

## NPPD Representative Met with Auburn BPW at February Meeting

Written by www.anewspaper.net  
Wednesday, 22 February 2012 22:30 -

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Chad Podolak of the Nebraska Public Power District (NPPD) discussed issues facing the utility Monday, Feb. 13, with the Auburn Board of Public Works.

Podolak is NPPD wholesale representative serving Southeast Nebraska.

Wholesale rates were among the issues discussed. The Auburn wholesale rate 2012 increase was estimated at 6.83 percent. Podolak said that the average wholesale rate increase for 2012 is 6.5 percent. Auburn's rise was likely because of a greater increase coming in the winter months.

NPPD wholesale rate increases were based mainly on two factors. The first being an increase in fuel and transportation costs. The second is debt service involving investment in infrastructure and plants, Podolak said.

The six-year rate outlook called for a 3-4 percent annual increase, he said. That did not include impacts of pending regulations, according to Podolak. Many new and proposed regulations impact the electric utilities industry, he said.

Podolak presented five important issues for BPW staff to consider:

- Managing your peaks and areas of waste. About 50 percent of costs come from peaks.
- Knowing your strengths and opportunities. Podolak said that BPW staff has a good asset with its generation unit. He said that representatives of all utility systems are at risk because of Environmental Protection Agency regulations.
- Do not get behind with rates.
- Staying informed on NPPD issues and
- Realizing you are not alone because of your partnership with NPPD.

Key activities were also presented.

-Generations options analysts. That included decisions about Cooper Nuclear Station near Brownville, Gerald Gentleman Station near Sutherland and Sheldon Station near Hallam. The latter two are low-sulfur coal-fired plants.

-Competitive assessment. Podolak said results have indicated that NPPD is competitive in wholesale power and this is because of diversity, he said.

-Customer voice. This ensures that customers are engaged and heard. Podolak said that he appreciated Hunter's involvement and

-Grow Nebraska economic development rate which involves a five-year rate discount for huge new or expansion loads.

Auburn is among several municipalities with generation under contract with NPPD. Payments include a fixed and variable (fuel) component. That typically runs concurrent with the wholesale power contract, which expires in 2021. Podolak said with low market prices, that is mainly run today for reliability reasons.

Podolak said that Auburn was unique. While the single feed places it at risk for bad weather events, he said that Auburn was among the better municipalities regarding conditions of the unit.

Podolak said that NPPD's diversity of energy sources positions utility officials well for the future. Cooper Nuclear Station provides 20 percent of the utility's energy; 60 percent comes from fossil fuel sources and the rest comes from various other sources.

Cooper is among 14 NPPD energy generating facilities. Its 810 megawatts capacity is second among NPPD facilities to the 1,365 MW of Gerald Gentleman Station. Also in Southeast Nebraska is the Beatrice Power Station, a natural gas plant.

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Podolak said there are good wind energy resources in the central United States and this has created a lot of interest in wind energy. Wind is not a bad source of energy, he said. However, it has moderate cost and is intermittent, Podolak said.

He also said that another developing energy source is solar photovoltaic, which has relative high cost and is intermittent, Podolak said.

NPPD has 4,300 miles of high voltage transmission line, far more than any other Nebraska utility.

NPPD also sells a lot of energy outside of the state and does well in that area, Podolak said. U.S. Department of Energy average retail prices per kilowatt hour were presented. Nebraska, with an average kilowatt hour of \$7.48, is ninth lowest in the United States. Podolak attributed that because Nebraska is close to coal sources and its public power status. Nebraska is the only public power state.

"That's a benefit to us," he said.

The average kilowatt hour price across the United States is \$9.88. The lowest is Wyoming, \$6.20.