



THE POWER OF PEOPLE



Overview of 2016 Wholesale Power Contract Terms & Conditions

NPPD Board of Directors Meeting
February 8, 2023

Ken Curry – Special Assistant to the President



Nebraska Public Power District

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What will we cover?

Wholesale Contract – Ken

- Importance of Wholesale Contract
- 2002 Contract Overview
- 2016 Wholesale Contract
 - Term
 - Significant Provisions
 - ✓ Qualified Local Generation
 - ✓ Ability to Reduce (Cooperative Finance Corporation - CFC Benchmarking)
 - ✓ Rate Stabilization Account
 - ✓ Favored Nations Clause
 - ✓ Power Resources Advisory Board (PRAB), Rate Review Committee (RRC)

Wholesale Customer Update - Courtney

Importance of Wholesale Contract

- 2021 - Wholesale Revenues were 63% of firm revenues (Retail was 37%) “firm revenues” include Wholesale and Retail Customers
- Contractual relationships are very important to bond rating agencies
- Contractual relationships are critical to the success of our mission

Ideal relationship:



2002 Wholesale Contract

Overall, very similar to the 2016 Contract, with the main exception being after 9 years into the contract, the customers have the ability to reduce for any reason:

- 10% per year with one year's notice
- Up to 30% with three years notice
- Greater than 30% with five years notice
- Customers could not reduce to a level below 10%
- 10 customers (~ 6.5% of revenues in 2016) elected to not sign the 2016 Wholesale Contract and to purchase from others. At that time, the “market” looked like an opportunity to some. Today – due to NPPD performance, and market fluctuations (e.g., Winter Storm Uri), many are reconsidering.

2016 Wholesale Contract

- Effective January 1, 2016, with a 20-year term, five-year notice after 15th year.
- Cost based rates - General Firm Power Service (GFPS) for all Wholesale Customers - Retail is treated as a “Wholesale Customer”.
- NPPD can offer this contract to other potential customers but requires 3/4th approval of the Power Resource Advisory Board (PRAB).

Qualified Local Generation

- Generation interconnected behind the Wholesale Meter.
- Up to two (2) MW or ten percent (10%) of the Customer's Reference Demand, whichever is greater, subject to maximum capacity of fifty percent (50%).
- Generation must be methane, wind, solar, biomass, hydropower, geothermal resources,
- ~ 20⁺ customers are participating.
- NPPD has first right to purchase Environmental Attributes (unless they are sold by wholesale customer to their end-use customer).

