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Public Power

What is the history of Public Power?

In the late 1800s and early 1900s, electricity was slowly making its way to North Carolina's cities and towns. Often, electricity was brought into the area by the city and used primarily to power streetlights to brighten the downtown after dark. Power was generated by coal-fired generators and was produced only during the evening and night hours.

Originally, the cities built small generators in their hometowns. In some cases, the municipalities set up their own systems when other power suppliers refused to serve these communities.

The city of Statesville created the first municipally owned electric utility when it began providing service in 1889. As demand for lighting grew, electricity was brought into citizens' homes. Soon after, new appliances such as the sewing machine, clothes washer, and refrigerator were invented to simplify daily chores. At the same time, industry was becoming modernized, and industrial demand for electricity grew accordingly. Cities began to see their electric load grow.

What started as a novelty was becoming a full-fledged utility service. During the early 1900s, North Carolina cities were growing quickly. Areas that were little more than a crossroads developed into towns with citizens who needed electric service. North Carolina's investor-owned utilities were sometimes unwilling to invest in infrastructure to run power lines to outlying areas. Therefore, North Carolina's cities and towns stepped in and began to invest in electric transmission to serve North Carolina citizens.

Today, there are over 70 public power communities across the state, serving 535,000 North Carolinians. To them, owning their own power system means local control; fast, neighborly service; and economic benefits for their residents.

North Carolina's public power communities continue to be strong vibrant areas in which to work and live. Public power customers benefit from utility policy established by officials who live and work in the community. Local control benefits customers by allowing electric revenue to stay in the community. By broadening a community's tax base, public power cities can grow and prosper.

Why be a Public Power community?

There are several benefits of being a public power community:

- **Customer Focused**

Revenues from electricity sales go toward operating the electric system, which provides better community services and improves the quality of life for residents. A municipally-owned utility does not have to pay a dividend to shareholders. In a public power and public natural gas community, “stockholders” are all those who benefit from municipal services – the citizens of the community.

Additionally, customers have a voice in the activities of their electric system. Since each municipality sets its own policies, customers can speak out on power issues at their city and town council meetings. Public power systems are accountable to the citizen ratepayers they serve.

- **Safe, Reliable Service**

Public power utilities are committed to environmental stewardship, energy efficiency, safety for employees and customers, and reliable service. When compared to large utilities, public power communities experience fewer outages and faster restoration times.

- **Local Control**

Utility policy and rates are established by officials who live and work in the community. This local control (and local operation) allows electric and gas revenue to stay in the community. By broadening a community’s tax base, cities are able to grow and prosper.

- **Local Employees**

Public power employees—office staff, customer service representatives and field crews—live in the community they serve. Therefore, they are able to respond quickly in the event of an outage or emergency and provide personal, reliable service to customers.

North Carolina Eastern Municipal Power Agency (NCEMPA)

What are Power Agencies?

North Carolina has two municipal Power Agencies: North Carolina Municipal Power Agency Number 1 (NCMPA1) and North Carolina Eastern Municipal Power Agency (NCEMPA).

NCMPA1 consists of 19 cities and towns in piedmont and western North Carolina. NCMPA1 owns a portion of the Catawba Nuclear Station, operated by Duke Energy. NCMPA1 provides wholesale power to its 19 Participants.

NCEMPA consists of 32 cities and towns in eastern North Carolina that own and operate their electric systems and serve nearly 270,000 retail customers. NCEMPA was formed in 1982 and provides wholesale power to its 32 Participants. Rocky Mount is a member of NCEMPA.

Why were the Power Agencies formed?

In the late 1970s and early 1980s, the electric utilities and state legislators became concerned that there would not be enough electricity to meet the state's future needs. The state's two investor-owned utilities (Duke and CP&L) had plans to build more plants, but high interest rates and rising fuel costs put the companies in a financial bind. They were concerned they did not have the capital to complete the projects.

The cities, which then purchased wholesale power from Duke and CP&L, were equally concerned that those utilities would not be able to supply enough power for the cities' citizens.

The Legislature, the State Treasurer, the North Carolina Utilities Commission, and the voters of North Carolina approved the cities' actions to create the Power Agencies.

When did the city of Rocky Mount get involved with NCEMPA?

The city of Rocky Mount executed the Project Power and Supplemental Power Sales Agreements on September 28, 1981.

Under the Project Power Sales Agreement, each participating city would receive power generated by five Duke Energy Progress power plants that were partially owned by NCEMPA. Each city would make bond payments in accordance with the city's percentage of ownership. Rocky Mount's percentage of ownership was 16.026%. The bond payments were included in the rate schedule for the purchase of wholesale power from NCEMPA.

Under the Supplemental Power Sales Agreement, each city purchased from NCEMPA all required power above that generated by the five generating units. This supplemental power came from investor-owned utilities and federally owned hydroelectric systems.

What is the generation asset sale?

On July 31, 2015, NCEMPA and Duke Energy Progress completed the sale of NCEMPA's ownership in the five generating units to Duke Energy Progress under the Asset Purchase Agreement for \$1.25 billion. NCEMPA's ownership in these plants represented approximately 700 megawatts of generating capacity.

NCEMPA members' distribution assets are not part of the agreement and will continue to be owned and maintained by those members.

What is the city of Rocky Mount's current legal arrangement with NCEMPA?

Following the generation asset sale, NCEMPA and Duke Energy Progress entered into a 30-year wholesale power supply agreement to continue meeting the needs of NCEMPA customers previously served by the agency's interest in the five power plants.

What does the city of Rocky Mount contribute to NCEMPA?

- The city of Rocky Mount pays NCEMPA for the city's monthly wholesale power purchases.
- The cost of power from NCEMPA for fiscal year 2016 was approximately \$53 million.

How does the city of Rocky Mount benefit from NCEMPA?

- The agency supplies all wholesale power needs to the city of Rocky Mount.

ElectriCities of North Carolina

What is ElectriCities?

ElectriCities is a not-for-profit government service organization representing cities, towns and universities that own electric distribution systems. Today, ElectriCities represents more than 90 members in North Carolina, South Carolina, and Virginia.

Since 1965, ElectriCities protects the interests of Public Power customers and gives them a unified voice in the North Carolina legislature.

ElectriCities provides customer service and safety training, emergency and technical assistance, communications, government affairs and legal services. Retail rate assistance helps municipalities establish effective rate schedules. Communications, legislative and legal services also present a unified message for Public Power across the state. Through ElectriCities' Emergency Assistance program, member cities help each other to restore power following a major storm or disaster. By providing these consolidated technical, administrative and management services to its members at group rates, member cities can more effectively maintain their electric systems and equipment. Members also save their customers the expense of administering these functions locally.

ElectriCities also provides management services to the state's two municipal Power Agencies, North Carolina Municipal Power Agency Number 1 (NCMPA1) and North Carolina Eastern Municipal Power Agency (NCEMPA).

Why was ElectriCities formed?

In 1965, the battle for territory between private utilities (investor-owned utilities), electric cooperatives, and the cities intensified statewide. The result was the 1965 Electric Act, which promised to resolve many of the disputes between the investor-owned utilities and co-ops. The Electric Act, however, municipal systems were left out of the legislation by restricting their right to serve customers in areas annexed in the future.

ElectriCities was organized to give the municipal systems a unified voice in the legislature against the bill. The group was unable to stop passage of the bill but decided to form a permanent alliance to help Public Power become a stronger voice for its customers statewide. In 1983, at the request of the cities, the Legislature expanded this voluntary association with the passage of Chapter 159B of the North Carolina General Statutes. This allowed North Carolina's "electric cities", including the city of Rocky Mount, to form a joint municipal assistance agency, known as the NC Municipally Owned Electric Systems Association, to provide aid and assistance to municipalities in the construction, ownership, maintenance, expansion, and operation of their electric systems.

This organization later changed its name to ElectriCities of NC. The city of Rocky Mount joined October 12, 1966.

What does the city of Rocky Mount contribute to ElectriCities?

The city of Rocky Mount pays annual membership dues to ElectriCities. Membership dues for 2016 were \$59,079. Membership is voluntary.

How is ElectriCities funded?

ElectriCities is a not-for-profit government service organization financed through membership dues and tuition from training programs and workshops. ElectriCities can also receive funding from the Power Agencies for certain projects (if approved by the Board of Commissioners) and revenue from energy services partners.

City of Rocky Mount and Its Debt

What is the city of Rocky Mount's debt history? How much is the debt, and how is it paid? When will the debt be paid?

NCEMPA originally borrowed \$3.55 billion for the purchase and construction of the five generating plants, of which Rocky Mount's portion was \$569 million or 16.026%.

On July 31, 2015, NCEMPA sold its assets in the jointly-owned power plants to Duke Energy Progress (DEP) for \$1.25 billion. The agreement lowered the wholesale power costs and alleviated a portion of the debt. The amount of the debt following the generation asset sale was \$421 million. The current amount of the debt (as of January 2, 2017) is \$386,215,000. Rocky Mount's current portion of the debt is \$49,833,708 or 12.9031%.

