



Explanation of Statement of Power and Energy Delivery From
Municipal Energy Agency of Nebraska
(Service Schedule M and K Participants)

Municipal Energy Agency of Nebraska (MEAN) provides Total Requirements Participants (Participants) with bulk power services according to signed service contracts. Participants receive a *Statement of Power and Energy Delivery From Municipal Energy Agency of Nebraska* (monthly statement) each month. The monthly statement is separated into five parts – Demand (Participant Peak), Energy (Usage), MEAN Billing, Agent Agreements (Pass Through), and Adjustments and Other Billed Expenses. The MEAN Billing section is separated into three different parts – Fixed Cost Recovery Charge, Energy and Emerging Technologies. The Agent Agreements (Pass Through) section includes pass through costs for Transmission and Western Area Power Administration (WAPA).

The following items are included on Page 1 of the monthly statement:

Demand (Participant Peak)

Total (or Peak) Demand is the greatest number of kilowatts (kW), measured on an hourly basis, used between 8:00 a.m. (HE9) and 10:00 p.m. (HE22) on all days except Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. This total (peak) demand is also referred to as peak load. The Total Demand is labeled **Total kW**. The associated **Peak Day** and **Peak Hour** are also shown on the top of page one of the monthly statement. Total kW is reduced by the Participant's monthly firm Western Area Power Administration (WAPA) Demand Allocation to arrive at **MEAN kW**.

Renewable distributed generation (DG) production output from Participant owned resources or End User owned resources is included in the determination of Total Demand. Only grandfathered resources, as defined in MEAN's Renewable Distributed Generation Policy, are excluded. Please refer to the *Renewable Distributed Generation Policy* for further discussion of renewable distributed generation.

MEAN Participants that receive WAPA firm electric service allocations (WAPA Demand and WAPA Energy) may receive such allocations from the following WAPA regions - WAPA-Upper Great Plains (WAPA-UGP), WAPA-Loveland Area Projects (WAPA-LAP), WAPA-Salt Lake City Area Projects (WAPA-SLCA), or in some cases both WAPA-LAP and WAPA-SLCA.

MEAN kW is used to calculate the allocation factor applied to the total Fixed Cost Recovery Charge to determine each Participant's Fixed Cost Recovery Charge. The allocation factor is based on a three-year historical average non-coincident monthly peak demand (or MEAN kW), by Participant. The annual period used in the allocation calculation is October through September.

Energy (Usage)

Total Energy is the amount of kilowatt hours (kWh) used by the Participant during the month including energy from the Participant's outlet meters and owned generators. This amount is labeled **Total kWh** on the monthly statement. Total kWh also includes Distributed Generation Excess Energy for Participants who have qualifying DG resources. Please refer to the *Renewable Distributed Generation Policy* for further discussion of renewable distributed generation.

Total kWh, is reduced by the Participant's monthly WAPA Energy Allocation (kWh), monthly Contracted Wind Energy (kWh) for those Participants who have MEAN wind energy contracts, and Support Energy (kWh) to arrive at **MEAN kWh**.

For Participants who have qualifying DG resources, MEAN kWh is further reduced by DG Excess Energy to arrive at **MEAN kWh less Distributed Generation**.

The following items are included on Page 2 of the monthly statement:

MEAN Billing

Fixed Cost Recovery Charge (FCRC) is the Participant's monthly share of certain fixed costs related primarily to MEAN's ownership of and participation in generation and the operation of MEAN and include the following:

- budgeted administrative and general expenses net of asset rent from other NMPP Energy companies and annual meeting sponsorships & registrations
- contracted generation debt service for MEAN's share of generating assets
 - Whelan Energy Center Unit 2 (WEC2) through Public Power Generation Agency (PPGA) including WEC2 Assignment net of budgeted debt service offsets such as interest income, subsidies on Build America Bonds and use of PPGA cash on hand to be applied toward debt service
 - Hastings Whelan Energy Center Unit 1 (WEC1), Walter Scott Jr. Energy Center 4 (WSEC4) Waverly Assignment, Louisa Generating Station (LGS) Waverly Assignment, Nebraska Public Power District (NPPD) Cooper Nuclear Station (CNS) and NPPD Gerald Gentleman Station (GGS)
- principal and interest payments on MEAN's outstanding debt
- required FCRC is reduced by use of Rate Stabilization – RITA funds
- contracted generation budgeted capital costs for MEAN's share of generating assets
 - PPGA WEC2 including PPGA WEC2 Assignment net of use of PPGA cash on hand to be applied toward capital projects
 - Hastings WEC1, NPPD CNS and NPPD GGS
- MEAN annual capital budget including MEAN capital assets and productive capacity assets for MEAN's share of owned generation which includes Laramie River Station (LRS), Wygen I and WSEC4
- required FCRC is reduced by use of Rate Stabilization – Capital funds

- utility basis budget adder to keep targeted revenue requirement and financial ratios within acceptable ranges

The monthly Fixed Cost Recovery Charge for each Participant is shown on Attachment 1 of *Municipal Energy Agency of Nebraska Total Power Requirements Schedule M Exhibit B – Schedule of Rates and Charges* (Schedule of Rates and Charges) or *Municipal Energy Agency of Nebraska Total Power Requirements Schedule K Exhibit B – Schedule of Rates and Charges* (Schedule of Rates and Charges). Refer to *Schedule of Rates and Charges*, Section 3, paragraph 3.01 for further explanation.

At least annually, the MEAN Board of Directors and Management Committee review and approve the Fixed Cost Recovery Charge and Energy Rates (generally in January for rates effective April 1). The rates and charges established are budgeted to yield operating revenues sufficient, together with other revenues of MEAN, to pay operating expenses including aggregate debt service, satisfy debt covenants and obligations, pay for capital expenditures, provide for an adequate rate stabilization fund, and provide for sufficient cash reserves in accordance with policies approved by the Board of Directors.

