

News from the Northeast Nebraska Public Power District

April/May, 2012

\$7,000 donated to local groups through Operation Roundup!

Operation Roundup has the advantage of taking pennies donated by customers and doing a lot of good for local communities and projects. We are proud of the 6,500 customers that voluntarily give a few cents each month to improve lives and livability in northeast Nebraska. The Board of Directors of the new Charitable Fund are:

Val Clements – Dakota County	Darryl Frerichs – Stanton County	Ken Liska – Wayne County
Jean Bodlak – Thurston County	Susan Day – Dixon County	Troy Frank – Pierce County

To date the Board has responded to requests or initiated donations to 35 groups including: Dakota and Stanton Historical Societies; numerous local Ministerial Societies; the fire and rescue squads of Emerson, Pilger, Thurston, Wayne and Martinsburg; Senior Centers in Pierce and Pilger; supported activities at all of the area High Schools, purchased playground equipment in Newcastle and supported youth sports leagues. We keep the list of donations current and available for inspection at www.nnppd.com. If you had previously chosen to opt out of the Roundup Program, but now want to support these kinds of local activities simply call the office or write a note on your bill. No other program has the ability to take a few pennies a month and turn it into enough money to make a difference where we all live. Thank you for your support.

2011 Audit shows NeNPPD still holding cost down, but that wholesale power costs are rising.

The District's financial auditors have recently finished their work. It seems almost impossible to believe, but the total amounts of expenses locally at NeNPPD are still about the same as in 2003! For fiscal year 2011 all NeNPPD expenses in total without the cost of wholesale power were \$4,986,162. Now consider that 2010 was \$4,896,477, and for 2009 was \$4,918,138 and all the way back to 2003 was \$4,789,097. The Board and employees of the District really work hard to both hold down expenses **AND** provide extra service and improvements. We have spent millions on updating the lines and substations to avoid outages and to improve service like meter reading and envelope billing. The purchase of bulk power from NPPD represents the single largest expense in providing electric service. In 2011 wholesale power costs increased by 11.8% or about \$1,500,000 more than in 2010. Since 2003 the percentage of your electric bill that pays for bulk power has increased from 60% to 70% on average. NeNPPD continues to be one of the lowest cost providers in the country with average pricing for 2011 of 7.7¢/kWh compared to the national average of 10.0¢/kWh.

A short list of 2011 improvements to the electric system

- NeNPPD completely overhauled its substation north of Martinsburg to improve service in northwest Dixon County. Additionally, 5 miles of power lines out of this substation were rebuilt for reliability.
- We continued to automate substations so that equipment can remotely be monitored for trouble
- 5 miles of new power lines were built between Hubbard and Homer
- A new 3 phase line was constructed south between Osmond and Foster to support irrigation
- 4 miles of new line was started near Carroll
- In 2011 our crews set **841 new poles** in 18 new miles of line and retired **1113 poles**-taking down or replacing 33 miles of old line

Construction plans for 2012 - The major projects underway this summer will include:

- Preventative maintenance on the transmission line to Wayne and feeding the Sub north of Emerson
- A new Substation is being built near Winside in Wayne County with 2 miles of line
- 4 miles of new 3 phase line west of Pierce
- 2 miles of new line southwest of Allen
- Continued replacement of substation equipment and new automation
- Finish construction of the line near Carroll started last year

Wholesale Power Contract may be modified within a couple of years

The District is now spending \$15 million a year to purchase electric power and energy from NPPD. NPPD does a fine job of providing power on demand and does so at a reasonable price. Recently their President explained that environmental regulations and other projects being considered could require NPPD to borrow close to \$2 billion over a long term. Under the present laws of Nebraska the local NeNPPD Board may have to decide to commit local customers to making this investment or find alternatives (either in contract terms with NPPD or to buy power from other utilities if that is even possible). \$2 billion averages out to about \$3,700 of new investment for each NeNPPD electric meter. To start the process, the District's management has prepared a paper describing some of the risk and benefits of various other power purchase options. The existing contract with NPPD has several years remaining in effect, but NPPD has stated they may ask for a new long term contract within a couple of years. The summary paper titled "A Report on Bulk Power Decisions" is available for customers to read at www.nnppd.com. The NeNPPD Board plans to move slowly and keep information available to all customers. You are encouraged to make known your thoughts after reading the report.

NPPD will hold open house events for the public's understanding of these new projects

NPPD is hosting an open house on Wednesday, May 2, 2012 at the Divot's Conference Center in Norfolk between 2 pm and 8 pm. The public is invited to visit with the NPPD Board members and management staff that are analyzing who are proposing an upgrade to the Cooper Nuclear Station. This is one of the projects being considered for up to \$400 million in new financing. We encourage all customers to attend the session, learn more and let us know your thoughts. Power Plant projects will provide benefits, but also require electric rates to increase.

The District and Pierce Utilities agree on an update to the service area agreement

The District and Pierce Utilities agreed to new operating practices in the area west of Pierce and south of Foster. With this new agreement the District will be building new 3 phase line this summer to better serve its customers. With time there may be some customer swaps where existing customers of Pierce may become new customers of the District. Everyone involved will have ample communications and questions are welcome.

Thanks to our customers for supporting more aggressive tree trimming

After the 2009 ice storm we notified customers that we would be trimming all rights of way to the maximum extent. It is very costly to make the trip to trim trees and we need to get everything trimmed back while on site. It isn't fair to folks down the line for a tree to be causing trouble and we certainly want to avoid repeat yearly trips by trying to trim as much as possible.

Irrigation Season is around the corner – please note contact information

Farmers can check about Critical Peak Pricing hours by calling **866-333-5505** daily after 8:50 am starting June 1, 2012. Farmers that have texting plans can receive a text message as long as we have a current cell phone number. Email notifications will also be sent, but emails are the least reliable messages and occasionally get lost or delayed. A letter will be mailed soon with instructions about how to update contact information.

The Board of Directors and Manager are:

Don Larsen, President

Dan Gansebom, Secretary

David Lebsack

Paul Bodlak, Vice President

Lowell Birkley

Larry Silhacek

Tom Gustafson, Treasurer

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