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(Neb.)-NPPD Approves Rate Increase

By: Chris Fankhauser Posted at: 11/09/2012 10:02 AM

(Columbus)-Friday, Nebraska Public Power District's Board of Directors approved a 3.75 percent average rate increase for both its wholesale and retail customers that will take effect Jan. 1, 2013. NPPD has been discussing this rate adjustment amount with customers since early this year, and is down slightly from the four percent originally forecasted.

NPPD's wholesale customers include rural public power districts and municipalities who purchase their power requirements from NPPD and distribute it to their end-use electric customers. Retail customers are those that receive an electric bill directly from NPPD. NPPD's wholesale rate increase will be applied to debt payments and capital expenditures related primarily to investments in plants and facilities.

Over the past five years, NPPD has invested approximately \$1 billion in its system. Many of the investments are a result of increased compliance and security requirements, along with the cost to operate and maintain the reliability of its existing generation and transmission infrastructure. NPPD's retail rate increase is due primarily to the continuing upward pressure on costs to generate and deliver energy.

"It is important to keep rates affordable, but we also know how important it is to ensure reliable service for our customers," said NPPD President and CEO Pat Pope. "To lessen the increase we took steps this year to lower our cost-based budget \$15 million by cancelling or deferring projects, travel and training that did not jeopardize safety or reliability."

While the average increase for all retail residential, commercial, and industrial classes is 3.75 percent, individual customer percent increases will vary depending on customer use. NPPD's retail residential customers (using approximately 1,000 kilowatt-hours per month) will incur an average increase of \$5.50 on their monthly electric bill.

NPPD establishes rates based on what it costs to do business, but continues to face escalating costs, as many utilities across the country are. Finding a way to balance these cost pressures and meeting customers' needs continues to be challenging.

"NPPD's rates continue to be competitive both regionally and nationally, and we fully understand the vital role electricity plays in the lives of our customers," said Pope. "We are not happy with where we are at from a rates perspective and remain committed to working internally and with our customers to best manage cost challenges going forward."

(Story courtesy NPPD)