MEAN
Municipal Energy Agency of Nebraska

Budget, Rates, and Charges
Fiscal Year 2025-2026

Projections based on Actual Results through November 2024

Board of Directors Meeting
January 23, 2025

Finance Committee Meeting
January 22, 2025

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Table of Contents
Fiscal Year 2025-2026

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Budget Summary Narrative
Fiscal Year 2025-2026

For ease of review, Staff has highlighted changes to the cost components of the revenue requirement between the original Proposed Budget information provided to MEAN Committees in December 2024 and this current information if the change exceeded $50,000. Rates and charges and the related budgeted amounts for electric energy sales were also updated in the Proposed Budget to reflect the rates and charges proposed to be effective April 1, 2025.

MEAN's Fiscal Year is April 1 to March 31. Throughout this packet, Proposed Budget refers to Fiscal Year 2025-2026 and Current Budget and Projected both refer to Fiscal Year 2024-2025. The Current Budget has been restated to reflect the adoption of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. There was no material impact on budgeted net revenue, budgeted debt service coverage, or change in operating fund; therefore, these amounts were not recalculated.

Information and explanations of Projected were provided to the MEAN Committees in December 2024 in a separate Year-End Projections packet. Information in this current packet differs due to incorporating actual results through November 2024. The Year-End Projections packet was not updated but changes will be presented at the January 2025 meetings.

Rates and Charges Summary

Proposed increase in rates and charges as shown in the following table result in an overall increase in MEAN's rates and charges of 9.8%. See the *Analysis of Changes in Schedules M, K, and K-1 Revenues Due to Changes in Rates and Charges Report* for the impact by Participant.

Rate/Charge	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Fixed Cost Recovery Charge	$ 47,500,000	$ 42,900,000	$ 4,600,000	11%
Energy Charge Rate ($/MWh) Schedule M	$47.66	$43.60	$ 4.06	9%
Energy Charge Rate ($/MWh) Schedules K and K-1	$50.05	$45.78	$ 4.27	9%
Green Energy Charge Rate ($/MWh) Schedule M	$50.05	$45.78	$ 4.27	9%
Green Energy Charge Rate ($/MWh) Schedules K and K-1	$52.56	$48.07	$ 4.49	9%
Transmission (Pass Through)	Billed at Transmission Provider's Rates			
Western Area Power Administration (WAPA) (Pass Through)	Billed at WAPA's Rates			

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Budget Summary Narrative
Fiscal Year 2025-2026

Revenue Requirement

The cash costs and rate offsets that comprise the cost components of the revenue requirement are summarized below.

Revenue Requirement - Cost Components	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Cash Costs				
Purchased Power	$ 81,833,339	$ 76,874,865	$ 4,958,474	6%
Production	19,221,358	19,288,878	(67,520)	0%
Transmission	6,126,138	6,599,074	(472,936)	-7%
A&G	16,687,995	12,241,981	4,446,014	36%
MEAN and Owned Generation Capital	6,177,967	3,410,481	2,767,486	81%
MEAN Debt Service	9,426,588	10,735,588	(1,309,000)	-12%
MEAN Subscription Liability Payment	429,891	394,400	35,491	9%
MEAN Lease Liability Payment	970,053	941,799	28,254	3%
Total Cash Costs	**140,873,329**	**130,487,066**	**10,386,263**	**8%**
Rate Offsets				
Electric Energy Sales - Schedule J	(1,054,658)	(1,861,256)	806,598	-43%
Electric Energy Sales - Non-Participants	(360,000)	-	(360,000)	0%
Other Operating Revenues	(800,558)	(787,763)	(12,795)	2%
Investment Return	(1,949,750)	(2,524,000)	574,250	-23%
Total Rate Offsets	**(4,164,966)**	**(5,173,019)**	**1,008,053**	**-19%**
Total Revenue Requirement - Cost Components	**$ 136,708,363**	**$ 125,314,047**	**$ 11,394,316**	**9%**

The revenue requirement is met through the budgeted operating revenues from electric energy sales to Service Schedules M, K, and K-1 Participants and the impact to cash on hand as summarized below.

Revenue Requirement - Revenues and Cash	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Electric Energy Sales - Schedules M, K, and K-1				
Fixed Cost Recovery Charge	$ 47,500,000	$ 42,900,000	$ 4,600,000	11%
Energy Charge	73,287,618	67,983,438	5,304,180	8%
Green Energy Charge	15,418,614	13,353,718	2,064,896	15%
Total Electric Energy Sales - M, K, and K-1	**136,206,232**	**124,237,156**	**11,969,076**	**10%**
Use of/(Addition to) Cash on Hand				
Use of/(Addition to) Cash on Hand - FCRC*	213,219	1,415,310	(1,202,091)	-85%
Use of/(Addition to) Cash on Hand - Energy*	288,912	(338,419)	627,331	-185%
Total Use of/(Addition to) Cash on Hand	**502,131**	**1,076,891**	**(574,760)**	**-53%**
Total Revenue Requirement - Revenues and Cash	**$ 136,708,363**	**$ 125,314,047**	**$ 11,394,316**	**9%**

*May consist of operating and/or rate stabilization funds.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Budget Summary Narrative
Fiscal Year 2025-2026

Service Schedule M Energy Charge Components
The Service Schedule M (SSM) Energy Charge is calculated as summarized below.

Service Schedule M Energy Charge	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Cash Costs				
Purchased Power, net of Debt and Capital in FCRC	$ 65,735,951	$ 58,245,440	$ 7,490,511	13%
Production	19,221,358	19,288,878	(67,520)	0%
Transmission	6,126,138	6,599,074	(472,936)	-7%
MEAN Lease Liability Payment	970,053	941,799	28,254	3%
Total Cash Costs	**92,053,500**	**85,075,191**	**6,978,309**	**8%**
Rate Offsets				
Total Electric Energy Sales, net of Energy Charge SSM	(17,564,388)	(15,785,273)	(1,779,115)	11%
Other Operating Revenues - Energy Charge Cost Offsets	(58,698)	(62,198)	3,500	-6%
Investment Return - Operating and Rate Stabilization	(1,585,000)	(2,153,000)	568,000	-26%
Total Rate Offsets	**(19,208,086)**	**(18,000,471)**	**(1,207,615)**	**7%**
Net Energy Charge Costs	**72,845,414**	**67,074,720**	**5,770,694**	**9%**
Addition to/(Use of) Cash on Hand				
Addition to/(Use of) Operating Fund	(288,912)	338,419	(627,331)	-185%
Total Addition to/(Use of) Cash on Hand	**(288,912)**	**338,419**	**(627,331)**	**-185%**
Total SSM Energy Charge	**$ 72,556,502**	**$ 67,413,139**	**$ 5,143,363**	**8%**
Energy Charge Units - SSM (MWh)	1,522,377	1,546,173	(23,796)	-2%
SSM Energy Charge $/MWh	**$ 47.66**	**$ 43.60**	**$ 4.06**	**9%**

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Budget Summary Narrative
Fiscal Year 2025-2026

Fixed Cost Recovery Charge Components

The Fixed Cost Recovery Charge section of the *Electric Energy Sales Narrative* provides a detailed description of the components and the method of allocation by Participant. The Fixed Cost Recovery Charge components are summarized below.

Fixed Cost Recovery Charge	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Cash Costs				
A&G	$ 16,687,995	$ 12,241,981	$ 4,446,014	36%
MEAN Subscription Liability Payment	429,891	394,400	35,491	9%
MEAN and Owned Generation Capital	6,177,967	3,410,481	2,767,486	81%
Contracted Generation Capital	1,235,916	2,309,955	(1,074,039)	-46%
MEAN Debt Service	9,426,588	10,735,588	(1,309,000)	-12%
Contracted Generation Debt Service, net	14,861,472	16,319,470	(1,457,998)	-9%
Total Cash Costs	**48,819,829**	**45,411,875**	**3,407,954**	**8%**
Rate Offsets				
Other Operating Revenues - FCRC Cost Offsets	(741,860)	(725,565)	(16,295)	2%
Investment Return - Debt Service	(364,750)	(371,000)	6,250	-2%
Total Rate Offsets	**(1,106,610)**	**(1,096,565)**	**(10,045)**	**1%**
Net FCRC Costs	**47,713,219**	**44,315,310**	**3,397,909**	**8%**
Use of Cash on Hand				
Addition to/(Use of) Rate Stabilization - Fixed Costs	-	(1,000,000)	1,000,000	-100%
Addition to/(Use of) Operating Fund	(213,219)	(415,310)	202,091	-49%
Total Use of Cash on Hand	**(213,219)**	**(1,415,310)**	**1,202,091**	**-85%**
Total Fixed Cost Recovery Charge	**$ 47,500,000**	**$ 42,900,000**	**$ 4,600,000**	**11%**

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Budget Summary Narrative
Fiscal Year 2025-2026

Rate Setting Philosophy

The budget for Municipal Energy Agency of Nebraska (MEAN) consists of a number of underlying assumptions, many of which have the potential to be impacted by regional, regulatory and weather events that are outside the control of MEAN staff or Participants. Information included provides for further discussion and understanding of the potential for variances between actual and budgeted results.

Utility basis budgeting considers the future replacement of assets and power supply contracts. Under utility basis budgeting, the revenue requirement includes annual operating expenses, depreciation expense and a return on system equity. The rate of return on system equity is determined by including an inflationary increase in asset replacement costs plus interest expense. The advantage of utility basis budgeting is that it leads to more stable and consistent rate adjustments and typically leads to a more financially stable and healthy organization. During the budget process staff reviews the cash basis and utility basis revenue requirements and selects a targeted revenue requirement based on analysis of all of MEAN's various financial targets and guidelines.

In proposing the annual rates, staff also considers the following priorities discussed with the MEAN Finance Committee:

- Smaller (<3%) incremental rate changes
- No large (>3%) swings year to year
- No mid-year rate changes
- Maintain minimum levels of operating and rate stabilization funds in accordance with established targets
- Fund and utilize additional rate stabilization funds for large cyclical costs, not for general cost increases
- Balance financial targets and ratio coverage in order to achieve the priorities noted

In accordance with the Annual Budget and Financial Forecasts section of MEAN's Financial and Administrative Policies and Guidelines, MEAN prepares at least a five-year financial forecast based on projected costs and load requirements. This forecast is used to develop a preliminary targeted revenue requirement for future years. A summary will be presented at the January meeting.

Historical Rates and Charges

The following table includes a five-year history of MEAN's rates and charges.

	Board Approved Rates & Charges					Proposed
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Fixed Cost Recovery Charge (FCRC)						
FCRC	$ 43,900,000	$ 43,900,000	$ 42,900,000	$ 42,900,000	$ 42,900,000	$ 47,500,000
$ Change	$ -	$ -	$ (1,000,000)	$ -	$ -	$ 4,600,000
% Change	0%	0%	-2%	0%	0%	11%
Energy Charge Rate ($/MWh)						
Schedule M	$ 38.25	$ 38.25	$ 40.70	$ 40.70	$ 43.60	$ 47.66
$ Change	$ -	$ -	$ 2.45	$ -	$ 2.90	$ 4.06
% Change	0%	0%	6%	0%	7%	9%
Schedules K and K-1	$ 40.17	$ 40.17	$ 42.74	$ 42.74	$ 45.78	$ 50.05
$ Change	$ -	$ -	$ 2.57	$ -	$ 3.04	$ 4.27
% Change	0%	0%	6%	0%	7%	9%
Green Energy Charge Rate ($/MWh)						
Schedule M					$ 45.78	$ 50.05
$ Change						$ 4.27
% Change						9%
Schedules K and K-1					$ 48.07	$ 52.56
$ Change						$ 4.49
% Change						9%

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Other Rates and Charges Narrative
Fiscal Year 2025-2026

Avoided Cost and Standard Rate

MEAN has established a methodology to develop the standard Avoided Cost rate for purchases from Qualifying Facilities with a design capacity of 100 kW or less under the Public Utility Regulatory Policies Act. Qualifying Facilities greater than 100 kW will be treated on a case-by-case basis as allowed by federal regulations.

The standard Avoided Cost rate is calculated in accordance with the Avoided Cost and Standard Rate section of MEAN's Financial and Administrative Policies and Guidelines. This is the rate at which MEAN will compensate total requirements participants for net excess energy produced by end-use customer owned Qualifying Facilities with a design capacity of 100 kW or less interconnected to the participant's distribution system. Qualifying Facilities are defined by federal law to include renewable generation such as solar, wind, and hydro.

The rate changes each calendar year because of fluctuations in electric energy market prices. See the following table for a five-year summary. The calendar year rate is derived from the previous completed fiscal year. For example, calendar year 2025 is derived from Fiscal Year 2023-2024.

	Calendar Year				
	2021	2022	2023	2024	2025
Standard Avoided Cost Rate ($/MWh)	$ 25.04	$ 42.09	$ 34.52	$ 55.54	$ 46.60
$ Change	$ (4.20)	$ 17.05	$ (7.57)	$ 21.02	$ (8.94)
% Change	-14%	68%	-18%	61%	-16%

Capacity Commitment Compensation

The various capacity commitment compensation rates and payments are in accordance with the Capacity Commitment Compensation section of MEAN's Financial and Administrative Policies and Guidelines. Eligibility for payment for Contract Capacity and compensation for energy production will be in accordance with the Asset Management Policies and Procedures (AMPP). A summary of the various rates to be reviewed and approved by the Board of Directors follows:

	Proposed	Current	Proposed vs. Current	
Rate	**Budget**	**Budget**	**$ +/-**	**% +/-**
Demand Rate ($/kW per Month)	$ 2.50	$ 2.00	$ 0.50	25%
Variable O&M Rate ($/MWh)	$ 5.00	$ 5.00	$ -	0%
Labor Rate ($ per unit Operating Hour)	$ 44.00		$ 44.00	100%

Hourly Rate

Certain MEAN services include an administrative fee which is billed at the then current hourly rate. The administrative fee is further explained in the Financial and Administrative Policies and Guidelines. The rate per hour is included in the Schedules of Rates and Charges for Service Schedule M, K, and K-1 and is subject to approval by the Board of Directors.

