

NORTHEAST NEBRASKA

PUBLIC POWER DISTRICT

General Office

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P.O. Box 350 • 1410 W. 7th Street
Wayne, Nebraska 68787-0350

November 16, 2015

Dear Customer,

On November 13, 2015 the Northeast Nebraska PPD (Northeast) along with the Cities of South Sioux City, Wayne and Wakefield filed suit in Wayne District Court against our bulk energy supplier the Nebraska Public Power District (NPPD) of Columbus, Nebraska. NPPD is raising the price of our wholesale power purchases by 3.7 percent to impose an assessment for their employees' future retirement benefits. The lawsuit asserts that this assessment is arbitrary and illegal.

NPPD recently revised its future estimate for the amount of money it will need in 2033 to pay for future "life time health insurance" for NPPD employees not yet retired. Because Northeast, other rural power districts, and several other cities (including those listed above), have chosen to terminate their contracts with NPPD when the contract expires in 2021, NPPD is attempting to accelerate the collection of funding for this benefit from us at a faster pace than other wholesale customers that sign a new long term contract with NPPD. This means that NPPD will begin charging Northeast a premium each month for this future benefit funding. And it means NPPD is attempting to punish those customers who are exercising their rights to allow the contract to expire at its end.

Our lawsuit challenges this assessment, and if successful, would likely secure a refund for our customers of the increased amount NPPD charges and collects in the meantime. We expect the lawsuit to take about 18 months to resolve and we are considering faster means of resolving this issue.

Because we hope for an eventual refund to you, Northeast will put a line item on each bill for any money collected from you for this NPPD retirement benefit. This will permit a summary report to be tallied when and if the judge orders a refund. Based on NPPD's projection we believe their new assessment will increase your electric bill about 2 percent in 2016. This is on top of money they are collecting in their current charges to fund this same retirement benefit. NPPD is also increasing the charges for using their high voltage transmission lines, but Northeast intends to absorb this cost, so the 2 percent assessment is the only expected increase for 2016.

Thank you for your understanding. We will keep you informed.

Sincerely,



Mark C. Shults
General Manager

Your Touchstone Energy® Partner 

Serving customers in Wayne, Dakota, Dixon, Pierce and Thurston counties.