



THE POWER OF PEOPLE

2027 - 2032 Rate Outlook & Budget Kickoff

Customer Committee
April 2026

Crystal Harper - Financial Planning & Analysis Manager



Nebraska Public Power District
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Objective of Today's Meeting



REVIEW THE
2027 - 2032
RATE OUTLOOK
& 2027 BUDGET
TIMELINE



REVIEW GOALS
FOR THE RATE
OUTLOOK
PROCESS



REVIEW KEY
COMPONENTS
OF THIS YEAR'S
2026 BUDGET
AND THEIR
RELATED
ASSUMPTIONS










SHARE THE NEXT
STEPS

Key Dates for Board Review and Input

 **Customer, Finance Committee, and/or Board Meeting**

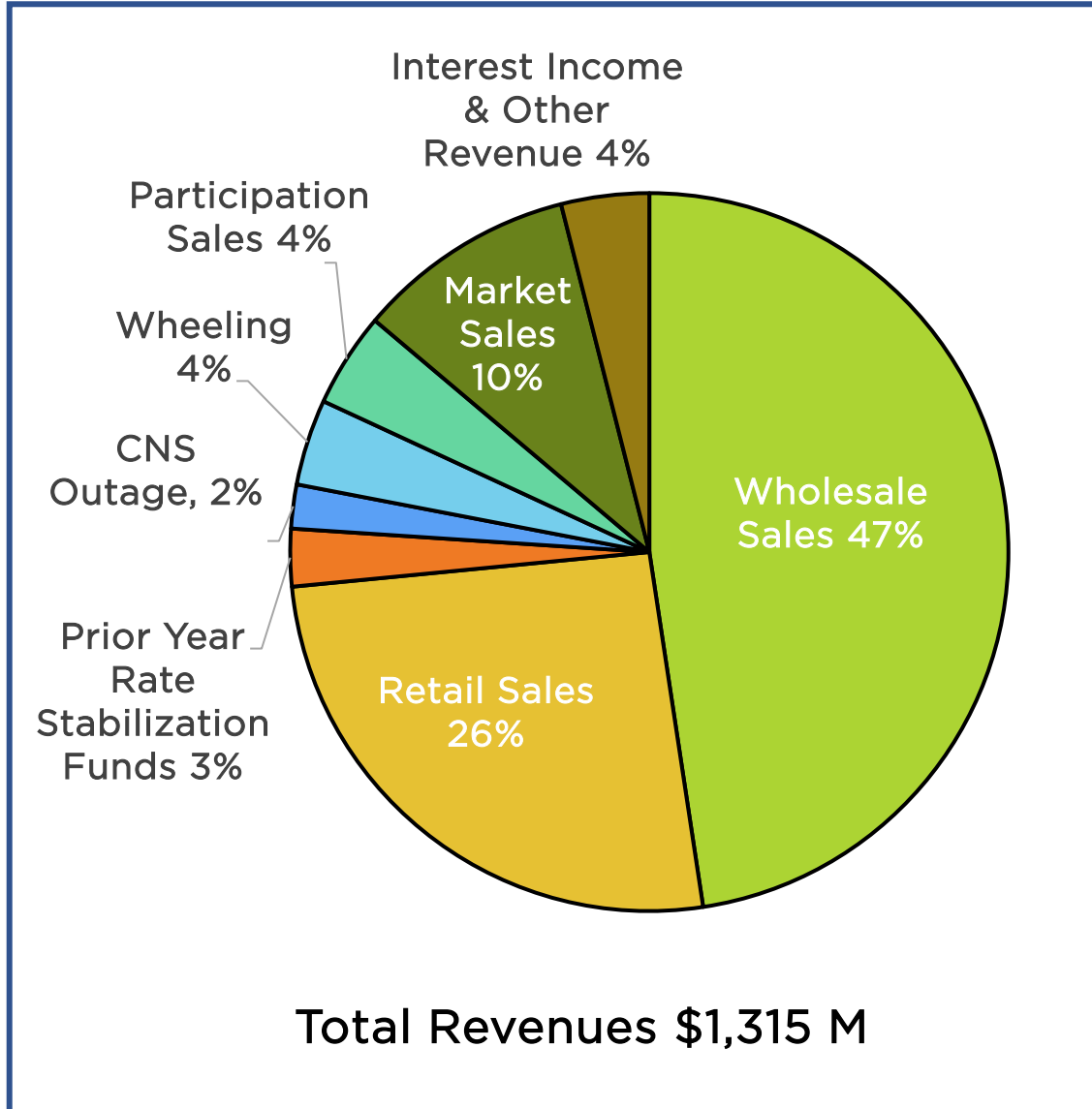
 **Major Milestone**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Customer Committee Review of the Financial Planning Timeline, Escalation Factors, and Decommissioning Assumptions (Summary in Finance Committee)												
2. Load Forecast and Production Model Assumptions Reviewed in Executive Session												
3. Information & Input Session (As needed or requested)												
4. Customer Committee Review of Rate Outlook Results (Summary in Finance Committee)												
5. Proposed Wholesale Rate Study Issued												
6. Review Preliminary 2027 Operations & Maintenance (O&M) and Capital Budgets with Customers and Board at the Board Retreat												
7. Board action on 2027 O&M and Capital Budgets												

