Omaha Public Power District

Preliminary 2024
Corporate Operating Plan (COP)

November 14, 2023

Executive Summary
Observations

Revenue Adjustments
- The 2024 Preliminary COP recommends a 2.5% total rate increase which includes:
  - Average retail rate increase of 3.1% across customer classes
  - Decrease of 0.6% to the Fuel and Purchased Power Adjustment factor

Retail Energy Sales (MWh)
- 5.2% increase from 2023 budget
- 9.5% increase from 2023 projected
- Growth in the Industrial class continues to be the largest contributor with 20.4% growth from 2023 projection

Wholesale Revenues (Dollars)
- 16.5% decrease from 2023 budget
- 20.6% decrease from 2023 projected
- Contributors include declining congestion hedging revenues and load growth outpacing owned generation

Purchased Power (Dollars)
- 5.0% increase from 2023 budget
- 2.0% decrease from 2023 projected
- Increases stemming from load growth and assumed increased price per MWh

Executive Summary, Continued
Observations

Fuel (Dollars)
- 9.0% increase from 2023 budget
- 11.5% increase from 2023 projected
- Growth driven by new generation from Power with Purpose project

Expenditures
- Capital and operations and maintenance expenditures are planned to maintain system reliability, future load growth, and enterprise priorities
- Total 2024 budgeted expenditures of $2.1 billion

Financing
- Revenue bonds with net proceeds of $424.0 million are included in the 2024 budget
- The proceeds of these bonds are expected to fund capital expenditures

Executive Summary, Continued
Observations

Fort Calhoun Station

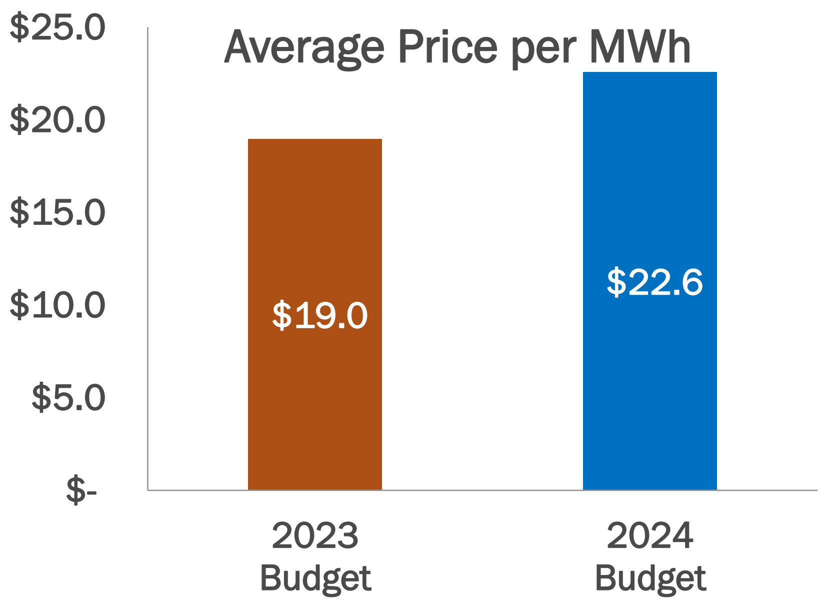
- Budgeted contributions to the decommissioning trust fund of $15.3 million comprised of trust investment earnings
- Budgeted decommissioning expenditures from the trust fund of $115.3 million

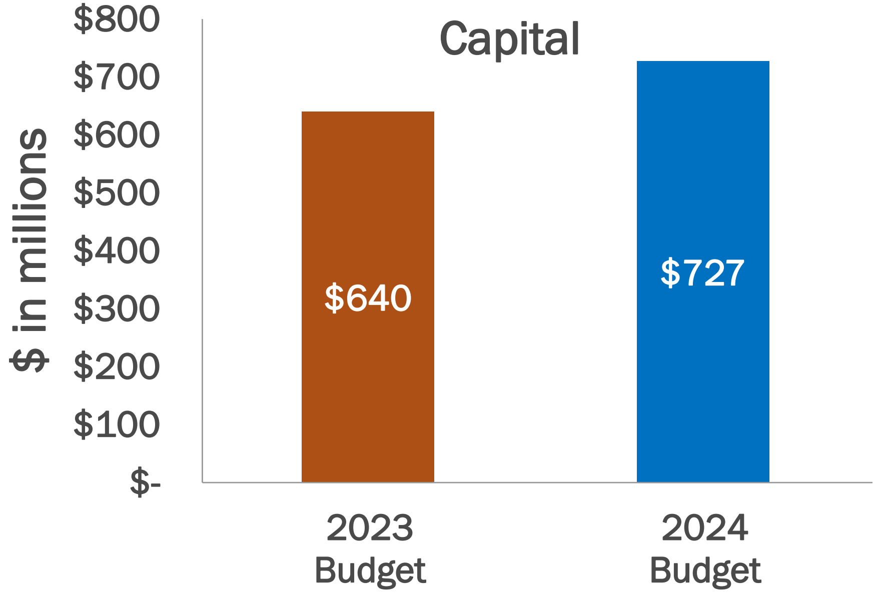
2024 Baseload Budgeted Major Outages

Unit	Duration	Budget
Nebraska City Station Unit Number 1	42 Days	$17.0 million
North Omaha Station Unit Number 5	44 Days	$11.8 million

