OUR PRODUCT IS ENERGY.
OUR MISSION IS SERVICE.
OUR POWER IS PEOPLE.
Fiscal year 2018-19 was marked with many successes for each of the organizations. The following are just a few accomplishments of the organizations of NMPP Energy during the year:

**NEBRASKA MUNICIPAL POWER POOL**
- NMPP revamped its utility training program, providing added value to member municipal utilities. Training sessions covering a variety of topics were strategically held in three locations to maximize attendance opportunities for utility personnel.
- Staff facilitated a new Utility Sharing Service to help in addressing workforce shortage challenges for smaller utilities.
- NMPP continued to serve its member communities through a variety of services, including its Electric Distribution Service program, Cost of Service Utility Rate Studies, regulatory and environmental reports. In partnership with Salt Creek Software, it also serviced more than 170 PowerManager software users.

**MUNICIPAL ENERGY AGENCY OF NEBRASKA**
- The MEAN Board and Management Committee approved a 5.8 percent decrease in MEAN’s overall targeted revenue requirement for fiscal year 2019-20. This marked the fourth straight year that MEAN lowered its targeted revenue requirement, which is the total net revenue required to cover MEAN’s cost of operation.
- MEAN expanded its renewable energy portfolio as the Kimball Wind Facility went into commercial operation. MEAN signed a power purchase agreement for the output of the facility, which has a nameplate capacity of 30 megawatts.
- A partnership was finalized with The Energy Authority for portfolio management, energy trading and dispatching services.

**NATIONAL PUBLIC GAS AGENCY**
- The NPGA Board approved a gas supply contract with the Public Energy Authority of Kentucky that will provide discounted natural gas that will lower costs for NPGA members.
- Staff assisted members in executing Asset Management Arrangements on two pipelines that will result in savings for NPGA members served by those pipelines.

**PUBLIC ALLIANCE FOR COMMUNITY ENERGY**
- ACE continued to provide competitive pricing in the annual Choice Gas Program and maintained its market share by securing nearly 18,000 accounts.

Thank you for taking time to look through the 2018-19 Annual Report. The accomplishments this fiscal year would not be possible without the leadership of dedicated boards and committee members who direct and guide the organizations.

Robert Poehling
Executive Director/CEO
Revamped Training Program
NMPP revamped its utility training program, streamlining the program yet still making it available to municipal utilities across NMPP’s large regional footprint. The sessions were held in three locations across Nebraska (Lincoln, Broken Bow and Sidney) with 41 utilities participating and more than 180 participants attending. The sessions included professional training opportunities and presenters on a variety of industry topics.

Electric Distribution Service
NMPP served 40 utilities through its Electric Distribution Services program, which provides hands-on utility expertise and assistance to member utilities in proactively maintaining reliable local electric distribution systems.

Facilitation of Utility Sharing Service
To help address utilities facing workforce and resource challenges, NMPP facilitated shared utility services agreements between the cities of Pierce and Battle Creek and between Stuart and Spencer in Nebraska. The agreements could serve as a potential template for other utilities looking to overcome workforce challenges by neighboring communities working together and sharing resources.

Regulatory/Environmental Reports
Through its Regulatory Assistance Services, staff completed more than 50 reports for more than 20 member utilities to fulfill regulatory and environmental reporting requirements. These reports include forms EIA 860 (Annual Electric Generator Report), EIA 861 (Annual Electric Power Industry Report) and EIA 923 (Annual Report Plant Operations Report).

Staff also completed several Certificate of Compliance/ Emissions Inventory Reports and NOx reports for utilities to fulfill reporting requirements by the Nebraska Department of Environmental Quality.

Energy Efficiency Programs
NMPP continued administering the LED Commercial Lighting Program for long-term power participants of the Municipal Energy Agency of Nebraska (MEAN). Overall, there were more than 90 lighting projects in 27 communities approved during the year totaling more than $35,000 in approved applications.

Upgrading to LED lighting results in improved energy efficiency for businesses and communities served wholesale electricity by MEAN. Since the program’s inception the total energy savings estimated is 1.9 million kilowatt hours (0.9 million megawatt hours).

