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## 2016 Wholesale Power Contract – May 1st Reporting Requirement

Finance Committee  
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Nebraska Public Power District  
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# Objective of Today's Presentation:

- To share the May 1 requirements per the NPPD Wholesale Power Contract

# 2016 Wholesale Contract May 1 Reporting Requirements

By May 1st of each year, NPPD shall complete:

1. *“An analysis of the financial results for General Firm Power Service and Special Power Products for the preceding calendar year.”*
2. *“An accounting of the actual allowance amount collected during the year for new/replacement generation assets, and the balance of this amount at the end of the year.”*
3. *“An accounting of the surplus or deficit net revenues realized during such year”*

## Annual Financial Report and Rate Stabilization Account:

By May 1 of each year, NPPD will complete an analysis of the financial results for General Firm Power Service and Special Power Products for the preceding Calendar Year. Such analysis shall include an accounting of the actual allowance amount collected during such year for new/replacement generation assets and the balance of such amounts at the end of the year. NPPD will be permitted to retain such allowance amounts until utilized for the addition of new/replacement generation assets. In the event it is determined that the accumulated allowance amount, or a portion thereof, shall be utilized, NPPD shall consider recommendations of the Power Resource Advisory Board regarding the use of such funds.

Such analysis will also include an accounting of the surplus or deficit net revenues realized during such year. NPPD will be permitted to retain surplus net revenues in a Rate Stabilization Account for purposes of covering fluctuations in revenues and/or costs caused by (i) weather and (ii) short-term business fluctuations. Additionally, pursuant to recommendation of the majority of the members of the Power Resource Advisory Board and the Rate Review Committee and approval by the NPPD

# #1 - 2024 Summary of Special Power Products

PRELIMINARY

Special Power Products (SPP)	# of Customers	Wholesale Revenue (\$ Thousands)
<b>Simultaneous Buy/Sell (SPP No. 2)</b> City of Lexington, NPPD Retail	2	\$ (63.8)*
<b>Standby Service (SPP No. 5)</b> Loup PD; NPPD Retail	2	\$ 6,263.8
<b>Economic Development (SPP No. 6)</b> Elkhorn RPPD; Perennial PPD; Loup PD; Norris PPD; Southern PD (2 retail customers); City of Seward; NPPD Retail	8	\$ 37,014.8
<b>Large Customer Interruptible (SPP No. 8)</b> Stanton Co. PPD (2 retail customers); Southern PD (2 retail customers); NPPD Retail (3 retail customers)	7	\$ 34,248.0
<b>Pilot Program Demand Response Resource (SPP No. 11)</b> Cornhusker PPD	1	\$ 0.2

\* Negative amount since NPPD is purchasing energy from the Wholesale Customer under SPP No. 2

## **#2 - An accounting of the actual allowance amount collected during the year for new/replacement generation assets, and the balance of this amount at the end of the year...**

- The General Firm Power Service (GFPS) rates did not include an allowance for new/replacement generation assets in 2024 (or any year)
- The total balance in the account as of the end of 2024 remains at \$0

# #3 - An Accounting of the Surplus or Deficit Net Revenues Realized in Such Year...

- Net Surplus/(Deficit)
  - 2024 Production surplus is \$29.4 million
  - Credited to the Rate Stabilization Account
  - Will be used for 2025/2026 revenue requirements or returned in the form of a production cost adjustment in 2026.

## PRELIMINARY 2024 Financial Results - Production

1	<b>Revenues</b>	
2	Demand and Energy	\$ 652,301,475
3	PCA	(58,548,970)
4	Subtotal	593,752,505
5	Ancillary Services	10,318,656
6	Subtotal Native Load	\$ 604,071,161
7		
8	Other Firm and Non-Firm Sales	\$ 201,382,599
9	Unearned Revenue	25,550,000
10	Interest Income & Other Revenue	53,523,796
11		
12	<b>Total Revenues</b>	\$ 884,527,556
13		
14	<b>Expenses</b>	
15	Operations & Maintenance	\$ 550,535,642
16	Purchased Power	187,115,943
17	Customer Accounting	10,635,231
18	Administrative & General	67,425,158
19	Debt Service	58,265,808
20	Construction From Revenue	41,095,570
21		
22	<b>Total Expenses</b>	\$ 915,073,352
23		
24	<b>Net Operating Surplus/(Deficit)</b>	(30,545,796)
25		
26	<b>Refund of Prior Years Surplus</b>	\$ 59,964,063
27		
28	<b>NET SURPLUS/(DEFICIT)</b>	\$ 29,418,267