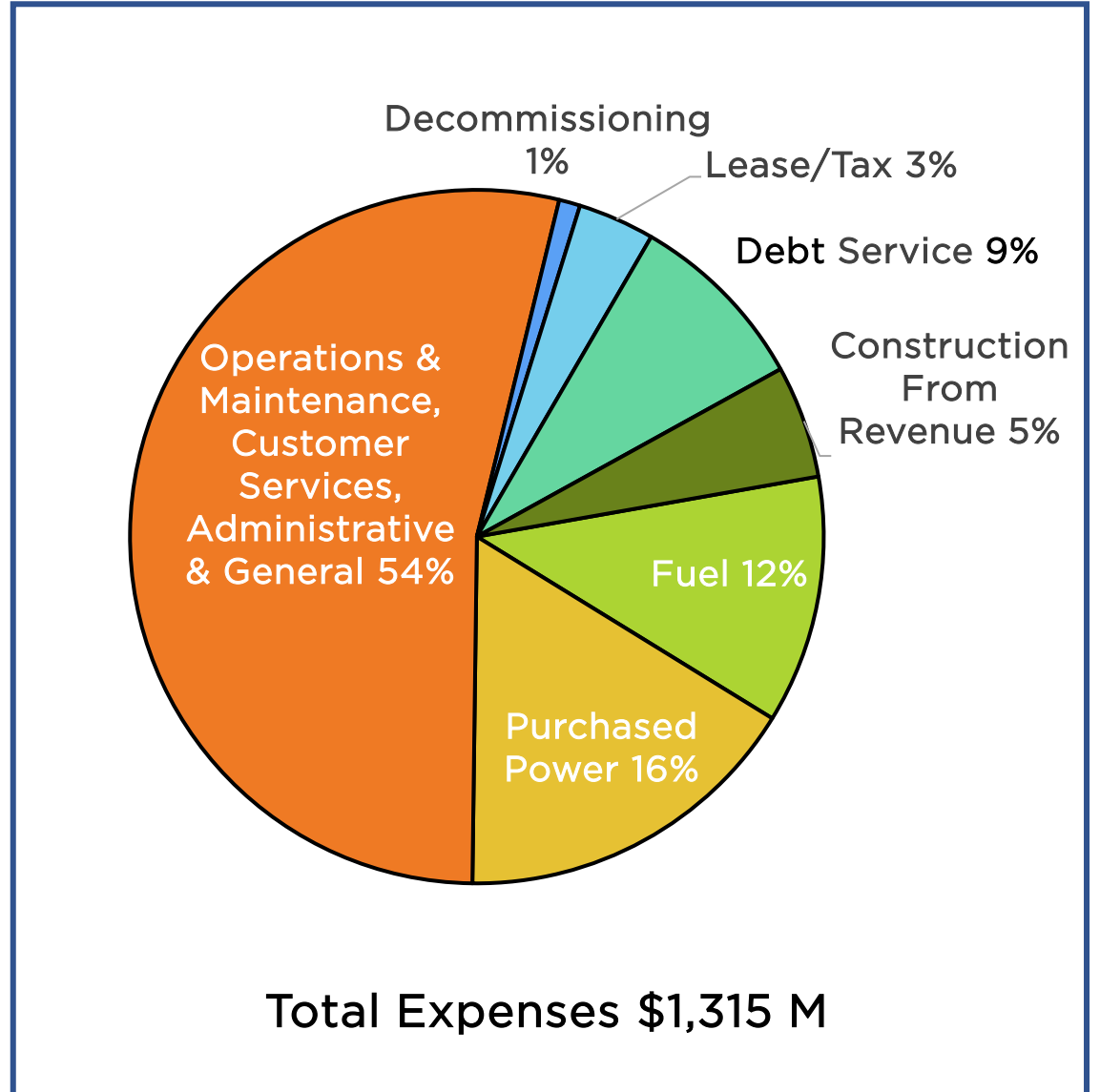
Rate Outlook & Budget Preparation – Three Phases