	Proposed	Current	Proposed vs. Current	
Rate	**Budget**	**Budget**	**$ +/-**	**% +/-**
Hourly Rate	$ 180.00	$ 175.00	$ 5.00	3%

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Targets and Coverage Analysis Report
Fiscal Year 2025-2026

January 2025 Meetings

Line		Projected 2024-2025	Proposed Budget 2025-2026
A	**Revenue Requirement**	$ 125,314,047	$ 136,708,363
B	% increase / (decrease)		9%
C	**Net Revenue / (Loss)**	$ 1,954,582	$ 2,978,546
	Change in Unrestricted Funds		
D	Operating Fund	$ 23,279	$ (502,131)
E	Rate Stabilization Fund	(1,000,000)	-
F	Total	$ (976,721)	$ (502,131)
	Debt Service Coverage - policy target of 1.20X; requirement of 1.00X		
G	Excluding Use of Other Available Funds	1.28	1.52
H	Including Use of Other Available Funds	1.37	1.52
	Cash Reserve (Rate Stabilization Fund - Reserve + Operating Fund)		
I	Minimum, Per Policy	$ 44,197,734	$ 48,688,505
J	Cash Reserve - Estimated End of Fiscal Year^	$ 45,000,000	$ 44,497,869
K	Amount Over/(Under) Minimum	$ 802,266	$ (4,190,636)

See the *Budget Summary Narrative – Rate Setting Philosophy* and the *Unrestricted Funds* sections for more information.

^The Operating Fund balance is impacted by the timing of collection of revenues and payment of costs. An estimate of the expected impact of timing variances at November 2024 is included in the estimated 2024-2025 balance shown; actual results could vary significantly.

Final year-end results could differ substantially from Projected. Final analysis related to suggested year-end activity including rate stabilization transactions will be completed once Fiscal Year 2024-2025 preliminary results are available in May 2025.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Unrestricted Funds Narrative
Fiscal Year 2025-2026

Unrestricted Funds

Unrestricted funds include MEAN's rate stabilization fund and operating fund. Projecting the operating fund balance is challenging due to the inherent timing variances that exist at any point in time. In projecting the year-end balance, staff attempts to account for known timing variances. The balance shown for the Proposed Budget and Preliminary years ignores timing variances and assumes the revenues and costs related to each fiscal year are cash settled within that year.

Fund Targets and Goals

The MEAN Board of Directors has established various targets and goals for MEAN's funds. MEAN's Financial and Administrative Policies and Guidelines along with resolutions made by the Board of Directors serve as documentation. MEAN's Cash Reserve Policy states, "MEAN recognizes that financially healthy agencies have fund balances that range from the minimum, established by the cash reserve guidelines, up to 2.5 times the minimum."

Operating

As part of MEAN's Cash Reserve, MEAN's goal (see the Liquidity Policy) is to maintain the balance in the operating fund at least equal to the sum of the following:

- at least 60 days of budgeted cash operating expenses
- at least 45 days of budgeted pass through expenses

Rate Stabilization

To facilitate tracking of the accumulation of and intended use of funds, MEAN has various components within the Rate Stabilization Account. When evaluating the Rate Stabilization Account, MEAN will consider the total of all funds held. Funds may be moved between the various components and all amounts on deposit may be used at the discretion of the Board.

The Rate Stabilization Account Policy states, "It is not the intent of the MEAN to fund routine rate adjustments with funds from the Reserve component of the rate stabilization account. The Reserve component is intended to be used only to handle the impact of unforeseen or one-time events that have a significant financial impact. MEAN may utilize funds within the rate stabilization account, that are in excess of MEAN's goal for the Reserve component, to minimize annual rates and charges fluctuations up or down."

Reserve – as part of MEAN's Cash Reserve, MEAN's goal is to maintain funds in the rate stabilization account at least equal to the following:

- 15% of budgeted cash operating expenses, excluding purchased power capital; plus, annual average of preliminary 5-year capital budget, including purchased power capital.

The Board has funded the reserve component at $22.1 million ($20.1 million at the May 2022 meeting plus an additional $2.0 million at the May 2024 meeting).

Energy – as determined by the Board for managing volatility in the underlying components of the Energy Charge. There are currently no funds in the energy component nor has the Board established a goal for this component.

Fixed Costs – as determined by the Board for managing volatility in the underlying components of the Fixed Cost Recovery Charge. There are currently no funds in the fixed costs component nor has the Board established a goal for this component.

Other – as determined by the Board for items such as debt strategy, resource planning, etc. At the May 2022 meeting, the Board established a goal to accumulate funds within the rate stabilization account – other component as follows:

- $1.5 million annually for 30 years beginning with the Fiscal Year ended March 31, 2022.

The Board has funded the other component at $4.5 million (approx. $1.3 million at the May 2022 meeting plus and additional approx. $3.2 million at the May 2023 meeting).

See the *Unrestricted Funds Analysis* report for more information.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Unrestricted Funds Analysis
Fiscal Year 2025-2026

	January 2025 Meetings		
		Projected 2024-2025	Proposed Budget 2025-2026
Line	**Rate Stabilization Fund**		
	Reserve		
A	Minimum Reserve, Per Policy	$ 22,067,327	$ 24,552,170
B	Annual Change in Balance	$ -	$ -
C	Balance - End of Fiscal Year	$ 22,100,000	$ 22,100,000
D	Amount Over/(Under) Minimum	$ 32,673	$ (2,452,170)
	Other		
E	Determined Goal	$ 6,000,000	$ 7,500,000
F	Annual Change in Balance	$ -	$ -
G	Balance - End of Fiscal Year	$ 4,500,000	$ 4,500,000
H	Amount Over/(Under) Goal	$ (1,500,000)	$ (3,000,000)
	Total Rate Stabilization Fund		
I	Minimum Reserve + Goals	$ 28,067,327	$ 32,052,170
J	Annual Change in Balance	$ (1,000,000)	$ -
K	Balance - Estimated End of Fiscal Year	$ 26,600,000	$ 26,600,000
L	Amount Over/(Under) Minimum + Goals	$ (1,467,327)	$ (5,452,170)
	Operating Fund		
M	Minimum Reserve, Per Policy	$ 22,130,407	$ 24,136,335
N	Annual Change in Balance	$ 88,422	$ (502,131)
O	Balance - Estimated End of Fiscal Year^	$ 22,900,000	$ 22,397,869
P	Amount Over/(Under) Minimum	$ 769,593	$ (1,738,466)
	Total Unrestricted Funds		
Q	Minimum Reserve + Goals	$ 50,197,734	$ 56,188,505
R	Annual Change in Balance	$ (911,578)	$ (502,131)
S	Balance - End of Fiscal Year	$ 49,500,000	$ 48,997,869
T	Amount Over/(Under) Minimum + Goals	$ (697,734)	$ (7,190,636)

See the *Unrestricted Funds* narrative for more information.

^The Operating Fund balance is impacted by the timing of collection of revenues and payment of costs. An estimate of the expected impact of timing variances at November 2024 is included in the estimated 2024-2025 balance shown; actual results could vary significantly.

Final year-end results could differ substantially from Projected. Final analysis related to suggested year-end activity including rate stabilization transactions will be completed once Fiscal Year 2024-2025 preliminary results are available in May 2025.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Statements of Revenues and Expenses
Fiscal Year 2025-2026

	Proposed Budget	Current Budget	Proposed vs. Current +/-	Proposed vs. Current % +/-	Projected
Electric Energy Sales - MWh's					
Schedule M	1,687,370	1,698,328	(10,959)	-1%	1,691,012
Schedules K and K-1	150,847	145,348	5,499	4%	143,357
Schedule J	18,496	37,098	(18,602)	-50%	38,350
Non-participants	-	-	-	-	233,487
Total electric energy sales - MWh's	**1,856,713**	**1,880,774**	**(24,062)**	**-1%**	**2,106,206**
Operating Revenues					
Electric energy sales					
Schedule M	$ 124,604,856	$ 113,894,342	$ 10,710,514	9%	$ 113,602,835
Schedules K and K-1	11,601,376	10,342,814	1,258,562	12%	10,242,096
Schedule J	1,054,658	1,861,256	(806,598)	-43%	1,921,958
Non-participants	360,000	-	360,000	100%	6,200,832
Total electric energy sales	137,620,890	126,098,412	11,522,478	9%	131,967,720
Transfer from / (provision for) rate stabilization					
Rate stabilization - fixed costs	-	1,000,000	(1,000,000)	-100%	1,000,000
Total transfer from / (provision for) rate stabilization	-	1,000,000	(1,000,000)	-100%	1,000,000
Other	800,558	787,763	12,795	2%	946,616
Total operating revenues	138,421,448	127,886,175	10,535,273	8%	133,914,336
Operating Expenses					
Electric energy costs					
Purchased power	81,833,339	76,874,865	4,958,474	6%	84,472,011
Production	19,221,358	19,288,878	(67,520)	0%	17,674,475
Transmission	6,126,138	6,599,074	(472,936)	-7%	6,052,254
Total electric energy costs	107,180,835	102,762,817	4,418,018	4%	108,198,740
Administrative and general					
Payroll and benefits	8,765,196	7,631,610	1,133,586	15%	7,085,399
Internal office	1,498,821	1,411,709	87,112	6%	1,294,819
Member	388,415	386,963	1,452	0%	360,820
Consultants and outside services	6,035,563	2,811,699	3,223,864	115%	3,276,228
Total administrative and general	16,687,995	12,241,981	4,446,014	36%	12,017,266
Depreciation and amortization	9,298,748	8,810,503	488,245	6%	9,089,115
Total operating expenses	133,167,578	123,815,301	9,352,277	8%	129,305,120
Operating Income/(Loss)	5,253,870	4,070,874	1,182,996	29%	4,609,216
Nonoperating Revenues/(Expenses)					
Net costs to be recovered in future periods	(85,961)	(1,025,262)	939,301	-92%	(1,030,314)
Investment return	1,949,750	2,524,000	(574,250)	-23%	2,825,879
Interest expense	(4,139,113)	(4,450,199)	311,086	-7%	(4,450,199)
Net nonoperating revenues/(expenses)	(2,275,324)	(2,951,461)	676,137	-23%	(2,654,634)
Net Revenue / (Loss)	**$ 2,978,546**	**$ 1,119,413**	**$ 1,859,133**	**166%**	**$ 1,954,582**
Reconciliation to Change in Unrestricted Funds					
Operating Fund:					
Net Revenue / (Loss)	$ 2,978,546	$ 1,119,413	$ 1,859,133	166%	$ 1,954,582
- MEAN debt service - principal	(4,865,000)	(5,880,000)	1,015,000	-17%	(5,880,000)
- MEAN lease - principal	(294,800)	(258,300)	(36,500)	14%	(258,300)
- MEAN subscriptions	(376,048)	(331,717)	(44,331)	13%	(360,097)
- MEAN interest expense amortization	(1,151,571)	(1,151,571)	-	0%	(1,151,571)
- MEAN and owned generation capital	(6,177,967)	(3,410,481)	(2,767,486)	81%	(4,400,764)
+ Depreciation and amortization	9,298,748	8,810,503	488,245	6%	9,089,115
+/- Net costs to be recovered in future periods	85,961	1,025,262	(939,301)	-92%	1,030,314
Operating Fund	**(502,131)**	**(76,891)**	**(425,240)**	**553%**	**23,279**
Rate Stabilization Fund	**-**	**(1,000,000)**	**1,000,000**	**-100%**	**(1,000,000)**
Total Change in Unrestricted Funds	**$ (502,131)**	**$ (1,076,891)**	**$ 574,760**	**-53%**	**$ (976,721)**

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Electric Energy Sales Narrative
Fiscal Year 2025-2026

Electric Energy Sales

Energy sales are highly variable as usage depends on consumer needs which vary with weather, time of day, conservation efforts including energy efficiency, etc. MEAN's rate structure includes a Fixed Cost Recovery Charge (FCRC) to cover certain costs related primarily to MEAN's ownership of generation, contracted purchase of generating capacity, and the operation of MEAN. These costs are fixed in that they are incurred by MEAN regardless of whether electric energy is sold by MEAN. Including the FCRC in MEAN's rate structure greatly reduces MEAN's revenue volatility. See the *Electric Energy Sales* report for detailed information.

The following table summarizes the budgeted MWh for Sales to Participants. Fluctuations between years are impacted by the various factors noted above, Participant contract changes, and impacts on volumes due to changes in Western Area Power Administration (WAPA) allocations and renewable distributed generation.

Sales (MWh)	Proposed Budget	Current Budget	Proposed vs. Current +/-	% +/-
Schedule M	1,687,370	1,698,328	(10,959)	-1%
Schedules K and K-1	150,847	145,348	5,499	4%
Schedule J	18,496	37,098	(18,602)	-50%

Participant Contract Terms

Sales volumes year to year are impacted by contract terms for Participants. Although staff actively works with Participants to continue a relationship with MEAN, for budget purposes, staff assumes limited-term contracts will end in accordance with the current contract terms. The following summarizes Schedules K, K-1, and J Participants and related contract terms:

Schedules K and K-1	Term (Years)	Contract End Date
Glenwood Springs, CO	10	5/31/2029
Wray, CO	10	6/30/2033

Schedule J	Term (Years)	Contract End Date
Lake View, IA	5	5/31/2029
Center, CO*	5	3/31/2025
Snyder, NE	5	5/31/2026
Trenton, NE	10	12/31/2031

*Transitioning to Schedule M during the Proposed Budget effective April 1, 2025

Load Forecasting

MEAN continues to forecast loads (energy usage) for Participants based on historical results, model-based growth, and load forecast survey results. In the proposed budget, MEAN utilized a forecasting methodology that employs an industry-standard multi-variable regression analysis that includes up to 17 years of historical weather variables (includes average temperature, Cooling Degree Days (CDD), Heating Degree Days (HDD), Maximum Temperature, Minimum Temperature, One and Two-Day Delaying Temperature), calendar variables (includes months and weekdays), and economic variables (includes population and income unique to each Participant). This forecasting methodology attempts to budget a weather normalized load. For the energy forecast, staff utilized the monthly load forecast results along with each Participant's historical average monthly load factor to calculate budgeted monthly energy.

Budgeted monthly energy for Participants includes the estimated impact of the installation of solar facilities by Participants under MEAN's Renewable Distributed Generation Policy. The Current Budget expected the facilities to be operating by December 2024. In the Proposed Budget, all facilities are expected to be operating by December 2025. Generation from the solar facilities reduces the amount of energy purchased from MEAN by the applicable Participants. The reduction in revenues to MEAN is partly offset by reduced purchases for load in MISO and SPP. In the West, MEAN continues to balance load and resources and either procures less energy or has more energy to sell to Non-Participants. See the Participant Resources table in the *Purchased Power Expenses Narrative.*

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Electric Energy Sales Narrative
Fiscal Year 2025-2026

Operating revenues from sales of energy to Schedules M, K, and K-1 Participants are variable based on actual usage, while many of the related contracted quantities and costs to purchase energy are fixed. Through generation ownership, assignment agreements, participation agreements, and purchase power contracts, MEAN often must “take or pay” a certain level of energy regardless of MEAN Participant required loads.

