

News from the Northeast Nebraska Public Power District

March 2010

Comments on the Ice Storm

This has been a hard winter. Across the nation, the daily news reports continue to show some area of the country that has been hit by severe weather and are experiencing lengthy power outages. All of us at NeNPPD appreciated the many kind words of support sent to our crews along with bill payments or over the phone. All employees were working hard to get the lights back on as fast as possible. We continue to remain thankful for the help provided by the Nebraska Public Power District (NPPD), Southern PPD in Grand Island, Southwest PPD in Palisade, Cedar-Knox PPD in Hartington, Custer PPD in Broken Bow and Northcentral PPD in Creighton. The crews from Northcentral PPD were the first to arrive on scene and the last to leave. Here are some common questions from customers:

My neighbors had lights, but I didn't? For customers in the countryside, electric lines snake across country in a way that often one neighbor is fed from an entirely different substation or line. Even when fed out of the same substation, it may be that only one feeder line is out and the others are fine. It might be the problem is very near the customer that is out of power and doesn't affect others close by. For these reasons, it is important that you call and let us know when your power is out, even if you think others may have all ready called us. Most of the outages in the ice storm were very local and affected only a few people in a specific area. For the most part, most customers had lights through the ice storm.

Some people were out of power for 5 days and others only a day or two. How is that decided? The District's storm dispatchers use two ways to prioritize where to send crews. First, they look for areas where service to the most customers can likely be restored the fastest. Get the most people on the quickest. After this has played out, then crews start at the Substation and work their way out toward the ends of the lines, repairing damage as they go. This is very systematic and slower. The result is that the person at the end of the line will be restored last. Also, it may be decided to leave a tap with only a few customers off to repair a main line serving a lot of customers. What made this ice storm so difficult was that almost all outages were broken wires scattered around the countryside on roads that were impassable. In all large outages, if you live at the end of the line, your service will likely be one of the last to be restored.

We have had several blizzards/storms this year and didn't lose power. What was different about the ice storm? Ice damages electric lines in several ways over several days. Water weighs about 8 lbs. per gallon and ice accumulation can put hundreds of pounds of weight high atop a pole where it has leverage to break the pole or wire. Ice also adds size to the wire and makes it easier for the wind to grab it. Wind loading adds to the weight of the ice. Ice also keeps causing trouble for days as it melts. The wires and poles that don't break are stretched to the limit, and when ice finally melts off one of the wires, they tend to snap like a rubber band and bounce into one another. When these wires touch, they arc and melt in two. This requires a crew to come and splice them back together. The linemen call this trouble 'burn downs', and these 'burn downs' can continue for days creating new outages even after the ice starts to melt. 'Burn downs' frustrate customers and our crews because often the same stretch of line burns down several times. 'Burn downs' were the biggest source of trouble with the recent ice storm. They were scattered all across 5 counties and often down roads that hadn't been cleared of snow. Most crews had to have a road maintainer with them to open up drifts so that our equipment could get to the trouble. Often crews walked into the area or rode snow mobiles and climbed poles. This was slow going.

How much will the ice storm cost? Right now our estimate is about \$700,000. Management and the Board are looking at options about how to pay for the storm. We can use some cash reserves, some borrowing, or adjusting the budget to push out construction projects. The Federal Emergency Management Administration (FEMA) will not likely help as there was no declaration of a disaster area as a result of the storm. The District is financially strong enough to deal with this amount of loss. As a perspective: When we get a yearly increase in the cost of wholesale power from NPPD, the amount is usually between \$800,000 and \$1.1 million.