Key Components of the 2026 Budget – Revenues & Expenses Balance

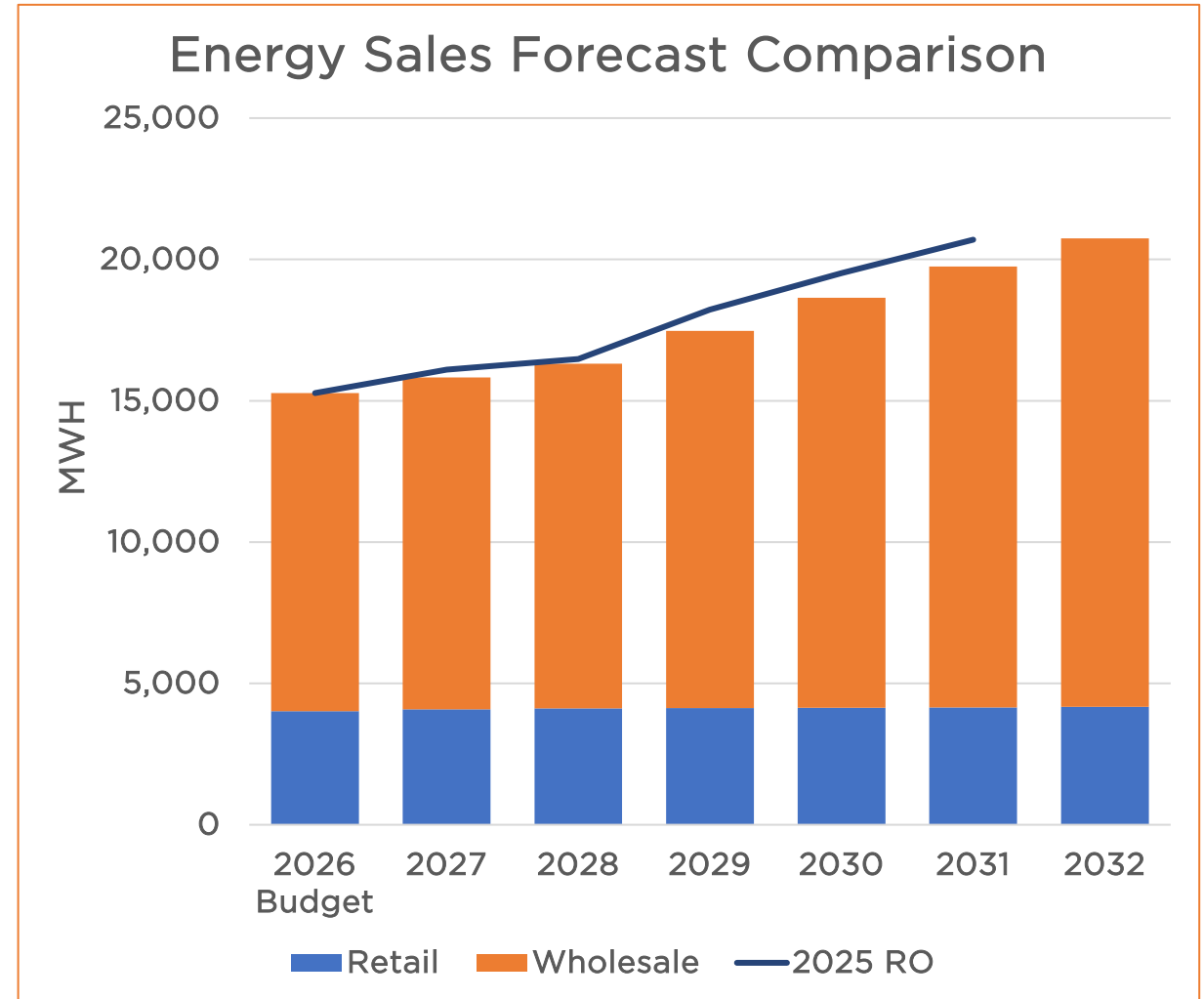


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Native Load Energy Sales Assumptions Slightly Lower than the Prior Year

- Native Load Demand and Energy Sales Assumptions:
 - 100% of Existing Loads included with a ~0.5% organic growth factor applied
 - 100% of Expected Loads included
 - A “probabilistic” amount of Loads in the New Load Process included beginning in 2029
 - No amount from the “Additional Project Interest” category is included



RO = Rate Outlook

Notable Changes in Production Model Resource Assumptions

- The Production Model is a software tool that simulates Southwest Power Pool (SPP) market operations.
- It projects when NPPD's generating units will dispatch per SPP requests, and the associated fuel expense.
- The model also generates the amount of market sales and purchases based on unit dispatch.
- The Load Forecast, resources, SPP market prices, and fuel price assumptions are some of the inputs into the production model.

Resource	This Year's Assumption	Last Year's Assumption
Princeton Road Station (694 MW)	June 2029	June 2029
BPS Expansion (717 MW)	June - December 2032	June 2031, 2032 & 2033
CNS Extended Power Uprate* (80-100 MW)	After 2032 Outage	Not Included