Fixed Cost Recovery Charge

The FCRC consists of certain costs related primarily to MEAN’s ownership of generation, contracted purchases of generating capacity, and the operation of MEAN and include the following:

- administrative and general expenses (see the *Administrative and General Expenses* report for detailed amounts)
- MEAN annual capital budget including MEAN capital assets (see the *NMPP Energy Capital Plan* report for detailed amounts) and productive capacity assets for MEAN’s share of owned generation (see the *Capital Plan* report for detailed amounts) which includes Laramie River Station (LRS), Wygen Unit I, and Walter Scott Jr. Energy Center Unit 4 (WSEC4)
- contracted generation budgeted capital costs for MEAN’s share of generating assets (see the *Capital Plan* report for detailed amounts) for participation agreements in Public Power Generation Agency (PPGA) Whelan Energy Center Unit 2 (WEC2), Hastings Whelan Energy Center Unit 1 (WEC1), and Nebraska Public Power District (NPPD) Ainsworth Wind
- principal and interest payments on MEAN’s outstanding debt (see the *Debt Service* report for detailed amounts),
- contracted generation debt service for MEAN’s share of generating assets (see the *Debt Service* report for detailed amounts)
    - PPGA WEC2 budgeted debt service net of offsets such as interest income and subsidies on Build America Bonds
    - WSEC4 Waverly assignment agreement, Louisa Generating Station (LGS) Waverly assignment agreement, and NPPD Ainsworth Wind participation agreement
- other operating revenues offset A&G costs (see the *Other Operating Revenues* report for detailed amounts)
- budgeted investment return related to interest earnings on debt related investments offset debt service costs
- use of cash on hand – may consist of operating and/or rate stabilization funds as needed to stabilize rates and maintain financial targets.

The FCRC is allocated to Schedules M, K, and K-1 Participants based on a three-year historical average non-coincident monthly peak demand (supplied by MEAN), by Participant. A differential of plus 5% for Schedules K and K-1 Participants is maintained within the fixed cost recovery structure. The Annual Period used for the historical average non-coincident peak demand in the calculation is October – September. Therefore, the allocation for 2025-2026 includes the three years from October 2021 – September 2024.

Green Energy Charge

MEAN’s Green Energy Program went into effect April 1, 2023. The Green Energy Charge rate is calculated consistent with the Green Energy Charge policy in MEAN’s Financial and Administration Policies and Guidelines. The Green Energy Charge rate shall be equal to the applicable Energy Charge rate plus 5% and applicable rounding. The same differential of plus 5% for Schedules K and K-1 Participants compared to Schedule M Participants maintained in the Energy Charge rate structure is maintained within the Green Energy Charge rate structure. The Green Energy Charge rate is subject to annual review and changes are approved by the MEAN Board of Directors. The Proposed Budget utilizes subscriptions in place as of January 2025 in calculating budgeted electric energy sales MWhs and related revenues.

Non-Participants

Non-participant electric energy sales revenues consist of revenues from sales of electricity to counterparties other than MEAN Participants.

In MISO and SPP, transactions occur in accordance with applicable market settlement increments. MEAN is subject to price volatility for market transactions as the market sets the $/MWh for market dependent transactions. In monthly financial statement reporting, net hourly energy transactions are evaluated on a net MWh basis to determine whether the hourly transaction should be classified as a net purchase or net sale. This hourly net settlement activity is not accounted for in the budget process, as the budget looks at activity only on a monthly basis. This disconnect between the budget process and actual accounting will result in variances from budget.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Electric Energy Sales Narrative
Fiscal Year 2025-2026

MEAN has an agreement in place to allow for increased utilization of available transmission which results in sales to East/SPP Non-Participants. To facilitate these sales, additional market purchase costs are incurred as noted in the *Purchased Power Expenses* section. Due to consistent historical results of optimization of available transmission, the Proposed Budget includes an estimate of net revenues related to transmission optimization on the East/SPP Non-Participants sales line.

The budget model balances loads and resources in the West on a monthly basis. Market transactions related to long or short positions are budgeted through Market Purchases – West and/or credits within West Energy Imbalances on the *Purchased Power Expenses* report. Actual activity is recorded in accordance with applicable accounting standards.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Electric Energy Sales
Fiscal Year 2025-2026

	Revenues				Units*	Per Unit**	
	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	% +/-	Proposed vs. Current % +/-	% +/-	Projected
Participants							
Schedule M							
Fixed Cost Recovery Charge (FCRC)	$ 43,790,462	$ 39,515,545	$ 4,274,917	11%	0%	N/A	$ 39,515,545
Energy Charge	72,556,502	67,413,139	5,143,363	8%	-2%	9%	66,544,297
Green Energy Charge	8,257,892	6,965,658	1,292,234	19%	8%	9%	7,542,993
Total Schedule M	124,604,856	113,894,342	10,710,514	9%	-1%	11%	113,602,835
Schedules K and K-1							
Fixed Cost Recovery Charge (FCRC)	3,709,538	3,384,455	325,083	10%	5%	N/A	3,384,455
Energy Charge	731,116	570,299	160,817	28%	17%	9%	670,074
Green Energy Charge	7,160,722	6,388,060	772,662	12%	3%	9%	6,187,567
Total Schedules K and K-1	11,601,376	10,342,814	1,258,562	12%	4%	-4%	10,242,096
Schedule J							
Energy Charge	1,054,658	1,861,256	(806,598)	-43%	-50%	14%	1,921,958
Total Participants	**137,260,890**	**126,098,412**	**11,162,478**	**9%**	**-1%**	**10%**	**125,766,889**
Non-Participants							
East							
MISO	-	-	-	-	-	-	280,108
SPP	360,000	-	360,000	100%	-	-	5,798,624
Total East	360,000	-	360,000	100%	-	-	6,078,732
West	-	-	-	-	-	-	122,099
Total Non-Participants	**360,000**	**-**	**360,000**	**100%**	**-**	**-**	**6,200,832**
Total Electric Energy Sales	**$ 137,620,890**	**$ 126,098,412**	**$ 11,522,478**	**9%**	**-1%**	**11%**	**$ 131,967,720**
Electric Energy Sales Summary							
FCRC	$ 47,500,000	$ 42,900,000	$ 4,600,000	11%	-	-	$ 42,900,000
Energy Charge	73,287,618	67,983,438	5,304,180	8%	-1%	-	67,214,371
Green Energy Charge	15,418,614	13,353,718	2,064,896	15%	6%	9%	13,730,560
Schedule J	1,054,658	1,861,256	(806,598)	-43%	-50%	14%	1,921,958
Total Participants	**137,260,890**	**126,098,412**	**11,162,478**	**9%**	**-1%**	**10%**	**125,766,889**
Total Non-Participants	360,000	-	360,000	100%	-	-	6,200,832
Total Electric Energy Sales	**$ 137,620,890**	**$ 126,098,412**	**$ 11,522,478**	**9%**	-1%	**11%**	**$ 131,967,720**
FCRC as % of Total Electric Energy Sales	35%	34%					33%

Units*	**Per Unit****
Demand - kW (% change shown on FCRC line for info only)	Total Schedule M/K/K-1/J - Cost per total MWh sold for info only
Energy - MWh	Total Electric Energy Sales - Cost per total MWh sold for info only

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Other Operating Revenues Narrative
Fiscal Year 2025-2026

Other Operating Revenues Narrative

Other operating revenues include the following and are categorized as an FCRC cost offset or an energy charge offset depending on the related underlying cost. Revenues that are based on administrative and general costs are part of the FCRC while revenues that relate to electric energy costs are part of the Energy Charge.

FCRC Cost Offsets

Administration fees - represent contracted payments to MEAN for scheduling services, market assistance agreements, and cost reimbursement under MEAN's role as Managing Agent of PPGA. Increase is due to annual escalators related to these agreements and inclusion of an estimate of PPGA Managing Agent reimbursement costs. Current Budget did not include these reimbursement revenues. Increases are offset in part by the expected termination of a market assistance agreement.

Building and equipment rent - is the rent paid to MEAN by other NMPP Energy companies for use of space in the building, use of operating equipment, use of technology and shared products. Rent paid by NPGA and ACE is based on the estimated market expenses each Party would incur if each company operated independently. The allocated cost is reimbursed to MEAN as rent paid. The amount of rent paid to MEAN is reviewed and recommended by the JOC annually. As part of the budget process, the shared costs are reviewed for significant changes that would result in a change to rent other than the standard annual rate of 2%. Upon review of the shared costs, no other items were identified that would result in modifications to the rent amount. Therefore, the rent charges for NPGA and ACE were each increased by 2% as shown in the table below.

Building and Equipment Rent Paid to MEAN				
	Proposed	Current	vs. Current	
	Budget	Budget	$ +/-	% +/-
NPGA	$ 82,824	$ 81,200	$ 1,624	2%
ACE	93,024	91,200	1,824	2%
Total Rent Paid to MEAN	$ 175,848	$ 172,400	$ 3,448	2%

Education - relates to revenues from various training workshops and groups. Revenues include sponsorships, registration fees, and other contracted fees.

Regulatory reporting - consists of revenues related to contracted assistance with U.S. Energy Administration Information (EIA) and Nebraska Department of Environment and Energy (NDEE) reporting requirements.

Utility infrastructure - includes fees under contracts for Electric Distribution Services (EDS). MEAN is continuing to evaluate contracts under the Utility Infrastructure Program. For budget purposes, only fees for agreements with communities that are not Total Requirements Participants of MEAN were included in the Proposed Budget.

Energy Charge Cost Offsets

MISO excess capacity - represents excess capacity that MEAN is able to sell in MISO. Quantity available and rate received varies year to year and therefore was not included in the annual budget.

Reactive power - relates to ownership of Wygen Unit I and is received monthly.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Other Operating Revenues
Fiscal Year 2025-2026

	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Projected
Other Operating Revenues					
Administration fees	$ 430,958	$ 420,355	$ 10,603	3%	$ 454,239
Building and equipment rent	175,848	172,400	3,448	2%	172,400
Education	42,554	35,250	7,304	21%	42,206
Other - FCRC	-	-	-	-	20,285
Regulatory reporting	79,000	81,560	(2,560)	-3%	86,720
Utility infrastructure	13,500	16,000	(2,500)	-16%	61,628
MISO excess capacity	-	-	-	-	47,987
Reactive power	58,698	62,198	(3,500)	-6%	61,151
Total Other Operating Revenues	**$ 800,558**	**$ 787,763**	**$ 12,795**	**2%**	**$ 946,616**
Total FCRC Cost Offsets in Other Operating Revenues	$ 741,860	$ 725,565	$ 16,295	2%	$ 837,478
Total Energy Charge Cost Offsets in Other Operating Revenues	$ 58,698	$ 62,198	$ (3,500)	-6%	$ 109,138

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses Narrative
Fiscal Year 2025-2026

Purchased Power Expenses

Purchased power expenses are detailed on the *Purchased Power Expenses* report and consist of electric energy costs incurred for energy and capacity provided by contracted generation through assignment agreements, participation agreements and power purchase agreements. Depending on the terms of the agreement, costs may include a contracted price for each MWh generated, actual cost for each MWh generated, contracted share of debt service, capital, operations and maintenance (O&M), and administrative and general (A&G). The quantity purchased also varies by contract and may include a set amount or a percentage share of MWhs generated. Costs related to market activity are also included in Purchased Power expenses. Per accounting guidance, applicable market activity for each separately operated and settled market (currently applicable in MISO and SPP) is evaluated hourly on a net MWh basis to determine whether the hourly transaction should be classified as a net purchase or net sale.

MEAN's agreements allow Participants to keep their individual WAPA allocations. This activity is incurred by MEAN as agent, passed through to individual Participants, and reported net in MEAN's financial statements. MEAN's Renewable Distributed Generation Policy allows Participants to contract for a maximum level of renewable distributed generation resources. The following table describes these Participant power supply resources. The renewable distributed generation resources reduce the amount of energy supplied by MEAN. Actual generation from these resources impacts the MWh sold by MEAN to these Participants. Purchased power expenses are also impacted by reducing purchases for load in MISO and SPP and balancing of loads and resources in the West.

			Proposed Budget	Current Budget
Participant Resources	Fuel Type	Region	Capacity (MW)*	
WAPA - Participant Allocations	Hydroelectric	MISO/SPP/West	109.8	110.4
Distributed Generation Community Solar Projects	Solar	MISO/SPP/West	21.4	21.2

*Capacity shown represents the maximum amount expected under contracts or expected contract terms at the time the budget was prepared. The capacity may not apply for the entire fiscal year due to contract start and end dates, final agreements, and actual vs. expected commercial operation dates for development projects. Solar projects shown as Alternating Current (AC) capacity.

Contracted Purchases

Each resource is budgeted based on the contract terms and information provided by the plant operators. Budgets provided by plant operators are often on a twelve-month period other than MEAN's fiscal year. For periods not included in the budget provided, MEAN estimates costs based on the budget provided plus an estimated percentage increase.

When applicable, estimated MWh production utilized in the budget is determined using a wholesale electric production cost model. This model generates 700 scenarios of possible outcomes, from which the mean or expected scenario is utilized. Each scenario captures various potential outcomes, such as changes in market power and fuel prices, generator unplanned outages, load variations, and other market-driving factors that can impact power costs. Available capacity is determined according to season of year, time of day, planned maintenance, forced outage rates, and variable fuel costs. Availability of existing resources is modeled on historical operating data, unit minimums, and planned outage schedules. The related variable cost is then applied to this quantity to estimate the expected expense.

Variances will result from actual vs. estimated economic generation and actual operating capability. Lower MWh generation due to operating capability may save on fuel costs but often result in additional operation and maintenance expenses at these facilities and from differences in timing related to capital projects. An outage schedule is provided by plant operators; however, plants experience unplanned outages, planned outages may be extended, and/or the timing of planned outages may change, all of which result in variances between actual results and budget. Variances in actual economic dispatch of facilities compared to budget also impacts amounts paid under contracted purchases. Certain agreements include charges when production is reduced as a result of economics resulting in curtailment costs. As a result, even when production is lowered, MEAN may not necessarily save on costs.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses Narrative
Fiscal Year 2025-2026

The following table shows power supply resources which are classified as contracted purchases and for which MEAN expects to receive capacity during the budget years.

