

# North Central's News

Serving Parts of Knox, Antelope, Pierce, and Holt Counties Since 1945



Thoughts and Comments from General Manager, Keith E. Harvey

## Ask not if rates will rise. Ask "How Much?"

It's that time of year when boys' fancies turn to love or fishing or whatever. It is also the time of year when NPPD begins looking at their possible rate track for the next three years. At a meeting in May NPPD unveiled their possible scenarios for 2010 through 2012 for rate increases at the wholesale level. Now keep in mind that these are preliminary and could change with fluctuations and issues occurring within the generation system. Also, note that the most critical time for generators to be running at a high capacity factor is this time of the year (summer) and could greatly impact future rates if things don't go as well as planned. And for those of you getting all of your power from wind generation – it's going to be a long summer as you'll only have about 11%, or a little over 2 hours a day on average, of the power that you need for your normal life-style.

Before I go into the projected rate increases being discussed by NPPD let's take a look at what is driving the rates. Well there is always maintenance, billing and accounting but then add in additional transmission lines for wind farms and a gad-zillion rules and regulations from the government and you are going to see rate increas-

es. Factor in the increased demand for electricity that requires NPPD to cut back on its off-system sales (a revenue stream for them) in order to have more electric energy available to its native load. Also, the more transmission capacity that is committed to wind generation then the less of it that will be available for moving excess energy off-system. If you add in the probability of a carbon tax or cap and trade (which I talked about in the May newsletter) then you are speaking some very serious rate increases at the wholesale or generation level. A doubling of the current rates is not at all out of the realm of possibility if the Federal government gets involved in lowering greenhouse gases. Remember again that there are no free lunches and if the American consumer is going to foot the bill to lower greenhouse gases for the world it is going to be very costly. So just open up your piggy bank or do without electricity is the mantra being shouted by the environmentalists from the confines of their air-conditioned office via their maze of electronic wizardry.

Now I need to get back to the original topic – NPPD "2009 Preliminary Rate Outlook Wholesale Rate Adjustment Options". Here we go – what's behind Door Number One? This option would have a 4.0% increase in 2010, an 11.5% increase in 2011 and an 8.5% increase in 2012 for an overall compounded increase of 25.8% over the next three rate



periods; Door Number Two holds for you a 5.0% increase in 2010, a 10.5% increase in 2011 and an 8.4% increase in 2012 for a cumulative compounded increase of 25.77% over the next three rate periods; Door Number Three gives you a 2010 rate increase of 6.0% followed in 2011 by a 9.4% increase and topped off in 2012 with an additional 8.3% increase to total a cumulative compounded increase of 25.59% over the next three rate

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# Ask not if rates will rise

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periods; and finally Door Number Four holds for you a 7.0% increase for 2010, an 8.5% increase for 2011 and then an 8.0% increase for 2012 which is a cumulative compounded increase over the next three rate periods of 25.38%. So which door should we pick, Door Number One, Door Number Two, Door Number Three or Door Number Four, pick your poison. This is a game with no winners here, so let's just wait as this will most likely change by the end of summer.

Let me at this point further complicate this issue by saying that raising our rates to just cover the cost of power from NPPD will simply not work for North Central. The cost of our power from NPPD makes up 60% of our total costs for delivering power to you – our customers. The other

40% increases every year particularly with all of the maintenance that is being performed in order to keep the system reliable with high quality power. That means that this District must add some amount to the rates to cover the costs of operating and maintaining this complex electrical system. Materials and payment on our bonds makes up the lion's share of any rate increase for North Central. In any rural setting with miles of exposed wire, continuous maintenance of structures, trimming or removal of vegetation and keeping the electricity on is an expensive and never-ending task. Further, according to the Nebraska Electric Generation & Transmission Coop in its annual statistical report, North Central has the lowest margins as a percent of revenue in the entire state at 3.2%. What this means is that for every dollar collected from our customers 3.2¢ went to the bottom line for use in the future. The statewide average for margins as a percent of revenue was 8.9% and

the high was 16.2%. Another measure used is the Return on Equity or what percent of return is earned by money invested in the company. In 2008 North Central was also last in the state with a rate of return (ROR) of 1.7%. Compare this to the 4.8% statewide average and to the 10.1% statewide high. Warren Buffet says that an 11% ROR is about average for U.S. companies.

Finally, my greatest concern as General Manager is not that rates may double (although that is high on my list of concerns), but rather that with the current thought processes of the Administration in Washington and of a vast number of uninformed American people – electricity will not be available to some rural Americans AT ANY PRICE. Since the U.S. is not building enough baseload plants to serve its growing electrical needs and to provide backup for the intermittent nature of wind generation I fear that shortages leading to brown-outs and black-outs are almost certainly going to be a part of our future. When these birds come home to roost they won't be chickens - they'll be buzzards waiting to pick the flesh from whatever remains of our economy and our quality of life.

Trying to have a reasonable conversation with the zealots pushing cap-and-trade, carbon credits and a future based totally in renewable fuels is very much like passing gas while standing in a Category 5 hurricane named "Bubba" – it may raise a stink but certainly won't change the direction of the wind. Nor will it stop the damage from being inflicted.

Until next month please do be careful in everything you do – no shortcut is worth someone's life. And remember that in this time of upheaval in the electric industry you have dedicated people here at North Central doing everything possible to keep your rates low and your lights on.