New Renewables	Wind December 2027 Solar December 2029	Wind & Solar December 2027
Purchase Power Agreements	Various	Various

BPS - Beatrice Power Station

CNS - Cooper Nuclear Station

*Pending Board Approval

Firm Sales

Market Sales

Other Misc.
Revenues

Production Model
Expenses

O&M / A&G
Expenses

Capital Related
Expenses

Decommissioning

Other Misc.
Expenses

O&M and A&G Expense Assumptions

Labor & Benefits Escalation Rates

- Based on labor indices received from NPPD's Human Resources department & external vendors
- Internal & external labor - 3.5% (2027 - 2032)
- Health insurance - 9% (2027-2032)

Materials, Supplies & Other Misc. Expenses Escalation Rates

- Based on Consumer Price Index projections and the most recent data from the Survey of Economic Forecasters, along with known market adjustments where applicable
- 2.5% - 10%+ (2027-2032)

Vacancy Credit

- Based on 3-year historical vacancy rate of 2.3%, up from 1.8% last year
- Salary credits ranging from \$6.3M - \$7.2M (2027-2032)

Other Post Employment Benefits

- Based on actuarial analysis:
 - \$1.0M Long-term Disability collection (2027- 2032)
 - \$0 Retiree collection (2027-2032)
 - \$0.5M credit to production, offset by transmission (2027)
- Bond debt service for catch-up contributions of \$5.7M (2027-2032)