MEAN will be expanding its offerings of energy efficiency programs in 2019–20. The MEAN Board approved adding three new retail-level programs that will roll out during Summer 2019. The programs to be added include financial incentives for purchasing programmable thermostats, tune-up service maintenance on residential AC cooling units and home insulation.

See NMPP services at: NMPPenergy.org/services
Nebraska Municipal Power Pool

NMPP 2018-19 Officers

President: Darrel Wenzel, chief executive officer, Waverly (Iowa) Utilities
Vice President: Jeff Wells, city manager, Fort Morgan, Colo.
Secretary/Treasurer: Jim Hawks, city administrator, North Platte, Neb.

Advocacy and Education
Staff maintained and strengthened relationships with Nebraska and regional entities and utilities to increase advocacy, educational and services opportunities for members. NMPP was active with the following entities in Nebraska:

- Nebraska Chamber of Commerce Economic Development Council
- Nebraska League of Municipalities
- Nebraska Energy Efficiency Partnership
- Nebraska Solar Electric Partners Group
- Nebraska Economic Developers Association
- Nebraska Electric Vehicle Task Force
- National Rural Economic Developers Association

Outside of Nebraska, staff was engaged with the following groups:

- Midwest State Public Power Association
- Rocky Mountain Utilities Efficiency Exchange
- Colorado Municipal League
- Colorado Association of Municipal Utilities
- Economic Development Council of Colorado
- American Public Power Association

Champions Program
The NMPP Board approved four new Champions during this fiscal year:

- Community Broadband Action Network
- Dogwood Energy LLC
- Gen Pro Energy Solutions, and
- Sol Systems

The program now has 34 total Champion businesses that support NMPP Energy’s efforts to provide products and services to members.

NMPP, along with Salt Creek Software, serviced 176 users of PowerManager software. Nearly 95 percent of users are under NMPP’s Value Support Plan, which keeps users on the most current software versions. Approximately 90 participants attended the annual PowerManager Refresher and Training Courses during the year, staying up to date on improvements within each of the software programs.

NMPP hosted the annual meeting of the Midwest States Public Power Association. The group, consisting of joint action electric utilities from Iowa, Illinois, Missouri, Kansas, Oklahoma, South Dakota and Minnesota, meets annually and by conference call as needed to discuss best practices and topics of collective interest.

Through its Financial Planning, Cost of Service/Rate Design service, NMPP manages more than 100 agreements, which includes electric, water and wastewater studies. NMPP has experienced significant growth in this service over the last several years as utilities benefit from this cost-based service to remain financially healthy.

Engineering services staff completed its 35th annual Typical Bill Survey for participating member and non-member utilities. The survey includes electric, water and wastewater retail rates. Of the 141 utilities that participated in the survey, 116 were members and 25 non-members. The composite data reflect ranking of typical bills by utility for each rate service class and usage level. The survey is a helpful tool in providing benchmarks for where utilities stand among other regional municipal utilities.

PowerManager Software
NMPP hosts regional joint action utilities
Utility Cost of Service Rate Assistance
Typical Bill Survey

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Formed in 1981, the Municipal Energy Agency of Nebraska provides wholesale electric supply and related services to 69 participating communities in Colorado, Iowa, Nebraska and Wyoming.

HIGHLIGHTS

Review of governance structure
The MEAN Board approved establishing a Governance Review Committee, comprised of up to 20 at-large representatives, to look at ways of streamlining the governance of MEAN. While the duties, vision and mission of MEAN will remain intact, the committee will be seeking ways to improve governance efficiencies, including reviewing committee structure.

Municipal generation workshop
Nearly 40 participants representing more than 90 percent of MEAN’s member utilities that have local municipal electric generation units attended a workshop in the fall focusing on generation. Topics included compliance, reliability, operations, training, services and a presentation on meters, relays and operational procedures.

Transition of dispatch services
MEAN formed a partnership with The Energy Authority (TEA) that will provide MEAN with portfolio management, RTO market management and trading, bilateral energy trading and analytical services. TEA, based in Jacksonville, Fla., has extensive experience working with public power entities in the areas of portfolio management services.

