

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

Jack F. Neel, Albemarle, Chairman
Richard L. Thomas, Lexington, Vice-Chairman
Barry C. Hayes, Granite Falls, 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



Quarterly Update

Hurricane Irene hit eastern North Carolina hard on Aug. 26. Power was knocked out to more than 150,000 customers in 18 communities in eastern North Carolina. The Electricities Emergency Assistance Program played an integral part in restoration efforts. The program was activated days before the storm, and arrangements were made for crews from public power communities across the Southeast U.S. to assist with recovery efforts. Crews from 19 public power communities in North Carolina that were not affected by the storm, joined by 14 out-of-state communities, provided valuable support to their neighbors.

The Electricities Annual Conference was held Aug. 25-27 at the Grove Park Inn in Asheville. Members from across the state came together to learn about issues affecting public power communities. Speakers included Bill Johnson, Progress Energy CEO; Dr. Michael Walden, William Neal Reynolds Distinguished Professor and Extension Economist, North Carolina State University; and Dennis Pidherny, Senior Director of Public Finance, Fitch Ratings. Several awards were presented to participants

during the conference awards banquet. These awards recognize the achievements of public power employees in key areas. Twenty towns and cities were recognized for receiving Public Power Awards of Excellence in five key categories: Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement and Service Excellence. Two individuals were honored with the Hometown Hero award for saving lives: Karen Hopper of Shelby and Aaron Ollis of High Point. Mayor Barry C. Hayes of Granite Falls received the Public Power Lifetime Achievement Award.

NC Public Power communities made up an overwhelming amount of Reliable Public Power Provider (RP3) award recipients during the American Public Power Association Annual Engineering and Operations Technical Conference. RP3 recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, training and system improvement. Criteria within each category are based on sound business practices and represent a utility-wide commitment to safe and reliable delivery of power.

Third Quarter Performance

Participant sales increased \$5,395,000 (4.78%) relative to the third quarter of 2010. Billing demand decreased 63 MW (2.4%) and energy sales decreased 36,110 MWh (2.4%). The decrease in billing demand and energy is due to milder weather conditions experienced in the third quarter 2011 relative to the third quarter of 2010. The overall increase in revenues is primarily attributable to a 5.0% rate increase implemented in July 2011.

McGuire exchange entitlement increased \$2,067,000 (24.4%) relative to the first quarter of 2010. There was no outage activity in the third quarter of 2011 as compared to a planned refueling outage for 13 days at Catawba Unit 2 in the same period of 2010.

Other revenues increased \$36,870,000 (167,591%) relative to the third quarter of 2010. The increase is primarily attributable to the return of Duke working capital fund deposits of \$36,871,000. This one time adjustment is based on an agreement reached between the Agency and Duke.

Transmission and distribution costs increased \$993,000 (33.4%) relative to the third quarter of 2010. The increase is primarily due to a June 1, 2011 increase in the transmission rate, in accordance with the transmission agreement between the Agency and Duke.

Administrative and general – Duke increased \$2,112,000 (20.8%) relative to the third quarter of 2010. The increase is primarily attributable to the recognition of increased pension costs in the third quarter of 2011 as compared to the same period in 2010.

Debt service increased \$12,878,000 (44.5%) relative to the third quarter of 2010 primarily due to higher principal requirements under the current debt amortization schedule.

Reserve and contingency fund deposits increased \$1,802,000 (64.6%) relative to the third quarter of 2010. The increase is attributable to higher than anticipated capital spending at the Catawba station as compared to the same time period in 2010.

Financing Status

As of September 30, 2011, NCMPA 1 had outstanding \$1,541,085,000 in bonds.

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

the quarter was 5.072%.

To date, NCMPA1 has had \$1,315,737,000 in debt redeemed prior to or at maturity.