Unit Name	Fuel Type	Region	Proposed Budget	Current Budget
			Capacity (MW)*	
Hastings WEC1	Coal	SPP	5.3	5.3
PPGA WEC2	Coal	SPP	80.0	80.0
WSEC4 Waverly Assignment	Coal	MISO	3.2	3.2
Louisa Waverly Assignment	Coal	MISO	8.2	8.2
BHP NS CT #1	Natural Gas	West	15.0	15.0
HCPD Wessington Springs Wind	Wind	SPP	10.0	10.0
Kimball Wind PPA	Wind	West	30.0	30.0
NPPD Ainsworth Wind	Wind	SPP	7.0	7.0
NPPD Crofton Bluffs Wind	Wind	SPP	4.0	4.0
NPPD Elkhorn Ridge Wind	Wind	SPP	8.0	8.0
NPPD Laredo Ridge Wind	Wind	SPP	8.0	8.0
Sandhills Solar Projects	Solar	SPP/West	19.8	17.1
Landfill Gas Project	Landfill Gas	MISO	4.8	4.8
Aspen/Ridgway Hydropower	Hydroelectric	West	5.4	5.4
CNPPID Johnson Hydro Facilities	Hydroelectric	SPP	42.7	42.0
DMEA Shavano Falls	Hydroelectric	West	7.6	7.6
WAPA LAP - MEAN	Hydroelectric	West	6.6	6.6
WAPA Tribe Contracts	Hydroelectric	West	8.0	8.0
WAPA Displacement Agreement	Hydroelectric	West	69.7	66.7
Participant Committed Facilities	Oil/Gas	MISO/SPP/West	89.8	89.0
Capacity Purchases	Oil/Gas	MISO	40.0	40.0

*Capacity shown represents the maximum amount expected under contracts or expected contract terms at the time the budget was prepared. The capacity may not apply for the entire fiscal year due to contract start and end dates, final agreements, and actual vs. expected commercial operation dates for development projects. Contracted capacity may differ from the accredited capacity. Solar projects shown as Alternating Current (AC) capacity.

The following provides further information for significant agreements and/or larger fluctuations year to year.

Hastings WEC 1 – expected MWh production have decreased, but fuel $/MWh has increased resulting in an overall decrease in expected fuel costs. Increased O&M costs also contribute to an increase in overall $/MWh for this unit. Capital costs are steady year to year. See also the *Capital Plan* section.

PPGA WEC 2 – through Public Power Generation Agency (PPGA), MEAN has an ownership interest in PPGA Whelan Energy Center (WEC) 2. The agreement is structured such that it qualifies as a contracted purchase and thus MEAN's share of the productive capacity net value and related debt is not reflected on MEAN's balance sheet. MEAN's annual share of debt and capital costs are recorded as purchased power expenses. O&M costs are anticipated to increase due to increased spending on maintenance of electric plant and turbine/generator outage costs. Capital costs decrease due to changes in project scope, cost estimates, and timing from year to year. See also the *Capital Plan* section. Debt service costs decrease due to results of a bond refunding in 2024, use of excess debt service reserve funds, and higher expected debt service related interest income. See also the *Debt Service* report. A&G is greater than Current Budget due to increased outside services costs. Expected MWh production fluctuates annually due primarily to expectations related to economic dispatch of the unit.

Walter Scott, Jr. Energy Center (WSEC) 4 Waverly Assignment – see WSEC 4 explanation in *Production* section for information on expected generation and operating costs. Debt costs increase slightly each year as shown on the *Debt Service* report.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses Narrative
Fiscal Year 2025-2026

Louisa Waverly Assignment – decreased MWh generation due to economics and increased coal costs result in decreased fuel costs. O&M costs increase due to upward cost pressure in multiple O&M cost categories. Debt costs increase over the next few years before declining as shown on the *Debt Service* report. MidAmerican was unable to provide a final 2025 budget and recommended using the preliminary 2025 budget that was distributed fall of 2023.

Black Hills NS CT#1 – decreased MWh generation offset in part by contracted annual increase in the $/MWh variable component results in an overall decrease in contracted energy costs.

Heartland Consumers Power District (HCPD) Wessington Springs Wind – decreased MWh generation offset in part by a contracted annual increase in $/MWh results in an overall decrease in contracted energy costs.

Kimball Wind Purchased Power Agreement (PPA) – increased MWh generation and a contracted annual increase in $/MWh result in an increase in contracted energy costs.

NPPD Ainsworth Wind – overall costs decrease compared to Current Budget due to termination of agreement during the Proposed Budget on September 30, 2025. Increased debt service (see the *Debt Service* report) due to fluctuating annual debt payments drive the increased $/MWh.

NPPD Crofton Bluffs Wind, NPPD Elkhorn Ridge Wind, NPPD Laredo Ridge Wind – contracted increase in $/MWh and expected MWh generation led to overall increase in contracted energy costs. A&G costs increased due to an increase in overall anticipated curtailment costs.

Sandhills Energy Solar Projects – Current Budget assumed partial year of generation. All facilities are projected to be operating by December 2025. Any generation from facilities in SPP will be treated as behind the meter, decreasing purchases for load from SPP.

Landfill Gas Project – no variance in MWh generation or contracted change in $/MWh kept costs steady.

Aspen/Ridgway Hydro Power – decreased total MWh generation including impact of seasonal production and related pricing decreases the total overall budgeted contracted energy costs. The budgeted $/MWh is impacted by the seasonal production changes and the contracted annual increase.

Central Nebraska Public Power and Irrigation District (CNPPID) Johnson Hydro Facilities – this agreement includes different rates for on-peak and off-peak generation. While overall expected production is consistent between years, Proposed Budget anticipates an increase in on-peak MWh generation based on actual results this fiscal year, resulting in increased contracted energy costs.

Delta-Montrose Electric Association (DMEA) Shavano Falls – decreased MWh generation offset in part by the contracted annual increase in $/MWh results in an overall decrease in contracted energy costs.

Western Area Power Administration (WAPA) LAP - MEAN – increased WAPA energy and capacity rates result in an overall increase in $/MWh. The cost impact of the rate increase is offset slightly by a small decrease in contracted MWh.

WAPA Tribe Contracts – increased WAPA and contracted energy rates result in increased $/MWh. The cost impact of the rate increase is offset slightly by a small decrease in contracted MWh.

WAPA Displacement Agreement – under the terms of the WAPA Displacement Agreement, MEAN pays for contracted MWh at SPP market prices for WAPA energy delivered to MEAN in the West. Although pricing is variable resulting in larger fluctuations year to year, the overall cost of the energy is highly competitive. Additional MWhs have been added to the agreement resulting in an increase in costs. Forecasted electric energy market prices are higher than prices in the Current Budget resulting in an additional increase in total budgeted costs for the WAPA Displacement Agreement.

WAPA Other – a decrease in rates for these energy only purchases resulted in a decrease in costs.

Participant Committed Facilities – capacity payments for all facilities increase from $2.00/kW/month to $2.50/kW/month, subject to approval by the MEAN Board of Directors. Payments to Participants for accredited generation facilities committed to MEAN are outlined in the applicable Schedule of Rates and Charges. Proposed Budget also includes anticipated increases in total quantity of Contract Capacity resulting in additional costs.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses Narrative
Fiscal Year 2025-2026

Capacity Purchases – MEAN has entered into agreements to purchase additional capacity from Indianola, IA and Waverly, IA to meet market requirements. Costs are increasing as this rate is tied to the rate paid for Participant Committed Facilities which is expected to increase as noted above.

Participant Distributed Generation Purchases – a decrease in the standard avoided cost rate for these energy only purchases resulted in a decrease in costs. See *Other Rates and Charges - Avoided Cost and Standard Rate Narrative* section for rate information. Total MWh purchased under these agreements is also expected to decrease slightly.

Market Activity

In MISO and SPP markets, MEAN must bring sufficient capacity to each market related to load. As a result, MEAN must pay for energy generated under the terms of MEAN's applicable power contracts. In addition, under the terms of the markets, MEAN must sell energy generated by MEAN's owned and contracted generation into each respective market resulting in "generation sales revenues received" (see Generation Sales Revenues Received for MISO and SPP on the *Purchased Power Expenses* report and in this section). To serve MEAN's Participant load within MISO and SPP, MEAN must also "purchase for load" the energy needed to serve MEAN's Participant load from the respective market (see Purchases for Load for MISO and SPP on the *Purchased Power Expenses* report and in this section).

The markets add a layer of uncertainty in energy costs. MEAN is subject to both usage variances and price volatility for market transactions as the market sets the $/MWh for market dependent transactions. Variances in actual Participant load vs. budgeted load result in variances in quantities of energy purchased from the markets. Variances in actual generation output by resources vs. budgeted generation output result in variances in quantities of generation sales revenues received.

Market prices vary greatly depending on the actual resources generating in the market, impact of wind, weather, loads, peak vs. off peak pricing, and congestion. As part of MEAN's agreement with The Energy Authority (TEA), TEA assists with Locational Marginal Price (LMP) forecasting. TEA implements a custom in-house forward curve forecasting methodology that utilizes broker marks, Intercontinental Exchange (ICE) curves, New York Mercantile Exchange (NYMEX), historical hourly profiles, 3rd party forward curves, and other market sources as inputs to drive LMP modelling. TEA provided MEAN with 24/7 LMP prices on a monthly basis for each resource node and load node in MISO and SPP. Ongoing market price volatility poses challenges budgeting for financial activity in wholesale electric markets, driven by numerous factors including fluctuating natural gas prices, addition of renewable resources within the markets, wind variability, weather conditions, transmission constraints, and resources outages.

In the West, MEAN is subject to fluctuations in price volatility as MEAN balances loads and generation. See *Units Reconciliation* in this section. Cost of market energy purchases and balancing area settlement activity is estimated based on forward looking prices from futures and forecasting software projections from TEA.

The market prices utilized in the December Committee meeting materials were based on information provided by TEA as of October 18, 2024.

The following provides further information for significant components of Market Activity and/or larger fluctuations year to year.

Purchases for Load – budgeted MWhs are dependent on budgeted load for MEAN Participants within the applicable market and expected MWh generation from any behind the meter resources including MEAN and community owned solar facilities. Generation by behind the meter resources reduce MEAN's required MWh purchases for load.

- **MISO –** budgeted MWh load purchases are less than Current Budget. However, the expected market driven pricing $/MWh is greater than Current Budget resulting in a significant increase in budgeted energy expense.
- **SPP –** budgeted MWh load purchases are consistent with Current Budget. However, the expected market driven pricing $/MWh is greater than Current Budget resulting in a significant increase in budgeted energy expense.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses Narrative
Fiscal Year 2025-2026

Market Purchases and Energy Imbalances - West – Proposed Budget includes contracted short term firm energy purchases for November 2025 – March 2026. These firm purchases are due to anticipated shortages and reduce exposure to market price volatility. MEAN operates in multiple balancing areas in the west. In the West, loads and generation are balanced on an hourly basis within each balancing area. The budget process results small quantities of MWh resulting in large percentage fluctuations year to year. This also results in large percentage fluctuations in $/MWh. Total budgeted MWhs decreased due to increased MWh generation in the West. The expected market driven pricing $/MWh also increased compared to Current Budget. The net result of all of these factors is a decrease in total budgeted costs. Costs decreased from December due to increased WAPA Displacement volumes, which decrease the budget market purchase volumes in the West.

Generation Sales Revenues Received – budgeted MWhs relate directly to budgeted generation MWhs for the applicable generation resources within each market. See the *Purchased Power Expenses* section and *Production Expenses* section for information on expected generation.

- **MISO** – budgeted net MWh generation for facilities in MISO (WSEC4, WSEC4 Waverly Assignment and Louisa Waverly Assignment) is anticipated to decrease between years. However, the expected $/MWh paid by the market for the generation increased resulting in an overall increase in expected generation sales revenues received.
- **SPP** – budgeted net MWH generation for facilities in SPP (LRS Unit 1, Hastings WEC1, PPGA WEC2, HCPD Wessington Springs, various NPPD Wind facilities, and CNPPID Johnson Hydro Facilities) is anticipated to decrease between years. However, the expected $/MWh paid by the market for the generation increased resulting in an overall significant increase in expected generation sales revenues received.

Financial Instruments – financial instruments include MISO Financial Transmission Rights (FTR) and Auction Revenue Rights (ARR) as well as SPP Transmission Congestion Rights (TCR) and ARRs. These financial instruments serve as a hedge against marginal congestion cost within the related Locational Marginal Pricing (LMP) for market purchases for load and generation sales revenues received. As part of MEAN's agreement with TEA, TEA manages MEAN's participation in financial instruments. TEA provided MEAN with budgeted financial instrument dollars for the Proposed Budget. TEA forecasts auction strategies (including an annual payback) related to the ARR by looking at historical performance data to arrive at budgeted dollars. Activity varies based on many external factors and variances are expected. Financial Instruments are included in *Purchased Power Expenses* as the financial settlement either offsets or adds to Purchased Power - Market Activity costs.

<u>Units Reconciliation</u>

The budget process includes a reconciliation to compare budgeted Participant loads against budgeted energy purchases, on a monthly basis.

In the MISO and SPP Market, the budgeted MWhs for purchases for load reconciles against the budgeted MWhs needed to serve applicable Participant load. The budgeted load MWh is net of any behind the meter generation.

In a similar manner, budgeted MWh for generation sales revenues received reconciles against budgeted purchased/produced MWh for units registered in MISO and SPP.

