

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



Quarterly Update

The North Carolina General Assembly adjourned its 2013-2014 legislative session on Aug. 20. The main focus of the session was setting the state's budget, yet legislators also acted on legislation pertaining to coal ash, the restructuring of the state's economic development efforts, and the Energy Modernization Act dealing with hydraulic fracturing. The 2015-2016 session will begin on January 14, 2015.

The Electricities Annual Conference was held Aug. 7-9 in Pinehurst. "People Power" was a common theme at the conference, as CEO Graham Edwards highlighted the common goals of NC Public Power's 1.2 million customers. More than 400 attendees representing 46 members from North Carolina, South Carolina and Virginia met in Pinehurst for three days of information sessions and idea sharing. Sessions covered the spectrum from rate making to emerging technology for utilities to economic development.

NCMPA1 Participants prepared for the annual national celebration of public power, held the first week in October. This year, communities rallied around the theme of "Always Steady and Ever Ready," highlighting NC Public Power's excellent reliability, storm response and highly-trained line

crews. Communities held customer appreciation events, key accounts meetings and other celebrations to mark the occasion.

Twenty-three communities received 2014 Public Power Awards of Excellence. These awards recognize the achievements of public power communities in key areas: Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement and Service Excellence.

In August, Dub Dickson of Gastonia was presented with the Public Power Lifetime Achievement Award. The award is given to those who have shown a lifetime of service to local systems and NC Public Power with leadership, innovation, creativity and longevity of service to public power. Over his long career, Dickson distinguished himself as both a public servant and a hard working leader. Dickson was a veterinarian for nearly 35 years, served in the North Carolina General Assembly and also served his country in the South Pacific during World War II.

Key economic development news for the quarter included an announcement from Dalton Dynamics in Gastonia that it would add 25 jobs and invest \$2 million. Interest in NCMPA1 Participants remains high with several projects pending.

Third Quarter Performance

Sales to Participants increased \$5,650,000 (4.5%) relative to the third quarter of 2013. Billing demand and energy sales increased 105 MW (4.3%) and 38,180 MWh (2.8%), respectively, due to warmer weather experienced in the third quarter of 2014 relative to the same period in 2013 and contributed \$4,570,000 to the overall increase. A 1.8% rate increase effective July 1, 2014 contributed \$770,000 to the overall increase.

McGuire exchange entitlement increased \$1,969,000 (20.6%) relative to the third quarter of 2013 primarily due to the refueling outage at Catawba Unit 2 in September 2013.

Investment revenue available for operations increased \$1,893,000 (117.1%) relative to the third quarter of 2013 primarily due to an arbitrage refund of \$1,933,000 received from the US Department of Treasury in September 2014. No such refund was received in 2013.

Operations and maintenance costs increased \$5,413,000 (19.9%) relative to the third quarter of 2013. The increase is primarily attributable to the unfavorable true up recognized in July 2014 relating to the extended refueling outage at Catawba Unit 1 in June 2014.

Nuclear fuel costs decreased \$4,539,000 (29.8%) relative to the third quarter of 2013. There was no additional fuel amortization recorded in the third quarter 2014 as compared to the same period in 2013.

Administrative and general costs from Duke increased \$1,037,000 (13.7%) relative to the third quarter of 2013. The variance is primarily due to a \$1,500,000 prior period adjustment (credit) recognized in the third quarter of 2013.

Gross receipts and excise taxes decreased \$4,162,000 (88.7%) relative to the third quarter of 2013 due to legislative changes to eliminate the Gross Receipt Tax effective July 1, 2014.

Financing Status

As of September 30, 2014, NCMPA 1 had outstanding \$1,314,455,000 in bonds.

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

end of the quarter was 3.435%.

