



Yoder/Thurber

RESOLUTION NO. 6461

WHEREAS, in Resolution No. 6412, the Board of Directors approved the Omaha Public Power District's 2021 Corporate Operating Plan (COP) which includes projected expenditures for the District's operations, all phases of the District's Capital Expenditure Plan and the District's fuel needs, in the amount of \$1,443.1 million; and

WHEREAS, additional expenditures above the authorized amounts in the COP were incurred in 2021 in connection with the February Polar Vortex weather event, resulting in additional fuel and purchased power expenditures; and

WHEREAS, a July storm resulted in additional expenditures above the COP level for maintenance and system restoration; and

WHEREAS, refined project estimates and completion timelines resulted in increased 2021 capital expenditures for the Power with Purpose generation project; and

WHEREAS, Nuclear Decommissioning expenditures are projected to exceed the annual approved budget by \$25 million, primarily due to the completion of work earlier than originally planned; and

WHEREAS, in accordance with the Nebraska Revised Statutes, Management seeks approval of a revised 2021 Corporate Operating Plan expenditure amount of \$1,738.1 million for the additional expenditures described in this resolution.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Omaha Public Power District hereby approves the 2021 revised Corporate Operating Plan expenditure amount of \$1,738.1 million.



BOARD OF DIRECTORS

Action Item

September 14, 2021

ITEM

Revised 2021 Corporate Operating Plan Expenditure Amount

PURPOSE

Approval of the Revised 2021 Expenditure Amount

FACTS

- a. The 2021 Corporate Operating Plan (COP), including an authorized expenditure amount of \$1,443.1 million, was approved by the Board of Directors on December 9, 2020.
b. The 2021 COP included estimated revenues and expenditures for operating within the Southwest Power Pool (SPP) Integrated Marketplace. The COP also included estimated fuel expenses based on dispatch modeling and resource planning performed by a collaboration of OPPD employees.
c. Actual operations and maintenance experience in 2021 included several unexpected expenditures:
- Due to the February Polar Vortex, OPPD purchased more energy than was estimated and experienced energy price volatility, resulting in purchased power expenditures above the COP (\$157 Million).
- Due to the February Polar Vortex impact on generation and fuel expenses, OPPD incurred fuel expenses in excess of the COP (\$65 Million).
- Due to a severe July storm that resulted with over 50% of retail customers without power, recovery expenses for maintenance exceeded the COP (\$14 Million).
d. Capital expenditures are projected to exceed the annual approved budget by \$20 million, primarily due to refined estimates and timelines related to the Power with Purpose projects.
e. Decommissioning expenditures are projected to exceed the annual approved budget by \$25 million, primarily due to the completion of work earlier than originally planned.
f. It is estimated that the 2021 expenditures may exceed the 2021 COP by \$295 million. An incremental \$295 million above the original 2021 approved expenditures is \$1,738.1 million.
g. Off-system sales revenue is expected to exceed the COP and will mostly mitigate the unplanned additional expenditure impact of the Polar Vortex, helping to achieve the planned debt service coverage.

ACTION

Approval of the Revised 2021 Corporate Operating Plan Expenditure Amount of \$1,738.1 million.

RECOMMENDED:

DocuSigned by: John W. Thurber
John W. Thurber
Interim Chief Financial Officer and Director - Treasury & Financial Operations
JWT: bru
Attachments: Resolution

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by: L. Javier Fernandez
L. Javier Fernandez
President and Chief Executive Officer



2021 Excess Expenditures Request



Executive Summary

- **Additional Expenditures Requested for Weather Events, Capital Needs & Decommissioning:**
 - Requesting excess expenditures of \$295 million for an adjusted 2021 total of \$1,738.3 million
 - February 2021 Polar Vortex resulted in increased Purchased Power (+\$157 million) and Fuel (+\$65 million) expenditures
 - July 2021 Wind Storm resulted in additional O&M of \$14 million. The 2021 projected O&M overage is partially offset by cost management efforts to a net of \$8 million over the annual budget
 - Power with Purpose capital estimates for 2021 are higher than original requested due to timing differences and refined contract estimates, resulting in a net increase to the capital expenditure plan of \$20 million
 - Nuclear Decommissioning efforts are able to complete \$30 million of work earlier than originally planned, partially offset by reduced expenditures in other Decommissioning efforts, which nets to \$25 million increase
- **2021 Year End Financial Outlook:**
 - Off-System Sales experienced a favorable boost (+\$162 million) from the February 2021 Polar Vortex weather event, which helped to off-set the Purchased Power and Fuel expenditure increases
 - 2021 Retail Revenues are projected to be \$33 million better than plan, which is driven by the Commercial and Industrial customer classes
 - Management is actively monitoring and managing the financial health of the District to deliver a 2.0 times Debt Service Coverage metric for 2021

2021 Expenditure Summary

2021 Year End Projection vs COP (\$s in 000's)

Expenditure	Current Total	COP	Var.
Fuel Costs and Purchased Power	\$587,283	\$365,021	\$222,262
Non-Fuel Operations & Maintenance	411,500	403,292	8,208
Total Debt Service and Other Expenses	122,491	131,145	(8,654)
Payments in Lieu of Taxes	37,883	36,139	1,744
Capital Expenditures*	389,554	370,000	19,554
Regulatory Amortization	14,837	14,838	(1)
Decommissioning Expenditures**	147,914	122,688	25,226
TOTAL EXPENDITURES	\$1,711,462	\$1,443,123	\$268,339

- Items of Note:

- Current projections results in an estimated excess expenditure need of \$268.3 million
- Requesting \$295 million of additional expenditure authority (+10% over current projection)
- Current projections show OPPD exceeding board approved expenditures in November
- Recommended that additional expenditures are proposed to the board in the September board meeting

*Capital Expenditures are shown net of Contributions in Aid of Construction.

**Decommissioning Expenditures represent expenditures related to Decommissioning activity, which differs from Decommissioning Funding.