



THE POWER OF PEOPLE



Retail & Subtransmission Rate Update for 2026

NPPD Board of Directors Meeting
Finance Committee
August 2025

Scott Jackson, Pricing & Rates Manager



Nebraska Public Power District
Always there when you need us

Objectives

- Share results of the retail and subtransmission cost-of-service rate studies
- Share preliminary recommendation for proposed changes to 2026 retail and subtransmission rates
- Share preliminary recommendations for proposed changes to retail and subtransmission rate schedule language and provisions
 - Proposed effective date for all rate schedules is January 1, 2026

Retail Rates

Retail Rates Preliminary Proposal for 2026

- 3.0% overall retail base rate increase
 - 2.0% increase last year
- Cost-of-Service (COS) study performed this year
 - Utilizes 2026 Rate Outlook information
 - Indicates the need for an overall rate increase and rate adjustments between customer classes
- Changes since the last study (2024) include:
 - Updated loads, revenue requirements, and other allocation factors
- Each of these changes impact customer classes differently

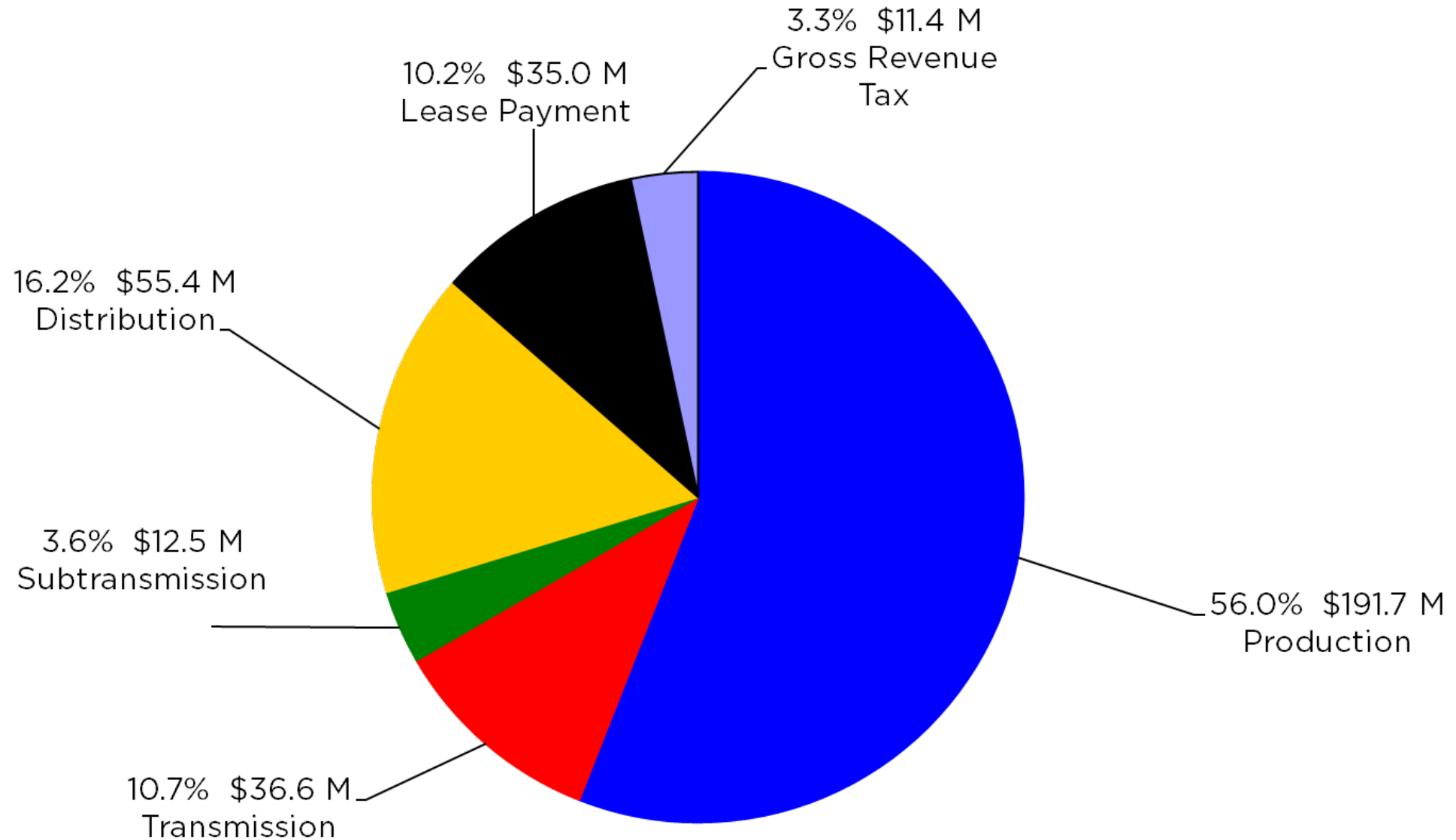
Retail Rate Changes of Other Utilities (Approved, Projected or Proposed)

