

OPPD Board of Directors – All Committees Meeting

Tuesday, June 15, 2021

CLOSED SESSION – 8:00 AM – PUBLIC SESSION 10:00 A.M.

Public may attend by going to www.oppd.com/CommitteeAgenda to access the Webex meeting link and view instructions.

<u>TOPIC</u>	<u>TYPE</u>	<u>PRESENTER</u>	<u>TIME*</u>
1. Chair Opening Statement		Bogner	8:00 A.M.
2. Closed Session			8:10 A.M.
Enterprise Risk Management Quarterly Update	Reporting	Focht	30 min
Polar Vortex After Action Review	Reporting	Focht	30 min
Corporate Officer Performance Reviews & Compensation Adjustments – Juli Comstock & Lisa Olson	Action	Burke	30 min
BREAK			9:40 A.M.
<i>Open Webex Meeting to Allow Public to Join</i>			9:45 A.M.
3. Public Session – Chair Opening Statement		Bogner	10:00 A.M.
4. Safety Briefing		Burke	10:05 A.M.
5. Governance Committee			10:10 A.M.
Governance Chair Report (6/10/21)	Reporting	Moody	10 min
SD-15: Enterprise Risk Management Monitoring Report	Action	Focht	30 min
Annual Health Plan Report	Action	Sedky	20 min
6. Finance Committee			11:10 A.M.
Finance Chair Report (6/3/21)	Reporting	Yoder	10 min
SD-2: Rates Monitoring Report	Action	Fernandez	60 min
BREAK FOR LUNCH			12:20 P.M.
Finance Committee (continued)			12:50 P.M.
Authorization for Additional Debt Financing	Action	Fernandez	20 min
Rate Design Changes to Rate 110M, 469W and 483	Action	Fernandez	20 min
7. System Management & Nuclear Oversight Cmte			1:30 P.M.
SM&NO Chair Report	Reporting	Williams	10 min
Underground Streetlight Cable Repair Contract	Action	Via	10 min
Substation Control Building Enclosure	Action	Via	10 min
Foundations, Ductlines, and Miscellaneous Work for 161kV Substation	Action	Via	10 min
BRIGHT Project Update	Presentation	Fisher	30 min
Nuclear Oversight Committee Report	Reporting	Fisher	10 min
BREAK			2:50 P.M.
8. Public Information Committee			3:00 P.M.
Public Information Chair Report (6/8/21)	Reporting	Mollhoff	10 min
<ul style="list-style-type: none"> Customer Trends Update (<i>Due to time, will not be presented. Update will be posted on oppd.com.</i>) 			
Legislative and Regulatory Update	Reporting	Olson	30 min

* All times and duration are estimates. Please use the link below to find board agendas, materials and schedules. Board governance policies and contact information for the board and senior management team also can be found at www.oppd.com/BoardMeetings.

	<u>TOPIC</u>	<u>TYPE</u>	<u>PRESENTER</u>	<u>TIME*</u>
9.	Other Business			3:40 P.M.
	Confirmation of Board Meeting Agenda	Action	Bogner	5 min
	Review of Board Work Plan	Discussion	Bogner	5 min



Pre-Committee Agenda

GOVERNANCE PRE-COMMITTEE MEETING
WEBEX VIDEOCONFERENCE
June 10, 2021 7:30 – 9:00 A.M.

1. Corporate Officer Performance Review & Compensation Adjustments – Juli Comstock and Lisa Olson (Sedky – 30 min)
 - a. Objective: Review the performance and recommend compensation adjustments
2. 2020 Annual Health Plan Report (Sedky – 5 min)
 - a. Objective: Review annual health plan report for 2020
3. SD-15: Enterprise Risk Management Monitoring Report (Focht – 5 min)
 - a. Objective: Confirm recommendation and address any questions
4. July Board Meetings (Focht – 10 min)
 - a. Objective: Review recommendation for approach to July meetings
5. Meeting Logistics: Technology (Bruckner – 5 min)
 - a. Objective: Consider potential change to virtual meeting attendee list
6. OPPD Redistricting (Bruckner – 5 min)
 - a. Objective: Create shared understanding of requirements and approach
7. Strategic Directive (SD) Monitoring Report Approach Refinement (Focht – 10 min)
 - a. Objective: Identify potential refinements to SD policy monitoring
8. 2021 Board Governance Workshop Update (Focht – 5 min)
 - a. Objective: Understand progress and next-steps
9. Strategic Management Update (Focht – 10 min)
 - a. Objective: Understand current progress and next steps on Powering the Future to 2050 and Strategic Initiatives
10. Confirmation of Board Work Plan – Governance Committee Items (2.5 min)
 - a. Objective: Committee members to review and confirm items on the Board Work Plan.
11. Summary of Committee Direction (2.5 min)
 - a. Objective: Senior management team liaison(s) to summarize direction provided by the committee



Board Action

BOARD OF DIRECTORS

June 15, 2021

ITEM

SD-15: Enterprise Risk Management Monitoring Report

PURPOSE

To ensure full Board review, discussion and acceptance of the SD-15: Enterprise Risk Management Monitoring Report


FACTS

- a. The Board confirmed the Corporate Governance Initiative Charter in December 2014 in order to assess and refine OPPD’s corporate governance infrastructure.
- b. The first set of Board policies was approved by the Board on July 16, 2015. A second set of Board policies was approved by the Board on October 15, 2015.
- c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.
- d. The Governance Committee is responsible for evaluating Board Policy SD-15: Enterprise Risk Management on an annual basis.
- e. The Governance Committee has reviewed the SD-15: Enterprise Risk Management Monitoring Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.

ACTION

Board of Directors approval of the SD-15: Enterprise Risk Management Monitoring Report.

RECOMMENDED:

DocuSigned by:

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 Scott M. Focht
 Vice President – Corporate Strategy and
 Governance

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

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 Timothy J. Burke
 President and Chief Executive Officer

Attachments: Exhibit A – Monitoring Report
Resolution

SD-15: Enterprise Risk Management Monitoring Report

June 15, 2021

Scott Focht – Vice President Corporate Strategy & Governance

Dan Laskowsky – Director Risk Management

SD-15: Enterprise Risk Management

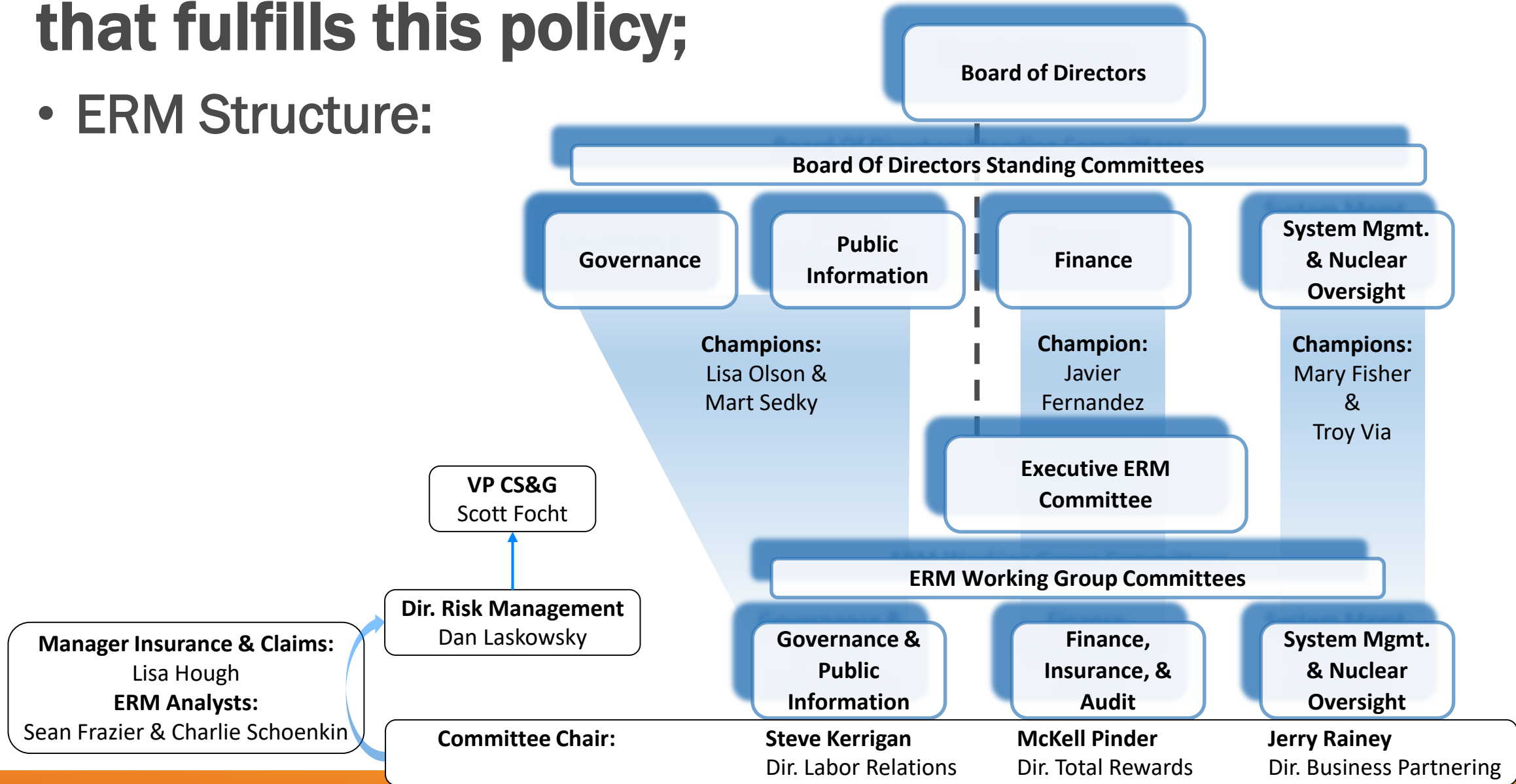
OPPD shall maintain an enterprise risk management (ERM) program to perform an independent oversight function of the District's risk management activities to ensure significant risks are identified, assessed, managed, and reported through organizational policies, procedures, and processes to maintain risk exposures within agreed upon risk tolerance levels.

The Board of Directors shall:

- Ensure the District is maintaining an ERM program that fulfills this policy;
- Review the District's most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review;
- When necessary, request additional explanation of the risk from the corresponding Vice President responsible for the risk or request additional expertise to supplement the review; and
- Review additional ERM information, related risk activities, and strategies on an as-needed basis.