Rate Increase Drivers

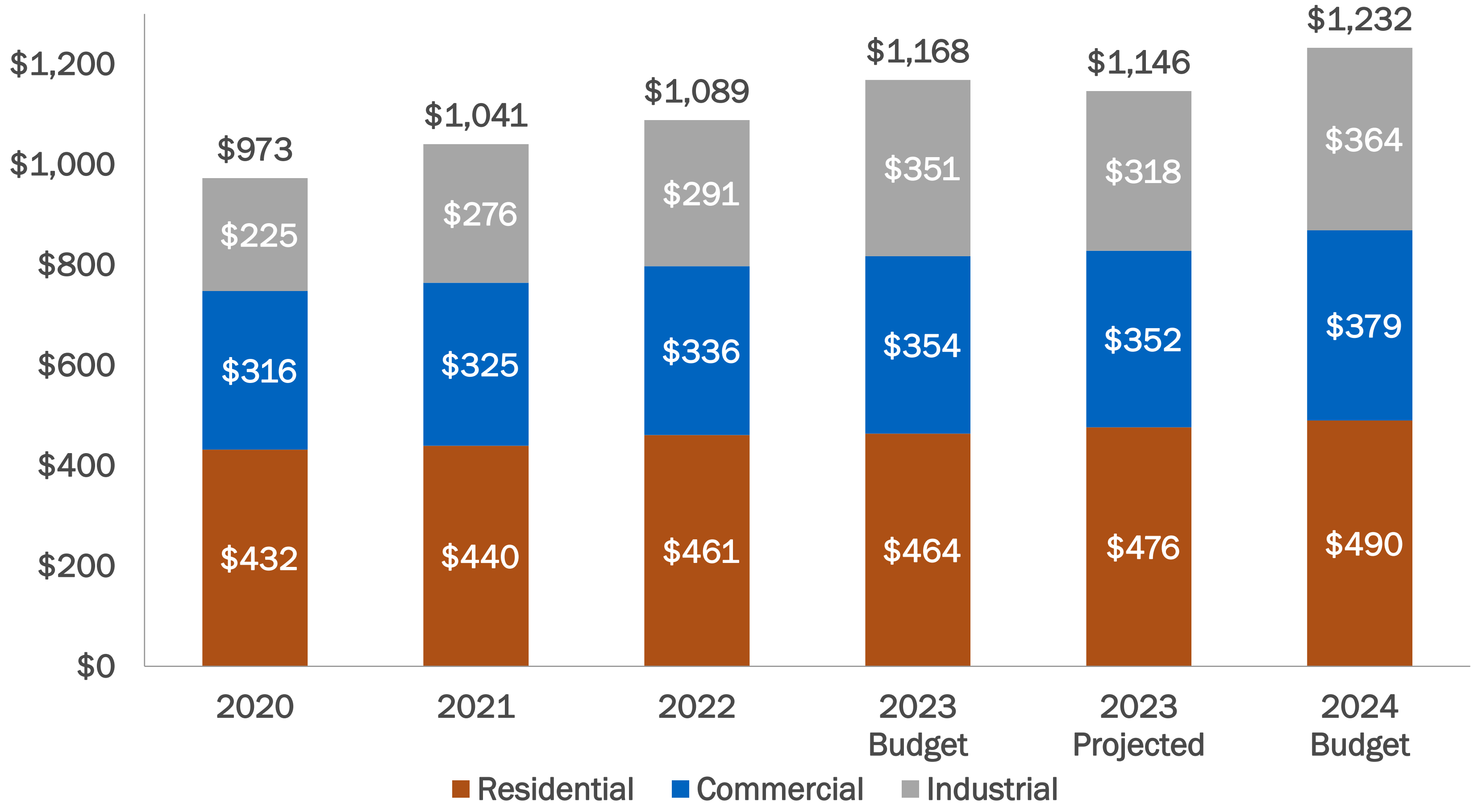
- **Net power costs growing:**
  - Average price per MWH to serve load
    - Approximately 19% higher relative to 2023, driven primarily by increased purchased power costs.
    - Cost to serve new and existing load is increasing
- **Growth in capital portfolio:**
  - Historic capital portfolio for 2024 requires debt financing
    - Investing $509 million in projects that grow the asset base as well as transform and modernize the electrical grid
    - Investment in our existing assets, budgeting $218 million to ensure continued reliable performance
- **Operations & Maintenance costs increasing:**
  - Inflationary & supply chain pressures
  - Investment in our transformational priorities





