

News from the Northeast Nebraska Public Power District

March 2008

Start a Conversation with your elected officials about the Cost of Climate Change Legislation

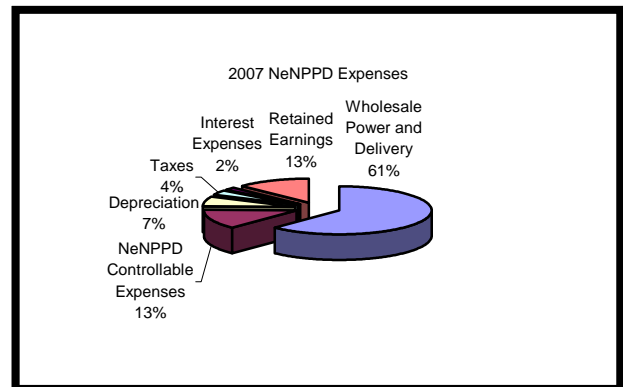
The nation's rural electric systems are leaders in investing in clean renewable energy sources like wind and hydro-power. Rural electric systems get 11% of their power from renewables vs. 9% for the industry as a whole. To strike the right balance between new investments in renewable power plants and forthcoming legislation designed to limit the burning of fossil fuels, we suggest customers ask their elected officials these 3 questions:

- Experts say that our nation's growing electricity needs will soon go well beyond what renewables, conservation and efficiency can provide; What is your plan to make sure we have the electricity we'll need in the future?
- What are you doing to fully fund the research required to make emissions free electric plants an affordable reality?
- Balancing electricity needs and environmental goals will be difficult. How much is all this going to increase my electric bill and what will you do to make it affordable?

You can start the conversation with your elected officials now at www.ourenergy.coop. *Reliable* electric supply does not come from hopeful thinking, but rather investments in power plants that aren't being made in today's political climate.

NPPD increase of 8.5% for wholesale power means a 5.5% increase in retail rates on April bills

An increase in the cost of wholesale power of 8.5% means the NeNPPD will pay an additional \$800,000 a year to NPPD. For 2008, NeNPPD's power bill is expected to be \$10.3 million or about 65% of all revenue collected from retail power bills. NeNPPD intends to hold its costs stable and is not requiring extra money for local operations. New retail rates implementing a 5.5% average increase will go into effect on April 1, 2008. New rate cards will be provided by mail to self-read/self-bill customers.



Limits to be placed on new Irrigation loads In the last few years the District has received numerous request for new irrigation services. Fortunately, we have been able to serve these new loads, but at a cost. Electric irrigation can be a demanding load to serve economically. Irrigation loads are large and seasonal. This means that the investment in power lines, line transformers and substations all have to be large enough to serve a load which is only used about 10 weeks of the year. Some of the cost of serving new irrigation loads can be passed along to the individual irrigator or to all irrigation customers in a special rate charge. But it becomes impossible to pass along the cost of substations to only irrigation customers and substations are very expensive. Several of the District's largest substations are fully loaded for two months of the year due to irrigation loads, but carry much less load during the other 10 months of the year. The cost of upgrading such substations falls on all rate payers. This year we are postponing the commitment to connect new electric irrigation services until after our consulting engineer performs a load flow study and provides his assessment about where new irrigation loads can be feasibly served. We expect to get his report by the end of March and to notify customers about the prospect of building a new service. In the meantime farmers can reserve their place in line by coming by the office and signing up for new service. There is no deposit required to make this application and services will be built in the dated order of receipt of the time-stamped application in the office.

Grain Bins and the National Electric Safety Code

Customers may have seen our ads about grain bin locations. We are serious about your safety and want to do our part to prevent any contact with our power lines. The National Electric Safety Code specifies that grain bins be set back away from our overhead lines by a minimum of 18 feet plus the height of the bin. For example, a 60 ft tall bin should be a minimum of 138 feet away from the nearest power line owned by

the District when the wires are at least 40 ft above the ground. There is an exception to this Code, but we require that the farmer provide a signed written statement to us specifying he will restrict the location of portable augers to specific areas away from the power lines. In the case where an existing bin is found to be outside the Code, we will be contacting the bin owner to get his/her written waiver. By signing the waiver, the bin owner can avoid the cost of our moving the power lines to meet the National Electric Safety Code. We highly recommend that farmers contact us before siting a new bin to avoid the extra cost moving the power line and to allow us to help make the bin as safe as possible.

Why are electric companies monopolies?

Almost everyone has wondered at sometime, "If there was competition, policies or actions at the power company would be different!" And this is likely true, but there are several important considerations, which have made lawmakers keep electric utilities as monopolies. All of these considerations are intended to save the customer money and guarantee a consistent level of service. First, no one could afford to have double or triple investments in power lines running down both sides of the road owned by different companies. Next, there are many loads served at an affordable cost to the customer that would become high priced in a competitive environment...especially the many seasonal loads served in this part of the country. Also, 70 years ago rural Americans didn't even have electricity because private companies didn't feel low density and low sales rural areas worth the investment. Because NeNPPD is a locally controlled monopoly the customer is assured of standard service to all, regardless of the customer's sales volume or location. The District's costs to provide service are averaged out to all customers so as to make electricity as affordable as possible for everyone. Additionally, the District is governed by a locally elected Board of Directors instead of out-of-state stockholders who would first be motivated by profit and a return on their investment. The management of the NeNPPD recognizes that not every policy or position taken by the District fits each customer's needs perfectly, but we are confident that given the limitations of today's technology and laws that our costs and service are better for all than would be provided by competition. The District will one day have competition from new technologies (rather than other power companies) when these new technologies become more cost competitive.

Automatic Meter Reading (AMR) Update

All but about 1,000 meters have been installed for single-phase services like homes. We expect to complete the installation of these meters within 2 months and begin installing 3 phase meters on businesses in towns. The District is now billing 3,000 customers on a monthly basis using the AMR system. In April and May we expect to move another 1,100 customers from self-read/self-bill to AMR in the Winside, Sholes, Emerson, Pierce areas and the area around Hwy 20 near Waterbury. The new AMR meters keep an ongoing record of blinks, power outages and day-by-day consumption patterns. We hope to eventually be able to use this information to do preventative maintenance and further improve reliability. We will also have the ability to remotely monitor our substations and other devices out on the line to pin point areas that are out of power and where the most likely problems are. The AMR system can provide lots of information beyond a simple meter reading and given time we will use all of this information to keep costs low and reliability high.

Cost of electric heating is a good value

The standard measure of heat is the BTU (British Thermal Unit) and it is roughly equivalent to the heat in one kitchen match. The cost of 100,000 BTU's delivered natural gas is \$1.24; of propane is \$2.19 and electricity is \$1.63.* Adjust these amount for the efficiency of typical heating equipment and the cost of 100,000 BTU's of useable heat in the home is: \$1.20 to \$1.35 for natural gas; \$2.43 to 2.73 for propane and \$1.63 for an electric furnace or baseboard heat. Since the electric heat pump doesn't use electricity to make heat, but instead drive a compressor to capture free heat from outdoor air, then the Heat Pump's efficiency can be 200% to 250% over the winter season. This mean the cost of 100,000 BTU's using the Heat Pump is lowered to 65 to 82 cents. *(Assumes a winter bill of 3,000 kwh or 102 Therms of gas at \$16.00 BFC and \$1.08/Therm and \$2.00 per gallon of propane. 2007 NeNPPD rates at \$14.50 BFC, 6.2 cents/kwh and 4.25 cents for all kwh's over 1500 in month.)

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