



THE POWER OF PEOPLE

2016 Wholesale Power Contract – May 1st Reporting Requirement

Customer & Support Services Committee
NPPD Board of Directors
April 2023

Laura Kapustka, Executive Vice President & CFO

Rev 1 – 4/11/23



Objective:

- To share the May 1 requirements per the NPPD Wholesale Power Contract

2016 Wholesale Contract May 1 Reporting Requirements

- Article 2 – Production
 - *(Section E Rates and Charges; Annual Financial Report and Rate Stabilization Account)*
- By May 1st of each, year, NPPD shall complete:
 - *“An analysis of the financial results for General Firm Power Service and Special Power Products for the preceding calendar year.”*
 - *“An accounting of the surplus or deficit net revenues in a Rate Stabilization Account.”*

Annual Financial Report and Rate Stabilization Account:

By May 1 of each year, NPPD will complete an analysis of the financial results for General Firm Power Service and Special Power Products for the preceding Calendar Year. Such analysis shall include an accounting of the actual allowance amount collected during such year for new/replacement generation assets and the balance of such amounts at the end of the year. NPPD will be permitted to retain such allowance amounts until utilized for the addition of new/replacement generation assets. In the event it is determined that the accumulated allowance amount, or a portion thereof, shall be utilized, NPPD shall consider recommendations of the Power Resource Advisory Board regarding the use of such funds.

Such analysis will also include an accounting of the surplus or deficit net revenues realized during such year. NPPD will be permitted to retain surplus net revenues in a Rate Stabilization Account for purposes of covering fluctuations in revenues and/or costs caused by (i) weather and (ii) short-term business fluctuations. Additionally, pursuant to recommendation of the majority of the members of the Power Resource Advisory Board and the Rate Review Committee and approval by the NPPD

2022 Production Surplus is approximately \$59.3 million

- Net Surplus/(Deficit)**

- Credited to the Rate Stabilization Account
- Will be used for 2023/2024 revenue requirements or returned in the form of production cost adjustment in 2024.

PRELIMINARY

2022 Financial Results - Production

1	Revenues	
2	Demand and Energy	\$ 665,021,629
3	PCA	(80,144,524)
4	Subtotal	584,877,105
5	Ancillary Services	8,102,379
6	Allowance For New Generation	-
7	Subtotal Native Load	\$ 592,979,484
8		
9	Other Firm and Non-Firm Sales	\$ 283,670,893
10	Unearned Revenue - CNS Outage Precollection	20,999,996
11	Interest Income & Other Revenue	(1,997,686)
12		
13	Total Revenues	\$ 895,652,687
14		
15	Expenses	
16	Operations & Maintenance	\$ 481,591,518
17	Purchased Power	214,842,287
18	Customer Accounting	8,887,204
19	Administrative & General	53,505,490
20	Debt Service	117,432,396
21	Construction From Revenue	34,210,823
22		
23	Total Expenses	\$ 910,469,718
24		
25	Net Operating Surplus/(Deficit)	(14,817,031)
26		
27	Refund of Prior Years Surplus	\$ 74,160,087
28		
29	NET SURPLUS/(DEFICIT)	\$ 59,343,056

Production Rate Stabilization Balance

PRELIMINARY

General Firm Power Service - Rate Stabilization Account Summary

Rate Stabilization Account Balance 12/31/2021 *	2022 Activity		Rate Stabilization Account Balance 12/31/2022
	Refund of Prior Years Surplus	2022 Actual Surplus/(Deficit)	
(A)	(B)	(C)	(D)
\$ 207,500,486	\$ (74,160,087)	\$ 59,343,056	\$ 192,683,455

Rate Stabilization Account Balance based on a 10% surplus accumulation limit: \$ 58,487,711

Rate Stabilization Account Balance based on a 20% surplus accumulation limit: \$ 116,975,421

Rate Stabilization Account Balance based on a 5% deficit accumulation limit: \$ (29,243,855)

* Rate Stabilization Account Balance as of 12/31/21 has been increased by \$21,150 when compared to last year's letter to correct for a prior period adjustment.

