

News from the Northeast Nebraska Public Power District

July 2006

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**.

Old and unused services will be retired without notice

It cost a minimum of \$18,000 per mile to build new single-phase electric lines and a minimum of \$35,000 a mile for new 3-phase lines. New line can cost more depending on terrain and engineering conditions. The District operates nearly 2800 miles of line. With the increases in the cost of metals, wood and all materials it is becoming more important to take down services that are not being used. In doing this we can hold rates down and be more efficient by using idle materials like pole top transformers elsewhere on the system. Taking down unused line will also lessen exposure to lightning, animals, trees and other causes of outages. The District considers any service for which there hasn't been an electric bill paid within the last 12 months as an idle service. After 12 months of no revenue we may at our discretion remove our equipment without notice.

Fiscal Year 2005 Audit Results

For your review, here are the FY 2005 Balance Sheet and Income Statement. Again this year the auditors told the Board of Directors that management is being diligent in keeping the District's financial records and that the financial statements below fairly represent the financial condition of the District. If we can answer any questions related to this information, then please call us.

The NeNPPD had its best year ever financially in 2005. Even without a rate increase in since early 2003, the District invested \$2.6 million in new electric lines and facilities in 2005, continued to absorb price increases in the cost of wholesale power, fuel, wire, poles and labor, and retired \$406,000 in debt. The District's equity remains over 70%.

Balance Sheet 2005

<u>Assets</u>		<u>Liabilities</u>		<u>Income Statement 2005</u>	
Electric Plant	\$ 32,652,261	<u>EQUITY</u>	\$ 19,824,854	Electric Sales	\$ 12,460,572
Less Depreciation	(12,941,987)			Other Revenue	361,306
<u>NET ELECT. PLANT</u>	19,710,274			<u>TOTAL REVENUE</u>	12,821,878
				Cost of Power	7,638,075
				Transmission Expense	185,571
				Operation Expenses	374,847
				Maintenance Expenses	751,812
				Consumer Acc't Expenses	399,131
				Other Expenses	37,307
				Administrative & General Exp	658,484
				Depreciation	845,960
				Taxes	542,238
				<u>TOT. OPERATING EXP.</u>	11,433,425
<u>INVESTMENTS</u>	3,954,867	<u>TOTAL DEBT</u>	5,459,961	<u>INTEREST EXPENSE</u>	235,518
Cash	1,540,193	Current debt pymnt	406,200	<u>NET INCOME from OPERATIONS</u>	1,152,935
Other Securities	1,047,308	Accounts payable	1,595,336	Interest revenue	222,808
Receivables	1,163,578	Accrued Expenses	81,699	Other Non-Operations Rev.	182,790
Materials and Supplies	394,737	Accrued Taxes	322,201	Capital Credits Earned	54,888
Prepayments	70,421	Customer Deposits	104,656	<u>TOT.NON-OPER. REV.</u>	460,486
<u>TOT.CURRENT ASSETS</u>	4,216,237	<u>TOT.CURR. LIAB.</u>	2,510,092	<u>NET INCOME FOR 2005</u>	1,613,421
<u>DEFERRED DEBITS</u>	69,061	<u>DEFERRED CREDITS</u>	155,532		
<u>TOTAL ASSETS</u>	27,950,439	<u>TOT. EQUITY & LIABILITIES</u>	27,950,439		

Third Party Notification is Available

Landlords and caregivers often request that we notify them if the electric account at their property becomes delinquent. We have established a procedure whereby a third party like a landlord can receive a copy of the late notice. This is the only notice given to the third party, but it will come in time for a caregiver or

landlord to pay the bill should the customer fail to do so. If you are interested in receiving a third party notification then please call our billing department.

Correct Phone Numbers are more important than ever!

People move or switch to cell phone service and end up changing their phone numbers. Our having the correct phone number(s) on hand is very important. We have begun using an automated telephone system to communicate with customers about planned outages and billing problems. Sometimes we would call a landlord about an issue with their property if we knew the phone number. Matching a phone number is perhaps the quickest way to verify a correct account if the customer doesn't have their account number.

Please take a minute and write you current phone number on your pay stub or meter reading stub when you send in your next bill. This will help us do a better and more accurate job with your electric billing.

New Transmission Line and Substation in Service

Our newest Substation, called the Union Sub because it electrically joins for the first time the two former Power Districts, is now energized. To move 69,000 volt power to the new substation required building nearly 10 miles of new high voltage transmission line. This work is complete also. What remains to be done is to construct some more distribution line and connect these lines to the substation. This new sub will serve loads in southwest Dixon County and northeast Wayne County. The district invested about \$1.3 million in this project.

New Warehouse and Garage open in Wayne

We are pleased to have all our men, material and trucks in one location in Wayne. Our new garage/warehouse/pole yard became operational in June. Things have been easier not having to drive at the start and end of each day to three different locations for fuel and parking. We are planning an open house for the general public during the month of September 2006. The new garage is located just west of Pac N Save grocery on Hwy 35 one mile west of Wayne.

We make several efforts to avoid having to disconnect service for non-payment.

For most of our customers it is their responsibility to read their own meter, calculate and make their payment by the 10th of each month and most customers do. For about 650 customers each month, we don't receive a reading and payment by the 10th, so we send a letter by first class mail to remind the customer that we need to talk to avoid further penalties or disconnection of service. We have recently begun using an automated calling device to make an additional call in the evening urging the customer to contact our office. If the customer has a good payment history and we still haven't heard from them, then we call them again. The very last thing we want to do is to send a truck out to collect an electric bill or disconnect service. In our towns we read the meters and send bills, but the process above remains the same. We don't want to disconnect anyone. Customers that need help or extra time must call our office to avoid possible disconnection.

Electric Rates are up all over the country

The cost of purchasing coal has risen dramatically this summer as the prices of all fossil fuels needed to generate electricity have increased. Additionally, the cost of transportation for coal has sky rocketed. This has led to double-digit rate increases throughout the country except in Nebraska. A recent report by the US Department of Energy stated that electricity prices were up 10.9% nationally in 2005. The same trend has continued so far in 2006. Our supplier the Nebraska Public Power District (NPPD) has done a good job in securing extended term contracts for both coal and rail service. These contracts have shielded Nebraskans from rapid rate increases, but smaller increases have been imposed and will continue for the next several years. We at NeNPPD, will continue to work to hold all costs down and will decide in November of 2006 if we must pass along an expected wholesale power cost increase.

Congratulations to Dustin and Lori Laible on the birth of baby Augustus Michael on June 15, 2006.

The Board of Directors and Manager are:

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

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