Retail Revenue excluding Wholesale Revenues

$ in millions

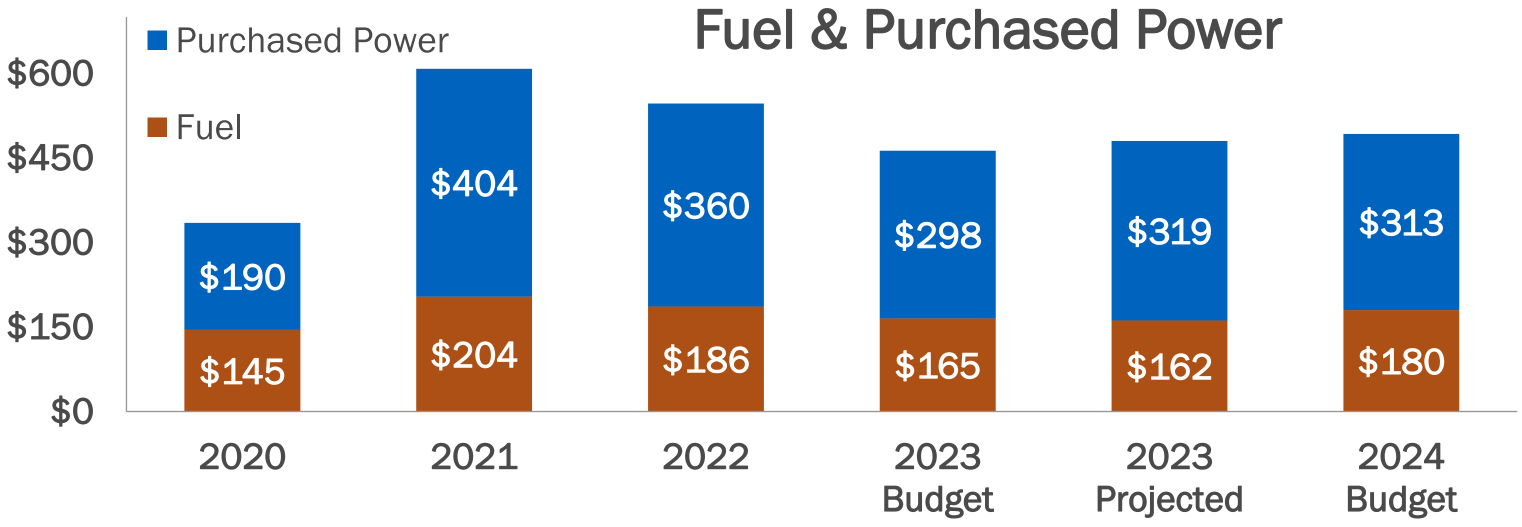


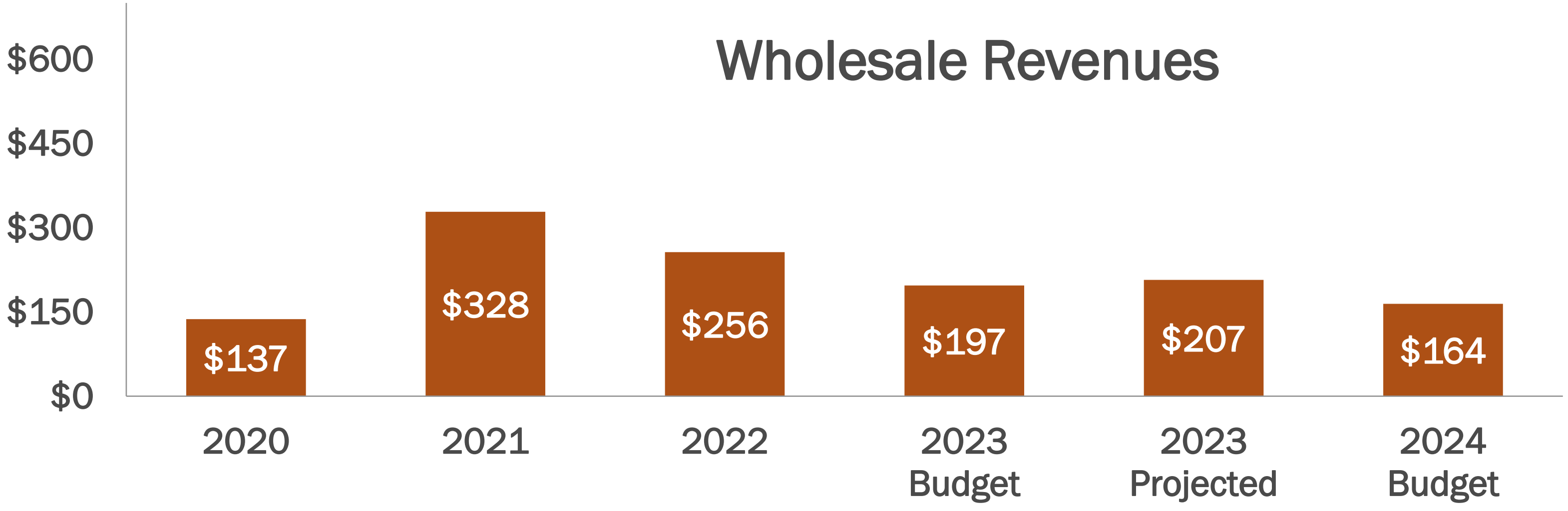
- District is experiencing revenue growth across all customer classes
- Annual revenue growth compared to 2023 projection by class:
  - Industrial = 14.3%
  - Commercial = 7.6%
  - Residential = 2.9%
- Retail revenue growth primarily due to load growth of 9.5% compared to 2023 projection

*Excludes activity for Rate Stabilization and Decommissioning and Benefit Reserve, Unbilled, and Fuel and Purchased Power Adjustment accruals/reversals

