

Manager's Report

By Chet McWhorter, CCPPD GM

In order to succeed, your desire for success should be greater than your fear of failure. These are wise words from an unknown writer. I wish I could take credit for them because they are a mantra that I try to live by. Fear is a great demotivator. I have found that in work and in life, if I let fear drive my decision making, I'm always disappointed with the result. Conversely, I have found that if I'm driven to do my best and do what I think is right, regardless of how scary, I'm always glad that I ate the fear and went for the goal.

For the past few months, we have been discussing the possibility of a merger between Cuming County Public Power District and Burt County Public Power District. Truly scary stuff! The occasion that is the catalyst for this discussion is the impending retirement of BCPD's long time General Manager. Upon his announcement of a retirement date, the BCPPD Board asked BCPPD GM Richard Ray to approach me to gauge if CCPPD had any interest in studying a merger. I took the idea to the CCPPD Board and the consensus and direction of the CCPPD Board was to study a merger and determine if there were advantages that would be recognized should the two systems be consolidated.

We engaged the National Rural Utility's Cooperative



Chet McWhorter, CCPPD GM

Finance Corporation, otherwise known as CFC, to assist us in doing an economic study. CCPPD has used CFC's Compass Tool for our financial forecasting for many years. Thus, it was a good exercise for both districts to input their data into the model and if nothing else we would each have a good, up-to-date ten-year financial forecast. We took our data for the next ten years, combined it, then began looking for areas of duplication that should lead to savings. After much exploration, we identified about \$10 million in savings over the ten-year projection. Coupled with this savings was the surprise that we would not need to raise additional revenue until the eighth year of the study. In other words, we would not have to raise rates for eight years if the Compass Model holds true.

Along with the financial forecasting, we looked at our operations to determine if there might be a service advantage to consumers of either district. Upon examination, we believe that there are

areas that could be improved from a merged operation. Chiefly, there are areas that are currently being served from Tekamah or West Point that are closer to the other office. If the linemen are dispatched from a closer shop, they should be able to get power on more quickly in outage situations and respond more rapidly to emergencies should they arise. Additionally, we would have more linemen which would allow us to do some of the projects that each District currently contracts out due to our respective sizes. These, among others, are part of the economies of scale that we feel could be beneficial under the merged scenario.

Of course, there are issues in terms of the existing culture at both districts that need to be considered. For example, BCPPD has been very aggressive in the replacement of lines and facilities in the past 20 +/- years. This has led them to have a larger debt load than CCPPD. BCPPD is not having any issues covering their debt service and in fact, they are in good financial condition. CCPPD has always been conservative in financial matters. To this end, CCPPD has always attempted to maintain a higher equity level and a positive net cash position. CCPPD has worked to maintain and add to their system but does so at a slower pace which allows for the debt load to be less. Neither of these approaches

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are wrong, but they are very different.

Another area of concern is local control. One of the tenets of Public Power is the notion of locally elected governance by your Boards of Directors. There is a concern that control will be lost and/or changed under a merged environment. To settle these concerns, it has been proposed to set up subdivisions within the merged district to ensure that representation will continue at the local level. These subdivisions will be based on population and be broken down township by township and voting precinct by voting precinct. At the end of the day, if a merger were to happen, local control would be maintained.

Throughout the history of CCPPD mergers and acquisitions have been discussed and sometimes carried out. In the early 1970s,

when NPPD was formed, CCPPD bought 177 meters from NPPD down around Snyder and west by Aloys. There was also a line between West Point and Oakland that was purchased at that time. Also, in the late 1990s, CCPPD took over service of the communities of Bancroft, Beemer, and Dodge. These both were very positive mergers. Additionally, in going back through old meeting minutes I have found where CCPPD had discussions with Stanton County PPD and BCPPD at least once every ten years in the 1970s. So, when it makes sense, these potential consolidations are discussed and studied and the right choice will be made.

At the June 13, 2018 meeting, the CCPPD Board voted to sign a Letter of Intent along with the BCPPD Board that allows for staff of both BCPPD and CCPPD

to continue exploration and study of various aspects of a potential merger. Up next is a Cost of Service and Combined Rates Study and a study of options to combine the bond debt of the two Districts. There is much work to be done to ensure that both Boards have all the information necessary to make a wise and informed decision.

