North Central's News

Delivering a difference to parts of Knox, Antelope, Pierce, and Holt Counties Since 1945

Thoughts and Comments from General Manager, Keith E. Harvey

"Toto, I've got a feeling we're not in Kansas anymore"

Judy Garland as Dorothy in the "*Wizard of Oz*", 1939

I'm not sure whether Dorothy is in Kansas anymore or not but if she were, talking about the electric industry of today, her feelings of being totally out of her normal location and state of affairs would be spot on. Those of you that have been watching your electric bills go up year after year might even like some kind of help from the Wizard of Oz himself – just something to give you a break in this upward trend in electricity prices. Well I'm here to tell you that the Wizard doesn't have anything in his bag of goodies that will change the fact that energy prices are going to continue their upward movement at least for the foreseeable future. There are many reasons for these rate increases but the major ones are aging infrastructure, increased debt service (interest and principal payments on borrowed money), fuel and transportation costs, movement to a "smart" grid and countless government regulations.

I know many of you are telling us here at the District that you are using fewer kilowatt-hours but paying more money for your total bill. If it helps to explain this to you please note that in December 2009 this District had a power bill ($427,653) that was $1,361 more than the December 2011 power bill ($426,292) that we received from NPPD. The kicker here is that the power bill two years ago was for 3,984,412 kilowatt-hours more than this year. If we had purchased the same number of kilowatt-hours this December as we did in 2009 the District's power bill would have been about $92,000 more than the 2009 December bill – for the same usage. The problem here is that even with the rate increases which have been necessary for North Central to operate in a fiscally sound manner – overall, customers are not reducing the amount of electricity being used by any appreciable amount.

North Central's rate consultant has told me that as he has calculated rates across the United States for all types and sizes of electric utilities one thing has become very apparent to him; residential electricity usage in non-elastic across a very large price range. What this means is that as electricity rates go up the amount of electricity used by residential customers does not go down – it basically stays the same or increases with each new electronic gadget that is introduced into the market. In most cases as prices go up the demand for that good or service goes down – just doesn't seem to happen with residential electricity use. Of course there is a price at some level that will force a reduction in use but here in Nebraska at least we seem to still be a distance away from that point.

Even with the above information there is still a lot of electricity unintentionally wasted by well-meaning and fiscally conservative individuals.

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Irrigation Horsepower Charge to be billed in February

Customers with irrigation accounts are reminded that the 2012 annual consumer charge (horsepower charge) will be billed on their February billing statement (which is mailed March 1). If you are considering changing your load control schedule (i.e. from 3 Day Control to 2 Day Control) or if an account needs to be transferred into your name or into someone else's name please notify our office of any changes as new irrigation contracts will need to be completed.

Changes in load control schedules can be made up until April 1.

Load Control Schedule:
No Control
2 Day & Sunday Control
3 Day & Sunday Control
Anytime Control
5 Hours Daily & Sunday Control

Toto *continued from page 1*

Things like leaving a TV on in an empty room for an extended period of time; keeping the refrigerator door open for minutes while trying to decide what you want to eat; having all the lights in the house on when only two or three of the rooms are in use; or my personal favorite – trying to heat an entire house with a space heater in order to keep the main heating unit from using too much energy. These are the same financially as filling a car up with gas and then running three or four gallons onto the ground for good measure. Energy wasted is energy wasted regardless of what form it is in.

The fact is though that no matter what direction a person runs around the Mulberry bush – or at what speed – the increasingly high cost of electricity in the United States is a direct result of the lack of a non-political, national energy policy. When a country subsidizes the most expensive means of generating electricity and at the same time over-regulates the less costly forms of generation then you have the recipe for unnecessarily high electricity costs. The interesting thing about this trend is that if enough wind and solar get built along with a significant drop in fossil fuel generation due to over-regulation then it often won't matter how much electricity costs because there will be more and more times when it won't be available at any cost. Black outs, brown-outs and other problems will become more likely as increased renewables drive the load –vs.– generation equation out of the acceptable range for their necessary synchronization. If this problem occurs and enough loads cannot be shed then the generators will reach the point of automatic trip and presto - our world goes dark and everything affected by these generation units is without electricity. And another thing, depending on the scope of the blackout, the power doesn't come back on instantly. In the case of a large area affected it could take up to hours or even days for everyone to get their power back on.

