



BUSINESS REPORT

2018/2019

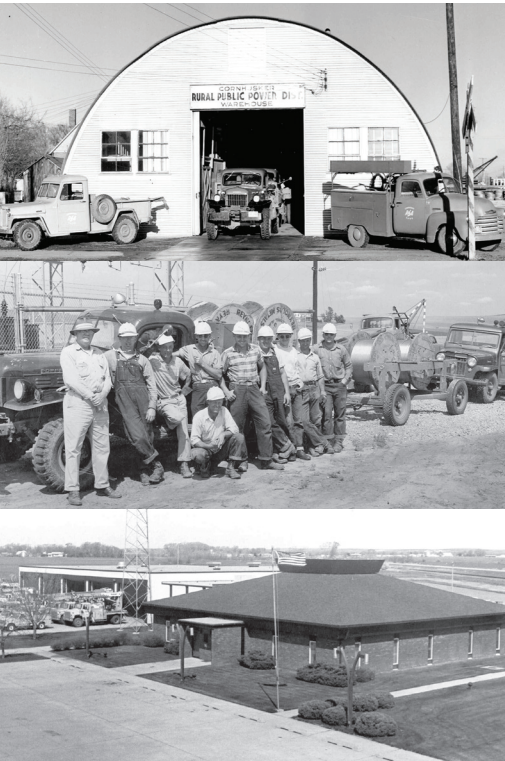
Business Overview

[CORNHUSKER]

Cornhusker Public Power District

Cornhusker Public Power District
23169 235th Avenue
PO Box 9
Columbus, NE 68602-0009

cornhusker-power.com
402 564-2821



Top: Warehouse, 1958

Middle: Construction crew, 1940s

Bottom: Columbus headquarters, 1970s

Front cover: Line technician Bryce Theilen

Back cover: Framing a new pole, (l-r) Michael Jacobi, Derek Hanson, and Bryce Theilen

CELEBRATING 75 YEARS OF HISTORY IN 2018

Cornhusker Public Power District was formed January 1, 1943.

Property of the former Boone-Nance District and the rural division of Loup Power District was consolidated to create the new rural district. The combined systems under Cornhusker Public Power District, governed by their own board of directors, served 987 customers. When the Loup Board of Directors authorized the formation of Cornhusker Public Power District, their directive was to organize a new power district to better represent the rural people. Cornhusker Power was the first public power district in the state to be formed from the merger of two systems.

By 1945, Cornhusker Public Power District was serving electricity to 1,350 customers, with 770 miles of line. Cornhusker Public Power District more than tripled in size, customers, and

assets over the first six years.

With continued growth, more office space was needed. In 1952, staff moved from their joint office space shared with Loup Power District to a new building on 22nd Avenue.

In 1972, headquarters northeast of Columbus was built.

In 2018, the Columbus office was remodeled. In 2019, a warehouse/pole yard expansion project began, and a new security

fence was installed all to accommodate the larger size of trucks and add security to the premises.

"A lot of things have changed over the past 75 years; however, our commitment to provide low-cost, safe and reliable energy to our 10,045 customers is the same. We are proud of our history and the opportunity to serve rural Nebraskans," said CEO/GM Clay Gibbs.



Cornhusker Public Power District is a not-for-profit electric distribution utility that sells electricity at cost to industrial tracts and rural portions of Platte, Colfax, Boone, Nance, Greeley and Wheeler counties in Nebraska.

PROFILE

- Cornhusker Public Power District has 43 full-time and three part-time employees.
- The District buys power from Nebraska Public Power District and distributes it to 10,045 electric services over 3,245 miles of distribution line.
- Customers per mile of line is 3.10.
- The service area covers 2,250 square miles.
- Cornhusker Public Power District was organized on January 1, 1943.
- Ten publicly elected board of directors make policy decisions.
- Headquarters:
Columbus, Nebraska
- Service Centers:
Albion, Nebraska
Fullerton, Nebraska

EXECUTIVE MESSAGE

Cornhusker Public Power District employees and directors are focused on meeting our customers electrical needs. Hopefully as you read this year's biannual report, you will see the commitment to providing outstanding customer service along with fair and affordable electricity.

2018, Cornhusker Public Power District marked our 75th anniversary. So much history, hardship, storms, celebrations and milestones over those years, you can't help but take a moment to reflect on the dedication from the employees and from all of our customers over those years to make Cornhusker Public Power District what it is today.

2019, brought many challenges, especially early in March, as historic flooding impacted every Nebraskan. Despite these challenges, we witnessed the strength that Nebraskan's have, as neighbor after neighbor pitched in to lend a hand to those impacted the most.