Ensure the District is maintaining an ERM program that fulfills this policy;

- ERM Structure:



Ensure the District is maintaining an ERM program that fulfills this policy;

- Board Policy SD-15 & ERM Policy guide responsibilities and procedures for managing risks
- Risk Identification & Oversight:
 - Monthly: All three ERM Working Group Committees meet to identify and assess risks and have at least one member from each Business Unit.
 - Quarterly: Reports on the District's significant risks are provided to Executive ERM Committee and the Board of Directors. Senior Management affirms the following items:
 - Enterprise risks are identified, to a reasonable extent.
 - Significant enterprise risks are understood.
 - Mitigation strategies are understood, appropriate, and sufficient.

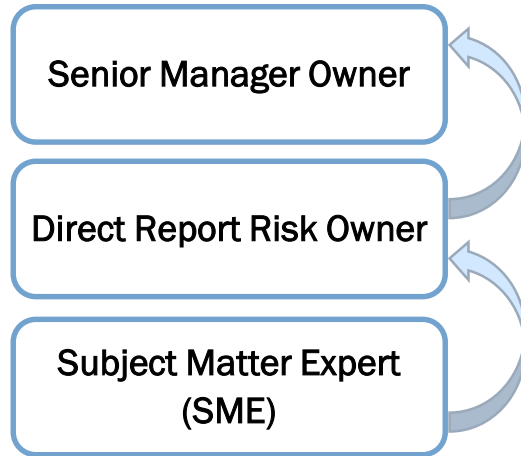
Review the District's most significant risks on a quarterly basis to validate assumptions and assess the impacts of changes since initial risk review;

- 3rd Quarter 2020 Report (Closed Session) - September 15, 2020
- 4th Quarter 2020 Report (Closed Session) - December 8, 2020
- 1st Quarter 2021 Report (Closed Session) - March 16, 2021
- 2nd Quarter 2021 Report (Closed Session) - June 15, 2021

Instructions:						Risk Likelihood (5 Years)				Risk Appetite Guidance		
1 - The severity text for each consequence is a representative, and not an exhaustive, list of the events that would fall under each level, use your best judgement to rank any consequences not explicitly listed. Determine the potential consequences of the risk being considered.						Theoretically Possible, Never Occurred at OPPD or in the Industry, <1%	Has Happened in the Industry, Potential to Occur at OPPD, 1% - 10%	Has Happened at OPPD, Multiple Occurrences in the Industry, Probable, 11% - 25%	Likely to Occur at OPPD, Multiple Occurrences at OPPD, Expected, 26% - 100%			
2 - The Risk Severity is determined by the highest severity level across all the consequences. If stuck between two levels for a specific consequence, choose the higher of the two levels to err on the side of caution. The [1] button above column 1 can hide the consequence section.												
3 - Choose the Risk Likelihood that best represents the best representation that the consequences chosen will occur within the coming 5 year period.												
Consequence						Text indicates the Mgmt. Escalation Level and Frequency Required.	1	2	3	4		
Safety	Financial	Reliability	Regulatory	Reputation	Technology							
Risk Severity	Death(s) or Multiple Major Injuries / Multiple SIFs or Nuclear General Emergency Declaration	Greater Than \$15 Million Loss in a Single Year and/or Greater Than \$60 Million Loss in a 5 Year Period	Destruction of Major Facility, Complete Service Territory Blackout, Long-Term Interruption of "Normal" Business	Environmental Major Contaminant or Radioactive Release Resulting in Criminal Fines against OPPD or Prison Time for Employees	Persistent International or National Concern, Governmental Inquiry, Permanent "Brand" Impact	Compromise of Any Network, Loss/Theft of Data, Primary and Backup Critical Systems Down or Severely Degraded for 2+ Days, or High Impact Bulk Electric System (BES) Cyber Systems and associated communication systems down or severely degraded for 12 hours. Compromise of Any Operational Network /System that materially jeopardizes plant safety or	4	Executive ERM Committee (Quarterly)	Board of Directors & Executive ERM Committee (Quarterly)	Board of Directors & Executive ERM Committee (Quarterly)	Board of Directors & Executive ERM Committee (Quarterly)	Unacceptable Risk Level Must Avoid or Mitigate to a lower level.
	Single Major Injury (Hospitalization) / SIF Case or Multiple DART Cases or Nuclear Site Area Emergency Declaration	Greater Than \$10 Million Loss in a Single Year and/or Greater Than \$40 Million Loss in a 5 Year Period	Significant Damage to Major Facility, Load Shedding to Maintain Grid, Sustained Customer Outage for Portion of Service Territory	Significant Regulatory Violation Resulting in Greater than \$1 Million in Civil Penalties	Persistent National Media Scrutiny, Long Term "Brand" Impact, Negative Viral Social Media Impact	Critical Application, Data Server, Major Network Segment, Infrastructure Component Down or Severely Degraded for 1+ Day, or High Impact Bulk Electric System (BES) Cyber Systems and associated communication systems down or severely degraded for 2 hours. Compromise of Any Operational Network /System that could jeopardize plant safety or causes a forced	3	ERM WG Committee (Annually)	Executive ERM Committee (Quarterly)	Executive ERM Committee (Quarterly)	Board of Directors & Executive ERM Committee (Quarterly)	Undesirable Risk Level Avoid when possible, mitigate to a lower level if unable to avoid, accept only with 75% approval from Senior Management.
	Injury Requiring Treatment by Medical Practitioner / DART Case or Nuclear Alert Declaration	Greater Than \$5 Million Loss in a Single Year and/or Greater Than \$20 Million Loss in a 5 Year Period	Damage to an OPPD Facility, Several Circuit Lockouts, Orange Operating Condition - Fossil, Construction & Maintenance Halted	Regulatory Violation Resulting in Greater than \$50k in Civil Penalties	Persistent Local Media Scrutiny, Some Negative National Media Attention, Short Term "Brand" Impact, Negative Social Media Impact	Critical Application, Data Server, Network Segment, Infrastructure Component, or Operational Network/System Down or Severely Degraded for 2+ Hrs	2	ERM WG Committee (Biennially)	ERM WG Committee (Annually)	ERM WG Committee (Annually)	Executive ERM Committee (Quarterly)	Tolerable Risk Level Avoid when plausible, mitigate if possible, accept only with approval from ERM WG Committee with 75% approval
	First Aid Required or Nuclear Notice of Unusual Event (NOUE) Declaration	Greater Than \$500k Loss in a Single Year and/or Greater Than \$2 Million Loss in a 5 Year Period	Some Circuit Lockouts, Yellow Operating Condition - Fossil, Significant Impact to Construction and Maintenance	Notice of Non-Compliance, Violation or Potential Violation Resulting in Less than \$50k in Civil Penalties	Negative Short Term Local Media Attention, Scrutiny by Senior Management, Negative Social Media Attention	Any Application, Data Server, Network Segment, Infrastructure Component, or Operational Network/System Down or Severely Degraded for 1+ Hrs	1	ERM WG Committee (Biennially)	ERM WG Committee (Biennially)	ERM WG Committee (Annually)	ERM WG Committee (Annually)	Acceptable Risk Level Accept, Mitigate only when prudent, Avoid only when risk is unnecessary
	No Injuries and Impact would Not Lead to a Notice of Unusual Event (NOUE) Declaration	Less Than \$500k Loss in a Single Year and/or Less Than \$2 Million Loss in a 5 Year Period	Normal Operating Conditions, Outage Activity is Limited and Isolated, Construction and Maintenance Proceed as Planned	No Regulatory Impact	Limited or No Negative Press or Social Media Attention	Normal Operations, Any Issues can be Resolved in Less Than 1 Hour	0	Non-ERM Risk	Non-ERM Risk	Non-ERM Risk	Non-ERM Risk	Risk of Doing Business Accept, Maintain awareness and escalate to ERM if risk significantly changes.
							Division / Dept. Risk					

When necessary, request additional explanation of the risk from the corresponding Senior Manager responsible for the risk or request additional expertise to supplement the review;

- Three levels of risk ownership:



- Responsible For:



- Directors are able to request additional information from the corresponding Senior Management owner responsible for any significant risk.
- Directors can also request that Senior Management arrange for additional expertise to supplement the review of a specific significant risk.

Review additional ERM information, related risk activities, and strategies on an as-needed basis.

- Leverage ERM during Strategic Planning, Resource Planning, and Capital Project Prioritization
- ERM support of COVID-19 pandemic response and Polar Vortex After Action Review
- Business Decision Model includes risk assessment
- Recent Board recommendations have included risk-related information as part of the discussion. Some examples include:
 - Resolution No. 6351 - Power with Purpose (November 14, 2019 and Ongoing)
 - Resolution No. 6390 – Statement of Support and Appreciation For the Employees of OPPD, following the August 10, 2020 Derecho event.
 - Resolution No. 6412 - Approval of Corporate Operating Plan (December 8, 2020)

Recommendation

- The Governance Committee has reviewed and accepted this Monitoring Report for SD-15 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-15.



Moody/Focht

DRAFT
RESOLUTION NO. 64xx

WHEREAS, the Board of Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD's corporate governance principles and procedures; and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process; and

WHEREAS, the Board's Governance Committee (the "Committee") is responsible for evaluating Board Policy SD-15: Enterprise Risk Management on an annual basis. The Committee has reviewed the SD-15: Enterprise Risk Management Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Omaha Public Power District accepts the SD-15: Enterprise Risk Management Monitoring Report, in the form as set forth on Exhibit A attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.



Board Action

June 15, 2021

ITEM

Health Plan – 2020 Annual Report

PURPOSE

Provide an annual report on the District’s Health Plan


FACTS

- a. In 1991, the Board of Directors authorized the formation of a self-funded Administrative Services Only Health Plan (Health Plan). The Health Plan includes the health insurance programs and dental program offered by the District.
- b. The Health Plan is subject to the Political Subdivision Self-Funding Benefits Act, set forth in §13-1601 to §13-1626, Revised Statutes of Nebraska (Benefits Act). In order to comply with the Benefits Act, the District is required to prepare an annual report on the Health Plan and required reserves.
- c. Two funded reserves are maintained for the Health Plan in accordance with the Benefits Act. One reserve is to account for timing delays in claims filing and processing which is referred to as an Incurred But Not Presented Reserve. A second reserve ensures that funds will be available during each ensuing month and is called the Monthly Claims and Expenses Reserve.


ACTION

Review and approval of the Health Plan – 2020 Annual Report

RECOMMENDED:

DocuSigned by:

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 Martha L. Sedky
 Vice President – Human Capital

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

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 Timothy J. Burke
 President and Chief Executive Officer

MLS:vll

Attachments: Health Plan – 2020 Annual Report
Resolution

**Omaha Public Power District
Health Plan – 2020 Annual Report
June 15, 2021**

As required by the Benefits Act, the following is a report on the District's Health Plan for 2020 and required reserves.

