



THE POWER OF PEOPLE



Preliminary 2025 Revenue & Expense and Capital Budget

NPPD Board of Directors Meeting
Budget Committee
November 2024

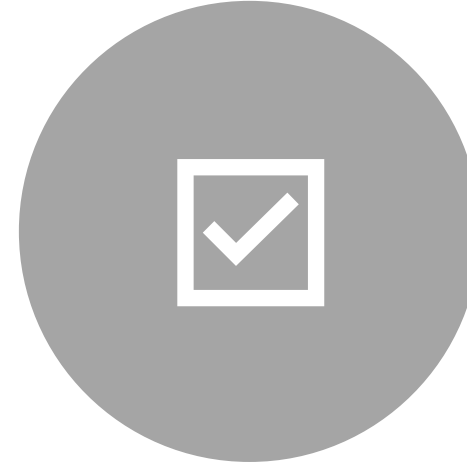
Laura Kapustka – Executive VP & CFO
Crystal Harper – Financial Planning & Analysis Manager



Objectives



**FINAL REVIEW OF THE
PRELIMINARY 2025 REVENUE
& EXPENSE AND CAPITAL
BUDGET**



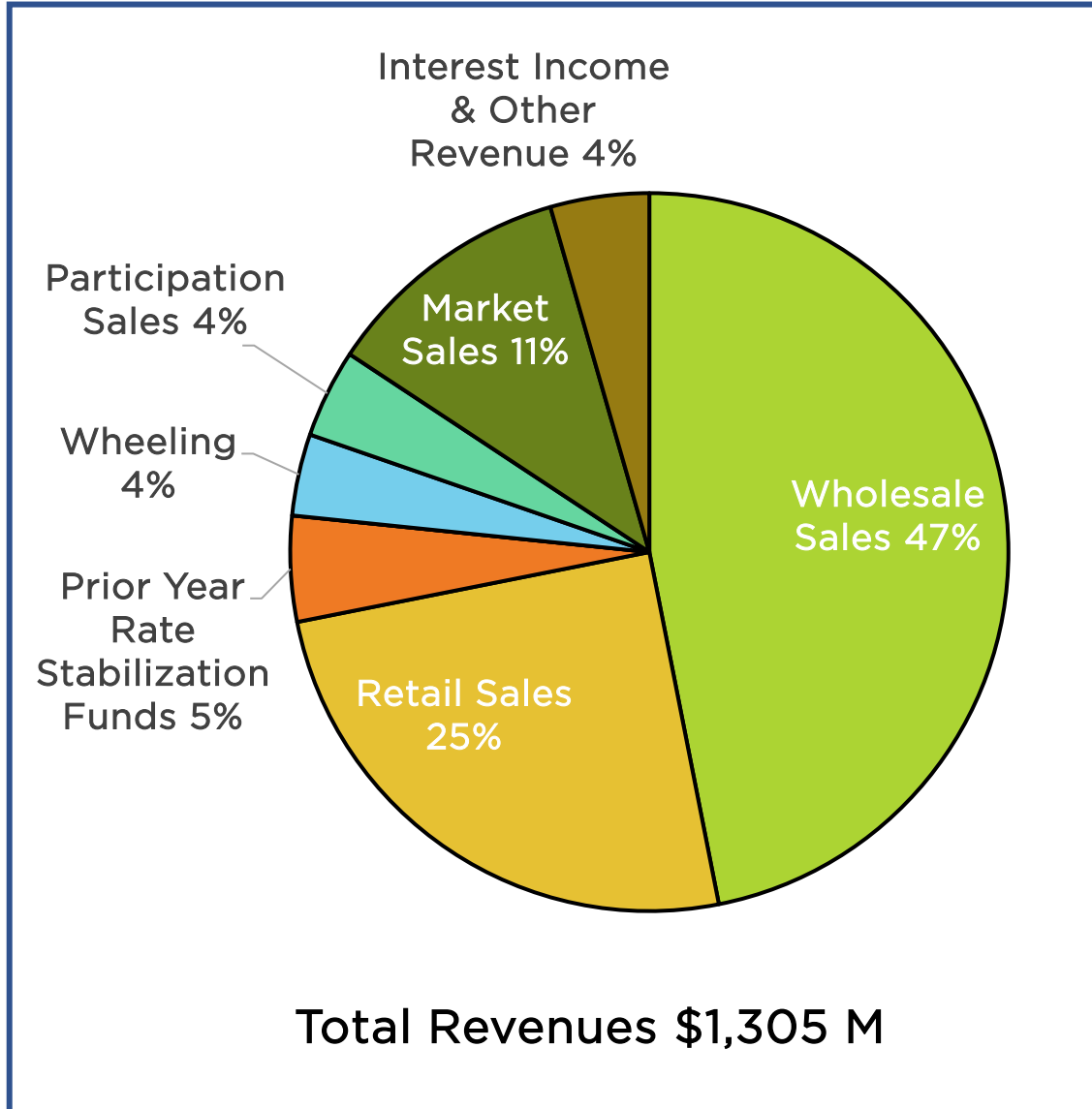
**REQUEST BOARD
APPROVAL OF RESOLUTION
FOR THE 2025 REVENUE
& EXPENSE AND CAPITAL
BUDGET**