Retail Provider	State (Based)	2023	2024	2025	2026
Nebraska Public Power District	NE	0.0%	0.0%	2.0%	3.0%**
Omaha Public Power District	NE	2.9%	2.5%	6.3%	TBD
Lincoln Electric System	NE	4.8%	3.7%	7.4%*	TBD
Cornhusker Public Power District	NE	0.0%	0.0%	3.0%	TBD
Loup Power District	NE	1.6%	3.5%	3.1%	TBD
City of Pierce (MEAN)	NE	5.0%	5.0%	8.0%	8.0%
Jacksonville Electric Power Authority	FL	1.5%	4.3%	3.7%	5.1%
Longmont Utilities	CO	2.1%	6.8%	6.8%	TBD
Springfield Utilities	MO	4.8%	4.0%	3.9%	TBD

* Includes 3.3% increase effective 1/1/25 and 4.0% increase effective 7/1/25

** Proposed

Forecasted 2026 Retail Revenue Requirements (\$342.6 M)



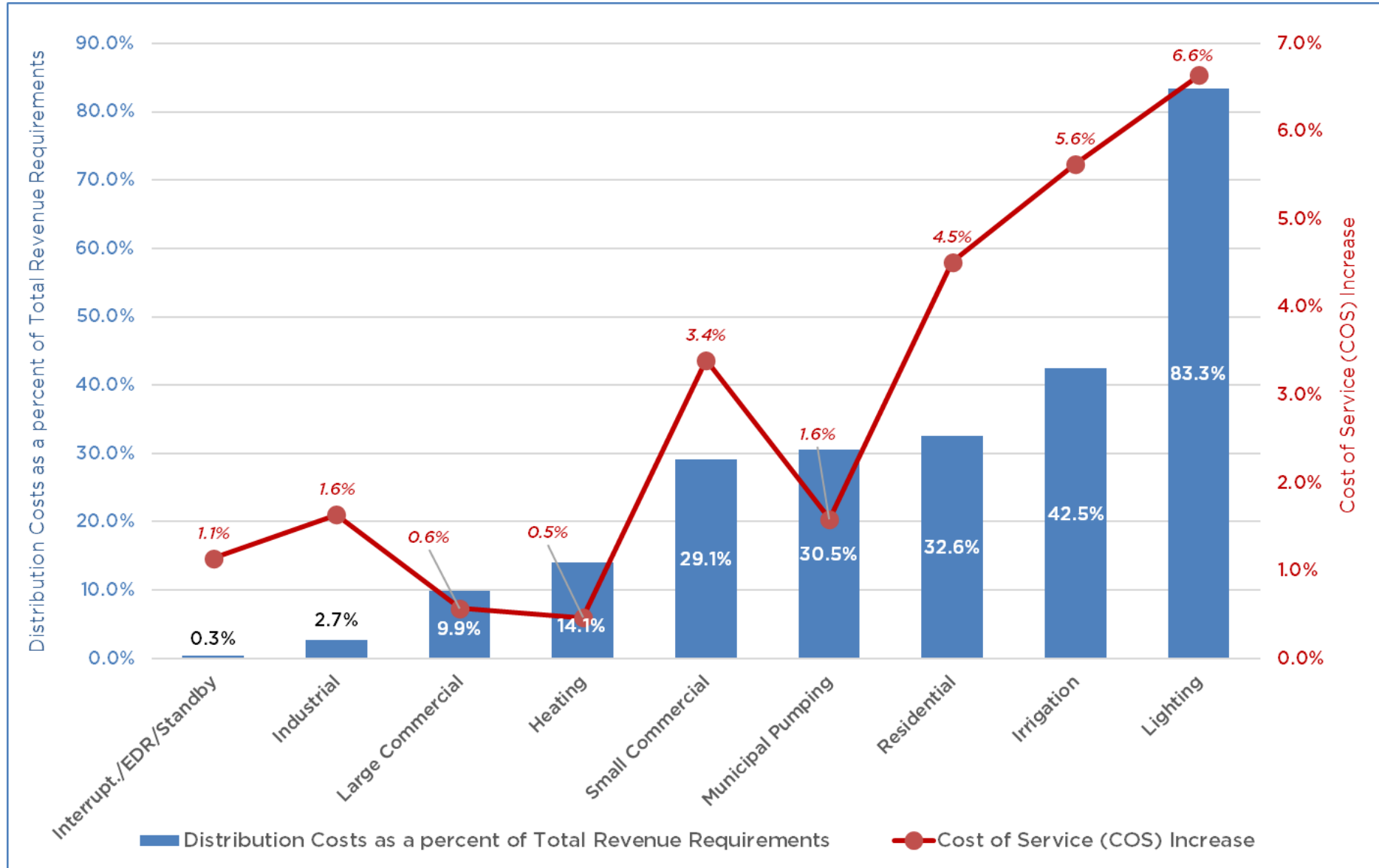
COS Study Results

Customer Class	Number of Customers*	Including LP/GRT, Excluding PCA		Cost of Service Adjustments	
		Est. Revenue Current Rates	Cost of Service Results	Percent of Incr/(Decr)	Annual Incr/(Decr)
(A)	(B)	(C)	(D)	(E)	(F)
1 Residential	75,211	\$ 115,571,000	\$ 120,783,000	4.5%	\$ 5,212,000
2 Small Commercial	17,800	42,059,000	43,487,000	3.4%	1,428,000
3 Large Commercial	870	59,569,000	59,907,000	0.6%	338,000
4 Industrial	17	35,153,000	35,729,000	1.6%	576,000
5 Heating**	877	8,077,000	8,115,000	0.5%	38,000
6 Irrigation**	799	3,126,000	3,302,000	5.6%	176,000
7 Municipal Pumping	260	1,099,000	1,117,000	1.6%	18,000
8 Lighting**	32,246	3,794,000	4,046,000	6.6%	252,000
9 Subtotal	95,834	\$ 268,448,000	\$ 276,486,000	3.0%	\$ 8,038,000
10 Interruptible/EDR/Standby	4	65,401,000	66,147,000	1.1%	746,000
11 Total Retail	95,838	\$ 333,849,000	\$ 342,633,000	2.6%	\$ 8,784,000

* Totals for number of customers exclude lighting.

** Aggregate amounts shown for all Irrigation, Lighting and Heating subclasses. Individual subclass impacts will vary.

Distribution Costs are a Key Driver in Rate Class Increases



Irrigation, Lighting, and Heating Subclass Results

Irrigation Subclass (A)	Number of Customers (B)	Including LP/GRT, Excluding PCA		Cost of Service Adjustments	
