

## 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

### Legislative Update

- Legislators unveiled the state budget compromise on Sept. 14, 2015. It represents a spending increase of approximately \$652 million.
- Gov. McCrory signed the budget into law on Sept. 18, 2015.
- Highlights of the tax package include: Reenactment of the Historic Preservation Tax Credit and allowing the Renewable Energy Tax Credit to sunset.
- The NC General Assembly adjourned on Sept. 30, 2015.
- Legislation enacted during the session included: SB 305 NCEMPA Asset Sale, HB 117 NC Competes Act, HB 140 Lineman Appreciation Day, SB 88 Pole Attachments and HB 97 State Appropriations Act.
- The NC General Assembly will reconvene the Legislative Short Session on April 25, 2016.
- ElectriCities Annual Conference
- The ElectriCities Annual Conference was held Aug. 6-8, 2015 in Myrtle Beach, S.C.
- A total of 450 people from 51 member communities attended the conference.
- A 50th anniversary panel was moderated by ElectriCities CEO Graham Edwards that included: Barry Hayes, Rick Murphrey, Vivian Jones, Grant Goings, Charles Penny and Janice Hovis.
- APPA CEO Sue Kelly presented a session on the challenges and opportunities facing APPA as well as public power utilities across the nation.
- Lexington's John T. Walser received the Lifetime Achievement award from Board of Directors Chair Ron Hovis on Aug. 8 at the conference banquet.
- Graham Edwards announced his retirement and officially retired on Sept. 30, 2015.

### ElectriCities Appoints New CEO

- The Board of Directors unanimously voted to appoint Roy L. Jones as the new Chief Executive Officer of ElectriCities of

North Carolina, Inc. effective on Nov. 1, 2015.

- Jones' career spans more than 35 years in the electric power industry, and he has worked for both public power and investor-owned utilities.

### 2015 Public Power Week

- This year's theme "People Power: Standing Together. Standing Strong." was developed especially for NCEMPA members. Many eastern communities held customer appreciation, employee appreciation, and key accounts celebrations as well as events to educate electric utility customers about the value of public power.

### 2015 Public Power Awards of Excellence Announced

- Granite Falls, High Point, Lexington, Maiden, Newton, Shelby and Statesville were honored for their outstanding efforts in one or more of the following Public Power Awards of Excellence categories: Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement, and Service Excellence.

### Safety and Training

- The 2016 NCAMES Linemen Rodeo and Annual Conference will be held May 17-19 in Asheville, N.C.

### Economic Development

- ElectriCities Economic Development Manager Brenda Daniels announced that Statesville located in the western region of North Carolina was designated a Smart Site. A Smart Site designation guarantees that the site has met stringent requirements and will be actively marketed to growing businesses as shovel-ready for new development.

## Third Quarter Performance

Sales to Participants decreased \$2,679,000 (2.1 %) compared to the third quarter of 2014 due to a 6.0% rate decrease effective July 1, 2015. The rate decrease contributed \$6,783,000 to the overall decrease. This was offset by increased billed demand and energy sales resulting from the hotter weather experienced in the third quarter of 2015 relative to the same period in 2014. Billed demand and energy increased by 61 MW (2.4%) and 57,488 MWh (4.1%) respectively and contributed an increase of \$4,104,000.

Sales to utilities decreased \$1,879,000 (17.5%) compared to the third quarter of 2014. Energy rates decreased by \$3.12/MW (11.0%) and contributed \$1,182,000 to the decrease. Sales volume decreased by 27,739 MW (7.3%) and contributed \$697,000 to the decrease. This decrease is due to lower output available for sale resulting from higher Participant energy requirements driven by hotter weather conditions.

Operation and maintenance costs decreased \$6,303,000 (19.3%) compared to

## Financing Status

As of September 30, 2015, NCMPA 1 had outstanding \$1,192,925,000 in bonds.

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

the third quarter of 2014 due to the extended refueling outage expenses recognized in July 2014 relating to the refueling outage at Catawba Unit 1 in June 2014. There was no refueling outage in the third quarter of 2015.

Nuclear fuel costs increased \$1,788,000 (16.7%) compared to the third quarter of 2014 primarily due to additional fuel amortization of \$1,205,000 recognized in the third quarter of 2015. No additional amortization was recognized in the third quarter 2014. An adjustment of \$694,000 to nuclear fuel disposal costs in August 2014 further increased the variance.

Purchased Power costs increased \$1,541,000 (22.4%) compared to the third quarter of 2014 primarily due to higher purchased energy requirements experienced in the third quarter of 2015. This increase resulted from higher Participant energy requirements driven by hotter weather conditions.