Working together to reach our Strategic Destination

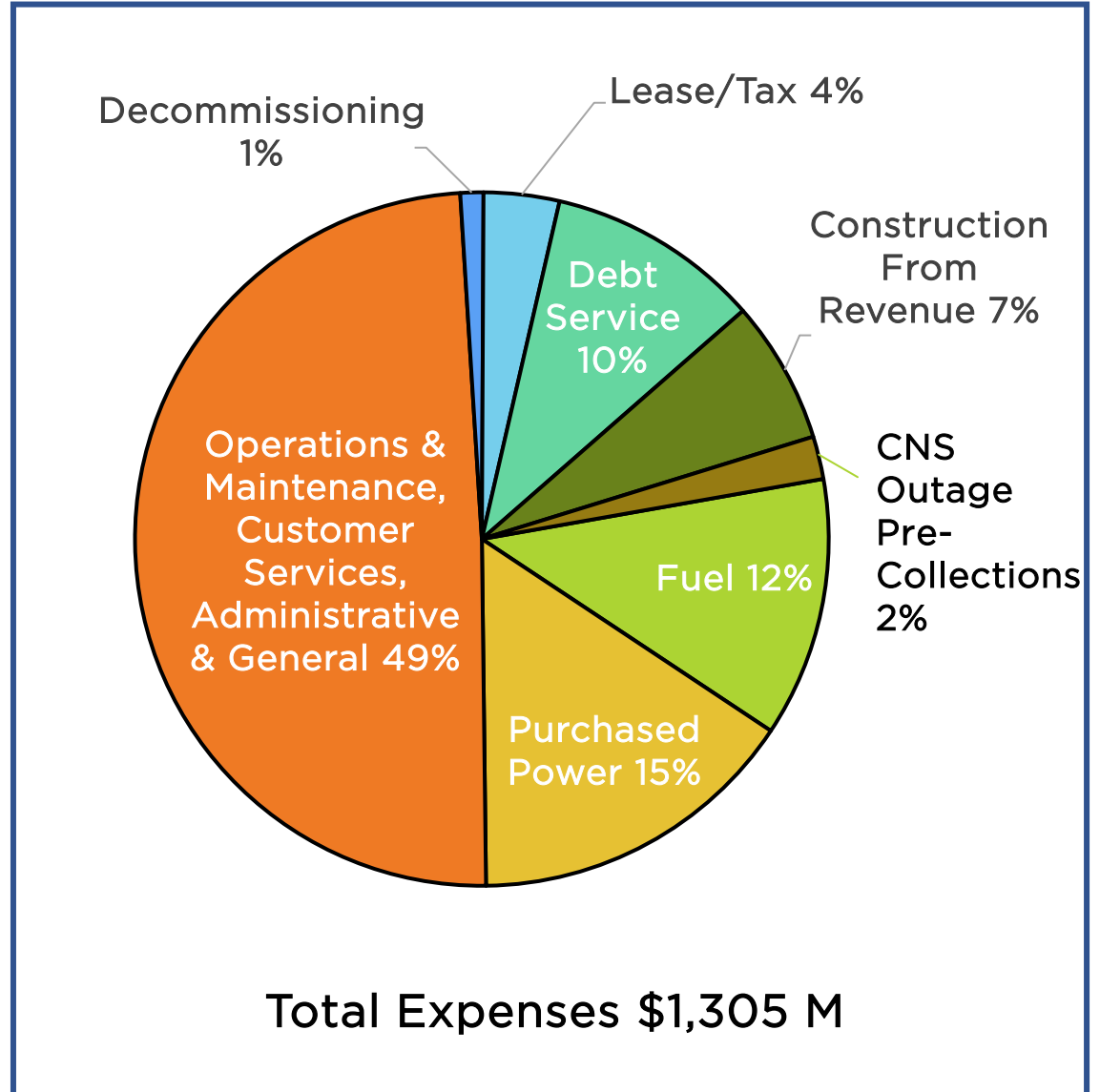


Key Components of the Preliminary 2025 Revenue & Expense Budget

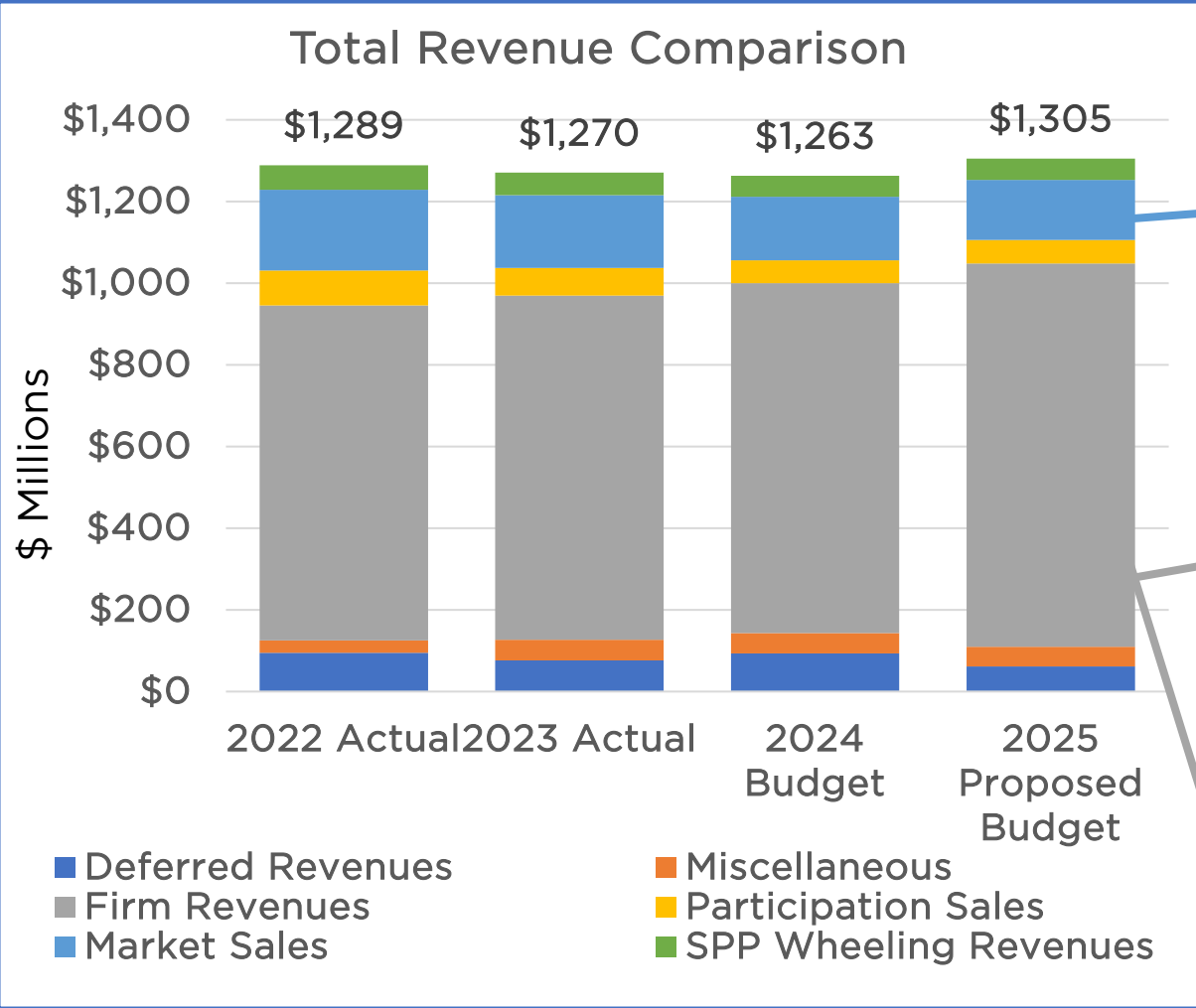
Key Components of the 2025 Budget – Revenues & Expenses Balance



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Revenues Trending Higher in 2025 Primarily Due to a Projected 2% Increase in Retail Firm Revenues and Projected New Load Growth



