Hello, customers and teammates,

NPPD had the pleasure of hosting our July Board meeting in our retail community of Norfolk. Not only does Norfolk have a strong District presence with the Operations Center and Centralized Customer Care Center, but the community is also home to one of our largest industrial customers, Nucor Steel.  
  
Board attendees had the privilege of taking a city tour last Wednesday, as well as tours of NPPD’s facilities and Norfolk’s Community Solar installation, currently the largest in the state, and our first Battery Storage project.  
  
After having breakfast and conversations with Norfolk-area teammates, the Board resumed its meeting on Thursday. One of our newest directors and Norfolk resident, Sue Fuchtman, commented on the important relationship NPPD has with the city in supporting projects in need of electrical service. She said something I think we can all agree on, and that is that what teammates do positively impacts so many lives by helping folks grow, achieve their goals, and strengthen hometown culture.

Directors heard an update on the Community Solar and Battery Storage projects, which provide 8.5 megawatts of solar generation on a 70-acre site and about 1 megawatt, 2 megawatt-hours of battery storage. The battery storage portion of the project came on-line in March, and it’s giving us an opportunity to see how we can best incorporate batteries into our system.   
  
Next came an in-depth review of preliminary recommendations regarding 2024 wholesale and retail rate schedules. While these rates won’t be approved until November, overall, NPPD is anticipating no base rate increase for wholesale customers for the seventh year in a row, though a rate study performed this year indicated the need for changes to individual demand and energy rates. This is also the sixth year in a row of providing a Production Cost Adjustment, or PCA, in the amount of $56.8 million to wholesale customers. As a reminder, a PCA is issued when production funds within our Rate Stabilization Account are in excess of its 10% limit as established in our wholesale contract with our customers.   
  
Also, a retail cost-of-service study was performed this year, indicating that 2024 will be the 11th year in a row with no overall retail base rate increase. The study considered variables such as updated loads, revenue requirements, load factors, and more, which will impact various customer classes differently. As such, certain rate adjustments are proposed for individual customer classes. It was also recommended that the retail PCA for 2024 be phased out for all classes except large industrial service.   
  
Financially, NPPD realized a June surplus of $9.9 million due to favorable variances for O&M expense, purchased power and interest income. A large portion of the favorable O&M expense variance was due to the delay of bag replacements for Gerald Gentleman Station until later this year. Year-to-date June, there was a surplus of $43.3 million, and the forecast for the year is a surplus of $40 million.

I’m very pleased to announce NPPD received 2022 results from its annual wholesale rate standings within the National Rural Utilities Cooperative Finance Corporation (CFC) Ratio 88 benchmark. Within this benchmark, NPPD’s wholesale rates are compared against more than 800 other utilities. Since 2016, our goal has been to achieve a standing in the first quartile of wholesale rates, indicating our rates are both competitive and some of the lowest in the nation.   
  
Not only did we improve within the first quartile yet again, but we are now ranked at the 11.7 percentile. Our ranking continues to improve year-over-year, as in 2021, our rates were at the 12.4 percentile. This is a testament to the exemplary work being done by teammates to achieve excellence in all areas of business. I am so proud of teammates for putting in the work each day to achieve our strategic priorities, and I know our customers also appreciate and value that work.   
  
As for safety performance, year-to-date, NPPD has documented 10 OSHA recordable injuries, seven DART injuries and six preventable vehicle accidents. We are halfway through the year, and it’s the perfect time to renew our commitment to safety. Using our human performance tools, looking out for each other, and following our established processes and safety procedures, will help teammates achieve our mission of being Safer Together, Every Time. There is nothing more important to me, our Board, or anyone else at NPPD, than each of you being able to perform your work safely and going home safe and healthy each day to your family and friends.  
  
Finally, the Board approved several notable projects this month, one of which is to procure 10 transformers for three future load growth projects in the state, one of which will support Gothenburg’s new sustainable fertilizer factory. In addition, an agreement and owner’s engineering support was approved for a front-end engineering design, or FEED, study of carbon capture at Gerald Gentleman Station.

It is an exciting time for NPPD and our customers as we embark on various projects together that test the boundaries of innovation and creativity while positively impacting Nebraskans and demonstrating the benefits of public power across our state.

Until next time, stay healthy, and stay safe.  
  
Tom