

News from the Northeast Nebraska Public Power District

June 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**.

Tree Trimming Pays Off...so far

We have had quite a bit of wind recently with surprisingly few outages. Trees and wind are by far the leading cause of outages. Often trees contribute to outages caused by animals like birds and squirrels. The District's employees spent a considerable amount of time this winter trimming trees. Most of the towns were completed and about one fourth of the rural system. We are striving to establish a cycle that can be maintained to keep trees from becoming a system wide problem. Your cooperation and understanding is vital to this effort.

Several System Improvements are Underway

By the time you read this, it is possible that the Substation Transformers in both the Willis (Dakota County) and Pierce (Pierce County) substations will have been upgraded. We plan to rework and update all of the connections and some of the bus work in the Willis Substation to improve reliability. The new Hoskins-Hadar Substation is under construction and will be put into service around July 1. We are installing a new feeder line from the substation to the town of Hoskins. We are also in the process of replacing underground cabling southwest of Randolph which has reached the end of its service life and has caused some problems.

As part of the District's four-year construction work plan, we will begin construction in late summer of about 1.5 miles of new 3 phase lines north of Jackson to provide better service to the area between Highway 20 and the river. Also, later in the summer we will begin replacing about 3 miles of lines south of Wayne.

Financial Targets

Fiscal Year 2003 was a good year financially for the District. The District grew by about 5% or \$1.2 million. The District's lenders maintain a set of financial indicators for all REA's and the Northeast Nebraska PPD performed well within the parameters of these indicators. We are nearly half way into FY2004 and we again are meeting our financial targets. We strive to manage our finances well, so that we can continue to make improvements while holding rates low.

The Nebraska Public Power District has announced an estimated 2.5% increase in the cost of wholesale power to our District beginning on January 1, 2005. The Board and Management of NeNPPD have been planning for months on how best to mitigate this increase for our consumers. We will do our best to hold the impact of this increase to a minimum for our customers.

Congratulations

We welcome two new employees to the District: Josh Siebrandt and Travis Wells. Both are apprentice linemen based in Wayne, but will eventually work district wide as part of a construction line crew. Josh comes to us from Polk County PPD in Stromsburg, NE and Travis comes from Clay-Union Cooperative in Vermillion, SD.

Barry Anderson with our Ponca crew has attained his certification as a Journeyman Lineman. To attain this rank, Barry had to apprentice for four years and pass numerous written examinations. His achievement is well deserved.

Call Centers Assist Customers

The District’s contract with NPPD for night and weekend dispatching has worked well in its first year. For power outages our customers can call **800-750-9277**, 24 hours, every day of the year and have their call answered personally. Remember that a brief recording is the first thing you will hear, but a person will answer shortly. For questions about Satellite TV or to order programming call **877-294-4996**.

Audit

The Board met with its auditor last month to hear the results of the FY2003 audit. To quote from the auditor’s letter to the Board....

“In our opinion, the financial statements present fairly, in all material respects, the financial position of the Northeast Nebraska PPD as of December 31, 2003, and the results of its operations and its cash flows for the year then ending in conformity with accounting principles generally accepted in the United States of America.”

For your review here is the FY 2003 Balance Sheet and Income Statement. If we can answer any questions related to this information, then please call us.

Balance Sheet 2003

<u>Assets</u>		<u>Liabilities</u>		<u>Income Statement 2003</u>	
Electric Plant	\$ 28,225,377	<u>EQUITY</u>	\$ 16,345,207	Electric Sales	\$ 11,956,100
Less Depreciation	(12,517,190)	RUS Mortgage	2,946,688	Other Revenue	446,108
<u>NET ELECT. PLANT</u>	15,708,187	Revenue Bonds	2,574,756	<u>TOTAL REVENUE</u>	12,402,208
Non Current Investments	1,805,083	Notes Payable	155,336	Cost of Power	7,234,075
Invest. In Organizations	424,569	Less Payments	(483,820)	Transmission Expense	230,642
Notes Receivable	339,440	<u>TOTAL DEBT</u>	5,192,960	Operation Expenses	807,473
Other Assets	19,971	Acc’ts Payable	1,055,395	Maintenance Expenses	537,920
<u>TOTAL INVESTMENTS</u>	2,589,063	Deposits Held	197,445	Consumer Acc’t Expenses	627,581
Cash	1,170,711	Accrued Expenses	489,716	Sales Expenses	13,301
Temp. Cash Investments	2,114,361	Debt Payments	483,820	Administrative & General Exp	817,234
Accounts Receivable	1,265,659	<u>CURRENT LIABILITY</u>	2,226,376	Union Pension buy back	342,874
Notes Receivable	38,933	<u>DEFERRED CREDITS</u>	71,311	Depreciation	766,665
Materials and Supplies	524,441			Taxes	518,905
Other Current Assets	15,740			<u>TOT. OPERATING EXP.</u>	11,896,670
<u>TOT.CURRENT ASSETS</u>	5,129,845			<u>INTEREST EXPENSE</u>	219,446
<u>RESTRICTED CASH</u>	273,302			NET INCOME from	
<u>DEFERRED DEBITS</u>	135,457	<u>TOTAL EQUITY&</u>		<u>OPERATIONS</u>	286,092
<u>TOTAL ASSETS</u>	23,835,854	<u>LIABILITIES</u>	23,835,854	Interest revenue	194,382
				Amortization Exp.	(86,940)
				Capital Credits Earned	30,698
				Other Non-Operations Rev.	267,695
				<u>TOT.NON-OPER. REV.</u>	405,835
				<u>NET INCOME FOR 2003</u>	691,927

The Board of Directors and Manager are:

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