

Cuming County Public Power District

March 2021

A
Message
from
our
GM,
Chet
McWhorter



Over the past few months, we have seen a significant increase in the number of inquiries we have received regarding solar systems. I have personally noticed many advertisements on social media decrying the benefits of the installation of solar for home owners. Some of these ads claim that a homeowner can install a system and never pay for power again. Some claim that the homeowner can install a system and have an emergency backup for when the utility service is unavailable. I even read an advertisement that claimed that the solar system would be free! All of this is very enticing and like many other ad campaigns, is not entirely truthful.

First things first. CCPPD is not opposed to the installation of solar or wind or any other renewable electrical generator. We will work with any of our customers that choose to go down this path. It is imperative that each reader understand that the purpose of this article is to arm folks with some ideas and questions to consider before they enter into any contracts or put any of their hard-earned cash down on a solar system.

That stated, let us start with the claim of never having to pay for power again. Frankly, the solar system that will take care of all a normal Nebraskan home's electrical needs would be terribly expensive. If we look at the solar data that we have for our area, it is easy to see that we do not live in the best area for solar electricity production. In a ranking of all 50 states for available solar energy, Nebraska ranks 39th. So, to bridge the gap between when the sun is shining and solar energy is being harnessed and the other 12-18 hours each day, batteries will be required. To get batteries large enough to cover 18 hours at the average home's 15-kilowatt load would cost over one-hundred thousand dollars. Add this to the cost of the installed solar system at about two dollars per connected watt. Also, these batteries would need roughly the area of a single car garage and would only work in conditioned air i.e., heated in the winter and cooled in the summer adding to the electricity consumed. Essentially, the cost of never having to pay a power bill again is economically infeasible for most. Unfortunately, in order to be able

to use your solar system as an emergency backup, a similar set up for batteries would be required, so the claim of emergency back up using a solar system is not very realistic.

Furthermore, the notion that a system would be free deserves some discussion. As you have heard; there is no such thing as a free lunch. There are also no such thing as free solar panels. What we have learned is this, the sales folks will tell you that it is no money down and you can take years and years to pay. Essentially, their business model is to tell you that you are paying them for your solar system instead of paying CCPPD for electricity. While this is not entirely false, it is a bit misleading. For instance, in July, a solar system in Nebraska will usually produce its best results. Electrical usage tends to be high in July as well due to air conditioning use. Conversely, January is not a good month for solar in Nebraska. Anyone who has electric heat will use plenty of electricity in January as well. The issue is this; in July, the solar output will come as close as it ever will to covering your monthly payment, in January the solar output will not amount to much at all. Each month and each weather pattern will affect the output of a solar system, so it is very difficult to quantify the dollar value. What we have observed is that the most reputable solar installers will provide an interested homeowner with a prospectus that will let them see a reasonable estimate of payback for their solar investment. The timeframe that seems the most accurate is about 7 years for the system to be paid for based on offsetting of the power bill.

Bottom line, if you are interested in installing a solar system at your home or business, reach out to us at CCPPD. We have a lot of data available to show what the system will do and what it will not. We also have some paperwork to go over and can discuss any system that you might be considering. I look at it like buying a car, if it is a good deal today, it will still be a good deal tomorrow. Taking a little time to look things over with us will help in the decision as to whether it is a deal you will want to take. More information, including the output in real time of the solar system at the CCPPD office, can be found at www.ccppd.com/solar/.

SPRING FORWARD

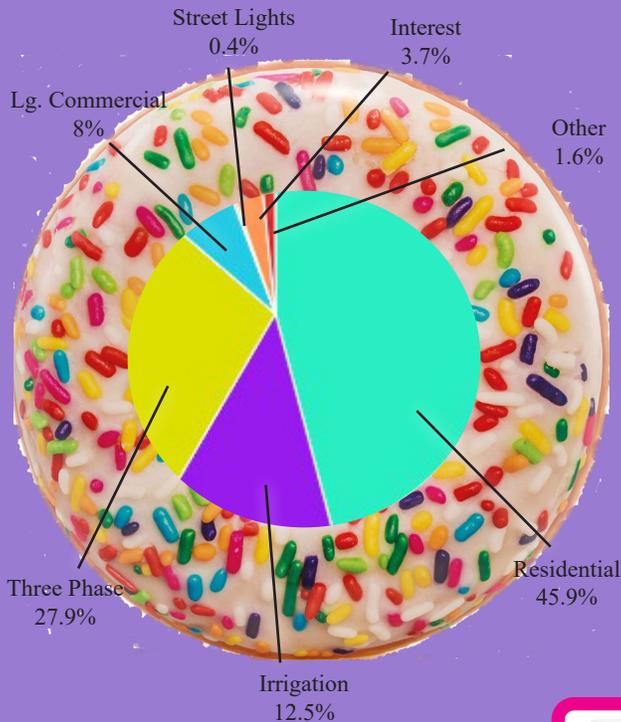
March 14 ~
Daylight Saving Time Begins

March 17 ~
Happy St. Patrick's Day!