- The debt service costs are embedded in NCEMPA's wholesale rates in the demand and energy components that are paid on a monthly basis for the wholesale power purchases.
- The debt is scheduled to be paid off by January 2026.

Why did the city of Rocky Mount decide to invest in generating facilities?

In the 1970s, CP&L raised the wholesale rate they charged the city of Rocky Mount and their other wholesale power customers over 400%. In 1975, an amendment to the state constitution authorized the formation of the power agencies for the purpose of collaborating with the investor-owned utilities to ensure there would be adequate capacity to provide reliable service to all citizens in North Carolina.

NCEMPA Debt Responsibility by Power Agency Participants

Debt outstanding: \$386,215,000.00 (as of 1/2/17)

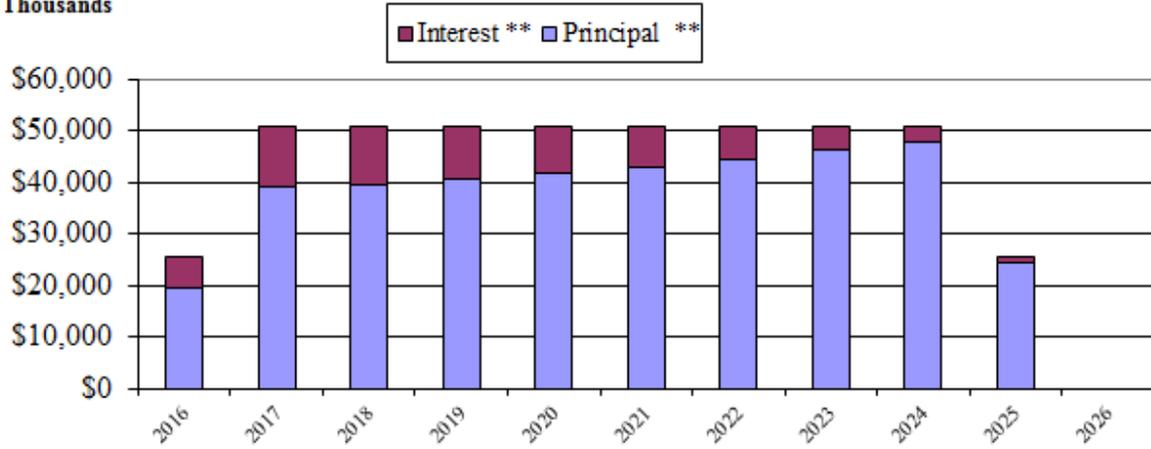
<u>City</u>	<u>Percentage</u>	<u>Responsibility</u>
Apex	1.1218 %	\$4,332,560
Ayden	1.4347 %	\$5,541,027
Belhaven	0.3473 %	\$1,341,325
Benson	0.6507 %	\$2,513,101
Clayton	1.0539 %	\$4,070,320
Edenton	1.5570 %	\$6,013,368
Elizabeth City	4.0525 %	\$15,651,363
Farmville	0.9836 %	\$3,798,811
Fremont	0.2359 %	\$911,081
Greenville	20.3709 %	\$78,675,471
Hamilton	0.0675 %	\$260,695
Hertford	0.3867 %	\$1,493,493
Hobgood	0.0730 %	\$281,937
Hookerton	0.1057 %	\$408,229
Kinston	7.6434 %	\$29,519,957
LaGrange	0.4261 %	\$1,645,662
Laurinburg	2.1984 %	\$8,490,551
Louisburg	0.8445 %	\$3,261,586

<u>City</u>	<u>Percentage</u>	<u>Responsibility</u>
Lumberton	4.7153 %	\$18,211,196
New Bern	6.6370 %	\$25,633,090
Pikeville	0.1611 %	\$622,192
Red Springs	0.5500 %	\$2,124,183
Robersonville	0.4237 %	\$1,636,393
Rocky Mount	12.9031 %	\$49,833,708
Scotland Neck	0.5140 %	\$1,985,145
Selma	0.9171 %	\$3,541,978
Smithfield	2.2631 %	\$8,740,432
Southport	0.7366 %	\$2,844,860
Tarboro	3.6701 %	\$14,174,477
Wake Forest	1.1297 %	\$4,363,071
Washington	4.0871 %	\$15,784,993
Wilson	17.7385 %	\$68,508,748

**North Carolina Eastern Municipal Power Agency
Projected Annual Debt Service
New Revenue Bonds**

January 2, 2017

Thousands



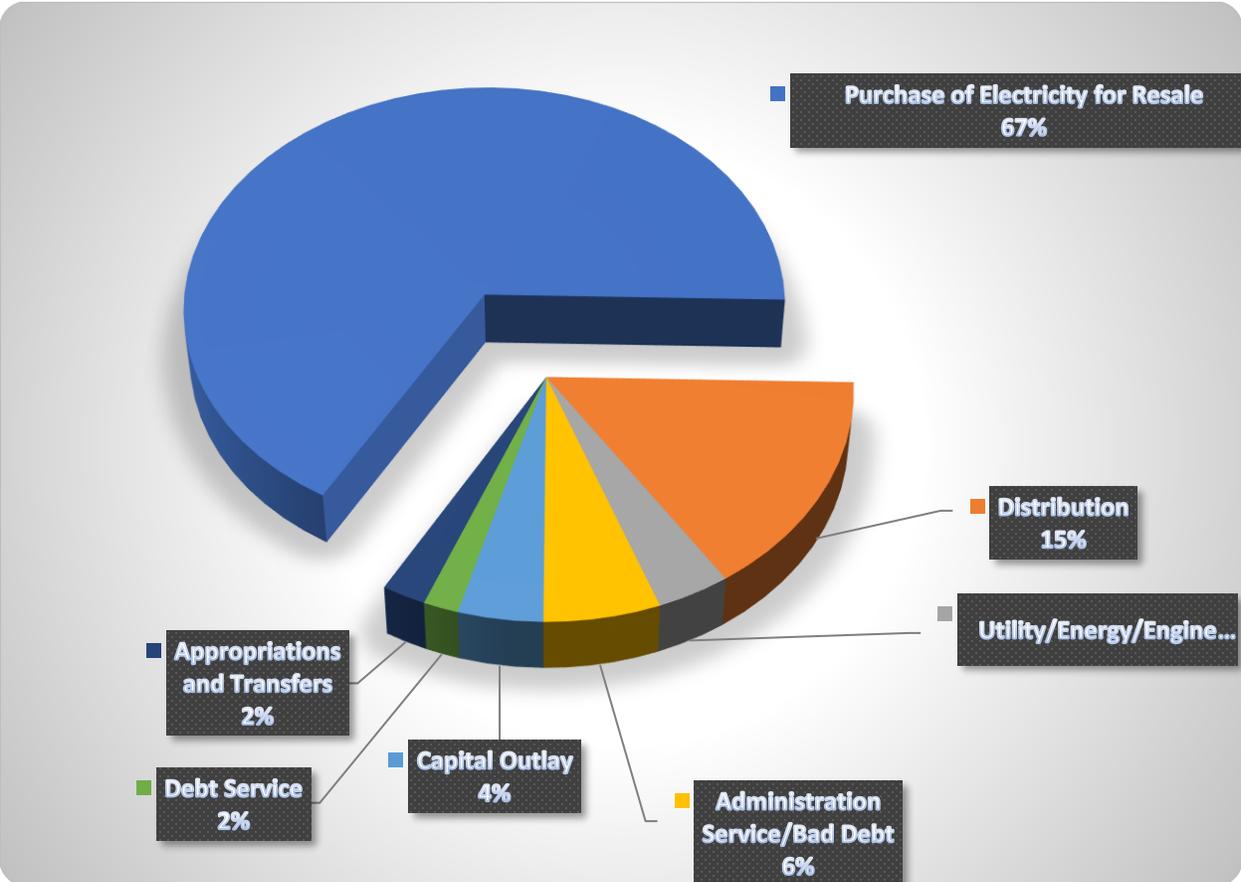
City of Rocky Mount's Utility Revenue

How are electric, gas, water, wastewater, and stormwater dollars allocated?