HEALTH PLAN REPORT

	2020
Expenses - Gross	
Medical, dental and prescription claims	\$25,360,800
Other post-employment benefits-OPEB	\$15,582,000
Fees and reserve adjustments	\$3,153,300
Subtotal	\$44,096,100
 Reduction of Expenses	
Employee and COBRA contributions	\$6,772,000
Prescription Rebates ⁽¹⁾	\$2,469,800
Stop Loss Reimbursements ⁽²⁾	\$905,800
MISC Refunds ⁽³⁾	\$346,400
Subtotal	\$10,494,000
 Total	 \$33,602,100

- Notes ⁽¹⁾ This represents prescription drug rebates issued by the drug manufacturers.
⁽²⁾ This represents reimbursements for claims that exceed the individual stop loss.
⁽³⁾ This represents reimbursements from BCBS, UMR, and other self-insurance refunds.

RESERVES

	2020
Incurred But Not Presented	
Beginning balance	\$3,502,000
Activity	-\$172,000
Ending balance	\$3,330,000
 Monthly Claims and Expenses	
Beginning balance	\$2,807,600
Activity	-\$206,400
Ending balance	\$2,601,200

The reserve balances change based on annual projections and actuarial information received.

DRAFT
RESOLUTION NO. 64xx

WHEREAS, the District maintains a Health Plan for its employees, retirees and their dependents; and

WHEREAS, the Board of Directors directed management to provide for self-funding of the District's Health Plan, as well as the use of Administrative Services Only providers, and to authorize such providers to issue payments and adjustments in settlement of such health benefits; and

WHEREAS, such arrangements were completed and the District's self-funded Health Plan is in effect; and

WHEREAS, State statutes require the Board of Directors to review and approve an annual report on the self-funded Health Plan and required reserves; and

WHEREAS, the Health Plan - 2020 Annual Report has been completed and indicates that the Health Plan was operated in accordance with the Board's directive and applicable State statutes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that the Health Plan - 2020 Annual Report on the District's self-funded Health Plan, a copy of which is attached hereto, is hereby approved.



Pre-Committee Agenda

FINANCE PRE-COMMITTEE MEETING
VIDEOCONFERENCE
June 3, 2021 2:00 PM – 5:00 PM

1. External Auditor BKD Contract Extension (5 min)
 - a. Objective: Discuss management's recommendation on contract extension for external auditor.

2. Debt Issuance Resolution (5 min)
Board Action Item a. Objective: Introduce resolution to authorize issuance of debt to finance new capital projects and to refinance existing debt outstanding.

3. Rate Design Changes to Rate 110M, 469W and 483 (20 min)
Board Action Item a. Objective: Discuss proposed changes to rate design to Rate Rider 110M, Rate Rider 469W and Rate Rider 483.

4. SD-2: Rates Monitoring Report (40 min)
Board Action Item a. Objective: Confirm staff's proposal to accept SD-2 monitoring report and answer any questions.

5. Energy Burden Project Presentation (45 min)
 - a. Objective: Introduce the Energy Burden Project and connections to affordability topics.

6. Block Rate Project Update (60 min)
 - a. Objective: Review action plan towards elimination of declining block rates for Rate 110, Rate 230 and other applicable rates.

7. Confirmation of Board Work Plan – Finance Committee Items (3 min)
 - a. Objective: Committee members to review and confirm items on the Board Work Plan.

8. Summary of Committee Direction (2 min)
 - a. Objective: Senior management team liaison(s) to gain alignment and summarize direction provided by the committee.



Board Action

BOARD OF DIRECTORS

June 15, 2021

ITEM

SD-2: Rates Monitoring Report

PURPOSE

To ensure full Board review, discussion and acceptance of SD-2: Rates Monitoring Report.


FACTS

- a. The Board confirmed the Corporate Governance Initiative Charter in December 2014, in order to assess and refine OPPD's corporate governance infrastructure.
- b. The first set of Board policies was approved by the Board on July 16, 2015. A second set of Board policies was approved by the Board on October 15, 2015.
- c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.
- d. The Finance Committee is responsible for evaluating Board Policy SD-2: Rates on an annual basis.
- e. The Finance Committee has reviewed the SD-2: Rates Monitoring Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.


ACTION

The Finance Committee recommends Board approval of SD-2: Rates Monitoring Report.

RECOMMENDED:

DocuSigned by:

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 L. Javier Fernandez
 Vice President and Chief Financial Officer

APPROVED FOR REPORTING TO BOARD:

DocuSigned by:

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 Timothy J. Burke
 President and Chief Executive Officer

LJF:bru

Attachment: Exhibit A – Monitoring Report Resolution

Monitoring Report SD-2: Rates Committee Meeting June 15, 2021

Javier Fernandez, Vice President – Financial Services & CFO

SD-2: Rates

Strategic Directive

The Board of Directors shall establish a rate target of no general rate increases for a 5-year period starting January 1, 2017 and ending December 31, 2021, and a directional rate target of 20% below the West North Central Regional average published rates on a system average basis.

In implementing this rate target, OPPD shall adhere to these principles:

- Maintain fair, reasonable, and non-discriminatory rates as stated in Nebraska Revised Statute 70-655;
- Equitably assign costs across and within all customer classes;
- Monitor affordability indicators;
- Pursue rate process and structure changes to reflect the cost of energy when it is used;
- Offer flexibility and options; and
- Be simple and easy to understand.

SD-2: Rates

No General Rate Increase and Directional Rate Target

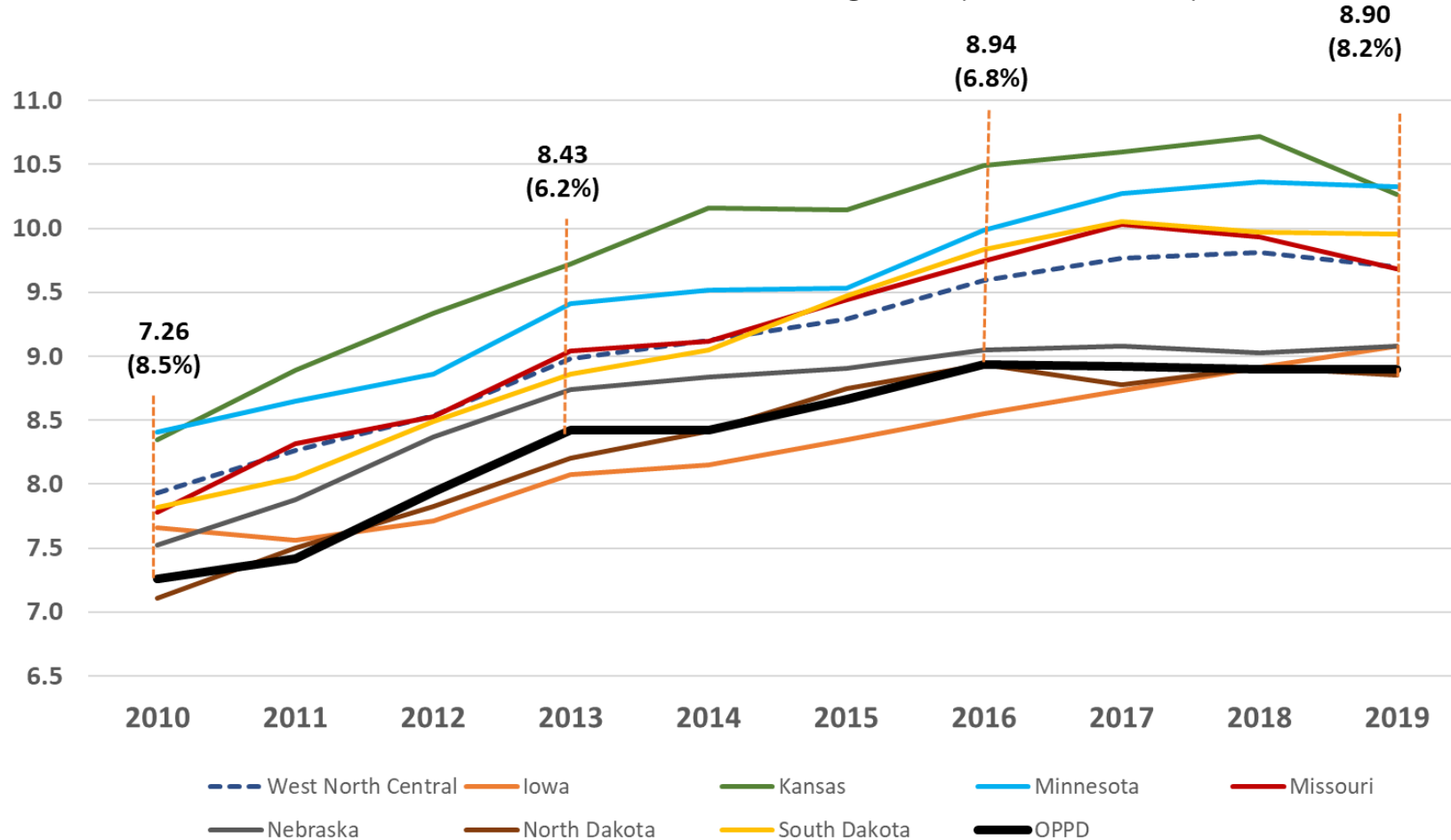
- **No general rate increase for a 5-year period starting January 1, 2017 and ending December 31, 2021**
 - *OPPD is on track to fulfill the promise of no general rate increase for 5 years.*
- **Directional goal of 20% below the West North Central (WNC) Region average published rates**
 - *The no general rate increase was an important step in pursuit of 20% below the WNC Regional average.*
- **Comparison against the WNC Region:**
 - *OPPD continues to measure against the states included in the Energy Information Administration's (EIA) WNC Region including North Dakota, South Dakota, Minnesota, Iowa, Missouri, Kansas, Nebraska.*

SD-2: Rates

Directional Rate Target

WNC Average Rates All Rate Classes (¢/kWh)

Data from EIA - Electric Sales, Revenue, and Average Price (Table T4 and T10)



SD-2: Rates

Directional Rate Target

- EIA calculates the average price (cents/kWh) utilizing consistent methodology to ensure comparability across states and utilities.
 - Average price per kWh calculation:
 - Utilizes the Annual Electric Power Industry Report (Form EIA-861)
 - Revenue by Sector – Residential, Commercial, Industrial, and Transportation.
 - Energy Sales by sector.
 - The formula is simply: $\frac{\text{Revenue}}{\text{Energy Sales}} = \text{average price.}$
 - Average price will not perfectly reflect the structure of rates
 - This methodology ensures comparability regardless of source of revenue – customer, demand, energy charge, etc.

