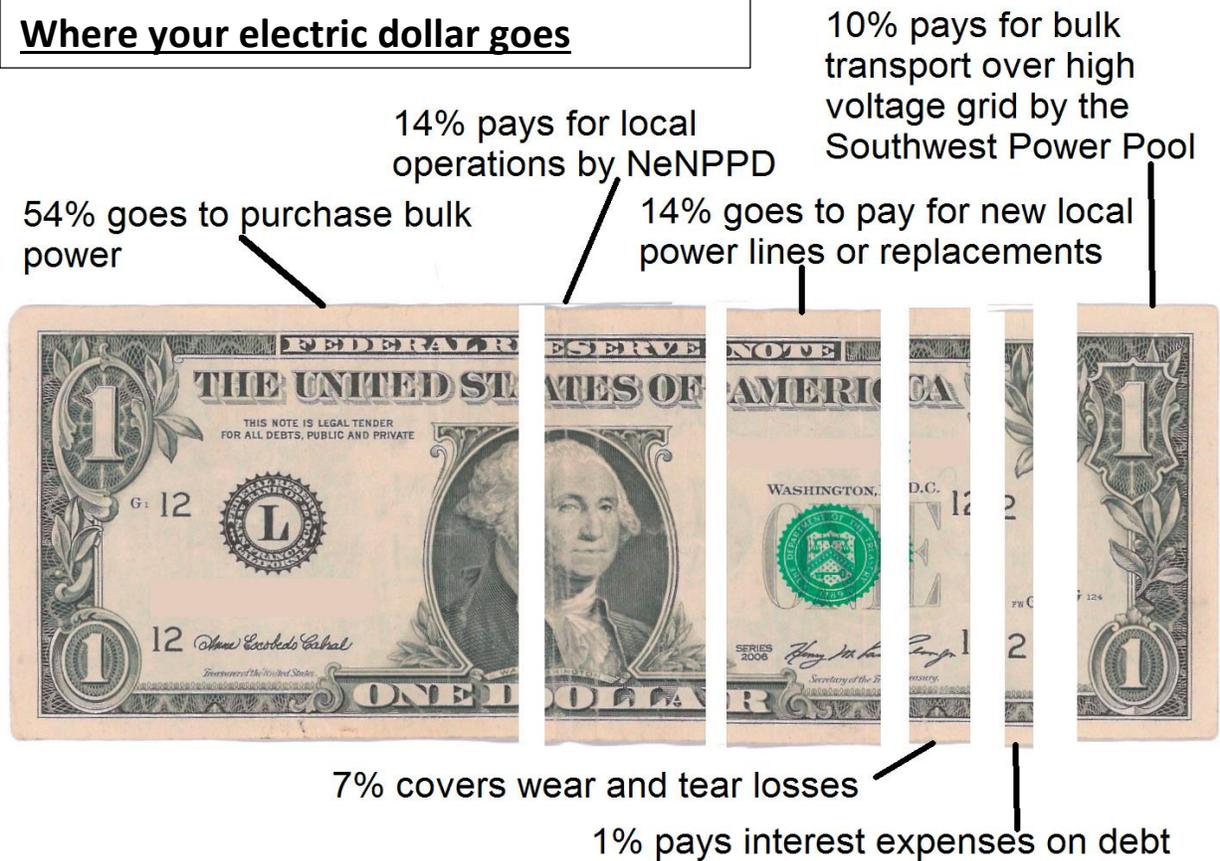


News from the Northeast Nebraska Public Power District

November/December 2014

Where your electric dollar goes



No Electric Rate Price Increase for 2015

The Board of Directors has reviewed the District's preliminary budget for 2015 and has determined that electric rates will remain unchanged for all customers for 2015. This is largely due to there being no cost increase for bulk power announced by Nebraska Public Power District. NeNPPD will receive a 4% increase in the cost of using the high voltage grid to bring bulk power to our customers from distant generating plants, but NeNPPD plans to absorb this extra cost. After several years of rapid cost increases for bulk power, the prices stabilized this year because of competitive pressures on bulk power suppliers and because of a new competitive commodity market for bulk electric energy. The Southwest Power Pool (SPP), a multi-State organization of power producers and high voltage line owners, started a competitive power commodity market in March of 2014. By the SPP's own estimates this "Integrated Marketplace" will save consumers inside their region \$100 million a year by running the least cost generating plants more and the more expensive plants less. By putting all generating plants into a multi-State pool, all consumers get the fuel diversity of the entire area which includes wind, coal, gas/oil and nuclear production. A significant cost to retail customers is still the cost to obtain enough generating plant 'capacity' to ensure the lights come on at the flip of a switch. But the cost of generating plant capacity can also be determined through competitive bidding.

Transmission line between Winside and Wayne being rebuilt

NeNPPD crews have begun work on replacing the poles and hardware on the 10 miles of 69,000 volt line between Winside and Wayne. This line was built in the early 1950's. Due to its age and design, the line requires upgrading to meet the higher reliability standards our customers expect today. This line is an essential connection to ensure that our customers in the Winside and Wayne areas including the Cities of Wakefield and Wayne have the best reliability should storms damage portions of the high voltage network in northeastern Nebraska. Credit should be given to NeNPPD's own employees for developing a plan that will save our customers significant cost by doing this work ourselves instead of bringing in outside contractors. Since our transmission lines cross fields, there is a narrow window of time to get this work completed. We have waited until the crops are out of the field and are now racing the winter weather. This line is an important link and we don't want it out of service any longer than needed. Next fall we anticipate replacing the 69,000 volt line between Ponca, NE and our Substation near Martinsburg. NeNPPD operates about 100 miles of high voltage lines and all of it is nearing the end of its useful life. We expect planned savings in future bulk power costs and debt service to offset much of the cost of this work so as not to borrow money extensively or raise rates to customers.

Local Distribution line projects nearing completion – Hoskins, Newcastle and Hubbard

Within the last few months the District has completed a second line to feed the Village of Hoskins so that when damage is incurred, the town can then be put back into service from another line while repairs are made. New power lines were built to the edge of Newcastle on the east and west side of town. Next spring, the plans are to join both feeds at a new substation. This will provide Newcastle with other ways to restore power when the main transmission line into town has trouble. NeNPPD is moving the line into Hubbard from its current path across fields and replacing it with underground lines which will also tie into both the District's Substations at South Sioux City and Homer as a backup for the Village.

Board Adopts Core Values for the District's Employees and Business Dealings

- Treat others as we would expect to be treated ourselves. To forgive our customers and ourselves when we fail to do so.
- Deal with empathy with those truly in need and firmness with those seeking more than their due.
- Provide a workplace where employees are treated well, appreciated, and expected to perform their duties.
- Listen and strive for understanding prior to acting.
- Accept the need for change and constant improvement
- Deal openly with all issues and communicate frequently
- Hold ourselves most accountable for the positions of trust we have accepted
- Consistently deliver more value to customers than we keep in our pay or the company keeps in required charges to customers

The Board of Directors and Manager are:

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Paul Bodlak, Vice President

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Dan Gansebom, Secretary

Diane Newton

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