It makes you proud to live in a State that truly understands the important things in life.

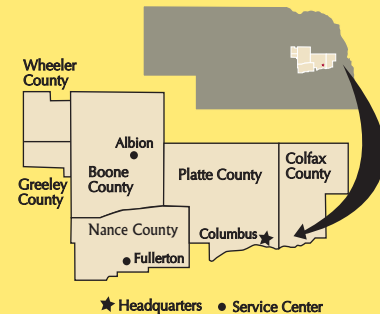
We encourage you to reach out to your elected Director, be engaged in your Public Power District, because we continue to feel that local control is the strength of Cornhusker Public Power District and the key to another 75 years.

Galen E. Frenzen
Galen E. Frenzen
Board President

Clay A. Gibbs
Clay A. Gibbs
CEO/GM

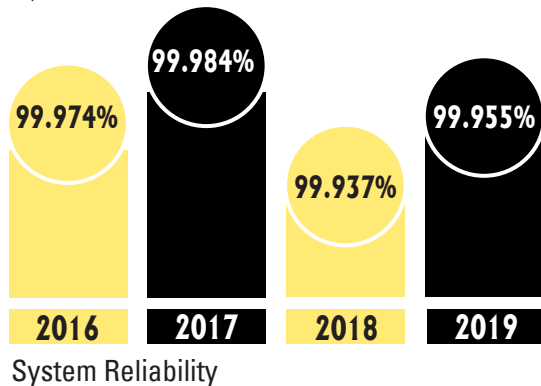


The mission of Cornhusker Public Power District is to safely provide our customers with quality electric and customer service that is fair, reasonable and non-discriminatory.



RELIABLE SERVICE system upgrades

The lights stay on, in part, to the hard work and dedication of our crews. As a result, we enjoy some of the most reliable power anywhere. Over the last four years, we have been able to provide 99.955 percent reliability, based on average outage hours per customer per year.

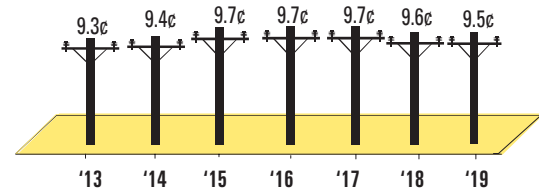


System upgrades improve reliability

Cornhusker Public Power District works to ensure stable voltage and increase capacity when needed.

Engineering and Planning Director Bobby Jones said, "We are truly powering the good life here in eastern Nebraska. In 2018, we engineered, built, and energized a substation one mile north of Leigh called Maple Creek substation," said Jones.

One 7,500 KVA transformer was added to the Humphrey substation along with triple and single oil circuit reclosers, larger buss conductor and regulators. A 5,000 KVA transformer was added to the Schuyler substation.



Average Cost of Kilowatt Hours Sold

Ten miles of T-2 was built to upgrade circuits out of substation 81-15 Creston circuit 2. Three miles of T-2 was built for a new circuit out of 81-32 Valero substation.

Three phase voltage regulator banks were built out of 81-6 Colfax substation.

Two miles of 3-phase was built north of St. Edward.

Cornhusker scores high on operational efficiency

Cornhusker Public Power District scores high in operational efficiency compared to other state and national utilities.

Cornhusker Public Power District's average total operation expense per kilowatt hour (kWh) sold is \$.0143. This compares to the national median of \$.0238 per kWh and a state median of \$.0228 per kWh.

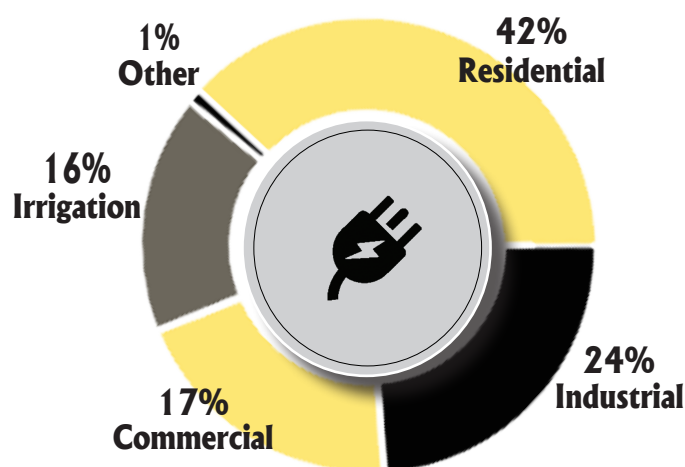
Cornhusker Public Power District's total controllable expenses per kWh sold is 39.92% below the national median and 37.25% below the state median. The figures compiled by the National Rural Utilities Cooperative Finance Corporation compare over 814 non-profit rural electrics.