O&M = Operations & Maintenance A&G = Administrative & General

Firm Sales

Market Sales

Other Misc. Revenues

Production Model Expenses

O&M / A&G Expenses

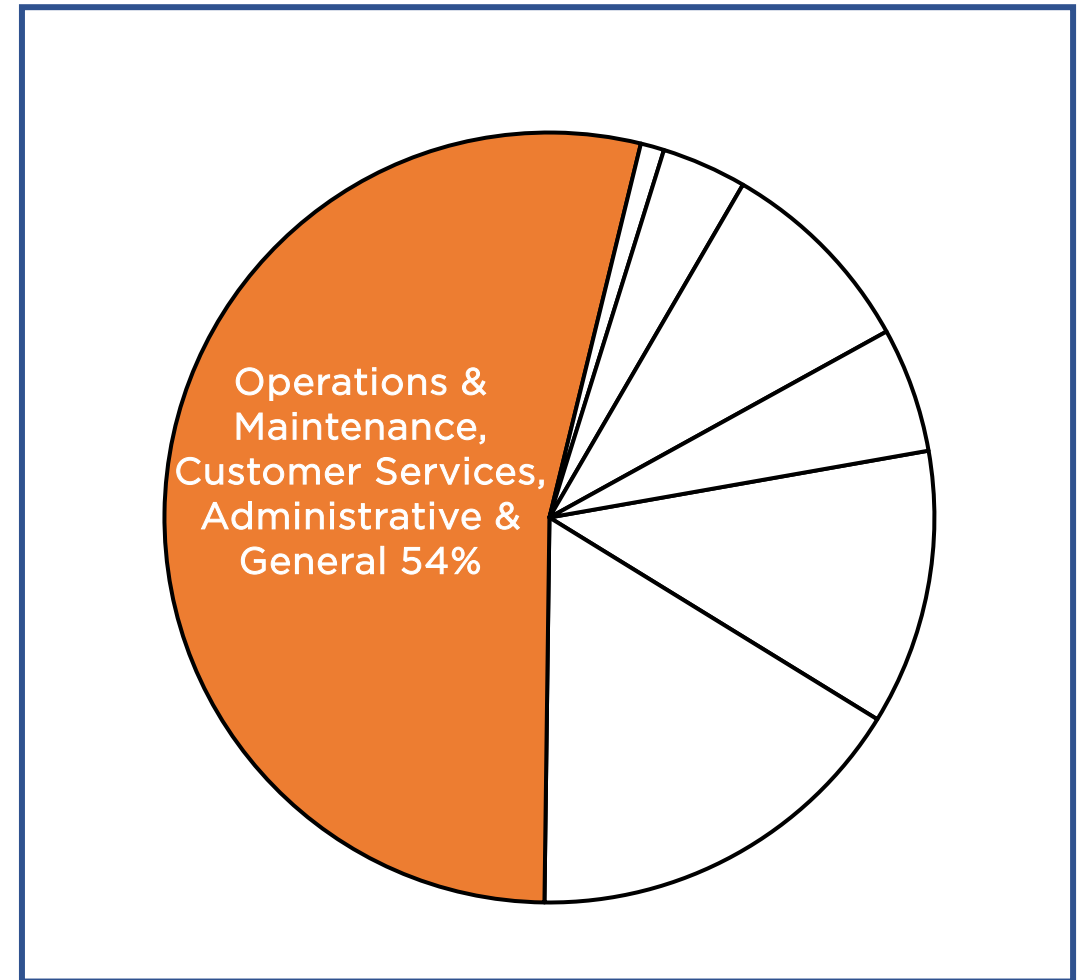
Capital Related Expenses

Decommissioning

Other Misc. Expenses

O&M and A&G Targets Issued to Support Favorable CFC & EIA Rate Positioning

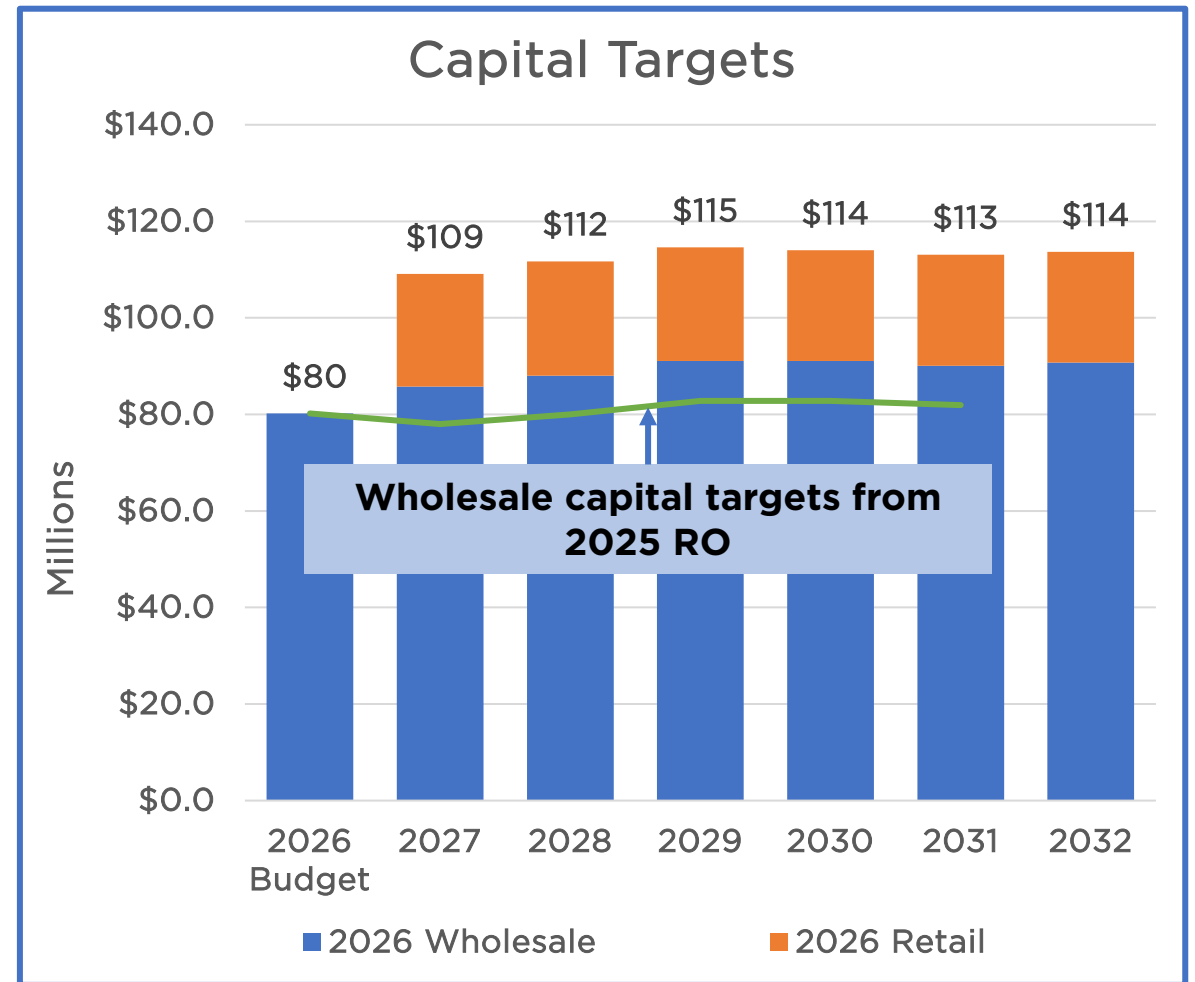
- O&M and A&G targets have been issued to Production, Transmission, Distribution, and A&G groups
- All business units were asked to hold O&M and A&G spending at levels consistent with last year's Rate Outlook, where feasible



O&M = Operations & Maintenance A&G = Administrative & General

Wholesale & Retail Capital Targets Based on Benchmark Data

- Wholesale & Retail Capital Targets are set based on the ratio of capital to depreciation of NPPD and other A-Rated Utilities
 - 2026 is the first year to issue Retail Targets using this methodology
- Analysis also utilizes the CFC & EIA Metric to monitor total spending (capital & O&M) and maintain alignment with the target
- Wholesale capital targets exclude large capital investments, such as new generation, as well as Notice to Construct Transmission Projects



RO = Rate Outlook

Firm Sales	Market Sales	Other Misc. Revenues	Production Model Expenses	O&M / A&G Expenses	Capital Related Expenses	Decommissioning	Other Misc. Expenses
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No Change to Nuclear Decommissioning Trust Assumptions

- Periodic third-party studies are conducted to update the estimated cost of decommissioning CNS
 - 2023 Study performed by TLG Services (study will be next updated in 2027)
 - The DECON methodology, which assumes decommissioning begins immediately after plant shutdown, continues to be the lowest-cost option
- NPPD performs a cash flow analysis of Nuclear Decommissioning Trusts (NDTs) using the TLG estimate with the following assumptions:

	Assumptions	Study Used	Investment Earnings Rate	Cost Inflation Rate	Plant Runs Through	Funded By
Nuclear	Last Year	2023	3%	2%	2054	2035
	This Year	2023	3%	2%	2054	2035

- If the second license renewal is approved, the Funded By date will be reviewed and potentially modified to reflect an extended collection period.