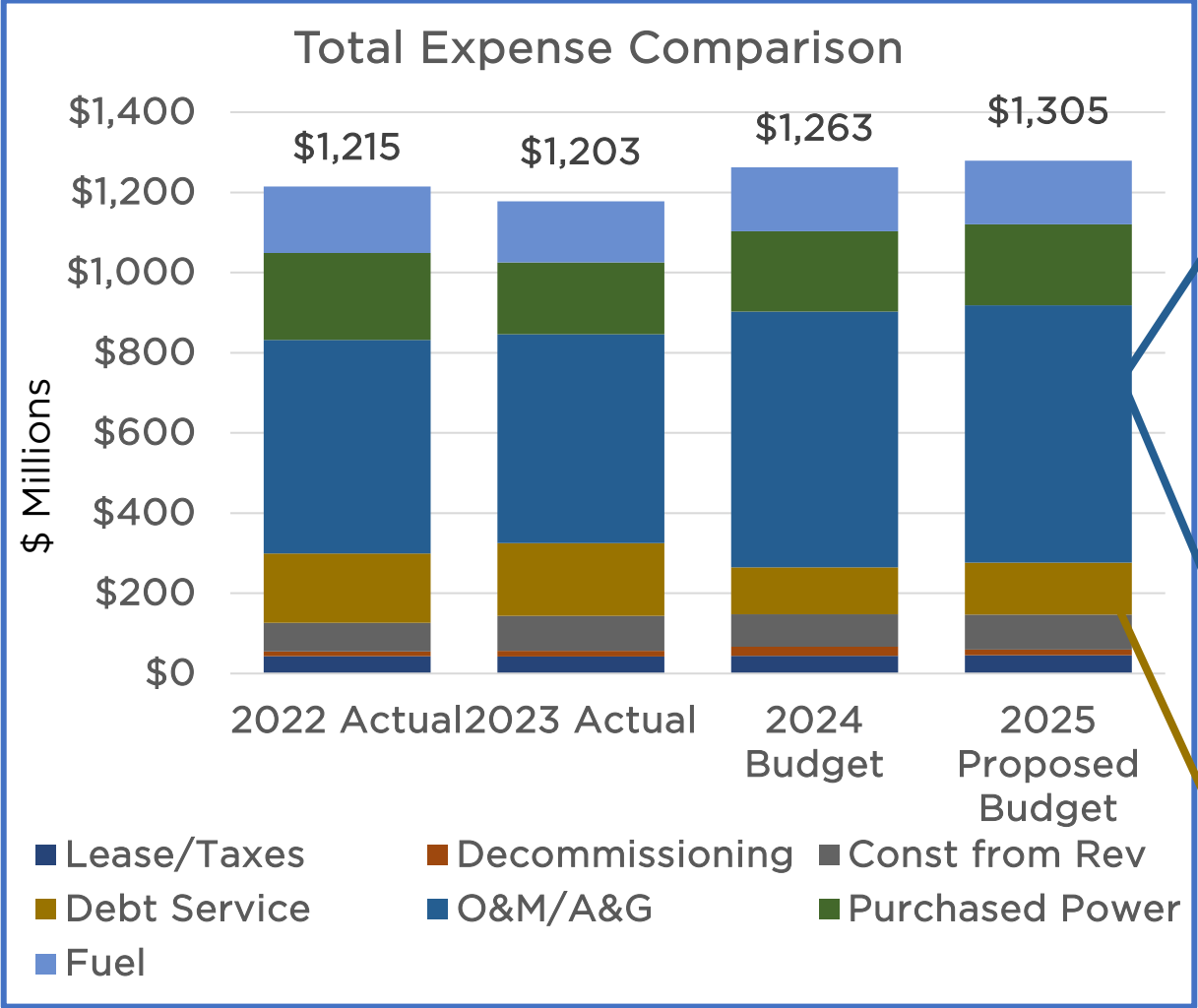
Market Sales
 SPP Integrated Market sales decrease by 26% from 2022 to 2025 due to:

- lower projected market prices in 2025 vs. 2022
- Less excess mwh's to sell due to increased loads

Wholesale Sales
 20% increase in wholesale sales from 2022 to 2025 due to new loads online in this timeframe

Retail Sales
 A proposed 2% Retail rate increase in 2025 and PCA elimination for non-LIS customers is contributing to the overall 5% increase in retail revenues from 2022 to 2025