NCMPA1 Balance Sheets

Per accounting principles generally accepted in the United States of America (GAAP)
(Unaudited) (\$000's)

Assets	September 30, 2011	September 30, 2010
Non-Current Assets		
Capital Assets:		
Electric Utility Plant, Net:		
Electric plant in service	\$1,761,617	\$1,714,410
Construction work in progress	70,818	74,754
Nuclear fuel	206,804	165,827
Accumulated depreciation and amortization	(942,114)	(881,848)
Total Electric Utility Plant, Net	<u>1,097,125</u>	<u>1,073,143</u>
Non-Utility Property and Equipment, Net:		
Property and equipment	5,663	5,579
Less accumulated depreciation	(4,173)	(4,033)
Total Non-Utility Property and Equipment, Net	<u>1,490</u>	<u>1,546</u>
Total Capital Assets	<u>1,098,615</u>	<u>1,074,689</u>
Special Funds Invested:		
Construction fund	31,299	64,612
Bond fund	290,959	284,747
Reserve and contingency fund	22,293	27,370
Total Special Funds Invested	<u>344,551</u>	<u>376,729</u>
Trust for Decommissioning Costs	285,058	263,588
Total Restricted Assets	<u>629,609</u>	<u>640,317</u>
Other Assets:		
Unamortized debt issuance costs	12,841	14,858
Costs of advance refundings of debt	128,753	152,497
Other Deferred Costs	-	16,271
Total Other Assets	<u>141,594</u>	<u>183,626</u>
Total Non-Current Assets	<u>1,869,818</u>	<u>1,898,632</u>
Current Assets		
Funds Invested:		
Revenue fund	12,735	16,798
Operating fund	43,311	49,162
Supplemental fund	126,191	95,694
Total Funds Invested	<u>182,237</u>	<u>161,654</u>
Participant accounts receivable	36,109	35,450
Operating accounts receivable	14,565	3,497
Prepaid expenses	4,691	3,551
Plant materials and operating supplies	37,825	36,118
Working fund	-	36,871
Total Current Assets	<u>275,427</u>	<u>277,141</u>
Total Assets	<u>\$2,145,245</u>	<u>\$2,175,773</u>

Liabilities and Fund Equity	September 30, 2011	September 30, 2010
Liabilities		
Non-Current Liabilities:		
Long-Term Debt:		
Bonds payable	\$1,453,730	\$1,541,085
Unamortized premium/(discount), net	49,620	57,037
Total Long-Term Debt	<u>1,503,350</u>	<u>1,598,122</u>
Asset Retirement Obligation	296,440	280,216
Deferred Revenues	124,755	124,732
Total Non-Current Liabilities	<u>1,924,545</u>	<u>2,003,070</u>
Current Liabilities:		
Operating Liabilities:		
Accounts payable	3,507	1,488
Accrued taxes	17,848	17,033
Total Operating Liabilities	<u>21,355</u>	<u>18,521</u>
Special Funds Liabilities:		
Current maturities of bonds	87,355	65,370
Accrued interest on bonds	19,689	21,015
Total Special Funds Liabilities	<u>107,044</u>	<u>86,385</u>
Total Current Liabilities	<u>128,399</u>	<u>104,906</u>
Total Liabilities	<u>2,052,944</u>	<u>2,107,976</u>
Fund Equity		
Invested in capital assets, net of related debt (deficit)	288,742	215,070
Restricted for debt services	128,387	159,153
Unrestricted	(324,828)	(306,426)
Total Fund Equity	<u>92,301</u>	<u>67,797</u>
Total Liabilities and Fund Equity	<u>\$2,145,245</u>	<u>\$2,175,773</u>