Fuel, Purchased Power and Wholesale Revenues

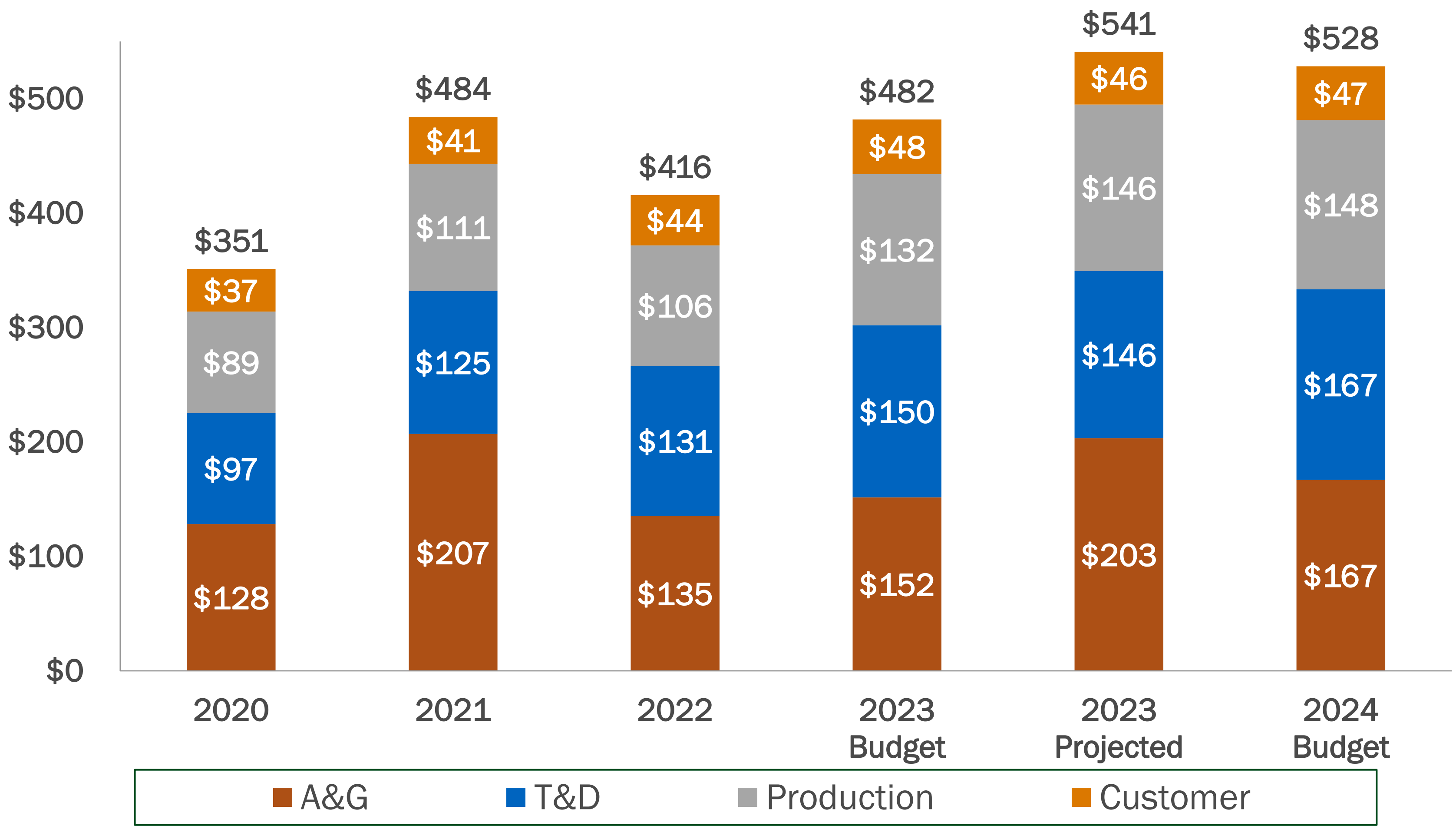
$ in millions





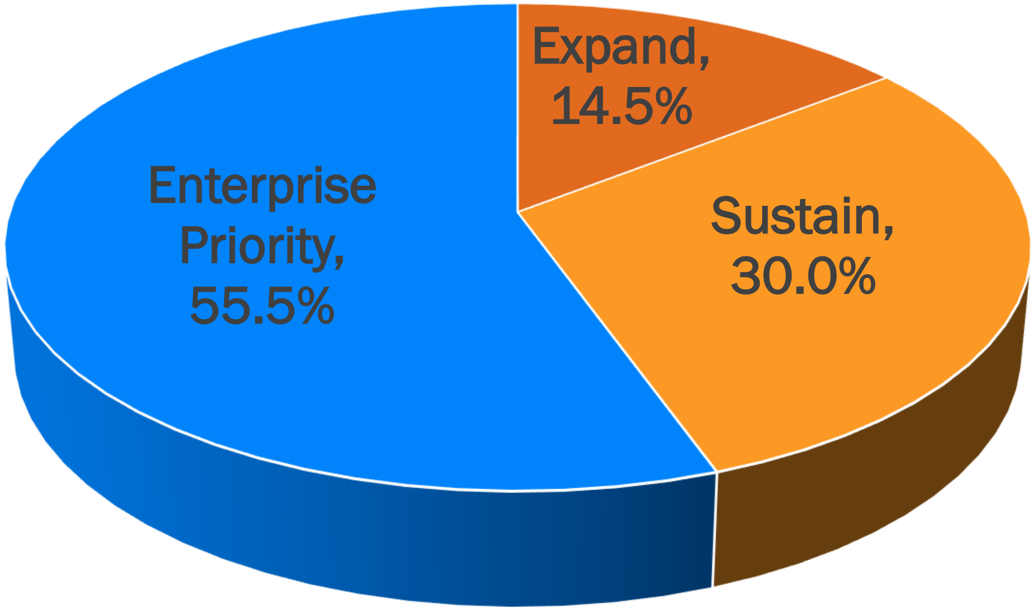
- Fuel and Purchased Power volume increasing to meet increasing retail load growth
- Wholesale Revenue decreases as load growth outpaces generation
- As the District relies on higher purchased power volumes, less energy is available to sell into the marketplace, driving increased Net Power Costs

Operations & Maintenance Expense (O&M)
(Excludes Energy Cost and Decommissioning Funding)