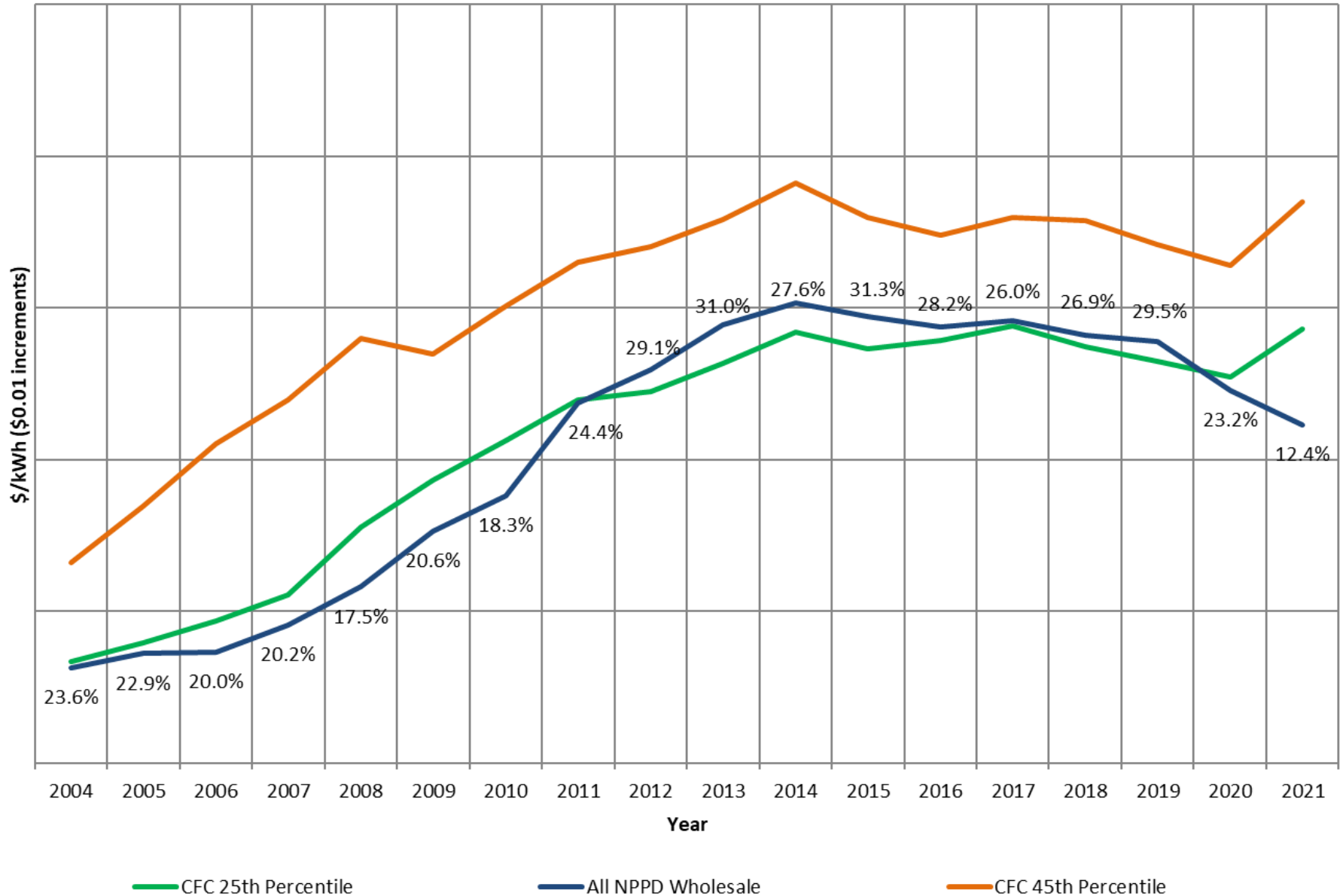
Performance Standards and Reduction Provisions for Non-Performance

- Benchmark is CFC* Ratio 88 ~ 800 participants.
- If NPPD's Wholesale Power Cost is greater than 45th percentile, the customer can elect to reduce.
 - ✓ For the first Calendar Year exceedance, up to fifteen percent (15%) of the Customer's Base Monthly Demand Obligation.
 - ✓ Second year up to 15%, 3rd year up to 20%, 4th year up to 20%, 5th year and beyond up to 25%.
- If NPPD's Wholesale Power Cost is lower than the 25th percentile, NPPD can "bank" one half of the difference between 25.0 and the actual NPPD cost percentile level (rounded to one decimal place).
 - ✓ 2020 - .9 points
 - ✓ 2021 - 6.3 points

* CFC – Cooperative Finance Corporation

CFC Survey (Ratio 88)

Purchased Power Cost per kWh (Including Transmission and PCA)



Rate Stabilization Account

- NPPD will be permitted to retain such surplus net revenues in the Rate Stabilization Account until such time that such surplus exceeds an amount equal to an accumulation limit initially determined to be ten percent (10%) of annual revenues derived from General Firm Power Service and Special Power Products.
- NPPD can increase above 10% with consideration to input and recommendations from the Rate Review Committee and upon approval by the NPPD Board of Directors.
- In no event shall the surplus accumulation limit exceed twenty percent (20%) of annual revenues derived from General Firm Power Service and Special Power Products without the prior recommendation of a majority of the members of the Rate Review Committee and approval by the NPPD Board of Directors.

Customer Committees

Power Resource Advisory Board (PRAB)

- ✓ NPPD and its customers will establish a PRAB (Advisory Board) to provide input to NPPD regarding decisions affecting additions to or retirements from the portfolio of power resources and transmission facilities.

