

# News from the Northeast Nebraska Public Power District

March 2014

## **Our new 'PrePay' program helps those with finances close to their paychecks.**

Many customers find their paycheck just isn't stretching to meet all of the bills. A high electric bill is tough to handle because the energy flowed through the meter some weeks ago and customers don't have a convenient way to monitor how fast they are using electricity in a cold winter. Our new PrePay Program lets customers get a text message everyday to see how much they are using and then ***lets customers pay any amount they want*** so long as their account balance stays above zero. It is similar to those weeks when a customer may not have the money to fill their car's gas tank. They can maybe buy half a tank and cut back on driving. With electricity that has never been possible before because the energy has been used long before getting the bill. 'PrePay' gives the customer the information and the options to decide how much to pay and when. There are some qualifications: 1) The customer must be able to receive daily text and/or email messages about their account balance 2) be able to pay with a credit/debit card and understand that they will no longer get an electric bill in the mail and 3) our computer meter reading system has to be able to read the meter daily. But those that go onto 'PrePay' will not be required to put up a security deposit and can even have their deposit moved over to their 'PrePay' balance for immediate use. But 'PrePay' is only the newest of several programs aimed to help customers. Other programs to help customers manage their bill amounts are: \*Budget billing where the District will bill an average amount each month; \* bank draft which can be combined with Budget Billing for convenience to help those that travel or prefer not to write checks; \*Pay Arrangements can be made whenever a customer is just caught without the money to pay their bill. The District's employees work hard to avoid disconnecting anyone and will work in good faith with customers that need our help. Our employees also have a list of charitable or social organizations which may also help if asked. 'PrePay' is being used now and customers like it.

## **Power Theft and Meter Tampering is a crime**

THERE IS NOT A SAFE WAY to adjust or disconnect the electric meter in an attempt to keep it from registering all of the energy used. Each attempt to bypass the meter is a dance with death as your body can instantly become the power's pathway to ground instead of the wiring. But even if it weren't dangerous it is still considered stealing. As described above, the District understands when our customers need a little more time or flexibility in paying a high bill. We will try to help. However, occasionally there are folks that don't want to pay any bill at all, and this just moves their cost onto the other customers. Naturally, we can't let that happen. While tampering doesn't happen frequently, it does occur enough that most County Sherriff's know who has done it. With our computer meter reading system it is easier for us to detect and catch folks that do it. An electric bill isn't worth your life or a court fine, or jail time and then the loss of a job. We will try to work with you when you need help, but once the meter is tampered, even that becomes hard to do.

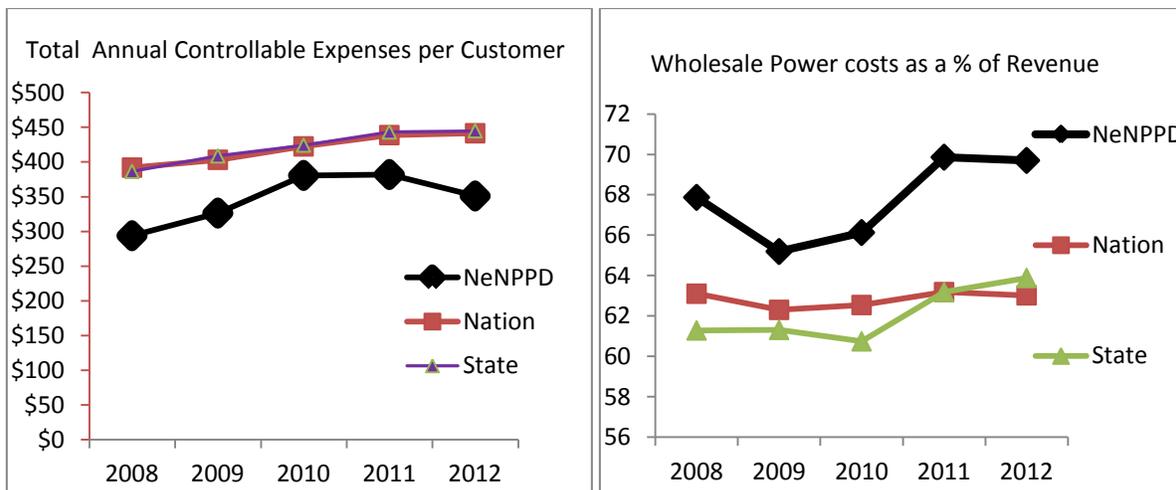
## **Wholesale Power Contract bids taken and awarded**

