

(Neb.)-NPPD Will Not Raise Power Rates

By: Chris Fankhauser Posted at: 09/11/2013 09:47 AM

(Columbus)-On Wednesday, Nebraska Public Power District President and Chief Executive Officer Pat Pope gave the utility's Board of Directors good news regarding the District's financial status going into 2014. He told the Board that NPPD will not need the two percent rate increase they had been proposing for both their wholesale and retail customers next year. Pope said NPPD will not be proposing any rate increase for any of the customers in 2014.

Pope told the Board several factors have made this possible, including statewide efforts by management and employees to reduce costs without compromising reliability or safety, strong summer revenues, and a reduction of personnel by nearly 50 positions from the District's annual budget, as well as ongoing efficiency improvements.

More than 100 individuals took advantage of a voluntary early retirement program offered earlier this year and a total of 49 positions were eliminated from the District's budget. Additionally, Nebraska load revenue forecasts were revised based on higher loads realized this summer. As of this time, the District is projecting a \$24.5 million surplus at the end of the year.

Pope said the bottom line is they have had a better year than they budgeted, and staff has done an excellent job in scrubbing budgets and reducing costs. "In the past, cost pressures have forced us to raise rates. Today, we are in a period where rigorous efforts to eliminate unnecessary expenses and slightly less cost pressures are giving NPPD an opportunity to avoid a rate increase."

Early this year, NPPD alerted its wholesale and retail customers it anticipated needing a projected 3.5 percent increase. Cost cutting measures, however, were able to reduce that to two percent prior summer revenues. NPPD is a summer peaking utility, which means a majority of its revenue is derived from energy use during the summer months.

As a public power utility, NPPD rates are set to cover costs. Revenues received are used to pay operating expenses and make necessary investments in maintenance, construction, and system upgrades, and rates do not include a profit margin. Rates for 2013 increased 3.75 percent for wholesale and retail customers.

"Low natural gas prices have certainly affected the price of energy the last few years, and the economy is in a period where energy prices are low, which makes it all the more important that NPPD stay competitive for the benefit of our customers," he explained. "Letting them know now that we will have no rate increase for 2014 allows our wholesale customers some time to adjust their rate making process and gives our retail customers some relief going into next year."

NPPD's wholesale customers include rural public power districts and municipalities who purchase their power from NPPD and distribute it to their end-use electric customers. Retail customers receive an electric bill directly from NPPD and reside in communities served by NPPD personnel.

NPPD's Board approves rates for an upcoming calendar year at its November Board meeting. "While NPPD is committing to no rate increase at this time, our staff will continue to reduce costs where possible," Pope stated. "We will be doing everything we can to keep future rate increases to a bare minimum and help keep public power in Nebraska as competitive as possible."

(Story courtesy Nebraska Public Power District)