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.

<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>Bogner</td>
<td>8:00 A.M.</td>
</tr>
<tr>
<td>2. Closed Session</td>
<td></td>
<td></td>
<td>8:10 A.M.</td>
</tr>
<tr>
<td>Enterprise Risk Management Quarterly Update</td>
<td>Reporting</td>
<td>Focht</td>
<td>30 min</td>
</tr>
<tr>
<td>Polar Vortex After Action Review</td>
<td>Reporting</td>
<td>Focht</td>
<td>30 min</td>
</tr>
<tr>
<td>Corporate Officer Performance Reviews &amp; Compensation Adjustments – Juli Comstock &amp; Lisa Olson</td>
<td>Action</td>
<td>Burke</td>
<td>30 min</td>
</tr>
<tr>
<td><strong>BREAK</strong></td>
<td></td>
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<td>9:40 A.M.</td>
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<tr>
<td><strong>Open Webex Meeting to Allow Public to Join</strong></td>
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<td>9:45 A.M.</td>
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<tr>
<td>3. Public Session – Chair Opening Statement</td>
<td></td>
<td>Bogner</td>
<td>10:00 A.M.</td>
</tr>
<tr>
<td>4. Safety Briefing</td>
<td></td>
<td>Burke</td>
<td>10:05 A.M.</td>
</tr>
<tr>
<td>5. Governance Committee</td>
<td></td>
<td>Moody</td>
<td>10:10 A.M.</td>
</tr>
<tr>
<td>Governance Chair Report (6/10/21)</td>
<td>Reporting</td>
<td>Moody</td>
<td>10 min</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>Annual Health Plan Report</td>
<td>Action</td>
<td>Sedky</td>
<td>20 min</td>
</tr>
<tr>
<td><strong>BREAK FOR LUNCH</strong></td>
<td></td>
<td></td>
<td>12:20 P.M.</td>
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<tr>
<td>6. Finance Committee</td>
<td></td>
<td>Yoder</td>
<td>11:10 A.M.</td>
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<tr>
<td>Finance Chair Report (6/3/21)</td>
<td>Reporting</td>
<td>Yoder</td>
<td>10 min</td>
</tr>
<tr>
<td>SD-2: Rates Monitoring Report</td>
<td>Action</td>
<td>Fernandez</td>
<td>60 min</td>
</tr>
<tr>
<td><strong>BRIGHT Project Update</strong></td>
<td>Presentation</td>
<td>Fisher</td>
<td>30 min</td>
</tr>
<tr>
<td>Nuclear Oversight Committee Report</td>
<td>Reporting</td>
<td>Fisher</td>
<td>10 min</td>
</tr>
<tr>
<td><strong>BREAK</strong></td>
<td></td>
<td></td>
<td>2:50 P.M.</td>
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<tr>
<td>7. System Management &amp; Nuclear Oversight Cmte</td>
<td></td>
<td></td>
<td>3:00 P.M.</td>
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<tr>
<td>SM&amp;NO Chair Report</td>
<td>Reporting</td>
<td>Williams</td>
<td>10 min</td>
</tr>
<tr>
<td>Underground Streetlight Cable Repair Contract</td>
<td>Action</td>
<td>Via</td>
<td>10 min</td>
</tr>
<tr>
<td>Substation Control Building Enclosure</td>
<td>Action</td>
<td>Via</td>
<td>10 min</td>
</tr>
<tr>
<td>Foundations, Ductlines, and Miscellaneous Work for 161kV Substation</td>
<td>Action</td>
<td>Via</td>
<td>10 min</td>
</tr>
<tr>
<td><strong>BREAK</strong></td>
<td></td>
<td></td>
<td>3:30 P.M.</td>
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<tr>
<td>8. Public Information Committee</td>
<td></td>
<td>Mollhoff</td>
<td>3:30 P.M.</td>
</tr>
<tr>
<td>Public Information Chair Report (6/8/21)</td>
<td>Reporting</td>
<td>Mollhoff</td>
<td>10 min</td>
</tr>
<tr>
<td>• Customer Trends Update (Due to time, will not be presented. Update will be posted on oppd.com.)</td>
<td></td>
<td></td>
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<tr>
<td>Legislative and Regulatory Update</td>
<td>Reporting</td>
<td>Olson</td>
<td>30 min</td>
</tr>
</tbody>
</table>

* 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.
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>TYPE</th>
<th>PRESENTER</th>
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<tbody>
<tr>
<td>9. Other Business</td>
<td></td>
<td></td>
<td>3:40  P.M.</td>
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<tr>
<td>Confirmation of Board Meeting Agenda</td>
<td>Action</td>
<td>Bogner</td>
<td>5 min</td>
</tr>
<tr>
<td>Review of Board Work Plan</td>
<td>Discussion</td>
<td>Bogner</td>
<td>5 min</td>
</tr>
</tbody>
</table>
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
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