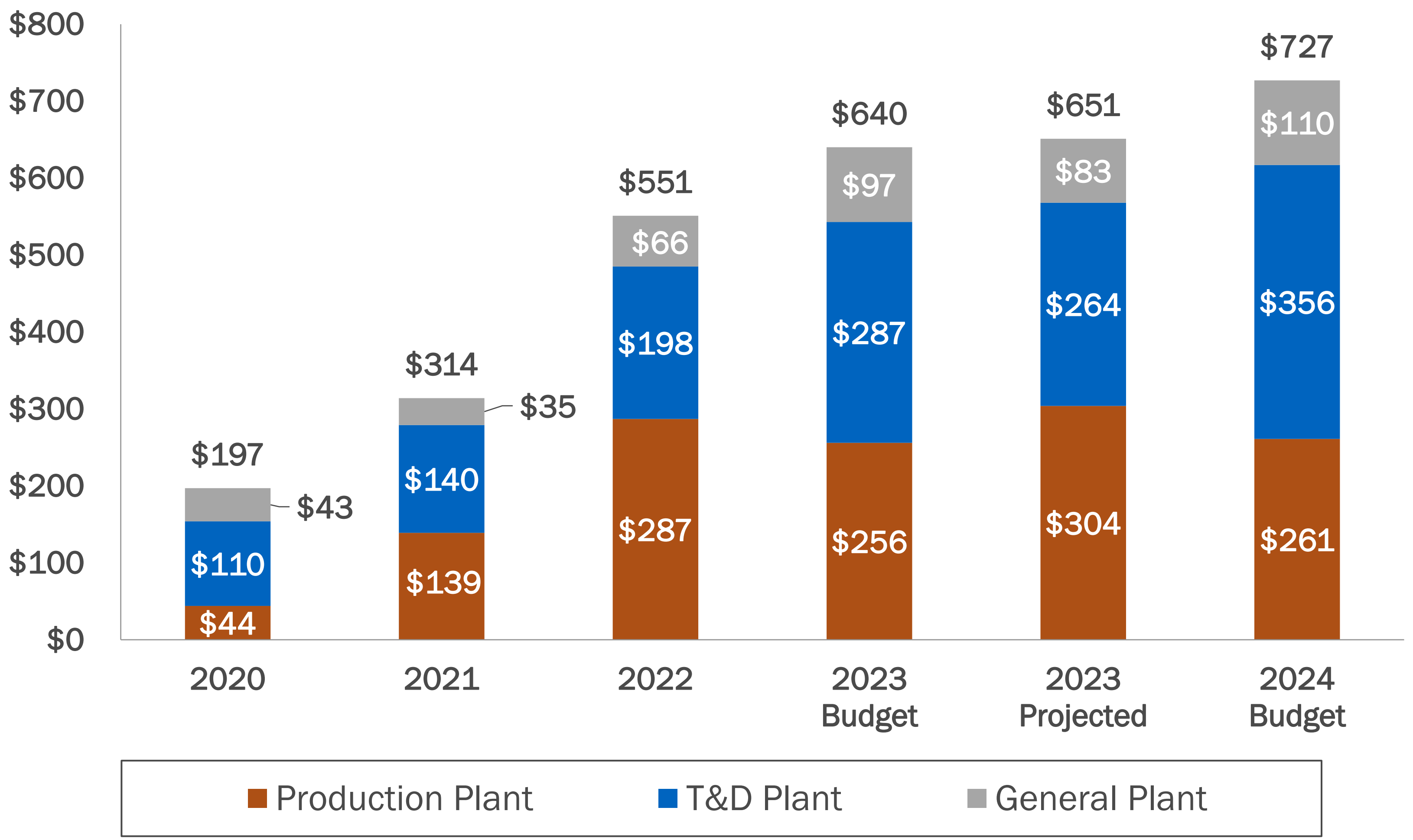
- 2024 comparison to 2023 projection is impacted by additional pension contribution and unplanned outages in 2023
- 2024 planned outage costs remain elevated compared to 2023 budget
- Labor costs increasing due to increased headcount to serve growing utility and benefit costs
- $19.7M of expense related to transformational priorities such as Two-way Communication (AMI)

Capital Expenditures Philosophy



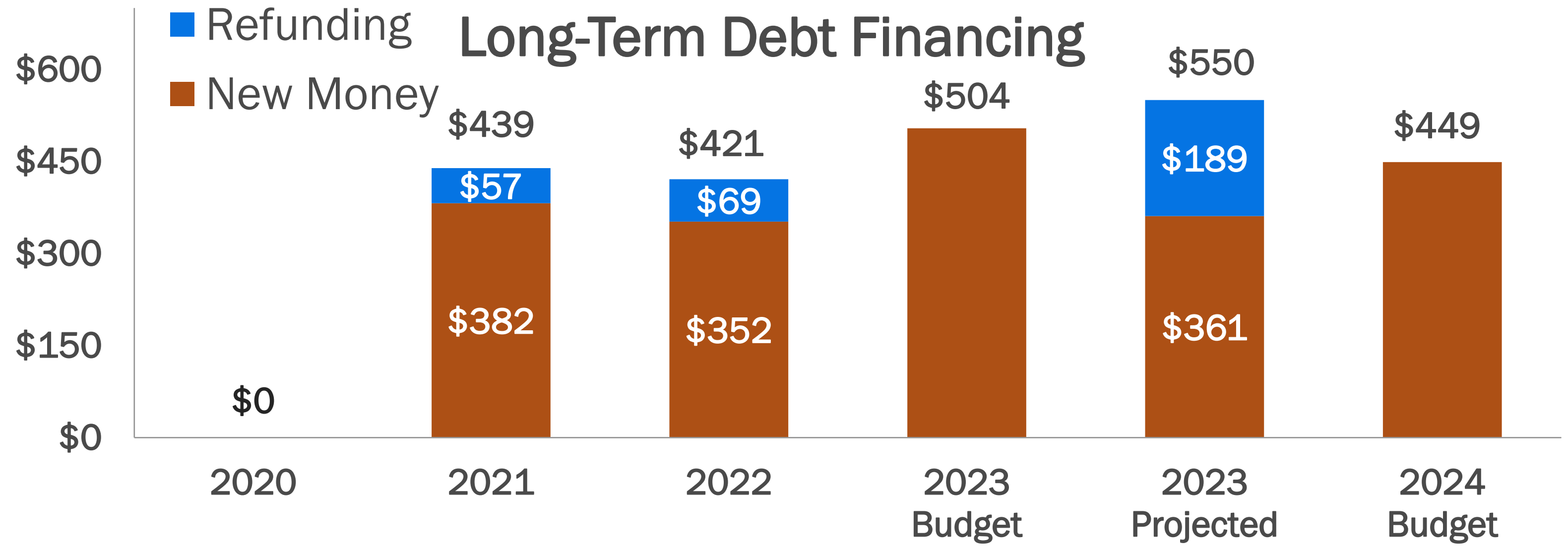
- **Sustain, Expand and Enterprise Priority** investment categories are used to calibrate the 2024 Capital Expenditures budget
- **Sustain** category includes capital projects that are aimed at maintaining and improving existing assets
  - 30.0% or $218.2 million of the 2024 total Capital Budget
- **Expand** category is for new assets planned to be added to the District's asset base, such as the Power with Purpose infrastructure investments
  - 14.5% or $105.3 million of the 2024 total Capital Budget
- **Enterprise Priority** category includes capital projects that represent investments in the District's strategic priorities, such as Advanced Metering Infrastructure
  - 55.5% or $403.5 million of the 2024 total Capital Budget
- This philosophy is important to ensure that existing assets are still receiving sufficient investment at a time when the system is undergoing expansion

