



Projected 2025 NPPD Transmission Revenue Requirements and Resulting Rates under Southwest Power Pool (SPP) Open Access Tariff

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NPPD Board of Directors
President's Report
November 2024

Scott Jackson, Pricing & Rates Supervisor



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Objective

- Share revenue requirements included in the 2025 Annual Update of the SPP Formula Rate Template

Background

- Effective April 1, 2009, NPPD joined the Southwest Power Pool (SPP) as a transmission owner
 - Approved Formula Rate Template establishes NPPD's transmission revenue requirements and rates for SPP transmission service
 - NPPD populates the Template each year with forecasted/actual expenses and loads
 - Approved Formula Rate Implementation Protocols that establish the process and timelines for annual updates to the revenue requirements and rates and for the annual true-up adjustments between forecasted and actual costs
 - Both are contained in SPP's Tariff, and were approved by the Board and accepted by FERC

Applicability to NPPD Wholesale Customers

- The revenue requirements and rates calculated in the Formula Rate Template apply to entities that take transmission service directly from SPP under their tariff
 - NPPD's wholesale customers (Rurals, Municipalities, Retail Division) do not directly pay these rates and pay for transmission service under the appropriate NPPD wholesale rate schedule
 - Examples of entities taking service directly from SPP include Municipal Energy Agency of Nebraska (MEAN), OPPD, Tri-State and previous NPPD wholesale customers who chose not to sign the 2016 Wholesale Power Contract

2025 Update to NPPD Rate Template (\$ in Millions)

Revenue Requirement	Projected 2024	Projected 2025
1. Zonal	\$ 46.9	\$ 49.0
2. Base Plan Projects	39.1	43.6
3. System Control	10.8	11.0
4. Subtotal - Before PY True-up Adj.	\$ 96.8	\$ 103.6
5. Prior Year True-up Adjustment (based on actual costs)	(7.4)	(3.4)
6. Total	\$ 89.4	\$ 100.2

- Zonal – Projected revenue requirements recovered from load in the NPPD Pricing Zone
- Base Plan Projects – Projected revenue requirements of qualifying NPPD projects recovered from zonal and regional load
- System Control – Projected revenue requirements associated with the real-time monitoring and control of NPPD’s transmission system
- Prior Year True-up Adjustment – Reconciliation between projected and actual costs from 2022 (in 2024) and 2023 (in 2025)

2023 True-Up Adjustment (\$ in Millions)

Revenue Requirement	Actual 2023 Revenues	Actual 2023 Rev Reqts.	True-Up Adj (B) - (C)
(A)	(B)	(C)	(D)
1. Zonal	\$ 45.3	\$ 46.0	\$ (0.7)
2. Base Plan Projects	42.3	38.5	3.8
3. System Control	5.5	5.5	-
4. Subtotal	\$ 93.1	\$ 90.0	\$ 3.1
5. Interest			0.3
6. True-Up Adj (Annual incl. Interest)			\$ 3.4 *

* Surplus primarily due to higher-than-expected revenues from point-to-point transmission service & miscellaneous revenues

Schedule

- By May 1 – Post Annual True-Up on SPP and NPPD websites
- By June 1 – Conduct Annual True-Up Meeting
- By August 1 – Post Annual Update on SPP and NPPD websites
- By August 31 – Conduct Annual Update Meeting
- November 14 – Board review of revenue requirements/rates of 2025 Annual Update
- December 12 – Board agenda item for approval of Annual Update to the Formula Rate Template to establish 2025 transmission revenue requirements/rates
- By December 20 – NPPD provides approved 2025 Annual Update to SPP for posting on their website
- January 1, 2025 – Effective date of new revenue requirements/rates
- January 15 – FERC Informational Filing due



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Questions

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