RECOMMENDED:
Scott M. Focht
Vice President – Corporate Strategy and Governance

APPROVED FOR BOARD CONSIDERATION:
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:**

  - **Board of Directors**
  - **Board Of Directors Standing Committees**
    - **Governance**
    - **Public Information**
    - **Finance**
    - **System Mgmt. & Nuclear Oversight**
  - **Executive ERM Committee**
  - **ERM Working Group Committees**
    - **Governance & Public Information**
    - **Finance, Insurance, & Audit**
    - **System Mgmt. & Nuclear Oversight**
  - **Champions:**
    - Lisa Olson & Mart Sedky
    - Javier Fernandez
    - Mary Fisher & Troy Via
  - **VP CS&G**
    - Scott Focht
  - **Dir. Risk Management**
    - Dan Laskowsky
  - **Manager Insurance & Claims:**
    - Lisa Hough
  - **ERM Analysts:**
    - Sean Frazier & Charlie Schoenkin
  - **Committee Chair:**
    - Steve Kerrigan
      - Dir. Labor Relations
    - McKell Pinder
      - Dir. Total Rewards
    - Jerry Rainey
      - Dir. Business Partnering
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

<table>
<thead>
<tr>
<th>Risk Likelihood (5 Years)</th>
<th>Risk Appetite Guidance</th>
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<tbody>
<tr>
<td>Has Happened in the Industry, Potential to Occurrences in the Industry, Probable,</td>
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</tr>
<tr>
<td>1% - 10%</td>
<td>Accept, Maintain when risk is unnecessary. Accept, Mitigate only when prudent, Avoid only if unable to avoid, accept mitigate if possible, Avoid when plausible.</td>
</tr>
<tr>
<td>11% - 25%</td>
<td>Acceptable Risk Level approval. Mitigate if possible, Avoid when plausible.</td>
</tr>
<tr>
<td>26% - 100%</td>
<td>Tolerable Risk Level only with 75% approval if unable to avoid, accept mitigate to a lower level.</td>
</tr>
<tr>
<td></td>
<td>Unacceptable Risk Level Must Avoid or Mitigate to a lower level.</td>
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|                          | Terribly Poor Performance in the Security, Safety, and Operational Performance;

<table>
<thead>
<tr>
<th>Consequence</th>
<th>Safety</th>
<th>Criminal</th>
<th>Regulatory</th>
<th>Technology</th>
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</thead>
<tbody>
<tr>
<td>Fire</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Explosion</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Earthquake</td>
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<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Flood</td>
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<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Earth Damage</td>
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<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Damage</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Defacement</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Loss</td>
<td>No</td>
<td>No</td>
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<td>Data</td>
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<td>No</td>
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<td>Revenue</td>
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<td>No</td>
<td>No</td>
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<td>Production</td>
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<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Safety</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Criminal</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Regulatory</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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<td>Technology</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
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<td>3</td>
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<td>Level</td>
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<td>2</td>
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<td>4</td>
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<tr>
<td>Focus</td>
<td>Safety</td>
<td>Criminal</td>
<td>Regulatory</td>
<td>Technology</td>
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<tr>
<td>ERM WG</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Executive ERM Directors &amp; Board of Directors</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Quarterly</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Annually</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Biennially</td>
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<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<tbody>
<tr>
<td>Maintenance</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Construction</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Conditions, Outage Impacts to Fossil, Significant Operating Condition - Fossil, Non-ERM Risk</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Frequency</td>
<td>0</td>
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<td>Level</td>
<td>1</td>
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<td>ERM WG</td>
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<td>Yes</td>
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<td>Executive ERM Directors &amp; Board of Directors</td>
<td>Yes</td>
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<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Quarterly</td>
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<td>Yes</td>
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<td>Annually</td>
<td>Yes</td>
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<td>Yes</td>
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<tr>
<td>Biennially</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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</table>
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:
  - Senior Manager Owner
  - Direct Report Risk Owner
  - Subject Matter Expert (SME)

- 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.
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

BOARD OF DIRECTORS

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:  

APPROVED FOR BOARD CONSIDERATION:

Martha L. Sedky  
Timothy J. Burke

Vice President – Human Capital  
President and Chief Executive Officer

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

<table>
<thead>
<tr>
<th>Expenses - Gross</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical, dental and prescription claims</td>
<td>$25,360,800</td>
</tr>
<tr>
<td>Other post-employment benefits-OPEB</td>
<td>$15,582,000</td>
</tr>
<tr>
<td>Fees and reserve adjustments</td>
<td>$3,153,300</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$44,096,100</strong></td>
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**Reduction of Expenses**

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee and COBRA contributions</td>
<td>$6,772,000</td>
</tr>
<tr>
<td>Prescription Rebates (1)</td>
<td>$2,469,800</td>
</tr>
<tr>
<td>Stop Loss Reimbursements (2)</td>
<td>$905,800</td>
</tr>
<tr>
<td>MISC Refunds (3)</td>
<td>$346,400</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$10,494,000</strong></td>
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</tbody>
</table>

**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

<table>
<thead>
<tr>
<th>Incurred But Not Presented</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$3,502,000</td>
</tr>
<tr>
<td>Activity</td>
<td>-$172,000</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$3,330,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Claims and Expenses</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$2,807,600</td>
</tr>
<tr>
<td>Activity</td>
<td>-$206,400</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$2,601,200</td>
</tr>
</tbody>
</table>

The reserve balances change based on annual projections and actuarial information received.
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)
   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)
   a. Objective: Discuss proposed changes to rate design to Rate Rider 110M, Rate Rider 469W and Rate Rider 483.

   Board Action Item

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

   Board Action Item

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 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: L. Javier Fernandez

APPROVED FOR REPORTING TO BOARD:

L. Javier Fernandez
Vice President and Chief Financial Officer

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

Exhibit A
SD–2: Rates

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.
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)

- 2010: 7.26 (8.5%)
- 2013: 8.43 (6.2%)
- 2016: 8.94 (6.8%)
- 2018: 8.90 (8.2%)

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: \( \frac{\text{Revenue}}{\text{Energy Sales}} = \text{average price} \).
      – Average price will not perfectly reflect the structure of rates
      – This methodology ensures comparability regardless of source of revenue – customer, demand, energy charge, etc.
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.
WNC Average Residential Rates (¢/kWh)
Data from EIA- Electric Sales, Revenue, and Average Price (Tables T4 and T6)

- 2010: 9.22 (4.4%)
- 2011: 9.22 (4.4%)
- 2012: 10.68 (2.4%)
- 2013: 11.09 (2.7%)
- 2014: 11.47 (2.7%)
- 2015: 11.75 (2.5%)
- 2016: 11.93 (1.6%)
- 2017: 11.97 (0.4%)
- 2018: 11.97 (0.0%)
- 2019: 11.30 (4.7%)

- West North Central
- Iowa
- Kansas
- Minnesota
- Missouri
- Nebraska
- North Dakota
- South Dakota
- OPPD
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.

<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:
    • 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)

<table>
<thead>
<tr>
<th></th>
<th>WNC</th>
<th>OPPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heating Degree Days (HDD)</td>
<td>2%</td>
<td>-1%</td>
</tr>
<tr>
<td>Cooling Degree Days (CDD)</td>
<td>-16%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPD</td>
<td>$92.38</td>
<td>$90.86</td>
<td>$98.06</td>
<td>$103.60</td>
<td>$100.37</td>
<td>$99.70</td>
<td>$106.43</td>
<td>$103.82</td>
<td>$107.64</td>
<td>$104.77</td>
</tr>
<tr>
<td>Below WNC</td>
<td>3.64%</td>
<td>8.14%</td>
<td>1.69%</td>
<td>2.29%</td>
<td>6.47%</td>
<td>4.69%</td>
<td>1.57%</td>
<td>3.65%</td>
<td>6.95%</td>
<td>4.83%</td>
</tr>
</tbody>
</table>
SD–2: Rates
Monitor Affordability Indicators

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

WNC Region $110.09
OPPD $104.77

Average Monthly Bill
$75.63 - $168.21
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

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

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 Households Income Data for US Census, 2019 ACS
Electricity Data from EIA Annual Electric Utility Data EIA-861,
SD-2: Rates
Monitor Affordability Indicators

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 months 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.
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:
- 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)
SD–2: Rates
Monitor Affordability Indicators

- 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

<table>
<thead>
<tr>
<th>Zip Code</th>
<th>Electricity Burden</th>
<th>Number of RES Premises</th>
<th>EAP Payment Per Zip Code Premise</th>
</tr>
</thead>
<tbody>
<tr>
<td>68122</td>
<td>1.9</td>
<td>5,790</td>
<td>$20.23</td>
</tr>
</tbody>
</table>
SD–2: Rates
Monitor Affordability Indicators

- 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

- 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
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

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

<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 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.
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 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.