OPPD Board of Directors
All Committees Meeting
Tuesday, June 9, 2020
10:00 A.M.

Public may attend by going to [www.oppd.com/CommitteeAgenda](http://www.oppd.com/CommitteeAgenda) to access the Webex meeting link and view instructions.

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>TYPE</th>
<th>PRESENTER</th>
<th>TIME*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chair Opening Statement</td>
<td></td>
<td>Moody</td>
<td>10:00 A.M.</td>
</tr>
<tr>
<td>2. Safety Briefing</td>
<td></td>
<td>Burke</td>
<td>10 min</td>
</tr>
<tr>
<td>3. Finance</td>
<td></td>
<td></td>
<td>10:10 A.M.</td>
</tr>
<tr>
<td>Finance Chair Report (5/29/20)</td>
<td>Reporting</td>
<td>Bogner</td>
<td>15 min</td>
</tr>
<tr>
<td>SD-2: Rates Monitoring Report</td>
<td>Action</td>
<td>Fernandez</td>
<td>30 min</td>
</tr>
<tr>
<td>Rate &amp; Service Regulation Manual Modernization</td>
<td>Action</td>
<td>Fernandez</td>
<td>10 min</td>
</tr>
<tr>
<td>Rider Schedule No. 464 – Standby Service</td>
<td>Action</td>
<td>Fernandez</td>
<td>25 min</td>
</tr>
<tr>
<td>4. System Management &amp; Nuclear Oversight</td>
<td></td>
<td></td>
<td>11:30 P.M.</td>
</tr>
<tr>
<td>SM&amp;NO Chair Report</td>
<td>Reporting</td>
<td>Mollhoff</td>
<td>5 min</td>
</tr>
<tr>
<td>Nebraska City 2 Cooling Tower Fire Protection Pipe</td>
<td>Action</td>
<td>Fisher</td>
<td>10 min</td>
</tr>
<tr>
<td>Replacement Contract Award</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuclear Oversight Committee Report</td>
<td>Reporting</td>
<td>Fisher</td>
<td>5 min</td>
</tr>
<tr>
<td><strong>BREAK FOR LUNCH</strong></td>
<td></td>
<td></td>
<td>11:50 P.M.</td>
</tr>
<tr>
<td>5. Public Information</td>
<td></td>
<td></td>
<td>12:20 P.M.</td>
</tr>
<tr>
<td>Public Information Chair Report (6/2/20)</td>
<td>Reporting</td>
<td>Yoder</td>
<td>30 min</td>
</tr>
<tr>
<td>Legislative and Regulatory Update</td>
<td>Reporting</td>
<td>Olson</td>
<td>10 min</td>
</tr>
<tr>
<td>Customer First Solutions Package Update</td>
<td>Reporting</td>
<td>Comstock</td>
<td>5 min</td>
</tr>
<tr>
<td>Assessment of Late Payment Charges</td>
<td>Action</td>
<td>Fernandez</td>
<td>20 min</td>
</tr>
<tr>
<td>6. Governance</td>
<td></td>
<td></td>
<td>1:25 P.M.</td>
</tr>
<tr>
<td>Governance Chair Report (6/4/20)</td>
<td>Reporting</td>
<td>McGuire</td>
<td>15 min</td>
</tr>
<tr>
<td>Ratification of the Decision to Conduct the June Board</td>
<td>Action</td>
<td>Focht</td>
<td>5 min</td>
</tr>
<tr>
<td>Meetings Virtually Due to the COVID-19 Public Health Situation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD-15: Enterprise Risk Management Monitoring Report</td>
<td>Action</td>
<td>Focht</td>
<td>30 min</td>
</tr>
<tr>
<td>7. Other Business</td>
<td></td>
<td></td>
<td>2:15 P.M.</td>
</tr>
<tr>
<td>Confirmation of Board Meeting Agenda</td>
<td>Action</td>
<td>Moody</td>
<td>5 min</td>
</tr>
<tr>
<td>Power with Purpose Update</td>
<td>Reporting</td>
<td>Fisher</td>
<td>45 min</td>
</tr>
<tr>
<td>8. Closed Session</td>
<td></td>
<td></td>
<td>3:05 P.M.</td>
</tr>
<tr>
<td>Power with Purpose Update</td>
<td>Reporting</td>
<td>Fisher</td>
<td>75 min</td>
</tr>
<tr>
<td><strong>BREAK</strong></td>
<td></td>
<td></td>
<td>4:20 P.M.</td>
</tr>
<tr>
<td>Enterprise Risk Management Quarterly Update</td>
<td>Reporting</td>
<td>Focht</td>
<td>30 min</td>
</tr>
<tr>
<td>Corporate Officer Performance Reviews – Vice Presidents</td>
<td>Action</td>
<td>Burke</td>
<td>30 min</td>
</tr>
</tbody>
</table>