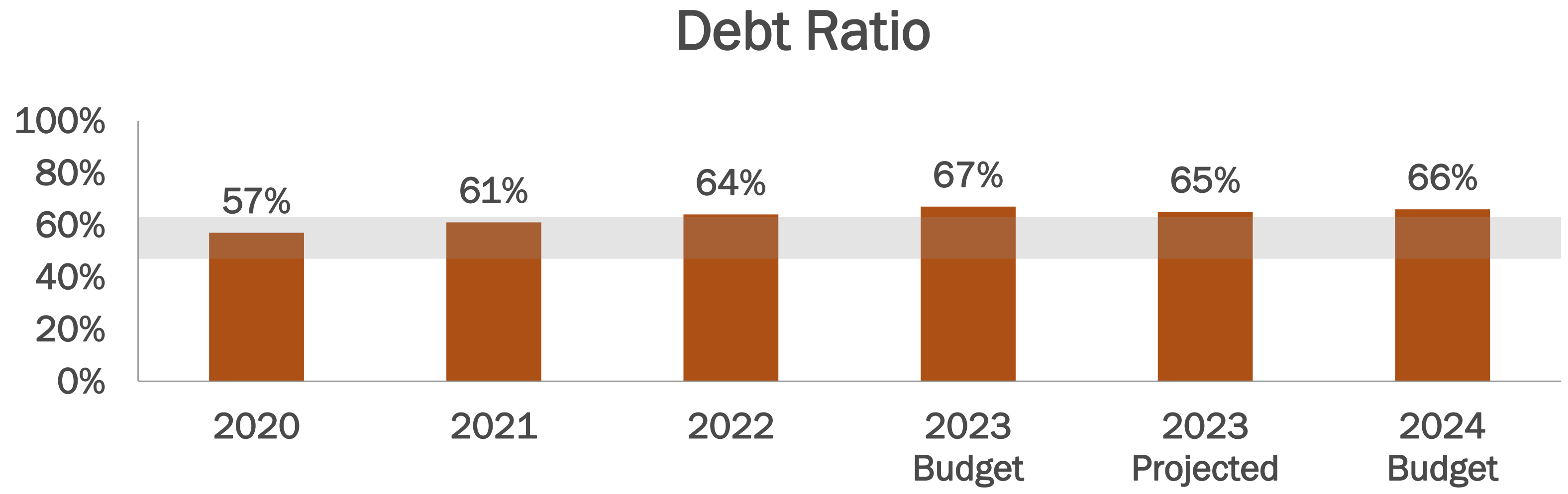
Capital Expenditures



- Production Plant is largely unchanged from 2023 budget as the District continues invest in future generation assets
- T&D Plant is growing by 24.0% compared to 2023 budget due to the District's efforts to expand and modernize the electrical grid to maintain reliability while meeting the needs of a growing community
- General Plant is growing by 13.4% compared to 2023 budget to support investments in business technology and facilities

Long-Term Debt Financing and Debt Ratio*





- Growing capital portfolio is driving debt issuances
- Proceeds from the debt issuances ensure appropriate liquidity and days cash on hand
- SD-3 metrics partnered with cash management is a determining factor in debt financing. 2024 cash levels maintain the District's position in the AA rated peer group for days cash on hand
- Debt ratio is currently above S&P's range of 50% to 60% for a Very Strong AA rated utility

* Total Debt Outstanding as a percentage of Total Capitalization at year end

Board Consultant Budget Review Process

- Virtual Half Day Reviews Held September 29th, October 2nd & 3rd

- Customer Usage Forecasts / Methodology
  - Revenue Forecasts
  - Resource Planning
  - Generation Plan / Scheduling
  - Fuel Budget
  - Operations & Maintenance Expense Budget
  - Fort Calhoun Station Decommissioning
  - Capital Expenditure Plan
  - Preliminary review complete, final report expected in December