Rate Review Committee (RRC)

- ✓ The responsibilities of the RRC shall also include, but not be limited to,
 - (i) assisting NPPD in identifying, designing, and developing Special Power Products, including any associated production rates; and
 - (ii) providing input and/or recommendations relative to adjustments to the surplus and deficit accumulation limits in the Rate Stabilization Account.

Customer Committees

Power Resource Advisory Board	Rate Review Committee
2 public power district representatives elected by public power districts	2 public power district representatives elected by public power districts
3 municipal representatives elected by municipals	3 municipal representatives elected by municipals
Loup River Public Power District	Loup River Public Power District
Norris Public Power District	Norris Public Power District
Southern Power District	Southern Power District
Nebraska Electric Generation & Transmission Cooperative, Inc. (NEG&T)	Nebraska Electric Generation & Transmission Cooperative, Inc. (NEG&T)
NPPD Retail	NPPD Retail
2 largest municipals (based on production revenue) that volunteer to serve on the Advisory Board	2 largest municipals (based on production revenue) that volunteer to serve on the Rate Review Committee

Most Favored Nations Clause

- If NPPD enters into or amends a wholesale power contract with a wholesale customer for a system sale (*i.e., not a sale from a specific generating unit or units*) that provides for full requirements firm wholesale power service for any term in a form other than this Contract.
- OR if NPPD enters into a wholesale power contract with a wholesale customer for a system sale that provides for partial requirements firm wholesale power service for any term and at average production rates which are less than those provided for under this Contract.



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Questions

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Overview of Wholesale Customer Demographics

NPPD Board of Directors Meeting
February, 2023

Courtney Dentlinger – VP Customer Services
and External Affairs & CCO



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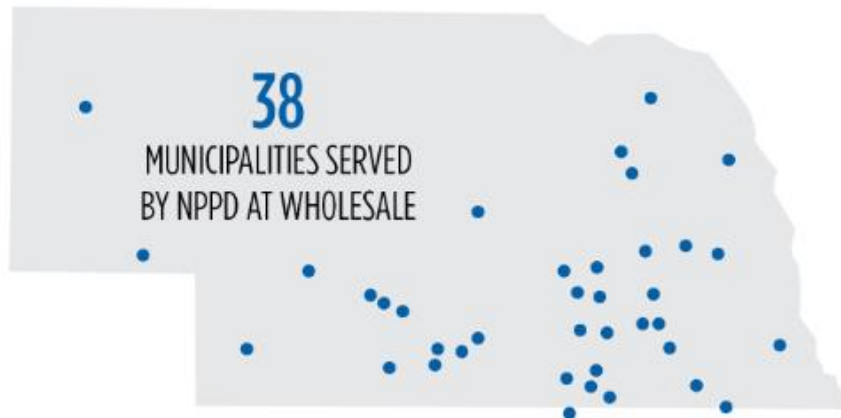
Stakeholders