In the West, the total budgeted MWhs needed to serve Participant load is calculated and compared against expected generation available to serve load in the West. A shortage between expected load and expected generation must be served through West market purchases. Any excess is budgeted to settle as a West energy imbalance credit.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses
Fiscal Year 2025-2026

	Expenses				MWh	$/MWh	
	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Proposed vs. Current % +/-	Proposed vs. Current % +/-	Projected
Contracted Purchases							
FCRC Costs	$ 155,160	$ 158,256	$ (3,096)	-2%		32%	$ 209,967
Energy Charge Costs	1,257,808	1,310,041	(52,233)	-4%		29%	1,140,854
Hastings WEC1	1,412,968	1,468,297	(55,329)	-4%	-26%	29%	1,350,821
FCRC Costs	14,260,410	16,942,897	(2,682,487)	-16%		-10%	16,486,495
Energy Charge Costs	12,052,401	11,393,410	658,991	6%		13%	10,677,913
PPGA WEC2	26,312,811	28,336,307	(2,023,496)	-7%	-7%	-1%	27,164,408
FCRC Costs	333,570	325,449	8,121	2%		19%	323,457
Energy Charge Costs	460,669	455,101	5,568	1%		18%	429,885
WSEC4 Waverly Assignment	794,239	780,550	13,689	2%	-14%	19%	753,342
FCRC Costs	865,584	844,530	21,054	2%		38%	839,353
Energy Charge Costs	1,216,569	1,374,534	(157,965)	-11%		19%	1,126,122
Louisa Waverly Assignment	2,082,153	2,219,064	(136,911)	-6%	-26%	26%	1,965,475
BHP NS CT #1	7,548,482	7,631,030	(82,548)	-1%	-3%	1%	7,272,157
HCPD Wessington Springs Wind	1,912,570	2,081,319	(168,749)	-8%	-10%	2%	2,180,383
Kimball Wind PPA	3,437,527	3,118,288	319,239	10%	8%	2%	3,151,793
FCRC Costs	482,664	358,293	124,371	35%		-	411,675
Energy Charge Costs	299,199	502,348	(203,149)	-40%		-	527,669
NPPD Ainsworth Wind	781,863	860,641	(78,778)	-9%	-61%	131%	939,344
NPPD Crofton Bluffs Wind	1,131,925	1,000,475	131,450	13%	-1%	15%	914,767
NPPD Elkhorn Ridge Wind	1,882,712	1,591,094	291,618	18%	9%	9%	1,560,352
NPPD Laredo Ridge Wind	2,294,191	2,034,262	259,929	13%	4%	9%	1,989,912
Sandhills Solar Projects	1,372,932	633,241	739,691	117%	118%	-1%	190,266
Landfill Gas Project	2,345,186	2,345,186	-	0%	0%	0%	2,286,685
Aspen/Ridgway Hydropower	449,790	466,635	(16,845)	-4%	-5%	1%	458,965
CNPPID Johnson Hydro No. 1	2,980,284	2,582,312	397,972	15%	0%	15%	2,833,591
CNPPID Johnson Hydro No. 2	3,292,603	3,013,402	279,201	9%	0%	9%	3,184,284
CNPPID Jeffrey Hydro	-	-	-	-	-	-	1,434,559
DMEA Shavano Falls	2,439,824	2,455,452	(15,628)	-1%	-2%	2%	2,586,083
WAPA LAP - MEAN	633,769	528,412	105,357	20%	-1%	21%	587,074
WAPA Tribe Contracts	1,322,499	1,221,950	100,549	8%	-1%	9%	1,245,775
WAPA Displacement Agreement	9,282,875	6,606,981	2,675,894	41%	4%	36%	5,823,994
WAPA - Other	6,000	9,804	(3,804)	-39%	-16%	-27%	19,081
Participant Committed Facilities	2,840,956	2,282,619	558,337	24%	-12%	41%	2,122,579
Capacity Purchases	1,160,000	956,000	204,000	21%	-	-	956,000
Participant Distributed Generation Purchases	16,390	19,898	(3,508)	-18%	-2%	-16%	20,730
Total Contracted Purchases	**77,734,549**	**74,243,219**	**3,491,330**	**5%**	**-2%**	**7%**	**72,992,421**

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Purchased Power Expenses
Fiscal Year 2025-2026

	Expenses				MWh	$/MWh	
	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Proposed vs. Current % +/-	Proposed vs. Current % +/-	Projected
Market Activity							
Purchases for Load							
MISO	10,296,132	9,012,674	1,283,458	14%	-2%	17%	9,051,756
SPP	28,646,890	20,557,473	8,089,417	39%	0%	39%	19,857,607
Total Purchases for Load	38,943,022	29,570,147	9,372,875	32%	0%	32%	28,909,363
Market Purchases and Energy Imbalances							
MISO	-	-	-	-	-	-	4,803,974
SPP	-	-	-	-	-	-	29,825
West	2,535,609	3,606,547	(1,070,938)	-30%	-78%	214%	7,117,365
Total Market Purchases and Energy Imbalances	2,535,609	3,606,547	(1,070,938)	-30%	-78%	214%	11,951,164
Generation Sales Revenues Received							
MISO	(10,631,814)	(10,189,229)	(442,585)	4%	-14%	21%	(9,982,192)
SPP	(23,278,121)	(17,227,018)	(6,051,103)	35%	-6%	44%	(15,120,961)
Total Generation Sales Revenues Received	(33,909,935)	(27,416,247)	(6,493,688)	24%	-9%	36%	(25,103,153)
Financial Instruments							
MISO	(678,338)	(186,548)	(491,790)	264%			(676,273)
SPP	(2,791,568)	(2,942,253)	150,685	-5%			(3,601,511)
Total Financial Instruments	(3,469,906)	(3,128,801)	(341,105)	11%			(4,277,784)
Total Market Activity	**4,098,790**	**2,631,646**	**1,467,144**	**56%**	**104%**	**-24%**	**11,479,590**
Total Purchased Power Expenses	**$ 81,833,339**	**$ 76,874,865**	**$ 4,958,474**	**6%**	**3%**	**3%**	**$ 84,472,011**
Total FCRC Costs in Purchased Power	$ 16,097,388	$ 18,629,425	$ (2,532,037)	-14%			$ 18,270,948
Total Energy Charge Costs in Purchased Power	$ 65,735,951	$ 58,245,440	$ 7,490,511	13%			$ 66,201,064

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Production Expenses
Fiscal Year 2025-2026

	Expenses				MWh	$/MWh	
	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	% +/-	Proposed vs. Current % +/-	% +/-	Projected
Owned Generation							
Wygen Unit I	$ 5,593,574	$ 5,637,148	$ (43,574)	-1%	-12%	13%	$ 5,577,759
LRS Unit I	1,668,759	1,773,939	(105,180)	-6%	-16%	12%	1,560,723
LRS Unit 2 and Unit 3	3,838,366	3,914,779	(76,413)	-2%	-7%	5%	3,406,284
WSEC 4	8,120,659	7,963,012	157,647	2%	-13%	18%	7,129,709
Total Production Expenses	**$ 19,221,358**	**$ 19,288,878**	**$ (67,520)**	**0%**	**-12%**	**13%**	**$ 17,674,475**

All Production Expenses are in the Energy Charge.

Production Expenses Narrative

Production expenses consist of electric energy costs for generation owned by MEAN. These expenses represent costs incurred in the ongoing operation of the facility and in the production of energy.

MEAN has ownership interests in Wygen Unit I, Laramie River Station (LRS), and Walter Scott Jr. Energy Center Unit 4 (WSEC 4), all of which are coal-fired. The productive capacity net value of each facility and any related debt is reflected on MEAN's Balance Sheet. As a result, debt service and capital costs are not included in Production Expenses. See the *Capital Plan* and *Debt Service* sections for more information.

Wygen Unit I (20.0 MW capacity located in the West) – decreased MWh generation due to moving the fall 2024 outage to spring 2025 resulted in decreased fuel costs. O&M costs are greater due to increased labor and mercury sorbent costs. A&G costs are greater due to increased corporate allocated costs and outside services. Overall, costs are less than budget, but $/MWh is greater than Current Budget.

LRS Unit 1 (9.9 MW capacity located in SPP) – decreased MWh generation but increased coal costs result in an overall decrease in fuel costs. Decreased boiler plant maintenance lowers O&M costs. This results in an overall decrease in costs, but at a greater $/MWh.

LRS Units 2 and 3 (18.6 MW capacity located in the West) – decreased MWh generation but increased coal costs resulted in an overall decrease in fuel costs Decreased boiler plant maintenance lowers O&M costs. This results in an overall decrease in costs, but at a greater $/MWh.

WSEC 4 (56.0 MW capacity located in MISO) – decreased MWh generation based on estimated economic dispatch and planned outage along with lower coal costs lead to an overall decrease in fuel costs. O&M costs increase due to greater maintenance of boiler plant. A&G costs increase due to fluctuations in insurance costs and taxes. Taxes are assessed based on MWh generation from prior periods. Total costs and overall $/MWh are increasing year over year. MidAmerican was unable to provide a final 2025 budget and recommended using the preliminary 2025 budget that was distributed fall of 2023.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Transmission Expenses Narrative
Fiscal Year 2025-2026

Transmission Expenses
Transmission expenses consist of costs to move MWhs across the electric grid. MEAN's transmission agreements include Point-to-Point (PTP) agreements where MEAN pays a set amount to reserve rights to move power between two specific points on a transmission system regardless of actual usage and Network Integration Transmission Service (NITS) contracts that are based on applicable peak load (load ratio share as defined by the tariff). Pooled transmission costs relate to transmission of power, purchased by MEAN or produced by a MEAN generation resource, from one transmission system to another and the ability to utilize resources between markets. Transmission costs incurred by MEAN as agent for Participants are passed through to individual Participants and reported net in MEAN's financial statements. The *Transmission Expenses* report includes only the pooled transmission costs incurred and reported by MEAN.

The following provides further information for significant agreements and/or larger fluctuations year to year.

Network (NITS) – factors that change NITS year over year include changes in zonal peaks, rates, and transmission expense offsets.

- **NPPD** – amount is due to transmission credit received for transmission related to LRS (not Section 30.9 related).
- **WAPA – LAPT and SPP** – amounts are resource related as transmission allows for utilization of resources between markets in serving loads on the SPP/West border.
  - WAPA – LAPT credits are decreasing due to fluctuations in loads as well as changes in rates and charges.
  - SPP costs are decreasing due to changes in rates and charges.

Point-to-Point Long-Term

- **MISO –** increased rates and charges result in increased costs.
- **WAPA - SLCA** – amounts are related to the Aspen/Ridgway Hydro Power facility
- **West –** increased rates and charges result in increased costs.

Point-to-Point Short-Term – short-term transmission purchases are used on an as-needed basis primarily in the West. Proposed Budget has decreased costs based on recent historical short-term transmission needs.

Other

- **WSEC4** – transmission charges at WSEC4 are due primarily to property type taxes which are consistent year to year. A portion of the charge varies annually and decreased in the budget based on recent actual activity.
- **Operating Reserves** – operating reserve is the excess amount of online generation capacity available to respond to sudden load changes or loss of a generator. As operating reserves are ancillary services tied to transmission and are typically identified under the counterparty's applicable Open Access Transmission Tariff the cost is classified in transmission expense. Current Budget had assumptions for options for procuring Operating Reserves. Proposed Budget includes actual operating reserve contracts with third party providers that resulted in decreased costs compared to previous estimates.

Transmission Credits – MISO approved MEAN as a Transmission Owner member in MISO effective June 1, 2024. As a result of that approval, MEAN will transition from recovering its revenue requirement associated with its transmission facilities through Section 30.9 of the MISO tariff to recovering its revenue requirement for those same transmission facilities through transmission rates under Schedules 7, 8, and 9 of the MISO Tariff. This change in status resulted in an increase in total transmission credits in the Proposed Budget.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Transmission Expenses
Fiscal Year 2025-2026

	Proposed Budget	Current Budget	Proposed vs. Current		Projected
			$ +/-	% +/-	
Network (NITS)					
NPPD	$ (97,504)	$ (96,447)	$ (1,057)	1%	$ (100,850)
WAPA - LAPT	(630,379)	(693,767)	63,388	-9%	(565,772)
SPP	1,231,577	1,300,613	(69,036)	-5%	1,190,997
Total Network	503,694	510,399	(6,705)	-1%	524,374
Point-to-Point Long-Term (PTP-LT)					
MISO	3,567,070	3,075,415	491,655	16%	3,340,493
WAPA - SLCA	63,709	67,010	(3,301)	-5%	64,855
West	2,034,583	2,004,769	29,814	1%	1,927,679
Total Point-to-Point Long-Term	5,665,362	5,147,194	518,168	10%	5,333,026
Point-to-Point Short-Term (PTP-ST)					
SPP	-	-	-	-	915
West	46,692	81,426	(34,734)	-43%	68,101
Total Point-to-Point Short-Term	46,692	81,426	(34,734)	-43%	69,015
Other					
WSEC4	60,333	81,523	(21,190)	-26%	60,722
Operating reserves	1,178,001	1,248,394	(70,393)	-6%	1,229,245
Other	215,706	219,866	(4,160)	-2%	304,877
Total Other	1,454,040	1,549,783	(95,743)	-6%	1,594,844
Total Transmission	7,669,788	7,288,802	380,986	5%	7,521,260
Less Transmission Credits	(1,543,650)	(689,728)	(853,922)	124%	(1,469,006)
Total Transmission Expenses	**$ 6,126,138**	**$ 6,599,074**	**$ (472,936)**	**-7%**	**$ 6,052,254**

All Transmission Expenses are in the Energy Charge.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Capital Plan Narrative
Fiscal Year 2025-2026

Capital Plan

Timing of capital purchases and additions may vary significantly from budget due to a number of factors. Budgets for productive capacity capital and contracted generation capital are developed by plant operators. The timing of projects is often dependent on the operating conditions of the plant and may be started early or delayed. Capital expenditures may arise from a range of factors, including essential preventative maintenance to ensure longevity and reliability, strategic additions or upgrades aimed at enhancing overall performance and efficiency, and compliance with evolving environmental regulations necessitating the adoption of cleaner technologies and emission control systems. These investments are crucial for sustaining reliable energy production while meeting modern standards and operational demands.

MEAN Capital

Items are expensed or capitalized based on the capitalization policy (items individually exceeding $10,000 and having an expected useful life of more than one year). Timing of capital items may vary from budget due to several factors. At the time the budget is prepared, costs may be based on early estimates of identified needs. These estimates may not include actual quotes or bids from potential vendors. The timing of projects is often dependent on the workload of staff and may be started early or delayed.

The proposed NMPP Energy capital plan is presented for building and technology infrastructure related items utilized by all NMPP Energy companies as well as items specific to MEAN. Staff works to develop estimates of capital purchases and additions for an additional five fiscal years to present an anticipated multi-year capital plan. Costs and timing noted in preliminary fiscal years are based on costs for recent projects or purchases and the estimated useful lives. These projects may not necessarily occur in the year noted and are subject to future review by the JOC and approval by the respective company Board of Directors. See the *NMPP Energy – Capital Plan* report for more detail.

Costs related to shared capital assets are considered when determining the amount of rent charged by MEAN to the other companies. Capital asset purchases for items that would be shared by all NMPP Energy companies are reviewed with the Finance Committee at the October 2024 meeting.