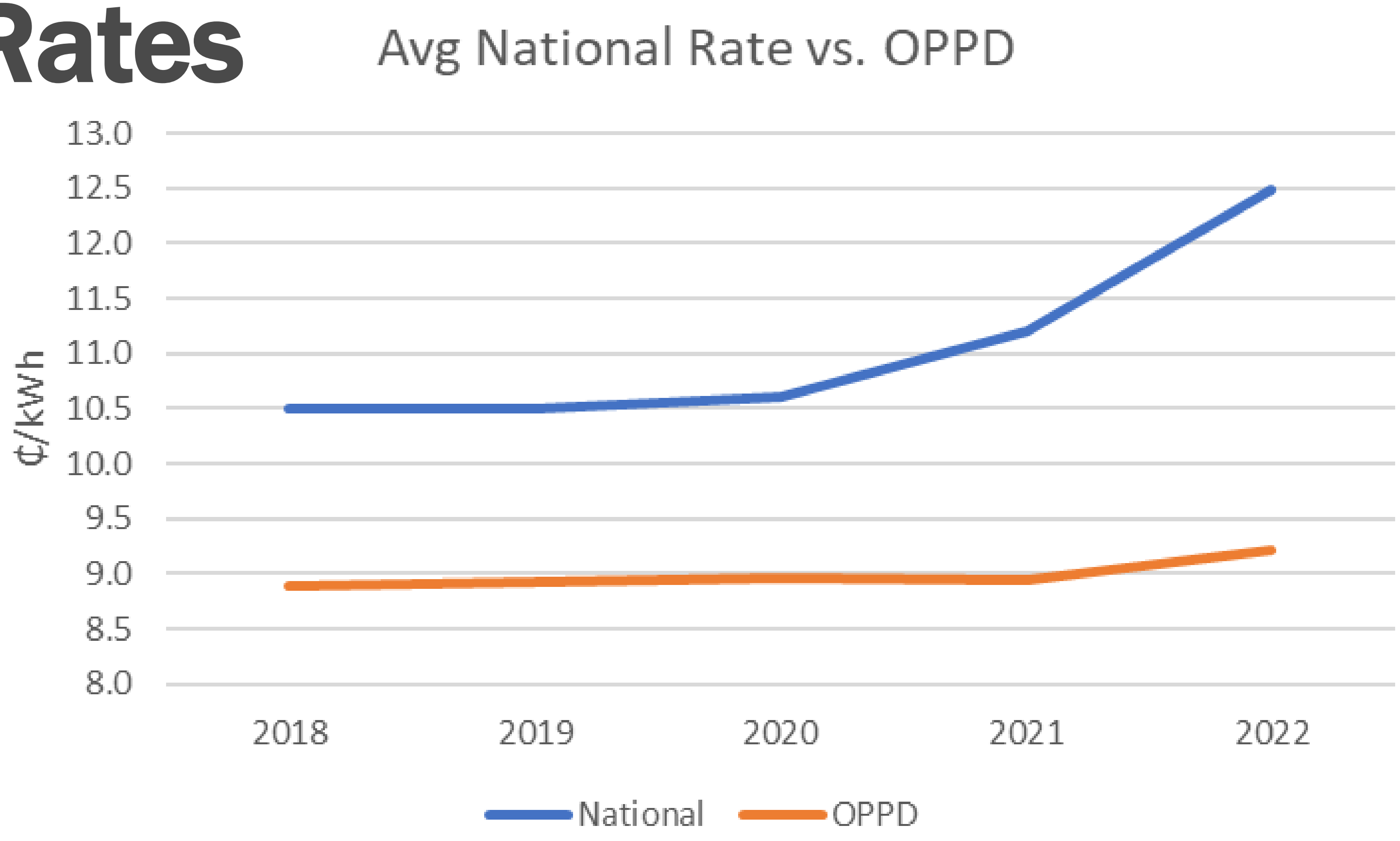
Next Steps

- Review and collect feedback on the proposed 2024 Preliminary COP
- Present a summary of changes between the Preliminary and Final COP at the December Finance Pre-Committee meeting on December 8th
- Present a summary of changes between the Preliminary and Final COP at the December Board of Directors Committee meeting on December 19th
- 2024 Corporate Operating Plan will be disseminated to the Board on December 19th
- Proposed Board approval at December Board meeting on December 21st

2024 Rate Action

OPPD Competitive Rates

- OPPD rates have been gaining a competitive edge against the national average over the past five years
- As of 2022, OPPD's average retail rate was 26.5% below the national average
- OPPD's modest rate increase of 2.5% will ensure that we maintain competitive rates while also supporting the overall health and support of our operations.