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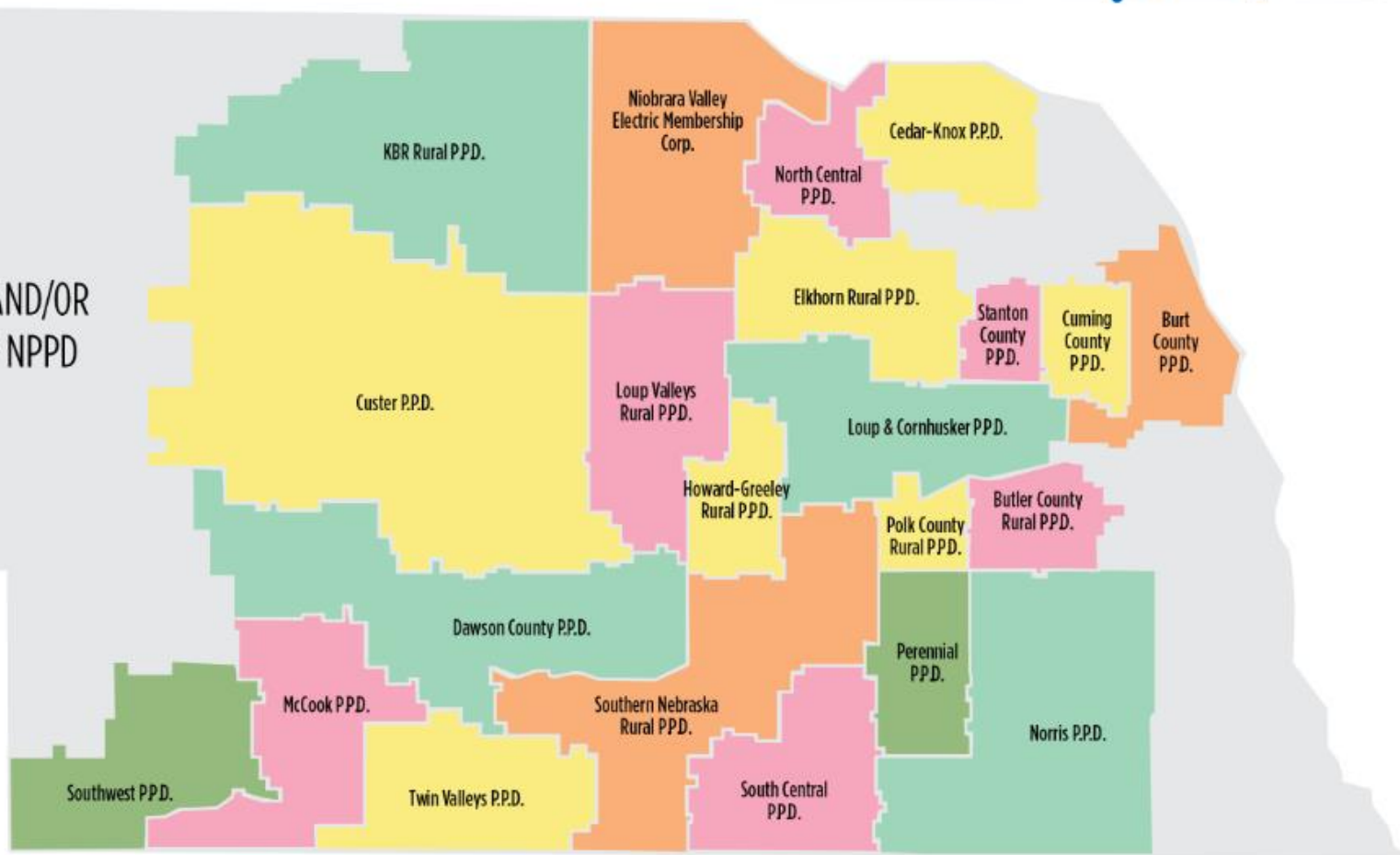
POWER NEBRASKANS

From Scottsbluff to Auburn and Ainsworth to Kearney, NPPD and its wholesale partners exist to serve the greater portion of Nebraska. **We are respectful of the rich public power history** in the state, yet we are mindful that the state's energy future is defined by what we do as an industry each and every day.

