



Nebraska Public Power District

"Always there when you need us"

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November 20, 2014

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PUBLIC SERVICE
COMMISSION

Hon. Jeff DeRouen
Executive Director
Public Service Commission of Kentucky
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

Re: Case No. 2014-00134; Big Rivers Electric Corporation: Filing of Wholesale Contract

Dear Mr. DeRouen:

Nebraska Public Power District (NPPD) is a public corporation and political subdivision of the State of Nebraska. It is Nebraska's largest electric utility, with a chartered territory including all or parts of 86 of Nebraska's 93 counties. NPPD's revenue is principally derived from wholesale power supply agreements with 51 towns and 25 rural public power districts and rural cooperatives which rely totally or partially on NPPD's electric system. NPPD also operates and provides the total power supply requirement for 80 communities through its retail division. NPPD uses a mix of generating resources to supply its electric load, including nuclear, coal, wind, hydro, natural gas and off system purchases. NPPD's generation is approximately 40 percent carbon free.

NPPD has become aware that a projection about its future wholesale rates to customers may be an issue in the Commission's review of Big Rivers Electric Corporation's sales contracts with three Nebraska entities which are current NPPD wholesale customers.¹ NPPD has no knowledge of the specific representations made to the Commission regarding the future level of NPPD's wholesale rates. Consequently, NPPD cannot attest to the accuracy or currency of such representations. As a public entity, NPPD recognizes the importance of timely and reliable information to the public decision-making process. Accordingly, it believes that the Commission should be made aware of the most recent publicly available information on NPPD's wholesale rates.

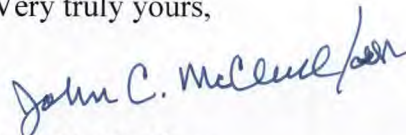
¹ NPPD takes no position and makes no comment on whether the Commission should approve the contracts or take any other action in the case. NPPD does not seek intervention or formal participation in this proceeding.

NPPD's Board of Directors establishes NPPD's wholesale rates. As a public entity, NPPD makes substantial information available publicly about its revenues, costs, construction plans, and budgets. A publicly-available report, "Preliminary 2015 Budget Update," October 9, 2014 ("Report"), containing considerable information about NPPD's costs and rate plans is available on NPPD's website at <http://www.nppd.com/assets/newsletter/2014/october2.pdf>. Reports of this nature are routinely provided to all wholesale customers. The minutes of NPPD's Board of Directors' meetings and the Board's Committee Reports may be viewed and downloaded from NPPD's website at <http://www.nppd.com/about-us/board-of-directors>.

With respect to wholesale rates, the Report details management's recommendation to reduce the level of its previously-recommended wholesale rates for 2015. The recommended 2015 wholesale rate levels were approved last week by the Board of Directors. See attached Press Release. The new wholesale rates will increase overall rates by 0.5 percent as compared to the previous recommendation of a 1.7 percent increase. The overall increase includes a production decrease of 0.3 percent as compared to no change in the previous recommendation, and an increase of 6.8 percent in transmission rates as compared to a previously-recommended increase of 15 percent in transmission rates. Report, p. 5. At this time, there are no approved or recommended wholesale rates for years beyond 2015.

We trust that this information will be of use to the Commission in performing its statutory responsibilities.

Very truly yours,



John C. McClure
Vice President, Governmental Affairs and General
Counsel

Enclosure
cc: Parties of Record



November 14, 2014
For Immediate Release

NPPD end-use customers to see no rate increase in 2015 ***Utilities buying power from NPPD at wholesale to see one half of one percent***

Columbus, Neb. – For the second year in a row, retail customers of Nebraska Public Power District will see no increase in their electric rates beginning January 1, 2015; and wholesale utility customers of the District will see an average rate increase of only one-half of one percent. The actual percentage for wholesale customers will vary based upon the utilities' usage characteristics.

NPPD's Board of Directors approved the 2015 rates Friday morning during its November meeting.

President and CEO Pat Pope indicated NPPD's efforts to reduce costs, without compromising reliability or safety, coupled with strong revenues from the District's participation in the Southwest Power Pool's energy market reduced the need for rate increases in both customer categories. Pope explained that more than \$100 million has been taken out of the organization's costs over the next six-year rate period.

"A couple of years ago, NPPD took a hard look at where we stacked up against other power providers across the United States," said Pope. "And we found we weren't where we wanted to be. I expect us to continue to be diligent about our costs, so we can get back into the best quartile – the lowest quartile – from a cost perspective. That's where our customers expect us to be. That's where we need to be, and we're going to get there."

Drivers for the one-half of one percent increase for wholesale customers center around the construction of high-voltage transmission lines needed to enhance the reliability of the state's electric grid for all utilities and, therefore, all Nebraskans.

Earlier in the year, NPPD had anticipated a higher rate would be needed for its wholesale customers. However, NPPD was able to reduce the impact by using \$12 million from a rate stabilization account.

Retail customers of NPPD receive an electric bill directly from the District and reside in communities served by NPPD. These are customers in 81 communities throughout the state, including Scottsbluff, Kearney, and Norfolk.

NPPD's wholesale customers include rural public power districts (e.g., Cornhusker Public Power District and Dawson Public Power District) and municipalities (North Platte, Valentine, and Beatrice) that purchase power from NPPD and distribute it to their end-use electric customers.

"We are public power," said Pope. "Returning to our position as a low-cost power provider in the region is important. Anything we can do to maximize our reliability and lower our costs gets passed on to our customers for their benefit."

For more information, contact:

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Note to news editors and directors: Video and audio clip of NPPD CEO and President Pat Pope on the retail and wholesale rates for 2015 can be downloaded at

<https://www.dropbox.com/s/oza344pevqdy10/NPPD%20Pat%20Pope-Rates.mp4?dl=0>

Also, a list of retail communities served by NPPD, wholesale public power districts and co-operatives, and communities can be found at <http://www.nppd.com/about-us/who-we-serve/>

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Always there when you need us, NPPD's mission is to safely generate and deliver reliable, low-cost sustainable energy and provide outstanding customer service. Working in partnership with the state's rural public power districts, cooperatives and municipalities, NPPD helps serve an estimated 600,000 Nebraskans in 86 of the state's 93 counties with retail or wholesale electric power and energy-related products and services.