SD-2: Rates

Load Factor

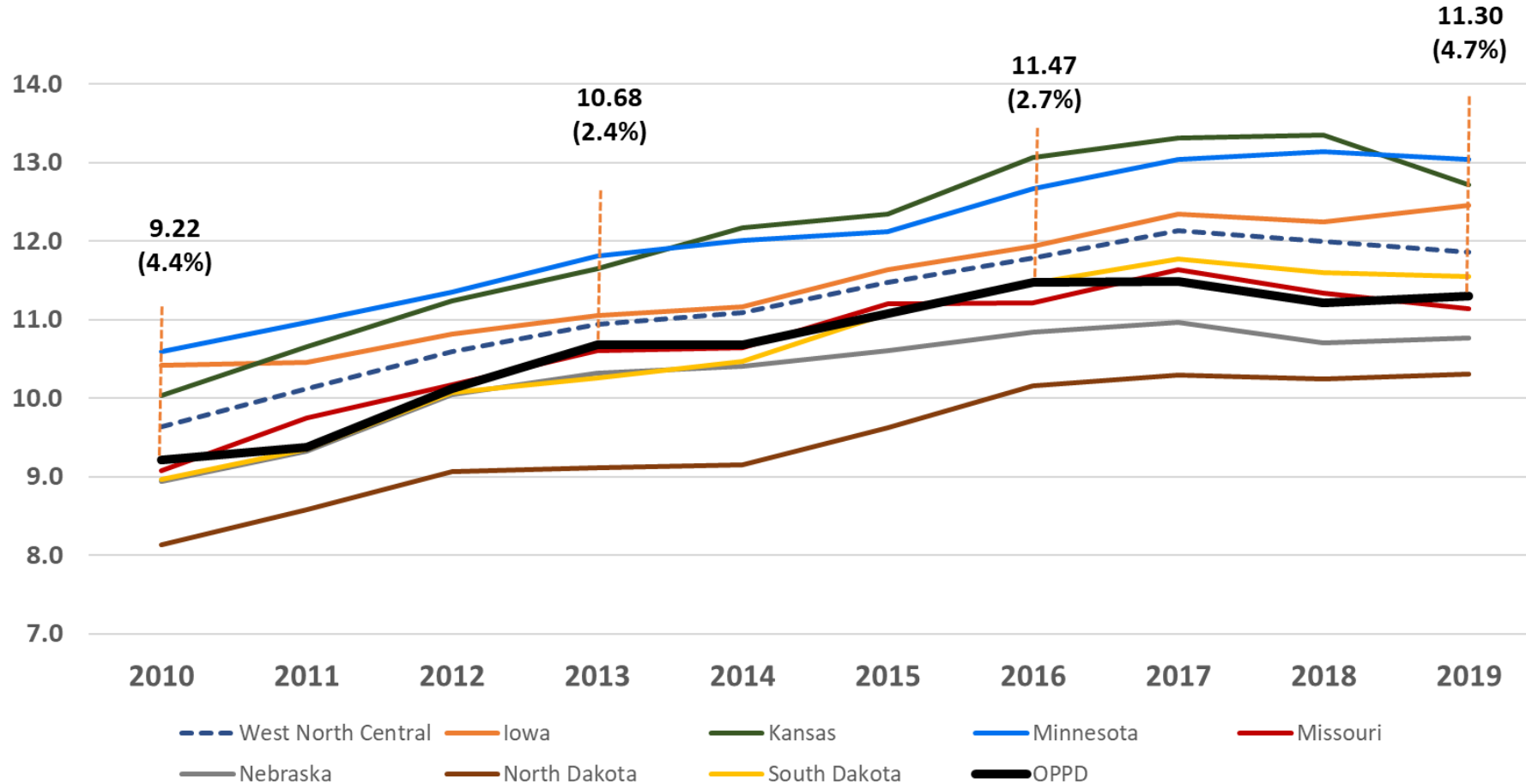
- Load factor, a measure of system utilization, ranges widely by customer class.
- High load factors indicate high utilization of system capacity:
 - *Customers with a higher load factor utilize the system more efficiently*
- High load factor customers often and appropriately translate into a lower average cost per kWh while still bearing an equitable amounts of system cost.

SD-2: Rates

Directional Rate Target

WNC Average Residential Rates (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price (Tables T4 and T6)

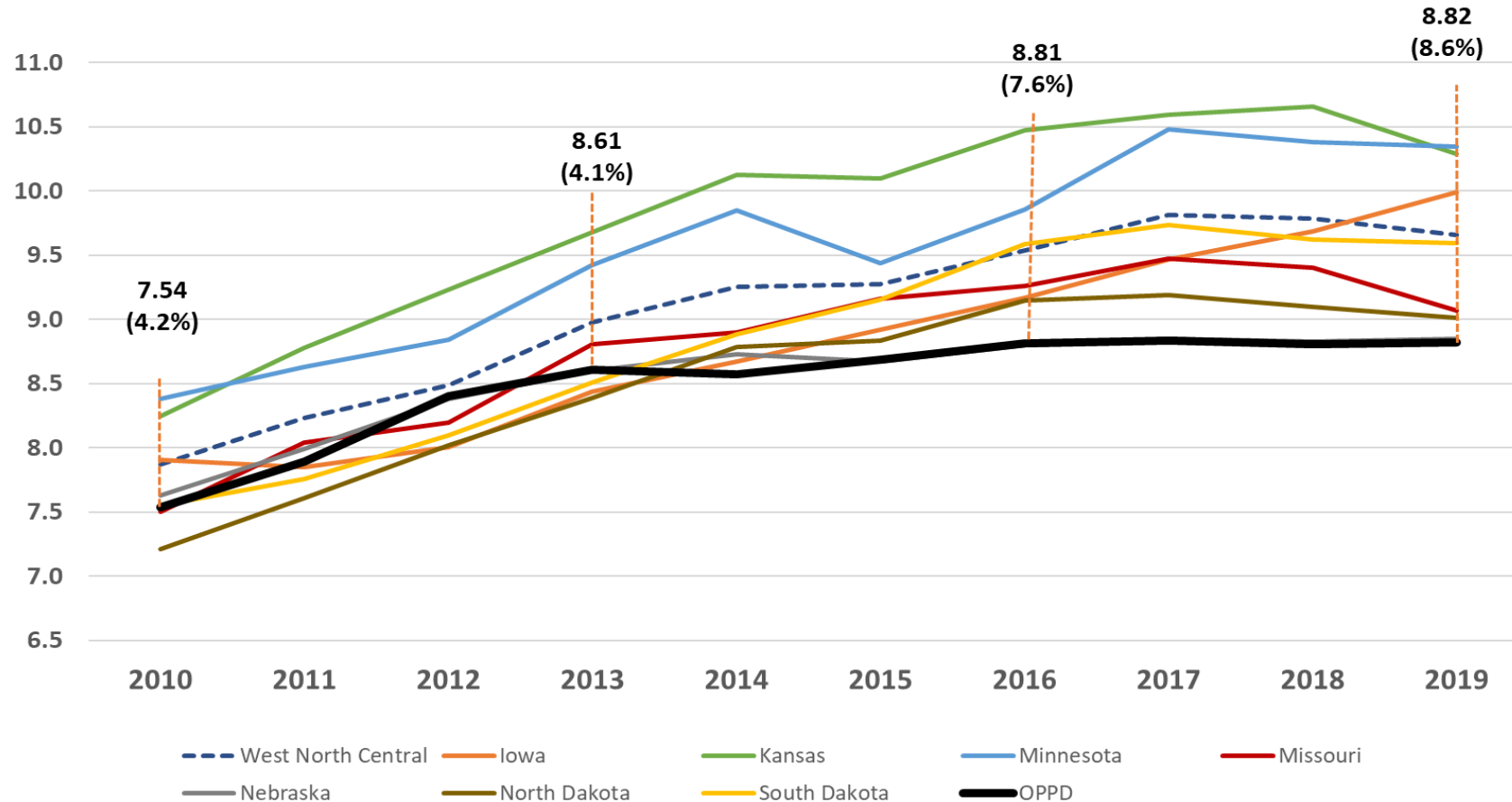


SD-2: Rates

Directional Rate Target

WNC Average Commercial Rates (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price (Tables T4 and T7)

