,938)	(27,931)
Fund Equity, beginning of quarter	67,336	47,460	78,524	51,276
Fund Equity, end of quarter	<u>\$59,586</u>	<u>\$23,345</u>	<u>\$59,586</u>	<u>\$23,345</u>

## NCMPA1 Plant Status

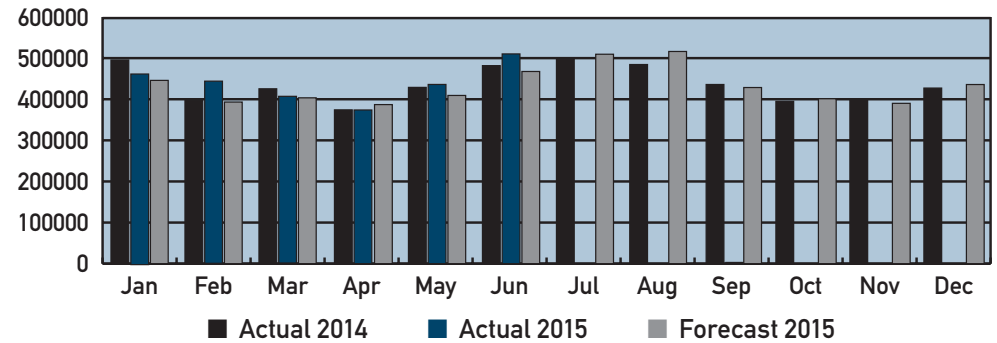
NOTE: The plant status values are year-to-date through June 2015.



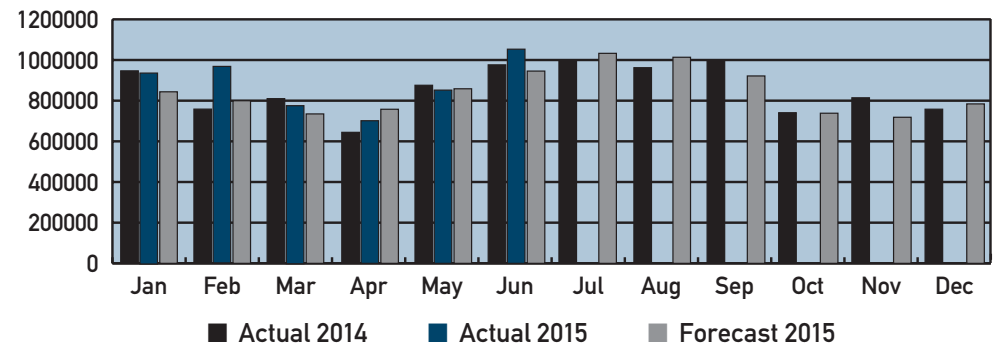
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.  
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

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.