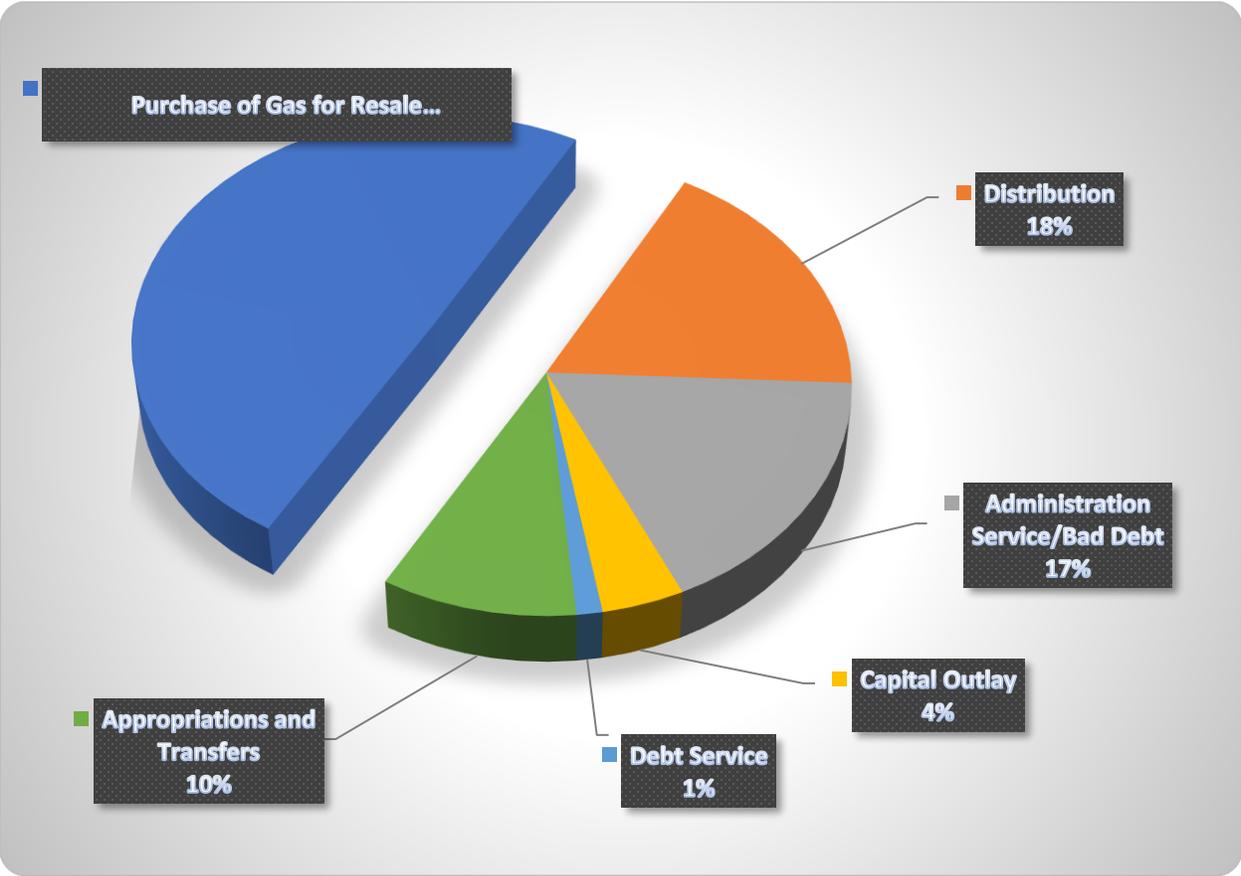
How much revenue is generated each year by the sale of electricity, gas, water, wastewater, and stormwater?

See the Allocation of Expenses/Expenditures & Fund Balance Spreadsheets & Graphs on the following pages.

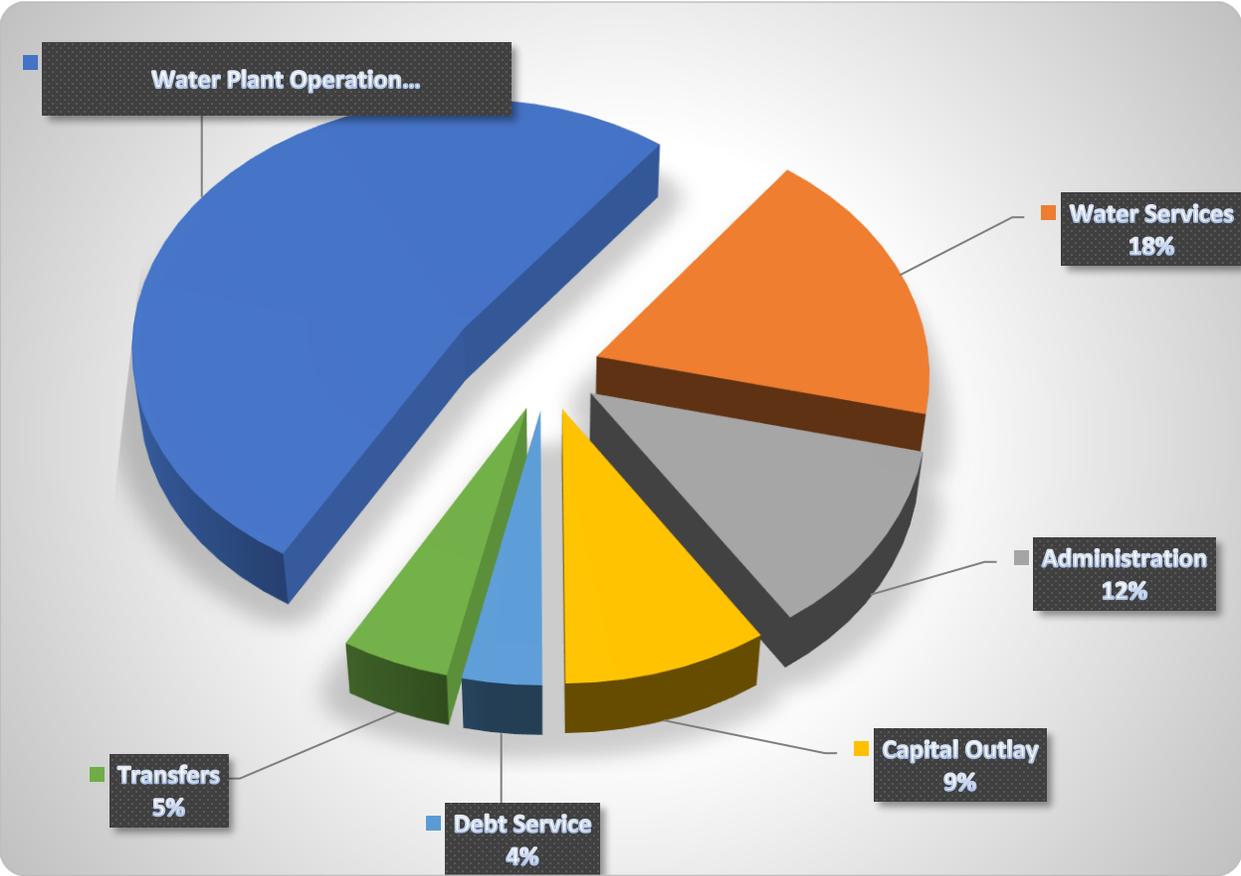
Electric	
Allocation of Expenses/Expenditures & Fund Balance	
Fiscal Year 2016	
Revenue:	83,072,933
Expenses/Expenditures and Fund Balance:	
Purchase of Electricity for Resale	53,102,969
Distribution	12,106,547
Utility/Energy/Engineering	2,917,556
Administration Service/Bad Debt	4,606,639
Capital Outlay	3,353,766
Debt Service	1,391,072
Appropriations and Transfers	1,744,540
	79,223,089
Net Income (Loss)	3,849,844



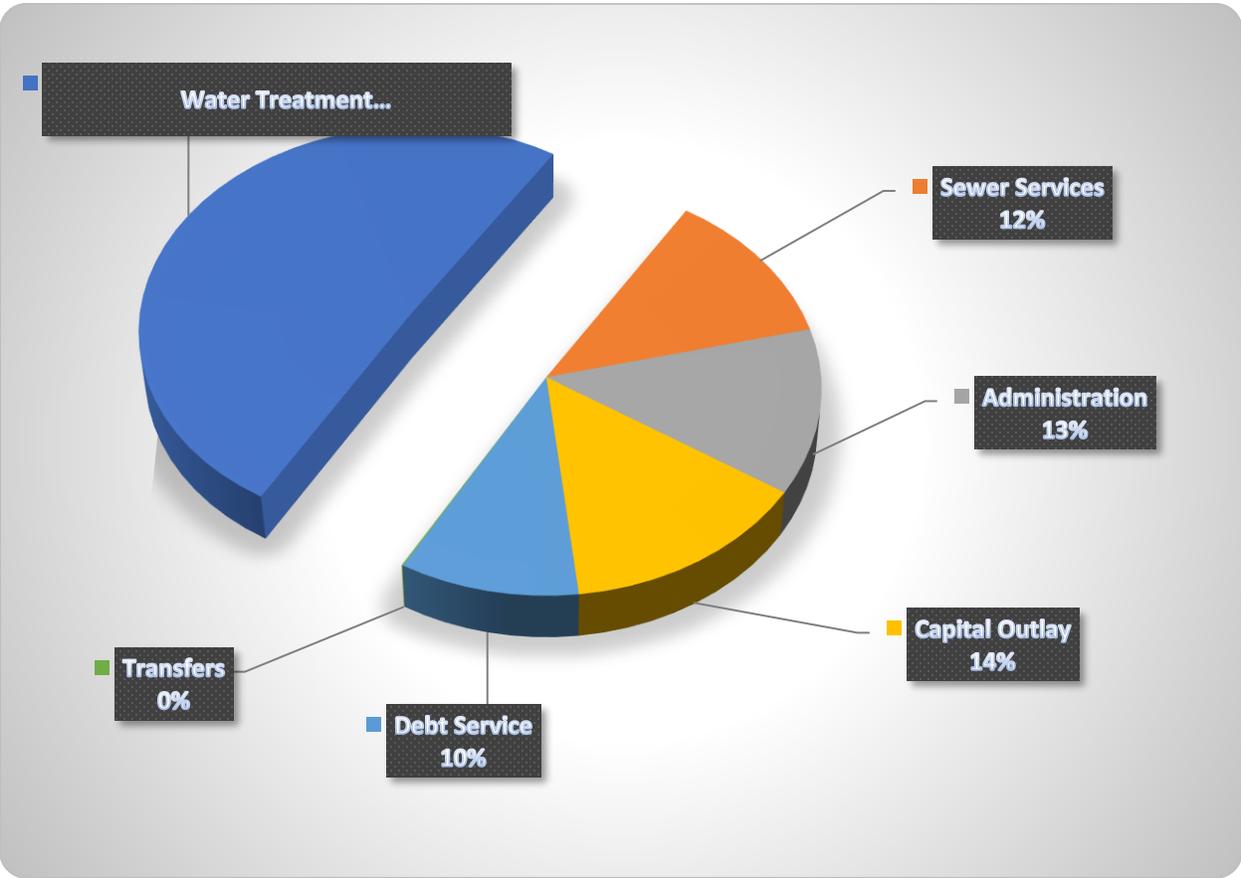
Gas	
Allocation of Expenses/Expenditures & Fund Balance	
Fiscal Year 2016	
Revenue:	20,429,514
Expenses/Expenditures and Fund Balance:	
Purchase of Gas for Resale	11,028,446
Distribution	3,949,354
Administration/Bad Debt	3,858,107
Capital Outlay	920,885
Debt Service	288,172
Appropriations and Transfers	2,182,710
	22,227,674
Net Income (Loss)	(1,798,160)