The Financials of CCPPD

By Kari Haase, Assistant GM/CFO

2020 Revenues



“Glazed donuts took top honors, with 36 percent of the vote saying they are the number 1 donut.”

Revenues, Expenses & Margins

In this financial “donut” breakdown, the first picture is our revenues - electric energy sales, other operating revenue, and non-operating revenues. The total annual revenues for 2020 were \$ 11,041,741 million, up \$270,899 from 2019. This was primarily due to the hotter, drier weather we experienced this past summer resulting in high irrigation use. Sales of electric energy to the various consumer classes comprise 94% of revenues, with other operating revenue making up 2%. Non-operating revenues round out the “donut”.

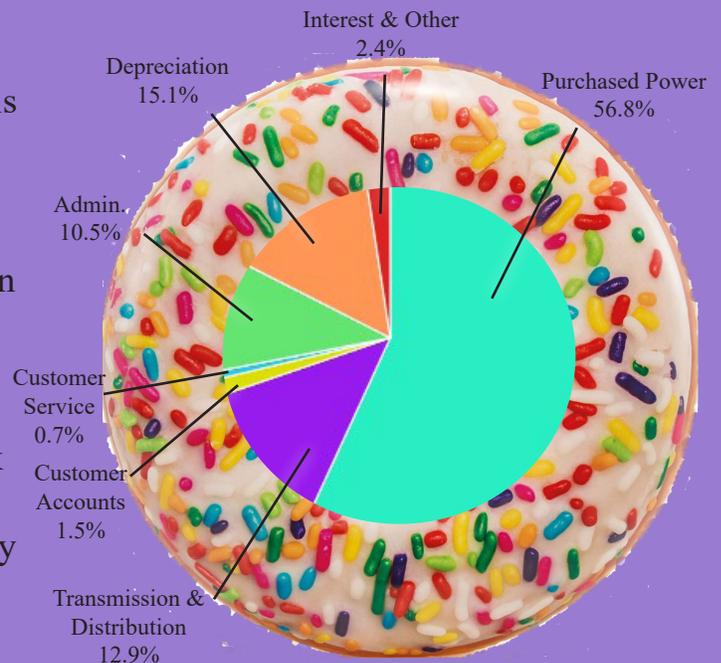


Expenses & Margins

The other equally sized “donut” in this case represents our expenses and margins. This is how those revenue dollars are spent.

Another way to think of this is that every kilowatt hour of electricity sold is broken into these cost components. By far, the largest portion is the cost of power at 56.8%. Depreciation is second highest at 15.1% with transmission and distribution costs third at 12.9%.