* Please note all times and duration are estimates. Please use the link below to find all committee and 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](http://www.oppd.com/BoardMeetings).
Pre-Committee Agenda

FINANCE PRE-COMMITTEE MEETING
WEBEX VIDEOCONFERENCE
Friday, May 29, 2020  8:00 – 11:00 A.M.

1. Rider Schedule No. 464 – Standby Service (30 min)
   a. Objective: Discuss changes to rate schedule with respect to customer renewable generation facilities

2. SD-2 Monitoring Report (30 min)
   a. Objective:  Review draft monitoring report

3. Discussion of Block Rate Structures in Residential Rate Schedules (120 min)
   a. Objective: Discussion of stakeholder outreach with respect to potential changes to block rate structures
BOARD OF DIRECTORS

June 9, 2020

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. A third set of Board policies was approved by the Board on November 16, 2017.

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 Monitoring Report 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:  

APPROVED FOR REPORTING TO BOARD:

/s/ L. Javier Fernandez  
L. Javier Fernandez  
Vice President and Chief Financial Officer

/s/ Timothy J. Burke  
Timothy J. Burke  
President and CEO

Attachment: Exhibit A – Monitoring Report Resolution
Monitoring Report
SD-2: Rates
Finance Committee
June 9, 2020

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 will work intentionally to prioritize the right work streams in 2021 to keep the right organizational priorities moving while honoring the no general rate increase.

- Directional goal of 20% below the West North Central (WNC) Region average published rates
  - The no general rate increase is expected to move OPPD towards the directional goal over time.

- 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

Preliminary 2019:
-8.9% Below Regional Average
EIA Release: Oct 2020

Short-Term Forecast:
EIA’s Short-Term Energy Outlook (April 2020 Release) projects retail rates for WNC region to increase for 2020 (3.0%) and 2021 (4.3%).
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)
      - Energy Sales by sector.
    - The formula is simply: \( \frac{\text{Revenue}}{\text{Energy Sales}} \) = 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 factors, 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.
WNC Average Rates All Rate Classes (¢/kWh)

Data from EIA - Electric Sales, Revenue, and Average Price (Tables T4 and T10)
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.
  – In 2019, the District’s Cost of Service Study underwent a significant modernization to increase the speed of the annual study as well as facilitate more timely creation of new rate offerings.
  – 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 for small commercial and residential classes is a step toward more equitably assigning costs within those classes.

<table>
<thead>
<tr>
<th></th>
<th>Industrial</th>
<th>Commercial</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Costs*</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Energy Costs</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Demand Costs*</td>
<td>●</td>
<td>Partial</td>
<td>Partial</td>
</tr>
</tbody>
</table>

*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 the EIA’s “Electric Sales, Revenue, and Average Price” publications as well as “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)

<table>
<thead>
<tr>
<th>Year</th>
<th>WNC</th>
<th>OPPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$81.73 (5.1%)</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$98.06 (1.7%)</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$99.70 (4.7%)</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$107.64 (7.0%)</td>
<td></td>
</tr>
</tbody>
</table>

### Percent Increase in Degree Days (Year Over Year)

<table>
<thead>
<tr>
<th></th>
<th>WNC</th>
<th>OPPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heating Degree Days (HDD)</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Cooling Degree Days (CDD)</td>
<td>25%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**2018 Weather**

The WNC region had the largest number of HDD in 2018 of any region.