Cost of Service and retail rate design now underway. Every few years the Board of Directors hires a consultant to provide an independent review of the cost of providing electric service to different types (or classes) of customers. Our customer classes are defined as residential, commercial, industrial, irrigation, and lighting. This study is important to all customers because the consultant allocates out the cost of purchased power and the local investments needed to deliver that power to these various classes. Then they look at how much each 'class' pays toward those costs. This study helps the Board set rates in a way to avoid any class of customer paying too much or too little. The study also makes a recommendation about which of the District's costs are 'fixed costs.' Fixed costs are those that don't change with the amount of energy purchased (for example: meters, poles, wires, transformers) Costs that vary with the amount of energy purchased by customers, like wholesale power costs, are referred to as

variable costs. Generally, it is considered most fair to recover fixed costs in fixed charges like the monthly Facilities Charge shown on your bill. Right now our rates spread some fixed costs out to the kWh energy charge which means customers that use more pay more of these fixed costs. We will be taking steps to correct this with a new rate design. There will likely be an increase the fixed monthly facility charge and decrease the kWh energy charge. This new design will not increase or decrease the amount of money collected by the District, but will change the way it is collected. Even though individual customers may see some increase or decrease in their bill as a result, the change is not a rate increase/decrease in the sense that the District is collecting more money. At present, the District is absorbing 100% of the 2010 increase in wholesale power costs from NPPD. Customers are seeing higher bills due to the colder weather and increased consumption and not because of an increase in electric rates. We will keep you informed about any changes in rates as a result of the study.

Policy and Physics limits the ability to connect large motors – Please check with us first. Customers shouldn't take for granted that the District's existing electric lines have the capacity to connect any amount of new load. In many areas the lines may be near capacity. When farmer's or businesses are considering the purchase of a new large motor, they should call us right away to avoid any misunderstanding. While most 3 phase lines have plenty of capacity, some of our longer single phase and two phase lines cannot support additional load. Our engineer also points out that large single phase motors can impair the ability of the 3 phase line upstream to serve new loads. For these reasons we limit the size of new motors to 25 HP for single phase motors, 40 HP for Written Pole single ph. motors, 50 HP for 2 ph motors, 100 HP for 3 ph. motors without soft start. In some cases, our engineer may restrict even these sizes without improvements to the lines. The District wants to work with customers to be sure that adequate capacity can be economically provided, but the time to do that isn't after a motor has been purchased on the assumption that the District can provide any amount of capacity and voltage. Large motors used for irrigation pumping and grain handling are difficult to serve economically because they often require an upgrade to the electric line, but are used for only two months a year.

Remote Bill Pay Stations are up and running. If you pay by credit card or e-check you now have another way to pay your monthly bill. We have installed computer terminals with touch screens at the AmPride in Jackson, NE and at Gene's Road Runner Mart on Hwy 35 near Norfolk. These pay stations are most helpful to customers that want to pay after business hours with a credit card and who may not have access to a personal computer at home. The pay stations process the payment in real time and print a receipt. Any customer may use it to simply check their account balance any time. Those customers with a home computer connected to the Web can pay anytime over our website at www.nppd.com without leaving the comforts of their home. We also process credit card payments 24 hours a day by telephone.

Energy Efficiency Rebates are available through NPPD. Our wholesale supplier offers a variety of rebates to help customers take needed steps toward energy efficiency. These are: ***Residential High Efficiency Heat Pump Program*** with \$200-\$400 in rebates for purchasing a heat pump with a rating of 14 SEER and 8.2 HSPF or higher. ***Residential Cooling System Tune Up*** which gives a homeowner \$30 (once every 3 yrs.) for a contractor to tune up your air-conditioner. There are rebates for home attic insulation too. Rebates to ***commercial customers toward the purchase of premium efficiency motors*** (call to learn more). ***Commercial and Industrial Lighting Efficiency Program*** with incentives ranging from \$10 -\$75 per replacement fixture when eliminating incandescent lighting, metal halide lighting, T-12 fluorescent lights or mercury vapor lighting.

Just how cold has it been? We provide some weather data on our bills to help customers make sense of their electric use. We want you to understand your bill. Look on your bill stub for the box labeled *Comparisons*. The information shows your use for the last month and the same month last year. It also shows the average temperature during your billing period. January of 2010 had an average temperature of 17.4° compared to Jan.09 at 22.7° That's 23% colder. For February 2010 the average temperature was 14.4° compared to Feb. 09 at 16.1° or 11% colder. December of 2009 was one of the coldest months on record. This information will help you see whether your bill is higher or lower due to the number of days covered by the bill, the weather or kWh consumption and gives you some other bill periods to help the comparison. If you still have questions, please call us.

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