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Retail Rate Update for 2025

NPPD Board of Directors Meeting
August 2024

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Objectives

- Share results of recently completed retail cost-of-service rate study
- Share preliminary recommendation for proposed changes to 2025 retail rates
- Share preliminary recommendations for proposed changes to retail rate schedule language and provisions
 - Proposed effective date for all rate schedules is January 1, 2025

Retail Rate Schedules

- Total of 35 retail rate schedules for service to customers in 81 cities and villages with a Professional Retail Operations (PRO) Agreement:
 - RS – Residential Service
 - RS-TOU – Residential Time-of-Use
 - GS – General Service (gas station, small business, etc.)
 - GSDM – General Service Demand (large grocery store, etc.)
 - HTS – High Tension Service (industrial/manufacturing, etc.)
 - LIS – Large Industrial Service
 - CESH, H-1 – Heating
 - IRRIG-1,2,3 – Irrigation Service
 - M-4 – Municipal Pumping Service
 - M-1, M-2, M-3, M-5, GS-3, ADL – Lighting Service
 - EV-PCS – Electric Vehicle Public Charging Station
 - CS – General Customer Service Charges
 - PA – Pole Attachments
 - PCA – Production Cost Adjustment

Retail Rate Schedule Riders (13)

Customer Generation Dependent

- Net Metering (NM-Rider)
- Simultaneous Buy/Sell (SI-Rider)
- Standby Service (ST-Rider)
- Community Solar (Solar-Rider)

Load Characteristic Dependent

- Demand Waiver (DW-Rider)
- Off-Peak (OP-Rider)
- Energy Curtailment (EC-Rider)
- Interruptible Service (INT-Rider)
- Market Based Rate (MKT-Rider)
- Interruptible Market Based Rate (IMB-Rider)
- Demand Response Resource (DRR-Rider)

Customer Characteristic Dependent

- Miscellaneous Municipal Service (MM-Rider)
- Standby Irrigation Service (SBIR-Rider)

Retail Rates Preliminary Proposal for 2025

- 2.0% overall retail base rate increase
 - Last increase occurred in 2013
- Cost-of-Service (COS) study performed this year
 - Last study completed in 2023
 - Study indicates the need for rate adjustments between customer classes
- Changes since the last study include:
 - Updated loads, revenue requirements, and other allocation factors
- Each of these changes impact customer classes differently

COS Study Results

Customer Class	Number of Customers*	Est. Revenue Current Rates	Cost of Service Results	Cost of Service Adjustments	
				Percent of Incr/(Decr)	Annual Incr/(Decr)
(A)	(B)	(C)	(D)	(E)	(F)
1 Residential	74,102	\$ 109,911,000	\$ 113,272,000	3.1%	\$ 3,361,000
2 Small Commercial	17,434	38,395,000	39,321,000	2.4%	926,000
3 Large Commercial	907	60,259,000	60,488,000	0.4%	229,000
4 Industrial	17	35,382,000	35,824,000	1.3%	442,000
5 Heating**	884	8,018,000	8,106,000	1.1%	88,000
6 Irrigation**	796	3,013,000	3,066,000	1.7%	53,000
7 Municipal Pumping	262	1,071,000	1,092,000	2.0%	21,000
8 Lighting**	31,532	3,682,000	3,761,000	2.1%	79,000
9 Subtotal	94,402	\$ 259,731,000	\$ 264,930,000	2.0%	\$ 5,199,000
10 Interruptible/EDR/Standby	4	65,970,000	65,217,000	(1.1%)	(753,000)
11 Total Retail	94,406	\$ 325,701,000	\$ 330,147,000	1.4%	\$ 4,446,000

* Totals for number of customers exclude lighting.