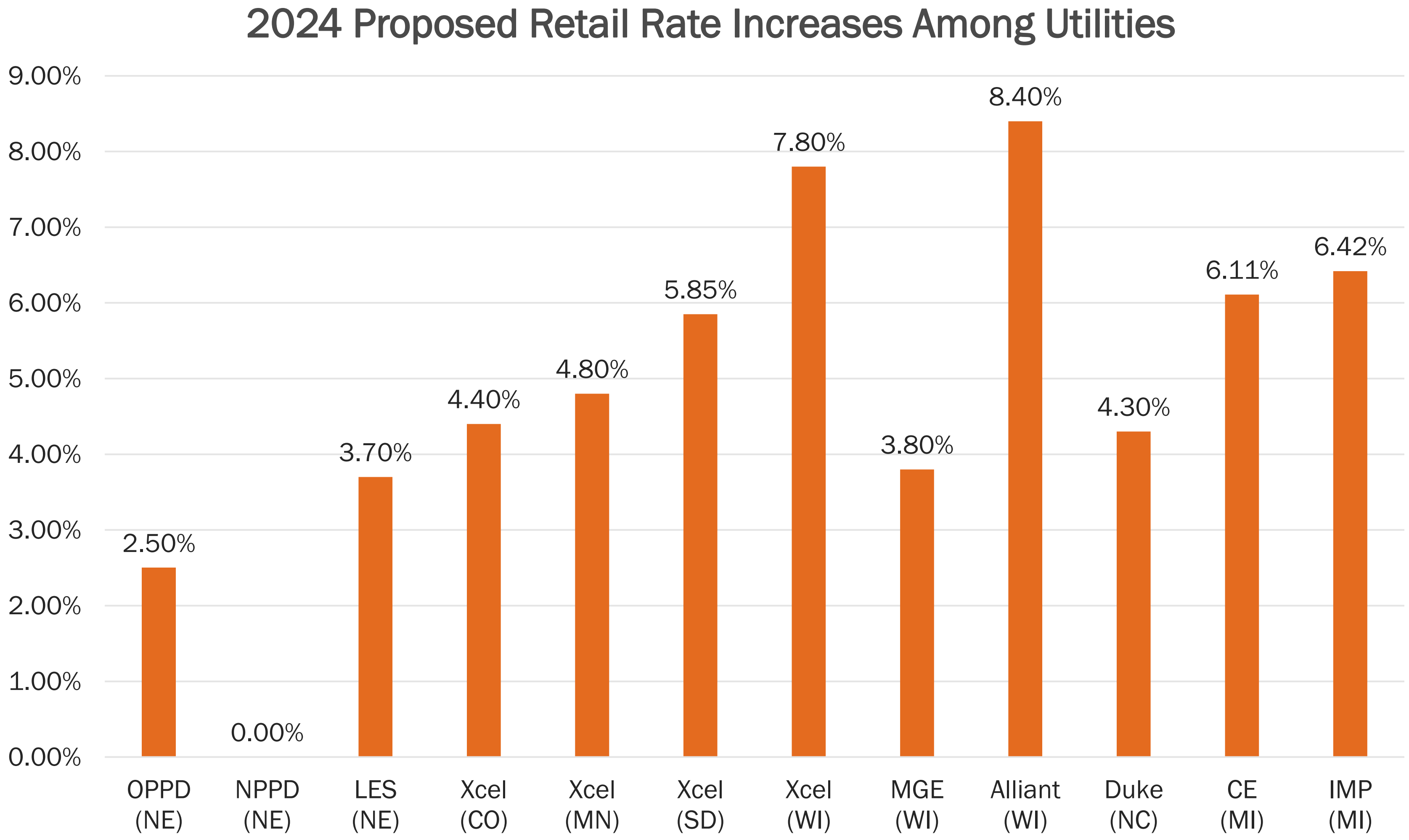
	2018	2019	2020	2021	2022*
National	10.5	10.5	10.6	11.2	12.4
OPPD	8.9	8.9	8.8	9.0	9.1
Difference (%)	-15.2%	-15.2%	-17.0%	-19.6%	-26.5%

*EIA 2022 final data

OPPD Preview of Rate Action vs Industry Trends

- For 2024, total average rate impact is 2.5% across all customers classes

- Industry trends: several factors are contributing to the upward pressure on utility costs including:
  - Load growth
  - Rising wholesale power supply costs
  - Supply constraints
  - Inflationary costs



Rate Increase Percentages were obtained from publicly available news releases.

2024 Rate Action

Summary

Rate Component	Change
General Rate	3.1%
2023 FPPA Under-Collection	0.0%
2024 FPPA Factor Projected Decrease	-0.6%
Total 2024 Increase	**2.5%**

- Rate Action Summary:
  - Forgiveness of 2023 under collection due to unplanned favorability
  - 2024 FPPA Factor and Base Rate (General Rates) will be adjusted to reflect overall cost to serve load

- FPPA Base Rate Adjustment Mechanics:
  - FPPA Base Rate adjustment to reflect increased costs to serve load, which will be reflected through a general rate action
  - FPPA Factor reduced to reflect new base rate assumption

2024 Rate Changes

Other Rate Items

- Retirement of Large Power – High-Voltage Transmission Level, Rate 261, due to no customer utilization

- Changes to General – Customer Service Charges, Schedule No. 470
  - Reduction in Activation Fees, 470A
  - Increase in Tenant Attachment Fee, 470I

- Creation of new rates for Street Lighting (Rate 350)

2024 Rate Changes
Proposed Percent Increase by Customer Class

Proposed Percent Increase by Customer Class						
	Residential	Commercial	Industrial	Lighting	Wholesale	Total
Proposed General Increase	2.2%	5.8%	2.4%	6.1%	0.0%	3.1%
Proposed FPPA Decrease	(0.6%)	(0.8%)	(0.6%)	(0.2%)	(0.9%)	-0.6%
Total Rate Action	**1.6%**	**5.0%**	**1.8%**	**5.9%**	**(0.9%)**	**2.5%**

*The percentages represent class averages. Rate codes within a class will have difference from the average increase. Individual customer impacts will vary.

- All the details regarding rate changes are presented in the red-lined version of the Service Regulations and Schedules

Board Consultant Rate Review Process

- Three review sessions around the Cost-of-Service Study (COSS) for 2024
  - Supportive of overall approach in proposal of rate increases
  - Supportive that proposed changes are fair, reasonable and non-discriminatory
  - Supportive of methods utilized to ensure rate stability and mitigation of impacts on customers

- Continuous year-round partnership around COSS modeling best practices include:
  - Ensuring precision of method relating to planning and facility operation
  - Ensuring the accuracy of the method related to cost causation
  - Assessing the ability of the method to recognize customer class distinctions
  - Assessing the accuracy of the method in producing consistent results
  - Reviewing the modernity of the method to reflect best practices across the industry