

CURRENT FLASHES

CEDAR-KNOX PUBLIC POWER DISTRICT

P.O. Box 947, HARTINGTON, NEBRASKA 68739

cedarknoxppd.com

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NPPD to raise wholesale rates in 2011, 2012

As most of you are aware, we purchase our electricity at wholesale from the Nebraska Public Power District (NPPD). We take delivery of this power at 3 different locations in Cedar and Knox counties and provide distribution service to more than 7000 meters, across 2000 miles of transmission and distribution lines, and 16 substations. Even with building, maintaining and upgrading this infrastructure, the cost of wholesale power is still about 2/3 of our budget.

Recently, NPPD has indicated that considerable wholesale rate increases will be needed each of the next two years to cover their costs. This will equally affect their more than 70 wholesale customers in Nebraska – including us.

Among the reasons for the increased cost of power are:

- **Higher Fuel costs for generation** – Cost of the different fuels that NPPD uses to generate electricity continues to increase. These fuel costs have risen by more than 40% over the last 4 years.

- **Non-firm energy prices are soft** – Currently having excess generation, NPPD counts on selling some energy to the regional market outside of the state when native-load (Nebraska consumers) demand is down. Due to the down-turn in the economy, demand (and price) for this market energy is down,

to a point that selling this excess does not currently provide the rate relief to native-load consumers as it has in the past. This trend is expected to continue for several years.

- **Major power plant outages scheduled**

– Occasionally NPPD needs to take its largest and cheapest base-load generation units out of service for maintenance or re-fueling. There are 143 necessary outage-days planned for their two main units in 2011 and 2012. When these units are off-line, demands need to be met with other more expensive units.

- **Radiation reduction project at Cooper Nuclear Plant**

– While radiation exposure to plant employees is deemed safe and below regulatory thresholds, NPPD is committing to reduce levels that have increased since 2004. This was caused by a change in reactor water chemistry and the increasing inventory of used fuel control rod blades inside the reactor vessel.

What might this mean for Cedar-Knox consumers?

Since 2/3 of our expense is wholesale power cost, this has a major impact on our

budget. Our objective is to provide our consumers safe and reliable electricity at the

lowest possible price. Over the past couple of years we've successfully applied for federal funds for some of our work plan projects, reduced personnel by 2 positions through attrition, re-financed debt, raised insurance deductibles and pinched salary increases. Fortunately

we've not had any major storms and have experienced good load-growth.

We feel that we have positioned ourselves to absorb part of this cost increase. As we begin to put the pencil to our budgetary numbers for next year, we'll keep you informed on what kind of increase you can expect for 2011. But our increase percentage will most certainly be lower than the increase that we experience in power cost.

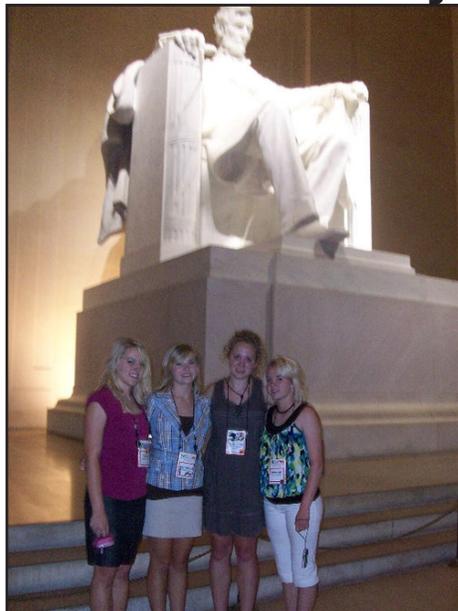
My door is always open, feel free to call (402) 254-6291, email (dleise@hartel.net) or stop by my office to discuss these or any other questions, issues or comments you might have in regards to the Cedar-Knox Public Power District or the electric utility industry. As always, thank you for taking the time to read my article.

FROM THE DESK
OF THE MANAGER

DAN LEISE

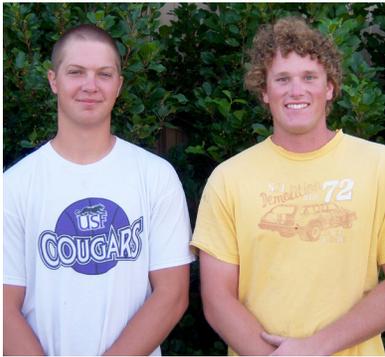


Heimes enjoys trip to Washington D.C.