As Michael Jordan once said, "Limits, like fear, is often an illusion." Through this process it is my goal to not let the limits of what I've experienced or what has already been done or the fear of the unknown stop me from finding the best information and hopefully the best outcome for all consumers and all the public involved. If you have ideas, worries, concerns, etc., please reach out to me. As always, thanks for reading and have a safe and fun summer!

DOWNED AND DANGEROUS

*Downed power lines can be deadly. **ALWAYS** assume a downed power line is live and avoid going near it or anything in contact with it.*

USE PRECAUTION

Downed power lines can energize the ground up to **35 feet** away.

If you see a downed power line, immediately **notify** the local authorities.

Never drive over downed power lines or through water that is in contact with them.

Never try to move a downed power line. Even using items that typically are not conductive **will not** prevent injury or death.

Students Visit CCPPD

We want to thank the West Point-Beemer 6th grade class for coming to Cuming County PPD for our annual tour. We had bucket truck rides and lots of fun!

Forty students, two teachers & the bus driver were able to tour our facility, take a bucket truck ride and learn about what we do at CCPPD. They ended the time with some tasty ice cream.

Thanks for all the great questions and interest in electricity. We hope you had as much fun as we did!



Jess Hunke gave the 6th grade students bucket truck rides.



Sarah McGill gave the students a tour of CCPPD.



Tristan Bettenhausen gave the students bucket truck rides as well.



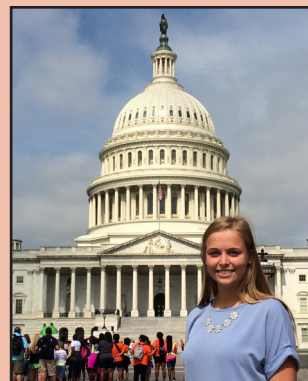
Brian Throener and Scott Case talked to the students about electrical safety and what we do here at CCPPD.

Meyer Attended Youth Tour

Ashton Meyer attended the NRECA Youth Tour in Washington D.C. June 8-14, 2018. She represented Cuming County Public Power District and was selected since she attended the NREA Youth Energy Leadership Camp near Halsey, Nebraska last year.

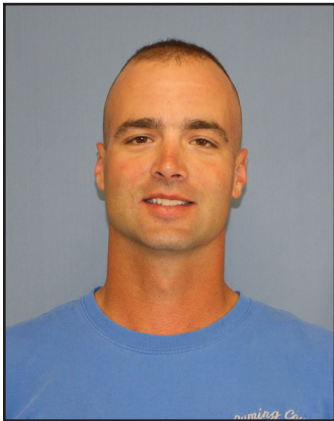
Over fifteen hundred students from across the U.S. attend Youth Tour each year. They learn about electric cooperatives, tour the historic national monuments, see the Smithsonian Museums and meet with congressmen, senators, and legislative staff from Nebraska.

We want to thank Ashton for representing Cuming County Public Power District in Washington D.C.



Featured CCPPD Employee

Brian Throener



Brian Throener is one of our Journeyman Lineman at CCPPD and he has been here since May of 1998.

He graduated from the lineman program at Northeast Community College in Norfolk. His Journeyman status was obtained in 2003 after logging

enough working hours and passing the tests required by the U.S. Department of Labor. "I enjoy working outside," said Brian, "I am happy I could find a job that would allow me to do that."

Brian, his wife Kelly and their four children: Carter, Ashlynn, Kenadie and Brynn live near Dodge, Nebraska on a farm.

Hunting, fishing and spending time with family is what he likes to do in his free time. He also enjoys going to the river in the summer and getting involved in area events. You also may see Brian running in a local fun run from time to time.



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There are also incentives available for Commercial Prescriptive Lighting, Commercial Heat Pumps, an Electric Vehicle charging station pilot program and other energy saving improvement programs.

Check our website (ccppd.com) under the Customer Services tab or call the office at **402-372-2463** for more information.



Brian is also a veteran of the United States Army. Thank you, Brian, for your service.

Please help us in thanking Brian for his dedicated service to Cuming County Public Power District.

Regular meetings of the CCPPD Board are normally held on the second Wednesday of each month at the CCPPD office
Board Members: Greg Strehle 402-380-3659,
Leroy Mostek 402-528-3872, Ed Kaup 402-372-2966,
Dennis Weiler 402-372-2713, Danny Kluthe 402-693-2833
& Fred Schneider 402-528-3683