Update Study Results in Higher Non-Nuclear Decommissioning Costs

- Periodic third-party studies are conducted to update decommissioning cost estimates for non-nuclear generating facilities; 2026 study was completed by Burns & McDonnell (B&M)
 - Overall Decommissioning Costs increased primarily due to updates to current market pricing for inflation
 - Study exclusions: Hallam, Hebron, McCook CTs, NP Hydro facility or any associated canal infrastructure, PRS, and BPS Expansion
 - PRS and additional BPS decommissioning costs collections will begin once projects are in service
- NPPD performs a cash flow analysis of the non-nuclear fund using B&M estimate with the following assumptions:

	Assumptions	Study Used	Investment Earnings Rate	Cost Inflation Rate	Funded By	Secondary Debt Service Offset
Gerald Gentleman Station Sheldon Station Beatrice Power Station Canaday	Last Year	2021	3.0%	2%	2035	Yes
	This Year	2026	3.0%	2%	2035	Yes
Ainsworth Wind Energy Facility	Last Year	2021	3.0%	2%	2025	N/A
	This Year	2026	N/A - Fully Funded			N/A

BPS = Beatrice Power Station

CT = Combustion Turbines

NP = North Platte

PRS - Princeton Road Station

Firm Sales	Market Sales	Other Misc. Revenues	Production Model Expenses	O&M / A&G Expenses	Capital Related Expenses	Decommissioning	Other Misc. Expenses
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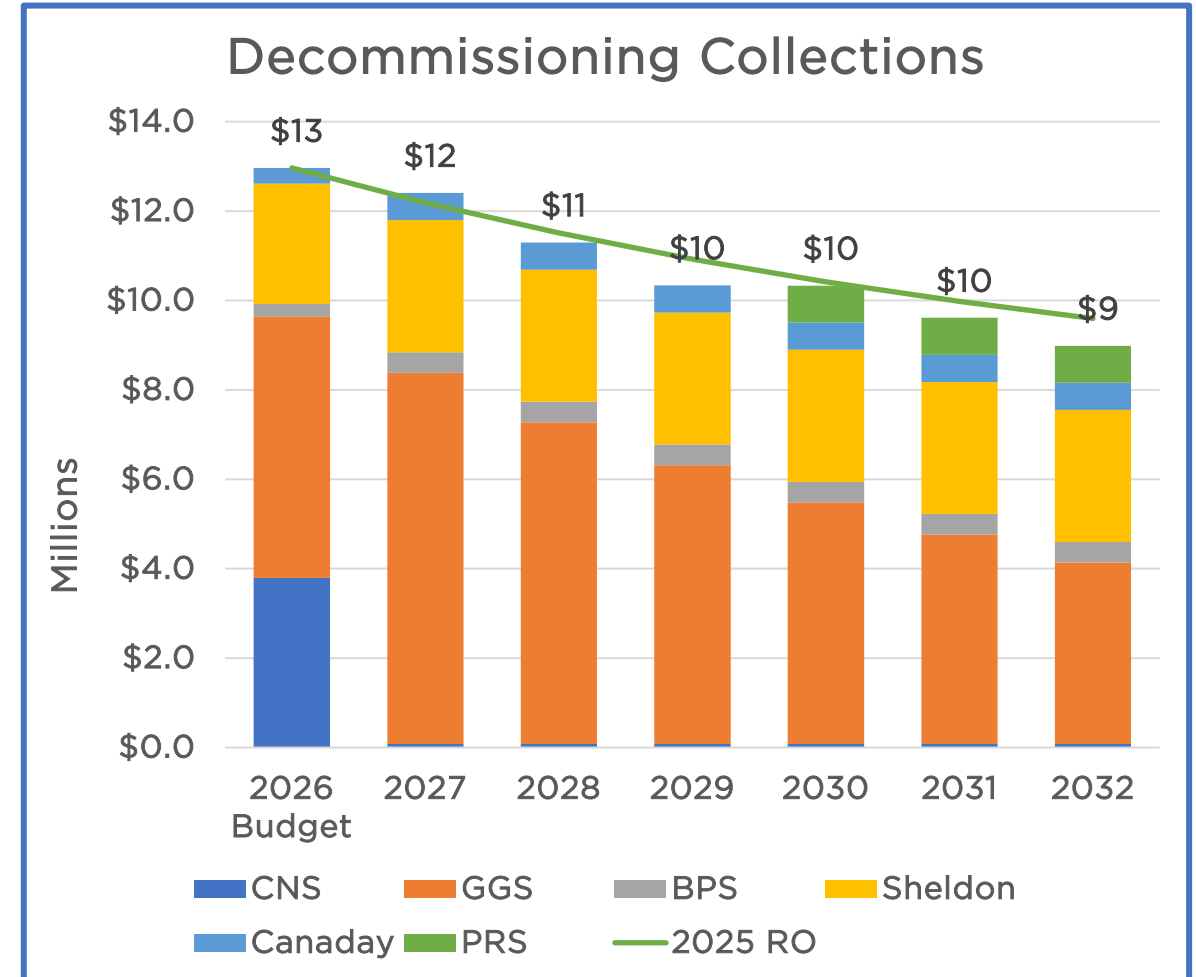
Higher Non-Nuclear Decommissioning Costs and Lower Nuclear Costs, Result in Net Change of ~\$0 for 2027