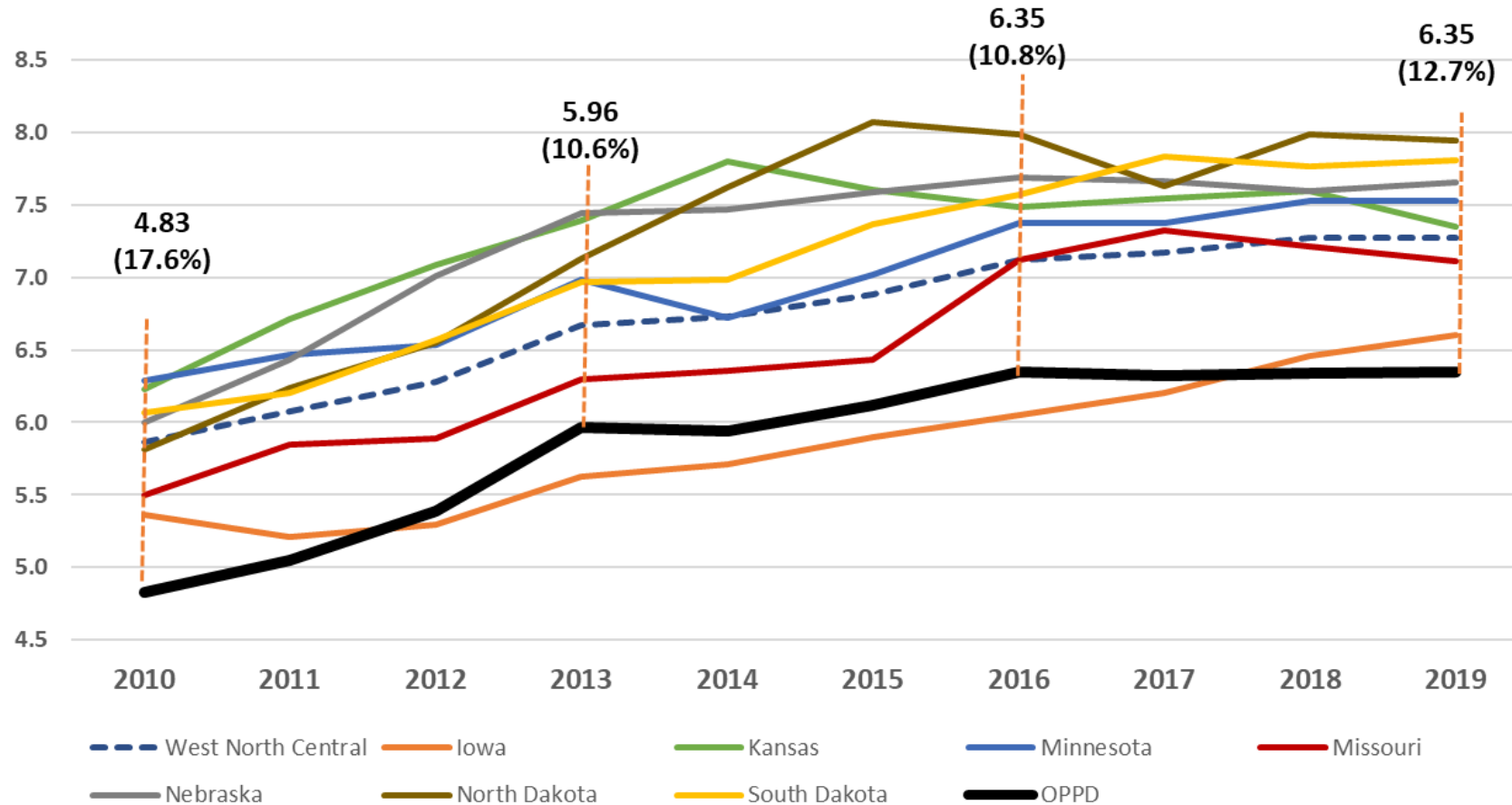


SD-2: Rates

Directional Rate Target

WNC Average Industrial Rates (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price (Tables T4 and T8)



SD-2: Rates

Fair, Reasonable, and Non-Discriminatory

- **Maintain fair, reasonable and non-discriminatory rates as stated in Nebraska Revised Statute 70-655**
 - *An industry standard Cost of Service Study is completed to align rates with cost drivers.*
 - *Costs are allocated across classes according to their unique energy usage characteristics.*
 - *The rate setting process is reviewed by an outside consultant (The Brattle Group).*

SD-2: Rates

Cost Assignment Across and Within Classes

- **Equitably assign costs across and within all customer classes.**
 - *Equitable assignment of costs within rate classes is dependent on rate structure, metering technology, and customer homogeneity.*
 - *The service charge increase and the energy charge decrease for small commercial and residential classes was a step toward more equitably assigning costs within those classes.*

	Industrial	Commercial	Residential
Customer Costs*	●	●	●
Energy Costs	●	●	●
Demand Costs*	●	Partial	Partial

**Service charge recovers a portion of the customer and distribution related costs for small commercial and residential rate classes*

SD-2: Rates

Monitor Affordability Indicators

- **Monitor affordability indicators**

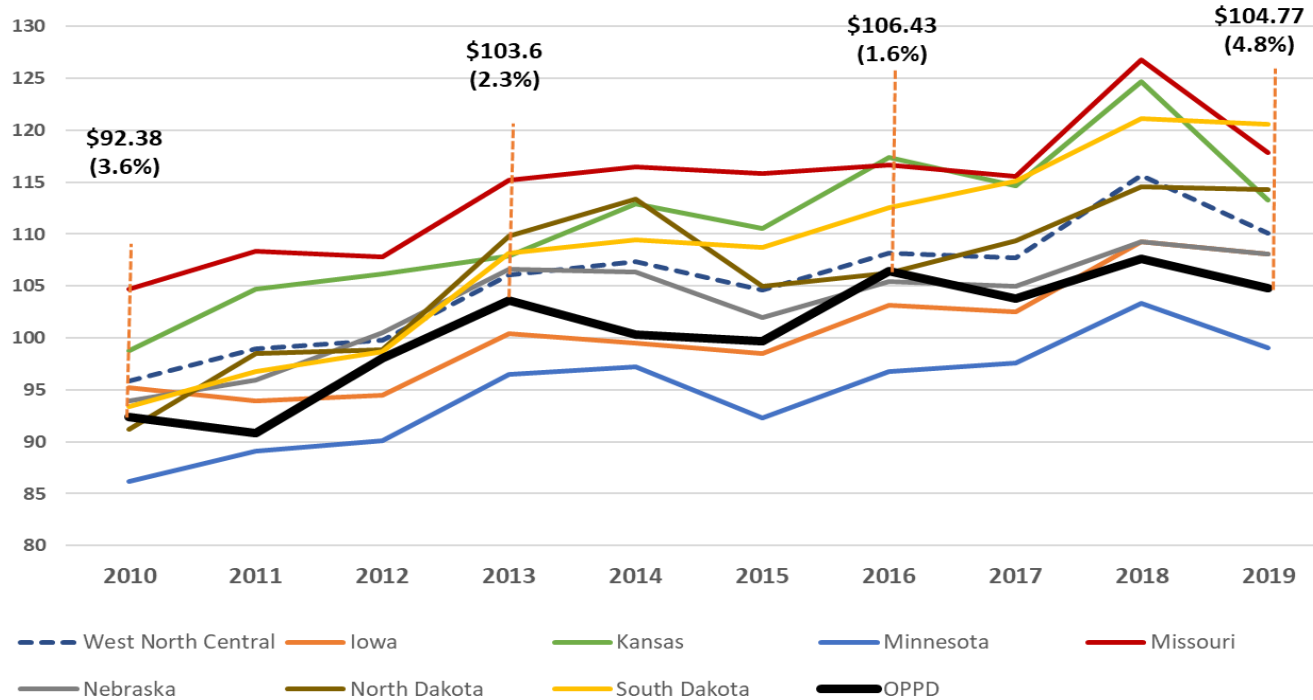
- *OPPD accesses a number of publicly available data points to monitor the overall affordability of its retail electric sales relative to income. Data sources include:*
 - *U.S. Energy Information Administration’s (EIA) “Electric Sales, Revenue, and Average Price” publications*
 - *“Median Household Income Data” from US Census publications*
- *Weather impacts, via Heating Degree Days (HDD) and Cooling Degree Days (CDD) are utilized to more accurately interpret and understand the affordability findings:*
 - *Define HDD: A measurement of how cold the temperature is relative to 65°F. For example, a day with a mean temperature of 40°F has 25 HDD. Two days with a mean temperature of 40°F would have a total of 50 HDD for the two-day period.*
 - *Define CDD: A measurement of how hot the temperature is relative to 65°F. A day with a mean temperature of 80°F has 15 CDD. If the next day has a mean temperature of 83°F, it has 18 CDD. The total CDD for the two days is 33 CDD.*

SD-2: Rates

Monitor Affordability Indicators

WNC Average Residential Bill (\$/Month)

Data from EIA- Electric Sales, Revenue, and Average Price (Tables T5a and T6)



Percent Increase in Degree Days (Year Over Year)		
	WNC	OPPD
Heating Degree Days (HDD)	2%	-1%
Cooling Degree Days (CDD)	-16%	-10%

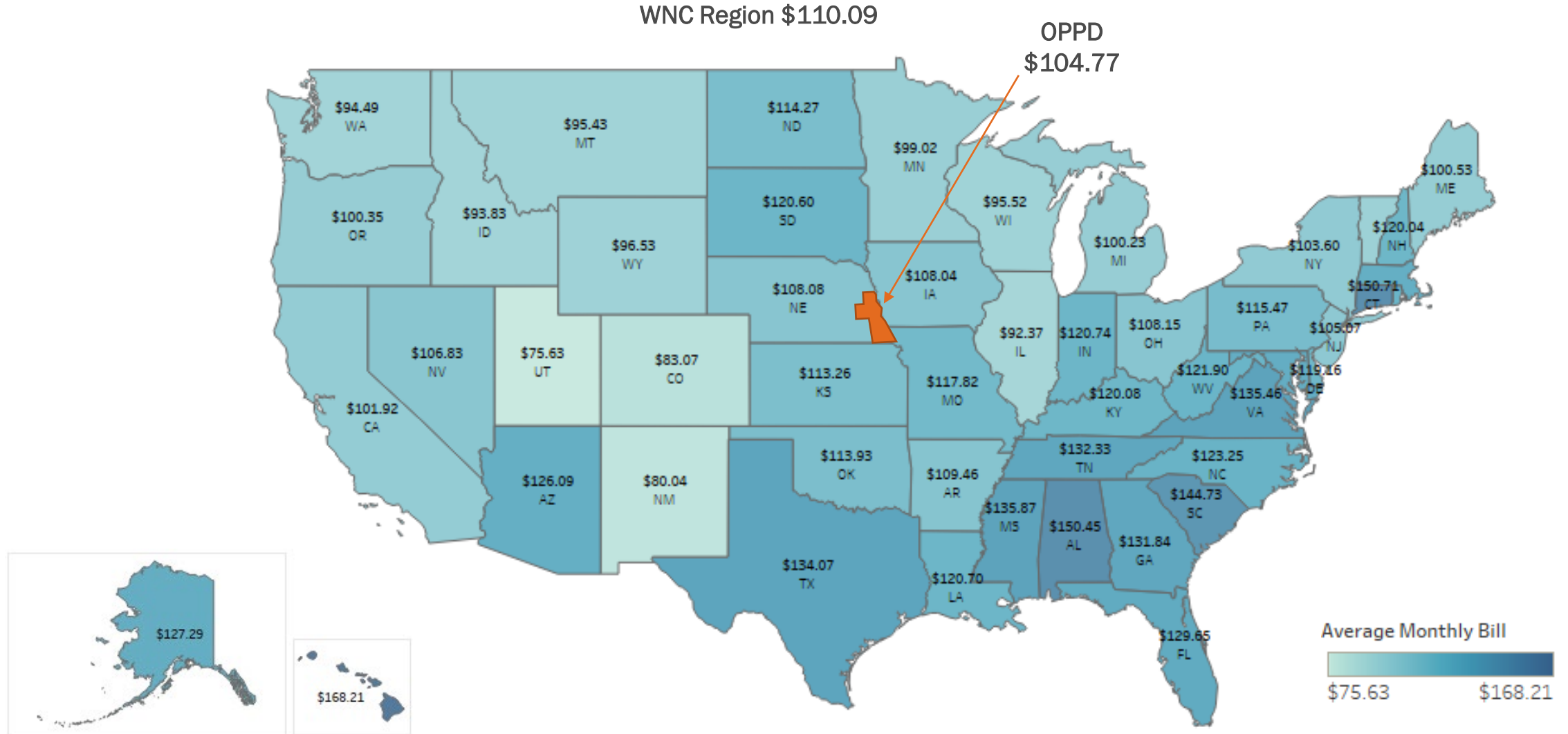
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPPD	\$92.38	\$90.86	\$98.06	\$103.60	\$100.37	\$99.70	\$106.43	\$103.82	\$107.64	\$104.77
Below WNC	3.64%	8.14%	1.69%	2.29%	6.47%	4.69%	1.57%	3.65%	6.95%	4.83%