2022 Summary of Special Power Products

Special Power Product (SPP)	# of Customers *	Wholesale Revenue (\$Thousands)
Simultaneous Buy/Sell (SPP No. 2)	2	\$ (69) **
Standby Service (SPP No. 5)	2	\$ 8,560
Economic Development (SPP No. 6)	6	\$ 28,143
Large Customer Interruptible (SPP No. 8)	1	\$ 22,732

* Customers being served under each SPP are as follows:

- Simultaneous Buy/Sell - Cuming County PPD; City of Lexington
- Standby Service - Loup PD; NPPD Retail
- Economic Development - Elkhorn PPD; Perennial (2 retail customers); Loup PD; City of Seward; NPPD Retail
- Large Customer Interruptible - NPPD Retail

** Negative amount since NPPD is purchasing energy from the Wholesale Customer under this SPP

Additional updates for the May 1 contract requirements

- Article 2 – Production
 - *(Section E Rates and Charges; Collection for Certain Reserves and Production Debt Maturing Beyond the Term of this Contract)*
- By May 1st of each year, NPPD shall provide to the customers:
 - *“Amount of its production debt maturing beyond the term of this Contract.”*
 - *“The type, amount, and preliminary schedule for the collection of any costs (the payment of which is not immediately required) for certain reserves such as decommissioning reserves and post-retirement employee benefit reserves.”*

Collection for Certain Reserves and Production Debt Maturing Beyond the Term of this Contract:

By May 1 of each year, NPPD shall provide to Customers the amount of its production debt maturing beyond the term of this Contract, and the type, amount, and preliminary schedule for the collection of any costs (the payment of which is not immediately required) for certain reserves such as decommissioning reserves and post-retirement employee benefit reserves. NPPD may include the collection of such costs in revenue requirements under this Contract in a future year provided that the amount is fair and reasonable and NPPD has provided information on such costs to Customers with such information being formally transmitted to Customer as outlined in Article 8 of this Contract. Furthermore, NPPD may only include the collection of such costs identified in such annual information provided prior to the earlier of: May 1, 2030, or (ii) May 1 of the year in which it is determined that NPPD first exceeds the Performance Standard (following application of any Performance Credits) as referenced in Article 2, Section A. If NPPD exceeds the Performance Standard (following application of any Performance Credits) and a Customer provides notice to exercise its option to reduce its purchases of Demand and Energy pursuant to Article 2, Section A, NPPD shall not increase the collection of these costs to amounts higher than those specified in the most recently provided May 1 preliminary schedule for collection. In addition, NPPD shall not call production debt maturing beyond the term of this Contract for the sole purpose of accelerating the collection of such debt from Customers.

No Changes from Prior Year to Production Debt Maturing After the Contract Term

	Debt Service Payments after 1/1/2036 (\$Millions)	Principal Payments after 1/1/2036 (\$Millions)
	<hr/>	<hr/>
1 General Revenue Bonds - Production Level of Service as of 12/31/2022	\$ 39.0	\$ 35.0

Production - Preliminary Schedule for the Collection of Certain Reserves

Year	Other Post Employee Benefits Reserve - Production (1) Annual Expense (\$ Millions)	Decommissioning Reserve - Nuclear Power Plants (2) Annual Expense (\$ Millions)	Decommissioning Reserve - Non-Nuclear Power Plants (3) Annual Expense (\$ Millions)	Nuclear Fuel Disposal (4) Annual Expense (\$ Millions)
2024	\$ 5.7	\$ 10.1	\$ 12.7	\$ 5.5
2025	5.7	10.1	11.6	6.2
2026	5.7	10.1	9.3	5.5
2027	5.7	10.1	8.5	6.2
2028	5.7	10.1	7.8	5.5
2029	5.7	10.1	7.2	6.2
2030	5.7	10.1	6.7	5.5
2031	5.7	10.1	6.2	6.2
2032	5.7	10.1	5.9	5.5
2033	5.7	10.1	5.5	6.2
2034	-	-	5.2	-
2035	-	-	5.0	-

(1) Other Post Employee Benefits Reserve - Production

- Bond debt service for catch-up contributions of \$5.7 million
- No annual required deposits to the OPEB trust for 2024 - 2033. The required contributions are reviewed annually and subject to change.

(2) Decommissioning Reserve - Nuclear Power Plant

- Collection is based on a study completed in 2019/2020 (updated study expected by the end of 2023).
- Study is reviewed annually and subject to change.
- Assumes immediate decommissioning after cessation of plant operations in 2034
- Estimated fund earnings of 3%, and costs estimated to escalate at 2%

(3) Decommissioning Reserve - Non-Nuclear Power Plants

- Based on a study completed in 2021. Study is reviewed annually and subject to change.
- Estimated fund earnings of 3%, and costs estimated to escalate at 2%.

(4) Nuclear Fuel Disposal

- Collection is based on one mil per kilowatt hour of net energy generated and sold by CNS.



THE POWER OF PEOPLE



Questions

Stay connected with us.



Nebraska Public Power District
Always there when you need us