Expenses Trending Higher in 2025 Due to Increased Headcounts, Compensation and Benefits & Inflationary Pressures



Salaries & Benefits (61% of O&M budget)
 29% increase from 2022 to 2025 primarily due to:

- Increase of 63 FTEs from 2024 to 2025
- Increase in health insurance premiums
- Addition of an annual incentive program beginning in 2024

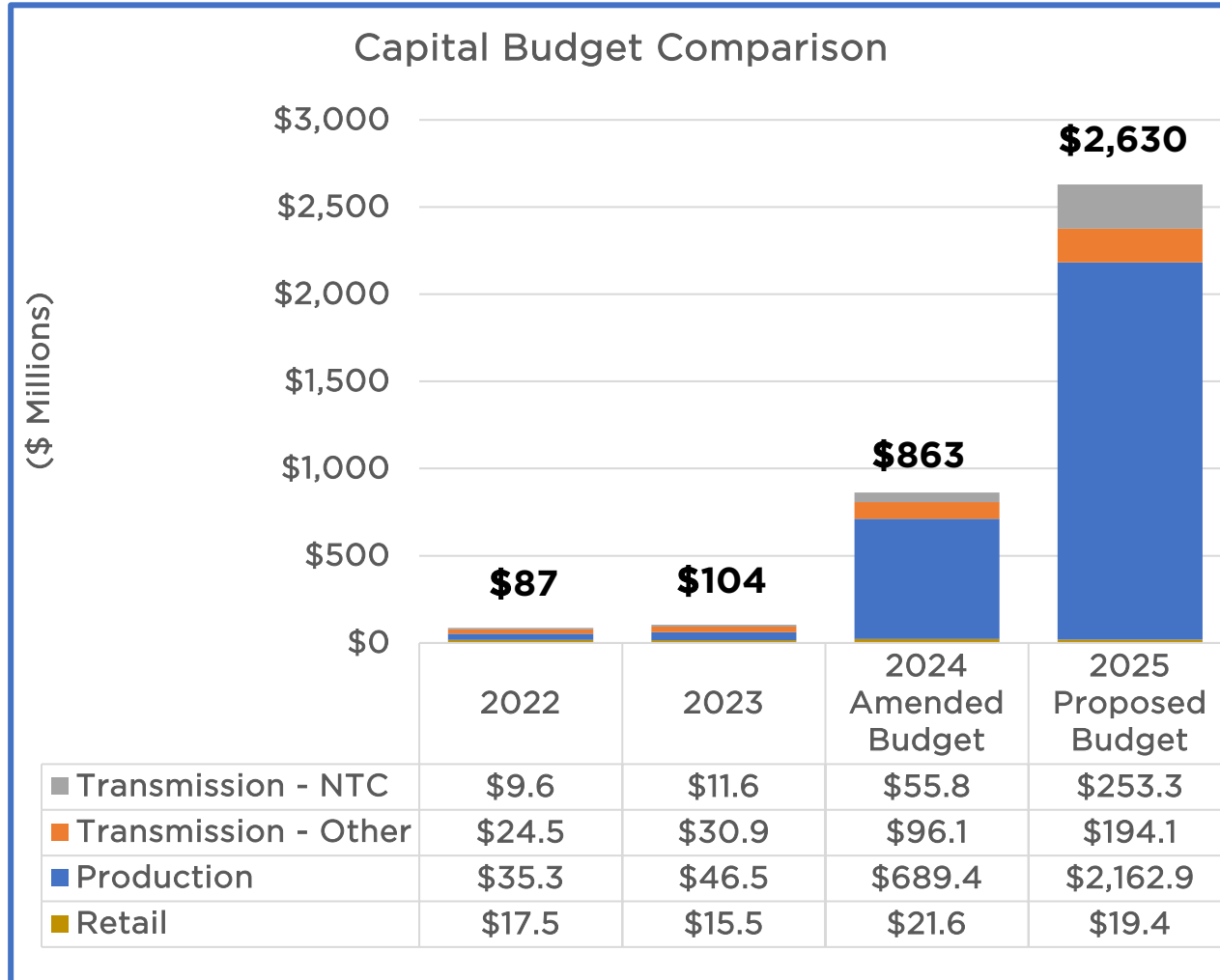
Materials & Supplies (11% of O&M budget)
 20% increase from 2022 to 2025 primarily due to inflation and supply chain impacts

Debt Service (Principal & Interest)
 2022 & 2023 actuals include additional debt service payments (from 2021 surplus)

Key Components of the Preliminary 2025 Capital Budget

2025 Capital Budget Increases Primarily Due to New Generation Projects

- A full list of capital projects included in the 2025 capital budget was attached to the board letter.