# Production Rate Stabilization Balance has decreased as a result of a \$60.0M PCA payment in 2024

PRELIMINARY

General Firm Power Service – Rate Stabilization Account Summary			
	2024 Activity		
Rate Stabilization Account Balance 12/31/2023	Refund of Prior Year Surplus	2024 Actual Surplus / (Deficit)	Rate Stabilization Account Balance 12/31/2024
( A )	( B )	( C )	( D )
\$ 173,679,284	\$ (59,964,063)	\$ 29,418,267	\$ 143,133,488

Rate Stabilization Account Balance based on a 10% surplus accumulation limit:	\$ 59,375,251
Rate Stabilization Account Balance based on a 20% surplus accumulation limit:	\$ 118,750,501
Rate Stabilization Account Balance based on a 5% deficit accumulation limit:	\$ (29,687,625)



# Additional Updates Required as of May 1 Per The Wholesale Power Contract

By May 1st of each year, NPPD shall provide to the customers:

4. *“Amount of its production debt maturing beyond the term of this Contract.”*
5. *“The type, amount, and preliminary schedule for the collection of any costs (the payment of which is not immediately required) for certain reserves such as decommissioning reserves and post-retirement employee benefit reserves.”*

Collection for Certain Reserves and Production Debt Maturing Beyond the Term of this Contract:

By May 1 of each year, NPPD shall provide to Customers the amount of its production debt maturing beyond the term of this Contract, and the type, amount, and preliminary schedule for the collection of any costs (the payment of which is not immediately required) for certain reserves such as decommissioning reserves and post-retirement employee benefit reserves. NPPD may include the collection of such costs in revenue requirements under this Contract in a future year provided that the amount is fair and reasonable and NPPD has provided information on such costs to Customers with such information being formally transmitted to Customer as outlined in Article 8 of this Contract. Furthermore, NPPD may only include the collection of such costs identified in such annual information provided prior to the earlier of: May 1, 2030, or (ii) May 1 of the year in which it is determined that NPPD first exceeds the Performance Standard (following application of any Performance Credits) as referenced in Article 2, Section A. If NPPD exceeds the Performance Standard (following application of any Performance Credits) and a Customer provides notice to exercise its option to reduce its purchases of Demand and Energy pursuant to Article 2, Section A, NPPD shall not increase the collection of these costs to amounts higher than those specified in the most recently provided May 1 preliminary schedule for collection. In addition, NPPD shall not call production debt maturing beyond the term of this Contract for the sole purpose of accelerating the collection of such debt from Customers.



## #4 - No Changes from Prior Year to the Amount of Production Debt Maturing After the 2016 Contract Term

	General Revenue Bonds Production Level of Service (\$Millions)	
	12/31/2024	12/31/2023
Principal Payments after 1/1/2036	\$35.0	\$35.0
Debt Service Payments after 1/1/2036	\$39.0	\$39.0

# #5 - Production - Preliminary Schedule for the Collection of Certain Reserves

Year	Other Post Employee Benefits Reserve - Production (1) Annual Expense (\$ Millions)	Decommissioning Reserve - Nuclear Power Plant (2) Annual Expense (\$ Millions)	Decommissioning Reserve - Non-Nuclear Power Plants (3) Annual Expense (\$ Millions)	Nuclear Fuel Disposal (4) Annual Expense (\$ Millions)
2026	\$5.7	\$3.8	\$9.2	\$5.5
2027	\$5.7	\$3.8	\$8.4	\$6.2
2028	\$5.7	\$3.8	\$7.8	\$5.5
2029	\$5.7	\$3.8	\$7.2	\$6.2
2030	\$5.7	\$3.8	\$6.7	\$5.5
2031	\$5.7	\$3.8	\$6.2	\$6.2
2032	\$5.7	\$3.8	\$5.8	\$5.5
2033	\$5.7	\$3.8	\$5.5	\$6.2
2034		\$3.8	\$5.2	\$5.5
2035		\$3.8	\$5.0	\$6.2

## (1) Other Post Employee Benefits Reserve - Production

- Bond debt service for catch-up contributions of \$5.7 million
- No annual deposits or credits are projected to be required for the OPEB trust. The required contributions are reviewed annually and are subject to change.

## (2) Decommissioning Reserve - Nuclear Power Plant

- Collection is based on a study completed in 2023.
- Internal analysis is reviewed annually and subject to change.
- Assumes immediate decommissioning after cessation of plant operations in 2054, the end date of CNS Subsequent License Renewal
- Estimated fund earnings of 3%, and costs estimated to escalate at 2%

## (3) Decommissioning Reserve - Non-Nuclear Power Plants

- Based on a study completed in 2021.
- Internal analysis is reviewed annually and subject to change.
- Estimated fund earnings of 3%, and costs estimated to escalate at 2%.

## (4) Nuclear Fuel Disposal

- Collection is based on one mil per kilowatt hour of net energy generated and sold by CNS.
- Assumes CNS Subsequent License Renewal



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## Questions

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