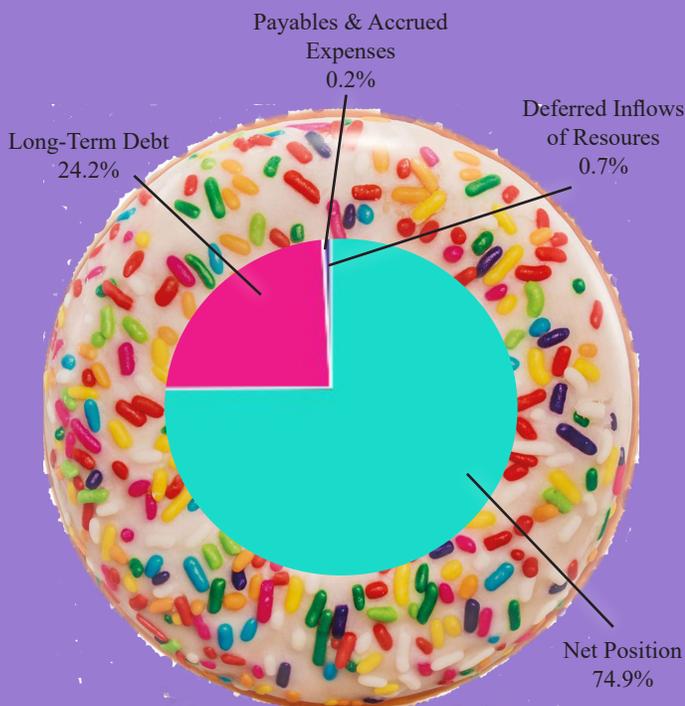
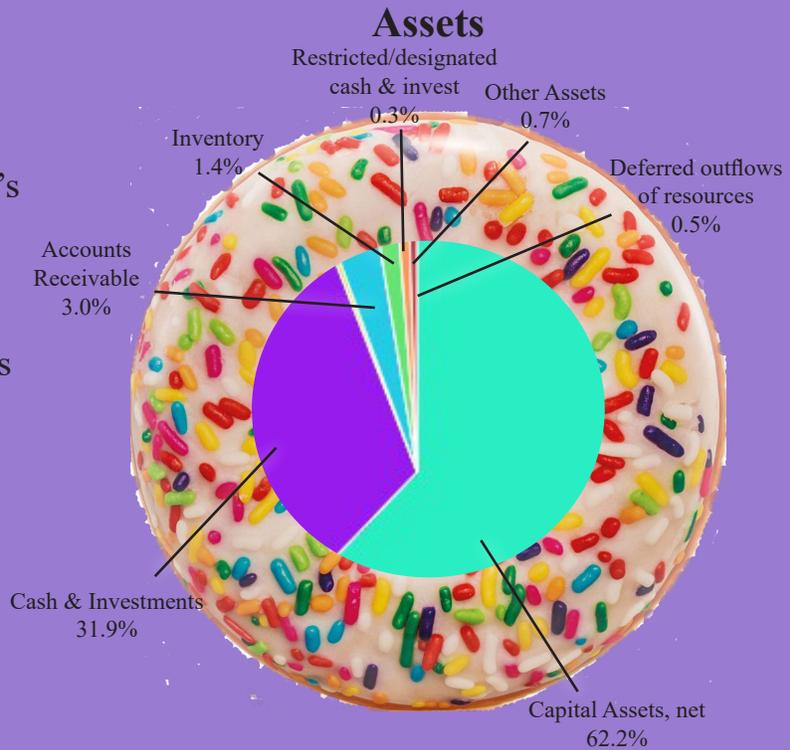
CCPPD invests margins earned right back into the electric system through our capital program. Such capital expenditures are necessary to serve the growing load requirements with a reliable and economical power supply.



Assets, Liabilities and Net Position

We've got another financial "donut" just waiting for you to take a bite. This one's also made up of two same sized pieces.

The first is CCPPD's assets. The different parts of the donut include: capital assets (our electric system, buildings, trucks and equipment), inventory, accounts receivable, cash/investments and various other assets. CCPPD's assets totaled \$36,496,087 at the end of 2020, growing \$3,017,362 from the previous year.



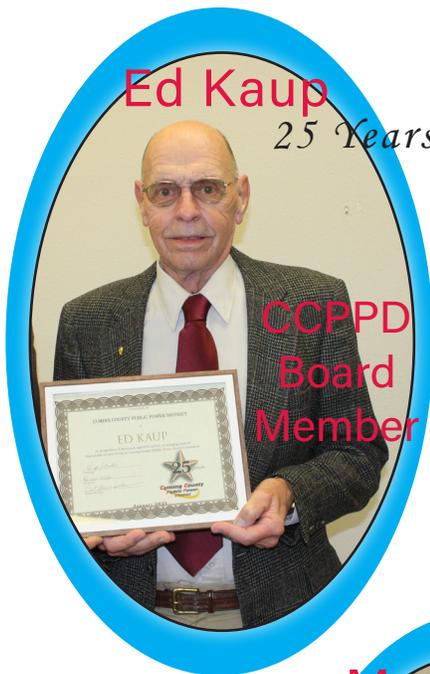
Liabilities and Net Position

The last "donut" is a combination of liabilities and net position. Our primary liability is bond debt. Bonds are a very cost effective way to finance electric system construction costs. All our liabilities, including debt, make up 25% of this "donut". The remaining 75% is our net position, or equity. It's the difference between our assets and liabilities.

Recognizing
Years
of
Service



Thank You
for your
dedication to
CCPPD!



Ed Kaup
25 Years!

CCPPD
Board
Member



Dennis Weiler
25 Years!

CCPPD
Board
Member



Mary Troyer
15 Years!

CCPPD
Accounting
Supervisor



Jess Hunke
10 Years!

CCPPD
Journeyman
Linemen



Tristan Bettenhausen
5 Years!

CCPPD
Journeyman
Linemen



March 21- 27, 2021

HAPPY NATIONAL AG WEEK!