

NPPD reverses plan for 2014 rate increase

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LOCAL RATE INCREASE NOT EXPECTED
At this point, Gothenburg city administrator Bruce Clymer said he doesn't expect electric rates to increase for local customers. That's because the city's wholesale power supplier, Nebraska Public Power District, decided not to implement a proposed 2% increase. However, Clymer said there's still a slight change in how the power company charges for transmission. "So I would anticipate that our wholesale rate will be essentially the same," he said. Clymer said the 1.1% increase in customer bills will likely not go into effect and will not change the 2013-14 budget the Gothenburg City Council passed earlier this month.

Nebraska Public Power District president and chief executive officer Pat Pope gave the utility's board of directors good news Sept. 11 regarding the district's financial status going into 2014.

"NPPD will not need the 2% rate increase we have been proposing for both our wholesale and retail customers next year. We will not be proposing any rate increase for any of our customers in 2014," he said.

Pope told the board several factors have made this possible: 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, and 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, native (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.

"The bottom line is we have had a better year than we budgeted, and staff has done an excellent job in scrubbing budgets and reducing costs," Pope said. "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% increase. Cost cutting measures, however, were able to reduce that to 2% prior summer revenues. NPPD is a summer peaking utility, which means a majority of its revenue is

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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% 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,” Pope said. “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.