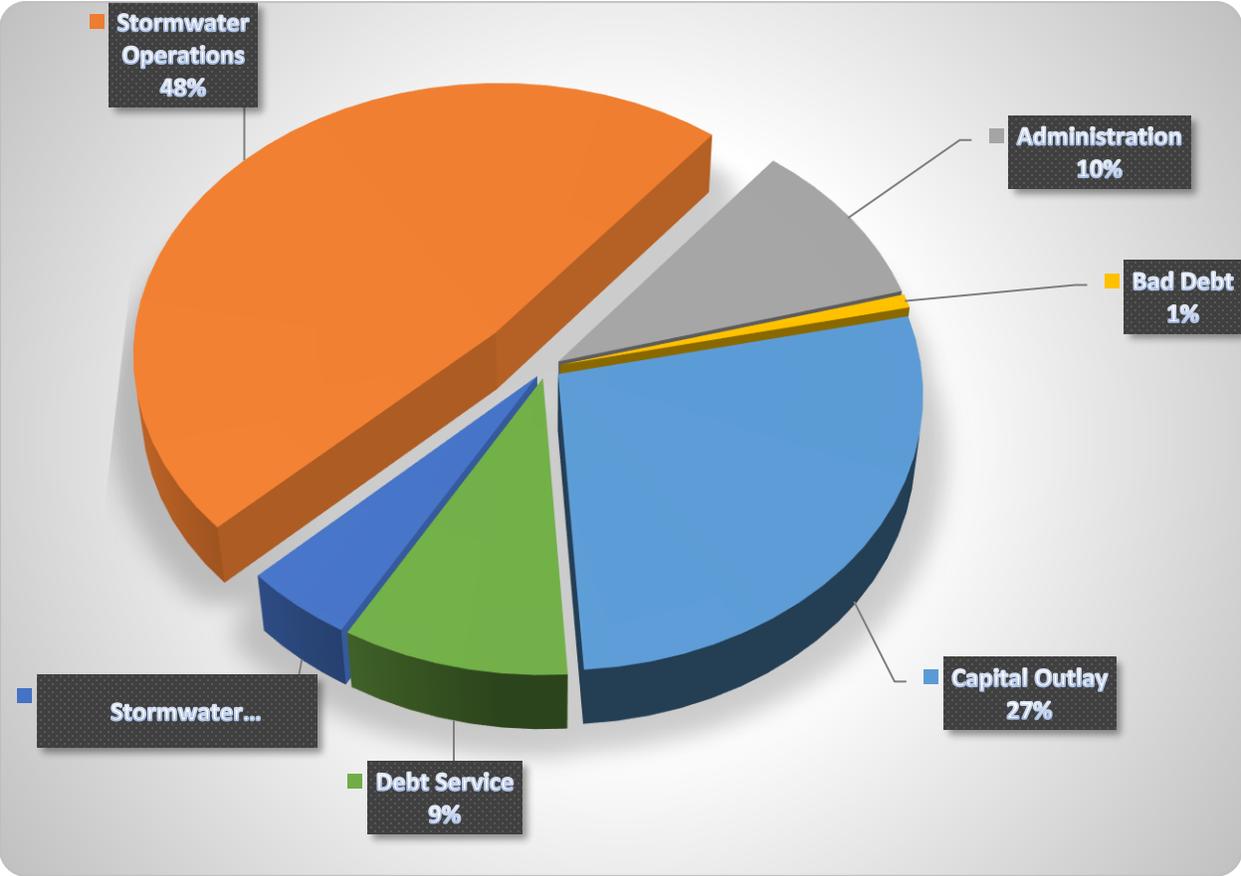
Water	
Allocation of Expenses/Expenditures & Fund Balance	
Fiscal Year 2016	
Revenue:	12,391,326
Expenses/Expenditures and Fund Balance:	
Water Plant Operation	5,364,747
Water Services	1,873,672
Administration	1,239,201
Capital Outlay	946,486
Debt Service	367,436
Transfers	500,000
	10,291,542
Net Income (Loss)	2,099,784



Wastewater	
Allocation of Expenses/Expenditures & Fund Balance	
Fiscal Year 2016	
Revenue:	13,028,345
Expenses/Expenditures and Fund Balance:	
Water Treatment	6,570,222
Sewer Services	1,592,332
Administration	1,675,794
Capital Outlay	1,828,753
Debt Service	1,303,535
Transfers	10,762
	12,981,398
Net Income (Loss)	46,947



Stormwater	
Allocation of Expenses/Expenditures & Fund Balance	
Fiscal Year 2016	
Revenue:	4,346,899
Expenses/Expenditures and Fund Balance:	
Stormwater Management	215,320
Stormwater Operations	2,263,517
Administration	472,914
Bad Debt	38,109
Capital Outlay	1,297,046
Debt Service	441,821
Transfers	-
	4,728,727
Net Income (Loss)	(381,828)



Rocky Mount Utility Rates

How do the city of Rocky Mount’s electric rates compare to those of surrounding utilities?

The comparison chart below shows how the city of Rocky Mount residential electric rate compares with those of surrounding utilities based on the average residential customer usage of 1,000 kWh per month.

Electric Rate Comparison (as of 7/1/17)

	City of Rocky Mount	Duke Energy Progress	Dominion	Edgecombe-Martin County EMC	Halifax EMC
Basic Customer Charge	\$26.00	\$11.13	\$10.96	\$21.50	\$30.00
kWh Charge	0.097077	0.09871 (Jul-Oct) 0.08903 (Nov-Jun)	0.11223 (Jun-Sep) 0.09731 (Oct-May)	0.1174 (May-Oct; first 1,000 kWh Nov-Apr)	0.1216
Average Monthly Bill	\$104.33	\$102.59	\$110.79	\$139.22	\$150.72
Comparison to Rocky Mount		-1.7%	6.2%	33.4%	44.5%

Note: Rates for Duke Energy Progress and Dominion are calculated based on a weighted average. Taxes are not included in the average monthly bill comparison.

City of Rocky Mount calculation:

$$\$26.00 + (0.097077 \times 1000) - 18.75^*$$

*Monthly average of Load Management credits

Duke Energy Progress calculation:

$$11.13 + 1.29 + (((0.09871 \times 4) + (0.08903 \times 8)) / 12) \times 1000 - 2.08^*$$

*Monthly average of Load Management credits

Dominion calculation:

$$\$10.96 + 0.88 + (((0.11223 \times 4) + (0.09731 \times 8)) / 12) \times 1000 \text{ kWh} - 3.33^*$$

*Monthly average of Load Management credits

Edgecombe-Martin County EMC calculation:

$$\$21.50 + 0.3225 + (0.1174 \times 1000 \text{ kWh})$$

Halifax EMC calculation:

$$\$30.00 + (0.1216 \times 1000 \text{ kWh}) + 0.82 - \$1.70$$

Beyond this simple residential rate comparison, neither the city nor Electricities has rate comparison information or the resources to gather and keep such information current for all the different rate schedules at varying levels of consumption for each provider. Each city, investor-owned utility and cooperative has a different mix of customers (residential, commercial and industrial), energy supply (nuclear, coal, natural gas), levels of load management, distribution systems and losses, budget philosophies at the retail level, and financial situations and obligations. Since it is not possible to compare “apples to apples,” any comparison would be of little value; therefore, it is not performed.

