

**Proposed additional voluntary options for electric center pivot irrigation customers** Northeast Power has made different wholesale power arrangements to reduce the number of critical peak pricing hours in 2018 without an increase in cost. We also intend to offer additional options which may save you time and money.

There will be no rate increase for 2018 and kWh energy charges are expected to decrease.

If you are familiar and accustomed to our current Time of Use Program with text messaging, then that option is still available in 2018 as in the past. We believe that the number of 'critical peak pricing hours' will be reduced without an increase in rates for 2018. That is one of our goals.

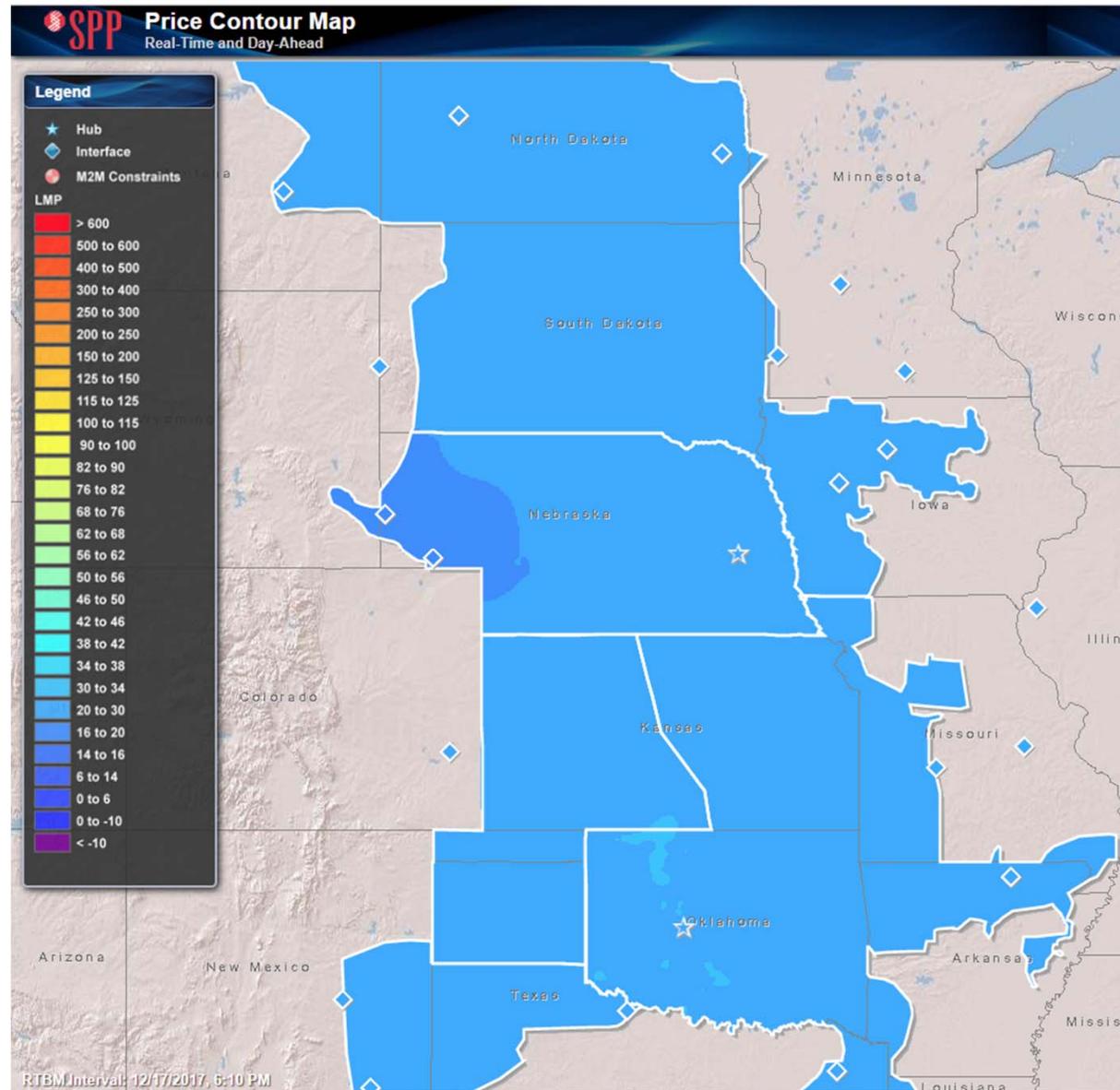
As an alternative option, we are going to bring back and offer a fixed schedule for those customers that operate manually or with time clocks and who may prefer a scheduled 5-hour daily curtailment instead receiving a text message with variable times to curtail.

In 2017, we attempted to shed irrigation load to keep our remaining firm load at 45,000 kW on peak. For 2018 we have increased this threshold to 63,000 kW. This means that we very likely won't need all irrigation customers to shed load at the same time and as a result we believe each farmer will have fewer control hours.

Choosing either of the above options will qualify for the Time of Use rate, which almost all irrigation customers now choose. We will continue to have a 'No Control' option at a higher price if a customer chooses not to curtail load at all.

Additionally, we are going to offer a rate discount (estimated at 20%) on the annual kW charge if a customer will provide Northeast Power an additional voluntary 5 hour scheduled daily curtailment. This option is available to all qualified Time of Use Customers.

