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2025 Retail Rate Proposal



NPPD Board of Directors Meeting
President's Report
November 2024

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Objective

- Seek approval for revised retail rate schedules
 - Proposed effective date for all rate schedules is January 1, 2025

Ratemaking Process

Cost-of-Service Study

1. Determine the revenue requirements
2. Separate the costs (revenue requirements) by “function” (i.e., by level of service: production, transmission, subtransmission, distribution)
3. Classify the costs (demand-related, energy-related, customer-related, directly assigned)
4. Allocate the costs (among customer classes, to seasons, etc.)
5. Design the rates to recover the revenue requirements

2025 Retail Rates

- 2.0% overall retail base rate increase
 - Last increase occurred in 2013
- Cost-of-Service (COS) study performed this year
 - Study indicates the need for rate adjustments between customer classes
- No Retail Production Cost Adjustment (PCA) credit for all classes except for Large Industrial Service (LIS)
 - LIS receives a pass-through of the wholesale PCA credit

Proposed 2025 Retail Rate Adjustments

	<u>Customer Class</u> (A)	<u>Overall Class Rate Change</u> (B)	<u>Range of Annual Bill Impacts For Most Customers</u> (C)
1	Residential *	3.1%	2.3% - 4.2%
2	Small Commercial	2.4%	0.2% - 2.9%
3	Large Commercial	0.4%	(0.6%) - 0.9%
4	Industrial (excl. LIS)	1.3%	1.1% - 2.7%
5	Heating		
	a. Separately Metered	0.9%	0.4% - 2.6%
	b. Comm Elec Space Htg	1.1%	0.9% - 1.4%
6	Irrigation	1.7%	**
7	Municipal Pumping	2.0%	0.0% - 2.4%
8	Lighting	2.0%	**
9	Subtotal	2.0%	
10	Interruptible/Eco Devo/Standby	(0.1%)	
11	Total Retail	1.6%	

* Includes Residential Time-of-Use (TOU) rates

** Range of customer impacts included on upcoming slides

- Line 10 shows the base rate impact which excludes the PCA credit for LIS customers. The impact with PCA is 0.9%.

Proposed Irrigation Rate Adjustments

- Includes four (4) irrigation rate subclasses with varying load control options

<u>Rate</u> (A)	<u>No. of Customers</u> (B)	<u>Current Annual Revenue</u> (C)	<u>Class % Change</u> (D)	<u>Summer Range for Most Customers</u> (E)
No Control	412	\$ 1,529,000	1.6%	0.2% to 2.6%
Time-of-Use	26	98,000	2.9%	1.9% to 3.6%
2-Day Control	144	712,000	2.5%	1.4% to 3.2%
Anytime Control	214	673,000	1.0%	0.0% to 2.1%
Total Irrigation	796	\$ 3,012,000	1.7%	

- Proposed increase in the Conversion Fee from \$80 to \$85
 - Fee applies when an irrigation customer switches service to a different irrigation subclass during the irrigation season, between April 15 and September 30

Proposed Lighting Rate Adjustments

- Individual lighting rate changes will vary depending upon the type and size of the light

Lighting Rate Class (A)	Lighting Description (B)	Current Annual Revenue (C)	Class Avg Incr/(Decr) (D)	Range for Individual Lights (\$/Month) (E)	Number of Lights (F)
M-1 / M-2	Municipal Streetlighting	\$ 2,550,000	2.1%	\$ 0.08 - \$ 0.75	22,482
M-3 / M-5	Highway, Roadway & Alley	94,000	5.1%	\$ 0.10 - \$ 1.21	585
ADL	Area/Directional	920,000	0.9%	\$ 0.00 - \$ 1.63	6,647
GS-3	General Service Lighting (Energy Only)	118,000	5.5%	5.5%	1,818
Total Lighting:		\$ 3,682,000	2.0%		31,532

Proposed General Customer Service Charges Rate Adjustments

- Cost-of-service study indicates increases needed for some charges due to increase in labor and material costs

	Charge	Current Charges	Full Cost of Service	Proposed Charges	Percent Inc/(Decr)	Annual Number of Charges
	(A)	(B)	(C)	(D)	(E)	(F)
1	Connect	\$ 15.00	\$ 15.00	\$ 15.00	0%	15,313
2	Landlord Connect (w/o notice)	\$ 5.00	\$ 5.00	\$ 5.00	0%	1,442
3	Landlord Connect (w/ notice)	\$ 10.00	\$ 10.00	\$ 10.00	0%	2,425
4	Reconnect	\$ 35.00	\$ 40.00	\$ 40.00	14%	10,478
5	Collection	\$ 85.00	\$ 90.00	\$ 90.00	6%	34
6	Insufficient Funds Check	\$ 30.00	\$ 29.00	\$ 30.00	0%	3,839
7	Late Payment	> of \$15 or 3%	N/A	> of \$15 or 3%	N/A	88,395
8	Temporary Service	\$ 300.00	\$ 310.00	\$ 310.00	3%	175
9	Advanced Metering Opt-Out Program:					
10	One-Time Meter Replacement	\$ 205.00	\$ 214.00	\$ 215.00	5%	0
11	Monthly Opt 1 - Customer Reads Meter	\$ 30.00	\$ 35.00	\$ 35.00	17%	144
12	Monthly Opt 2 - NPPD Reads Meter	\$ 70.00	\$ 75.00	\$ 75.00	7%	0

Other Proposed Retail Rate Changes

- Revise rates in all 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)
- Simultaneous Buy/Sell Service Rider (SI-Rider)
 - Add an option to address customer concerns regarding their ability to take credit for their on-site renewable generation and lower their carbon intensity score
 - New option would result in the same billing to the customer; however, NPPD would no longer purchase or take title to the energy

Other Proposed Retail Rate Changes (cont'd)

- Pole Attachment Rate (PA)
 - Increase rate for Communications Attachments (telephone, cable TV, etc.) from \$13.00 to \$13.50/pole/year
 - Increase rate for Electric Facilities Attachments (distribution underbuilds) from \$21.00 to \$25.00/pole/year
- Demand Waiver Rider (DW-Rider)
 - Increase monthly administrative charge from \$190 to \$200/month
- Miscellaneous Municipal Service Rider (MM-Rider)
 - Provides for up to a 33-1/3% discount to local & state tax supported agencies
 - Adjust “floor” rates based on cost of service. Floor price ensures recovery of average production, transmission, and subtransmission costs

	<u>Current</u>	<u>Proposed</u>	<u>% Incr./ (Decr.)</u>
Summer	7.3 ¢	7.6 ¢	4.1%
Winter	6.6 ¢	6.5 ¢	(1.5%)

Remaining Schedule for Retail Rate Adjustments

- November 14 – Board agenda item for consideration of proposed retail rates
- January 1, 2025 – Proposed effective date



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Questions

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