Contracted Wind (Energy section) equals the amount of Contracted Wind Energy (kWh) for those Participants who have MEAN wind energy contracts multiplied by the Wind Rate approved by the MEAN Board of Directors and Management Committee.

Support (Energy section) is equal to WAPA Energy defined in Section 2, paragraph 2.03 of the *Schedule of Rates and Charges* minus the firm energy allocations supplied by WAPA for the month. See Section 4.01 of the *Schedule of Rates and Charges*. The Support Energy Rate is a fixed rate approved by the MEAN Board of Directors and Management Committee each year. See Section 4.02 of the *Schedule of Rates and Charges*. The Support Energy Rate multiplied by the Support Energy (kWh) equals the Support Energy billed to the Participants.

Energy (Energy section) equals the amount of MEAN kWh (or MEAN kWh less Distributed Generation for Participants having Distributed Generation Excess Energy) detailed on page 1 of the monthly statement multiplied by the MEAN Energy Rate approved by the MEAN Board of Directors and Management Committee. See Section 3.02 of the *Schedule of Rates and Charges*.

For Participants having Distributed Generation Excess Energy, **Distributed Generation Excess Energy** (Energy section) equals the amount of Distributed Generation Excess Energy detailed on page 1 of the monthly statement multiplied by the MEAN Energy Rate approved by the MEAN Board of Directors and Management Committee. See Section 3.02 of the *Schedule of Rates and Charges*.

Emerging Technologies - Landfill Gas Attributes equals the amount of Landfill Gas Attributes for those Participants who have MEAN Landfill Gas Attributes contracts multiplied by the Landfill Gas Attributes Rate approved by the MEAN Board of Directors and Management Committee. This rate is subject to annual review for changes in the actual costs of the Landfill Gas Project. One Landfill Gas Attribute is equivalent to one MWh of generated energy.

Agent Agreements (Pass Through)

Transmission and sub-transmission service charges, including applicable ancillary service charges for delivery of bulk power services to Participants are billed directly to MEAN. MEAN passes these costs, other than spinning and supplemental reserves, through to Participants at the transmission provider's then-current rate. Refer to Section 6 of *Schedule of Rates and Charges* for further explanation. Not all participants are billed pass through transmission costs from MEAN because some Participants elect to receive bills directly from the transmission provider.

The **WAPA** section details the pass through of the charges for those Participants who have contracted to have MEAN serve as a Purchasing Agent for their WAPA-LAP and/or WAPA-SLCA allocation. For those Participants who have not contracted to have MEAN serve as Purchasing Agent, this section will show a \$0 amount and the Participant will receive the bill directly from and remit payment directly to WAPA. MEAN does not serve as a Purchasing Agent for Participants with WAPA-UGP contracts. The Participants receive their WAPA bill directly from WAPA-UGP and remit payment directly to WAPA-UGP.

The **WAPA Demand Charge** is calculated by multiplying the Participant's firm WAPA seasonal contract rate of delivery (CROD) by the applicable WAPA demand rate.

The **WAPA Energy Charge** is calculated by multiplying the Participant's firm WAPA Energy Allocation by the applicable WAPA energy rate.

Total WAPA Demand and Energy Allocations are found in the Participant's WAPA FES contract along with the Participant's WAPA CROD.

WAPA demand and energy rates are available at:

LAP rates: <http://www.wapa.gov/rm/ratesRM/FirmPowerRates.html>

SLCA rates: <http://www.wapa.gov/crsp/ratescrsp/rateschedule.htm>

Adjustments and Other Billed Expenses

This section of the statement is used for any adjustments needed to accurately bill the Participant for both current month and prior month bulk power services. Examples of adjustments include:

- generation compensation,
- energy adjustments,
- administration fee,
- 30.9 Credit, and
- other adjustments as applicable.

MEAN purchases the qualifying distributed generation excess energy from Participants at the applicable Avoided Cost Rate. MEAN's standard Avoided Cost Rate applies for qualifying facilities with a design capacity of 100 kW or less. Qualifying Facilities with a design capacity of greater than 100 kW are treated on a case-by-case basis. This **Distributed Generation Excess Energy Credit** (energy adjustment)

is included in the Adjustments and Other Billed Expenses section of the MEAN monthly statement. Please refer to the *Renewable Distributed Generation Policy* for further discussion of renewable distributed generation.

The Adjustment Billing section is replaced with the statement “No Adjustments” in months not having any items to bill.

In accordance with Section 3.04 of the *Schedule of Rates and Charges*, MEAN has the ability to implement a **Pooled Energy Adjustment** (PEA). When actual monthly energy costs to MEAN exceed budgeted monthly energy costs, the positive difference (PEA amount) for the month is applied to Supplemental Energy (MEAN kWh) for the month. When implemented, the PEA amount for each Participant is generally included on their statement the following billing month. The amount will be shown in the Adjustments and Other Billed Expenses section of the statement.

In accordance with Section 3.03 of the *Schedule of Rates and Charges*, MEAN has the ability to implement a **Customer Charge**. Should this charge be approved by the Board of Directors and Management Committee and billed to the Participant, it will be shown in the Adjustments and Other Billed Expenses section of the statement.

The **Total Amount Due** shows the total amount of charges for the Participant for the month and the payment due date. Payment is due within 30 days of the **Billing Date** shown on Page 1 of the Statement. Payment via ACH is preferred to Wells Fargo Bank, N.A., ABA 104000058, Municipal Energy Agency of Nebraska, Account 7990864772. Payment via check payable to Municipal Energy Agency of Nebraska is also accepted.

If you have questions, please contact Candy Thomazin at 1-800-234-2595.