Debt service decreased \$25,374,000 (55.7%) compared to the third quarter of 2014 due to the 2015 debt restructuring.

end of the quarter was 4.9%.

To date, the NCMPA1 has had \$1,948,127,000 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, 2015</u>	<u>September 30, 2014</u>		<u>September 30, 2015</u>	<u>September 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	\$76,202		\$65,885
Construction work in progress	74,273	45,358	6,042		5,044
Nuclear fuel	236,982	223,888	<u>\$82,244</u>		<u>\$70,929</u>
Accumulated depreciation and amortization	<u>(1,012,704)</u>	<u>(992,787)</u>			
Total Electric Utility Plant, Net	1,169,294	1,143,588			
<b>Non-Utility Property and Equipment, Net:</b>			<b>Liabilities</b>		
Property and equipment	5,750	5,663	Non-Current Liabilities:		
Less accumulated depreciation	<u>(4,569)</u>	<u>(4,493)</u>	Long-Term Debt:		
Total Non-Utility Property and Equipment, Net	1,181	1,170	Bonds payable		
Total Capital Assets	1,170,475	1,144,758	Unamortized premium/(discount), net		
<b>Special Funds Invested:</b>			Total Long-Term Debt		
Construction fund	120,294	67,086	Asset Retirement Obligation		
Bond fund	185,272	294,577	Total Non-Current Liabilities		
Reserve and contingency fund	<u>27,396</u>	<u>33,504</u>	Current Liabilities:		
Total Special Funds Invested	332,962	395,167	Operating Liabilities:		
Trust for Decommissioning Costs	<u>318,639</u>	<u>302,003</u>	Accounts payable		
Total Restricted Assets	<u>651,601</u>	<u>697,170</u>	Accrued taxes		
Total Non-Current Assets	<u>1,822,076</u>	<u>1,841,928</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>\$1,676,551</u>		<u>\$1,757,111</u>
<b>Current Assets</b>			<b>Deferred Inflows of Resources</b>		
Funds Invested:			Collections to be expended		
Revenue fund	51,754	14,512	Total Deferred Inflows of Resources		
Operating fund	66,937	58,079	\$450,435		\$372,332
Supplemental fund	<u>100,995</u>	<u>82,787</u>	<u>\$450,435</u>		<u>\$372,332</u>
Total Funds Invested	219,686	155,378			
Participant accounts receivable	39,867	42,265			
Operating accounts receivable	13,190	12,604	<b>Net Position</b>		
Plant materials and renewable certificate inventory	<u>54,790</u>	<u>52,913</u>	Net Invested in capital assets		
Total Current Assets	327,533	263,160	Restricted for debt services		
Total Assets	<u>\$2,149,609</u>	<u>\$2,105,088</u>	Unrestricted		
			Total Net Position		
			\$570,546		\$475,896
			116,870		179,435
			<u>(582,549)</u>		<u>(608,757)</u>
			<u>\$104,867</u>		<u>\$46,574</u>

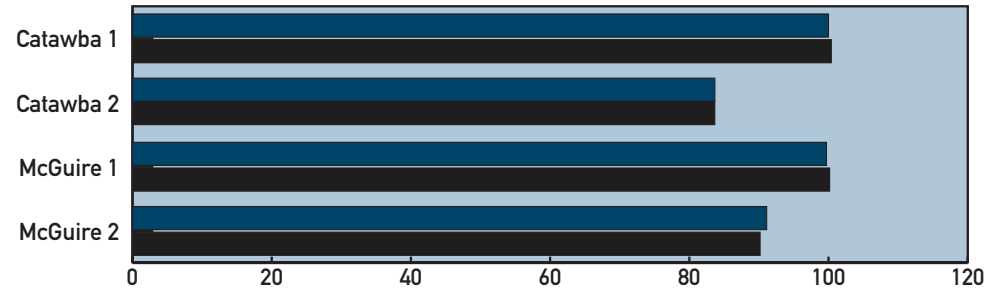
## NCMPA1 Statements of Revenues and Expenses