Top 5 Largest Projects in 2025:

1. **\$1,052M** - Combustion Turbines (CT) & associated transmission work (2030 in service)
2. **\$559M** - 2025 portion of RICE units and associated transmission work (2029 in service)
3. **\$496M** - 2025 portion of CTs & associated transmission work (2029 in service)
4. **\$239M** - 2025 supplement to 345kV R-Project line (2027 in service)
5. **\$40M** - Gothenburg industrial to Crooked Creek 115kV line - part of Project Meadowlark (2028 in service)

Preliminary 2025 Budget Rates & Metrics

2025 Wholesale & Retail Rates to Remain Stable

WHOLESALE

No overall base rate increase for 8th consecutive year (2018 – 2025)

Production

- Maintain current production base rates
 - Returning \$53.0M of rate stabilization funds in the form of a PCA refund (from 2023 surplus)
 - 7th consecutive year of PCA refunds to wholesale customers totaling \$364M (2019-2025)

Transmission

- Maintain current transmission base rates
 - Use of \$5.1M of rate stabilization funds to balance the budget

RETAIL

- Increase base rates by 2.0% after 11 years of no rate increases (2014-2024)
 - Use of \$3.8M of Retail rate stabilization funds to pay for certain capital projects and to balance the budget

Rate Goals are Based on NPPD's Strategic Destination and the Cost Competitiveness Board Policy

- Board Policy Strategic Directive 04 (BP-SD-04) Cost Competitiveness states:
 - Achieve and maintain wholesale rates in the best quartile of the CFC Ratio 88
 - Achieve and maintain total retail base rate position among the lowest 15 percent of providers within the EIA



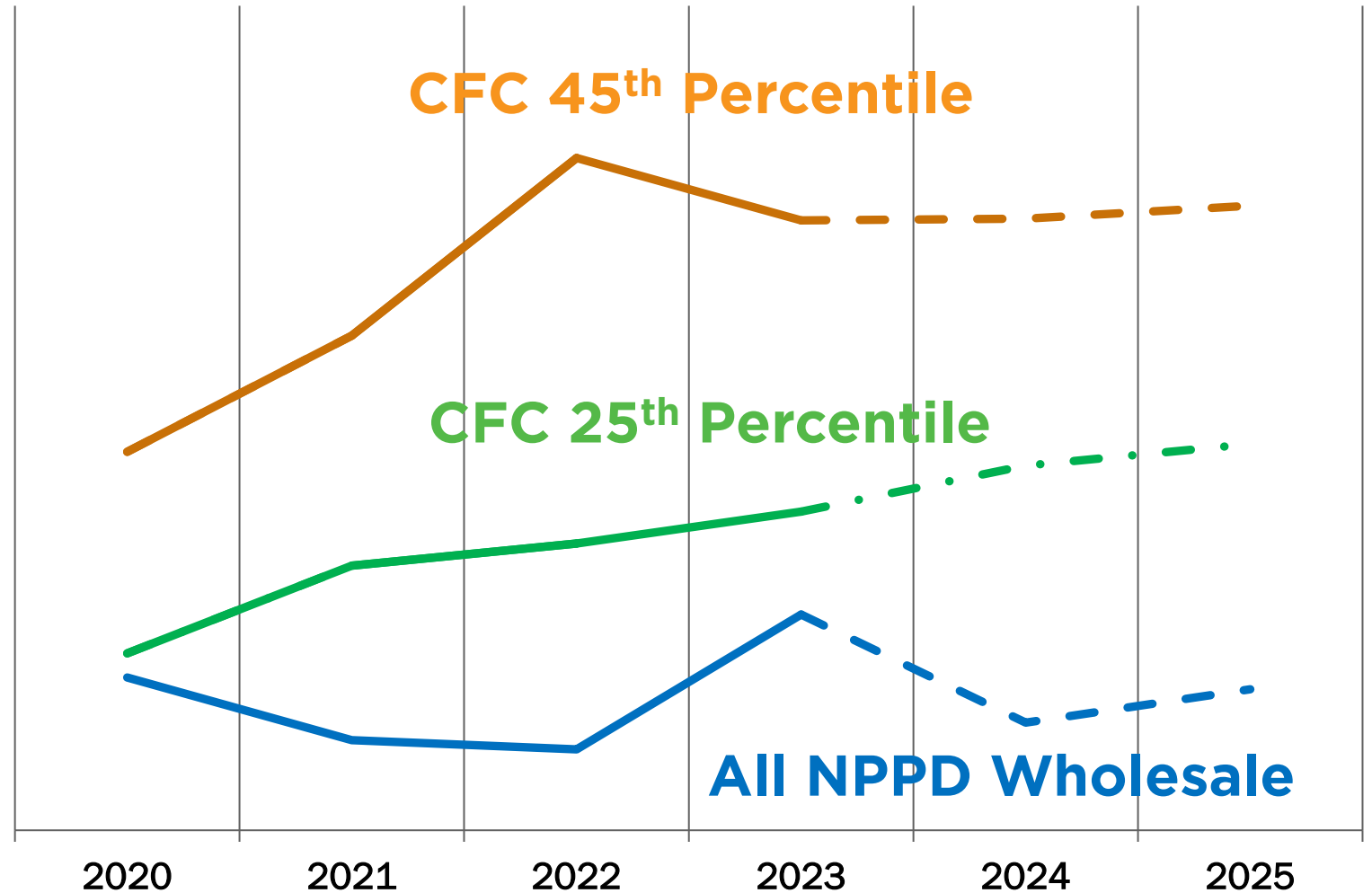
Wholesale Rates are Projected to Support Board Strategic Directive 04 - Cost Competitiveness