LOW COST ELECTRICITY

at work for you

Source of Revenues

Residential revenues continued to constitute the largest portion of revenues at 42%. Irrigation revenues accounted for 16% of total revenues. Cornhusker Public Power District makes use of revenue in a manner that balances short-term operating expenses with long-term planning.

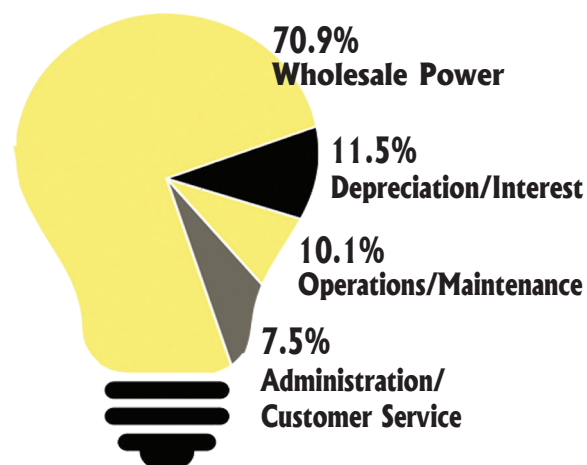


Comparison of Revenue to Sales in 2019

Type of Customer	kWh Sales	Revenue
Residential/Seasonal	140,872,071	\$15,003,097
Irrigation	29,545,782	\$5,726,541
Commercial	69,686,478	\$6,060,276
Industrial	132,235,620	\$8,727,083
Other	4,935,522	\$406,877

Source of Expense

When Cornhusker Public Power District breaks down the average kWh into its expense components, you can see how the percentage of each expense contributes to the overall cost. The largest expense is the cost of power, which was 70.9% of our total expense for 2019.



Utility plant worth

Cornhusker Public Power District realized a 4.3% increase in utility plant worth from year ended 2017 to year ended 2018: from \$97,985,000 to \$102,224,000. Year-end 2019, utility plant worth was \$106,647,000.

Operating revenue

Cornhusker Public Power Districts' operating revenue has increased over the past five years. In 2018, the District operated on a revenue of \$35,429,261. In 2019, the amount was \$35,955,473.

NEW residential rate restructure effective October 2018

October 2018, the District went to a three-part billing rate structure which separates distribution costs into a monthly fee, demand charge and energy charge based on each customer's actual usage profile.

Cornhusker Public Power District's AMI metering platform can read demand (kW) for every residential meter. Costs can be assigned to each customer based on their actual load profile rather than on rate-class averages used in the past.

Cornhusker Public Power District charges only what it costs to keep the lights on for our customers; rates are not marked up to generate profit. The directors and employees watch expenses carefully and are committed to providing electricity at the lowest possible cost.



Monthly fee: 1

cost of providing basic electrical service.



Energy charge: 2

(kWh or kilowatt hours) total amount of energy used in a billing period.



Demand charge: 3

(kW or kilowatts) the highest rate at which energy is used in a billing period.

USING ENERGY wisely & safely

Incentive programs offered

Cornhusker Public Power District offered two new ENERGYWISESM incentive programs in 2018-2019; one was a custom irrigation program and the other a smart thermostat program.

Nebraska Environmental Trust, NPPD and Cornhusker Public Power District began a new program to incentivize customers who purchase an electric vehicle (\$4,000), install a charging station (\$500), and/or pre-wire their home (\$100).

Efficiency programs help customers by reducing their energy costs. They also help the environment by reducing the amount of natural resources required to produce electricity.

To help all customers after the historic flooding of March 2019, three incentives - cooling system tune-up, heat pumps and heat pump water heater rebates were increased 33 percent.

In 2018, \$149,972 was incented to customers in the form of rebate checks or bill credits. The demand reduction caused by customers installing ENERGYWISESM efficiency measures was 91 KW and the energy reduction was 31,570,512 kWh. In 2019, \$155,643 was incented to participating customers with a demand reduction of 147 KW and an energy reduction of 13,191,122 kWh.

ENERGYWISESM brochures, complete program guidelines, and application forms are available on our website: cornhusker-power.com.

ELECTRICAL SAFETY awareness

Electrical safety awareness

Cornhusker Public Power District offers safety programs to schools and day camps. Businesses often request safety programs for their employees as well.

