

News from the Northeast Nebraska Public Power District

October/November 2013

NPPD announces no rate increase for wholesale power in 2014

We congratulate NPPD for giving our ratepayers this good news. NPPD has worked to reduce some expenses and has had a good sales year. Wholesale power is Northeast Nebraska PPD's (NeNPPD) largest single expense requiring 70% of all of the money collected from our customers. NeNPPD is just starting its budget process for local expenses and improvements to the local electric system. There may need to be a small increase to cover the effects of inflation in the price of fuel, metals and labor costs. Also the cost of the October 4th tornado will have to be addressed.

NPPD starts contract talks with its wholesale customers to cover debt

Even though we are just 12 years through our existing 20 year power contract, NPPD has begun meeting with its wholesale customers to develop a new power purchase contract to extend into the 2030's and beyond.

NPPD has informed its wholesale customers that lenders need a longer term contract to secure repayment of present and future NPPD debt. NPPD needs new borrowing to add pollution control equipment and build new power lines that will cost hundreds of millions of dollars in the next few years. Power plants and electric lines last a long time and the debt needed to build them is very long term. NPPD has stated that unless customers like Northeast Nebraska PPD (NeNPPD) secure these loans now, that it will cost more for them to borrow, and power costs will go up. This has put NeNPPD in an awkward position because NPPD is a good supplier, but other suppliers say they want our business and won't require these guarantees or prevent competition in the future.

While we can't yet predict what NPPD may offer us to convert our existing contract to a new longer commitment we have communicated to NPPD some standards we think appropriate under the circumstances:

- There must be accountability for NPPD's performance in the future. This likely means that there must be an appropriate and simple way to exit the new contract. Future events, people, issues and challenges will all change. The NeNPPD Board needs to keep the right to change suppliers in the future if NPPD doesn't stay competitive.
- That NPPD put forth a financial plan for the long term and stick with it. We aren't sure about handing NPPD a blank check (with your signature on it) unless there are pre-approved financial targets. Unlike most other utilities, NPPD does not have to ask a regulator for rate increases. Other suppliers have indicated they will lock in pricing to us for up to 5 years. That might be something NPPD could also do for customers.
- NeNPPD publicly requested competitive proposals from other power suppliers about their ability to supply power on terms better than NPPD. We received 20+ proposals and are in final talks with 3 utilities to see if a better deal for you is possible.

A lot is at stake for you as ratepayers as well as for NPPD. If you have questions or comments please make them to us and we will attempt to gauge our customer's sentiments.

NPPD will charge irrigation customers for transmission line delivery on nighttime peaks in 2014

NPPD has informed us that their future tariffs for delivery of bulk power over their high voltage network will no longer provide an incentive discount to irrigation customers that shift load to off peak hours. This change is significant for NeNPPD 's irrigation customers because 95% of all irrigation customers receive this discount now. Irrigation customers will begin paying the new charge of about \$2.00 per HP per month for the 3 month season. We estimate our 550 'Time of Use' irrigation accounts to pay about \$200,000 more per irrigation season or about \$350 to \$375 per pivot per season. NPPD has agreed to phase this new charge in over 2 years starting in 2014.

Construction projects going well in 2013

So far this construction season we have built or improved: 5 miles of new 3 phase line north of Emerson to replace an aged line damaged in the 2009 ice storm; 5 miles of new 3 phase line due east of the Hwy 35 and Hwy 9 intersection to tie the Wayne Substation and the Emerson Substation together for reliability; and expect to replace about 5 miles of 3 phase line to the Village of Hubbard. These are the major work-plan projects undertaken this year, but we are also building several smaller projects to improve service in the areas of Hoskins, Pierce and Osmond plus adding new services and improving substations.

Why do we charge for new line extensions?

It depends if the new line is considered for 'private use' meaning to serve one customer like a new irrigation pump/grain bin or if the new line can (or will) be used to serve several customers. When several customers are benefitted the District does not charge for a new line or a line replacement or a line upgrade. If the new line is for essentially private use and cannot be tied in to benefit more customers, then the person requesting the new line is asked to pay the cost of construction so that the all other ratepayers don't pay (in their electric bills) for a benefit to a private individual. We have quite a sophisticated set of formulas and conditions established to give partial credit to customers needing a new line. We ask for a fair payment to prevent other customers from paying in their electric bills for a project that will not benefit them. It is an issue of fairness.

'PrePay' is here. It may benefit you.

Some customers have trouble paying our security deposit, or if they are disconnected for non-payment, they struggle to get caught up in a crisis. While we work to provide access to agencies that can help fund some amounts owed, we see a lot of folks struggle because they often get a month behind. PrePay will let customers avoid credit requirements and deposits by paying ahead when they want and how much they want. PrePay is possible because we can remotely read and monitor the revenue meters. This means customers can make smaller more frequent payments (weekly) to avoid disconnection for non-payment. The program will be available to residential customers regardless of credit history if the customer chooses. Payments must be made on line or by phone by credit card. For more information call our office.

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