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2026 Wholesale Rate Study Update

NPPD Board of Directors Meeting
Finance Committee
August 2025

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Objectives

- Share results of wholesale rate study
- Share recommendations for proposed changes to 2026 wholesale rates and rate schedules
 - Proposed effective date for all rate schedules is January 1, 2026

Wholesale Rate Schedules

<u>Rate Schedule</u>	<u>Description</u>
1 GFPS*	General Firm Power Service
2 Supplement No. 1	Demand Waiver Program
3 Special Power Product No. 2	Simultaneous Buy/Sell
4 Special Power Product No. 3	Energy Curtailment Program
5 Special Power Product No. 5	Standby Service
6 Special Power Product No. 6	Economic Development Rate
7 Special Power Product No. 8	Interruptible Rate
8 Special Power Product No. 9	Market-Based Rate
9 Special Power Product No. 10	Interruptible Market-Based Rate
10 Special Power Product No. 11	Demand Response Resource Rate
11 PCA	Production Cost Adjustment
12 T-2	Transmission Service

*GFPS applies to customers that have signed a Wholesale Power Contract (22 Rurals, 1 Electric Membership Corporation, 35 Municipalities), and the NPPD Retail Division

Proposed 2026 General Firm Power Service (GFPS) Wholesale Rates

- Overall wholesale increase of 1.0%
 - Transmission: 6.0% increase
 - Production: 0.0% increase; there will be proposed changes in individual demand/energy rates as a result of the Rate Study
 - One-year refund of remaining funds in production Rate Stabilization Account (RSA) in excess of the 10% accumulation limit
 - \$30.8 million returned to the customers through a Production Cost Adjustment (PCA) Rate
 - 2026 PCA Factor = $\$(0.002063)/\text{kWh}$
 - Applies to bills for Jan. – Dec. 2026 service

Proposed 2026 GFPS Rates (cont'd)

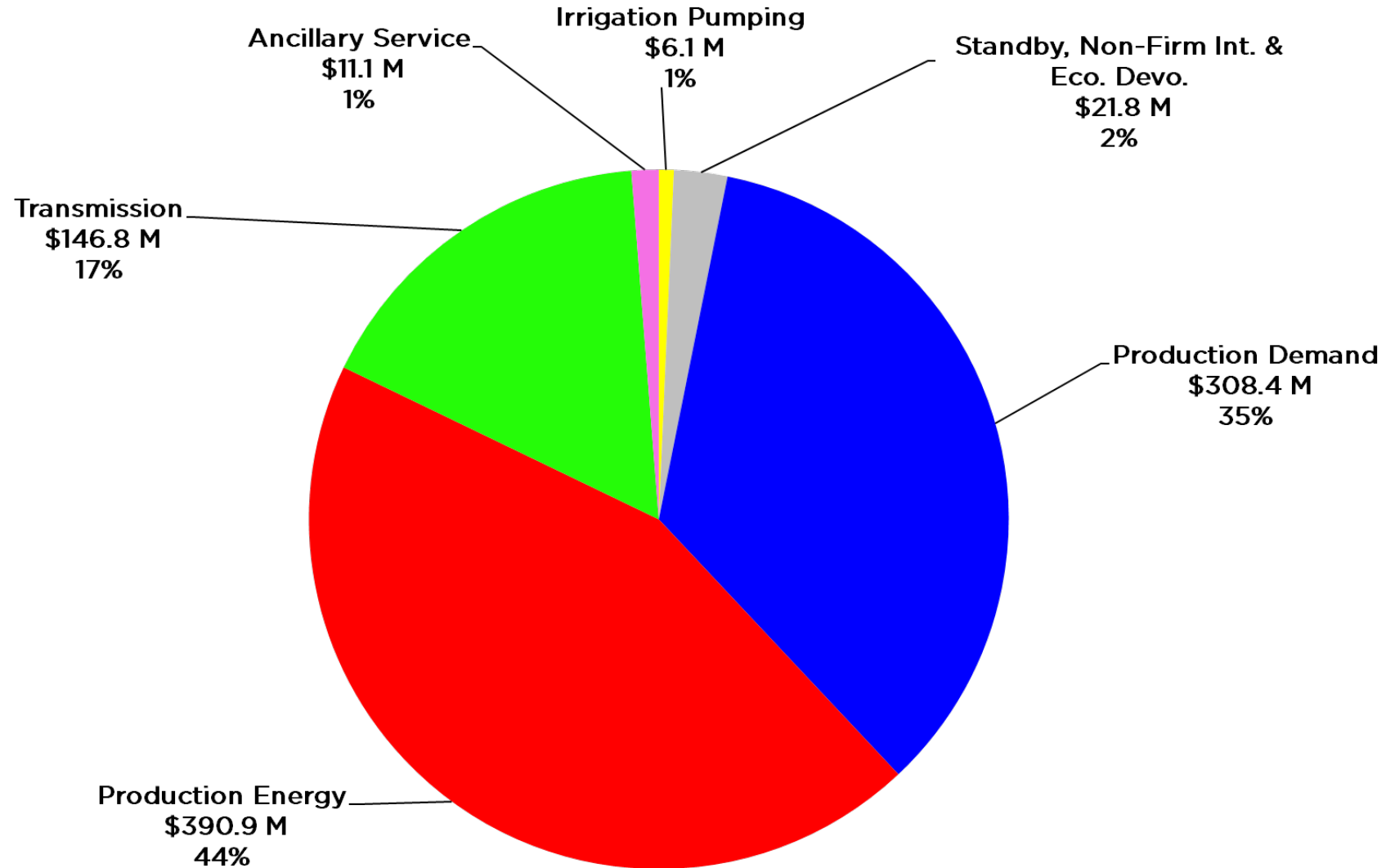
- Wholesale:
 - 8th year in a row of a PCA refund
 - 2019: \$26.8 million
 - 2020: \$46.1 million
 - 2021: \$73.2 million
 - 2022: \$74.2 million
 - 2023: \$33.9 million
 - 2024: \$56.8 million
 - 2025: \$53.0 million
 - 2026: \$30.8 million (proposed)
- Individual customer percent impacts will vary depending on customer usage characteristics