		Est. Revenue Current Rates (C)	Cost of Service Results (D)	Percent of Incr/(Decr) (E)	Annual Incr/(Decr) (F)
1 No Control	418	\$ 1,612,000	\$ 1,704,000	5.7%	\$ 92,000
2 Time-of-Use	25	98,000	107,000	8.9%	9,000
3 2-Day Control	136	706,000	744,000	5.4%	38,000
4 Anytime Control	220	709,000	747,000	5.3%	38,000
Total Irrigation	799	\$ 3,125,000	\$ 3,302,000	5.6%	\$ 177,000

Lighting Subclass (A)	Number of Lights (B)	Including LP/GRT, Excluding PCA		Cost of Service Adjustments	
		Est. Revenue Current Rates (C)	Cost of Service Results (D)	Percent of Incr/(Decr) (E)	Annual Incr/(Decr) (F)
1 Municipal Streetlighting	22,908	\$ 2,637,000	\$ 2,871,000	8.9%	\$ 234,000
2 Highway, Roadway & Alley	612	101,000	108,000	7.1%	7,000
3 Area/Directional	6,705	919,000	910,000	(1.0%)	(9,000)
4 General Service Lighting (Energy Only)	2,021	137,000	157,000	14.2%	20,000
Total Lighting	32,246	\$ 3,794,000	\$ 4,046,000	6.6%	\$ 252,000

Heating Subclass (A)	Number of Customers (B)	Including LP/GRT, Excluding PCA		Cost of Service Adjustments	
		Est. Revenue Current Rates (C)	Cost of Service Results (D)	Percent of Incr/(Decr) (E)	Annual Incr/(Decr) (F)
1 Comm. Electric Space Heating (CESH)	463	\$ 6,969,000	\$ 6,994,000	0.4%	\$ 25,000
2 Separately Metered Heating (H-1)	414	1,109,000	1,121,000	1.1%	12,000
Total Heating	877	\$ 8,078,000	\$ 8,115,000	0.5%	\$ 37,000

NOTE: Preliminary rate proposal for highlighted items will be to limit the increase in General Service Lighting to 9% and to not propose a decrease in Area/Directional Lighting

Retail Rates Preliminary Proposal for 2026 (cont'd)

- Move all major retail rate classes to amounts indicated by cost-of-service
- Within the Lighting class, limit increase to General Service Lighting (GS-3) to 9% and not propose a decrease for Area/Directional Lighting (ADL)
- No Retail Production Cost Adjustment (PCA) credit for any class, except for Large Industrial Service (LIS)
 - LIS receives pass-through of the wholesale PCA credit