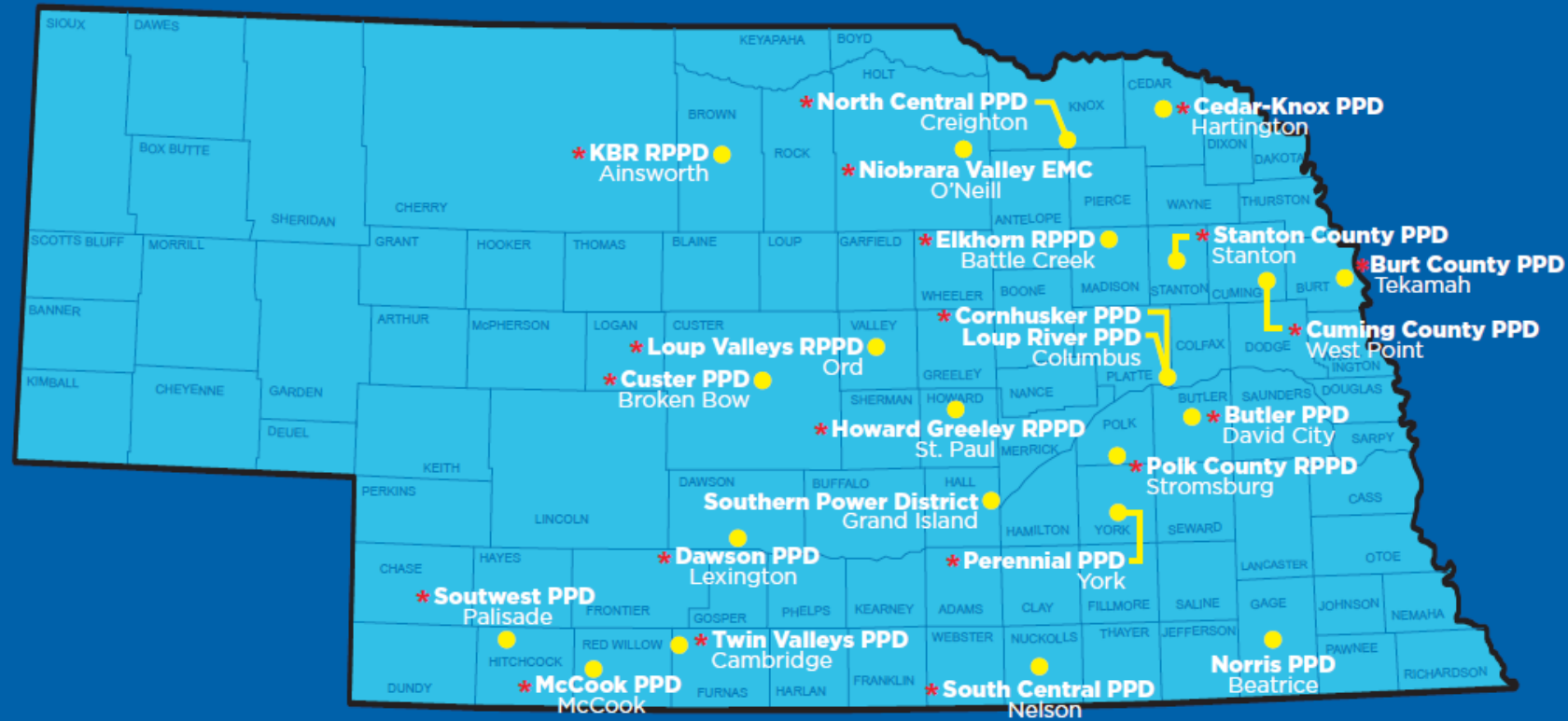


23*
PUBLIC POWER DISTRICTS AND/OR
COOPERATIVES SERVED BY NPPD
AT WHOLESALE

*INCLUDES NEG&T



Public Power District & Electric Membership Corporation Wholesale Customers



LEGEND

*** Member of Nebraska Electric Generation & Transmission Cooperative, Inc.**

NPPD Municipal Wholesale Customers