Wholesale Rate Changes of Other Utilities

Wholesale Provider	State (Based)	2023	2024	2025	2026
Nebraska Public Power District	NE	0.0%	0.0%	0.0%	1.0% *
Basin Electric Power Cooperative	ND			6.5%	TBD
Grand River Dam Authority	OK	0.0%	11.0%	4.1%	4.1%
Municipal Electric Authority of Georgia (MEAG)	GA	5.0%	5.0%	TBD	TBD
Municipal Energy Agency of Nebraska (MEAN)	NE	6.0%	5.0%	9.8%	TBD
Northwest Iowa Power Cooperative (NIPCO)	IA	1.5%	1.7%	TBD	TBD
Platte River Power Authority	CO	5.0%	5.0%	6.3%	6.3%
Santee Cooper	SC	0.0%	0.0%	TBD	TBD
Tri-State G&T	CO		6.4%	0.0%	TBD

* Proposed

Forecasted 2026 Wholesale GFPS Revenue Requirements (\$885.1M)



Irrigation Pumping Rates

- Product only available to wholesale customers with a Western Area Power Administration (WAPA) irrigation pumping allocation per contract (originated back in the 1950's)
 - Consists of approximately 99 MW of WAPA power
 - Demand and energy amounts are applicable to customers in months of April through October (typical irrigation months)
 - 30 wholesale customers receive an allocation
- NPPD's Irrigation Pumping rates in the GFPS Rate Schedule are set to recover the costs NPPD incurs for this WAPA power

Proposed 2026 GFPS Irrigation Pumping Rates

	2025 Current Rates <hr/> (A)	2026 Proposed Rates <hr/> (B)	% Increase/ (Decrease) <hr/> (C)
Irrigation Pumping			
Demand (\$/kW)	\$ 9.92	\$ 10.32	4.0%
Energy (\$/kWh)	\$ 0.0172	\$ 0.0183	6.4%

- Reflects WAPA rate increase for 2026
- No change in individual customers' total kW demand or kWh energy allocations for 2026

Proposed 2026 GFPS Transmission and Ancillary Service Rates

- Same as proposed rates for NPPD's Transmission Service (T-2) Rate Schedule
- Ancillary Service rate decreases primarily due to lower actual Southwest Power Pool market charges which utilizes a 3-year average of historical data
- Transmission rate increase primarily due to increased investment in transmission facilities, O&M expenses, and expenses for our share of other transmission projects within the Southwest Power Pool

	2025 Current Rates <u>(A)</u>	2026 Proposed Rates <u>(B)</u>	% Increase/ (Decrease) <u>(C)</u>
Ancillary Services (\$/kW & kWh)			
Reg. Up/Down, Spin. & Supl. Res.	\$ 0.00045	\$ 0.00042	(6.7%)
Reactive Supply	\$ 0.16	\$ 0.15	(6.3%)
Transmission (\$/kW)			
Line	\$ 3.88	\$ 4.14	6.7%
Substation	\$ 0.52	\$ 0.53	1.9%

Production Demand and Energy Rates

- Cost allocation methodologies impact the rate design and cost recovery for each of the following:
 - Demand vs. Energy
 - Summer (4 months) vs. Winter (8 months)
 - On-peak vs. Off-peak (for energy)
- Allocation factors have been updated with latest historical load and cost information