- **Shared Items** - the Proposed Budget includes the following:
  - **Conference Room.** The space at the top of the stairs was originally designed for a conference room. Staff proposes to complete the build out of this space, focusing on seating for 10-12 people. Related expense to purchase furniture and audio-visual equipment is included in internal office – equipment lease and maintenance expense.
  - **Firewall Update.** The firewall is reaching the end of its useful life resulting in the need for replacement. Further evaluation has resulted in combining the corporate network and SCADA at a lesser total cost. The Current Budget included SCADA replacement which is not expected to occur this year and is instead part of the Proposed Budget. Replacement is expected to result in a decrease in annual support costs in the internal office – equipment lease and maintenance expense.
- **MEAN** - the Proposed Budget includes the following:
  - **Phase Tracker.** Phase tracker is used to determine the phasing on a three-phase circuit. This is critical to ensure that the proper phases are connected during replacement of equipment and circuits. Distribution O&M Specialist uses this on member community equipment. When circuits are out of phase damage to equipment can occur.
  - **Electrical Distribution O&M Vehicle.** Replacement of vehicles are on a rotating basis. The Electrical Distribution O&M vehicle has a 3-year life and was last purchased in June 2022.

Owned Generation Capital (Productive Capacity)

See the *Capital Plan* report for expected cash outlay for MEAN's share of costs obtained from capital budgets provided by plant operators. As the capital budgets provided are not on the same fiscal year as MEAN's, estimating when the actual cash outlay will occur is difficult and likely to vary from budget. Variances from budget and year-to-year are expected due to changes in project scope, cost estimates, and timing.

- **Wygen Unit I** – major projects include stator rewind, turbine case repair, and a plant elevator upgrade.
- **LRS Units 1, 2, & 3** – major projects include an electrostatic precipitator on unit 2, multiple 345kV transmission equipment upgrades, an emergency holding pond reconstruction, atomizing air system replacement, and a 480V scrubber switchgear replacement.
- **WSEC 4** – major projects include a catalyst replacement, a well system upgrade, wastewater pond and replacement of cooling tower fill. MidAmerican was unable to provide a final 2025 budget and recommended using the preliminary 2025 budget that was distributed fall of 2023.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Capital Plan Narrative
Fiscal Year 2025-2026

Contracted Generation Capital

See the *Capital Plan* report for capital costs included within Purchased Power expenses for contracted generation under participation agreements which require MEAN to pay for the applicable participation share of capital and debt service. As MEAN does not own the related generation, the capital costs are recorded as expenses in the year incurred. Variances from budget and year-to-year are expected due to changes in project scope, cost estimates, and timing.

- **Hastings WEC 1** – majority of capital is for a fly ash system and ash water pump.
- **PPGA WEC 2** – capital mainly consists of replacing the top layer catalyst and finishing the auxiliary boiler project. Through the PPGA structure, MEAN serves as Managing Agent. MEAN also has representatives on PPGA's various committees and Board of Directors which gives MEAN a voice and a level of oversight related to capital projects and overall management and operation of WEC 2.
- **NPPD Ainsworth Wind** – details of the capital budget are marked confidential by NPPD. Note that MEAN only charged the share of costs that related to the contract period. The contract ends September 30, 2025.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Capital Plan
Fiscal Year 2025-2026

	Current Budget	Projected	Proposed Budget	Preliminary 2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
MEAN Capital	$ 103,000	$ 116,188	$ 136,000	$ 405,000	$ 238,000	$ 79,000	$ 43,000	$ 152,000
See *NMPP Energy - Capital Plan* report for detailed listing								
Owned Generation Capital (Productive Capacity)								
Wygen Unit I	884,385	1,702,070	1,980,665	1,293,564	3,674,755	4,805,036	2,223,584	2,043,372
LRS Units 1, 2, and 3	553,536	835,710	1,089,626	680,650	301,942	285,826	326,934	50,463
WSEC 4	1,869,560	1,746,795	2,971,676	1,302,120	1,081,782	2,630,328	3,538,126	390,538
Total Productive Capacity Assets	3,307,481	4,284,576	6,041,967	3,276,334	5,058,479	7,721,190	6,088,644	2,484,373
Total MEAN Capital and Owned Generation Capital	**3,410,481**	**4,400,764**	**6,177,967**	**3,681,334**	**5,296,479**	**7,800,190**	**6,131,644**	**2,636,373**
Contracted Generation Capital								
Hastings WEC 1	158,256	209,967	155,160	47,784	31,278	24,330	13,902	18,588
PPGA WEC 2	2,038,224	1,973,205	1,024,842	664,416	891,843	1,217,250	744,471	651,927
NPPD Ainsworth Wind	113,475	112,512	55,914					
Total Contracted Generation Capital	**2,309,955**	**2,295,684**	**1,235,916**	**712,200**	**923,121**	**1,241,580**	**758,373**	**670,515**
Total Capital Budget	**$ 5,720,436**	**$ 6,696,448**	**$ 7,413,883**	**$ 4,393,534**	**$ 6,219,600**	**$ 9,041,770**	**$ 6,890,017**	**$ 3,306,888**

All Capital Costs are in the FCRC.

NMPP Energy
Administrative and General Budget
Capital Plan
Fiscal Year 2025-2026

	Last Purchased	Useful Life in Years	Capital	Expense	Current Budget 2024-2025	Projected Fiscal Year 2024-2025	Proposed Budget 2025-2026	Preliminary Budget 2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
MEAN												
Wholesale Electric Operations												
Equipment												
Thermal/Infrared Camera (#1)	20-21	5	x		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000
Field Site Analyzer (#1)	21-22	15	x		-	-	-	-	-	35,000	-	-
Field Site Analyzer (#2)	24-25	10	x		30,000	37,720	-	-	-	-	-	-
Power Quality Analyzer	Bgt 24-25	5	x		12,000	-	-	-	-	-	-	-
Underground Grounds Simulator	N/A	5	x		-	-	-	15,000	-	-	-	-
Phase Tracker	N/A	5	x		-	-	10,000	-	-	-	-	10,000
Executive												
Vehicles												
Electrical Distribution O&M Vehicle (#1)	22-23	3	x		-	-	42,000	-	-	44,000	-	-
Electrical Distribution O&M Vehicle (#2)	23-24	3	x		-	-	-	41,000	-	-	43,000	-
Member Relations Vehicle	24-25	3	x		-	37,612	-	-	39,000	-	-	41,000
Shared Vehicle	24-25	3	x		46,000	40,856	-	-	43,000	-	-	45,000
Building Renovation												
Conference Room - Top of Stairs	N/A	20	x		-	-	60,000	-	-	-	-	-
Building Equipment												
Jace Controller for Heat Pump	Sept 2018	5	x		-	-	-	12,000	-	-	-	-
Window Shades	12-13	10	x		-	-	-	-	26,000	-	-	-
Aqua Systems	12-13	15	x		-	-	-	-	10,000	-	-	-
Air Conditioning Unit for Server Room	12-13	15	x		-	-	-	-	37,000	-	-	-
Heat Pump Replacements	12-13	15	x		-	-	-	240,000	-	-	-	-
Digital Solutions Group												
Board Room Equipment												
Projectors	19-20	10	x		-	-	-	29,000	-	-	-	-
Sound System	20-21	10	x		-	-	-	-	-	-	-	21,000
Cameras and Video Display	20-21	10	x		-	-	-	-	-	-	-	20,000
IT Infrastructure												
Building Camera System	12-13	10	x		-	-	-	15,000	-	-	-	-
Switches-Corporate Network	17-18 through 20-21	5	x		-	-	-	38,000	-	-	-	-
Switches-MEAN SCADA	17-18 through 20-21	5	x		-	-	-	15,000	-	-	-	-
Firewall Update-Corporate Network and MEAN SCADA	20-21	5	x		15,000	-	24,000	-	-	-	-	-
SAN (Storage Area Network Server) Refresh	22-23	5	x		-	-	-	-	40,000	-	-	-
VM Hosts Refresh	22-23	5	x		-	-	-	-	43,000	-	-	-
Total MEAN Capital					**$ 103,000**	**$ 116,188**	**$ 136,000**	**$ 405,000**	**$ 238,000**	**$ 79,000**	**$ 43,000**	**$ 152,000**

NOTE: Only the estimated costs for each project are noted. Additional related operating expenses may also be incurred and will be included in the A&G budget.
Staff is also researching various systems and components of the building as we've passed 10 years since construction.
Report includes items approved for purchase in the current and prior years. Various factors impact the actual time period in which the purchase is made.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Debt Service
Fiscal Year 2025-2026

	Current Budget	Projected	Proposed Budget	Preliminary 2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
MEAN Debt Service								
2013A Principal	$ 1,245,000	$ 1,245,000	$ -	$ -	$ -	$ -	$ -	$ -
2013A Interest	1,041,688	1,041,688	979,438	979,438	979,438	979,438	979,438	979,438
Total 2013A	2,286,688	2,286,688	979,438	979,438	979,438	979,438	979,438	979,438
2016A Principal	1,800,000	1,800,000	1,885,000	1,985,000	2,085,000	2,185,000	2,310,000	2,415,000
2016A Interest	2,460,150	2,460,150	2,370,150	2,275,900	2,176,650	2,072,400	1,963,150	1,847,650
Total 2016A	4,260,150	4,260,150	4,255,150	4,260,900	4,261,650	4,257,400	4,273,150	4,262,650
2022A Principal	2,835,000	2,835,000	2,980,000	3,130,000	3,285,000	3,450,000	3,605,000	3,800,000
2022A Interest	1,353,750	1,353,750	1,212,000	1,063,000	906,500	742,250	569,750	389,500
Total 2022A	4,188,750	4,188,750	4,192,000	4,193,000	4,191,500	4,192,250	4,174,750	4,189,500
Total MEAN Principal	5,880,000	5,880,000	4,865,000	5,115,000	5,370,000	5,635,000	5,915,000	6,215,000
Total MEAN Interest	4,855,588	4,855,588	4,561,588	4,318,338	4,062,588	3,794,088	3,512,338	3,216,588
Total MEAN Debt Service	10,735,588	10,735,588	9,426,588	9,433,338	9,432,588	9,429,088	9,427,338	9,431,588
Investment Return - Debt Related Funds	(371,000)	(474,332)	(364,750)	(347,000)	(341,000)	(335,000)	(330,000)	(325,000)
Total MEAN Debt Service, Net	**10,364,588**	**10,261,256**	**9,061,838**	**9,086,338**	**9,091,588**	**9,094,088**	**9,097,338**	**9,106,588**
Contracted Generation Debt Service								
PPGA WEC 2, Net of Debt Related Investment Return	14,904,673	14,513,291	13,235,568	13,684,234	13,574,895	13,429,314	13,275,828	13,242,474
WSEC4 Waverly Assignment	325,449	323,457	333,570	338,418	342,441	352,239	365,412	368,460
Louisa Waverly Assignment	844,530	839,353	865,584	878,166	888,621	879,051	808,125	808,257
NPPD Ainsworth Wind	244,818	299,163	426,750					
Total Contracted Generation Debt Service, Net	**16,319,470**	**15,975,264**	**14,861,472**	**14,900,818**	**14,805,957**	**14,660,604**	**14,449,365**	**14,419,191**
Total Debt Service, Net	**$ 26,684,058**	**$ 26,236,519**	**$ 23,923,310**	**$ 23,987,156**	**$ 23,897,545**	**$ 23,754,692**	**$ 23,546,703**	**$ 23,525,779**

All Debt Service Costs are in the FCRC.

Debt Service Narrative

MEAN Debt Service, Net – the schedule reflects the required principal and interest payments for MEAN's outstanding debt issues. Estimates of investment return are based on current interest rates, annual debt fund requirements, and current expectations of future rates.

Contracted Generation Debt Service, Net – these costs are reported within Purchased Power Expenses – Contracted Purchases; therefore, variances have an impact on MEAN's net revenue. As MEAN does not own the related contracted generation, the debt service costs are recorded as expenses in the year incurred. See *the Purchased Power Expenses Narrative* section for discussion by resource. The NPPD Ainsworth Wind debt relates to the original construction of the facility and will be paid in full by the end of the agreement on September 30, 2025.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Administrative and General Expenses Narrative
Fiscal Year 2025-2026

Administrative and General Budget Process
The administrative and general (A&G) budget is prepared annually based on strategic focus areas identified by the management team of NMPP Energy. In September, accounting staff compiles historical data and populates budget templates based on information available. The management team holds a strategic planning session to review short-term and long-term plans across the four companies of NMPP Energy. Department directors then prepare budgets during September and October based on anticipated projects and needs resulting from the strategic focus areas discussed. The strategic focus areas identified continue to stem from the technical complexity of the industry including the evolving energy markets.

Nebraska Municipal Power Pool (NMPP), Municipal Energy Agency of Nebraska (MEAN), National Public Gas Agency (NPGA) and Public Alliance for Community Energy (ACE) have entered into an agreement establishing a Joint Operating Committee (JOC) due in part to the companies sharing common staff all of which reside under NMPP. By combining and sharing staff and resources each company benefits by being able to perform obligations and responsibilities efficiently and at a lesser cost.

Duties of the JOC as detailed in the Joint Operating Committee Agreement include the following:

- Review, prior to the respective annual meetings, the annual payroll and benefits and other shared administrative costs budgeted for each of the Parties (NMPP, MEAN, NPGA and/or ACE).
- Determine the allocation of payroll and benefits and other shared administrative and general costs to be used as the basis for reimbursement for services rendered or resources utilized by a Party.
- Approve the appropriate compensation structure and benefits of employees of NMPP.

MEAN's Finance Committee meets in October to review the preliminary shared A&G for the Proposed Budget that will be presented to the JOC. The JOC meets in November and receives a detailed proposed A&G budget packet. The packet, along with additional discussion and presentation at the meeting, assists the JOC in fulfilling the duties noted.

Administrative and General Expenses
For ease of analysis, MEAN breaks A&G expenses into the following four categories: payroll and benefits, internal office, member, and consultants and outside services.

Payroll and Benefits
Payroll and benefits consist of gross wages, employer payroll taxes and costs of benefits provided by NMPP to each employee. As noted, one of the duties of the JOC is to approve the appropriate compensation structure and benefits of employees of NMPP. The annual review and approval for any changes in compensation structure and benefits is part of the November JOC meeting. There is no change in compensation structure or benefits offered in the Proposed Budget.

The budgeted increase related to anticipated performance/merit pay adjustments is 5.10% in the Proposed Budget (Current Budget was 9.69%). The Proposed Budget also reflects the final benefit renewals for calendar 2025 and estimates for calendar 2026.

