

News from the Northeast Nebraska Public Power District

August 2004

This newsletter is to keep you informed of how the Board of Directors, Management and Employees of the Northeast Nebraska PPD are working to serve you. We want to continue to make ourselves available for your comments and suggestions. Please let us hear from you by calling **800-750-9277**.

Self-read- Self-Billing system works well, but extra communications prevents problems

The Northeast Nebraska PPD has about 6,500 customers who read their own meters and send in a payment based on that reading. The real advantage for our customers is the low cost. The Power District does not need to pay to read the meters, print, stuff and mail bills. Here is how it works:

- Customers have a grace period until the 10th of each month (or nearest business day afterwards) to read their meter and get their payment to the District. These ten days provide a cushion for mail delivery, errands, and household budgets.
- After the 10th a late fee penalty of \$10.00 or 10% of the bill amount is added to the amount due. A first class letter is then mailed to customers reminding them to submit a payment or call the office if extra time is needed to pay the bill. We understand that a payment can cross in the mail, but if you receive a Notice of Disconnect Letter, then *please call the office* to verify your payment has been received and recorded. To save money this letter doubles as a Late Payment Notice and a Letter of Disconnect and we usually send out 450 of these letters each month. When calling the office, always try to note the name of our billing clerk who helped you with your questions. This will help us better serve you should you need to call back. After the Notice of Disconnect Letter is mailed, we typically wait a week or more before performing any disconnections for non-payment.

Everything works well when the customer sends in a timely meter reading and payment. However, **when we don't get a meter reading**, we must **estimate** a monthly usage in order to send out our Late Notice/Disconnect Letter. Also, we don't know whether the customer intends to pay or not.

We always try our best to help customers avoid late fees. Over 93% of our rural customers use the Self-Read-Self-Billing system to their advantage to hold their costs down. We can't be our best at serving you under this system without your help. If you should be late with your reading or payment, then call us and give us the opportunity to keep your account as up to date as possible.

'Direct TV' Purchases NeNPPD's exclusive Franchise for Satellite Television Services

About fifteen years ago the Power District obtained a franchised service area for the sale of satellite TV programming in the five county area which has electric service from NeNPPD. With time this business grew to 1,800 customers. Because competition for today's customers requires larger investments, Direct TV offered to pay the District for the ability to compete for customers directly in our franchised service area. The Board of Directors agreed to provide this right to Direct TV in exchange for \$1.4 million. This is money that can be used by the District to improve electric service and facilities or to hold rates low.

With time our existing TV customers should see improvements in the quality and variety of TV programming. The NeNPPD has an agreement with Direct TV to continue as their agent for customer service. NeNPPD will still provide 24-hour telephone service and process your payments. We believe that everyone will come out ahead as a result of this deal: The TV subscriber will get more services, and the money gained by the District will fund investments to improve electric reliability with less pressure to raise rates.

Inventory and Work Orders

When materials that are stocked in inventory leave the warehouse and are put into service out on the lines, there is a significant amount of record keeping required over the 30 or more years that material may last. Over a period of several years this record keeping had declined. This meant that the District couldn't accurately describe its investment in the electric plant or determine what equipment may be in storage or in service. We have made a special effort this year to go back through years of paper work and catch up on our record keeping. It has been a big effort requiring some outside help, but this job is nearly done.

Board of Directors Honors Rose Mary Beaty

At the July meeting of the Board of Directors, a resolution was passed to thank Rose Mary Beaty for her 31 years of service to the District and to customers. Rose Mary has chosen to retire on October 1, 2004.

Union Substation Project now on the Drawing Board

There have been several opportunities to save the ratepayers money as a result of the consolidation of the Wayne County PPD and the Northeast Nebraska Rural PPD. In 1997 the Wayne County PPD had 9 management and administrative positions while the Northeast Nebraska RPPD had 8 for a combined total of 17 positions. With time, this duplication in jobs has been eliminated and now the Northeast Nebraska PPD can operate with only 11 management and administrative positions while at the same time increasing the number of customers served by over 2,300 with the addition of service to 14 towns. We still anticipate that further efficiencies can be realized in the structure and number of our jobs without reducing service and reliability.

One area for savings that is just now being explored is the savings in kWh ‘energy losses’ that can be had by tying the electric lines of the two electric systems together. Energy losses occur when electric energy flows through wires for long distances resulting in friction between the atoms of the wires causing heat and lost energy. Our engineers have recommended the construction of a new substation north of Wakefield to reduce our electrical losses, which will in turn reduce our power bills. This will be a big project that should have direct benefits for our consumers and potential benefits for the people of Wakefield and Wayne due to the construction of new transmission lines. NPPD cites that this project will help them keep good voltage to Wakefield and Wayne and other areas outside the NeNPPD service because of our cooperation and timing. We hope the project will go into service in June of 2005.

Board of Directors hears information on Wholesale Power Costs Increase in 2005

Mr. Bruce Pontow with the Nebraska Generation and Transmission Cooperative presented information to the NeNPPD Board at their July meeting. He stated that NPPD, which supplies our wholesale power, is hoping to reduce the amount of the projected rate increase to less than 2.5% in January 2005. Wholesale power is our single largest expense and costs about \$7.5 million annually. A 2.5% increase would cost the District nearly \$200,000 a year more or about \$24 per customer per year. The good news is that the Board of Directors had previously set aggressive financial goals for management with the intention of avoiding some or all of the need for our consumers to bear this NPPD rate increase. With our Fiscal Year half over we are well on our way to meeting these goals.

NeNPPD Announces New Employees

Jan Kristjanson has joined the NeNPPD as Controller. In this position Jan serves as the person responsible for the District’s accounting and financial functions. Jan previously worked for 12 years with the North Central Electric Cooperative in Bottineau, North Dakota. We are also happy to announce that **Justin Wentzel** has joined us as an Apprentice Lineman. Justin is from Homer and his wife, Kristy, is a native of Ponca. Justin is a third year apprentice and previously worked for Sioux Valley Electric Cooperative in Minnesota. **Kelli Standley** will start work as a Billing Clerk on August 16, 2004. Kelli has previously worked for NeNPPD and brings her experience back to the District.

NeNPPD to use Mercury Vapor Lights for Private Residential Use

There has been a continual dissatisfaction among customers with the High Pressure Sodium lights. When the High Pressure Sodium bulbs fail, they tend to blink for a period then function normally for a while. This causes us to eventually make several costly trips and adds to the customer’s frustration. Mercury Vapor lights on the other hand do not have this problem. We believe that the increased use of Mercury Vapor lights will save money and improve customer satisfaction. Mercury lights have a blue/white tint and Sodium lights have a pink/yellow tint.

The Board of Directors and Manager are:

Larry Silhacek, President	Paul Bodlak, Vice President	Sy Kneifl, Treasurer
Dan Loberg, Secretary	Lowell Birkley	Dan Gansebom
Tom Gustafson	Don Larsen	Verlyn Roeber
Mark Shults, Manager		