The establishment of utility rates is very different from establishing the costs for consumer goods or services. Consumer goods and services can have a variable profit margin built into their cost. Utility rates, however, are established to ensure all costs are covered and allocated to the correct rate class – nothing more and nothing less. There is no room to adjust the rate up or down in comparison with another utility’s rates.

Can the city of Rocky Mount provide a review of rate changes for all utility services?

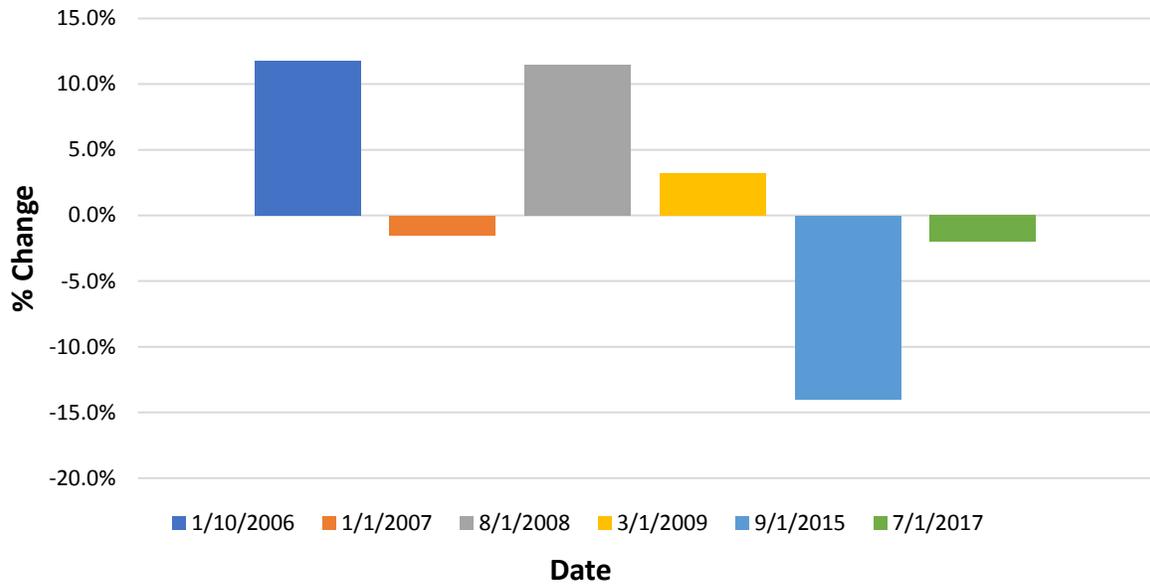
See rate change histories and rate change graphs on the following pages.

Electrical Residential Rate Change History Data

Effective Date of Change	Percentage Change of Increase or Decrease
1-May-80	7.0%
1-Jan-81	11.0%
1-Feb-82	13.0%
1-Aug-82	6.0%
15-Dec-82	6.0%
1-Dec-83	10.4%
1-Nov-84	8.1%
1-Apr-85	7.7%
14-Oct-85	3.0%
1-Jul-86	5.2%
1-Sep-87	1.0%
1-Nov-87	2.0%
1-Sep-88	6.0%
1-Sep-89	7.5%
1-Oct-90	2.3%
23-Sep-91	2.0%
22-Jun-92	7.0%
1-Oct-92	2.2%
1-Oct-93	2.0%
1-Oct-94	2.0%
1-Jan-02	6.5%
1-Nov-02	1.7%
1-Jan-03	3.0%
11-Nov-03	1.2%

1-Apr-05	1.3%
1-May-05	4.2%
10-Jan-06	11.7%
1-Jan-07	-1.5%
1-Aug-08	11.5%
1-Mar-09	3.25%
1-Sept-15	-14%
1-Jul-17	-5%

Electric Residential Rate Change History (2006-present)



Gas Residential Rate Change History Data

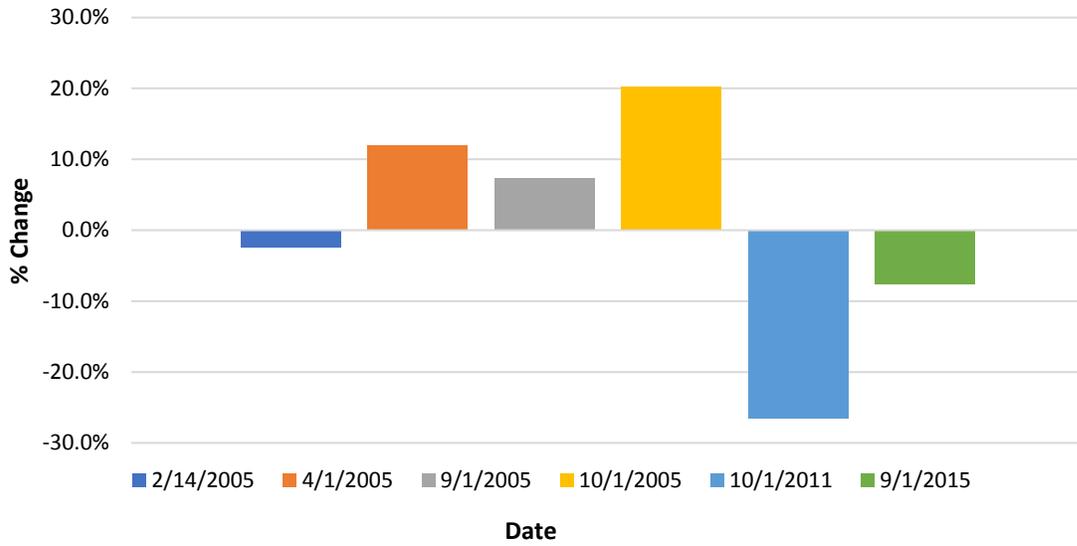
Effective Date of Change	Percentage Change of Increase or Decrease
1-Jul-80	0.1%
1-Sep-80	20.0%
1-Jan-81	0.2%
1-Feb-81	4.0%
1-Mar-81	17.0%
1-May-81	1.0%
1-Jul-81	-2.0%
1-Sep-81	-10.0%
1-Jan-82	0.5%
1-Mar-82	6.0%
1-May-82	1.0%
1-Jul-82	-1.0%
1-Sep-82	2.0%
1-Oct-82	20.0%
1-Nov-82	6.0%
1-Dec-82	2.0%
1-Jan-83	-1.0%
1-Jun-83	5.0%
1-May-84	1.2%
1-Jul-84	0.8%
1-Jan-85	-2.8%
1-May-85	-5.6%
1-Dec-85	0.2%
1-Jul-86	-13.6%

1-Nov-86	17.7%
1-Nov-87	-5.7%
15-Apr-88	6.2%
1-May-88	1.1%
1-Nov-88	2.3%
1-Mar-89	2.2%
1-Jul-89	-2.3%
1-Sep-89	-0.7%
1-Dec-89	-5.7%
1-Mar-90	1.3%
1-Jul-90	-3.6%
1-Nov-90	4.9%
1-Mar-91	5.3%
1-Jul-91	0.5%
1-Nov-91	-1.6%
1-Mar-92	-3.0%
1-May-92	3.0%
1-Jul-92	9.0%
1-Oct-92	7.0%
1-Dec-92	16.0%
1-Apr-93	-7.0%
1-Jun-93	8.0%
1-Nov-93	2.0%
1-Feb-94	-7.0%
1-Dec-94	5.0%
1-Feb-95	-1.0%

1-Apr-95	-8.0%
1-Aug-95	3.0%
1-Dec-95	2.0%
1-Feb-96	15.0%
1-May-96	-5.0%
1-Jul-96	5.0%
1-Nov-96	4.0%
15-Jan-97	13.0%
1-May-97	-18.0%
1-Oct-97	6.0%
1-Nov-97	11.0%
1-Mar-98	-10.0%
1-May-98	-5.0%
15-Nov-98	6.0%
1-Feb-99	-12.0%
1-Nov-99	17.8%
1-Mar-00	3.9%
1-Jun-00	-1.8%
1-Aug-00	8.1%
1-Sep-00	6.3%
1-Nov-00	19.2%
1-Jan-01	13.3%
1-Feb-01	8.7%
1-Apr-01	-17.7%
1-Jun-01	-10.7%
1-Sep-01	-9.8%

19-Nov-01	-2.7%
1-Apr-02	-12.0%
1-Jun-02	9.0%
1-Nov-02	10.0%
1-Feb-03	-10.0%
1-Apr-03	12.0%
1-Sep-04	11.6%
9-Nov-04	4.5%
14-Feb-05	-2.5%
1-Apr-05	12.0%
1-Sep-05	7.3%
1-Oct-05	20.3%
1-Nov-05	Implemented Purchased Gas Adjustment Policy
1-Sept-15	-7.6%