SD-2: Rates

Monitor Affordability Indicators

WNC Average Residential Bill

Data from EIA - Electric Sales, Revenue, and Average Price (Tables T5a and T6)



SD-2: Rates

Monitor Affordability Indicators

- Need to use a consistent data source for average income
- SD-2 historically used CPS as the source for income data

Current Population Survey (CPS)	American Community Survey (ACS)
Voluntary survey given through telephone and personal-visit interviews	Mandatory survey given through mail, internet, telephone and personal-visit interviews
Sample size is about 100,000 addresses per year	Sample size is about 3,000,000 addresses per year
50 questions covering sources of income, including non-cash benefits	8 questions covering major income sources
Started using sampling frame from the Master Address file beginning in 2014	Uses up-to-date sampling frame: Census Bureau's Master Address File
Average income available at state level	Average income available at state, county, census tract, and zip code levels

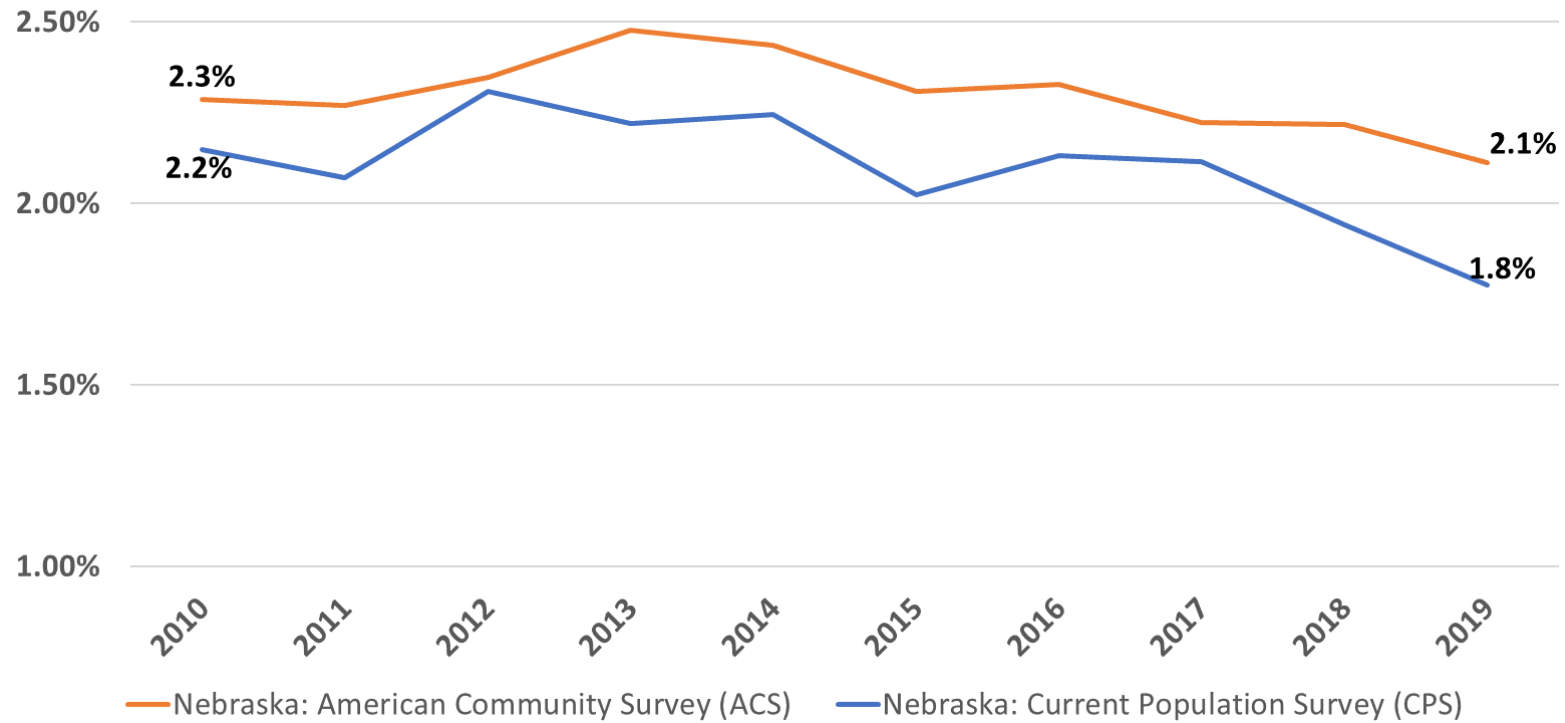
Recommendation is to use ACS 5-year results for SD-2 going forward

SD-2: Rates

Monitor Affordability Indicators

Nebraska Electricity Bill as a Percent of Income

*Median Household Income Data for US Census, 2019 ACS
Electricity Data from EIA Annual Electric Utility Data EIA- 861,



SD-2: Rates

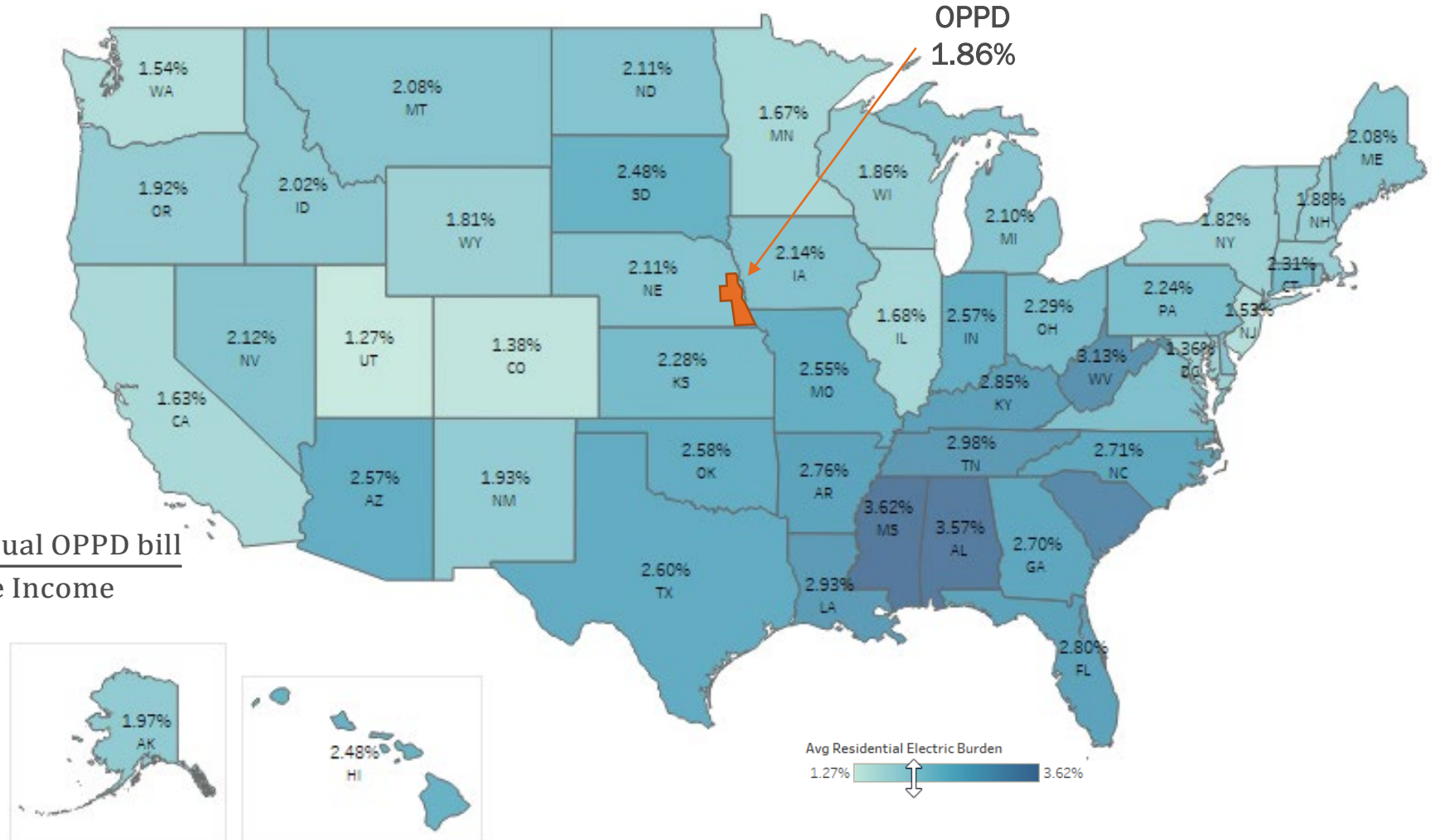
Monitor Affordability Indicators

State's Residential Electricity Burden

State Median Household Income Data from US Census, 2019 ACS,
Electricity Data from EIA Annual Electric Utility Data EIA-861

Note: The US Census does not provide median household income for the OPPD territory. A median household income for the OPPD territory was derived using a weighted average of the counties' estimated household median income and estimated population.

- Electricity Burden = $\frac{\text{Average Annual OPPD bill}}{\text{Average Income}}$
- Energy burden is the burden from electricity, natural gas, and other heating sources.