Once again let me say that there is nothing wrong with wind or solar – they are important for the energy that they add to the mix – but they are not meant to be base-load facilities. There is a need for electricity 24/7 and not just when the wind blows or the sun shines so until technology advances to the point that we can store large amounts of electricity there will be a need for nuclear and fossil fuel electric plants. However, if the federal and state governments regulate these plants out of existence then each of us will pay the price – perhaps very high – for the lack of a cohesive energy policy in this great country.

Thus, as hard as North Central works to keep rates down by closely scrutinizing every cost and expenditure there is really very little that we as a rural utility can do to stem the tide of increasing electric rates. NPPD does business in a world of increasing fuel costs and government regulations which is forcing their rates up at an alarming pace. And since power costs to NPPD are about 2/3 of North Central's total annual costs it drives our rates up too. These NPPD rate increases have caused North Central's power costs to more than double in the last ten years from just under $3 million in 2001 to over $6.5 million in 2011. Additionally, North Central has had to increase revenue above merely recovering power cost increases to maintain and replace our aging electrical infrastructure and to deal with two major and very expensive ice storms in 2005 and 2007.

The answers to your questions about increasing electricity costs are to be taken from a much larger picture than North Central's service territory or even from NPPD – you need to look nationally to really discover what is driving these rates. Your District – North Central – exists for the purpose of supplying its customers with reliable, high-quality power, at a rate that is as fair and equitable as possible and that provides for the fiscal integrity of the District. Remember that "low" electricity rates are very much in the eye of the beholder – what we here in northeast Nebraska may regard as high electricity rates might be viewed as a bargain in places here in the U.S. where rates are double ours or even in places in Europe where their rates are almost 5 times what we consider to be "too high".

And the real issue in this whole scheme of increasing electric rates is that customers are demanding more reliability and higher quality power for all of their electronic gadgets. Since becoming manager here at North Central I have actually read a note from a customer that was written back in the 1950's that he had mailed to the District office. In this note this farmer stated that he was out of power and had been for the last two weeks. He wanted to know if we would put his power back on when we happened to be in his area. Those days are gone – if a line blinks now we hear about it almost instantly (and may in the future be able to detect it before the calls even come in). It is a daunting and expensive task to remove the blinks from 1,600 plus miles of line that stretch over hill and pasture to 3 electric meters per mile of this line. This need for high quality power raises maintenance and upgrade costs by significant amounts and requires the addition of more and more high tech equipment to locate and diagnose these issues.

Have a great month and realize that even though you don't think about us except the day you get your electric bill – we are there all month 24/7 working in the background to keep your lights on and to keep the electricity-related aspects of your life purring along.

Rates Adjustment go into effect Januuary 1

Announcing a rate adjustment is never an easy task. When customers receive their 2012 January billing statement, depending on their rate class they will likely see an increase.

In December, North Central's Board of Directors approved a 5.5% retail rate increase per rate class with a plus or minus 2% bandwidth for each rate class that would go into effect January 1, 2012. For most rate classes the impact will be between 3.49% and 7.49%.

There are a lot of variables that impact a rate adjustment. The major impact is primarily related to the cost of power from our wholesale supplier Nebraska Public Power District (NPPD). They announced they would be raising our wholesale power rates 6.5% in January. There are other variables that also impact North Central's rate adjustment line maintenance, sytem upgrades and increases in the everyday costs of doing business.

Because, North Central is a non-profit public power district, it sells electricity to its customers based on a cost of service philosophy. The District's largest class of customers, single phase rural residential, will see an average annual increase of 6.48%. This rate class includes half of the entire customer base. The average monthly usage for this rate class is 1667 KWH. A customer with this type of monthly usage will see an annual increase of approximately $132 in 2012.