Proposed 2026 GFPS Production Demand and Energy Rates

	2025 Current Rates (A)	2026 Proposed Rates (B)	% Increase/ (Decrease) (C)	
Production Demand				
Blend				
Summer	\$ 14.46	\$ 15.08	4.3%	<div> Demand = 0.8% Summer = 4.4% Winter = -2.3% </div>
Winter	\$ 11.71	\$ 11.45	(2.2%)	
Gen Station				
Summer	\$ 14.89	\$ 15.73	5.6%	
Winter	\$ 12.07	\$ 11.74	(2.7%)	
Production Energy				
Blend				
Summer On-Peak	\$ 0.03655	\$ 0.03805	4.1%	<div> Seasonal Recovery: Summer = 42.7% Winter = 57.3% </div>
Summer Off-Peak	\$ 0.01811	\$ 0.01761	(2.8%)	
Winter On-Peak	\$ 0.03228	\$ 0.03122	(3.3%)	
Winter Off-Peak	\$ 0.02046	\$ 0.02060	0.7%	
Gen Station				
Summer On-Peak	\$ 0.03644	\$ 0.03793	4.1%	<div> Energy = -0.5% Summer = 1.6% Winter = -1.8% </div>
Summer Off-Peak	\$ 0.01800	\$ 0.01749	(2.8%)	
Winter On-Peak	\$ 0.03216	\$ 0.03108	(3.4%)	
Winter Off-Peak	\$ 0.02034	\$ 0.02046	0.6%	

- Blend Customers – Do not purchase power directly from WAPA (no direct allocation or assigned their allocation to NPPD)
- Gen Station Customers – Purchase power directly from WAPA

2026 Customer Impacts Based on Proposed Rates

- Utilizing each wholesale customer's 2024 actual billing units:
 - Average annual 2026 base rate increase = 1.0%
 - Summer = 3.3%
 - Winter = (0.7)%
 - Largest customer annual base rate increase = 1.9% (estimated)
 - Smallest customer annual base rate increase = 0.2% (estimated)
 - Above amounts exclude the impact of the one-year refund via a PCA
 - Including decrease in PCA credit, average annual 2026 bill increase = 4.0%

Proposed Changes to 2026 GFPS Rate Schedule

- Revise applicable rates (as shown on previous slides)
- Modify to include certain provisions of the new 2026 Wholesale Power Contract (WPC)
 - Expand the definition and provisions of Qualifying Local Generation (QLG)
 - Include references to customer's available "capping" option
- Revise stranded cost language for certain customer generator situations so billing is the same as if served under the Simultaneous Buy/Sell rate

Proposed Changes to 2026 Interruptible Market-Based (Special Power Product #10) Rate Schedule

- Lower monthly Firm Contract Demand rate from \$13.75 to \$11.75/kW
- Raise monthly Non-Firm Demand rate from \$1.00 to \$1.15/kW
- Revise Excess and Emergency Excess Demand rates
- Add a new option to allow a customer's controllable load to be registered and participate in the Southwest Power Pool (SPP) market as a Demand Response Resource
- Allow for potential curtailments for seasonal peak loads
- Incorporate 2026 WPC language

Proposed Changes to 2026 Wholesale Rate Schedules

Rate Schedule	Description	Proposed Changes for 2026
1 GFPS	General Firm Power Service	See slide 14
2 Supplement No. 1	Demand Waiver Program	None
3 Special Power Product No. 2	Simultaneous Buy/Sell	Incorporate new SPP seasonal Resource Adequacy requirements; raise customer charge from \$25 to \$35
4 Special Power Product No. 3	Energy Curtailment Program	None
5 Special Power Product No. 5	Standby Service	Raise customer charge from \$500 to \$600; incorporate 2026 WPC language
6 Special Power Product No. 6	Economic Development Rate	To be determined later this year and handled through separate proposal
7 Special Power Product No. 8	Interruptible Rate	Raise monthly Non-Firm Demand Rate from \$1.00 to \$1.15/kW; allow for potential curtailments for seasonal peak loads; clarify applicability to single site locations; incorporate 2026 WPC language
8 Special Power Product No. 9	Market-Based Rate	Lower monthly Production Demand rate from \$12.00 to \$11.00/kW; incorporate 2026 WPC language
9 Special Power Product No. 10	Interruptible Market-Based Rate	See slide 15
10 Special Power Product No. 11	Demand Response Resource Rate	Incorporate 2026 WPC language
11 PCA	Production Cost Adjustment	None
12 T-2	Transmission Service	Revise rates

Special Power Product No. 4 and No. 7 are no longer in effect.

Schedule for Wholesale Rates

- July 9 – Results of GFPS Rate Study and summary information shared with Board electronically
- July 24 – Discussion at wholesale Rate Review Committee meeting
- August 14 – Board discussion
- Late August – Issue GFPS Rate Study and T-2 Rate Study with proposed rates to Wholesale and T-2 Customers, respectively
- Late September – Hearing requests due
- October – Rate hearing (if requested)
- November 13 – Board consideration of proposed rates
- January 1, 2026 – Proposed effective date



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Questions

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