

## Board Chair and CEO Message



President and CEO Timothy J. Burke (right)  
with Board Chair Michael A. Mines.

The transition is underway. Tomorrow's OPPD will look far different than today's public utility. We are not alone – the energy industry as a whole is facing sweeping changes due to various factors, including increased regulations, low energy market prices and enhanced energy efficiency. The way we make, deliver and consume electricity is in a state of transition. And so are we.

For decades, OPPD used the same rate structure. With the technologies of tomorrow becoming clearer, that rate structure became outdated. So OPPD undertook a lengthy stakeholder process that included qualitative research, community meetings held across our service area and hundreds of contacts with our customer-owners. That input went into a modified residential rate structure that includes an increased service charge and lower energy usage charge that was approved by our Board of Directors and goes into effect this summer. These changes help ensure all customers contribute more equally in covering the costs of producing and distributing electricity, as well as maintaining our infrastructure. It also better positions OPPD to incorporate emerging technologies like smart grid and smart metering. Initial steps toward offering some of these technologies will begin in 2016, with about 9,000 residential customers involved in early-phase plans.

In 2015, OPPD issued a company-wide challenge that resulted in removing \$65 million from the budget. Doing so helped keep our average general rate increase to 4 percent for 2016. Even with the increase, OPPD's rates remain almost 17 percent below the national average and 7 percent below the regional average. Many of these cost reductions are permanent, and new processes and innovations are being adopted throughout the utility to create a leaner and more efficient organization. Innovation is essential for an industry undergoing the unprecedented changes facing today's utilities. OPPD's response is an innovation initiative that will begin in 2016 and help foster an environment that embraces the transformative thinking needed going forward.

Lastly, in 2015, we said goodbye to one of the nuclear industry's most respected voices and leaders when W. Gary Gates retired after 42 years with OPPD, the last 11 as president and CEO. Gates also served on the executive committee for the Nuclear Energy Institute and the Institute of Nuclear Power Operations' Board of Directors. Gates retired from OPPD as the second-longest-serving CEO in company history. New President and CEO Timothy J. Burke, who has been with the utility for the past 18 years, leads a senior management team which, along with our Board of Directors, are focused on guiding OPPD through this transitional time in our industry.

Our vision is clear: "Leading the way we power the future." Powering the future is just what we will continue doing, focused on affordable, reliable and environmentally sensitive energy services for our customer-owners.

Timothy J. Burke  
President and CEO

Michael A. Mines  
Chair of the Board