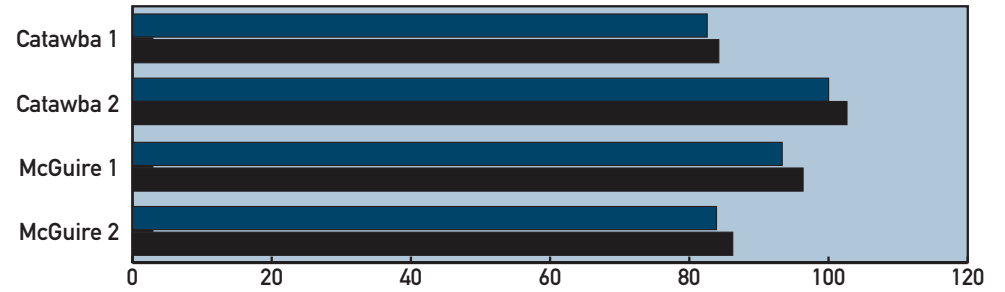
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended September 30		Year-to-Date September 30	
	2011	2010	2011	2010
Sales of electricity to participants	\$118,258	\$112,863	\$293,303	\$277,646
Sales of electricity to utilities	11,800	12,057	41,290	47,179
McGuire exchange entitlement	10,554	8,487	28,852	26,249
Supplemental reserve fund withdrawal	-	-	-	3,041
Investment revenue available for operation	1,770	1,733	4,826	6,901
Other revenues	<u>36,892</u>	<u>22</u>	<u>36,935</u>	<u>93</u>
Total Revenues	179,274	135,162	405,206	361,109
Expenses				
Operation and maintenance	23,926	23,440	80,821	66,822
Nuclear fuel	14,098	13,505	39,124	38,670
McGuire exchange entitlement	9,138	8,623	26,098	23,384
Interconnection services:				
Purchased power	8,354	8,789	25,578	20,571
Transmission and distribution	3,967	2,974	10,608	9,287
Other	<u>153</u>	<u>406</u>	<u>620</u>	<u>715</u>
Total Interconnection Services	12,474	12,169	36,806	30,573
Administrative and general - Duke	12,291	10,179	30,123	30,035
Administrative and general - Agency	3,264	3,547	9,733	10,184
Gross receipts and excise taxes	4,434	4,215	11,444	11,067
Property tax	4,611	4,691	13,833	13,218
Debt service	41,789	28,911	125,016	113,329
Special funds deposits:				
Decommissioning fund	436	436	1,312	1,312
Reserve and contingency fund	<u>4,591</u>	<u>2,789</u>	<u>13,772</u>	<u>11,796</u>
Total Special Funds Deposits	5,027	3,225	15,084	13,108
Total Expenses	131,052	112,505	388,082	350,390
Excess of revenues over expenses	48,222	22,657	17,124	10,719
Fund Equity, beginning of quarter	<u>44,079</u>	<u>45,140</u>	<u>75,177</u>	<u>57,078</u>
Fund Equity, end of quarter	<u>\$92,301</u>	<u>\$67,797</u>	<u>\$92,301</u>	<u>\$67,797</u>

NCMPA1 Plant Status

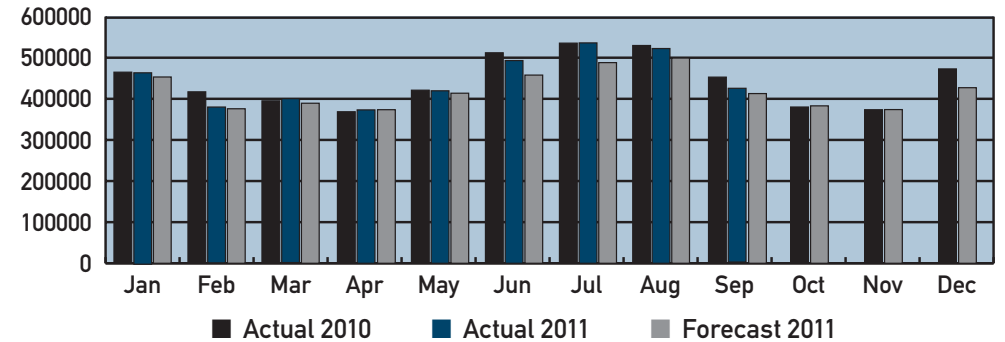
NOTE: The plant status values are year-to-date through September 2011.



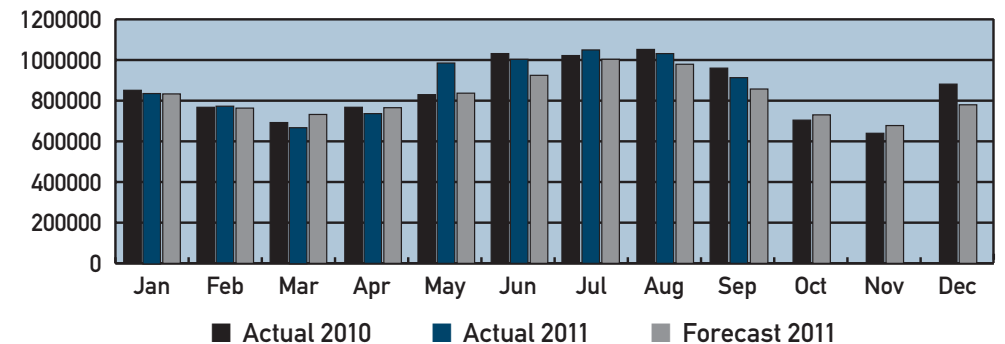
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

Third-quarter highlights: McGuire 1 began a refueling outage on September 17 and returned to service on October 15, 2011.

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 2011 is from the NCMPA1 Winter 2011 Load Forecast.