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

<table>
<thead>
<tr>
<th>Unit</th>
<th>Duration</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska City Station Unit Number 1</td>
<td>42 Days</td>
<td>$17.0 million</td>
</tr>
<tr>
<td>North Omaha Station Unit Number 5</td>
<td>44 Days</td>
<td>$11.8 million</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Year/Projection</th>
<th>Residential</th>
<th>Commercial</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$973</td>
<td>$225</td>
<td>$316</td>
</tr>
<tr>
<td>2021</td>
<td>$1,041</td>
<td>$276</td>
<td>$325</td>
</tr>
<tr>
<td>2022</td>
<td>$1,089</td>
<td>$291</td>
<td>$336</td>
</tr>
<tr>
<td>2023 Budget</td>
<td>$1,168</td>
<td>$351</td>
<td>$354</td>
</tr>
<tr>
<td>2023 Projected</td>
<td>$1,146</td>
<td>$318</td>
<td>$352</td>
</tr>
<tr>
<td>2024 Budget</td>
<td>$1,232</td>
<td>$364</td>
<td>$379</td>
</tr>
</tbody>
</table>

- 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)

2024 Preliminary Corporate Operating Plan
- **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.
• 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
• 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.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022*</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>10.5</td>
<td>10.5</td>
<td>10.6</td>
<td>11.2</td>
<td>12.4</td>
</tr>
<tr>
<td>OPPD</td>
<td>8.9</td>
<td>8.9</td>
<td>8.8</td>
<td>9.0</td>
<td>9.1</td>
</tr>
<tr>
<td>Difference (%)</td>
<td>-15.2%</td>
<td>-15.2%</td>
<td>-17.0%</td>
<td>-19.6%</td>
<td>-26.5%</td>
</tr>
</tbody>
</table>

*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 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

<table>
<thead>
<tr>
<th>Rate Component</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Rate</td>
<td>3.1%</td>
</tr>
<tr>
<td>2023 FPPA Under-Collection</td>
<td>0.0%</td>
</tr>
<tr>
<td>2024 FPPA Factor Projected Decrease</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Total 2024 Increase</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th>Proposed Percent Increase by Customer Class</th>
<th>Residential</th>
<th>Commercial</th>
<th>Industrial</th>
<th>Lighting</th>
<th>Wholesale</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed General Increase</td>
<td>2.2%</td>
<td>5.8%</td>
<td>2.4%</td>
<td>6.1%</td>
<td>0.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Proposed FPPA Decrease</td>
<td>(0.6%)</td>
<td>(0.8%)</td>
<td>(0.6%)</td>
<td>(0.2%)</td>
<td>(0.9%)</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Total Rate Action</td>
<td>1.6%</td>
<td>5.0%</td>
<td>1.8%</td>
<td>5.9%</td>
<td>(0.9%)</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

*The percentages represent class averages. Rate codes within a class will have differences 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