Step potential safety programs

In 2018, 107 area farmers learned — what to do if the equipment they are on comes in contact with a power line. In 2019, 84 farmers participated. The program is given before area pesticide trainings. It was also presented at the Cattlemens Annual Meeting in Kearney in 2018 with Director Galen Frenzen.

Schools

A total of 888 fifth grade students in the Cornhusker Public Power District service area participated in school classroom electrical safety programs in 2018 and 2019.

Day Camps

In 2018, 118 Boone/Nance county third grade students learned about electrical safety at the Progressive Agriculture Safety Day Camp. In 2019, 171 students participated. Forty-six K-8 students learned about electrical safety at a Day Camp in Platte County in 2019.

Albion employees celebrate District's 75th Anniversary



In 2018, Albion Service Center employees and their families participated in the Boone County Fair Parade. A bucket truck and an electric vehicle were driven through the parade. Line technicians (back, l-r) Marty McKay, Scott Miller, Charles Fox, and Marc Pelster.

COMMUNITY

beyond electric service

Lineman Appreciation Day at State Capitol



Pat Pope (l), Nebraska Governor Pete Ricketts (center), Keith Staab (r), April 2019

NPPD President Pat Pope and CPPD line technician Keith Staab watch Nebraska Governor Pete Ricketts sign the Lineman Appreciation Proclamation on April 9, 2019. Keith Staab spoke on behalf of Nebraska linemen during a ceremony at the Nebraska State Capitol.

Goodwill Fund donations exceed \$367,000



Lindsay Fire Chief B. Busselman (l), Goodwill Fund Trustee M. Dixon (r), May 2018

In 2018 and 2019, \$43,994 was given to area charities including a total of \$5,000 given to victims of the historic March flood.

Many notes of appreciation are received. *"Thank you for the \$500 donation to the Rescue Squad. We will be using the money to purchase portable stretchers."*

- Cedar Rapids Rescue Squad, August 2019

Chamber of Commerce Vehicle Day



Line Technician Riley Reeder, October 2019

Over 400 Columbus Public School first graders viewed vehicles from area business, industry and city operations showing students how certain vehicles help their community. Students were from Columbus Public School, Lakeview School, and Columbus Christian School.

Supporting agriculture, 4-H, area towns



Marketing Assistant Jessica Kurpgewit (l) at Farm Show, January 2018

Farm show and fair booth displays, Chamber of Commerce agribusiness events, and complimentary 4-H champion exhibitor photos are ways Cornhusker Public Power District supports the ag community in our service area.

We also support area towns by partnering with Loup Power District and Central Community College through a group called Community Builders. This group invites people from surrounding communities to come together for a host town tour, program, and dinner. In 2018, Humphrey, Howells, Monroe, and Leigh/Creston hosted meetings. In 2019, host towns were Schuyler and Platte Center. We take pride in helping small towns prosper.

FINANCIALS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED DECEMBER 31, 2018 AND 2019

	2018	2019
OPERATING REVENUES		
Electric energy sales	\$35,376,521	\$35,923,876
Other revenues	200,384	178,791
Total operating revenues	<u>35,576,905</u>	<u>36,102,667</u>
OPERATING EXPENSES		
Cost of power	23,430,082	22,854,133
Transmission	231,375	271,669
Distribution	1,428,019	1,442,773
Consumer accounts	348,091	351,035
Sales	222,238	217,548
Administrative and general	1,727,912	1,745,640
Maintenance	1,575,343	1,541,877
Depreciation	2,983,594	3,183,591
Total operating expenses	<u>31,946,654</u>	<u>31,608,266</u>
OPERATING INCOME	<u>3,630,251</u>	<u>4,494,401</u>
INVESTMENT AND OTHER INCOME		
Interest revenue	126,089	161,631
Other income	90,235	28,769
Total investment and other income	<u>216,324</u>	<u>190,400</u>
OTHER EXPENSES Rate stabilization		<u>500,000</u>
INCREASE IN NET POSITION BEFORE DEBT	<u>3,846,575</u>	<u>5,184,801</u>
DEBT AND OTHER EXPENSES		
Interest on long-term debt	(585,185)	(522,251)
Bond issue costs	(139,528)	(105,440)
Total debt and other expenses	<u>(724,713)</u>	<u>(627,691)</u>
INCREASE IN NET POSITION	3,121,862	4,557,110
NET POSITION, beginning of year	57,854,833	58,205,961
RESTATEMENT	(2,770,734)	-
NET POSITION, beginning of year, restatement	55,084,099	58,205,961
NET POSITION, end of year	<u>\$58,205,961</u>	<u>\$62,763,071</u>

Line technicians build apps to improve jobs

Cornhusker Public Power District's line technicians were showcased in an article, posted nationally on cooperative.com. The story told how they created apps to use in the field.