Cooperative Finance Corporation

CFC

Cost Benchmark

Purchased Power Cost per kWh



With no overall Wholesale rate increase combined with a \$53.0M PCA in 2025, NPPD anticipates Wholesale rates to be within the CFC best quartile performance

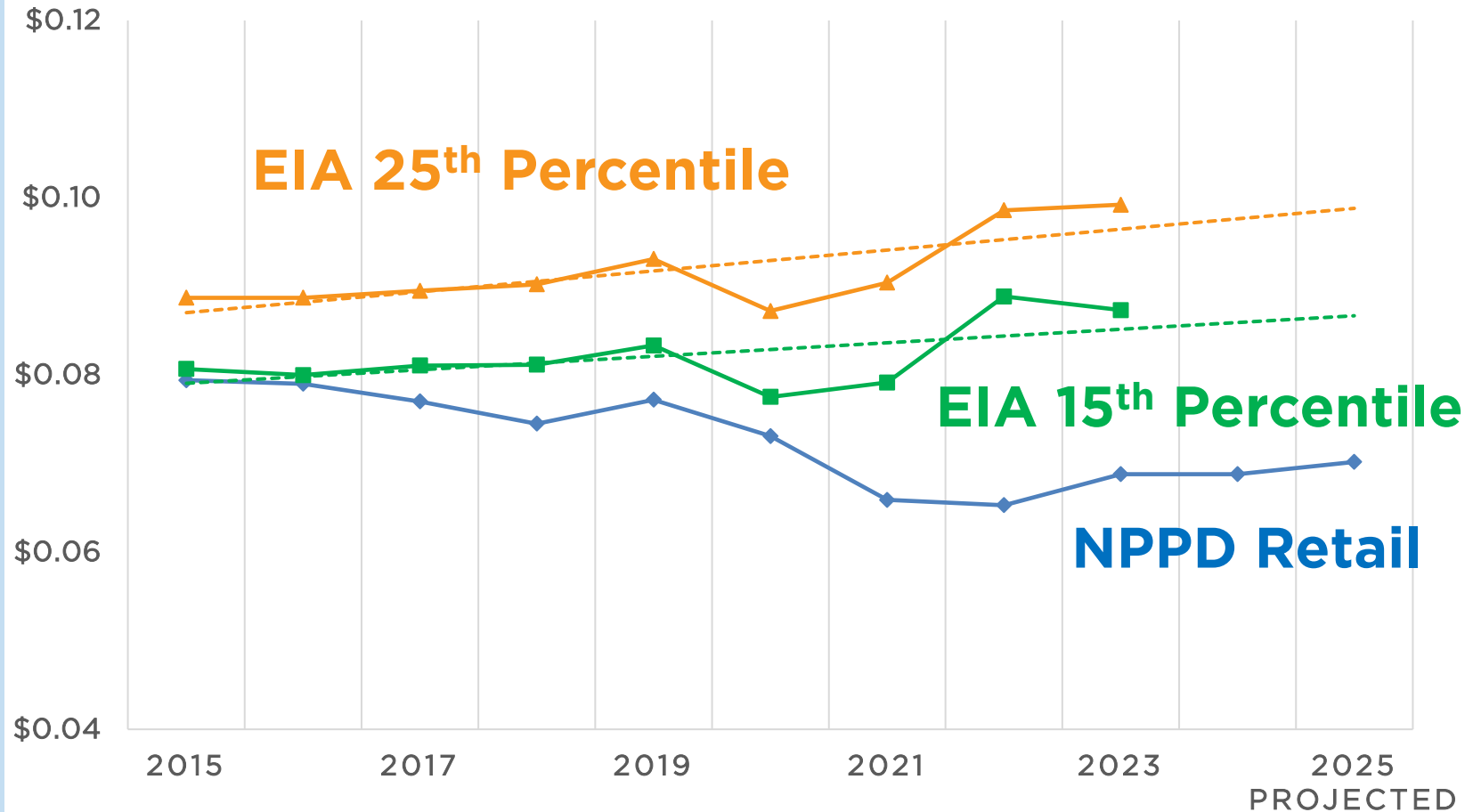
Retail Rates are Projected to Support Board Strategic Directive 04 – Cost Competitiveness

