

# News from the Northeast Nebraska Public Power District

January 2010

## **Are you as strong as a kilowatt?**

In the early 1800's, James Watt, the inventor of the steam engine needed a way to rate the power output of his engines in order to sell them to customers. He developed the concept of a Horsepower, (horses being the main source of power at the time). Watt determined that a horse could apply a maximum force of 180 lbs over a distance of 180 ft in a minute. This meant that a horsepower could be defined as 32,000 ft.lbs of force per minute, (180 lbs. x180 ft.). A kilowatt equals 75% of a horsepower or 24,000 ft.lbs of force per minute. The energy equivalent of a kilowatt-hour is 1,440,000 ft.lbs of force applied over 60 minutes. This is a phenomenal amount of energy in that it could do work equal to moving 14,400 lbs (7.5 tons) a distance of 100 ft (a 10 story building) in an hour. Think of pumping water into a water tower. **This work is done for 7.5 cents! The price of one kilowatt-hour.** A human can exert a maximum output of 1/10<sup>th</sup> horsepower or 1/7<sup>th</sup> kilowatt. One kilowatt-hour is equal to the maximum effort of 7 people for an hour being paid about 1¢ per hour. Electricity does much more work than could ever be attempted by human effort alone! (Think of hauling water from the creek that weighs 8 lbs per gallon). James Watt's name lives on in the term *kilowatt*.

## **Pay your Bill in Norfolk and Jackson**

We have installed a remote pay station computer in **Gene's Roadrunner Quick Mart** on Hwy 35 at Woodland Park near Norfolk. We are in the process of putting a pay station at the **AmPride** on Hwy 20 in Jackson. Customers can use their logon and password provided in last month's bill to access their account via a touch-screen computer. Swiping a credit or debit card at the pay station can make payments and update your account immediately.

## **Another word about the impact of wholesale power cost increase**

In last month's newsletter we mentioned that NPPD was increasing the cost of wholesale power for 2010 by 5.9%. Wholesale power is by far the largest part of your electric bill taking 65% to 70% of all money collected by Northeast Nebraska PPD. This 5.9% increase means we will pay an additional \$750,000 per year for power. That amount would purchase 5 new bucket trucks each and every year (the District has 8 total bucket trucks). While the District is a substantial operation, our costs represent so little of your total electric bill that we have no choice but to pass this cost increase along to customers as it comes to us. We have a consultant helping us design some new Time of Use rates that will allow customers to shift some of their use to lower cost times of the day to help save money. Customers can expect the rate increase to go into effect around February 2010.

## **Cap and Trade Scheme to Regulate Carbon Emissions Seems Flawed to Us**

We have regularly written in our newsletter that when the US Congress passes restrictions on the emissions of carbon dioxide into the atmosphere that the cost of electricity will go up. We are not editorializing on the need for restrictions on carbon and we will leave that decision to the US Congress and the EPA. But we do know a thing or two about what it costs to purchase and deliver electricity to our customers. There is a debate over the best ways to limit carbon emissions and the proposed Cap and Trade system seems to us to create a situation that can be manipulated resulting in harm to our customers. We see that some of the same 'Wall Street' abuses might be possible that have created past problems. Here is some of our thinking:

- The "*Trade*" in Cap and Trade is for setting up a competitive marketplace for purchasing the right to emit carbon by power plants. This is not a cost now. This new market place will be volatile and unstable because of the many uncertainties listed below.
- The biggest uncertainty is that there is NO technology for carbon capture from power plants. Until a technical solution is found, all fossil fueled power plants will have to purchase these allowances and the price could get high if the allowances become scarce.
- Even if the carbon capture technology existed, it is estimated that it would take 30% of the electricity generated by the power plant to run the carbon capture equipment. In addition to this operating cost, NPPD would have to purchase the capture equipment. Even if coal fired plants are abandoned and are replaced with nuclear or wind sources, the costs of these new plants will drive up rates.
- Our power supplier, NPPD, generates about 40% of its electricity from plants that do not emit carbon, primarily a nuclear plant and some hydroelectric dams with some wind power. Even so, NPPD will still face significant cost burdens for the 60% of energy produced by coal and other fossil fuels.

- Cap and Trade does not provide any cost certainty on the price of carbon allowances traded and this means volatility for customer's future electric bills.

Our national association, the National Rural Electric Cooperative Assoc. has been communicating to Congress that any climate change legislation needs to be: **Fair, Affordable, and Achievable**. We remind you to let Congress hear from you by going to [www.ourenergy.coop](http://www.ourenergy.coop) or sign and return this form with your payment and we will do it for you.

Name: \_\_\_\_\_ Address: \_\_\_\_\_ email: \_\_\_\_\_

**Standby Charges will be applied and billed**

For services that use no energy, the District maintains the right to remove the service and reuse our pole, transformer and meter elsewhere. Customers that have disconnected services for very seasonal uses like pasture pumps, cabins, fencers, etc. pay a small monthly 'standby charge' to give the District some revenue for its investment and to keep the equipment in place for the convenience of the customer. For customers that close an account and disconnect the service, then later want the service restored within a year we will back bill the monthly standby charges at that time. If a service is idle for more than a year and no one pays the standby charge, then the service will be removed.

**Budget Billing is a Loan from the District**

We offer a Budget Billing program that helps customers avoid high bills. For customers on Budget Billing the District postpones the collection of the full amount owed until the spring or fall when bills are typically lower and customers can catch up on payments. Customers should be aware that Budget Billing is an extension of credit by the District, (all customers are billed after the energy is used, but Budget Billing postpones full payment in high bill months even more.) When a customer falls behind in their Budget Bill amount the District considers their credit standing to have changed and will take the customer off the Budget Bill program. This means the full amount owed will be billed and payment in full expected at that time. For folks struggling to make the lower Budget Billing amount, this could be a hardship. We encourage participation in the Budget Billing program, but want customers to understand their obligation when asking the District to extend credit to them.

**Welcome Josh Rudloff and Chris Beyer. Congratulations to Andy Anderson.**

**Josh Rudloff** of Creighton, NE has joined our company as an Apprentice Lineman. He is a graduate of the Line Technician program at Northeast NE Community College. **Chris Beyer** has joined our office staff in Wayne as a Billing Clerk. He is a recent graduate of Wayne State College. **Duane 'Andy' Anderson**, a long time employee and lineman for the District has been elected to the Nebraska Softball Hall of Fame for his years of volunteer Coaching and providing opportunities for young athletes. We are saddened at the sudden passing of **Susan Anderson**, wife of Ponca lineman Barry Anderson.

**Touchstone Energy Discounts**

You can now sign up on-line for prescription drug discounts of 10% to 60% from Wal-Mart, CVS, Walgreens and your local pharmacy at <http://www.connections.coop/>. There are even more discount offers available from Omaha Steaks, Hertz Rental Cars, Barnes and Noble, Jenny Craig and many national and local merchants. To search for local merchants, just enter your zip code for a search. There is no cost to you and you can even print out your own discount card code.

**On-Line Energy Audit is a success!**

In October and November we had over 1,800 visitors to our free on-line home energy audit service for customers to learn how to reduce their electric bill. We sponsor two sites: <http://nnppd.apogee.net/homesuite> and <http://www.touchstoneenergysavers.com/>

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