LEGEND

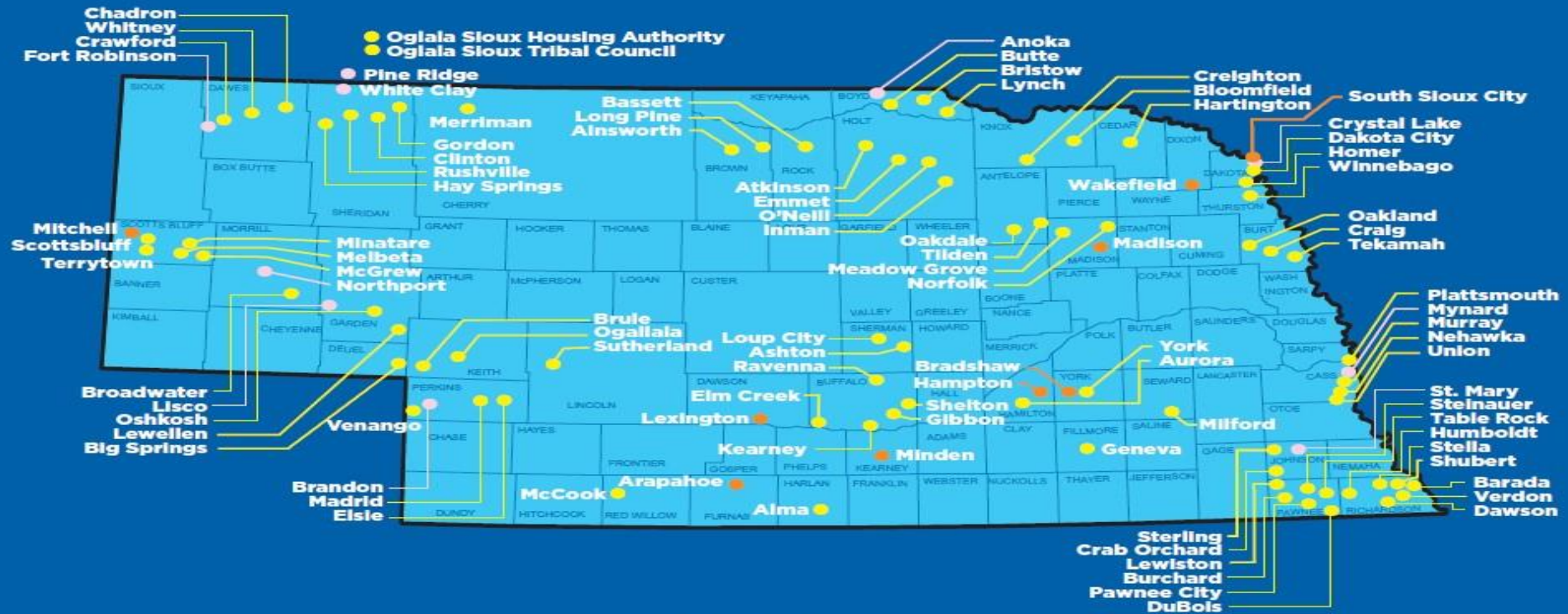
- Municipal Wholesale Customers
- O&M Town

NOTE: (1) Polk 2016 Wholesale Power Contract assigned to NEG&T, served by Polk County RPPD
 (2) Giltner 2016 Wholesale Power Contract assigned to Southern PD
 (3) Hebron transitioned to Norris Public Power District and is now served by Norris PPD