To date, NCMPA1 has had \$1,688,231,000 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>September 30, 2014</u>	<u>September 30, 2013</u>		<u>September 30, 2014</u>	<u>September 30, 2013</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	\$1,867,129	\$1,828,334	\$65,885		\$82,711
Construction work in progress	45,358	53,910	5,044		6,062
Nuclear fuel	223,888	236,334	<u>\$70,929</u>		<u>\$88,773</u>
Accumulated depreciation and amortization	(992,787)	(953,566)			
Total Electric Utility Plant, Net	<u>1,143,588</u>	<u>1,165,012</u>			
Non-Utility Property and Equipment, Net:			Liabilities		
Property and equipment	5,663	5,663	Non-Current Liabilities:		
Less accumulated depreciation	(4,493)	(4,408)	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	<u>1,170</u>	<u>1,255</u>	Bonds payable		
Total Capital Assets	<u>1,144,758</u>	<u>1,166,267</u>	Unamortized premium/(discount), net		
Special Funds Invested:			Total Long-Term Debt		
Construction fund	67,086	110,158	Asset Retirement Obligation		
Bond fund	294,577	288,489	Total Non-Current Liabilities		
Reserve and contingency fund	<u>33,504</u>	<u>34,880</u>	Current Liabilities:		
Total Special Funds Invested	395,167	433,527	Operating Liabilities:		
Trust for Decommissioning Costs	<u>302,003</u>	<u>291,538</u>	Accounts payable		
Total Restricted Assets	<u>697,170</u>	<u>725,065</u>	Accrued taxes		
Total Non-Current Assets	<u><u>1,841,928</u></u>	<u><u>1,891,332</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><u>\$1,757,111</u></u>		<u><u>\$1,913,604</u></u>
Current Assets			Deferred Inflows of Resources		
Funds Invested:			Collections to be expended		
Revenue fund	14,512	5,835	Total Deferred Inflows of Resources		
Operating fund	58,079	42,706	\$372,332		\$256,934
Supplemental fund	<u>82,787</u>	<u>102,423</u>	<u>\$372,332</u>		<u>\$256,934</u>
Total Funds Invested	155,378	150,964			
Participant accounts receivable	42,265	39,927			
Operating accounts receivable	12,604	12,066	Net Position		
Plant materials and renewable certificate inventory	<u>52,913</u>	<u>46,042</u>	Net Invested in capital assets		
Total Current Assets	<u>263,160</u>	<u>248,999</u>	Restricted for debt services		
Total Assets	<u><u>\$2,105,088</u></u>	<u><u>\$2,140,331</u></u>	Unrestricted		
			Total Net Position		
			\$475,896		\$404,316
			179,435		214,884
			(608,757)		(560,634)
			<u>\$46,574</u>		<u>\$58,566</u>

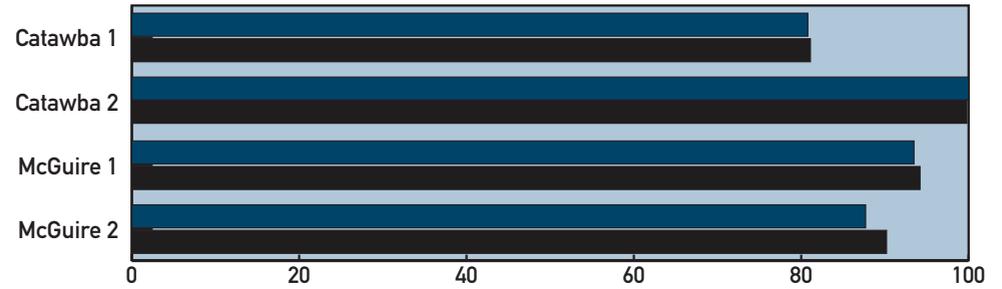
NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended September 30		Year-to-Date September 30	
	2014	2013	2014	2013
Sales of electricity to Participants	\$131,511	\$125,861	\$338,903	\$318,547
Sales of electricity to utilities	10,711	10,501	37,537	37,959
McGuire exchange entitlement	11,512	9,543	31,605	33,214
Investment revenue available for operations	3,509	1,616	6,823	4,894
Other revenues	383	24	1,350	74
Total Revenues	157,626	147,545	416,218	394,688
Expenses				
Operation and maintenance	32,580	27,167	101,410	78,177
Nuclear fuel	10,697	15,236	32,153	46,380
McGuire exchange entitlement	9,989	10,003	30,387	29,761
Interconnection services:				
Purchased power	6,870	6,481	23,972	17,697
Transmission and distribution	3,927	3,695	11,073	10,696
Other	314	277	1,032	829
Total Interconnection Services	11,111	10,453	36,077	29,222
Administrative and general - Duke	8,588	7,551	26,139	25,810
Administrative and general - Agency	3,529	3,031	8,855	9,715
Gross receipts and excise taxes	531	4,693	8,759	12,396
Property tax	5,419	5,450	16,257	16,349
Debt service	45,593	45,720	140,503	136,964
Special funds deposits:				
Revenue Fund	-	-	1,300	-
Decommissioning fund	1,844	1,844	5,532	5,532
Reserve and contingency fund	4,516	4,789	13,548	14,366
Total Special Funds Deposits	6,360	6,633	20,380	19,898
Total Expenses	134,397	135,937	420,920	404,672
Excess of revenues over expenses	23,229	11,608	(4,702)	(9,984)
Fund Equity, beginning of quarter	23,345	46,958	51,276	68,550
Fund Equity, end of quarter	\$46,574	\$58,566	\$46,574	\$58,566