Nanette Heimes of Hartington was sponsored by Cedar-Knox PPD last summer to the Youth Energy Camp at Halsey NE. While there she competed for a trip to Washington DC by writing an essay. She was one of only 3, out of approximately 75, that was chosen to go on this trip of a lifetime. The following pictures and comments were submitted by Nanette.

"The trip to Washington D.C was an amazing experience that I will never forget", said Nanette. "The amount of history and information that I was allowed to see is not comparable to the pictures in our school text books. They showed us many sites within a day but my favorites were Arlington Cemetery, the National Cathedral, and the Archives where the Constitution and the Declaration of Independence are located. I had a lot of fun on this trip and hopefully will be able to go back and visit again."



Summer Coops

Jesse Augustine of Crofton and Phil Wiebelhaus of Fordyce have joined Cedar-Knox PPD for the summer. Both are currently enrolled in the utility lineman program and are doing their summer internship at Cedar-Knox PPD. The Summer Coop Program enables students to get some valuable training and better prepare them for their future jobs when they graduate. Welcome aboard Jesse and Phil.



Completes Course

Brian Kruse has recently completed the Merchants Training Course that Cedar-Knox PPD requires of apprentice lineman. Completion of this course is one of the requirements to advance to Journeyman Lineman position, which Brian has achieved.

Congratulations Brian.

AMI - Automated Meter Infrastructure

Cedar-Knox Public Power District has begun the process of installing an automated meter infrastructure (AMI) system with gradual deployment starting this summer and continuing possibly the next 3-5 years. Using the same power line that delivers your electricity, the two-way automated communication system (TWACS) will be bringing important information about your service to CKPPD. The AMI system will remotely read customer meters, which means neither you, nor the CKPPD meter reading staff, will need to read the meters monthly anymore, once full deployment is reached in the next few years. **It is very important that you continue to read your meter if you are currently a self-read customer until our billing department notifies you otherwise.**

The AMI system will download the readings directly into our billing system, which will free our billing staff of entering readings manually, which ultimately will improve billing accuracy. Frequent meter readings eases resolution of billing disputes, and final bill reads can be obtained in a matter of minutes, instead of us sending out personnel to read the meter.

Other benefits of an AMI system will include; voltage monitoring, demand and energy data which is used for load analysis and engineering activities, allowing us to better plan for future service upgrades. The system will also detect line blinks to allow for repair work, before an outage occurs. In an outage situation, AMI can assist in locating the source of the problem, allowing faster restoration of power.

We plan to start the meter change out process on the South Yankton Substation. CKPPD employees will be changing out the meter on your service to do this. **Please continue to read the new AMI meter until otherwise notified by our billing department.** As we proceed, each group of customers on each substation will be advised on how this will work.

Critical Accounts

If you or someone in your home has medical equipment for life support, please contact us. Cedar-Knox PPD maintains a list of such accounts and makes special accommodations on planned outages. However, unplanned outages cannot always be accommodated, so it is very important if your medical equipment is vital for supporting one's life, you should arrange a back-up system of some sort, such as a battery back-up or generator. If you have been on our critical list and no longer need to be, please notify us.

CKPPD PAYMENT OPTIONS

- Check or Cash
- Automatic Bank Withdrawal
- Credit Cards (accepting Visa, MasterCard, and Discover.)

Please contact us with all questions concerning these options, at 1-800-891-5196 and 254-6291.

Notice to Billing Customers –

Cedar-Knox PPD requests that you **DO NOT** staple, tape or paper clip payments and stubs together. This delays processing payments and can damage our mail equipment and payment scanning equipment.

For those customers that are self-read, we also ask that you fill out your reading completely in the red shaded box area we provide on your remittance stub. If any of the digits are zero, please record them in the box as our scanner does not recognize a dash or any other symbol as a zero.

Thank you for your cooperation.

Recipe Corner

ANGEL HAIR PASTA SALAD

- Ingredients:
- 1 lb. of angel hair pasta
 - 4T olive oil
 - 4T lemon juice
 - 1T Accent
 - 1T Lawrys seasoning salt
 - 1 c green peppers finely chopped
 - 1 c carrots finely chopped
 - 1 c onion finely chopped
 - 1 c celery finely chopped
 - 1 small can chopped black olives
 - 1 c mayonnaise



Directions:

Cook pasta according to package directions, rinse in cold water; drain well. Marinate pasta for 12 - 24 hours in a zip-lock bag with olive oil, lemon juice, Accent, and Lawrys. Place the marinated pasta in a large bowl and cut into desired length. Add finely chopped vegetables and mayonnaise.

Irrigation Hotline: 402-254-6322