Budgeted Positions
As part of the budget process, management of the NMPP Energy companies discussed whether changes in the operations of each of the underlying companies resulted in changes in roles or responsibilities of current positions or resulted in a need for additional personnel. No additional personnel were identified for NPGA or ACE.

The budget assumes all positions will be filled each day of the fiscal year unless otherwise noted. This assumption is the primary reason for significant actual vs. budget variances as the actual timing of when budgeted positions are filled do not always match the budgeted timing.

Total budgeted full-time equivalent positions for all NMPP Energy companies are 53.0 in the Proposed Budget compared to 50.0 in the Current Budget and 52.0 in the Fiscal Year 2023-2024 budget.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Administrative and General Expenses Narrative
Fiscal Year 2025-2026

Changes in budgeted positions include the following:

- **Corporate Services** – one full-time position was not filled when it became vacant with duties being absorbed by other staff in the organization. The current Graphic Designer position is budgeted to increase to full-time in the Proposed Budget.
- **Digital Solutions Group** – an Energy Systems Analyst position was added with hiring to occur mid-way through Fiscal Year 2025-2026.
- **Finance and Accounting** – one part-time position was not filled when it became vacant with duties being absorbed by other staff in the organization.
- **Wholesale Electric Operations** – upon evaluation of current duties and needs related to operations and the evolving markets, three positions have been added. Hiring for these positions is anticipated during the current fiscal year.

Cost Allocations
Under the methodology approved by the JOC, payroll and benefits expenses are allocated to NPGA, ACE, and NMPP based on the estimated market payroll and benefits expenses each Party would incur if each company employed their own independent staff. Annual payroll and benefits costs for NPGA, ACE, and NMPP are established during the JOC budget process based on the hypothetical estimates of payroll and benefits expenses. The total budgeted payroll and benefits costs net of the established amounts for NPGA, ACE, and NMPP are allocated to MEAN. The allocation of payroll and benefits expenses is reviewed and recommended by the JOC annually.

Under the allocation methodology approved by the JOC, the payroll and benefits paid by NGPA, ACE, and NMPP are fixed annually unless a business change occurs during the year requiring a change in personnel or a change occurs to the underlying compensation and benefit assumptions. As a result, MEAN bears the risk and reward related to over or under spending in payroll and benefits, unless the variance is related to a business change for NPGA, ACE, or NMPP.

The following table summarizes the budgeted payroll and benefits cost by company, including adjustments after the November 2024 JOC meeting for final benefit renewals.

Payroll and Benefits						
	Proposed Budget		Current Budget		vs. Current	
	Amount	% of Total	Amount	% of Total	$ +/-	% +/-
MEAN	$ 8,765,196	90%	$ 7,631,610	90%	$ 1,133,586	15%
NPGA	465,600	5%	436,200	5%	29,400	7%
ACE	441,900	5%	414,400	5%	27,500	7%
Total	$ 9,672,696	100%	$ 8,482,210	100%	$ 1,190,486	14%

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Administrative and General Expenses Narrative
Fiscal Year 2025-2026

Other A&G Expenses - Direct

Other A&G expenses consist of direct costs and shared costs. NMPP Energy attempts to assign costs whenever possible to the specific company with which the cost is associated. Direct costs include the A&G expenses that are specific to the business operating needs of each individual company. The costs incurred are generally attributable to invoices and/or contracts with vendors relating to a cost incurred by the specific company.

The following provides highlights of the budgeted changes in direct costs for MEAN. See the *NMPP Energy – Detail by Company – MEAN* report.

MEAN Direct Other A&G				
	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	% +/-
Internal Office	$ 1,040,321	$ 942,368	$ 97,953	10%
Member	364,238	364,938	(700)	0%
Consultant & Outside Services	5,716,446	2,523,674	3,192,772	127%
Total MEAN Direct Other A&G	**$ 7,121,005**	**$3,830,980**	**$3,290,025**	**86%**

Internal Office

- **Conferences and training** – registration fees for industry and job specific conferences and training; budget is prepared based on training plans for staff. Increase is due to training for new staff.
- **Dues and subscriptions** – consist of costs for belonging to various professional, trade, working groups, required regulatory organizations, and subscriptions for various services. Increase due to higher assessments.
- **Equipment lease and maintenance** – technology related costs are cyclical resulting in larger swings year to year.
- **Glynoaks operations** – consists of operating costs of the Glynoaks building including repairs and maintenance, cleaning, utilities, professional services, and common area maintenance. These costs are paid by MEAN and recovered in part through rent charged to the other companies. Increase is due to cyclical nature of repairs and maintenance.
- **Insurance** – insurance packages are purchased to manage the risks of the organizations. Increase is due to anticipated increases in premium during next cycle of renewals.
- **Miscellaneous** – costs that do not fall within one of the identified categories are reported as miscellaneous. There is no change based on review of historical actuals.
- **Telecommunications** – costs include broadband services, cell reimbursements, ICCP site service and general office telecommunication costs. There was a minimal increase in costs between years.
- **Travel, lodging and meals –** This category includes both staff travel to attend various conferences and industry meetings as well as travel related to MEAN’s operations. Minimal increase in costs between years.

Member

- **Advertising – corporate image** – costs include promotional items for MEAN and sponsorships of various trade association events. There is an increase based on planned sponsorship activity.
- **Board and committee meetings** – costs to hold the various meetings throughout the year. MEAN budgets for all planned Board meetings to be held in person. There was no change in the budget between years.
- **Member dues – MEAN** – consistent with prior year, the Proposed Budget includes the American Public Power Association (APPA) Member Dues and DEED dues paid by MEAN on behalf of MEAN Participants; slight increase relates to review of recent actuals and expected steady costs from APPA.
- **Member education** – Proposed Budget includes costs to hold the Generation Conference and costs related to training services. These costs are offset by related registration fees, sponsorships and contracts for service.
- **Member scholarships** – includes the estimated costs for scholarships to assist MEAN Participants with training and participation in industry conferences.
- **Rebates paid – MEAN** – costs for retail rebate and commercial LED lighting programs. Actual costs vary depending on the level of utilization by MEAN Participants. Budgeted costs are based on review of actuals and expectations of utilization.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Administrative and General Expenses Narrative
Fiscal Year 2025-2026

Consultants and Outside Services

- **Audit and consulting** – these costs relate to the costs for the annual financial statement audit, as determined by the auditors, and occasional accounting consultation. Cost increases annually.
- **Financing – MEAN** – these costs result from MEAN's line of credit, standby letters of credit, and costs associated with outstanding bonds such as trustee fees, periodic bond arbitrage calculations, financial advisor services, and rating agency annual monitoring fees. The decrease relates to final rates for MEAN's credit agreement offset by cyclical bond arbitrage calculations.
- **Legal** – represents budgeted legal projects requiring outside counsel. Costs related to litigation, disputes, or arbitration are budgeted only with regards to ongoing disputes at the time the budget is prepared; no such costs are included in the Proposed or Current Budget. The budgeted costs relate primarily to outside FERC counsel, RTO related matters, and bond counsel. The increase is based on a review of recent actuals and planned projects.
- **Market management** – relates to consulting costs with outside vendors. The services provided result in value through implementation of various generation, transmission, and market strategies. Increase is due to the normal annual cost increase plus changes to the scope of work as a result of market requirements to register behind the meter generation in SPP. The Proposed Budget also includes one-time costs related to expansion of market activity in the West. Although the anticipated market start date is April 1, 2026, work to prepare has already been occurring and will increase significantly over this fiscal year.
- **Other consultants and outside services** – include various consultant and outside service projects that don't fall within other identified categories. The increase in the Proposed Budget is due to several factors including legislative, rate consulting, and one-time costs related to expansion of market activity in the west. Those increases are offset in part by lower costs for meter and systems related work.
- **Software, licenses, maintenance, and support** – costs relate to software technology utilized by MEAN and generally increase annually. Due to accounting standards, MEAN also records approximately $366,000 of software costs related to MEAN's market platform software as amortization expense. A large portion of the increase in costs reported as A&G expenses relates primarily to estimated costs to build out the market platform software for the expansion of market activity in the West.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Administrative and General Expenses Narrative
Fiscal Year 2025-2026

Other A&G Expenses - Shared

Shared costs consist of costs for products and services that are shared by all of the companies. Although each company may benefit from the shared products and services, if each Party operated independently, each product and service may be required at a higher or lower level than the amount purchased collectively. MEAN's Finance Committee meets in October to review the preliminary shared A&G for the Proposed Budget that is presented to the JOC in November. Shared costs are considered annually by the JOC when establishing rent paid to MEAN.

The following provides highlights of the budgeted changes in shared other A&G costs for MEAN. See the *NMPP Energy – Detail by Company – MEAN* report.

MEAN Shared Other A&G	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Internal Office	$ 458,500	$ 469,341	$ (10,841)	-2%
Member	24,177	22,025	2,152	10%
Consultant & Outside Services	319,117	288,025	31,092	11%
Total MEAN Shared Other A&G	**$ 801,794**	**$ 779,391**	**$ 22,403**	**3%**

The following includes a description of the primary drivers of the variances between years:

- **Internal Office** – the proposed buildout of an additional conference room is offset by lower annual support costs as a result of firewall replacement. This increase is offset further by lower current premiums compared to what had been expected during last year's budget process for joint insurance costs.
- **Member** – increase is due to an increase in costs for JOC meetings and costs paid to NMPP.
  - **Services from/(to) NMPP** – as a result of the NMPP modernization project, all NMPP costs not covered by NMPP revenues will be allocated to MEAN, NPGA and ACE based on each company's share of total budgeted payroll and benefits. Variances from budget will result in an annual true-up each fiscal year end. Costs consist of holding the NMPP Energy annual conference, NMPP board meetings, the annual audit and related consulting, lobbying contract with a Nebraska lobbyist, and other small miscellaneous items. These costs are offset in part by annual conference revenues equal to budgeted conference expenses, champion dues, and investment return. NMPP's budget was approved by the NMPP Board. The budget and the allocation was reviewed by the JOC. The following table provides a summary of the budgeted services reimbursement.

Services Reimbursement	% of Total Payroll	Proposed Budget	Current Budget	vs. Current $ +/-	vs. Current % +/-
MEAN	**90%**	**$ 19,327**	$ 17,375	$ 1,952	11%
NPGA	**5%**	**1,074**	965	109	11%
ACE	**5%**	**1,074**	965	109	11%
Total Services Reimbursement to NMPP		**$ 21,475**	**$ 19,305**	**$ 2,170**	11%

- **Consultants and Outside Services** – increase in other consulting costs due to increases in costs for project assistance. The majority of the increase is due to costs for software licensing continuing to increase.

NMPP Energy
Administrative and General Budget
Detail by Company
Fiscal Year 2025-2026

	MEAN																Actuals Fiscal Year 2023-2024
	Proposed Budget			Current Budget			Proposed vs. Current						Projected	Proposed vs. Projected		
							$ +/-			% +/-						
	Direct	Shared	Total	Direct	Shared	Total	Direct	Shared	Total	Direct	Shared	Total	Total	$ +/-	% +/-	Total
Payroll and Benefits	$ -	$ 8,765,196	$ 8,765,196	$ -	$ 7,631,610	$ 7,631,610	$ -	$ 1,133,586	$ 1,133,586	-	15%	15%	$ 7,085,399	$ 1,679,797	24%	$ 6,208,770
Internal Office																
Conferences and training	59,630	23,175	82,805	48,285	20,460	68,745	11,345	2,715	14,060	23%	13%	20%	41,375	41,430	100%	39,208
Dues and subscriptions	257,095	16,568	273,663	202,770	15,633	218,403	54,325	935	55,260	27%	6%	25%	223,244	50,419	23%	234,558
Equipment lease and maintenance	95,544	109,570	205,114	100,304	106,388	206,692	(4,760)	3,182	(1,578)	-5%	3%	-1%	203,536	1,578	1%	141,844
Glynoaks operations	166,559	-	166,559	148,228	-	148,228	18,331	-	18,331	12%	-	12%	138,250	28,309	20%	162,142
Insurance	96,350	196,175	292,525	80,350	210,598	290,948	16,000	(14,423)	1,577	20%	-7%	1%	272,488	20,037	7%	256,640
Miscellaneous	500	18,750	19,250	500	20,000	20,500	-	(1,250)	(1,250)	0%	-6%	-6%	18,569	681	4%	13,694
Office supplies	-	11,300	11,300	-	12,300	12,300	-	(1,000)	(1,000)	-	-8%	-8%	10,191	1,109	11%	8,889
Postage	-	7,000	7,000	-	8,000	8,000	-	(1,000)	(1,000)	-	-13%	-13%	4,836	2,164	45%	4,879
Telecommunications	69,774	54,560	124,334	67,774	54,560	122,334	2,000	-	2,000	3%	0%	2%	134,356	(10,022)	-7%	133,851
Travel, lodging and meals	294,869	21,402	316,271	294,157	21,402	315,559	712	-	712	0%	0%	0%	247,974	68,297	28%	172,564
Total internal office	1,040,321	458,500	1,498,821	942,368	469,341	1,411,709	97,953	(10,841)	87,112	10%	-2%	6%	1,294,819	204,002	16%	1,168,270
Member																
Advertising - corporate image	12,188	3,450	15,638	6,388	3,650	10,038	5,800	(200)	5,600	91%	-5%	56%	7,410	8,228	111%	4,690
Annual conference	-	-	-	-	-	-	-	-	-	-	-	0%	1,146	(1,146)	-100%	1,223
Board and committee meetings	70,350	1,400	71,750	70,350	1,000	71,350	-	400	400	0%	40%	1%	60,713	11,037	18%	61,553
Contract services from NMPP	-	-	-	-	-	-	-	-	-	-	-	0%	-	-	-	109,951
Member communication	-	-	-	-	-	-	-	-	-	-	-	0%	-	-	-	21,372
Member dues - MEAN	162,900	-	162,900	159,200	-	159,200	3,700	-	3,700	2%	-	2%	161,452	1,448	1%	159,417
Member education	33,800	-	33,800	34,500	-	34,500	(700)	-	(700)	-2%	-	-2%	29,834	3,966	13%	18,781
Member scholarships	10,000	-	10,000	10,000	-	10,000	-	-	-	0%	-	0%	8,185	1,816	22%	8,114
Rebates paid - MEAN	75,000	-	75,000	84,500	-	84,500	(9,500)	-	(9,500)	-11%	-	-11%	74,705	295	0%	76,441
Services from / (to) NMPP	-	19,327	19,327	-	17,375	17,375	-	1,952	1,952	-	11%	11%	17,375	1,952	11%	-
Total member	364,238	24,177	388,415	364,938	22,025	386,963	(700)	2,152	1,452	0%	10%	0%	360,820	27,595	8%	461,542
Consultants and Outside Services																
Audit and consulting	45,200	-	45,200	43,875	-	43,875	1,325	-	1,325	3%	-	3%	45,150	50	0%	44,950
Financing - MEAN	85,200	-	85,200	89,500	-	89,500	(4,300)	-	(4,300)	-5%	-	-5%	107,803	(22,603)	-21%	68,300
Legal	75,000	2,600	77,600	65,400	2,600	68,000	9,600	-	9,600	15%	0%	14%	69,751	7,849	11%	58,962
Lobbying	-	-	-	-	-	-	-	-	-	-	-	0%	-	-	-	52,013
Market management	2,423,276	-	2,423,276	1,951,488	-	1,951,488	471,788	-	471,788	24%	-	24%	2,467,100	(43,824)	-2%	2,434,947
Other	2,803,145	95,675	2,898,820	271,089	88,775	359,864	2,532,056	6,900	2,538,956	934%	8%	706%	338,627	2,560,193	756%	279,406
Software licenses, maint., support	284,625	220,842	505,467	102,322	196,650	298,972	182,303	24,192	206,495	178%	12%	69%	247,796	257,671	104%	182,870
Total consultants and outside services	5,716,446	319,117	6,035,563	2,523,674	288,025	2,811,699	3,192,772	31,092	3,223,864	127%	11%	115%	3,276,228	2,759,335	84%	3,121,448
Total other administrative and general	7,121,005	801,794	7,922,799	3,830,980	779,391	4,610,371	3,290,025	22,403	3,312,428	86%	3%	72%	4,931,867	2,990,932	61%	4,751,261
Total Administrative and General Expenses	**$ 7,121,005**	**$ 9,566,990**	**$ 16,687,995**	**$ 3,830,980**	**$ 8,411,001**	**$ 12,241,981**	**$ 3,290,025**	**$ 1,155,989**	**$ 4,446,014**	**86%**	**14%**	**36%**	**$ 12,017,266**	**$ 4,670,729**	**39%**	**$ 10,960,031**