NCMPA1 Plant Status

NOTE: The plant status values are year-to-date through September 2014.

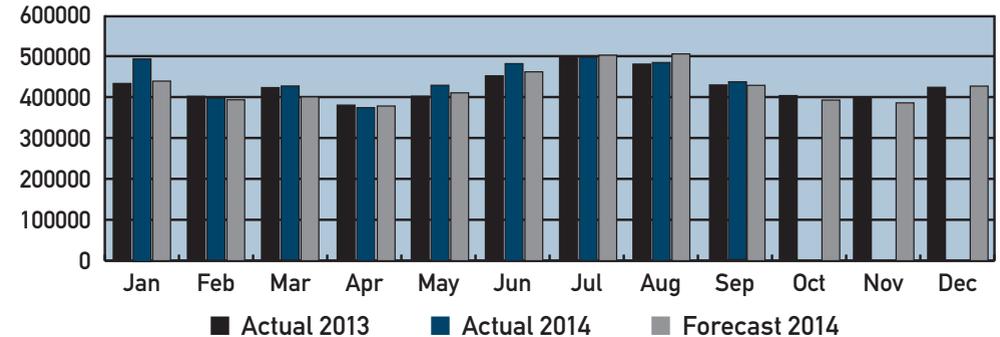


■ Capacity Factor - The ratio of actual output to maximum net dependable capability.

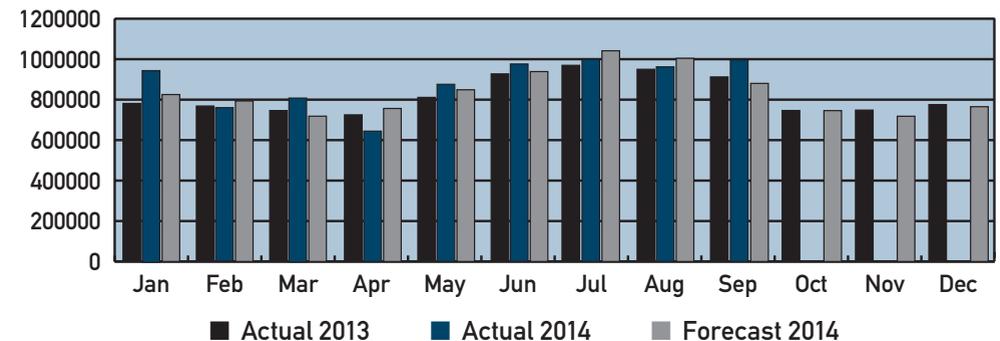
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire 1 began a refueling outage on September 13 and is projected to return to service on November 11. This outage included a scheduled main generator replacement. McGuire Unit 2 began a refueling outage on March 22 and returned to service on April 24. Catawba Unit 1 began a refueling outage on May 6 and returned to service on June 27.

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 2014 is from the NCMPA1 Winter 2013 Load Forecast.