## Students selected to attend youth energy camp



Ethan DeKay



Haley Zimmerer

North Central's board of directors has selected four students to attend the 2008 Youth Energy Camp. They are Haley Zimmerer, daughter of Curt and Sherri Zimmerer of Verdigre and Ethan DeKay, son of Bruce and Cynthia DeKay of Page.

Haley and Ethan along with other students from across Nebraska and Wyoming will spend a week in July at the youth energy camp in the beautiful State 4-H camp located in the Halsey National Forest.

While at the camp they will learn about public power in Nebraska, tour the Gerald Gentlemen Power Station near North Platte and the Kingsley Hydro-Electric Power Plant near Ogallala; spend some leisure time, making new friends, canoeing, playing sports, swimming, participating in a talent show and relaxing by the camp fire in the evenings. Plus they will have the opportunity to compete to win a paid trip to Washington D.C. in June 2010. Haley and Ethan are sure to come home from this camp with many memories and additional knowledge of the electric industry and public power. This fun and educational camp is co-sponsored by North Central PPD, Nebraska Rural Electric Association (NREA) and other public power districts in Nebraska.

# The Bargain Barn

## Crop spraying dangerous for those unaware



**S**praying crops with pesticides and herbicides is a necessary action to rid crops of unwanted pests and weeds. But for those unaware of the chemical application it can be dangerous.

Extreme caution should be used when entering or working around the fields after being sprayed. Lingering traces of the chemical pose a danger to the health of anyone that comes near the fields.

Our line crews and meter readers often work along fields in the right-of-way or have to enter some fields to perform their work and can be



exposed to chemicals sprayed to nearby crops.

We are asking for your assistance in keeping our line crews and meter readers safe by notifying our office or by posting the field to

alert anyone in the area of the possible chemical exposure. When posting, please list the date in which the level of chemicals will become harmless and the field can safely be entered. Your assistance in keeping everyone aware of any potential danger from chemical exposure is greatly appreciated.

**For Sale:** 17' Casita travel trailer, 2005. Like new. Sleeps 2 or 4. AC, kitchen, bathroom/shower. Please call 402-847-3421.

**For Sale:** Two - 300 gallon fuel tanks with stands and hoses and one 200 gallon tank. Please call 402-655-2200.

**For Sale:** Three bedroom home in Creighton, NE, reasonably priced, nice location (904 Garfield St). Please call 402-358-5553 or 402-358-3359.

**For Sale:** Oak table with 6 chairs and a recliner - mauze colored. Please call 402-358-5553.

Do you have something to sell or are you looking for something in particular? You can call, send or email ([bargain.barn@ncppd.net](mailto:bargain.barn@ncppd.net)) your description of what's for sale or what you are looking for into our office. We will run the ad in the Bargain Barn section free for one month. Please include name and telephone number. No commercial ads will be accepted, personal items only. Ads need to be submitted by the end of the month to be published in the upcoming month's newsletter. (When we are restricted on room in the newsletter, ads for the Bargain Barn will be held out and published in the next newsletter.)

From our homes to yours . . .

## Tried & Tasted Delicacies



### Sour Cream Chocolate Sheet Cake

- |                   |   |                 |                             |
|-------------------|---|-----------------|-----------------------------|
| 2 c Flour         | 3 Eggs, beaten                          | Icing:          |                             |
| 1 tsp baking soda | 1 c Butter                              | 1/2 Butter      | 2 (2 oz.) chocolate squares |
| 1/2 c Sour Cream  | 1 c Water                               | 1/3 c Milk      | 1 c chopped nuts            |
| 1 tsp Salt        | 2 (2 oz.) unsweetened chocolate squares | 1 c Brown Sugar | 1 c powder sugar            |
| 2 c White Sugar   |   | 1 tsp vanilla   |                             |

Mix first six ingredients until smooth; set aside. In saucepan combine butter, water and chocolate; bring to a boil. Cool. Add this mixture to batter; mix together very well. Batter will be thin. Pour batter into greased and floured 17"x11" jelly roll pan. Bake at 350 degrees for 25 minutes. Cool pan on wire rack. To make icing: Combine butter, milk, brown sugar and chocolate in heavy saucepan. Bring to boil; do not stir, boil for 3 minutes. Remove from heat; immediately stir in nuts, sugar and vanilla. Pour hot icing onto center of cake, spread, gently to outer edges. Cool and cut. Yields 40 - 2" squares.



1409 Main St • PO Box 90 • Creighton, NE 68729-0090  
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Delivering a Difference

North Central PPD's Office will be closed on Friday, July 3rd in observance of Independence Day



Have a Fun and Safe 4th of July

✂

Name: \_\_\_\_\_

Meter Number	Meter Reading
_____	_____
_____	_____

Please use this section to record your meter reading before you call your reading into our office.

## Meter Reading Reminder for Rural Customers



Please Call or E-Mail your meter readings into North Central's office between

**June 20 and 28, 2009**

**358-5112 • 1-800-578-1060 • ncentral@ncppd.net • www.ncppd.com**

Meter Readings Must Be Received by 5:00 p.m. on June 28, 2009

**RURAL CONSUMERS** please read your meter between the 20th and the 28th. If you are calling your meter reading(s) into our office use our local or toll free "800" telephone number. If you call after our normal business hours 8:00 a.m. to 5:00 p.m. Monday through Friday, you may leave your reading on our answering service. To e-mail your meter readings - log on to our web site at [www.ncppd.com](http://www.ncppd.com) and click Submit Your Meter Readings. If you are unable to call your meter reading(s) into our office, you can mail your readings into our office by the date listed above.

Town meters are read by North Central PPD personnel.