Board approves rate decrease
The MEAN Board and Management Committee approved a 5.8 percent decrease in MEAN’s overall targeted revenue requirement for fiscal year 2019-20. As part of the overall decrease, the Board and Management Committee also approved a 5 percent decrease in MEAN’s energy rate for its 56 long-term (Schedule K and M) wholesale electric Participants and a 3.3 percent decrease in its fixed cost recovery charge. Additionally, the energy rate for MEAN’s wind-generation resources decreased 9.8 percent.

This marked the fourth straight year that MEAN lowered its targeted revenue requirement, which is the total net revenue required to cover MEAN’s cost of operation.

Replacement of telemetry/metering equipment
Staff continued a multi-year project of replacing/upgrading telemetry and metering equipment in wholesale electric participant communities to stay current with today’s technology.

Maintaining reliability of local generators
The success rate of the annual reliability testing of local generators continued to be high. These units serve as part of MEAN’s energy capacity portfolio as well as to serve as backup electric generation for each of the respective communities that have committed total capacity and energy output of their units to MEAN.

WWW.NMPENERGY.ORG
MEAN expanded its renewable energy resource pool as the new Kimball, Neb., Wind Facility went into commercial operation in June. MEAN signed a power purchase agreement for the output of the new facility, which has a nameplate capacity of 30 megawatts. The facility includes 12 turbines and replaces the 10.5 megawatt MEAN Kimball Wind Project, which was decommissioned in 2017 to make way for the larger project. The prior project was in operation for nearly 15 years.

The output from the new Kimball Wind Facility will be part of MEAN's overall wind resource pool in which MEAN's wholesale power participants can subscribe for renewable energy at varying levels, according to each community's discretion.

### Accommodating local renewable projects

To accommodate local renewable energy projects, the MEAN Board approved a modification to its Renewable Distributed Generation Policy, allowing long-term MEAN wholesale participant communities to enter into power purchase agreements with private developers for local renewable energy projects.

The policy, originally adopted in 2016, accommodates the integration of smaller, local renewable projects while still fulfilling obligations under MEAN's total requirements power supply contracts for total requirements participants.

In addition, staff began work to facilitate the development of a possible partnership among several communities interested in adding community solar projects with the goal of achieving greater cost savings and efficiencies by aggregating community projects together.
Formed in 1991, NPGA provides wholesale natural gas supply to 12 members and six customer communities.

Adding value through Asset Management Arrangements

Staff assisted members in executing Asset Management Arrangements (AMA) on the Southern Star Central Gas Pipeline and Northern Natural Gas Pipeline resulting in savings for NPGA members served by these pipelines. An AMA is used to extract value from capacity rights (assets) on a pipeline. Under various transportation agreements, capacity (space on the pipe) must be paid for every month, whether or not it is used. Under an AMA, unused capacity is marked sold and sold, thereby creating value back to the member.

Board approves gas supply contract with PEAK

The NPGA Board approved participation in a gas supply contract with the Public Energy Authority of Kentucky.

The 30-year agreement features multiple repricing periods during which NPGA will receive discounted natural gas supply for 1,000 MMBlkdy (Million British Thermal Units), which represents approximately 1.5 percent of NPGA's total gas load.

The pre-pay transaction provides discounted natural gas that will lower costs to NPGA members and enhance NPGA's ability to retain and attract prospective new municipal customers. Staff continues to look for gas supply contracts that would benefit NPGA members.

Lowering costs through shippers group settlement negotiations

Staff made a concerted effort to strengthen important relationships with counterparties by participating in multiple pipeline meetings throughout the year.

Staff worked with a shipper's group in objecting to a Southern Star Pipeline Modernization Project, resulting in a savings of more than $87,000 for NPGA Southern Star participants from the original proposal.

Staff assisted NPGA members served by the Tallgrass Pipeline system with settlement negotiations through a shipper's group regarding Tallgrass' overearnings due to the federal tax decrease pertaining to the Tallgrass Pipeline system with settlement negotiations participants from the original proposal.