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

Revenues	Quarter Ended September 30		Year-to-Date September 30	
	2015	2014	2015	2014
Sales of electricity to Participants	\$128,742	\$131,511	\$344,019	\$338,903
Sales of electricity to utilities	8,832	10,711	38,353	37,537
McGuire exchange entitlement	12,148	11,512	31,808	31,605
Investment revenue available for operations	3,576	3,509	6,350	6,823
Other revenues	306	383	21,045	1,350
<b>Total Revenues</b>	<b>153,604</b>	<b>157,626</b>	<b>441,575</b>	<b>416,218</b>
<b>Expenses</b>				
Operation and maintenance	26,277	32,580	99,657	101,410
Nuclear fuel	12,467	10,679	36,867	32,153
McGuire exchange entitlement	10,214	9,989	31,648	30,387
Interconnection services:				
Purchased power	8,411	6,870	23,277	23,972
Transmission and distribution	3,440	3,927	11,563	11,073
Other	867	314	1,747	1,032
<b>Total Interconnection Services</b>	<b>12,718</b>	<b>11,111</b>	<b>36,587</b>	<b>36,077</b>
Administrative and general - Duke	9,409	8,588	27,418	26,139
Administrative and general - Agency	3,370	3,529	9,558	8,855
Gross receipts and excise taxes	549	531	1,621	8,759
Sums in lieu of taxes	5,412	5,419	16,156	16,257
Debt service	20,219	45,593	113,370	140,503
Special funds deposits:				
Revenue Fund	-	-	20,000	1,300
Decommissioning fund	2,675	1,844	8,025	5,532
Reserve and contingency fund	5,013	4,516	14,325	13,548
<b>Total Special Funds Deposits</b>	<b>7,688</b>	<b>6,360</b>	<b>42,350</b>	<b>20,380</b>
<b>Total Expenses</b>	<b>108,323</b>	<b>134,379</b>	<b>415,232</b>	<b>420,920</b>
Net Position increase (decrease)	45,281	23,229	26,343	(4,702)
Net Position, beginning of quarter	59,586	23,345	78,524	51,276
<b>Net Position, end of quarter</b>	<b>\$104,867</b>	<b>\$46,574</b>	<b>\$104,867</b>	<b>\$46,574</b>

## NCMPA1 Plant Status

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



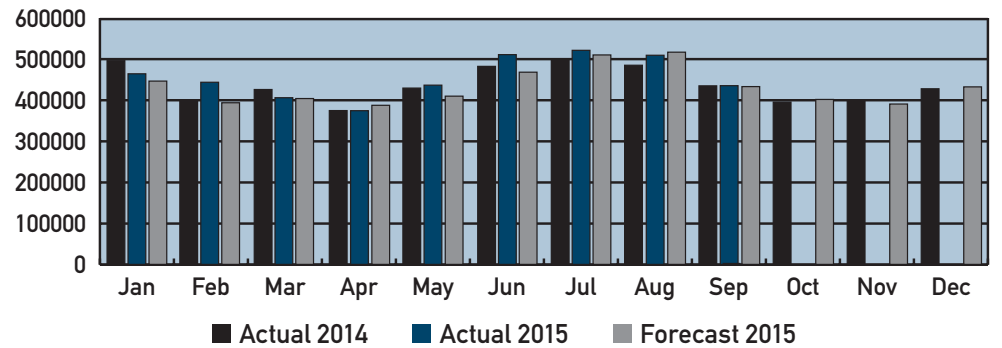
■ Capacity Factor - The ratio of actual output to maximum net dependable capability.  
■ Availability Factor - The ratio of actual time a unit was available to produce power (regardless of whether it did) to the total time in the period.

McGuire Unit 1 had a seven day maintenance outage in February to repair a leak associated with the pressurizer.

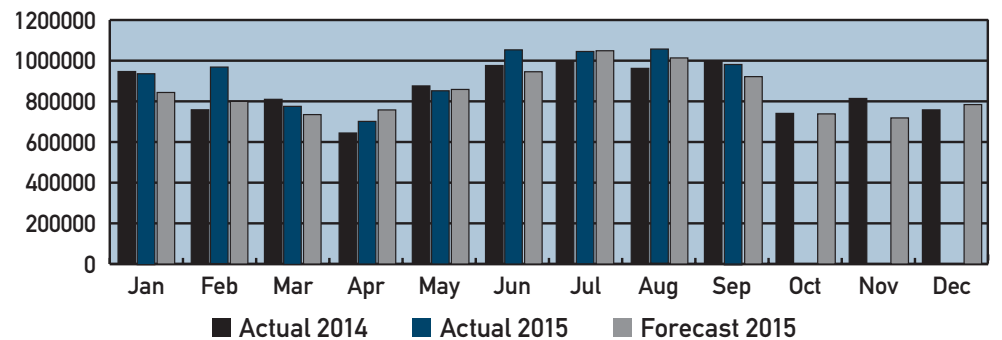
Catawba Unit 2 began a refueling outage on February 28 and returned to service on April 5.

McGuire Unit 2 began a refueling outage on September 12 and returned to service on October 10.

## 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.