Periodically through 2012, we updated customers on the progress of our bid requests. After NPPD requested a new very long term contract be signed this year and there was not to be a straightforward way to exit the proposed future NPPD contract, the NeNPPD Board felt it wise to compare both the price and the terms other power companies would offer. Expense for wholesale power takes 70 cents of every dollar paid by customers to NeNPPD or about \$15 million out of our total collected revenue of \$21 million annually. Even a small percentage savings can mount up fairly quickly. The NeNPPD Board bids the price of trucks, fuel, poles and wire all which cost significantly less, so we felt it proper to bid wholesale power. The new contract was awarded to the Big Rivers Electric Cooperative(BREC) in Kentucky. BREC will not be producing power in Kentucky and sending it to Nebraska. Instead BREC will purchase power for us through the multi-state market clearinghouse called the Southwest Power Pool(SPP), which is responsible for allowing buyers and sellers to deal (including NPPD) and is

responsible for reliability of the bulk power grid throughout the great plains States. Purchasing power through the SPP is exactly the same way NPPD will provide for its future customers too. Both BREC and NPPD have to meet standards for reliability, to keep the lights on, as established by SPP. All of the high voltage transmission lines through the plains states are 'open' to carry power from any provider to any customer. All that changes is the ownership of the power flowing in the lines and the price. The NeNPPD Board of Directors signed a contract with BREC for a reduced price from NPPD for 9 years starting in 2018 through 2026, and this contract can be renewed if NeNPPD and BREC agree. Other favorable terms included the right for us to purchase significant amounts of local renewable energy when that is available in the coming years. More important than price though, was the ability to commit to a reasonable length of time into the future, like 10 years. After studying the situation, it was felt too risky to commit for 25 years or longer when competition was available. We felt being able to vote with our dollars from time to time was an important bit of leverage our customers shouldn't give up. The Cities of Wayne and Wakefield also signed onto the BREC deal.

**Retail rate increase for 2014 is 4.7 %**

Over the last many years, NeNPPD has worked very hard to avoid adding any cost to ratepayers. In many areas NeNPPD actually spend less on local operations now than when we merged in 2001. The rate increases of the last 8 years have been almost entirely to cover the increasing cost of wholesale power. This year is different. There isn't an increase in wholesale power, but NeNPPD has been faced with two storms in 2013 that were unbudgeted at a time that our cash was low due to normal repairs and improvements on the electric system. One other factor was that we have a program to become almost debt free by 2018 which also is requiring a bit more cash in the next few years. All of this is for a reason. The District owns and is responsible for much of the higher voltage lines serving many of the counties in the area. These lines were built in the 1950's and 1960's and are due to be replaced. It is our hope that clearing the decks of as many expenses as possible now, combined with lower wholesale power costs in the near future will permit work to commence replacing these essential lines with little impact on rates. It is a balancing act, but NeNPPD has accomplished much to improve service and keeps rates for rural electric systems near the lowest in the State. Below are two charts to tell part of that story.



**The Board of Directors and Manager are:**

Don Larsen, President	Paul Bodlak, Vice President	Tom Gustafson, Treasurer
Dan Gansebom, Secretary	Diane Newton	Sy Kneifl
David Lebsock	Larry Silhacek	Mark Shults, Manager

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