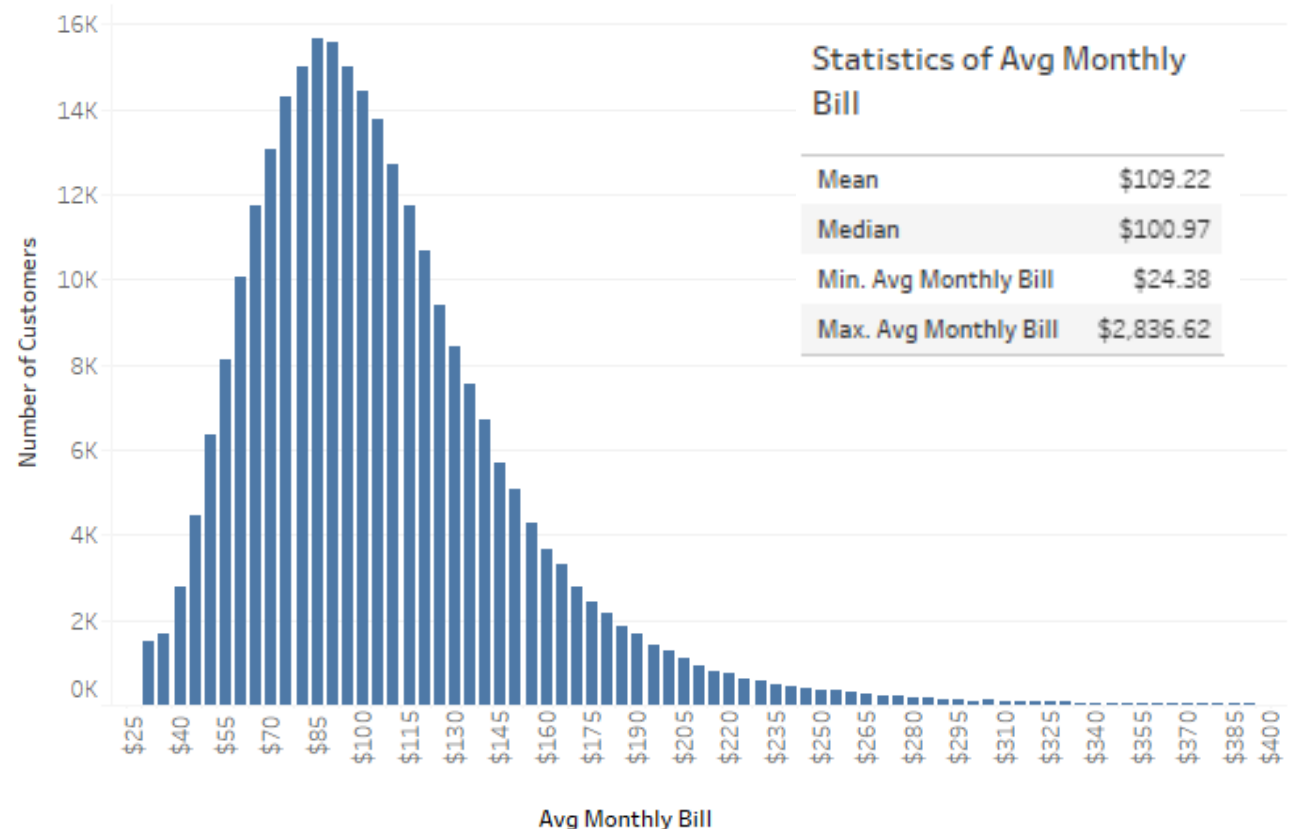
SD-2: Rates

Monitor Affordability Indicators

Distribution of OPPD's Residential Bill

- Distribution considers
 - Customers with at least 12 month of billing history, 2019 data.
 - Does not include taxes
 - Does not include adjustments (late payment fees or reconnect charges)
 - Does include discounts (LULI- Low Usage Low Income and EMC- Energy Management Credit)
- Approximately 58% of OPPD customers pay less than the mean customer bill.

2019 Residential Class Average Monthly Bill Distribution



SD-2: Rates

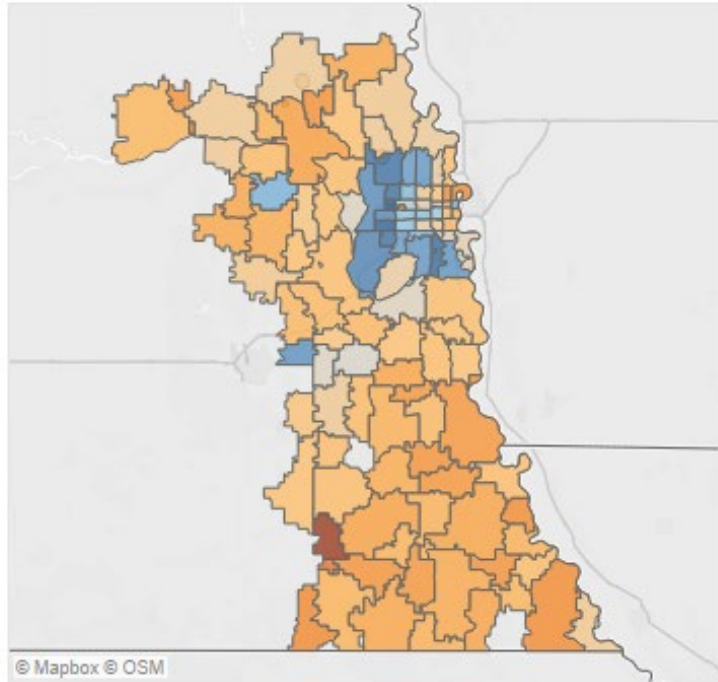
Monitor Affordability Indicators

- In order to improve affordability monitoring, need to calibrate on areas affected more by electric burden
 - Calculated electric burden by zip code using average bill by zip code and average income by zip code
 - Calculated the average energy assistance dollar amount per customer by zip code
- Not all customers have the same heating source: natural gas, electric heat, or liquid propane
- Not all zip codes have the same experience, need the same outreach or will have the same solutions

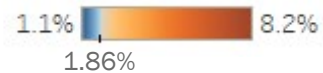
SD-2: Rates

Monitor Affordability Indicators

Electricity Burden



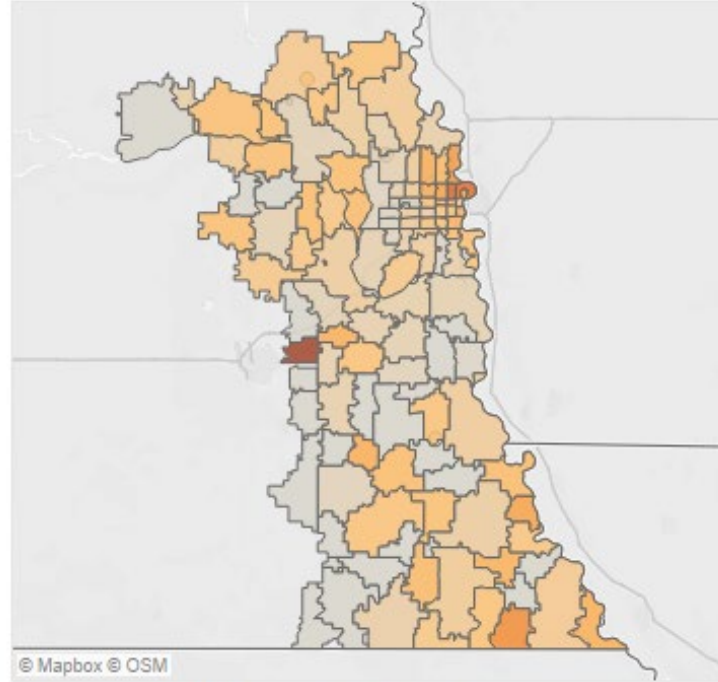
Electricity Burden



Electricity Burden:

- For customers with at least 12 month of billing history, 2019 data.
- Does not include taxes
- Does not include adjustments (late payment fees or reconnect charges)
- Does include discounts (LULI and EMC)

Energy Assistance Payments



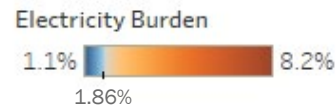
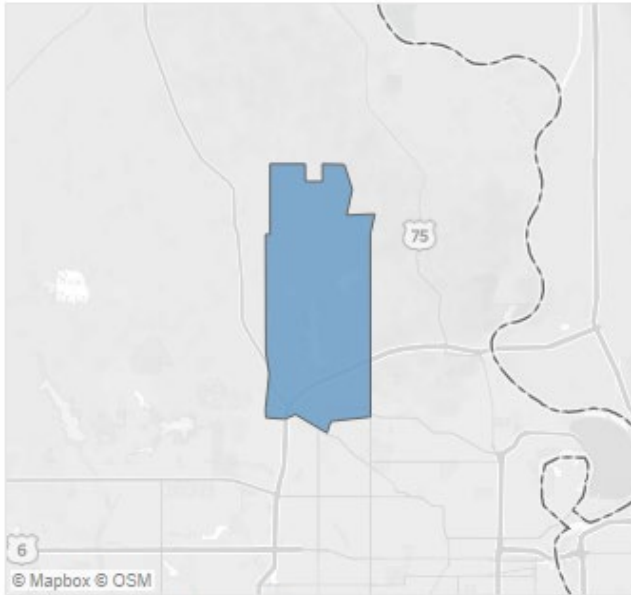
EAP Payment Per Zip Code Premise



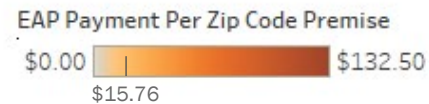
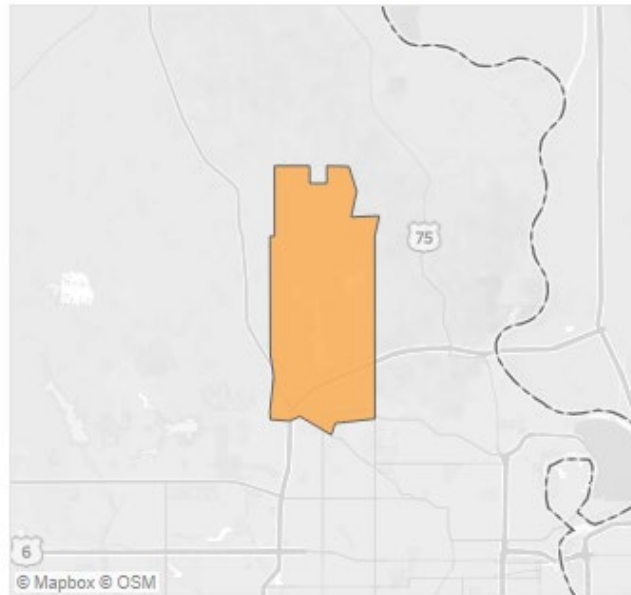
SD-2: Rates

Monitor Affordability Indicators

Electricity Burden



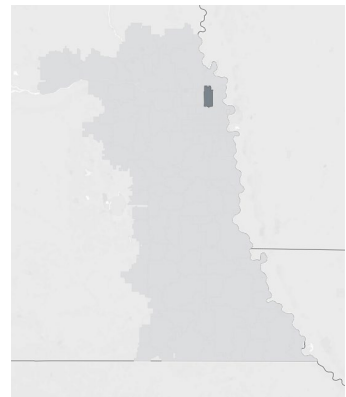
Energy Assistance Payments



Zip Code Information

Prem Zip Code	Electricity Burden	Number of RES Premises	EAP Payment Per Zip Code Premise
68122	1.5%	5,790	\$28.23