January, 2022

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NPPD Retail Communities

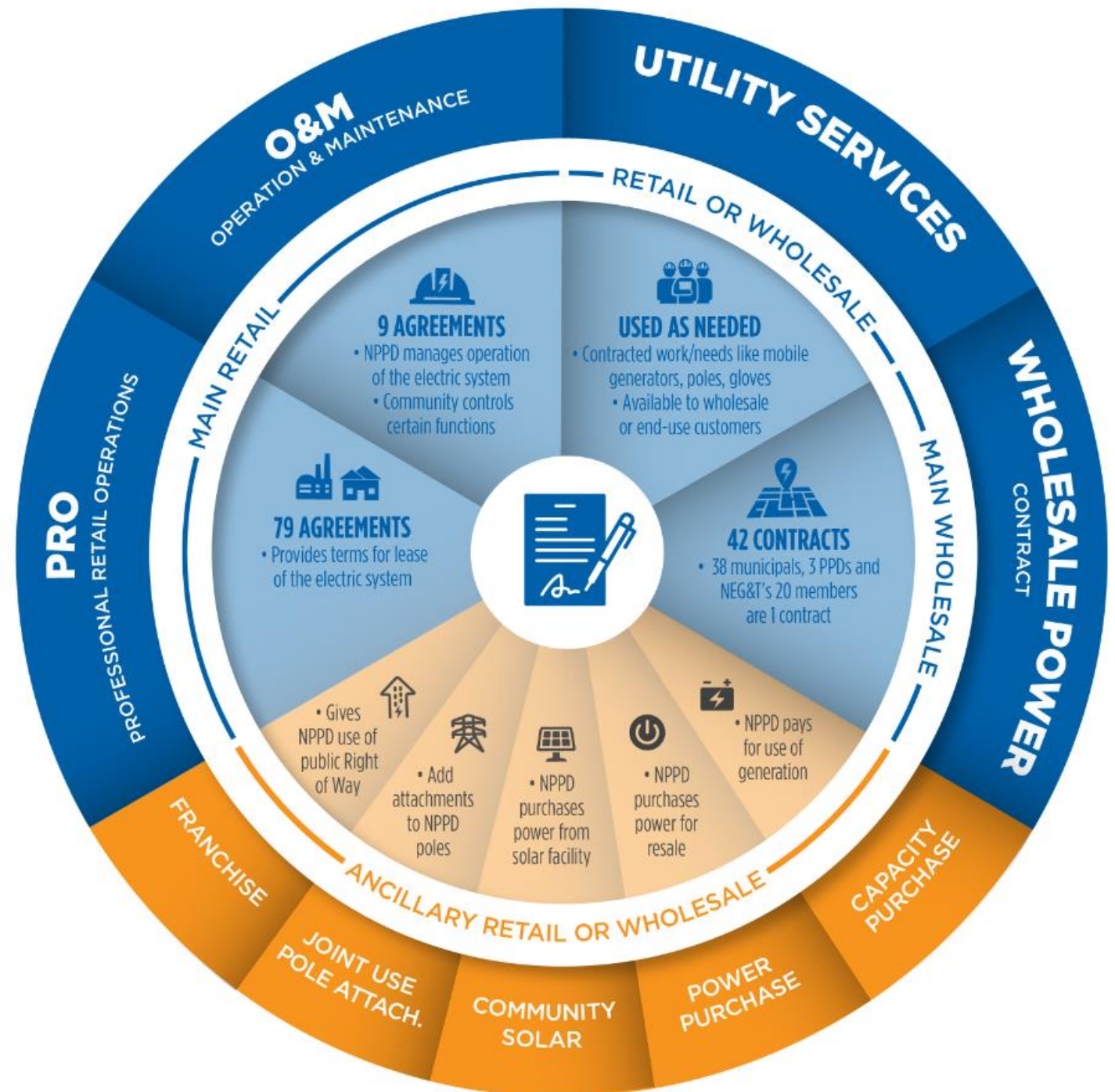


LEGEND

- Pro Agreement Communities
- O&M Communities
- NPPD Owned Rural / Municipal Distribution

January, 2022
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Agreements & Contracts



Wholesale

Top five customers account for ~ 88% of wholesale revenue (2021 \$604.4M / \$686.7M):

1.	Nebraska Electric G&T	\$236.3M
2.	NPPD Retail Operations	\$193.1M
3.	Loup Power District	\$63.0M
4.	Southern Power District	\$56.0M
5.	Norris Public Power District	\$56.0M

- 38 Wholesale Municipalities (\$74.6M)

Nebraska Electric G&T



Darin Bloomquist
General Manager

- Founded in 1956
 - ✓ 20 board members
 - ✓ 2 employees
- Primary Focus – Contract development and administration, wholesale billing, wholesale rates, represent members on NPPD customer committees
- Represent rural membership in **regional** (Nebraska Rural Electric Association) and **national** organizations (National Rural Electric Cooperative Association)

Nebraska Electric G&T



Darin Bloomquist
General Manager

Burt County PPD

Butler PPD

Cedar-Knox PPD

Cornhusker PPD

Cuming County PPD

Custer PPD

Dawson PPD

Elkhorn RPPD

Howard Greeley RPPD

KBR RPPD

Loup Valleys RPPD

McCook PPD

Niobrara Valley EMC

North Central PPD

Perennial PPD

Polk County RPPD

South Central PPD

Southwest PPD

Stanton County PPD

Twin Valleys PPD

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PROVIDE NEEDED SERVICES

NPPD isn't just in the business of generating electricity. To provide a competitive advantage, **we must rise to the top to give customers what they truly need and want.** That's why we have more than 1,800 teammates continuously improving upon a wide range of products, programs and services to maximize value for our wholesale partners and their end-use customers.



Energy Efficiency
Incentive Programs



Electric Vehicle
Incentive Programs



Economic
Development Support



Operational
Support



Training &
Testing



Access to Mobile
Generation & Transformers



After-Hours
Customer Support



Advertising &
Marketing Materials



End-Use
Customer Support



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