** Aggregate amounts shown for all Irrigation, Lighting and Heating subclasses. Individual subclass impacts will vary.

Irrigation, Lighting, and Heating Subclass Results

Irrigation Subclass	Number of Customers	Est. Revenue Current Rates	Cost of Service Results	Cost of Service Adjustments	
				Percent of Incr/(Decr)	Annual Incr/(Decr)
(A)	(B)	(C)	(D)	(E)	(F)
1 No Control	412	\$ 1,529,000	\$ 1,554,000	1.6%	\$ 25,000
2 Time-of-Use	26	98,000	101,000	2.9%	3,000
3 2-Day Control	144	712,000	730,000	2.5%	18,000
4 Anytime Control	214	673,000	680,000	1.0%	7,000
Total Irrigation	796	\$ 3,012,000	\$ 3,065,000	1.7%	\$ 53,000

Lighting Subclass	Number of Lights	Est. Revenue Current Rates	Cost of Service Results	Cost of Service Adjustments	
				Percent of Incr/(Decr)	Annual Incr/(Decr)
(A)	(B)	(C)	(D)	(E)	(F)
1 Municipal Streetlighting	22,482	\$ 2,550,000	\$ 2,603,000	2.1%	\$ 53,000
2 Highway, Roadway & Alley	585	94,000	99,000	5.1%	5,000
3 Area/Directional	6,647	920,000	928,000	0.9%	8,000
4 General Service Lighting (Energy Only)	1,818	118,000	131,000	11.0%	13,000
Total Lighting	31,532	\$ 3,682,000	\$ 3,761,000	2.1%	\$ 79,000

Heating Subclass	Number of Customers	Est. Revenue Current Rates	Cost of Service Results	Cost of Service Adjustments	
				Percent of Incr/(Decr)	Annual Incr/(Decr)
(A)	(B)	(C)	(D)	(E)	(F)
1 Comm. Electric Space Heating (CESH)	467	\$ 6,905,000	\$ 6,983,000	1.1%	\$ 78,000
2 Separately Metered Heating (H-1)	417	1,112,000	1,123,000	0.9%	11,000
Total Heating	884	\$ 8,017,000	\$ 8,106,000	1.1%	\$ 89,000

Retail Rates Preliminary Proposal for 2025 (cont'd)

- Move all major retail rate classes to amounts indicated by cost-of-service
- Within the Lighting class, phase-in to cost-of-service amounts by limiting increase for subclasses to 5.5%
 - Applies to General Service Lighting (GS-3)
- No Retail Production Cost Adjustment (PCA) credit for all classes except for Large Industrial Service (LIS)
 - LIS receives pass-through of the wholesale PCA credit

Preliminary Recommendations for Other Changes to 2025 Retail Rate Schedules

- Revise rate schedules that are based on, or pass-through, the proposed 2025 wholesale rates and/or provisions
 1. Large Industrial Service (LIS)
 2. Interruptible Service Rider (INT-Rider)
 3. Market-Based Rate Rider (MKT-Rider)
 4. Interruptible Market-Based Rate Rider (IMB-Rider)
 5. Standby Service Rider (ST-Rider)
 6. Simultaneous Buy/Sell Service Rider (SI-Rider)
 7. Net Metering Service Rider (NM-Rider)
 8. Demand Response Resource Rider (DRR-Rider)

Preliminary Recommendations for Other Changes to 2025 Retail Rate Schedules (cont'd)

- General Customer Service Charges (CS Rate Schedule)
 - Change in rates for connect charges, collection fee, insufficient funds check fee, etc. (if warranted based on completion of the service charge analysis)
- Pole Attachment Rate (PA Rate Schedule)
 - Change in rates for communication and electric facility attachments (if warranted based on completion of the pole attachment rate study)
- Add/clarify language and provisions as needed in other rate schedules

Schedule for Retail Rates

- July 8 - Retail cost-of-service study results and preliminary recommendations shared with Board electronically
- August 8 - Board presentation on Retail cost-of-service study results and preliminary recommendations
- July-September
 - On-going communication with customers
 - Complete detailed rate designs
 - Share results with and gather input from Retail Rate Review Committee and Retail Advisory Committee
- October 2 - Proposed retail rate designs complete and shared with Board electronically
- November 14 - Board consideration of proposed retail rates
- January 1, 2025 - Proposed effective date



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Questions

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