Gas Rate Change History (2005-present)



Purchased Gas Adjustment (PGA) History

<u>Month</u>	<u>PGA (\$/therm)</u>
1-Nov-05	\$ 0.22098
1-Dec-05	\$ 0.18098
1-Jan-06	\$ 0.12098
1-Feb-06	\$ 0.12098
1-Mar-06	\$ 0.12098
1-Apr-06	\$ 0.12098
1-May-06	\$ 0.12098
1-Jun-06	\$ 0.12098
1-Jul-06	\$ 0.12098
1-Aug-06	\$ (0.26500)
1-Sep-06	\$ (0.26500)
1-Oct-06	\$ (0.30500)
1-Nov-06	\$ (0.30500)
1-Dec-06	\$ (0.15500)
1-Jan-07	\$ (0.15500)
1-Feb-07	\$ (0.15500)
1-Mar-07	\$ (0.02500)
1-Apr-07	\$ (0.02500)
1-May-07	\$ (0.36500)
1-Jun-07	\$ (0.36500)
1-Jul-07	\$ (0.16500)
1-Aug-07	\$ (0.16500)
1-Sep-07	\$ (0.16500)
1-Oct-07	\$ (0.16500)

1-Nov-07	\$ (0.16500)
1-Dec-07	\$ (0.16500)
1-Jan-08	\$ (0.16500)
1-Feb-08	\$ (0.14000)
1-Mar-08	\$ (0.14000)
1-Apr-08	\$ (0.11300)
1-May-08	\$ (0.03200)
1-Jun-08	\$ 0.10500
1-Jul-08	\$ 0.18100
1-Aug-08	\$ -
1-Sep-08	\$ -
1-Oct-08	\$ (0.05500)
1-Nov-08	\$ (0.18280)
1-Dec-08	\$ (0.18280)
1-Jan-09	\$ (0.18280)
1-Feb-09	\$ (0.18280)
1-Mar-09	\$ (0.37900)
1-Apr-09	\$ (0.49280)
1-May-09	\$ (0.49280)
1-Jun-09	\$ (0.49280)
1-Jul-09	\$ (0.49280)
1-Aug-09	\$ (0.49280)
1-Sep-09	\$ (0.49280)
1-Oct-09	\$ (0.49280)
1-Nov-09	\$ (0.49280)
1-Dec-09	\$ (0.49280)

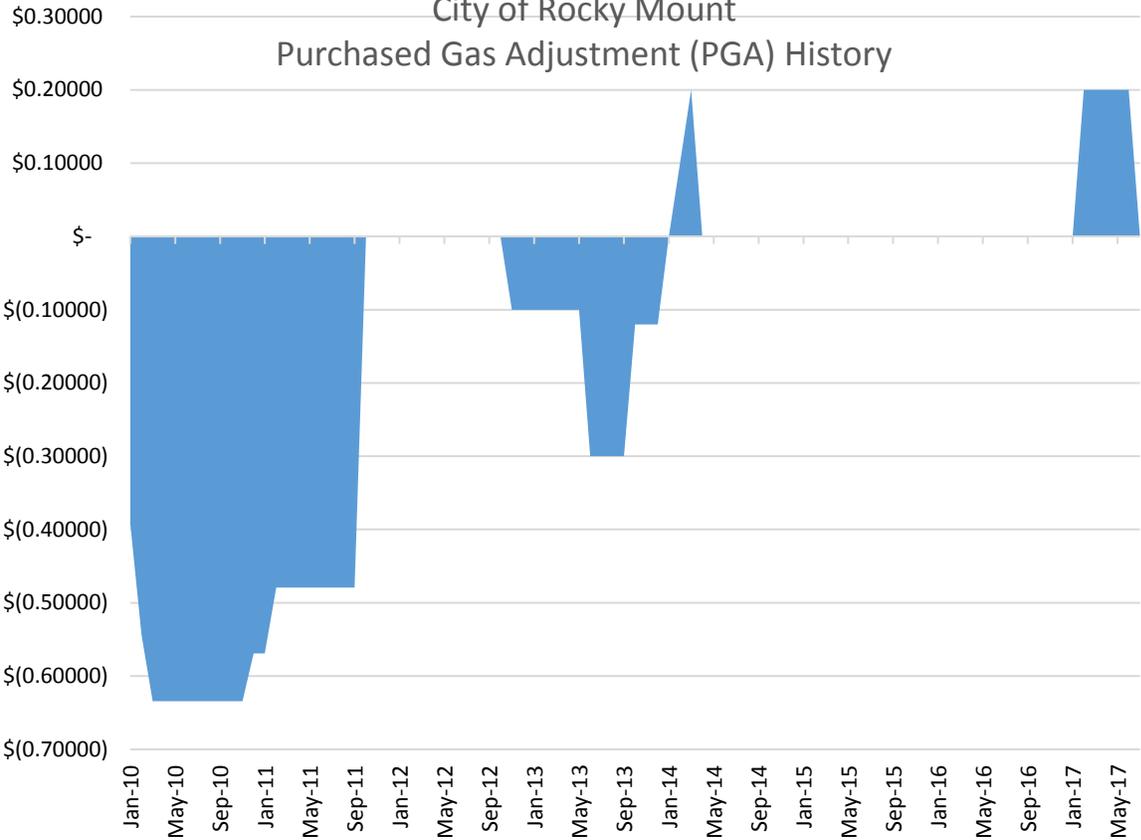
Jan-10	\$ (0.39250)
Feb-10	\$ (0.54380)
Mar-10	\$ (0.63430)
Apr-10	\$ (0.63430)
May-10	\$ (0.63430)
Jun-10	\$ (0.63430)
Jul-10	\$ (0.63430)
Aug-10	\$ (0.63430)
Sep-10	\$ (0.63430)
Oct-10	\$ (0.63430)
Nov-10	\$ (0.63430)
Dec-10	\$ (0.56930)
Jan-11	\$ (0.56930)
Feb-11	\$ (0.47930)
Mar-11	\$ (0.47930)
Apr-11	\$ (0.47930)
May-11	\$ (0.47930)
Jun-11	\$ (0.47930)
Jul-11	\$ (0.47930)
Aug-11	\$ (0.47930)
Sep-11	\$ (0.47930)
Oct-11	\$ -
Nov-11	\$ -
Dec-11	\$ -
Jan-12	\$ -
Feb-12	\$ -

Mar-12	\$ -
Apr-12	\$ -
May-12	\$ -
Jun-12	\$ -
Jul-12	\$ -
Aug-12	\$ -
Sep-12	\$ -
Oct-12	\$ -
Nov-12	\$ (0.10000)
Dec-12	\$ (0.10000)
Jan-13	\$ (0.10000)
Feb-13	\$ (0.10000)
Mar-13	\$ (0.10000)
Apr-13	\$ (0.10000)
May-13	\$ (0.10000)
Jun-13	\$ (0.30000)
Jul-13	\$ (0.30000)
Aug-13	\$ (0.30000)
Sep-13	\$ (0.30000)
Oct-13	\$ (0.12000)
Nov-13	\$ (0.12000)
Dec-13	\$ (0.12000)
Jan-14	\$ -
Feb-14	\$ 0.10000
Mar-14	\$ 0.20000
Apr-14	\$ -

May-14	\$ -
Jun-14	\$ -
Jul-14	\$ -
Aug-14	\$ -
Sep-14	\$ -
Oct-14	\$ -
Nov-14	\$ -
Dec-14	\$ -
Jan-15	\$ -
Feb-15	\$ -
Mar-15	\$ -
Apr-15	\$ -
May-15	\$ -
Jun-15	\$ -
Jul-15	\$ -
Aug-15	\$ -
Sep-15	\$ -
Oct-15	\$ -
Nov-15	\$ -
Dec-15	\$ -
Jan-16	\$ -
Feb-16	\$ -
Mar-16	\$ -
Apr-16	\$ -
May-16	\$ -
Jun-16	\$ -

Jul-16	\$ -
Aug-16	\$ -
Sep-16	\$ -
Oct-16	\$ -
Nov-16	\$ -
Dec-16	\$ -
Jan-17	\$ -
Feb-17	\$ 0.20000
Mar-17	\$ 0.20000
Apr-17	\$ 0.20000
May-17	\$ 0.20000
Jun-17	\$ 0.20000
Jul-17	\$ -