Energy Information Administration

EIA

Cost Benchmark

Average Cents per kWh



With a recommended 2% Retail rate increase in 2025, NPPD anticipates Retail rates to be within the EIA top 15% performance

Projected Key Financial Metrics

	2022 Actual	2023 Actual	2024 Budget	2025 Proposed Budget
Debt Equity Ratio (%) Target Best Quartile <=50% Debt	38% debt 62% equity	36% debt 64% equity	41% debt 59% equity	47% debt 53% equity
Debt Service Coverage Target >=2.0X	2.31	1.62	2.31	2.25
Days of Cash Target Best Quartile >=279 days	245	301	207	220

	= Better than Target
	= Worse than Target

RESOLUTION
OF
NEBRASKA PUBLIC POWER DISTRICT
No. 24-XX
Adopted: November xx, 2024

WHEREAS, in accordance with Section 7.08 of the General System Revenue Bond Resolution No. 98-68, adopted June 4, 1998, and in accordance with Nebraska State Statute 13-516, the management and staff of the District have prepared and submitted to the Board of Directors the 2025 Revenue and Expense and 2025 Capital Budgets; and

WHEREAS, said Budgets have been reviewed by management of the District and are recommended for approval by the Board of Directors; and

WHEREAS, said Budgets have been submitted to and reviewed by the Board of Directors of the Nebraska Public Power District; and

WHEREAS, in addition to projects in the 2025 Capital Budget, the District reasonably expects to incur capital costs of certain production, transmission, distribution and other general plant projects that have not yet been included in a Capital Budget; and

WHEREAS, the District reasonably expects to reimburse itself, with proceeds of tax-exempt obligations to be issued in the future, for all or a portion of the costs of projects in the 2025 Capital Budget and such additional projects (collectively, the "Projects"); and

WHEREAS, the Internal Revenue Code and applicable regulations require the District to take this action for expenditures on the Projects to be reimbursed with proceeds of tax-exempt debt.

NOW, THEREFORE, BE IT RESOLVED that:

1. The 2025 Revenue and Expense and Capital Budgets for the General System are hereby approved.
2. The statements contained in this Resolution concerning the reimbursement of expenditures for the Projects are intended to be statements of official intent as required by, and in compliance with Treasury Regulation Section 1.150-2
3. The maximum principal amount of tax-exempt obligations expected to be issued for the Projects is \$5 billion.
4. The District reasonably expects to reimburse itself for expenditures for the Projects, as described in this Resolution, with the proceeds of tax-exempt debt to be issued after the date hereof, but this Resolution does not constitute a binding obligation with respect to the issuance of such tax-exempt debt.
5. This resolution shall take effect immediately.

Understanding the Resolution

- Formally approves the Revenue, Expense, and Capital Budgets
- Gives the District authority to issue tax-exempt debt for any capital projects in the 2025 budget

Next Steps

October 10	✓	Review the Preliminary 2025 Budget at the board retreat
November 6	✓	Review the Preliminary 2025 Budget with the Wholesale Customers
November 14		Review the Final Proposed 2025 Revenue & Expense and Capital Budget with the Budget Committee and request board approval

Approval Request

- Recommend approval of Resolution for:
 - The 2025 Revenue and Expense and Capital Budgets



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Questions



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Nebraska Public Power District

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