Nuclear:

- Updated analysis reduces CNS NDT collections for 2027-2035 from \$3.8M to \$0.1M
- With NRC minimums met, the \$0.1M will be deposited in the CNS Supplemental NDT

Non-Nuclear:

- This analysis estimates 2027 non-nuclear decommissioning fund collections at \$12.3M, up from \$8.4M in the prior analysis
- Placeholder for PRS Decommissioning beginning in 2030 until formal inclusion in the study
- Study assumes use of portion of Secondary Reserve



BPS - Beatrice Power Station
RO - Rate Outlook

CNS - Cooper Nuclear Station

GGS = Gerald Gentleman Station

PRS - Princeton Road Station

Large CNS Capital Projects to be Partially Offset by 45U Credits

- Assuming two years of 45U tax credits (plus interest) are available for use in the 2027-2032 Rate Outlook (~\$221M)
- Apply the ~\$221M as follows (based on current estimate of costs for these projects):
 - Contribution In Aid of Construction (CIAC) for ALL of CNS SLR estimated total cost = \$115M (sum of 6 separate capital projects)
 - Contribution In Aid of Construction (CIAC) for PORTION of CNS EPU estimated total cost = \$241M (sum of 20 separate capital projects)
 - Use ~\$42M in 2027 (~\$29M for SLR & ~\$13M for EPU)
 - Eliminates rate impact for SLR & EPU in 2029 - 2054
- Revisit analysis annually and adjust based on known conditions at that time

Production Rate Stabilization Funds Greater than 10% Limit Proposed to Be Used for Revenue Requirements in 2027

- As of 12/31/25, the Production Rate Stabilization Account (RSA) balance is \$125.7M, which exceeds the current 10% accumulation limit of \$62.9M by \$62.8M
- NPPD will return \$30.8M of RSA funds to customers through the Production Cost Adjustment (PCA) from January–December 2026
- The remaining excess balance of approximately \$32M is tentatively planned to support Production revenue requirements in 2027 (reduces rate pressure in 2027 and beyond), including:
 - GGS HVAC Chiller Replacement (~\$8M)
 - Sheldon Station Dewatering Bin Replacement (~\$10M)
 - Financed Nuclear Fuel (~\$14M)

GGS = Gerald Gentleman Station

Firm Sales	Market Sales	Other Misc. Revenues	Production Model Expenses	O&M / A&G Expenses	Capital Related Expenses	Decommissioning	Other Misc. Expenses
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Rate Outlook Planning - Next Steps (Board and Customers)

- ✓ **April 2026 - Customer Committee Review of the Financial Planning Timeline, Escalation Factors, and Decommissioning Assumptions (Summary in Finance Committee)**
- **May 2026 - Information & Input Session (As needed or requested)**
- **June 2026 - Customer Committee Review of Rate Outlook Results (Summary in Finance Committee)**



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Questions

Stay connected with us.



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