- SPP has same rules for every power company (big or small) that is a member.
- The SPP requires that all ‘load serving entities’ have enough generation capacity under contract to meet peak loads at anytime even if at night.
- For Utilities like Northeast (and its neighbors) that have irrigation load at night, this requirement imposes a need to provide a generating plants at night for irrigation when our rates have never charged for the use of plants at night.
- This requirement is being addressed in 2018 by all load serving entities with significant irrigation load.



# Northeast Time of Use Rate at present

3 blocks of time with different pricing

- On Peak Hours = 9 am until 11:00 pm daily
- Off Peak Hours = 11:00 pm until 9:00 am the following morning
- Critical Peak Pricing Hours = imposed when load exceeds thresholds

**Preliminary** Options to keep all peaks below 63,000 kW.

All Options are for the TOU rate. Northeast does have a 'run anytime rate', but TOU rate seems to work well now.

All proposed Options are voluntary and intended to be enhancements to save you time, money and give customer more control (if desired).

# Option A (Text Messaging):

- Same program in place now.
- A text message will be sent to notify customer of critical peak pricing hours
- Critical Peak pricing hours will continue to occur between June 1 & Sept 30 and be limited to 12 hours between 9:00 am and 11:00 pm. NO CHANGE.
- In 2017 there were alerts sent on 41 days and an actual 135 hour of critical peak pricing hours declared. As shown earlier, we anticipate the 63,000 kW threshold will result in fewer Critical Peak Pricing hours otherwise the **program will continue essentially unchanged**. (Actual critical peak pricing notifications will be a 1 hour text notification).
- This option may work well with pivots controlled by cell phones.

## Option B (5 hour scheduled curtailment) NEW!

- Same pricing as Option A (Text) for on peak, off peak and critical peak
- Instead of getting a notice by text, customer will be assigned a fixed daily schedule to curtail during 'off peak' hours. For this group 'off peak' pricing hours are expanded by 5 hours from 11:00 pm til 2:00 pm the following day. This option will have 10 hours off peak pricing, 9 hours on peak pricing and 5 hours curtailment each day.
- Critical Peak Pricing applied to energy use during scheduled curtailment.
- Start of curtailment season delayed until 63,000 kW limit is approached. In 2017 that would have been mid July.
- Selecting Option B meets customer's obligation for the TOU pricing. Customer may opt for Option B instead of Option A.
- This option may work well for customers with Time Clock control or who have in the past physically had to drive to the pivot to stop and start.

## Option C (Northeast purchases a 5 hour curtailment) NEW!

- Either Option A or B are required to participate in TOU rate. **Choice.**
- Option C is an additional offer to reduce the annual payment by \$7.38/kW (20%) Customer volunteers.
- Option C follows same rules as Option B (5 hour scheduled curtailment).
- Option C is an ‘add on’ to either the Text messaging (Option A) or Scheduled curtailment options (Option B).
- The need to limit night time “off peak – peaks” is real. Other Nebraska Utilities with irrigation loads and night time peaks are moving to pay industrial customers like NUCOR to curtail at night. We had rather pay you (if you volunteer). Otherwise, your money will pay the industrial customer or a utility supplier to meet the night time peak.

## Next Steps:

- We want to get your input. We ask that you fill out the survey handed to you as you came in and leave it with us today. We need to know which options seem to have an appeal to you.
- When you get your annual bill in April, (however the options are structured) you will have a chance to select EITHER Option A (Text notification) or Option B (5 hour scheduled) as a requirement of the Time of Use Rate. The customers may additionally volunteer to participate in Option C (purchase of a 5 hour scheduled curtailment.)
- Every effort will be made to accommodate every customer preference. This is new, so no guarantees for now.
- 2018 is a trial year. As we learn and implement this summer, we appreciate your patience.

# Irrigation Customer Survey - January 16, 2018

This information is being requested by Northeast Power to help make informed and beneficial program changes. The 3 pricing proposals below are for discussion. The information described below neither constitutes an offer by Northeast Power nor an enrollment by the customer.

Place an 'X' in the boxes below for all that you may have interest in doing in summer of 2018:

**OPTION A. Existing TOU Text Message Program.** I am interested in continuing my participation in the TOU irrigation rate by continuing to receive text notifications about 'critical peak pricing hours'. I have been successful in the past with this TOU text messaging program and want to continue as is. I understand that if I fail to curtail during the hours communicated by text message, that critical peak hour pricing rate will apply.

**OPTION B. New Night-time Scheduled Curtailment Option.** I am interested in a scheduled 5 hour night time curtailment instead of text messaging. I understand that there will remain available 10 hours of off peak pricing each day at the low night time rate. I understand that if I fail to curtail during the 5 hour schedule, that the critical peak hour pricing rate will apply.

**OPTION C. New Bill Credit Payment Option for Curtailment.** I am interested in addition to either OPTIONS A or B above to get a significant price reduction in the cost of the annual kW charge in return for a 5 hour night time curtailment. I understand that there will remain available 10 hours of off peak pricing each day at the low night time rate. I understand that if I fail to curtail during this additional 5 hour schedule, that the critical peak hour pricing rate will apply.