During summer of 2018, storage levels fell approximately 400 billion cubic feet (Bcf) out of the five-year historical range. In December 2018, after 2017 saw the U.S. as a net exporter for the first time in 60 years.

As natural gas production increased, the volume of natural gas exports – both through pipelines and as LNG – increased for the fourth consecutive year, reaching 9.0 Bcf/d. Total natural gas exports grew 14 percent in 2018, and LNG exports grew by 53 percent to 3.0 Bcf/d. The U.S. continued to export more natural gas than it imported in 2018, after 2017 saw the U.S. as a net exporter for the first time in 60 years.

The U.S. Energy Information Administration (EIA) forecasts dry natural gas production will increase to an average of 92.2 Bcf/d in 2019, an increase of about 7.5 percent from 2018. EIA further predicts gas production will increase to an average of 90.3 Bcf/d in 2019, an increase of about 7 percent in 2018, and LNG exports grew by 53 percent to 3.0 Bcf/d. EIA forecasts Henry Hub spot pricing to average $3.20 in 2019, compared to $3.29 it predicted for 2018.

National trends

Despite a winter season with near record cold temps, record storage withdrawals and record liquefied natural gas (LNG) exports, little impact was felt on the natural gas market. Henry Hub spot pricing averaged just about the $3 mark at $3.076/MMBtu for fiscal year 2018-19. The year's high was reached Nov. 14, 2018 with unseasonably frigid weather forcing a brief peak of $4.862/MMBtu. Highly unusual, the low for the year was reached mid-winter, on Jan. 3, 2019, at $2.48/MMBtu.

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ACE, the Public Alliance for Community Energy, is a community-owned, not-for-profit retail natural gas supplier. Since 1998, it has provided competition in the Nebraska Choice Gas program and served as an advocate for its municipal members and their residents.

2018-19 Choice Gas program

ACE’s again provided competitive rates during Choice Gas selection period in April. The 2018-19 year marked the 20th year of the program of which ACE has been the only supplier that has competed every year. ACE maintained its market share in the program in a highly competitive environment, securing nearly 18,000 accounts and nearly two million Dth (dekatherms) of natural gas volume. Overall, six natural gas suppliers participated in the program with ACE being the only not-for-profit and community-owned supplier.

ACE continued its grassroots marketing efforts regarding the benefits of a community-owned natural gas supplier and promoting ACE’s primary mission: to benefit Nebraska customers by providing competition in the Choice Gas program.

ACE Project of the Year Awards

ACE implemented its Project of the Year awards during 2018-2019 to further promote ACE communities and the projects that are completed using funds from ACE’s revenue distribution program. The award-winning projects, based on population categories, were determined by voting through social media. Each community award recipient received $200 that goes towards a community project of their choice. The winning projects were:

- Long Pine, Neb. – Palace Floor Project
- Franklin, Neb. – Community Trash Receptacles Project
- Ravenna, Neb. – Ravenna Splash Pad Project

Assisting schools with purchasing strategies

Through its Choice Joint Utilities Management Program, ACE continued to provide competitive natural gas pricing to 45 schools in the Choice Gas program by strategically purchasing gas during different times throughout the year.

Supporting communities through clean-up efforts

In keeping with its community support role, ACE developed a program to support community clean-up efforts. The program provided equipment and a financial contribution to participating volunteer groups. The new initiative helped to increase awareness of ACE while making a positive difference in ACE member communities.

Advocating for all Nebraska customers

ACE spent a considerable amount of time throughout the year advocating for all Nebraska customers by engaging in discussions regarding the Choice Gas program. ACE was involved in discussions with the Nebraska Public Advocates, Nebraska Public Service Commission and Black Hills Energy regarding the current Choice Gas program and its future.

Since inception, ACE has returned more than $2.4 million to ACE member communities.
Based in Lincoln, Neb.,
The organizations of NMPP Energy serve 185 municipal utilities in six states.

- Member Driven
- Service Driven
- Economic Value Driven
- Values Driven
- Staff Driven