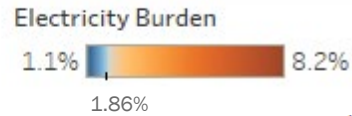
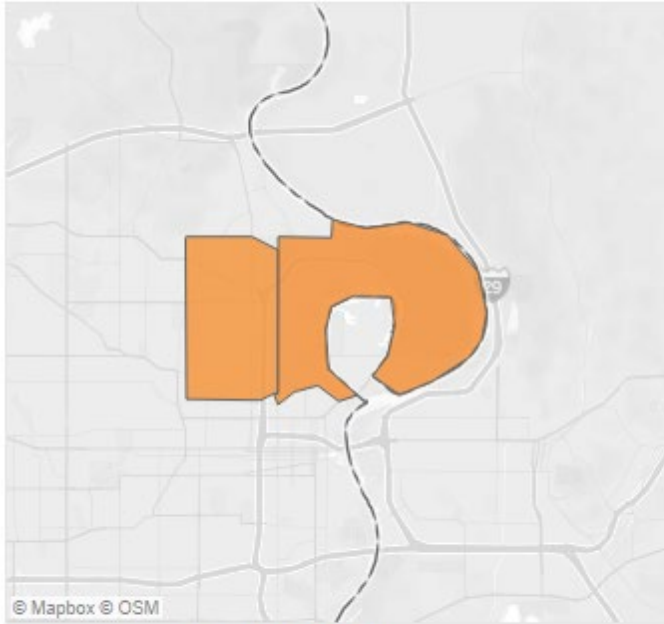
- Below average Electric Burden 1.5%
- Above average Energy Assistance Payments per premise
- Electric Burden is showing at an acceptable percentage and OPPD's utility assistance programs are reaching qualified customers



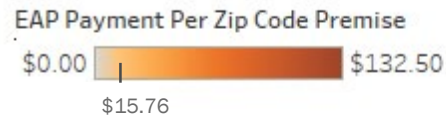
SD-2: Rates

Monitor Affordability Indicators

Electricity Burden



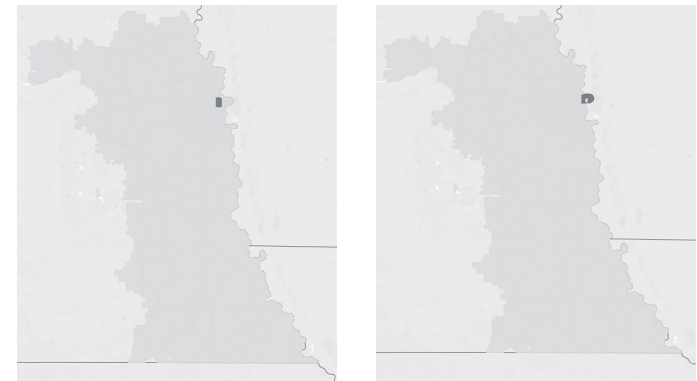
Energy Assistance Payments



Zip Code Information

Prem Zip Code	Electricity Burden	Number of RES Premises	EAP Payment Per Zip Code Premise
68110	4.1%	3,736	\$73.20
68111	3.9%	12,580	\$80.18

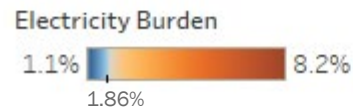
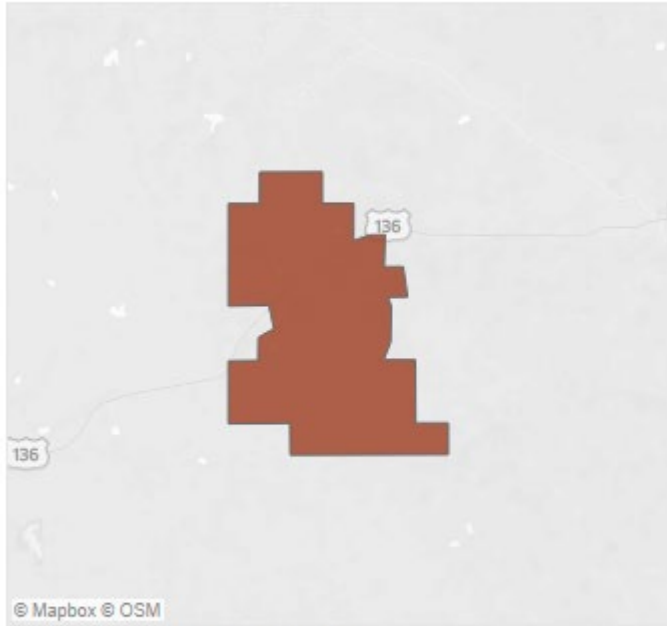
- Above average Electric Burden
4.1%, 3.9%
- Above average Energy Assistance Payments per premise
- High Electric Burden and OPPD's utility assistance programs are reaching qualified customers to lower their energy burden



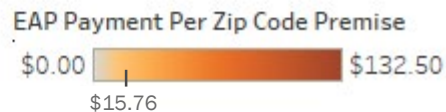
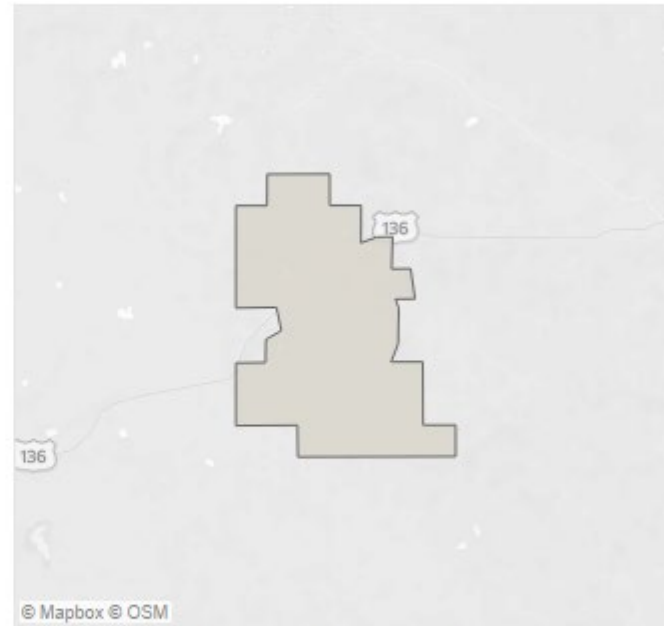
SD-2: Rates

Monitor Affordability Indicators

Electricity Burden



Energy Assistance Payments



Zip Code Information

Prem Zip Code	Electricity Burden	Number of RES Premises	EAP Payment Per Zip Code Premise
68332	8.2%	50.00	\$0.00

- Highest Electric Burden
8.2%
- No known Energy Assistance Payments per premise
- Electric Burden is high and presents an opportunity to engage customers on OPPD's products and services that assist with electric burden reduction if not eligible for OPPD's utility assistance programs



SD-2: Rates

Monitor Affordability Indicators

- Average electric burden varies throughout our service territory and is also impacted by the population within a zip code, heating source, and the efficiency of the premise
- Understand that electric burdens that otherwise look acceptable or below average have customers within those areas who have higher than average electric burdens
- The Energy Burden Solutions team will leverage this information into the project to:
 - Identify customers within each zip code with a higher than average electric burden
 - Identify further opportunities to expand outreach and communications regarding OPPD's utility assistance program options and existing Products and Services
 - Determine solution(s) to reduce OPPD's energy affordability gap

SD-2: Rates

Monitor Affordability Indicators

Top 10 Electricity Burden Zip Codes

Prem Zip Code	Electricity Burden	Number of RES Premises	EAP Payment Per Zip Code Premise
68332	8.2%	50	\$0.00
68380	4.8%	14	\$0.00
68381	4.2%	20	\$0.00
68355	4.1%	271	\$9.11
68321	4.1%	48	\$35.31
68110	4.1%	3,736	\$73.20
68044	4.0%	380	\$13.31
68111	3.9%	12,580	\$80.18
68442	3.9%	73	\$25.27
68659	3.9%	102	\$5.39

SD-2: Rates

Cost of Energy When Used

- Pursue rate process and structure changes to reflect the cost of energy when it is used:
 - *Residential and Small Commercial Rates include a seasonal energy charge: Summer being June through September and Non-Summer being October through May.*
 - *Currently, time of use rates are available through Rider Schedule No. 469 - General Service- Time of Use.*
 - *Fuel and Purchase Power is calculated based on seasonal energy prices reflecting the cost of the energy when it is expected to be used.*
 - *OPPD continues to monitor for potential technology that would allow an increase in time of use offerings.*

SD-2: Rates

Flexibility and Options

- Offer flexibility and options

- *The following options exist to increase flexibility and options for interested and eligible customers.*
- *Pricing & Rates continues to collaborate with Product Development & Marketing to bring new offerings to market*

Residential	General Service	
Heat Pump	261M	Standby Service*
Private Outdoor Lighting	Street Lights	Curtable*
Cogeneration and Small Power*	Cogeneration and Small Power*	Time of Use*
Surge Guard*	Surge Guard*	Green Sponsorship*
Net Metering*	Net Metering*	Supplemental Capacity*
Community Solar*	Community Solar*	Primary Service Discount*

* Denotes Rider

SD-2: Rates

Simple and Easy to Understand

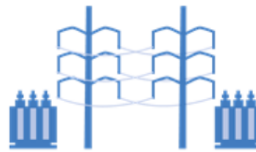
- Be simple and easy to understand
 - In 2020 OPPD updated the Services Regulations and Schedules to increase the ease of understanding by simplifying the language and layout.
 - The Service Regulations and Schedules builds a firm foundation for more strategic rate design work in the future
 - In collaboration with Customer Experience team, Quick Start Guides were created to better inform customers regarding Residential and Small Commercial Rate Schedules to increase their ability to make informed choices.

HOW ARE RATES SET?

Each rate schedule is determined by gathering all costs of providing electric services for OPPD's customer-owners. Costs are categorized into generation, transmission, distribution, and workforce. Next, these categorized costs are divided into billing components and are included in each of the different rate schedules.



Generation
produces electricity to meet instantaneous energy demands



Transmission
transmits electricity long distances efficiently and creates a reliable electric network



Distribution
connects each customer to the electric system according to their demands



Workforce
provides administrative, planning, and customer support services

Rates and Service

Recommendation

- The Finance Committee has reviewed and accepted this Monitoring Report for SD-2 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-2.



Yoder/Fernandez

DRAFT
RESOLUTION NO. 64xx

WHEREAS, the Board of the Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD's corporate governance principles and procedures; and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process; and

WHEREAS, the Board's Finance Committee (the "Committee") is responsible for evaluating Board Policy SD-2: Rates on an annual basis. The Committee has reviewed the SD-2: Rates Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Omaha Public Power District accepts the Strategic Directive SD-2: Rates Monitoring Report, in the form as set forth on Exhibit A, attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.