2018 had the second most CDD for the WNC region since 1990.
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

Nebraska Electricity Bill as a Percent of Income

*Median Households Income Data for US Census Table H-8 2018,
Electricity Data from EIA Annual Electric Utility Data EIA- 861,
All values in 2018 CPI-U-RS adjusted dollars

*OPPD offers the Energy Assistance Program to assist income qualified customers with reducing their energy burden.
SD–2: Rates
Monitor Affordability Indicators
State’s Residential Electricity Burden
State Median Household Income Data from US Census Table H-8 2018
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 “synthetic” median household income for the OPPD territory was derived from the US Census’ SAIPE data series, which provides median household data at the county level. The median household income from the counties located within OPPD territory were weighted by population. The sum of the weighted medians were then scaled to account for differences between Table H-8’s median household income and SAIPE’s estimate.
SD–2: Rates
Monitor Affordability Indicators

Distribution of Residential Bill

- For customers with at least 12 month of billing history, 2018 data.
- Aggregate customers usage if affected by ‘long tail’ of some high users.
- Approximately 53% of OPPD customers pay less than the mean customer bill.
SD–2: Rates
Cost of Energy When Used

• Pursue rate process and structure changes to reflect the cost of energy when it is used:
  – 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*

<table>
<thead>
<tr>
<th>Residential</th>
<th>General Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heat Pump</td>
<td>261M</td>
</tr>
<tr>
<td>Private Outdoor Lighting</td>
<td>Street Lights</td>
</tr>
<tr>
<td>Cogeneration and Small Power*</td>
<td>Cogeneration and Small Power*</td>
</tr>
<tr>
<td>Surge Guard*</td>
<td>Surge Guard*</td>
</tr>
<tr>
<td>Net Metering*</td>
<td>Net Metering*</td>
</tr>
<tr>
<td>Community Solar*</td>
<td>Community Solar*</td>
</tr>
<tr>
<td></td>
<td>Standby Service*</td>
</tr>
<tr>
<td></td>
<td>Curtailable*</td>
</tr>
<tr>
<td></td>
<td>Time of Use*</td>
</tr>
<tr>
<td></td>
<td>Green Sponsorship*</td>
</tr>
<tr>
<td></td>
<td>Supplemental Capacity*</td>
</tr>
<tr>
<td></td>
<td>Primary Service Discount*</td>
</tr>
</tbody>
</table>

* Denotes Rider
SD–2: Rates
Simple and Easy to Understand

• Be simple and easy to understand
  – In 2019/2020 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 and are being deployed to better inform customers regarding Residential and Small Commercial Rate Schedules to increase their ability to make informed choices.

RESIDENTIAL SERVICE - RATE 110

<table>
<thead>
<tr>
<th>Summer (June 1 - Sept. 30)</th>
<th>Non-Summer (Oct. 1 - May 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Charge: $30/month</td>
<td>Service Charge: $30/month</td>
</tr>
<tr>
<td>Energy Charge:</td>
<td>Energy Charge:</td>
</tr>
<tr>
<td>All kWh</td>
<td></td>
</tr>
<tr>
<td>9.36 ¢/kWh</td>
<td>8.63 ¢/kWh</td>
</tr>
<tr>
<td></td>
<td>7.46 ¢/kWh</td>
</tr>
<tr>
<td></td>
<td>5.27 ¢/kWh</td>
</tr>
</tbody>
</table>

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.
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.
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 accepts the Strategic Directive SD-2: Rates Monitoring Report in the form as set forth on Exhibit A, attached hereto and made a part thereof, and finds OPPD to be sufficiently in compliance with the policy as stated.