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Analysis of Changes in Schedules M, K, and K-1 Revenues Due to Changes in Rates and Charges
Fiscal Year 2025-2026
January 2025 Meetings

	Total Electric Energy Sales Revenues				Fixed Cost Recovery Charge [2]				Energy Charges	
	Proposed Budget	Current Budget [1]	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Schedule M										
Alliance, NE	$ 8,019,318	$ 7,291,162	$ 728,156	10.0%	$ 2,982,829	$ 2,683,763	$ 299,066	11.1%	$ 429,090	9.3%
Ansley, NE	320,809	290,626	30,183	10.4%	131,220	117,192	14,028	12.0%	16,155	9.3%
Arnold, NE	140,745	129,966	10,779	8.3%	70,296	65,520	4,776	7.3%	6,003	9.3%
Aspen, CO	3,314,065	3,079,255	234,810	7.6%	1,268,053	1,207,799	60,254	5.0%	174,556	9.3%
Basin, WY	961,648	878,700	82,948	9.4%	340,597	310,560	30,037	9.7%	52,911	9.3%
Bayard, NE	197,819	182,520	15,299	8.4%	21,408	21,144	264	1.2%	15,035	9.3%
Beaver City, NE	399,771	369,015	30,756	8.3%	159,600	149,304	10,296	6.9%	20,460	9.3%
Benkelman, NE	903,604	837,030	66,574	8.0%	334,585	316,488	18,097	5.7%	48,477	9.3%
Blue Hill, NE	278,142	253,093	25,049	9.9%	118,488	107,040	11,448	10.7%	13,601	9.3%
Breda, IA	114,635	104,233	10,402	10.0%	57,624	52,080	5,544	10.6%	4,858	9.3%
Bridgeport, NE	991,417	908,194	83,223	9.2%	352,597	323,796	28,801	8.9%	54,422	9.3%
Broken Bow, NE	6,424,187	5,862,288	561,899	9.6%	2,445,925	2,222,927	222,998	10.0%	338,901	9.3%
Burwell, NE	906,949	827,011	79,938	9.7%	382,573	347,316	35,257	10.2%	44,681	9.3%
Callaway, NE	349,424	322,112	27,312	8.5%	141,300	131,724	9,576	7.3%	17,736	9.3%
Carlisle, IA	1,613,572	1,458,315	155,257	10.6%	681,433	605,603	75,830	12.5%	79,427	9.3%
Center, CO [3]	1,244,151	-	1,244,151	-	343,525	-	343,525	-	900,626	-
Chappell, NE	368,998	331,249	37,749	11.4%	81,816	68,532	13,284	19.4%	24,465	9.3%
Crete, NE	8,262,787	7,561,144	701,643	9.3%	2,970,193	2,719,427	250,766	9.2%	450,877	9.3%
Curtis, NE	1,349,665	1,235,878	113,787	9.2%	426,181	391,068	35,113	9.0%	78,674	9.3%
Delta, CO	4,194,399	3,855,503	338,896	8.8%	1,448,629	1,343,675	104,954	7.8%	233,942	9.3%
Denver, IA	1,215,503	1,094,340	121,163	11.1%	490,357	430,967	59,390	13.8%	61,773	9.3%
Fairbury, NE	7,080,127	6,456,154	623,973	9.7%	2,438,341	2,209,787	228,554	10.3%	395,419	9.3%
Fleming, CO	133,441	121,662	11,779	9.7%	41,520	37,572	3,948	10.5%	7,831	9.3%
Fonda, IA	240,173	218,796	21,377	9.8%	99,372	89,988	9,384	10.4%	11,993	9.3%
Fort Morgan, CO	14,244,243	13,013,164	1,231,079	9.5%	3,848,161	3,502,691	345,470	9.9%	885,609	9.3%
Gering, NE	2,946,291	2,690,912	255,379	9.5%	736,597	669,503	67,094	10.0%	188,285	9.3%
Grant, NE	1,223,149	1,122,862	100,287	8.9%	477,349	440,603	36,746	8.3%	63,541	9.3%
Gunnison, CO	3,951,925	3,598,866	353,059	9.8%	989,773	889,427	100,346	11.3%	252,713	9.3%
Haxtun, CO	405,703	375,436	30,267	8.1%	120,288	114,336	5,952	5.2%	24,315	9.3%
Holyoke, CO	696,443	643,650	52,793	8.2%	118,248	114,708	3,540	3.1%	49,253	9.3%
Imperial PPD, NE	1,704,410	1,569,697	134,713	8.6%	610,021	568,547	41,474	7.3%	93,239	9.3%
Indianola, IA	10,110,378	9,155,796	954,582	10.4%	4,087,021	3,645,551	441,470	12.1%	513,112	9.3%
Julesburg, CO	768,147	701,388	66,759	9.5%	288,769	262,848	25,921	9.9%	40,838	9.3%
Kimball, NE	1,630,657	1,474,133	156,524	10.6%	450,157	394,211	55,946	14.2%	100,578	9.3%
Lyman, NE	237,739	221,888	15,851	7.1%	62,796	61,848	948	1.5%	14,903	9.3%
Lyons, CO	1,033,504	951,478	82,026	8.6%	390,937	363,732	27,205	7.5%	54,821	9.3%

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Analysis of Changes in Schedules M, K, and K-1 Revenues Due to Changes in Rates and Charges
Fiscal Year 2025-2026
January 2025 Meetings

	Total Electric Energy Sales Revenues				Fixed Cost Recovery Charge (2)				Energy Charges	
	Proposed Budget	Current Budget (1)	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Proposed Budget	Current Budget	Proposed vs. Current $ +/-	Proposed vs. Current % +/-	Proposed vs. Current $ +/-	Proposed vs. Current % +/-
Mitchell, NE	500,375	453,139	47,236	10.4%	133,836	117,828	16,008	13.6%	31,228	9.3%
Morrill, NE	587,657	535,880	51,777	9.7%	160,332	144,960	15,372	10.6%	36,405	9.3%
Oak Creek, CO	841,885	770,998	70,887	9.2%	259,117	237,876	21,241	8.9%	49,646	9.3%
Oxford, NE	403,630	367,964	35,666	9.7%	156,888	142,248	14,640	10.3%	21,026	9.3%
Pender, NE	1,148,235	1,036,682	111,553	10.8%	452,557	400,271	52,286	13.1%	59,267	9.3%
Pierce, NE	1,648,910	1,497,458	151,452	10.1%	653,845	587,159	66,686	11.4%	84,766	9.3%
Plainview, NE	791,815	717,398	74,417	10.4%	325,225	290,556	34,669	11.9%	39,748	9.3%
Red Cloud, NE	819,428	753,744	65,684	8.7%	344,521	319,296	25,225	7.9%	40,459	9.3%
Rockford, IA	532,240	485,073	47,167	9.7%	207,613	188,100	19,513	10.4%	27,654	9.3%
Sergeant Bluff, IA	2,206,964	2,013,646	193,318	9.6%	918,757	835,199	83,558	10.0%	109,760	9.3%
Shickley, NE	275,758	250,567	25,191	10.1%	116,676	105,036	11,640	11.1%	13,551	9.3%
Sidney, NE	5,224,101	4,793,069	431,032	9.0%	1,893,805	1,746,479	147,326	8.4%	283,706	9.3%
Spencer, NE	468,733	431,210	37,523	8.7%	195,733	181,464	14,269	7.9%	23,254	9.3%
Stuart, NE	397,601	360,850	36,751	10.2%	162,637	145,908	16,729	11.5%	20,022	9.3%
Torrington, WY	4,784,108	4,378,970	405,138	9.3%	1,527,301	1,399,607	127,694	9.1%	277,444	9.3%
Wall Lake, IA	142,436	138,340	4,096	3.0%	49,116	52,980	(3,864)	-7.3%	7,960	9.3%
Waverly, IA	10,206,531	9,285,134	921,397	9.9%	4,155,913	3,749,951	405,962	10.8%	515,435	9.3%
West Point, NE	3,812,881	3,490,784	322,097	9.2%	1,447,957	1,327,331	120,626	9.1%	201,471	9.3%
Wisner, NE	410,025	376,367	33,658	8.9%	182,557	168,276	14,281	8.5%	19,377	9.3%
Yuma, CO	1,423,605	1,295,848	127,757	9.9%	437,497	393,743	43,754	11.1%	84,003	9.3%
Total Schedule M	124,604,856	112,620,637	11,984,219	10.6%	43,790,462	39,515,545	4,274,917	10.8%	7,709,302	10.5%
Schedules K and K-1										
Glenwood Springs, CO	10,623,839	9,713,720	910,119	9.4%	3,463,117	3,164,711	298,406	9.4%	611,713	9.3%
Wray, CO	977,537	888,484	89,053	10.0%	246,421	219,744	26,677	12.1%	62,376	9.3%
Total Schedules K and K-1	11,601,376	10,602,204	999,172	9.4%	3,709,538	3,384,455	325,083	9.6%	674,089	9.3%
Total Schedules M, K, and, K-1	$ 136,206,232	$ 123,222,841	$ 12,983,391	10.5%	$ 47,500,000	$ 42,900,000	$ 4,600,000	10.7%	$ 8,383,391	10.4%

(1) The Current Budget revenues have been restated to use Proposed Budget volumes and Current Budget rates and charges.

(2) Changes relate to Participant's % allocation as a result of changes to each Participants' 3 year historical average non-coincident monthly peak demand (supplied by MEAN) and impact of changes in contracts.

(3) Center, CO is transitioning to a Schedule M during the Proposed Budget effective April 1, 2025.

Municipal Energy Agency of Nebraska
Budget, Rates, and Charges
Statements of Revenues, Expenses and Changes in Net Position
Years Ending March 31

	2023 (As Restated)**	2024	Projected 2025*	Budget 2026
Operating Revenues				
Electric energy sales				
Long-term total requirements	$ 109,307,187	$ 104,725,081	$ 113,602,835	$ 124,604,856
Limited-term total requirements	12,879,431	11,843,586	12,164,053	12,656,034
Interchange sales	1,683,273	7,778,776	6,200,832	360,000
Total electric energy sales	123,869,891	124,347,443	131,967,720	137,620,890
Transfer from / (provision for) rate stabilization	(286,619)	1,000,000	1,000,000	-
Other	1,482,792	2,068,349	946,616	800,558
Total operating revenues	125,066,064	127,415,792	133,914,336	138,421,448
Operating Expenses				
Electric energy costs				
Purchased power	79,405,426	81,080,806	84,472,011	81,833,339
Production	17,176,827	17,516,577	17,674,475	19,221,358
Transmission	5,563,322	6,004,123	6,052,254	6,126,138
Total electric energy costs	102,145,575	104,601,506	108,198,740	107,180,835
Administrative and general	10,316,124	11,026,431	12,017,266	16,687,995
Depreciation and amortization	8,527,457	8,832,561	9,089,114	9,298,748
Total operating expenses	120,989,156	124,460,498	129,305,120	133,167,578
Operating Income / (Loss)	4,076,908	2,955,294	4,609,216	5,253,870
Nonoperating Revenues (Expenses)				
Net costs to be recovered in future periods	88,593	(1,076,251)	(1,030,314)	(85,961)
Investment return	793,277	3,182,110	2,825,879	1,949,750
Interest expense	(5,017,110)	(4,743,211)	(4,450,199)	(4,139,113)
Net nonoperating expenses	(4,135,240)	(2,637,352)	(2,654,634)	(2,275,324)
Change in Net Position	(58,332)	317,942	1,954,582	2,978,546
Net Position, Beginning of Year	59,980,927	59,922,595	60,240,537	62,195,119
Net Position, End of Year	$ 59,922,595	$ 60,240,537	$ 62,195,119	$ 65,173,665

*Consistent with MEAN's Financial and Administrative Policies and Guidelines, MEAN will evaluate its preliminary Fiscal Year change in net position upon closing of MEAN's annual financial records including all year end accruals and Fiscal Year transactions. After evaluation of preliminary results, MEAN may transfer a portion of its preliminary Fiscal Year change in net position into the rate stabilization account or from the rate stabilization account. MEAN may also consider various adjustments which may result in changes in electric energy sales.

**During the year ended March 31, 2024, MEAN adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangement (SBITA)* . Amounts shown reflect the adoption date of April 1, 2022. See MEAN's audited financial statements as of and for the years ended March 31, 2024 and 2023 for additional information.