While the price of everything seems to be increasing—electricity included—it remains a great value for the money. North Central's management and directors continue to work diligently to provide for our customers power needs at the lowest possible cost. We want all our customers to know that we are working hard to safely deliver electricity, keep the District in sound financial position and exceed expectations in service and reliability.

From our homes to yours . . .

Tried & Tasted Delicacies

Caramel Apple Crisp

3 c old-fashion oats
2 c all-purpose flour
1 1/2 c packed brown sugar
1 tsp ground cinnamon
1 c cold butter
8 c peeled tart apples, thinly sliced
1 14oz. pkg. caramels, halved
1 c apple cider, divided

In large bowl, combine oats, flour, brown sugar and cinnamon. Cut in butter until crumbly. Press half of the oat mixture into a greased 9x13 baking dish. Layer with half of the apples and caramels and 1 cup oat mixture. Repeat layer. Pour 1/2 cup cider over top. Bake uncovered at 350 degrees for 30 minutes. Drizzle with remaining cider. Bake 15 to 20 minutes longer or until apples are tender.

Tree Maintenance in Winter Months

Over the next few months North Central PPD will focus on tree maintenance, which is one of the leading causes of power outages. Tree trimming and removal is a proactive approach to this ongoing problem. We understand the importance of trees and realize their value to our customers. Proper tree maintenance is a benefit to everyone.

Advantages of Utility Tree Maintenance:

- Safety of Customers
- Minimize Line Blinks for All Customers
- Eliminate Potential for Sparking and Fires
- Reduce Outages and Lengthy Repairs
- Cut Back on Line Losses

Customers are reminded to report any potential issues concerning trees and power lines. We ask for your cooperation in our ongoing efforts to manage the system. We are continuously working to ensure our customers have safe and reliable electric service.

Verdigre Alumni FFA Farm & Home Show

Saturday, January 21
11:00 a.m. to 8:00 p.m.
Verdire School Auditorum

Stop at North Central's booth and learn about the changes to the Energy Efficiency Rebate Programs North Central has available, plus register for our hourly and grand prize drawings.

NORTH CENTRAL PUBLIC POWER DISTRICT

Delivering a Difference

1409 Main St • PO Box 90 • Creighton, NE 68729-0090
www.ncppd.com • E-Mail: ncentral@ncppd.net
Customer Service: 402-358-5112 or 800-578-1060
Reporting Power Outage: 888-358-5112

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The Bargain Barn

For Sale: 2-Wheel trailer, 6 bolt wheels, exceptionally heavy under carriage. Please call 402-847-3274.

For Sale: 4 - P225175 R15 tires on 78 Ford rims. Asking $50 for all four. Please call 402-893-2251 at noon or in the evening.

For Sale: GE Refrigerator, 18 cubic feet, freezer on top, glass shelves, almond color, excellent condition; Amana stove, white, all burners and oven work fine but oven doors needs some work; new never-worn Stafford men's black topcoat size 42L. Please call 402-893-2059.

For Sale: By sealed bid - 89 Onan 30.0 Genset generator. Minimum bid $5,000. Submit bid to Village of Verdigre Clerk Office by 5:00 p.m. on February 10, 2012. Inspection / or information contact Willie at 402-841-9680. Bids can be mailed to Village of Verdigre Clerk, PO Box 330, Verdigre, NE 68783. The Village has the right to reject all/any bids. Unit sold as is. Bids will be open at the regular business meeting on February 13, 2012 at 7:30 p.m.

Do you have something to sell or are you looking for something in particular? You can call, send or email (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.

Meter Reading Reminder for Rural Customers

Meter readings for rural residential and commercial services should be submitted into North Central's office between

January 20 and 28, 2012

Meter Readings can be submitted by:

- Phone - **402-358-5112 or 800-578-1060**
- Electronically - **www.ncppd.com** or Email - **ncentral@ncppd.net**

Accounts without a meter reading at end of month billing will be subject to the $20 Estimated Meter Reading Fee

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 submit your meter reading electronically log onto our web site at www.ncppd.com and click Submit Your Meter Readings. You can also email your meter readings into our office by using the following email address - ncentral@ncppd.net. 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.