

As the General Manager of Custer Public Power District, a public power system in Nebraska, I sometimes catch myself thinking that everyone knows as much as they ought to about Nebraska's strong public power advantages and heritage; since public power is such a big part of my life.

Once in a while, someone says something or asks a question that reminds me to not take for granted the public knowledge about public power.

Let's begin with the most basic thing. What does the term "public power" mean? It means electric utilities that are owned by the public, by the customers in the areas they serve, not by out of state or foreign investors who are in it strictly for profit.

Public Power Districts (PPDs) operate on a not-for-profit basis, at cost, as opposed to profit-making utility companies whose first loyalty is to shareholders who primarily live elsewhere.

Public power utilities come in three flavors.

There are public power districts, which cover all or part of a county or several counties, and are much like a school district in that the enterprise they operate is owned by the public and governed by a board of directors elected by the citizens in the area served during each general election.

Municipal utility systems are similar, except that they are creatures of city government and their operations are pretty much confined to city limits. Their boards of directors are either elected officials or appointed by the city council or mayor.

We also have a few cooperatives, primarily along western and northern edges of Nebraska. They, too, are not-for-profit but rather than being a quasi-governmental district, they are private corporations that use the cooperative business model. They are 100% owned by the customers who elect the board at their annual meetings.

In the early days of bringing electricity to Nebraska, private, shareholder-owned, for-profit electric companies served mainly towns and urban areas. The Nebraska legislature -- and more specifically George Norris ---- realized that the private companies were not going to service rural customers because they could not make a profit.

Norris developed state laws that gave people the ability to form public power districts and rural electric cooperatives. They also gave public power the right of eminent domain to ensure that Nebraska would be a completely public power state without private electric companies making a profit on electricity, since electricity had become a necessity for modern life rather than a luxury item.

Nebraska became and still is the only state in which 100% of the customers are served by electric utilities that they own. Not one penny of dividends is tacked onto electric bills and sent to out of state or foreign investors.

Where do Public Power Districts like Custer get their electricity? For the most part, the answer is this: from a larger PPD, the Nebraska Public Power District. NPPD was formed to provide wholesale electricity to local municipal utilities and public power districts as well as some of those cooperatives.

How does electricity get from those power plants to the substations at Custer PPD? A sister PPD known as the Nebraska Generation and Transmission (NEG&T) cooperative fills that role. It purchases wholesale power from NPPD and delivers it us.

So, there are three Public Power Districts in the chain (NPPD, NEG&T, and Custer) that generate electricity, distribute it across the state, and bring it to your home. That's pretty much the model for the entire state, but there are some exceptions.

A few public power districts and cooperatives in western Nebraska receive their wholesale power from Tri-State Generation and Transmission Cooperative, a not-for-profit cooperative located in Colorado that performs essentially the same functions as NPPD and NEG&T. Tri-State is a separate entity that is 100% owned by the local systems that buy power from it, and it is those local systems who elect directors to the Tri-State board.

Having organizations like NPPD and Tri-State gives consumers the enormous advantages of scale and technical sophistication. Custer PPD, like all the other PPDs in Nebraska, is not an isolated little "buggy whip" operation. It is part of a larger network that pools all kinds of sophisticated resources for the good of the consumers.

Being in that network also gives us a certain measure of our own energy independence. When we need to buy power, we are not at the mercy of out-of-state utility holding companies whose focus is maximizing profits for the next quarterly report. In other states, that kind of setup often sometimes means that consumers get higher cost and lower service quality.

Custer PPD was formed in 1943 to serve the rural customers in central Nebraska, which later included all or part of 13 counties. Custer PPD was formed by the customers that we serve. We are governed by seven local directors who are elected locally. Every one of them receives their power from Custer PPD. They pay the same electric rates as every other consumer. They are customers who represent their fellow customers.

This unique distinction of being the only state in the union which is 100% public power is one of the major reasons why Nebraska is ranked seventh in the nation for having the lowest electric rates. For the most part states whose rates are lower are the lucky few

whose geographic good fortune put them near huge hydro-electric resources, such as the Columbia River in America's northwest, or huge coal fields in Kentucky.

There's one thing that I particularly like about all of this. It's a story that proves once again that here in rural Nebraska, we know how to take care of ourselves, take care of each other, take care of our communities, and take care of business.

It's a story worth passing on to the next generation.