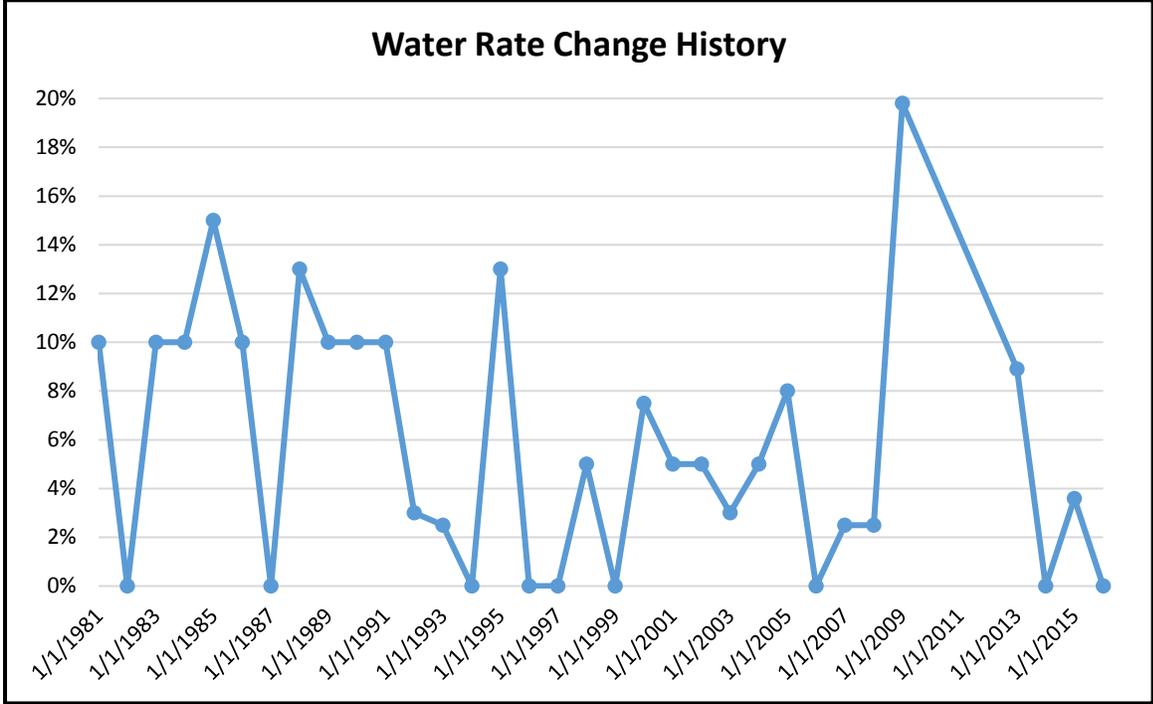
City of Rocky Mount Purchased Gas Adjustment (PGA) History



Water Service Rate Change History Data

Effective Date of Change	Percentage Change of Increase
1-Jul-81	10.0%
1-Jul-82	0.0%
1-Jul-83	10.0%
1-Jul-84	10.0%
1-Jul-85	15.0%
1-Jul-86	10.0%
1-Jul-87	0.0%
1-Jul-88	13.0%
1-Jul-89	10.0%
1-Jul-90	10.0%
1-Jul-91	10.0%
1-Jul-92	3.0%
1-Jul-93	2.5%
1-Jul-94	0.0%
1-Jul-95	13.0%
1-Jul-96	0.0%
1-Jul-97	0.0%
1-Jul-98	5.0%
1-Jul-99	0.0%
1-Jul-00	7.5%
1-Jul-01	5.0%
1-Jul-02	5.0%
1-Jul-03	3.0%
1-Jul-04	5.0%
1-Jul-05	8.0%
1-Jul-06	0.0%
1-Jul-07	2.5%
1-Mar-08	2.5%
1-Jul-08	2.5%
1-Jul-09	19.8%
1-Jul-13	8.9%
1-Jul-14	0.0%

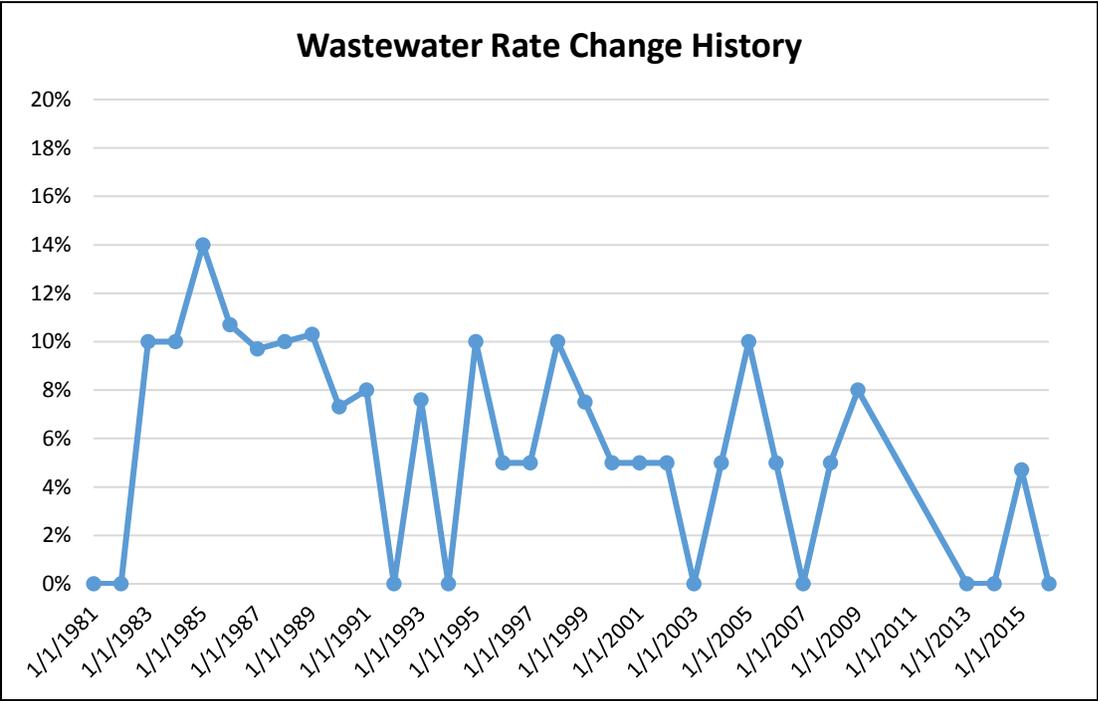
1-Jul-15	3.6%
1-Jul-16	0.0%



Wastewater Service Rate Change History Data

Effective Date of Change	Percentage Change of Increase
1-Jul-81	0.0%
1-Jul-82	0.0%
1-Jul-83	10.0%
1-Jul-84	10.0%
1-Jul-85	14.0%
1-Jul-86	10.7%
1-Jul-87	9.7%
1-Jul-88	10.0%
1-Jul-89	10.3%
1-Jul-90	7.3%
1-Jul-91	8.0%
1-Jul-92	0.0%
1-Jul-93	7.6%
1-Jul-94	0.0%
1-Jul-95	10.0%
1-Jul-96	5.0%
1-Jul-97	5.0%
1-Jul-98	10.0%
1-Jul-99	7.5%
1-Jul-00	5.0%
1-Jul-01	5.0%
1-Jul-02	5.0%
1-Jul-03	0.0%
1-Jul-04	5.0%

1-Jul-05	10.0%
1-Jul-06	5.0%
1-Jul-07	0.0%
1-Jul-08	5.0%
1-Jul-09	8.0%
1-Jul-13	0.0%
1-Jul-14	0.0%
1-Jul-15	4.7%
1-Jul-16	0.0%



Electric Provider

How do customers determine who will be their electric provider?

The 1965 Electric Act passed by the NC General Assembly governs retail electric service in North Carolina. There are three types of retail electric providers in the state: municipalities, investor-owned utilities and electric membership corporations. Within the city limits, the city of Rocky Mount is the primary retail electric supplier and in most cases will be the electric supplier for new facilities. A customer establishing electric service for a new facility may have a choice of electric suppliers within the city limits depending upon the proximity of their new facility to the secondary electric provider's lines. Customers should contact the city of Rocky Mount to review their specific situation for determination of electric service rights. Existing customers will continue to be served by their current provider.

Bad Debt and Financials

What is the level of bad debt the city of Rocky Mount carries for commercial and residential services?

FY2016

Residential	Commercial	Total
\$1,096,751	\$46,628	\$1,143,379
96%	4%	100%

FY2015

Residential	Commercial	Total
\$937,010	\$88,230	\$1,025,240
91%	9%	100%

FY2014

Residential	Commercial	Total
\$1,060,996	\$55,830	\$1,116,826
95%	5%	100%

FY2013

Residential	Commercial	Total
\$970,356	\$116,907	\$1,087,264
89%	11%	100%

FY2012

Residential	Commercial	Total
\$1,106,011	\$207,817	\$1,313,827
84%	16%	100%

Should the city of Rocky Mount hire a consulting firm to review its operations?

In 2016, a consulting engineering firm was engaged to develop a Long-Range Plan for the city's electric utility system expansion through the year 2034. The plan is intended as a guide for the development of the transmission and distribution system, which will provide long-range service life, minimize system losses, maintain service reliability, and provide flexibility to adapt to changes in system growth.

Alternatives

Has the city of Rocky Mount explored using alternative energy sources such as solar, wind, etc.?

