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BETWEEN THE LINES: The Dawson PPD and Central NPPID Project

I've fielded several questions about our announcement in November. In December, our boards approved the hiring of a consultant to take a deeper and more thorough look at whether or not this arrangement not only has merit but has positive impacts for each district.

It's important to understand what each system does and how they might fit together. Dawson PPD is an electric distribution provider and purchases all our power from Nebraska Public Power District through the Nebraska Generation & Transmission organization. The Central NPPID is a bit more complex as they provide several benefits starting with irrigation, but they also generate power, provide recreational opportunities and recharge the area's groundwater.

WHAT STARTED THE CONVERSATION?

There were a couple of things here – first was Central's hydro-generation and end of their contract with Evergy in Kansas on the horizon – and Central's General Manager Devin Brundage's vision to keep hydro power local to benefit Nebraskans in our region. Second, Dawson PPD is interested in carbon free resources for our customers and ways to stabilize or reduce rates. Both Brundage and I could see possibilities for our customers/stakeholders the more we compared notes.

WHY IS A CONSULTANT NEEDED?

To phrase it simply "we don't know what we don't know." Both companies have different business models, but both general managers are focused on our respective core business and do not know the ins and outs of the other system. Knowing the right questions to ask and having those questions answered by an objective, independent expert is important to making sure the decisions we make are the right ones. We solic-

ited proposals from three companies and found Power Systems Engineering to provide the best path for a thorough analysis.

THE STUDY WILL BE CONDUCTED IN FOUR PHASES:

1. Initial Screening and Strategic Fit (many pieces of this have been done just to ensure a consultant would be needed)
2. Due Diligence (which assesses the financial benefits)
3. Consolidation Plan
4. Present the findings and make a recommendation to the boards

Each phase must be approved by the respective boards before moving on to the next one. Each board could call an end to the study at any time. The study is expected to take at least six months to complete. We believe the end of Phase 2 will provide the most information so both boards can do an in-depth look at how this benefits those whom they represent.

WILL YOU HAVE TWO SEPARATE BOARDS OF DIRECTORS?

Good question – and to be honest, I do not have the ability or authority to speculate on what a consolidated board structure might look like. This could be decided by our respective boards, likely in Phase 3.

WILL EMPLOYEES LOSE THEIR JOBS?

From the very beginning Brundage and I felt that if employees needed to be furloughed due to a consolidation,

then the project was doomed from the very beginning. No one should lose their job, but it doesn't mean the scope of certain jobs won't change. When comparing our organizational charts, we saw very little job duplication. We believe natural attrition (retirements) will take care of any overlaps.

The combining of both companies must be greater than how they stand individually.

HOW WILL YOUR CUSTOMERS BENEFIT?

That is the million-dollar question, isn't it? For me, I was interested in finding ways to reduce rates for Dawson PPD's customers – but writing that down and getting it done is a long way down the road. For one, we must fulfill the Nebraska G&T's wholesale power contract with Nebraska Public Power District. Central's primary interest was to ensure sustainability of the project's

mission while improving economic development opportunities for central Nebraska. The answer to that question is we don't know...yet. If there is no benefit, then the pursuit stops. Early on, we adopted a 'slogan' that said "1 + 1 > 2." The combining of both companies must be greater than how they stand individually.

The picture below shows you how Dawson PPD's service territory aligns with Central's service area. It's important to note that Dawson PPD does not have the authority or ability to pick up electric customers in areas that Central covers.

Dawson PPD and Central will operate transparently throughout this process and you can expect frequent updates. If you have any questions, please let us know.



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Dawson PPD and Central NPPID's Service Territories