NRECA NEWS - Line crews are doubling as in-house app developers to improve how their tasks get done. Written by NRECA author Victoria A. Rocha.

When mother-nature packs a wallop, electric cooperative line crews not only fix broken poles and downed wires - they also help document damage for federal reimbursements. Their app streamlines damage assessments required by FEMA.

Over the past five years, they have built about 30 apps to track and streamline vegetation management, transformer change-outs, line patrol, inspections, and more.



Crew Foreman Jim Baumert uses an app employees designed to study data on padmount transformer inspections. November 2019

2019 HISTORIC FLOODS prove to be disastrous

The combination of melting snow, frost in the ground, ice on the river and rain, caused historic flooding in Nebraska March 13-15, 2019.

Over the three-day period, 1,500 customers were left without power.

With bridges washed out and deteriorated road conditions, crews used boats and 4-wheelers to transport supplies and equipment to assess and repair power lines.



Top photo: Highway 15, south of Schuyler
Middle: Pole washed out near Columbus
Bottom: Fullerton line technician looks at road and barn damage. March 2019

CORNHUSKER PUBLIC POWER DISTRICT COLUMBUS, NEBRASKA STATEMENT OF NET POSITION DECEMBER 31, 2018 AND 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2018	2019
UTILITY PLANT	\$102,224,064	\$106,646,907
Less accumulated depreciation	(28,294,976)	(30,423,334)
Net capital assets	<u>73,929,088</u>	<u>76,223,573</u>
NONCURRENT ASSETS		
Restricted investments - Debt Reserve Fund	539,332	
Investments in associated organizations	<u>972,801</u>	<u>987,170</u>
Total noncurrent assets	<u>1,512,133</u>	<u>987,170</u>
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	7,123,383	9,613,979
Restricted investments - Debt Service Fund	779,520	628,798
Accounts receivable - less allowance for doubtful accounts of \$150,056 in 2019 and \$141,105 in 2018	2,825,749	3,417,542
Interest receivable	8,096	7,812
Materials and supplies inventory	2,239,833	2,227,864
Prepaid expenses	<u>970,943</u>	<u>769,572</u>
Total current assets	<u>13,947,524</u>	<u>16,665,567</u>
TOTAL ASSETS	<u>89,388,745</u>	<u>93,876,310</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>21,108</u>	<u>260</u>
Deferred charges		
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$89,409,853</u>	<u>93,876,570</u>

**CORNHUSKER PUBLIC POWER DISTRICT
COLUMBUS, NEBRASKA
STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2019**

NET POSITION, DEFERRED INFLOWS
OF RESOURCES, AND LIABILITIES

	2018	2019
NET POSITION		
Invested in electric plant, net of related debt	\$53,103,996	\$55,706,333
Restricted	1,318,852	628,798
Unrestricted	3,783,113	6,427,940
Total net position	<u>58,205,961</u>	<u>62,763,071</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred customer credits	434,172	614,123
Deferred rate stabilization	2,000,000	1,500,000
Total deferred inflows of resources	<u>2,434,172</u>	<u>2,114,123</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	20,846,200	20,517,500
Less current maturities	(2,348,700)	(2,470,200)
Post-retirement benefit obligation	4,566,710	4,622,631
Total noncurrent liabilities	<u>23,064,210</u>	<u>22,669,931</u>
CURRENT LIABILITIES		
Accounts payable	1,967,437	2,455,744
Accrued expenses	863,831	805,729
Consumer deposits	525,542	597,772
Current maturities of long-term debt	2,348,700	2,470,200
Total current liabilities	<u>5,705,510</u>	<u>6,329,445</u>
TOTAL NET POSITION, DEFERRED INFLOWS OF RESOURCES, AND LIABILITIES	<u>\$89,409,853</u>	<u>\$93,876,570</u>

NEW SERVICES to power chicken barns

Crews worked on two 16-chicken barn sites, located south of Monroe. Crews extended 1.5 miles of 3-phase line to serve the chicken barn site. Overall, in the District's service area, five new services for chicken barn sites totaling 58 barns were energized.



From left - Parker Hughes and Riley Reeder install 2" flex duct for primary and secondary wires at a future chicken barn site. November 2019

Conclusion

Cornhusker Public Power District continues to be a strong distribution utility operating within state statutes and preserving the public power model.

We thank you for your past partnership and look forward to doing business with you in the future.

[CORNHUSKER]



Cornhusker
Public Power District