When the wholesale power supply agreement between NCEMPA and Duke Energy Progress (DEP) was negotiated, NCEMPA evaluated various alternatives but only focused on those that were the most cost-effective. Solar and wind are at a much higher cost than the city's cost to purchase power from NCEMPA. NCEMPA's agreement with DEP is very competitive and lower than any alternatives considered.

The city of Rocky Mount implemented a Renewable Energy Policy in November 2008. This policy allows customers the opportunity to generate energy from renewable sources such as wind and solar power. The city will pay the customer for electricity generated from their renewable energy source at \$0.0324 per kWh. This rate is representative of the city's avoided cost of purchasing and distributing the electricity from our supplier.

The Renewable Energy Policy was designed to encourage customers to install renewable sources of energy. New construction and retrofit projects for residential and small commercial electric customers are eligible. Residential customers can generate up to 10 kW and small commercial customers can generate up to 100 kW. Businesses that would like to install more than 100 kW may contact the city's Energy Services manager.

Glossary of Terms

- **Capital Additions**
Capital additions are the costs involved for adding new assets or improving existing assets. Additions can take the form of adding new parts that could be reasonably expected to increase useful life or potential, and/or adding new assets to increase production.
- **Debt Service**
Cash required over a given period for the repayment of interest and principal on a debt
- **Distribution Expenses**
Cost of distributing power from the generating facility to customers
- **Duke Energy Progress (DEP)**
Duke Energy Progress, a subsidiary of Duke Energy (NYSE: DUK), provides electricity and related services to nearly 1.5 million customers in North Carolina and South Carolina. The utility is headquartered in Raleigh, N.C., and serves a territory encompassing more than 34,000 square miles including the cities of Raleigh, Wilmington and Asheville in North Carolina and Florence and Sumter in South Carolina. More information is available at www.duke-energy.com.
- **Federal Energy Regulatory Commission (FERC)**
FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil. FERC reviews proposals to build liquefied natural gas (LNG) terminals and interstate natural gas pipelines as well as licensing hydropower projects.
- **Generating Facilities**
Generating facilities generate electric power for distribution by various means including nuclear, coal, natural gas, solar, wind and hydro.
- **Joint Municipal Assistance Agency**
Joint Municipal Assistance Agencies provide aid and assistance to municipalities in the construction, ownership, maintenance, expansion and operation of their electric systems.
- **Kilowatt-Hour (kWh)**
A kilowatt-hour is 1,000 watts of electricity used for one hour. The kWh is the unit of measure for electricity usage.
- **North Carolina Eastern Municipal Power Agency (NCEMPA)**
NCEMPA consists of 32 cities and towns in eastern North Carolina, including some of the largest cities in the region, that own and operate their electric systems. NCEMPA was formed in 1982 and provides wholesale power to its 32 participants.

- **North Carolina Municipal Power Agency 1 (NCMPA1)**
 NCMPA1 consists of 19 cities and towns in the piedmont and western portion of North Carolina. NCMPA1 owns a portion of the Catawba Nuclear Station, which is operated by Duke Energy. NCMPA1 provides wholesale power to its 19 participants. NCEMPA provides economic services, reliable generation and transmission services.
- **Nuclear Regulatory Commission**
 Congress created the Nuclear Regulatory Commission (NRC) in 1974 to enable the nation to safely use radioactive materials in a safe way for beneficial civilian purposes while ensuring that people and the environment are protected. The NRC regulates commercial nuclear power plants and other uses of nuclear materials, such as in nuclear medicine, through licensing, inspection and enforcement of its requirements.
- **Open Access Transmission Tariff (OATT)**
 Contract for transmission of project and supplemental power from the generation facilities to the distribution point
- **Operating Expenses**
 This is the money a business spends in order to turn inventory into services. Operating expenses also include depreciation of plants and machinery which are used in the production process.
- **Plant-Up Rates**
 Projects or process improvements that create an increase in generation capacity; an increase in power plant unit output at an existing facility through modifications or replacement of equipment
- **Purchased Gas Adjustment (PGA)**
 Natural Gas is a commodity traded on the open market and its price is based on supply and demand. In addition to buying natural gas on the open market, the city of Rocky Mount also pays to have it transported from the wellhead to the city. Rates are set using a base rate that accounts for transportation, commodity and utility costs. Based on the fluctuating price of the delivered natural gas, the city's rates may be adjusted each month using a rate mechanism called the Purchase Gas Adjustment (PGA). The city of Rocky Mount does not profit from the fluctuations in gas costs. Instead, all costs associated with increases or decreases in the commodity price of natural gas are passed along to customers.
- **Renewable Energy**
 Renewable energy resources include solar electric, solar thermal, wind, hydropower, geothermal, or ocean current or wave energy resource, biomass resources, including agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, combustible liquids, combustible gases, energy crops, or landfill methane; waste

heat derived from a renewable energy resource and used to produce electricity or useful, measurable thermal energy at a retail electric customer's facility; or hydrogen derived from a renewable energy resource.

- **Renewable Energy Portfolio Standards (REPS)**

North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard (REPS), enacted by Senate Bill 3 in August 2007, requires all investor-owned utilities in the state to supply 12.5% of 2020 retail electricity sales (in North Carolina) from eligible energy resources by 2021. Municipal utilities and electric cooperatives must meet a target of 10% renewables by 2018 and are subject to slightly different rules. In February 2008, the North Carolina Utilities Commission (NCUC) adopted final rules implementing the REPS. Electric cooperatives and municipal utilities must meet the solar, swine waste and poultry waste goals, but these utilities only must meet an overall target of 10% by 2018. Cooperatives and municipal utilities are permitted to use demand side management or energy efficiency to satisfy the standard without limitation, and may also use large hydropower to meet up to 30% of the renewable energy requirement.

- **True Up**

Account reconciliation between estimated and actual values

- **Wholesale Power**

Wholesale power is purchased by Public Power communities for the purpose of resale to electric customers.

AT A GLANCE

ElectriCities was formed to protect the interests of NC Public Power communities and to provide a unified voice on state and federal issues affecting public power.

1965



ELECTRIC ACT OF 1965

Proposed legislation sparks the state's public power communities to form the North Carolina Municipally Owned Electric Systems Association. Three years later, the association becomes ElectriCities.

1975 & 1977



Amendments to the North Carolina Constitution help establish the Power Agencies, enabling public power communities to jointly build generation and partner with private utilities.

1976



POWER AGENCIES
North Carolina Municipal Power Agencies 1, 2 and 3 form.

1978



Power Agencies enter into agreements with Duke and CP&L to purchase power plant ownership shares.

1979



Three Mile Island nuclear accident prompts regulations that lead to significantly higher-than-projected prices for nuclear energy. Ownership costs skyrocket for Catawba Nuclear Station in the west and Shearon Harris Nuclear Power Plant in the east.

1981



NCMPA2 and NCMPA3 combine to form North Carolina Eastern Municipal Power Agency (NCEMPA).

1984



- ElectriCities is incorporated.
- Emergency Assistance Program begins, creating a way for members to assist each other in emergencies.

1990s



Federal Power Act provides opportunities for NCMPA1 and NCEMPA to reduce wholesale power supply costs.

2015



JULY 2015

NCEMPA reaches agreement to sell its electric generation assets to Duke Energy Progress, lowering wholesale power supply costs and citizens' electric utility bills. Total savings to customers in first year = \$132 million.



2010



STRATEGIC PLAN

- Competitive Rates
- Stakeholder Acceptance
- Financial Stability
- Corporate Integrity
- Service Excellence

2016



STRATEGIC PRIORITIES

- Wholesale power supply cost
- Continuous improvement
- Workforce planning and development
- Communicating the value of public power
- Grid modernization

ABOUT ELECTRICITIES

ElectriCities, the energy behind public power, is a not-for-profit membership organization that consolidates many of the administrative, technical, legal and legislative services needed by municipally owned electric utilities.

71 NC PUBLIC POWER COMMUNITIES 



1.2 MILLION PEOPLE 

NC Public Power illuminates the homes and workplaces of 1.2 million people, more than the populations of Raleigh and Charlotte combined. We also provide services to non-power agency members throughout North Carolina, South Carolina and Virginia.

32 

North Carolina Eastern Municipal Power Agency (NCEMPA) = **32 cities and towns** in eastern North Carolina

North Carolina Municipal Power Agency Number 1 (NCMPA1) = **19 cities and towns** in piedmont and western North Carolina



19

16  Governed by a 16-member board of directors

 **ADVANTAGES OF PUBLIC POWER**

- Local employees, local control
- Fewer outages
- Faster restoration
- Job creation
- Affordable rates

75%
NCMPA1 owns 75% of Catawba Nuclear Station Unit 2.

NCMPA1 RESOURCE MIX

 **90% NUCLEAR**

 **4% NATURAL GAS & OIL**

 **5% RENEWABLE**

 **1% HYDRO**

NCEMPA RESOURCE MIX

 **41% NUCLEAR**

 **31% NATURAL GAS & OIL**

 **16% COAL**

 **6% PURCHASED**

 **5.7% RENEWABLE**

 **.3% HYDRO**