Preliminary Recommendations for Other Changes to 2026 Retail Rate Schedules

- Revise rate schedules that are based on or pass-through the proposed 2026 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)

Preliminary Recommendations for Other Changes to 2026 Retail Rate Schedules (cont'd)

- General Customer Service Charges (CS Rate Schedule)
 - Change in rates for connect charges, collection fee, insufficient funds check fee, etc.
 - if warranted based on CS cost-of-service study
- Pole Attachment Rate (PA Rate Schedule)
 - Change in rates for communication and electric facility attachments
 - if warranted based on Pole Attachment cost-of-service study
- Electric Vehicle (EV) Public Charging Station Rate (EV-PCS Rate Schedule)
 - Change in rates for Level 2 and Direct Current Fast Charge (DCFC) charging stations
- Add/clarify language and provisions as needed in other rate schedules

Subtransmission Rates

Subtransmission Service

- Includes wheeling over NPPD's 69 kV and 34.5 kV lines and substations
- Rates and billing provisions included in NPPD's Subtransmission (ST) Service Rate Schedule
- 23 customers (excluding NPPD Retail) take subtransmission service from NPPD for all or a portion of their load
 - 8 wholesale rurals, 7 wholesale municipalities, 2 MEAN towns, 6 other entities
- NPPD Retail is responsible for approximately 85% of subtransmission costs

Subtransmission Rate & Billing Methodology

- Rates are based on two-year historical (rather than projected) revenue requirements
 - Methodology using historical revenue requirements first used for 2014 rates
 - Last rate study performed in 2024 based on 2022 and 2023 actual costs that resulted in no changes to subtransmission line or substation rates
 - Current rates have not changed since 2016
- Customer's monthly billing demands based on customer's highest hourly load in current or preceding 11 billing periods
- Due to significant increase in costs in 2024 request was made by retail management to perform another rate study using 2023 and 2024 actual costs
 - Updated rate study identified the need for an increase in rates

Subtransmission Rate Study Results

(A)	2023 Actuals	2024 Actuals	2023/24 Avg.
	(\$ millions)	(\$ millions)	(\$ millions)
	(B)	(C)	(D)
1 O&M	\$ 6.3	\$ 8.2	\$ 7.2
2 Debt Service	1.9	1.9	1.9
3 Construction from Revenue	2.6	4.2	3.4
4 A&G/Customer Acct	2.3	2.5	2.4
5 Interest & Other Revenue	(0.3)	(0.6)	(0.5)
6 Total Revenue Requirements	\$ 12.8	\$ 16.2	\$ 14.4
7 Revenue - Current Rates			12.6
8 Under Recovery			\$ (1.8)
9 % Increase			14.2%
	Current Rate	Proposed Rate	
Line (\$/kW)	\$ 0.70	\$ 0.75	
Substation (\$/kW)	\$ 0.99	\$ 1.19	

- Projected additional revenue from non-NPPD Retail customers approximately \$190,000

Future Subtransmission Rate Methodology

- Recommend reverting to past subtransmission rate methodology in 2026 for 2027 rates utilizing forecasted revenue requirements and billing units in an annual rate study
 - Current methodology was beneficial when revenue requirements were relatively static
 - Now entering a period of load growth where sustained increase in expenditures expected
 - Methodology will then be in alignment with how NPPD's other rates are determined
 - Will require reestablishment of Subtransmission rate stabilization account to track future Subtransmission surpluses/deficits

Preliminary Recommendations for Changes to 2026 Subtransmission Service Rate Schedule

- Increasing the size of behind-the-meter generation whose output is added back for billing purposes from > 25 kW to > 100 kW
 - Consistent with size threshold of other wholesale rate schedules
- Add metering provisions
- Add/clarify language and other provisions as needed

Schedule for Retail and Subtransmission Rates

- July 9 - Retail and Subtransmission cost-of-service study results and preliminary recommendations shared with Board electronically
- August 14 – Board presentation on Retail and Subtransmission cost-of-service study results and preliminary recommendations
- July-September
 - On-going communication with customers
 - Complete detailed rate designs
 - Share results with and gather input from Retail Advisory Committee
- Early October - Proposed retail rate designs complete and shared with Board electronically
- Early October – Provide Subtransmission Rate Study and ST Rate Schedule to impacted customers
 - Subtransmission service agreements require 30-day notice prior to Board consideration of proposed rates
- November 13 – Board consideration of proposed retail and subtransmission rates
- January 1, 2026 - Proposed effective date



THE POWER OF PEOPLE



Questions

Stay connected with us.



Nebraska Public Power District
Always there when you need us